GTN Limited
ABN 38 606 841 801
Year ended 30 June 2021
(Previous corresponding period:
Year ended 30 June 2020)

Results for Announcement to the Market

				$'000
Revenue *from ordinary activities*	down	*10.9%*	*to*	*143,341*
Profit (loss) *from ordinary activities after tax attributable to members*	down	*127.9%*	*to*	*(89)*
Net profit (loss) *for the period attributable to members*	down	*127.9%*	*to*	*(89)*

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	N/A	N/A
Interim dividend	N/A	N/A

NTA Backing

	2021	2020
Net tangible asset backing per ordinary share	$0.39	$0.36
Net tangible assets consist of net assets less goodwill and intangible assets without any adjustment for deferred tax liabilities related to purchased intangible assets.		

GTN Limited
ABN 38 606 841 801
Annual Report 2021

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present GTN Limited's (**"GTN"** or the **"Company" and its subsidiaries (the "Group")**) annual report for fiscal year ended 30 June 2021.

While the COVID-19 pandemic continues to have a negative impact on our financial results, overall business has improved significantly compared to the onset of the pandemic. The fourth quarter of fiscal 2020 revenue was down 57% compared to the previous year, resulting in $9.2 million of negative Adjusted EBITDA and the Group generated negative Adjusted EBITDA for the first quarter of fiscal 2021 as well. Since then, the Group's performance improved significantly which resulted in $14.0 million of Adjusted EBITDA for fiscal 2021, compared to $14.2 million for fiscal 2020. This is despite a long-term shutdown of the Toronto market, UK shutdown orders, the lockdown of the Melbourne market earlier in the fiscal year as well as the devasting impact the virus is having on Brazil. To be able to post the results we did despite the business climate renews our optimism for what the Group can achieve once the world returns to close to the pre-COVID-19 pandemic norm.

GTN reported annual net revenues of $143.3 million which was down 11% when compared with the previous year. Adjusted EBITDA only decreased 2% to $14.0 million for the fiscal year, due to a $17.5 million (11%) reduction in operating expenses. By carefully managing expenses, we were able to mitigate almost all of the negative impact of the reduced revenue for the fiscal year.

Our strategy to deal with the current difficult environment and put the Company in a position to take advantage of expected stronger markets in the future is to protect our two most valuable assets, radio and television network contracts and our seasoned sales and management teams. In addition, we have put in place measures to reduce or eliminate expenses where possible. In certain instances, we have had to make tough decisions, such as the termination of our Nine Radio affiliation agreements effective July 2020. These cost cuts, combined with our strong balance sheet, enables our business to be resilient during this downturn.

The Company continues to receive strong support from its lender, which is very important during periods of uncertainty. 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 impact of the COVID-19 pandemic on its trailing 12-month financial results. The Group was in compliance with all its financial covenants for fiscal 2021 and continues to be so. As a condition of this relief, the Company agreed to restrict 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. These modifications remain in place until 31 December 2021. The Company was willing to forgo dividends and share buybacks at this time because it is consistent with our desire to both conserve cash and reduce outstanding debt.

At 30 June 2021, our cash balance was $49.4 million and our net debt (including lease liabilities recognized under AASB 16) was only $3.8 million. Our total gearing ratio of net debt to Adjusted EBITDA was 0.27x as of 30 June 2021. In addition, we were able to paydown $10 million of our bank facility in fiscal 2021 and expect to make further reductions to the outstanding balance in fiscal 2022. We are confident that we have ample liquidity, even if the recovery continues to be slow and the impact of the COVID-19 pandemic extends for longer than anticipated.

We would not have been able to continue to operate our business without the outstanding efforts of our operations and IT employees around the globe. Once it became clear that the COVID-19 pandemic would make it impossible to continue to work from our traditional offices, they made the transition to working remotely from home seamless. We would like to commend all of employees for their extraordinary efforts in these trying times.

We look forward to the challenges of FY22 and are cautiously optimistic that the business environment in our markets will be more robust than FY21. We have maintained a strong balance sheet and we have retained our excellent management team. These factors position us favourably to capitalize on the expected advertising recovery.

William L. Yde III Managing Director and Chief Executive Officer	Peter Tonagh Chairman

About GTN

Overview of GTN

GTN provides a broad reach advertising platform that enables advertisers to reach large audiences frequently and effectively. GTN is one of the largest broadcast media advertising platforms by audience reach in Australia, Canada, the United Kingdom and Brazil.

GTN is the largest supplier of traffic information reports to radio stations in its operating geographies. In exchange for providing these and other reports and cash compensation in most instances, GTN receives commercial advertising spots adjacent to traffic, news and information reports from its large network of radio and television stations **("Affiliates")**. The spots are bundled together by GTN and sold to advertisers on a national, regional or specific market basis.

GTN's advertising platform provides advertisers with high impact campaigns because advertisements are ideally placed during peak audience times and are aired frequently across large audiences. GTN's advertisements are short in duration, adjacent to engaging information reports and are often read live on the air by well-known radio and television personalities. This product is designed to create high audience engagement and high recall among listeners, leading to a high return on investment for advertisers.

This has enabled GTN to establish longstanding relationships with large, national advertisers, resulting in strong growth in revenue since GTN's inception.

GTN has successfully established itself within its Affiliates' operations by providing them with quality, timely and important information. In most cases, GTN also provides cash compensation to Affiliates in exchange for advertising spots, which, in many cases, allows Affiliates to convert an important programming segment from a cost centre to a profit centre. This stable income stream can constitute a material portion of the Affiliates' overall profits, further solidifying GTN's position within their operations.

GTN currently operates in Australia, Canada, the United Kingdom and Brazil, four of the 10 largest advertising markets in the world. GTN began operations in Australia in 1997 and has selectively and successfully expanded into other attractive markets.

In FY2021, 95% of GTN's Revenues were generated through the sale of radio advertising spots and 5% were generated through the sale of television advertising spots.

Overview of GTN's divisions

Country			**Australia**	**Canada**	**United Kingdom**	**Brazil**
Population		(millions)	25.8	38.1	68.3	214.0
GTN years of operation		(years)	24	16	12	10
FY 2021 revenue (1)		(millions)	68.5	24.2	44.4	6.2
% of FY 2021 revenue (1)		(%)	48%	17%	31%	4%
GTN audience		(#)	10.8m radio (2) 5.6 m TV	15.3m radio 12.2m TV	28.6m radio	26.3m radio

Number of affiliates		(#)	142 radio 13 TV	117 radio 6 TV	222 radio	93 radio
FY 2021 spots inventory		(‘000’s)	954	688	19,755(3)	453

(1) Amounts may not add due to rounding

(2) Includes 823 thousand listeners in regional markets rated by GfK. Excludes listeners in markets not rated by GfK. The population of the markets not rated by GfK but serviced by ATN is approximately 8 million persons.

(3) The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions.

Operating model

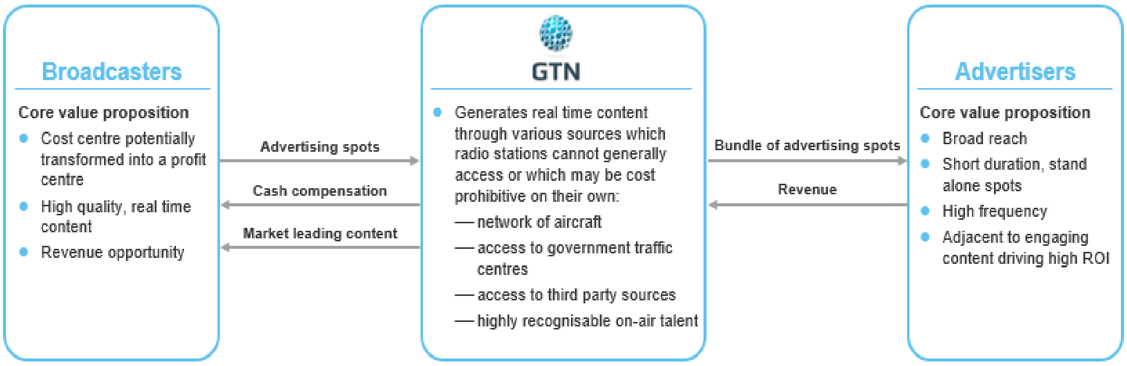
GTN provides an advertising platform designed to enable advertisers, generally large national advertisers, to reach high-value demographics cost effectively. The advertising spots GTN offers are adjacent to information reports that listeners are typically highly engaged with, as this content is “of use” to the consumer, such as traffic and news. The advertising spots are generally 10 seconds long and read live by well-known on-air personalities. GTN obtains radio spots that are primarily aired during peak listenership hours (i.e. during morning and afternoon commutes). The placement and format of GTN’s advertising spots are designed to maximise efficacy, enhance recall and minimise switching during advertisements.

Advertisers purchase a schedule of radio spots on a national, regional or specific market basis. The schedule includes spots on all radio Affiliates in the relevant market. Spots sold in advertising packages are allocated on a percentage-based rotation such that each advertiser receives a pro rata share of advertising spots on each Affiliate throughout the relevant markets. GTN does not sell spots on individual radio Affiliates.

In order to provide this advertising platform, GTN must appeal to the radio and television stations that provide the advertising spots GTN sells to advertisers. GTN accomplishes this by providing Affiliates with information reports at no charge, and in most cases, provides cash compensation to the Affiliates in exchange for advertising spots. This allows Affiliates, in many cases, to turn an important programming segment from a cost centre into a profit centre. Affiliate contracts are typically multi-year, generally cover all of an Affiliate’s stations across the relevant market and provide a fixed number of spots over the life of the agreement.

By focusing on traffic reports, GTN believes it provides a better product to its Affiliates than the stations could create on their own. GTN collates information for its traffic reports from a range of sources including aircraft, access to government traffic centres, third party providers, radio scanners and station listener lines, to provide up-to-the-minute information to Affiliates.

GTN value proposition



Revenue model

GTN primarily generates revenue by selling schedules of advertising spots to advertisers. The majority of GTN's advertising revenue is placed through advertising agencies who have been engaged by advertisers. In these situations, GTN attempts to maintain a relationship with the advertisers directly to assist with the sale process. GTN also sells some spots directly to advertisers.

Each of GTN's operating geographies has generally been able to grow its spots inventory each year. Inventory is grown either through expanding the Affiliate network (in existing or new markets) or growing the number of spots under contract with existing Affiliates. During the past fiscal year Australia's spots inventory decreased due to the termination of the Nine Radio affiliation agreements in July 2020. The termination of the Nine Radio affiliation agreements resulted in considerable expense savings to the Group.

GTN can accommodate orders from advertisers with short lead times, providing advertisers the flexibility to conduct timely and relevant campaigns. Advertisers book a significant portion of orders not more than four weeks in advance. This short forward sales pipeline is typical for the radio business.

Value proposition to advertisers

GTN provides a different value proposition to advertisers in comparison with traditional advertising models as summarised below. This has enabled GTN to build a loyal customer base, comprised primarily of large advertisers.

- **Audience reach:** GTN operates one of the largest broadcast media advertising platforms by audience reach in Australia, Canada, the United Kingdom and Brazil. This enables advertisers to communicate with a large number and broad demographic of potential consumers.
- **High frequency:** GTN's advertisements are heard frequently throughout the day on every Affiliate in the purchased market or region, enabling advertisers to communicate their message repeatedly. This format is designed to maximise efficacy, enhance recall and minimise switching during advertisements.
- **High engagement:** GTN's advertising spots are adjacent to information reports that have been found to be useful and engaging for listeners. In 2015, GTN commissioned a research study conducted by Neuro Insight which measured brain activity and demonstrated that traffic update content was the most engaging content for listeners.
- **Ideal placement:** A large proportion of GTN advertising spots are aired during morning and afternoon commute periods, which generally have the largest audience.

- **High recall:** GTN's advertisements are designed to provide high recall rates by being short in duration (10 seconds), adjacent to information reports and standalone to other advertisements.
- **Audience consistency:** Advertisers using GTN's platform are less exposed to ratings swings of individual radio affiliate stations since GTN's customers receive spots on multiple radio station Affiliates.
- **Audience coverage:** GTN sells spots on a national, regional or specific market basis. This allows the product to be relevant for both nationally and regionally focused advertisers.

Value proposition to broadcasters

GTN provides a strong value proposition to broadcasters as summarised below. This has allowed GTN to develop longstanding relationships with Affiliates and consistently grow its network of Affiliates. GTN seeks to provide Affiliates with:

- **Tailored content:** GTN customizes the information reports that it provides to Affiliates by providing pertinent and geographically relevant information that meets the content and style requirements of each Affiliate. This helps to ensure that the reports appeal to each Affiliate's target audience;
- **Quality product:** GTN commits substantial resources to its information gathering and dissemination capabilities, including considerable training of its reporters and producers. Consequently, Affiliates receive more substantive and higher quality reports than they would likely be able to cost effectively produce themselves;
- **Cost efficiencies:** Affiliates utilise GTN's reports instead of having to procure this information on their own, which could require significant capital outlay in order to acquire aircraft and other information gathering infrastructure. This allows Affiliates to eliminate the non-core operating costs associated with real time content development, which is particularly helpful to Affiliates that are not large enough to cost effectively produce traffic reports on their own;
- **Contractual earnings:** GTN provides station compensation to most Affiliates in the form of cash payments. These station compensation payments represent stable recurring cash flows for these Affiliates and, in some instances, form a material part of that Affiliate's overall profits; and
- **Revenue opportunity:** Affiliates are permitted to sell sponsorships at the opening of an information report (i.e. "this report is brought to you by"), providing them with a revenue source without a cost base.

By addressing multiple needs of our radio and television station Affiliates and providing our advertising customers with a highly effective advertising vehicle, we are able to meet the needs of both constituencies and continue to grow our business.

Corporate Governance

The Corporate Governance Statement outlining GTN Limited's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 4th Edition, is available on the GTN Limited website at http://www.gtnetwork.com.au/home/?page=corporate-governance in accordance with ASX listing rule 4.10.3. The Directors approved the 2021 Corporate Governance Statement on 26 August 2021.

Directors' Report

The Directors present their report together with the consolidated financial statements of GTN Limited and its Controlled Entities (**"Group"**), for the year ended 30 June 2021 and the auditor's report thereon.

Directors and Company Secretaries

The following persons were directors of GTN Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Peter Tonagh

(Appointed 1 September 2020)

Independent Non-Executive Chairman

Chairman of the Nomination and Remuneration Committee

Peter has a background as a C-suite executive in large Australian media companies, including as CEO of Foxtel and News Corp Australia, interim-CEO of REA Group and Chairman of MCN.

Peter was formerly a partner at The Boston Consulting Group where he led the Asia Pacific Organisation Practice and worked across media, consumer and financial services businesses. Peter is currently a member of the board of Australian Broadcasting Corporation (ABC) and previously was the lead independent director of Village Roadshow and chairman of Quantium.

Peter has a Bachelor of Commerce from the University of New South Wales and a Masters of Business Administration from INSEAD, Europe's leading business school. In 2012 he was named AFR's CFO of the Year.

William Yde III ("Bill")

Managing Director and Chief Executive Officer

Bill Yde has over 40 years of experience in the radio and media industry.

Bill co-founded The Australia Traffic Network ("ATN") in 1997, later co-founding Global Traffic Network, Inc. and has served as Chief Executive Officer and President since its inception in 2005.

Prior to forming ATN, Bill founded Wisconsin Information Systems, Inc. (trading as the Milwaukee Traffic Network) in 1994 and expanded its operations to create traffic networks in Milwaukee, Oklahoma City, Omaha and Albuquerque before the business was sold to Metro Networks, Inc. (now part of iHeartMedia, Inc.). Bill had previously owned and operated radio and television stations in major markets in the United States.

Bill holds a Bachelor of Arts degree in Accounting from Indiana University and is a Certified Public Accountant.

Robert Loewenthal

Independent Non-Executive Director

Member of the Audit and Risk Committee and Nomination and Remuneration Committee

Robert Loewenthal has over 10 years of experience in the radio industry. He currently operates a private corporate advisory and consulting business, Free Trade Hall, and is the founder of the Whooshkaa Podcasting Platform.

Robert formerly held the role of Managing Director of Macquarie Radio Network, where he had previously acted as Chief Operating Officer and company secretary.

Robert is a Chartered Accountant and holds a Bachelor of Commerce degree from The University of Sydney.

David Ryan AO

Independent Non-Executive Director

Chairman of the Audit and Risk Committee

Member of the Nomination and Remuneration Committee

David Ryan AO has over 40 years of experience in commercial banking, investment banking and operational business management.

David is also currently Chairman of Visit Sunshine Coast Limited (formerly Sunshine Coast Destination Limited), a director of First American Title Insurance Company of Australia Pty Ltd, a director of First Mortgage Services Pty Ltd, a director of Sunshine Coast Airport Pty Limited and Board member of the Sunshine Coast Events Board.

David has previously held positions as a non-executive director of GetSwift Limited from April 2018 to April 2019, a non-executive director of Lendlease Corporation Limited from December 2004 until his retirement in November 2017, non-executive director of Aston Resources from 2011 until its merger with Whitehaven Coal and as non-executive chairman of Transurban Holdings (appointed director in 2003, chairman in 2007, and retired in 2010).

David holds a Bachelor of Business from the University of Technology, Sydney and is a Fellow of Australian Institute of Company Directors and of CPA Australia.

Corinna Keller

Independent Non-Executive Director

Member of the Audit and Risk Committee and Nomination and Remuneration Committee

Corinna Keller is Vice President of Advertising Sales for the Americas for CNN International Commercial (a WarnerMedia company), which she joined in 2016. Corinna oversees the pan-regional ad sales business for CNN International, CNN en Español, CNN.com/international and CNNEspañol.com for Latin America and clients based in the U.S. and Canada who want to target international viewers.

From 1999 to 2015, Corinna was with Viacom in various roles, her last as Vice President, International Marketing Partnerships and Pan-regional Ad Sales, running the pan-regional advertising business for Nickelodeon, MTV, Comedy Central, Paramount Channel and VH1, and a diverse digital portfolio. She held a number of senior positions with Viacom in both the U.S. and Mexico and managed client relationships with Fortune 500 companies across the U.S., Latin America, Europe and Asia.

Prior to Viacom, Corinna was in the pay television industry at Turner Broadcasting, where she assisted in distribution for the newly launched CNN en Español.

Corinna holds a BAS from Kalamazoo College and speaks English, Spanish, German and Portuguese.

Anna Sandham

Joint Company Secretary

Anna Sandham is a Chartered Company Secretary employed by Company Matters Pty Limited. Anna is an experienced company secretary and governance professional with over 20 years' experience in various large and small, public and private, listed and unlisted companies.

Anna has previously worked for companies including AMP Financial Services, Westpac Banking Corporation, BT Financial Group and NRMA Limited.

Anna is a Fellow of the Governance Institute of Australia, in addition to being a member of their Legislative Review Committee.

Patrick Quinlan

Joint Company Secretary

Patrick Quinlan is the finance manager for the Australian and Canadian entities, as well as being the joint company secretary for GTN Limited.

Patrick holds a Bachelor of Business degree from University of Western Sydney, is a Certified Practicing Accountant and a Chartered Company Secretary.

Senior Executives

The Senior Executives of the Company currently are:

Scott Cody

Chief Operating Officer and Chief Financial Officer

Scott Cody has over 30 years of experience in the radio media industry.

Prior to joining Global Traffic Network, Scott held various positions with Metro Networks, Inc./ Westwood One, serving as Vice President of Finance from 1997 to 2002 and Senior Vice President of Business Development from 2002 to 2005.

Prior to joining Metro Networks, Inc./ Westwood One, Scott was Vice President of Finance for Tele-Media Broadcasting Company.

Scott graduated with a Bachelor of Arts in Accounting and Finance from Juniata College.

Gary Worobow

Executive Vice President, Business and Legal Affairs

Gary Worobow has over 25 years of experience in the radio and media industry.

He was previously a member of the Global Traffic Network Board from 2006 to 2009. Prior to joining Global Traffic Network, Gary held the position of Executive Vice President and General Counsel of Five S Capital Management, Inc. from 2006 to 2009, Executive Vice President, Business Affairs and Business Development for Metro Networks Inc./ Westwood One, Inc. from 2003 to 2006 and as Senior Vice President and General Counsel from 1999 to 2002.

Gary was a founder and the General Counsel of Columbus Capital Partners and held the positions of Senior Vice President, General Counsel and board member for Metro Networks, Inc./ Westwood One from 1995 to 1999.

Gary holds a Bachelor of Arts from the University of Rochester, a Masters of Business Administration from the Simon School, University of Rochester and a Juris Doctor from the Fordham Law School.

Victor Lorusso ("Vic")

Chief Operations Manager
ATN

Vic Lorusso has over 20 years of experience in the media industry, all of those with ATN in various operational and management positions.

Vic is currently the Chief Operations Manager for ATN after joining in 1999.

Vic is also an airborne traffic reporter for the Ten Network and various radio stations. In addition to his role with ATN, Vic is associated with a number of charities throughout the country including the Variety Children's Charity, Redkite, Miracle Babies Foundation, Diabetes Association NSW, Cure Cancer Foundation and the Special Olympics Foundation.

Vic has a Business Licence for Real Estate.

John Quinn

Chief Operating Officer
United Kingdom Traffic Network
("UKTN")

John Quinn has over 30 years of experience in the radio and media industry.

John is currently the Chief Operating Officer of Global Traffic Network's United Kingdom operations after joining Global Traffic Network in 2009 following its acquisition of UBC Media's commercial division.

Prior to the acquisition, John was the Chief Operating Officer and a director of UBC Media (a company listed on AIM, a sub-market of the London Stock Exchange) and has held numerous other sales and management positions within the United Kingdom commercial radio industry.

Meetings of Directors

The number of meetings of the Board of Directors and its committees that were held during the year and the number of meetings attended by each director are summarised in the table below.

	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
William Yde III	8	8	-	-	-	-
Peter Tonagh	8	7	-	-	6	5
David Ryan	8	7	4	4	6	6
Robert Loewenthal	8	8	4	4	6	6
Corinna Keller	8	8	4	4	6	6

Principal activities

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

Operating Strategy

The Company's operating strategy is to grow its business through the obtaining of more advertising inventory and selling a higher proportion of and obtaining a higher price per unit for its advertising inventory. The Company strategy to obtain more advertising inventory consists of the following:

- Obtain more advertising inventory from existing radio and television stations for existing products. This is primarily accomplished by the payment of higher station compensation.
- Have existing radio stations provide advertising inventory outside traditional traffic reporting, such as the number of stations in Australia where we currently receive advertising inventory adjacent to news reports.
- Expansion into additional operating regions within our current countries, such as the expansion into additional regional markets in Australia and opening of additional markets in Brazil.

This growth strategy is subject to a number of risks, some of which are out of our control. Some of these risks and our strategy for mitigating them are as follows:

Loss of key radio station Affiliates
In FY 2021, 95% of our revenue came from the sale of advertising inventory obtained from our radio station Affiliates. Loss of significant radio station Affiliates would have a material impact on our revenue. We attempt to defend against this risk in the following ways:

- Provide a high-quality product that resonates with stations' listeners and would be difficult for the stations to replicate in a cost-effective manner, if at all.
- For the most important radio stations, pay a significant amount of cash to the stations in the form of station compensation. For our most important Affiliates, this amount has become a significant portion of their EBITDA based on our review of their public filings.

Potential impact of Company's fixed cost structure
A substantial majority of Company's costs are fixed and difficult to reduce in the short term, in particular, compensation paid to radio stations, which is the largest expense of the Group. In addition to being fixed, the majority of station compensation costs are contractual and often committed to for a number of years and thus cannot be reduced in the short run. These fixed costs mean that any decrease in revenue could largely flow through to earnings and therefore disproportionately adversely affect GTN's future financial performance and cash flows. The impact of the Group's fixed cost structure has been demonstrated during the COVID-19 pandemic as Adjusted EBITDA and profit before tax have both been negatively impacted by the lower revenue. The Company's strategy for dealing with the potential negative impact of its fixed cost structure is to maintain a low-leveraged balance sheet and substantial cash balances in order to be able to continue to operate the Group during periods of reduced revenue.

Decline in demand for traffic reports on radio
Individuals have other means of getting traffic information, including the internet, smart phone apps, navigation systems, etc. and we expect that such options will continue to proliferate in the future. It is possible that in the future that such other options will decrease the demand for our traffic reports from radio stations. We attempt to defend against this possibility in two ways:

- First, by paying significant station compensation, we attempt to make it a very difficult decision to reduce or eliminate the number of traffic reports broadcast.
- Second, since we sell our reports as a network of information reports, we are educating clients that the key element is that their spot be adjacent to high demand information content, rather than just traffic. In Australia, approximately 24% of our advertising inventory in the five metro markets is adjacent to news reports.

We believe that combining high levels of compensation to stations to encourage their continued provision of advertising inventory with an advertiser base that understands that while traffic is a very effective area to place spots today, but is not the only attractive placement option, is the best way to protect against a decline in interest in traffic reports broadcast on traditional radio.

Decline in popularity of radio and television in general
Virtually all of our revenue is derived from the sale of advertising spots on radio and television stations. A decline in the popularity of these mediums as either an entertainment option or advertising medium would likely have a material negative impact on our revenues and profitability. While to a certain extent this risk is out of our control, we have employed several strategies to attempt to mitigate this risk:

- Our product is different from traditional radio despite being broadcast on radio stations. We sell a broad reach across all demographics with the spots having the further advantage of sole placement adjacent to popular informational programming elements that are generally read live by the announcer. In our opinion, these things make our advertising product more effective than traditional radio advertising. We believe this contention is supported by the fact that our revenue growth on a compounded annual basis has historically surpassed that of the overall radio advertising category in the markets in which we operate.
- We continue to explore other platforms where our content and sales ability would translate to. To date, these explorations have not been successful, but we continuously and proactively research additional opportunities outside of radio and television.

Decline in advertising market in general
Our business model is currently entirely based on the sale of advertising, which is cyclical in nature. While we cannot control the fluctuations in the advertising market, we attempt to mitigate this risk by providing a compelling advertising product that is both effective for advertisers and not easily replicated by “buying around” our networks. A certain level of advertising is still sold even in down business cycles, so we attempt to position ourselves as a key portion of an advertiser’s strategy, even if they are reducing their overall expenditures. However, the limitations of this approach have been demonstrated during the COVID-19 pandemic, as advertisers in our markets sharply reduced their demand for advertising, which had a material impact on our revenue and profitability.

Expansion into new markets
Expansion into new markets entails risk as there is an upfront investment of monetary resources to purchase equipment (often helicopters) and to fund the initial operating losses and working capital requirements. There is also the opportunity cost of a diversion of management’s time and focus away from the current operations. The Company attempts to mitigate this risk by a thorough due diligence process prior to committing significant resources to a new market. In addition, the Company hires virtually all of its employees in the local market, which gives market insights that would not otherwise be readily available. The Company believes by training local personnel in the Company’s business model, the likelihood of success is increased. The Company is unlikely to enter new markets until after the COVID-19 pandemic has substantially ended.

Foreign exchange fluctuations can have a negative impact on financial performance
A significant portion of our revenues (52% in FY 2021) are generated outside of Australia and subject to currency exchange fluctuations between AUD and the local currency of those entities. We expect the portion of revenue subject to foreign exchange fluctuations will increase in the future as we anticipate that our Canada and Brazil operations will grow faster than the overall Group revenues. We do not hedge for foreign currency fluctuations at this time and currently do not have an intention to do so although we may enter into such hedging arrangements in the future. This risk is mitigated by each country incurring virtually all their expenses in local currency as well. The impact of this is should revenue be reduced by an unfavourable currency movement, expenses will also be reduced, which would be considered a favourable movement. The negative impact to the financial statements is only on the net difference between the

revenue and expenses. However, this net amount can still be material based on the magnitude of the currency shifts and the profitability of the operating segment affected.

Review and Results of Operations

Operating and Financial Review

Revenue for FY 2021 decreased 11% to $143.3 million. The decrease in revenue was mitigated by a $17.5 million (-11%) decrease in operating expenses with EBITDA increasing 8% and Adjusted EBITDA decreasing 2% for FY 2021. The non-IFRS measurements used are defined in the table below and further discussed later in this report.

(m)(4)	**FY21**	**FY20**	**% Difference**
Revenue	143.3	160.9	(11)%
EBITDA (2)	6.0	5.5	+8%
Adjusted EBITDA (3)	14.0	14.2	(2)%
NPAT	(0.1)	0.3	(128)%
NPATA (1)	4.6	4.9	(6)%
NPATA per share (cents)	$0.02	$0.02	(3)%

(1) NPATA is defined as net profit after tax (NPAT) adjusted for the tax effected amortization arising from acquisition related intangible assets.
(2) EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation and amortization.
(3) Adjusted EBITDA 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 and losses, losses on debt refinancings, gains on lease forgiveness and transaction costs.
(4) Amounts in tables may not add due to rounding. Percentage changes based on actual amounts prior to rounding.

Revenue

Group revenue was down 11% compared to FY 2020 due to the continued impact of the COVID-19 pandemic. While the COVID-19 pandemic caused a sharp decrease in revenue for fourth fiscal quarter 2020 (down 57%), the pandemic impacted the entire FY 2021. The impact varied from period to period and across the different operating regions of the Group, however the impact appeared to be closely correlated to government lockdowns throughout FY 2021 designed to mitigate the public health risks of the virus. Notwithstanding, despite significant government lockdowns throughout 2H FY 2021, UKTN was able to increase revenue for FY 2021 compared to FY 2020 due primarily to a strong fourth fiscal fourth quarter performance compared to the previous fiscal year (which was down 40% compared to fourth quarter FY 2019).

The Australia market constituted 48% of the Group's revenue for FY 2021 compared to 49% in FY 2020.

FY21 Revenue by Geographic Segment

(m)(4)	**FY21**	**FY20**	**% Difference**
Australia (ATN)	68.5	79.0	(13.3)%

Canada (CTN)	24.2	27.0	(10.2)%
United Kingdom (UKTN)	44.4	42.6	4.4%
Brazil (BTN)	6.2	12.4	(50.1)%
Total	**143.3**	**160.9**	**(10.9)%**

Revenue in local currency increased in the United Kingdom while decreasing in Canada and Brazil. Fluctuations in exchange rates acted as a headwind on the performance of all the Group's non-Australian segments (United Kingdom, Canada and Brazil).

FY21 Revenue by Geographic Segment – Local Currency

(m)[4]	FY21	FY20	% Difference
Australia (ATN) (AUD)	68.5	79.0	(13.3)%
Canada (CTN) (CAD)	23.2	24.3	(4.5)%
United Kingdom (UKTN) (GBP)	24.6	22.7	8.7%
Brazil (BTN) (BRL)	25.0	36.9	(32.3)%

EBITDA and Adjusted EBITDA

Adjusted EBITDA for FY 2021 was $14.0 million, a decrease of 2% from FY 2020 as both revenue and operating expenses decreased 11% compared to FY 2020. Operating expenses (defined as the sum of network operations, station compensation, selling, non-cash compensation, general and administrative expenses) decreased $17.5 million for the fiscal year. The largest portion the decrease was a $9.7 million decrease in network operations and station compensation expenses. The largest portion of this decrease ($6.4 million) was due to a decrease in station compensation primarily related to the termination of the Nine Radio affiliation agreements in July 2020. Selling, general and administrative expenses decreased $7.9 million with the largest portion of the decrease related to lower sales employee compensation due to the lower revenue for the fiscal year. Jobkeeper and the Canadian Emergency Wage Subsidy ("CEWS") is treated as a reduction in general and administrative expenses. The Group recorded $2.5 million of benefit from these programs in FY 2021 (Australia: $1.4 million, Canada: $1.1 million) an increase of $1.1 million compared to FY 2020. We estimate that approximately 4% of the overall operating expense decrease for the period was due to fluctuations in the foreign exchange rates from FY 2020 to FY 2021.

(m)[4]	FY21	FY20	% Difference
Revenue	**143.3**	**160.9**	(11)%
Network operations and station compensation expenses	(109.7)	(119.3)	(8)%
Selling, general and administrative expenses	(26.9)	(34.8)	(23)%
Equity based compensation expense	(0.9)	(0.9)	9%
Operating expenses	**(137.5)**	**(154.9)**	(11)%
Net F/X losses	(0.0)	(0.1)	(69)%
Loss on refinancing of debt/gain on lease forgiveness	0.2	(0.4)	NM
EBITDA	6.0	5.5	8%

(m)[4]	FY21	FY20	% Difference
Interest income on Southern Cross Austereo Affiliate Contract	8.2	8.2	(1)%
Net F/X losses	0.0	0.1	(69)%
Loss on refinancing of debt/gain on lease forgiveness	(0.2)	0.4	NM
Adjusted EBITDA	**14.0**	**14.2**	(2)%

Segment Adjusted EBITDA

Adjusted EBITDA by segment increased in the United Kingdom and Canada while decreasing in Australia and Brazil compared to FY 2020. Canada was able to increase Adjusted EBITDA despite lower revenue due to lower operating expenses while the United Kingdom increased Adjusted EBITDA on higher revenue. The lower Adjusted EBITDA in Australia and Brazil can be attributed to the lower revenue in FY 2021 compared to FY 2020.

(m)[4]	FY21[7]	FY20[7]	% Difference
Australia (ATN)	17.0	18.6	(9)%
Canada (CTN)	1.3	(0.9)	NM
United Kingdom (UKTN)	4.0	3.0	34%
Brazil (BTN)	(0.9)	0.5	(264)%
Other[6]	(7.5)	(7.0)	6%
Total	**14.0**	**14.2**	**(2)%**

(6) Primarily corporate overhead
(7) Excludes intercompany management fees charged to certain subsidiaries

NPATA

The Group reported NPATA of $4.6 million which is a decrease of 6% from FY 2020. The decrease is primarily related to the lower NPAT for the period despite $2.1 million increase in net profit before tax. The main driver of this difference is the $1.6 million United States tax benefit in FY 2020 due to the carry back provisions of the CARES Act. Income taxes expense/benefit increased $2.5 million from $1.0 million tax benefit in FY 2020 to $1.5 million tax expense in FY 2021. The Group recognized $0.2 million in tax expense related to the future tax rate increase in the UK (from 19% to 25% effective 1 April 2023) due to the revaluation of its deferred tax liability related to the intangible assets of the UK segment. Finance costs decreased $0.9 million from FY 2020 primarily due to lower interest rates on the bank loan. Since the repayment of $10 million of the principal balance of the bank loan occurred near the end of FY 2021 it did not have a material impact on finance costs for the fiscal year.

FY21 Cash Flow

The Group reported a decrease in cash flow from its operations primarily due to changes in working capital.

(m)[4]	FY21	FY20
Adjusted EBITDA	**14.0**	**14.2**
Non-cash items in Adjusted EBITDA	0.9	0.9
Change in working capital	(9.0)	16.5

(m)[4]		
Impact of Southern Cross Austereo Affiliate Contract	2.0	2.0
Operating free cash flow before capital expenditure	**8.0**	**33.5**
Capital expenditure (excludes assets acquired under leases)	(2.2)	(3.1)
Net free cash flow before financing, tax and dividends	**5.8**	**30.4**

Working capital had a significant impact on operating free cash flow before capital expenditure in both FY 2021 and FY 2020 primarily due to changes in accounts receivable. During 4Q FY 2020, revenue decreased 57% compared to the previous year period and working capital was favourably impacted by a reduction of $18.2 million in accounts receivable as the majority of the accounts receivable from the pre-COVID-19 pandemic period were collected and replaced by the significantly lower revenue. Revenue increased 85% during 4Q FY 2021, leading to an $11.1 million increase in accounts receivable for the fiscal year. Should revenue fluctuate less in the future it is expected that changes in working capital will have a smaller impact on cash flows.

The directors have not declared an interim or final dividend for FY 2021, consistent with the desire to increase cash and reduce debt, as well as in compliance with the restrictions of the modified debt facility. As a result, the Group was able to maintain a strong cash balance of $49.4 million at 30 June 2021, net debt (debt less cash balances) of only $3.8 million and pay down $10 million of the debt facility during FY 2021.

Debt Refinancing

On 22 May 2020, the Group entered into a fourth amendment of its bank loan facility, which was scheduled to expire in February 2021. The commitment under the amended facility was reduced from $75 million to $60 million, which was the amount outstanding at the time of the amendment. The amended due date of the facility is 30 September 2023 and there are no scheduled principal payments prior to the due date. The Group had outstanding bank debt principal at 30 June 2021 of $50 million, $3.2 million of finance leases (related to the adoption of AASB 16) and net debt (debt principal less cash balances) of $3.8 million. The ratio of net debt to Adjusted EBITDA is 0.27x at 30 June 2021. Based on the applicable covenants for the Group's debt facility, the leverage was 0.22x at 30 June 2021. Commencing in FY 2022, the total gearing ratio ("**TGR**") will be based on gross leverage (debt balances prior to deduction of cash balances) divided by EBITDA. The EBITDA used for the calculation of the leverage under the debt facility differs from that of EBITDA or Adjusted EBITDA used in this report. Some of the differences include that the debt facility is based on the actual cash outlay under the SCA agreement, the exclusion of non-cash equity-based compensation from EBITDA and the limited ability to include pro forma cost savings in certain instances. The bank facility limits distributions (including dividends and share buybacks) to 100% of annual NPATA.

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. One of the modifications is that the 30 September 2021 TGR will continue to be measured on a net basis rather than gross. As a condition of this relief, the Company agreed to restrict 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. These modifications remain in place until 31 December 2021. As a result, the Company will not be able to make distributions until after its 1H FY 2022 financial reporting at the earliest. Consistent with these restrictions, the Board terminated the share buy-back and the Company filed an Appendix 3F (*Final share buy-back notice)* effective 25 February 2021. 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 through fiscal 2021.

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. Exceptions to this general trend were the increase in spot rate in Canada and the higher sell-out rate in the United Kingdom. Australia radio spots inventory was lower than the previous year period primarily due to the termination of the Nine Radio affiliation agreements in July 2020. The termination of Nine Radio resulted in a considerable expense savings to the Group.

Key operating metrics by jurisdiction (local currency)

	Notes	FY21	FY20
Australia			
Radio spots inventory ('000s)	1	954	1,077
Radio sell-out rate (%)	2	52%	54%
Average radio spot rate (AUD)	3	128	128
Canada			
Radio spots inventory ('000s)	1	688	686
Radio sell-out rate (%)	2	43%	51%
Average radio spot rate (CAD)	3	71	64
United Kingdom			
Total radio impacts available ('000)	4	19,755	19,448
Radio sell-out rate (%)	5	94%	89%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	453	418
Radio sell-out rate (%)	2	35%	46%
Average radio spot rate (BRL)	3, 7	178	216

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 Company’s revenue and expenses are in a currency other than Australia dollars (“AUD”). The actual annual exchange rates utilized in preparing the annual consolidated statement of profit or loss and other comprehensive income are as follows:

	FY2021 Actual	**FY2020 Actual**
AUD:USD	0.75	0.67
AUD:CAD	0.96	0.90
AUD:GBP	0.55	0.53
AUD:BRL	4.02	2.97

Dividends

Consistent with the restrictions under the loan facility, the Board has decided to not declare an interim or final dividend for FY 2021.

Non-IFRS measurements

- **EBITDA** is earnings before interest, tax, depreciation and amortisation.

  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 excludes foreign exchange gains or losses, losses on refinancings, gains on lease forgiveness and transaction costs.

  Management considers that Adjusted EBITDA is an appropriate measure of GTN'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 contract as a financing arrangement.

- **NPATA** is net profit (loss) after tax adjusted to add-back the tax effected impact of amortization of intangible assets related to the purchase accounting arising from GTCR’s acquisition of Global Traffic Network, Inc. in September 2011.

  Management considers it appropriate to disclose NPATA because the amortization of the intangibles related to purchase accounting is both a non-cash charge and there will be no future cash outlays to “replace” these assets once fully amortized.

Non-IFRS information has not been audited.

COVID-19 pandemic impact

As reflected throughout the Directors Report and elsewhere, the global COVID-19 pandemic has had a material negative impact on the Company's business in all of its operating regions. Revenue decreased 57% in fourth fiscal quarter 2020 compared to the previous year resulting in $(9.2) million of Adjusted EBITDA for the period. The Group has trimmed costs where management feels prudent while also focusing on maintaining the Group's affiliate network as well as proven sales staff and management as it believes these will be essential to maximizing revenue and profit once the pandemic has passed. Due to the fixed cost nature of the Group's business, management believes costs cannot be reduced sufficiently to generate positive Adjusted EBITDA or profitability should revenue remain at the levels experienced during fourth fiscal quarter 2020. The largest fixed cost for the Group is station compensation, which is payment to radio and television stations to provide the spot inventory which is virtually the Group's sole source of revenue.

During FY 2021 revenue decreased 11% compared to FY 2020 which was a significant improvement compared to fourth fiscal quarter 2020. The Group was able to achieve positive EBITDA, Adjusted EBITDA, and NPATA for FY 2021 and would have achieved positive NPAT absent the additional non-cash tax expense related to the increase in the future UK corporate tax rate (which is effective 1 April 2023) and the subsequent increase in the deferred tax liability related to intangibles. 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 the impact will not be as severe or worse in the future. The Group's business continues to be a primarily fixed cost model, so that revenue decreases will likely have significant negative impacts on profitability.

Because of this, the Group has focused on conserving cash in order to be able to "ride out" the COVID-19 pandemic while reducing debt. At 30 June 2021, the Group had cash and cash equivalents of $49.4 million, net debt (debt less cash balances) of $3.8 million and had repaid $10 million of the bank debt facility during the period. Part of this strategy included eliminating the payment of dividends and the cancelling of the share repurchase. In addition, the Group modified the existing credit facility to revise the financial covenants to help assure that the Group would remain in compliance with its debt facility. The covenants revert back to the original covenants for the period ending 31 December 2021. A covenant default gives the lender the ability to accelerate the repayment of the debt facility even in the scenario where all scheduled debt service has been made on time and when due. The Group was in compliance with its financial covenants for all periods during FY 2021.

While the Group anticipates continuing to be in compliance with its bank debt facility, it believes even if there should be future covenant breaches due to COVID-19 pandemic related operating performance, that it is unlikely the bank will accelerate payment of the bank debt facility, which would be its prerogative under the loan agreement. Some of the reasons for this conclusion are as follows:

- The lender extended the loan until 30 September 2023 (which was set to expire in February 2021) in May 2020, which was after the COVID-19 pandemic started to have significant negative impact on the Group's performance,
- The lender extended over $21 million in new funds at that time to pay off its co-lender in order to become sole lender to the Group,
- The projections provided to the lender indicated the possibility of covenant defaults while having sufficient funds to continue to operate the Group,
- The modification of the financial covenants from 31 December 2020 to 30 September 2021 to help assure the Group would remain in compliance with the debt facility,
- The Group having sufficient cash on hand to meet its debt service obligations absent an acceleration of the principal balance of the debt,

- The Group’s low level of net debt which reduces the lenders risk, and
- Repeated assurances from the lender of its intention to work with the Group through this difficult period.

However, there can be no assurances 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.

Likely developments and expected results

The Group’s prospects and strategic direction are discussed in the Operating Strategy section of the Directors’ Report.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in the report because disclosure of the information would be likely to result in prejudice to the Group.

Significant changes in the state of affairs

Except as outlined elsewhere in this Directors’ Report, there were no significant changes in the affairs of the Group during the fiscal year.

Events since the end of financial year

On 26 June 2021, the Sydney market entered into lockdown related to an increase in COVID-19 cases in the market. The lockdown is expected to have a negative impact on the fiscal 2022 financial performance of the Group’s Australian subsidiary at least until the lockdowns are lifted. Management considered the impact of the lockdown on both the potential impairment of the Australian CGU and from a going concern perspective and determined no changes were required to the financial report presented herein.

Except as outlined in the Financial Statements and elsewhere in this Directors’ Report, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected the Group’s operations, results or state of affairs or may do so in future years.

Environmental regulation

The operations of the Group are not subject to any particular or significant environmental regulation or law.

Insurance of officers and Directors

Pursuant to its constitution, GTN may indemnify Directors and officers, past and present, against liabilities that arise from their position as a Director or officer as allowed under law. Under the deeds of access, indemnity and insurance, GTN indemnifies each Director against liabilities to another person that may arise from their position as a director of GTN to the maximum extent permitted by law. The deeds of access, indemnity and insurance stipulate that GTN will reimburse and compensate each Director for any such liabilities, including reasonable legal costs and expenses, except where a Director’s act is fraudulent, criminal, dishonest or wilfully deceitful.

Pursuant to its constitution, GTN may arrange and maintain directors’ and officers’ insurance for its Directors to the maximum extent permitted by law. Under the deeds of access, indemnity and insurance, GTN must use reasonable endeavours to obtain such insurance during each Director’s period of office and for a period of seven years after a Director ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

GTN has obtained insurance in respect to directors’ and officers’ liability for the year ended 30 June 2021 and thereafter. These insurance policies insure against certain liabilities (subject to exclusions) of persons that have been directors or officers of GTN or its direct or indirect subsidiaries to the extent allowed by the *Corporations Act 2001*. The expense related to this insurance was $805 thousand for FY 2021.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of GTN, or to intervene in any proceedings to which GTN is a party, for the purposes of taking responsibility on behalf of GTN for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of GTN with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important. Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are included in Note 10 of the Consolidated Financial Report. The Group changed auditors from PriceWaterhouse Coopers to Grant Thornton Audit Pty Limited ("Grant Thornton") for the year ended 30 June 2020. Fees for non-audit related services to PriceWaterhouse Coopers for the year ended 30 June 2020 include services provided after the appointment of Grant Thornton as auditor on 3 June 2020.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set forth below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the fiscal year the following fees were paid or payable for non-audit services provided by the auditor of GTN and its related practices:

	2021	2020	2020
	$	$	$
Taxation services*	**Grant Thornton**	**Grant Thornton**	**PwC**
Tax compliance	-	-	354,000
Remuneration for taxation services	-	-	354,000
Total remuneration for non-audit services	**-**	**-**	**354,000**

*Included in the above fees are amounts paid to network firms of PricewaterhouseCoopers Australia.

Remuneration Report (audited)

The directors present the GTN 2021 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

a) Key management personnel (KMP) covered in this report
b) Remuneration policy and link to performance
c) Elements of remuneration
d) Link between remuneration and performance
e) Remuneration expenses for executive KMP
f) Contractual arrangements with executive KMP
g) Non-executive director arrangements
h) Additional statutory information

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 7 to 8 - for details about each director)

The following persons were Directors of GTN Limited for the whole of the financial year and up to the date of this report unless otherwise stated:

William Yde III	
Peter Tonagh	Appointed 1 September 2020
David Ryan AO	
Robert Loewenthal	
Corinna Keller	

Other key management personnel

Name	Position
Scott Cody	Chief Operating Officer and Chief Financial Officer
Gary Worobow	Executive Vice President, Business and Legal Affairs

Key management personnel are those executive management members that have responsibility and authority for planning, controlling and directing resources for the entire group. Other senior executives, such as jurisdictional management, are not considered to be key management personnel for the purposes of the remuneration report as their duties are related to their geographic area of operation only and do not extend to strategic direction and control of resources of the Group.

Changes since the end of the reporting period

None

(b) Remuneration policy and link to performance

Our Nomination and Remuneration committee is made up of non-executive directors (all of whom are independent). The committee reviews and makes recommendations to the Board about our remuneration policy and structure annually to align it to business needs and meet our business principles. From time to time, the committee may also engage external remuneration consultants to assist with this review (see *section (h)(v) Reliance on external remuneration consultants*). In particular, the policies and practices are designed to:

● enable the Group to attract, retain and motivate directors, executives and employees who will create value for shareholders within an appropriate risk management framework by providing remuneration packages that are equitable and externally competitive;

● be fair and appropriate having regard to the performance of the Group and the relevant director, executive or employee;

●foster exceptional human talent and motivate and support employees to pursue the growth and success of the Group in alignment with the Group's values; and

● equitably and responsibly reward employees, having regard to the performance of the Group, individual performance and statutory and regulatory requirements.

Remuneration Framework

Element	**Purpose**	**Performance metrics**	**Potential Value**	**Changes for FY22**
Fixed Remuneration (FR)	Provide competitive market salary	N/A	Varies	Contractual increases of 5% effective 1 October 2021
Short-term incentive (STI)	Reward for in year performance	Adjusted EBITDA	Varies	Targets adjusted on an annual basis.
Long-term incentive (LTI)	Alignment to long-term shareholder value	Vesting based on continued service only	Varies	Option grants to the CEO are no longer contractual obligations of the Company and are at the discretion of the Board. Grants to other executive management are determined as a percentage of the CEO's grant.

Balancing short-term and long-term performance
Annual incentives are set at levels designed to maximize performance. Long-term incentives consist of share options that vest one third after two years and two thirds after three years and are designed to align management's interests with those of the shareholders and encourage retention.

Assessing performance
The Board has overall responsibility for executive remuneration and receives recommendations from the Nomination and Remuneration Committee. To assist with its assessment of executive compensation the committee receives reports on performance from management which are based on independently verifiable data such as financial measures and independent market data. There are no "claw-back" provisions in any of the performance-based remuneration plans.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)
Executives may receive their fixed remuneration as cash or cash with non-monetary benefits such as health insurance and similar benefits. FR is reviewed annually or upon promotion or change in circumstance. Superannuation is included for Australia based employees and directors only.

(ii) *Short-term incentives (STI)*

Feature	Description			
Maximum bonus	CEO – $415,438, other executive management $138,196 to $213,802			
	100% of the maximum bonus is paid for achieving 100% of the performance metrics. Board may award discretionary bonus for performance that is less than 100% of the performance metrics.			
Performance Metrics	Aligns executive compensation with market expectations.			
	Metric	**Target**	**Weighting**	**Reason**
	Adjusted EBITDA	FY21 Board approved Adjusted EBITDA target	100%	Adjusted EBITDA is primary criteria by which investors judge performance
Delivery of STI	100% paid upon conclusion of fiscal year after completion of audit of financial statements			
Board discretion	The Board has discretion to adjust remuneration outcomes up or down in certain situations to prevent any inappropriate reward outcomes.			
Note: Amounts are paid in USD and amounts to be paid are based on estimated USD/AUD exchange rate of 1.3335:1 at 30 June 2021.				

(iii) *Long-term incentives (“LTIP”)*

Executive key management personnel participate in the LTIP comprising of annual grants of options which vest one third after two years and two thirds after three years and are subject to performance conditions summarized below.

Feature	Description
Allocation	Grants to the CEO are discretionary with grants to other executive management determined as a percentage of the CEO's grant. Previously, the allocation was 70% CEO FR and other executive management 50% of FR based on fair value of the grant, which vested over three years.
Current Performance Metrics	Vesting is subject to continued employment only.
Exercise Price	Exercise price equal to share price on date of grant.
Forfeiture and termination	Options will lapse if performance conditions are not met. Any unvested options granted will be forfeited where the participant resigns or is dismissed during the performance period. However, if the participant is considered a good leaver their unvested options will vest or remain on foot.

(d) *Link between remuneration and performance*

The Group's Adjusted EBITDA performance for fiscal 2021 reached 1,365% of the target set by the board (the target was a 93% decrease over fiscal 2020) and the board awarded executive management 50% of their bonus potential for the period. The Adjusted EBITDA target was set during the significant uncertainty of the onset of the COVID-19 pandemic and the Board discretionarily reduced the bonuses to reflect the relatively low amount of Adjusted EBITDA achieved compared to fiscal years prior to the COVID-19 pandemic. Since the bonus award was discretionary it was paid prior to the release of the audited financial statements.

The Group reached its Prospectus Forecast Adjusted EBITDA target for FY2017 and executive management received 100% of their short-term incentive potential. The Group reached 95% its target Adjusted EBITDA from continuing operations for FY2018 and executive management received 50% of their short-term incentive potential for the year. The Group reached 82% of its target Adjusted EBITDA for FY2019 and executive management received 0% of their short-term incentive potential for the year. The Group reached 37% of its targeted Adjusted EBITDA for FY2020 and executive management received 0% of their short-term incentive potential for the year.

Performance against key measures and impact on variable remuneration

(m)		**FY 2017(1)**	**FY 2018(1)**	**FY 2019**	**FY 2020**	**FY 2021**
Adjusted EBITDA		48,856	48,140	37,549	14,248	14,020
Increase/(decrease)		+41%	(1)%	(22)%	(62)%	(2)%
STI paid (% of potential)		100%	50%	0%	0%	50%
(1) Adjusted to reflect disposal of United States Traffic Network LLC						

Statutory key performance indicators of the Company over the past five years

	FY 2021	**FY 2020**	**FY 2019**	**FY 2018(1)**	**FY 2017(1)**
Profit (loss) from continuing operations attributable to owners ($'000's)	(89)	319	15,732	24,831	28,172
Basic earnings (loss) per share	$0.00	$0.00	$0.07	$0.11	$0.13
Dividends paid ($'000's)	-	3,015	12,561	24,719	23,216
Dividend pay-out ratio (%)	0%	945%	80%	100%	82%
Increase/(decrease) in share price (%)	+10%	(55)%	(58)%	(9)%	+19%
(1) Adjusted to reflect disposal of United States Traffic Network LLC					

(e) Remuneration expenses for executive KMP

		Fixed remuneration				Variable Remuneration		
Name	Year	Cash Salary	Non-monetary benefits	Post-employment benefits	Other	Cash bonus	Equity based comp	Total
		(1)(2)(6)	(2)		(4)(6)	(6)	(3)(7)(8)	(5)
Executive Management								
William Yde III	2021	1,095,669	-	-	32,111	208,414	505,128	1,841,322
(6)(4)(7)(8)	2020	1,161,960	-	-	35,757	-	463,933	1,661,650
Scott Cody	2021	706,350	-	-	32,111	107,258	233,551	1,079,270
(6)(4)	2020	749,085	-	-	35,757	-	213,633	998,475
Gary Worobow	2021	585,454	-	-	32,111	69,329	193,579	880,473
(6)(4)	2020	620,875	-	-	35,757	-	177,069	833,701

(1) Includes superannuation where applicable.
(2) Payments for annual leave are considered a component of cash salaries.
(3) Amounts based on expense recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.
(4) United States based executive management receives cash stipend in lieu of the provision of health insurance and similar employee benefits. The amount of the stipend is USD 2,000 per month.
(5) All amounts translated into AUD at the average exchange rate for the year.
(6) Paid in United States dollars (USD) except for equity based compensation.
(7) Includes amounts expensed for financial statement purposes related to forfeited stock options.
(8) The above excludes $260,000 paid to Mr. Yde related to the cancellation of his existing options and the issuance of replacement options. Since the fair value of the replacement options at cancellation date, plus the cash consideration, was together less than the fair value of the original options valued at cancellation date, the expense recognised for financial statement purposes equates to that of the original options. No expense has been recognised in relation to the fair value of the replacement options, being $189,230.

(f) Contractual arrangements with executive KMP

Component	CEO Description	Other executive management description
Fixed remuneration (1)	$1,105,173 from 1 October 2020 to 1 October 2021, minimum 5% increase per annum thereafter.	Range between $590,532 and $712,476 from 1 October 2020 to 1 October 2021, minimum 5% increase per annum thereafter.
Contractual term	Ongoing contract	Ongoing contract
Notice by the individual	By the Employee voluntarily upon at least twelve (12) months written notice to the Company. Should the executive terminate their	By the Employee voluntarily upon at least twelve (12) months written notice to the Company. Should the executive terminate their

	employment, they will be entitled to up to one-year severance. Severance is calculated based on a formula that subtracts the required transition time (as determined by the Company) from the maximum one-year period.	employment, they will be entitled to up to one-year severance. Severance is calculated based on a formula that subtracts the required transition time (as determined by the Company) from the maximum one-year period.
	Entitled to pro-rata STI for the year	
Termination of employment (without cause)	By the Company without Cause upon twelve (12) months written notice to Employee.	By the Company without Cause upon twelve (12) months written notice to Employee.
	Entitled to pro-rata STI for the year	
Termination of employment (with cause) or by the individual	Immediately	Immediately
	No STI entitlement.	
(1) Based on USD/AUD exchange rate of 1.3335:1 which is the exchange rate at 30 June 2021.		

(g) Non-executive director arrangements
Non-executive directors receive a fixed monthly fee for participating on the board. They do not receive performance-based fees or retirement allowances. The directors' fees are inclusive of superannuation where applicable.

The current base fees were reviewed in November 2018. At that time the chair fee was increased to $200,000 per annum (from $128,000) and the independent non-executive director base fee was increased to $100,000 per annum (from $90,000). Fees will be reviewed annually by the board taking into account comparable roles at comparable sized companies and other available market data. The board may engage an independent remuneration advisor at its discretion. Effective 1 April 2020 the directors agreed to a voluntary 20% reduction of their fees to be reviewed on a regular basis due to the impact of COVID-19 on the Company's business.

Directors are contractually required to purchase Company shares equal to one year's initial salary within three years of joining the board. In June 2019, the Board modified this requirement to allow for up to five years to purchase the requisite shares. Prior to the modification, Robert Loewenthal was not in compliance with this provision of his contract. On 23 June 2020 the Board modified the requirement to revert to three years. Currently all directors are in compliance with their obligations to purchase Company shares. Corinna Keller was appointed to the Board on 1 March 2019 and has until 1 March 2022 to complete her obligation to purchase shares. Peter Tonagh, who was appointed to the Board on 1 September 2020 had already completed his obligation to purchase shares prior to joining the Board.

The maximum annual aggregate directors' fee pool limit is $1,000,000 and was approved by the shareholders on 8 November 2017.

Director compensation plans:	**Base Fees**	**Current Fees (3)**	
Chair (2)(3)	$200,000	$160,000	
Other independent non-executive directors (1)(3)	$100,000	$80,000	
Additional fees			
Audit and risk committee – Chair (3)	$40,000	$32,000	
Audit and risk committee – member	-	-	
Nomination and remuneration committee – Chair	-	-	

Nomination and remuneration committee – member	-	-	

(1) Corinna Keller was paid $72,000 USD per annum which approximated $100,000 AUD at the time of her appointment. Currently her director fee is $57,600 USD as discussed in footnote (3) below.
(2) The chairperson does not receive additional fees for participating in or chairing committees, rather this is taken into account as part of their overall director fee.
(3) Effective 1 April 2020 the directors agreed to a voluntary 20% reduction of their fees to be reviewed on a regular basis due to the impact of COVID-19 on the Company's business.

All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Non-executive director remuneration

Name	**Year**	**Base fee**	**Audit and Risk Committee**	**Remuneration and Nomination Committee**	**Total**
P Tonagh (2)	2021	100,000	-	-	100,000
	2020	-	-	-	-
R Loewenthal (3)	2021	126,667	-	-	126,667
	2020	190,000	-	-	190,000
D Ryan	2021	80,000	32,000	-	112,000
	2020	95,000	38,000	-	133,000
C Keller (1)	2021	77,170	-	-	77,170
	2020	101,919	-	-	101,919
Total non-executive director remuneration	2021	383,837	32,000	-	415,837
	2020	386,919	38,000	-	424,919

(1) Paid in United States dollars (USD). Amount translated into AUD based on same exchange rates as annual financial statements.
(2) Appointed effective 1 September 2020. Appointed Chairman 27 January 2021.
(3) Stepped down as Chairman 27 January 2021 but remains a non-executive director.

Whooska Podcasting Platform, a company controlled by Robert Loewenthal, provides podcasting hosting services to the Group at no charge. The fair-market value of the service provided is de minimus.

Visit Sunshine Coast, a company of which David Ryan is chairman of the board of directors, has purchased advertising from the Group's Australian subsidiary. The amount purchased for the past two fiscal years was as follows:

FY 2021 $ nil
FY 2020 36,720

Australian Broadcasting Corporation, a company of which Peter Tonagh is a member of the board of directors, has purchased traffic reporting services from the Group's Australian subsidiary. The amount purchased for the past two fiscal years was as follows:

FY 2021 $ 69,999
FY 2020 $ nil

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense above:

Relative proportions of fixed vs variable remuneration expense			
	Fixed remuneration	**At Risk – STI**	**At Risk – LTI***
Name	**2021**	**2021**	**2021**
Executive directors			
W Yde	62%	11%	27%
Other key management personnel of the group			
S Cody	68%	10%	22%
G Worobow	70%	8%	22%
* Where applicable, the expenses include negative amounts for expenses reversed during the year			

(ii) Performance based remuneration granted and forfeited during the year

The following table shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited. It also shows the value of options that were granted, exercised and forfeited during FY 2021.

	Total STI bonus (cash)		LTI Options(5)		
	Total Opportunity	Awarded	Value granted (6)	Value exercised	Forfeited (4)(7)
	$	%	$	%	%
	2021	2021	2021	2021	2021
Name					
W Yde (1)(6)(7)	416,828	50%	189,230	-	100%
S Cody (2)	214,517	50%	147,300	-	-
G Worobow (3)	138,658	50%	122,259	-	-
(1) USD 311,537. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					
(2) USD 160,330. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					
(3) USD 103,633. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					

(4) Represents percentage of unvested LTI Options outstanding at 1 July 2020 that were forfeited.
(5) Unvested options vest on a service time-based vesting criterion. Options vest if the grantee is employed by the Group at the vesting date without further performance hurdles. One third of the options vest on the second anniversary of the grant whilst the remainder vest on the third anniversary of the grant.
(6) Fair value of replacement options issued to Mr. Yde as further described below.
(7) Mr. Yde forfeited all his then outstanding stock options for a payment of $260,000 and the issuance of 1,000,000 options.

(iii) Terms and conditions of equity-based payment arrangements.

FY2021	Balance at the start of the year	FY 21 Grants (2)	Vested		Exercised	Forfeited(1)		Balance at the end of the year	
Name	Unvested		#	%		#	%	Vested	Unvested
W Yde									
(1)(2)	5,115,830	1,000,000	-	-	-	5,115,830	100%	-	1,000,000
S Cody									
(2)	2,355,744	1,000,000	163,408	6%	-	-	-	340,196	3,192,336
G Worobow									
(2)	1,952,545	830,000	135,420	7%	-	-	-	219,162	2,647,125
(1) Mr. Yde agreed to the termination of all his vested and unvested outstanding options in exchange for a cash payment of $260,000 and a grant of 1,000,000 stock options.									
(2) Mr. Yde's options were granted 12 November 2020. The remaining options were granted 25 June 2021.									

Ordinary Shares **FY2021** Name	Balance at the start of year	Received during the year on exercise of stock options	Shares Purchased	Shares Sold	Balance at the end of the year
W Yde	3,603,408	-	-	800,000	2,803,408
D Ryan (2)	75,475	-	74,525	-	150,000
R Loewenthal (2)	98,293	-	-	-	98,293
C Keller	58,100	-	72,350	-	130,450
P Tonagh (3)(4)	422,519	-	144,768	-	567,287
S Cody	-	-	-	-	-
G Worobow (1)	10	-	-	-	10

(1)	Initial shares upon forming GTN Limited.
(2)	Shares held indirectly through superannuation fund.
(3)	Shares held indirectly by PT Ventures Pty Limited as trustee for The Tonagh Family Trust. Mr Tonagh is a director of PT Ventures Pty Limited and a beneficiary of The Tonagh Family Trust.
(4)	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.

On 12 November 2020, the Company issued options to Mr. Yde that represented part of a modification of options previously granted. The previously issued options were cancelled as set forth in the table below:

Grant Date	Number of Options Retired	Remaining Fair Value of Options at Retirement
17 April 2017	390,791	-
9 November 2018	1,064,594	153,010
15 November 2019	4,051,236	507,579
Total	5,506,621	$660,589

The terms of the previously granted options that were cancelled were as follows:

7 April 2017 Grant
The performance criteria for vesting criteria are as follows:

Performance Metrics	50% subject to performance condition based on the Company's relative total shareholder return (TSR) compared to members of the ASX 300 (excluding financials and resources) over the performance period	
	TSR ranking	**Percentage to vest**
	Up to and including the 50th percentile	0%
	Between the 51st and 75th percentile (inclusive)	Pro rata straight line between 50% and 100%
	At and above 75th percentile	100%
	50% subject to performance condition based on Company's earnings per share (EPS) growth (adjusted for one-off items associated with the IPO and amortisation of intangibles and excluding United States Traffic Network, LLC operations, as determined by the Board) over the performance period	
	EPS Compound annual growth rate	**Percentage to vest**
	Less than threshold	0%
	Between threshold and stretch target (inclusive)	Pro rata straight line between 50% and 100%
	Above stretch target	100%

The inputs used in the measurement of the fair values at grant date were as follows:

Grant date	5 April 2017
Expiration date	31 December 2021
Share price at grant date	$2.74
5-day VWAP at grant date	$2.72
Fair value at grant date	$0.695
Exercise price	$2.74
Expected volatility (based on historic and expected volatility of Company's shares)	45.00%
Expected life	4.75 years
Expected dividends	4.00%
Risk-free interest rate (based on government bonds)	2.14%

9 November 2018 Grant

The Company has moved to a service time-based vesting criterion. Under this plan, options vest if the grantee is employed by the Group at the vesting date without further performance hurdles. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	9 November 2018
Expiration date	9 November 2023
Share price at grant date	$2.15
Fair value at grant date	$0.647
Exercise price	$2.15
Expected volatility (based on historic and expected volatility of Company's shares)	49.69%
Expected life	3.83 years
Expected dividends	4.09%
Risk-free interest rate (based on government bonds)	2.30%

15 November 2019 Grant

The Company's 15 November 2019 grant is under the same terms as its 9 November 2018 grant except the exercise price is the share price on the date of grant. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	15 November 2019
Expiration date	15 November 2024
Share price at grant date	$0.76
Fair value at grant date	$0.200
Exercise price	$0.76
Expected volatility (based on historic and expected volatility of Company's shares)	56.62%
Expected life	3.83 years
Expected dividends	7.37%
Risk-free interest rate (based on government bonds)	0.80%

The options described above were all cancelled and replaced with options having the following terms:

Grant Date	Number of Options Issued	Fair Value of Options Granted
12 November 2020	1,000,000	189,230

The terms of the newly issued options are as follows:

12 November 2020 Grant
The Company's 12 November 2020 grant is under the same terms as its 9 November 2018 grant except the exercise price is the share price on the date of grant. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	12 November 2020
Expiration date	12 November 2025
Share price at grant date	$0.42
Fair value at grant date	$0.189
Exercise price	$0.42
Expected volatility (based on historic and expected volatility of Company's shares)	60.85%
Expected life	3.83 years
Expected dividends	0.00%
Risk-free interest rate (based on government bonds)	0.22%

The difference between the fair value of the cancelled options immediately before cancellation and the total fair value of the newly issued options is $471,359, with the fair value of the cancelled options exceeding the fair value of the newly issued options.

(iv) Other transactions with key management

In February 2020, in anticipation of spending additional time in the Australia market, the Group rented an apartment for Mr. Yde's use. During FY 2021 and FY 2020 the Group incurred expenses of $185,589 and $74,746, respectively related to the apartment. The costs related to the apartment have not been included in Mr. Yde's remuneration disclosures since these costs were expected to replace reimbursable hotel lodgings expense.

In February 2021, the Group purchased a vehicle that was made available for Mr. Yde's use while in Australia. The purchase price of the vehicle was $111,391. The Group recognized $5,581 of depreciation expense and $5,732 of fringe benefits tax related to the vehicle during FY 2021. The costs related to the vehicle have not been included in Mr. Yde's remuneration disclosures since the Group retains ownership of the vehicle and the vehicle is intended to replace rental car fees that would otherwise have been incurred.

Mr. Yde's daughter is employed by the Group with accounting and management duties. Her cash salary (translated from USD to AUD at the same exchange rates as the Group's financial statements) was:

●FY2021	$173,607
●FY2020	$193,317

The Board considers the compensation received by Mr. Yde's daughter to be consistent with the compensation that would be paid to unrelated third parties for a similar position and thus has not included any of these payments in Mr. Yde's remuneration disclosures.

(v) Reliance on external remuneration consultants

During FY 2021, the Board engaged SW Corporate for LTI allocation methodology alternatives related to executive compensation. SW Corporate was paid $3,000 for these services.

(vi) Voting of shareholders at last year's annual general meeting

During the last annual general meeting, the shareholders voted 52.59% in favour of adoption of the remuneration report for the year ended 30 June 2020 which therefore constitutes a 'second strike' for the purposes of the *Corporations Act 2001 (Cth)*. As a result of the Company receiving a second strike, a conditional spill resolution was required to be put to the meeting. The resolution received 47.50% votes in favour of the resolution and therefore did not pass.

The Board is committed to ongoing and transparent engagement with all stakeholders. It will continue to review the effectiveness of the Company's remuneration practices and their alignment with strategic performance objectives to appropriately rewards its executives and deliver shareholder value.

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set forth on page 36.

Rounding of amounts

GTN 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. Amounts in the Directors’ Report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Directors’ interests in shares and options of GTN

The relevant interests of each Director in the equity of GTN as of the date of this Directors’ Report are disclosed in the Remuneration Report.

This report was made in accordance with a resolution of the Directors.

Peter Tonagh
Chairman
26 August 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 audit of GTN Limited for the year ended 30 June 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 audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner – Audit & Assurance

Sydney, 26 August 2021

GTN Limited

ACN 606 841 801

Consolidated Financial Report
For the year ended 30 June 2021

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Revenue	7	143,341	160,940
Other income	7	87	252
Interest income on long-term prepaid affiliate contract	7	8,150	8,242
Gains on lease forgiveness	7	161	52
Network operations and station compensation expenses		(109,675)	(119,328)
Selling, general and administrative expenses		(26,864)	(34,751)
Equity based compensation expenses	23	(932)	(855)
Depreciation and amortisation	8	(10,820)	(11,771)
Finance costs	8	(2,002)	(2,910)
Loss on refinancing of debt		-	(447)
Foreign currency transaction loss	8	(22)	(72)
Profit (loss) before income tax		1,424	(648)
Income tax (expense) benefit	9	(1,513)	967
(Loss) profit for the year		(89)	319
Other comprehensive income (loss) for the year, net of income tax:			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		861	(1,609)
Total other comprehensive income (loss) for the year		861	(1,609)
Total comprehensive income (loss) for the year		772	(1,290)
(Loss) earnings per share attributable to the ordinary equity holders:			
Basic and diluted (loss) earnings per share	21	$0.00	$0.00

Total (loss) profit for the year and other comprehensive income (loss) are fully attributable to members of the Company

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

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 $'000	2020 $'000
Assets			
Current			
Cash and cash equivalents	11	49,376	57,040
Trade and other receivables	12	31,003	19,910
Current tax asset	16	4,894	6,700
Other current assets	13	2,702	2,856
Current assets		87,975	86,506
Non-current			
Property, plant and equipment	15	7,721	9,858
Intangible assets	14	39,525	45,686
Goodwill	14	96,616	95,998
Deferred tax assets	16	4,857	4,269
Other assets	13	93,736	94,988
Non-current assets		242,455	250,799
Total assets		330,430	337,305
Liabilities			
Current			
Trade and other payables	17	32,988	30,874
Contract liabilities	19	1,000	1,266
Current tax liabilities	16	149	-
Financial liabilities	20	1,286	1,525
Provisions	18	987	932
Current liabilities		36,410	34,597
Non-current			
Trade and other payables	17	69	74
Financial liabilities	20	51,689	62,768
Deferred tax liabilities	16	21,309	20,344
Provisions	18	403	416
Non-current liabilities		73,470	83,602
Total liabilities		109,880	118,199
Net assets		220,550	219,106
Equity			
Share capital	22	437,508	437,508
Reserves		9,997	8,464
Accumulated losses		(226,955)	(226,866)
Total equity		220,550	219,106

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

	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 30 June 2019		**444,041**	**(24,655)**	**30,390**	**3,483**	**(217,003)**	**236,256**
Total comprehensive income (loss):							
Net profit		-	-	-	-	319	319
Other comprehensive loss		-	-	(1,609)	-	-	(1,609)
		-	-	(1,609)	-	319	(1,290)
Transactions with owners in their capacity as owners:							
Dividends			-	-	-	(10,182)	(10,182)
Shares repurchased and retired		(6,533)	-	-	-	-	(6,533)
Equity based compensation		-	-	-	855	-	855
		(6,533)	-	(1,609)	855	(9,863)	(17,150)
Balance at 30 June 2020		**437,508**	**(24,655)**	**28,781**	**4,338**	**(226,866)**	**219,106**
Total comprehensive income (loss):							
Net loss		-	-	-	-	(89)	(89)
Other comprehensive income		-	-	861	-	-	861
		-	-	861	-	(89)	772
Transactions with owners in their capacity as owners							
Repurchase and retire stock options	23	-	-	-	(260)	-	(260)
Equity based compensation	23	-	-	-	932	-	932
		-	-	861	672	(89)	1,444
Balance at 30 June 2021	22	**437,508**	**(24,655)**	**29,642**	**5,010**	**(226,955)**	**220,550**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	Notes	2021 $'000	2020 $'000
Operating activities			
Receipts from customers		150,570	200,552
Payments to suppliers and employees		(143,259)	(166,021)
Interest received		87	252
Finance costs		(1,935)	(2,402)
Income tax refunds (paid)		1,187	(3,835)
Net cash from operating activities	25	**6,650**	**28,546**
Investing activities			
Purchase of property, plant and equipment		(2,165)	(3,131)
Net cash used in investing activities		**(2,165)**	**(3,131)**
Financing activities			
Shares repurchased		-	(6,533)
Stock options repurchased		(260)	-
Dividends paid		-	(10,182)
Deferred financing costs		(52)	(195)
Debt repayment		(10,000)	-
Principal elements of lease payments		(1,436)	(1,571)
Net cash used in financing activities		**(11,748)**	**(18,481)**
Net change in cash and cash equivalents		(7,263)	6,934
Cash and cash equivalents, beginning of year		57,040	50,728
Exchange differences on cash and cash equivalents		(401)	(622)
Cash and cash equivalents, end of year	11	**49,376**	**57,040**
Non-cash financing and investing activities:			
Property acquired under leases		**310**	**2,852**

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

Notes to the Consolidated Financial Statements

1 Corporate information

Nature of operations
GTN Limited (the "Company") and its subsidiaries (the "Group"") derives a substantial majority of its revenues from the sale of commercial advertising commercials adjacent to traffic and news information reports that are broadcast on radio and/or television stations in Australia and international markets, including Canada, the United Kingdom and Brazil. The Group obtains these advertising commercials from radio and television stations.

General information
GTN Limited is a company limited by shares, incorporated and domiciled in Australia. The address of GTN Limited's registered office and its principal place of business is Level 42, Northpoint, 100 Miller Street North Sydney, NSW Australia 2060.

The consolidated financial statements for the year ended 30 June 2021 (including comparatives) were approved and authorised for issuance on 26 August 2021. The directors have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the periods presented unless otherwise stated. The financial statements are for the Group consisting of GTN Limited and its subsidiaries.

2.1 Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. GTN Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of GTN Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise stated.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets and liabilities (including derivative instruments) – measured at fair value in profit or loss or fair value in other comprehensive income, and
- assets held for sale – measured at fair value less cost of disposal.

Certain amounts reported in prior years have been reclassified to conform to the current year presentation.

2.2 Basis of consolidation

The Group's financial statements consolidate those of GTN Limited and all of its subsidiaries as of 30 June 2021. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between the Group are eliminated on consolidation, including unrealised gains and losses on transactions amongst the Group and its subsidiaries. Where unrealised losses on "intra-group" asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

2.3 Business combinations

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (AUD). ATN, Aus Hold Co and GTN Limited's functional currency is Australian dollars (AUD); CTN's functional currency is Canadian dollars (CAD); UK Hold Co, UKTN and UK Commercial's functional currency is British pounds (GBP); and BTN's functional currency is Brazilian real (BRL). The remaining subsidiaries functional currency is United States dollars (USD).

The presentation currency for these financial statements is AUD which is the functional currency of the largest portion of the Group's operations.

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Loans between Group entities are eliminated upon consolidation. Where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss is not eliminated and is recognized in the consolidated statement of profit and loss unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in the foreign operation. In such a case, the foreign exchange gain or loss is recognized in other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of entities with a functional currency other than AUD are translated into AUD upon consolidation. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

2.5 Revenue recognition

The Group derives a substantial majority of its revenues from the sale of advertising commercials adjacent to traffic and news information reports that are broadcast on radio and/or television stations. The stations are suppliers of the advertising spots to the Group.

The Group provides advertising commercials to advertisers and their agencies. In situations where the advertisers engage advertising agencies in executing transactions with the Group, the Group records revenue based on the amount it expects to receive from the agency and follows the agency's directions in placing the advertisements. Cash considerations are received net of agency commissions provided and are typically due after the commercials are broadcast.

Advertising revenue is earned and recognised when the performance obligation is satisfied, which is when the commercial advertisements are broadcast. Revenue is recognised over the period of time which the advertising commercial is broadcast as the customer simultaneously receives and consumes the benefits over this period.

Payments received in advance are deferred until the advertisements are broadcast and the amounts are included as a component of contract liabilities in the accompanying consolidated statement of financial position. Sales taxes, goods and service taxes, value added taxes and similar charges collected by the Group on behalf of government authorities are not included as a component of revenue. There is no variable consideration or financing components associated with revenue. The Group's revenue is disaggregated by geography based on where the advertisements are broadcast. See Note 29 (*Segment information*)).

2.6 Interest and dividend revenue recognition

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, is recognised at the time the right to receive payment is established.

2.7 Network operations and station compensation expenses

The cost of producing and distributing the radio and television traffic and news reports and services and the obtaining of advertising inventory are considered network operations and station compensation expenses. These consist mainly of personnel, aviation costs, facility costs, third party content providers and station compensation. Network operations and station compensation expenses are recognised when incurred.

The Group generally enters into multiyear contracts with radio and television stations. Station compensation is a component of network operations and station compensation expenses on the accompanying consolidated statement of profit or loss and other comprehensive income and is recognised over the terms of the contracts, which is not materially different than when the services are performed.

2.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are generally due for settlement within 30 days and are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. The loss allowance is based on expected lifetime credit losses. To measure the expected credit losses, trade receivables have been grouped based on the shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of five years before 30 June 2021 or 1 July 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The amount of the loss allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of any impairment loss is recognised in profit or loss within selling, general and administrative expenses. When a trade receivable for which a loss allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the loss allowance account. Subsequent recoveries of amounts previously written off are credited against selling, general and administrative expenses in profit or loss.

2.9 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which is the operating segments.

2.10 Intangible assets

Intangible assets are stated at cost (or fair value if acquired in a business combination) and subsequently carried at cost less accumulated amortisation and impairment losses. Intangible assets with definite lives are amortised over their expected useful lives on a straight-line basis, as follows:

- station contracts: 14 years
- advertising contracts: 4.5 years

Amortisation expense is not reflected for intangible assets with indefinite lives such as trade names and the Group annually tests these assets for impairment. Trade names are considered indefinite lived assets because there is not a predetermined time when they will be no longer be of value. There is no residual value recognised with regard to intangible assets subject to amortisation.

2.11 Property, plant and equipment

IT equipment, motor vehicles, aircraft and other equipment

IT equipment, motor vehicles, aircraft and other equipment (comprising furniture and fittings) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary to be capable of operating in the manner intended by the Group's management.

IT equipment, motor vehicles, aircraft and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of computer equipment, motor vehicles, aircraft and other equipment. The following useful lives are applied:

- computer equipment: 3-5 years
- motor vehicles: 7 years
- helicopters and fixed wing aircraft: 6-8 years
- helicopters engine rebuilds: 2-3 years
- furniture, equipment and other: 5 years
- recording, broadcasting and studio equipment: 5 years.
- right of use assets: shorter of useful life or lease term

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

2.12 Leased assets

The Group leases various properties and equipment. Rental contracts are typically made for fixed periods of one to five years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Contracts may contain both lease and non-lease components and the Group applies the practical expedient per AASB 16.15 to not separate these components out in the contract and are included in the liability in full.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group and are recognised on a present value basis. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility of managing the contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right of use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT equipment and small items of office furniture and equipment.

2.13 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) and trade names are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

2.14 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

General and specific borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Classification and subsequent measurement of financial assets

Financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or loss or through profit and loss), and
- those to be measured at amortised cost. Currently the Group only has one category of financial instruments which is financial assets measured at amortised cost which includes cash and cash equivalents, trade and other receivables. The measurement (other than impairment) did not change on adoption of AASB 9. See Note 2.8 (*Trade receivables*).

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within selling, general and administrative expenses.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method. All interest-related charges that are reported in profit or loss are included within finance costs.

Deferred loan costs relate to the costs related to the debt financing and are amortised using the effective interest method over the life of the loan. Expense recognised related to the effective interest method is recognised as a component of finance costs in the Group's consolidated statement of profit or loss and other comprehensive income. Any deferred loan costs outstanding upon repayment or refinancing of debt balances are immediately expensed as a component of loss on refinancing.

2.15 Income taxes

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of the asset and liabilities and their carrying amount in the financial statements.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of income tax benefit or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Tax consolidation legislation
GTN Limited and its wholly-owned Australian controlled subsidiaries have implemented the tax consolidation legislation.

The head entity, GTN Limited, and the controlled subsidiaries in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

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

The subsidiaries also entered into a tax funding arrangement under which the wholly-owned entities fully compensate GTN Limited for any current tax payable assumed and are compensated by GTN Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GTN Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognized in the wholly-owned subsidiaries' financial statements.

The amounts receivable/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.

Assets or liabilities arising under tax funding agreements with tax consolidated subsidiaries are recognized as amounts receivable or payable to other entities in the group.

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

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Employee Benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits, annual leave and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for long service leave is included in other long-term benefits when they are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds or government bonds for currencies for which there is no deep market in such high quality corporate bonds, that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The obligations are presented as current liabilities on the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period regardless of when the actual settlement is expected to occur.

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

2.19 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.20 Equity and reserves

Issued capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from issued capital.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of financial statements of the Company's foreign entities into AUD.
- Equity based payments reserve – comprises the cumulative charge to the statement of profit or loss and other comprehensive income for employee equity-settled equity-based remuneration.
- Common control reserve – represents difference between the fair value of the shares issued under the initial public offering net of transaction costs, plus carried forward reserves and accumulated losses and the book value of the total equity of the predecessor company.

Retained earnings include all current and prior period retained profits including those related to GTCR Gridlock Holdings (Cayman), L.P, the predecessor company to GTN Limited.

2.21 Equity based remuneration

The Company operates equity-settled equity-based remuneration plans for certain of the Group's employees. All goods and services received in exchange for the grant of any equity-based payment are measured at their fair values. Where employees are rewarded using equity-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All equity-settled equity-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity-based payments reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of equity instruments expected to vest.

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if equity instruments ultimately exercised are different to that estimated on vesting.

Upon exercise of equity instruments, the proceeds received net of any directly attributable transaction costs are allocated to issued capital.

2.22 Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, and management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

2.23 Goods and services taxes (GST)

Revenues, expenses and assets are recognized net of any amount of associated GST, value added taxes (VAT), Quebec sales tax (QST), harmonized sales tax (HST) and similar taxes.

Receivables and payables are stated inclusive of the amount of GST and related taxes receivable or payable. The net amount of these taxes recoverable from, or payable to, the taxation authority is included in trade and other payables in the balance sheet.

Cash flows are presented on a gross basis. The components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2.24 Long-term prepaid affiliate contract

Long term prepayments of station compensation are accounted for as a financing arrangement whereby non-cash interest income over the term of the contractual agreement is recognized based on an estimate of the radio stations' incremental borrowing rate with similar terms which will reduce over time as the prepayment is amortised. Station compensation expense is also recognized over the contract period equal to the prepayment amount plus the total non-cash interest income on a straight-line basis over the expected term of the contract including renewal periods, if it is more likely than not the contract will be extended. Additional station compensation expense over the contract period is recognized equal to any cash payments, including an estimate of inflationary adjustments expected to be paid on a straight-line basis over the contract term.

2.25 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 financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

2.26 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management estimates and judgements

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Recognition of deferred tax balances

The extent to which deferred tax balances are recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised or liabilities assessed. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. See Note 16 (*Current and deferred tax assets and liabilities*).

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. See Note 14 (*Intangible assets*).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment. See Note 15 (*Property, plant and equipment*).

Recoverability of long-term prepaid station compensation

Management reviews the recoverable amount of long-term prepaid station compensation at each reporting period, analysing such factors as number of advertising spots received, market conditions for the advertising spots, ratings of the stations, counter party risk (i.e. the financial viability of the provider of the advertising spots and its ability to continue to meet its obligations) and other relevant factors to determine the recoverability of long-term prepaid station compensation over its anticipated contractual term including renewal periods, if it is more likely than not the contract will be extended. See Note 13 (*Other assets*).

Uncertain tax positions

Management determines the recognition and valuation of deferred tax assets and liabilities where there is uncertainty over tax treatment. Under IFRIC 23, this requires determining the likelihood that a tax treatment will be upheld by the relevant tax authorities assuming that position is examined by the tax authorities and the tax authorities have full access to all the relevant facts and circumstances related to the tax position. Many tax positions are complex, and management must use judgment as to what the ultimate outcome of a tax position will be prior to filing returns or rulings from the relevant tax authorities. See Note 16 (*Current and deferred tax assets and liabilities*).

Renewal options on leases

Whether to consider renewal options as part of the initial recognition of leases has a significant impact on both the right of use asset and the lease liability since a longer initial lease period increases both the right of use asset and lease liability, sometimes materially based on the lease payments and length of the renewal option. Management exercises judgement as to whether a lease renewal option is reasonably certain to be exercised given the determination must be made at the commencement of the lease even though the renewal option period may not occur for a number of years in the future. See Note 20 (*Financial liabilities*).

Appropriate discount rate on lease liabilities

The appropriate discount rate for leases recognized as liabilities impacts both the initial lease liability and the initial recognition of the related right of use asset. Since leases rarely contain a proscribed interest rate as other financial liabilities, management must determine the appropriate discount rate. The discount rate utilized by management has approximated the interest rate on the Group's bank facility. Management believes this is appropriate due to the Group's low leverage (implying the ability to borrow additional funds) and, up until the refinancing in May 2020, the ability to access an unused $15 million credit line. See Note 20 (*Financial liabilities*).

2.27 Parent Entity financial information

The financial information for the Parent Entity, GTN Limited disclosed in Note 27 (*Parent Entity information*) has been prepared on the same basis as the consolidated financial statements except as set out below.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of GTN Limited. Dividends received are recognized when the right to receive the dividend is established.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

2.29 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.30 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. Due to the fixed cost nature of the Group's business, management believes costs cannot be reduced sufficiently to generate profitability should revenue remain at the levels experienced during fourth fiscal quarter 2020. The largest fixed cost for the Group is station compensation, which is payments to radio and television stations to provide the spot inventory which is virtually the Group's sole source of revenue.

During fiscal 2021 revenue decreased 11% compared to fiscal 2020 which was a significant improvement compared to fourth fiscal quarter 2020. The Group was able to achieve positive EBITDA, Adjusted EBITDA and NPATA for fiscal 2021. 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 that revenue decreases will likely have significant negative impacts on profitability.

Because of this, the Group has focused on conserving cash in order to be able to "ride out" the COVID-19 pandemic while reducing debt. At 30 June 2021 the Group had cash and cash equivalents of $49.4 million and net debt (debt less cash balances) of $3.8 million and had repaid $10 million of the bank debt facility during the period. Part of this strategy included eliminating the payment of dividends and the cancelling of the share repurchase. In addition, the Group modified the existing credit facility to revise the financial covenants to help assure that the Group would remain in compliance with its debt facility. The covenants revert back to the original covenants for the period ending 31 December 2021. A covenant default gives the lender the ability to accelerate the repayment of the debt facility even in the scenario where all scheduled debt service has been made on time and when due. The Group was in compliance with its financial covenants for all periods during FY 2021.

While the Group anticipates continuing to be in compliance with its bank debt facility, it believes even if there should be future covenant breaches due to COVID-19 pandemic related operating performance, that it is unlikely the bank will accelerate payment of the bank debt facility, which would be its prerogative under the loan agreement. Some of the reason for this conclusion are as follows:

- The lender extended the loan until 30 September 2023 (which was set to expire in February 2021) in May 2020, which was after the COVID-19 pandemic started to have significant negative impact on the Group's performance,
- The lender extended over $21 million in new funds at that time to pay off its co-lender in order to become sole lender to the Group,
- The projections provided to the lender indicated the possibility of covenant defaults while having sufficient funds to continue to operate the Group,
- The modification of the financial covenants from 31 December 2020 to 30 September 2021 to help assure the Group would remain in compliance with the debt facility,
- The Group having sufficient cash on hand to meet its debt service obligations absent an acceleration of the principal balance of the debt,
- The Group's low level of net debt which reduces the lender's risk, and
- Repeated assurances from the lender of its intention to work with the Group through this difficult period.

However, there can be no assurances 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 the COVID-19 pandemic 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.

3 Changes in accounting policies

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

The Group has adopted all of the 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.

3.2 Accounting Standards issued but not yet effective and not 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 of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

There are no 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.

4 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. The Group has used derivative financial instruments to manage interest rate risk exposures on borrowings.

Risk management is carried out by the senior management team with oversight from the Audit and Risk Committee and the Board. The senior management team identifies, evaluates, reports and manages financial risks in close co-operation with the Group's operating units in accordance with the Board policy.

The Group holds the following financial instruments:

	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	49,376	57,040
Trade and other receivables	31,003	19,910
	80,379	**76,950**
Financial liabilities		
Trade and other payables	33,057	30,948
Interest bearing liabilities	52,975	64,293
	86,032	**95,241**

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange risk.

(i) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long term borrowings and cash. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group has previously utilized fixed rate interest rate swaps and interest rate collars to manage interest rate risk. Currently all the Group's outstanding debt is floating based on one-month BBSY and none of the debt is subject to derivatives.

As at the end of the reporting period, the Group had the following variable rate cash and borrowings outstanding:

	2021		2020	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	0.16%	49,376	0.46%	57,040
Borrowings	3.20%	(50,000)	4.52%	(60,000)
Net exposure to cash flow interest rate risk		**(624)**		**(2,960)**

An official increase/decrease in interest rates of 100 (2020: 100) basis points would have favourable/adverse effect on profit before tax of $6 thousand (2020: favourable/adverse $30 thousand) per annum.

(ii) Foreign currency risk

Exposures to currency exchange rates arise from the sales and purchases by its subsidiaries that are denominated in currencies other than the subsidiaries' functional currency.

The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk. Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	Short Term Exposure					**Long Term Exposure**			
	USD $'000	**GBP $'000**	**CAD $'000**	**BRL $'000**	**Other $'000**	**USD $'000**	**GBP $'000**	**CAD $'000**	**BRL $'000**
30 June 2021									
Financial assets	3,946	28,877	16,186	1,360	34	-	-	-	-
Financial liabilities	(839)	(7,653)	(4,422)	(1,628)	(81)	-	(584)	(368)	(225)
Total exposure	**3,107**	**21,224**	**11,764**	**(268)**	**(47)**	**-**	(584)	(368)	(225)
30 June 2020									
Financial assets	5,008	22,286	16,978	1,363	53	-	-	-	-
Financial liabilities	(462)	(4,607)	(4,069)	(1,950)	(61)	-	(729)	(690)	(185)
Total exposure	**4,546**	**17,679**	**12,909**	**(587)**	**(8)**	**-**	(729)	(690)	(185)

There are no material transactions of subsidiary entities made in currencies other than the functional currency of the subsidiary. Therefore, no sensitivity analysis on foreign currencies affecting profit or loss has been prepared.

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. The Group has exposures to credit risk on cash and cash equivalents and receivables. The maximum exposure to credit risk is based on the total value of our financial assets net of any loss allowance.

Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, a loss allowance is raised. The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables (see Note 2.8 (*Trade receivables*)). Debtor write-offs have historically been immaterial.

The Company's policy is to engage major financial institutions to provide financial facilities to the Group, thereby minimising credit risk on cash deposits. The Group does not have any cash balances instruments with any financial institution rated below "A".

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to refinance borrowings.

(i) Financing arrangement

The Group did not have undrawn borrowing facilities at the end of the reporting period.

	2021 $'000	2020 $'000
Total facilities		
Bank loan facility	50,000	60,000
Used at balance date		
Bank loan facility	50,000	60,000
Unused at balance date		
Bank loan facility	-	-

(ii) Maturities of financial liabilities

Contractual maturities of financial liabilities

	Within 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'000
At 30 June 2021						
Non-derivatives						
Non-interest bearing						
Trade and other payables	32,988	-	69	-	33,057	33,057
Interest bearing						
Bank loans (1)(2)	1,695	1,695	52,122	-	55,512	49,825
Leases (1)	1,463	1,151	764	-	3,378	3,150
Total	**36,146**	**2,846**	**52,955**	**-**	**91,947**	**86,032**

(1) Cash flows include an estimate of future contractual payments of interest
(2) Carrying amounts are net of capitalized transaction costs

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2020						
Non-derivatives						
Non-interest bearing						
Trade and other payables	30,874	-	74	-	30,948	30,948
Interest bearing						
Bank loans (1)(2)	1,584	1,584	61,983	-	65,151	59,810
Leases (1)	1,677	1,372	1,740	-	4,789	4,483
Total	**34,135**	**2,956**	**63,797**	**-**	**100,888**	**95,241**

(1) Cash flows include an estimate of future contractual payments of interest
(2) Carrying amounts are net of capitalized transaction costs

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

(i) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- use of quoted market prices or dealer quotes for similar instruments
- for other financial instruments a discounted cash flow analysis

All of the resulting fair value estimates are included in level 2. Level 2 estimates involve inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

5 Capital Management

Risk management

The Group's objectives when managing capital are to

(i) safeguard its ability to continue as a going concern so it can continue to provide returns to the shareholders and

(ii) maintain an optimal capital structure to reduce the cost of capital.

In order to accomplish these goals, the Group has entered into a secured bank loan. Under the terms of the loan, the borrowers are required to comply with the following financial covenants:

(a) Minimum cash balance of at least $20 million ($30 million less permanent reductions of outstanding principal ($10 million)) (actual $49.4 million)

(b) Minimum EBITDA for the period October 1, 2020 to June 30, 2021 of $8.4 million (actual $17.3 million). The definition of EBITDA for the loan agreement differs from that of EBITDA or Adjusted EBITDA used elsewhere in the financial report.

The borrowers were in compliance with these and all other requirements of the loan for all periods presented. The Group targets to have a maximum total gearing ratio ("TGR") of less than 2.0x but does not target a minimum TGR.

6 Interests in subsidiaries

Set out below details of the subsidiaries held directly and indirectly by the Company:

Name of the Subsidiary	Country of Incorporation & Principal Place of Business	Proportion of Ownership Interests Held by the Company	
		30-June-2021	30-June-2020
GTN Holdings Pty Limited (“LuxCo 1”)	Australia (NSW)	100%	100%
GTN US Holdco, Inc. (‘US Hold Co”)	United States (Delaware) (1)	100%	100%
Global Traffic Network, Inc. (“GTN”)	United States (Nevada) (1)	100%	100%
Gridlock Holdings (Australia) Pty Limited (“Aus Hold Co”)	Australia (NSW)	100%	100%
The Australia Traffic Network Pty Limited (“ATN”)	Australia (NSW)	100%	100%
GTN Management, Inc. (“US Management Co”)	United States (Delaware)	100%	100%
GTCR Gridlock International (Luxembourg) S.a r.l. (“LuxCo 2”)	Luxembourg	100%	100%
Canadian Traffic Network ULC (“CTN”)	Canada (Alberta)	100%	100%
GTN Holdings (UK) Limited (“UK Hold Co”)	United Kingdom (England & Wales)	100%	100%
Global Traffic Network (UK) Commercial Limited (“UK Commercial”)	United Kingdom (England & Wales)	100%	100%
Global Traffic Network (UK) Limited (“UKTN”)	United Kingdom (England & Wales)	100%	100%
GTCR Gridlock Holdings (Brazil) S.a r.l. (“LuxCo 3”)	Luxembourg	100%	100%
BTN Informacao do Transito E Servicos Aereos Especializados Ltda (“BTN”)	Brazil	100%	100%
Global Story Network LLC (“GSN”)	United States (Delaware)	100%	100%

(1) Resident of Australia for tax purposes but still subject to U.S. taxes. Principal place of business Australia.

7 Revenue and other income

	2021	2020
	$’000	$’000
Revenue from contracts with customers		
Sale of advertising commercials – net of agency commissions and taxes recognized over time	143,341	160,940
	143,341	**160,940**
Other income		
Interest on bank deposits	87	252
	87	252
Interest income on long-term prepaid affiliate contract	8,150	8,242
Gain on forgiveness of lease payments due	161	52

See Note 29 (*Segment information*) for the geographical allocation of the Group’s revenue.

8 Expenses

	2021 $'000	2020 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Employee benefits expense	34,527	40,372
Defined contribution superannuation expenses	921	1,054
Amortisation and depreciation	10,820	11,771
Finance costs - bank loan and line of credit	1,848	2,722
Finance costs - leases	154	188
Rental expenses relating to short-term and low value leases	668	712
Foreign exchange loss on intercompany loans within the group	22	72

9 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:

	2021 $'000	2020 $'000
Profit (loss) before income tax	1,424	(648)
Tax rate: 30% (2020: 30%)	427	(194)
Taxes on foreign earnings	225	285
Tax effect of permanent differences	446	36
(Recognition of previously unrecognised tax losses)/ unrecognized tax losses	429	(430)
State taxes	1	3
Over-provision for income tax in prior year	(73)	536
Benefit from carry back provisions of United States CARES Act	-	(1,620)
Impact of tax rate changes	189	-
Other	(131)	417
Income tax expense (benefit)	**1,513**	**(967)**

One of the provisions of the CARES Act (part of the U.S. government's response to the COVID-19 pandemic) was to allow for the carry back of losses to previous tax periods. Prior to the lowering of the United States corporates tax rate from 35% to 21%, the Group paid taxes in the United States on its Australia earnings because the Australian corporate tax rate of 30% was lower than the Unites States corporate tax rate. Under the CARES Act, the Group was able to offset losses that occurred subsequent to the tax rate change against the previously taxed income and request a refund based on the revised tax liability.

	2021 $'000	2020 $'000
Expense		
Current	1,136	(1,020)
Deferred	377	53
Income tax (benefit) expense	**1,513**	**967**
Other comprehensive income		
Current	-	-
Deferred	-	-
	-	-

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 deferred tax asset of $18,360 thousand (2020: $20,748 thousand) in relation to the tax losses and deductible temporary differences as management does not anticipate the Group will make sufficient taxable profits in the foreseeable future to utilise this asset. The net operating losses that have not been recognized do not expire.

10 Auditor's remuneration

Auditor remuneration details are as follows:

	2021 $	2020 $
PricewaterhouseCoopers Australia		
Audit and other assurance services		
Auditors of the Group:		
Audit and review of financial statements	-	119,780
Remuneration from audit and other assurance services	**-**	**119,780**
Taxation services		
Auditors of the Group:		
Tax compliance	N/A	79,419
Remuneration for taxation services	**N/A**	**79,419**
Total remuneration of PricewaterhouseCoopers Australia	**N/A**	**199,199**
Network firms of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Auditors of the Group:		
Audit and review of financial statements	-	7,098
Remuneration from audit and other assurance services	**-**	**7,098**
Taxation services		
Auditors of the Group:		
Tax compliance	N/A	274,330
Remuneration for taxation services	**N/A**	**274,330**
Total remuneration of network firms of PricewaterhouseCoopers	**N/A**	**281,428**
Total auditor's remuneration – PricewaterhouseCoopers	**N/A**	**480,627**

	2021	2020
	$	$
Grant Thornton		
Audit and other assurance services		
Auditors of the Group:		
Audit and review of financial statements	378,492	295,000
Remuneration from audit and other assurance services	**378,492**	**295,000**
Total remuneration of Grant Thornton	**378,492**	**295,000**
Network firms of Grant Thornton		
Audit and other assurance services		
Auditors of the Group:		
Audit and review of financial statements	119,679	117,365
Remuneration from audit and other assurance services	**119,679**	**117,365**
Total remuneration of network firms of Grant Thornton	**119,679**	**117,365**
Total auditor's remuneration – Grant Thornton	**498,171**	**412,365**

The Company changed auditors from PricewaterhouseCoopers to Grant Thornton subsequent to the fiscal 2020 half-year review. PricewaterhouseCoopers continues to provide taxation services to the Group. The amounts above related to taxation services for fiscal 2020 are for the entire fiscal year, including services provided subsequent to the appointment of Grant Thornton as the Company's auditor. Fees paid to PricewaterhouseCoopers for taxation services for 2021 are not included since PricewaterhouseCoopers did not provide any audit services during the period.

11 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2021	2020
	$'000	$'000
Cash at bank and in hand:		
Cash at bank and in hand	40,328	48,001
Short term deposits	9,048	9,039
Cash and cash equivalents	**49,376**	**57,040**

12 Trade and other receivables

Trade and other receivables consist of the following:

	2021	2020
	$'000	$'000
Trade receivables	32,008	20,912
Loss allowance	(1,005)	(1,002)
Trade receivables	**31,003**	**19,910**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. A loss allowance of $0 (2020: $432 thousand) has been recorded within selling, general and administrative expenses.

The movement in the loss allowance can be reconciled as follows:

	2021 $'000	2020 $'000
Balance 1 July	(1,002)	(718)
Amounts written off (uncollectable)	4	148
Translation differences	(7)	-
Impairment loss	-	(432)
Balance 30 June	**(1,005)**	**(1,002)**

	Current	Not more than 3 months past due	More than 3 months past due	Total
	$'000	$'000	$'000	$'000
At 30 June 2021				
Expected loss rate	-%*	-%*	37%	3%
Gross carrying amount – trade receivables	27,612	1,701	2,695	32,008
Loss allowance	-	-	1,005	1,005

*Less than 1%. The expected loss rate on receivables not more than three months past due is less than one percent which is materially consistent with historical amounts written off.

	Current	Not more than 3 months past due	More than 3 months past due	Total
	$'000	$'000	$'000	$'000
At 30 June 2020				
Expected loss rate	-%*	-%*	17%	5%
Gross carrying amount – trade receivables	13,793	1,206	5,913	20,912
Loss allowance	-	-	1,002	1,002

*Less than 1%. The expected loss rate on receivables not more than three months past due is less than one percent which is materially consistent with historical amounts written off.

13 Other assets

Other assets reflected on the consolidated statement of financial position consist of the following:

	2021	2020
	$'000	$'000
Current		
Prepaid station affiliate contracts(i)	1,466	1,526
Prepaids and other current assets	1,236	1,330
	2,702	**2,856**
Non-Current		
Prepaid station affiliate contract(i)	93,472	94,725
Other assets	264	263
	93,736	**94,988**

(i) ATN made a $100 million prepayment of station compensation to a radio station group in February 2016. This is being accounted for as a financing arrangement whereby ATN will record non-cash interest income over the term of the contractual agreement, based on an estimate of radio station group's incremental borrowing rate with similar terms (estimated to be 8.5% per annum), which will reduce over time as the prepayment is amortised. ATN will also record station compensation expense over the contract period equal to the $100 million prepayment plus the total non-cash interest income, which will be recognised on a straight-line basis over the 30-year contract term. ATN will make annual recurring cash payments commencing on 1 February 2017 of $2.75 million payable on a monthly basis that will be indexed by the lower of CPI and 2.5%. ATN will record an additional station compensation expense over the contract period equal to the total recurring indexed cash payments, which will be recognised straight line over the 30-year contract term.

14 Intangible assets

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

	Goodwill	Trade names	Station contracts	Advertising contracts	Total
	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance at 1 July 2020	**95,998**	**12,513**	**88,461**	**65,599**	**166,573**
Net exchange differences	618	50	353	259	662
Balance at 30 June 2021	**96,616**	**12,563**	**88,814**	**65,858**	**167,235**
Amortisation					
Balance at 1 July 2020	**-**	**-**	**(55,288)**	**(65,599)**	**(120,887)**
Amortisation	-	-	(6,303)	-	(6,303)
Net exchange differences	-	-	(261)	(259)	(520)
Balance at 30 June 2021	**-**	**-**	**(61,852)**	**(65,858)**	**(127,710)**
Carrying amount 30 June 2021	**96,616**	**12,563**	**26,962**	**-**	**39,525**
Gross carrying amount					
Balance at 1 July 2019	**96,179**	**12,553**	**88,744**	**65,808**	**167,105**
Net exchange differences	(181)	(40)	(283)	(209)	(532)
Balance at 30 June 2020	**95,998**	**12,513**	**88,461**	**65,599**	**166,573**
Amortisation					
Balance at 1 July 2019	**-**	**-**	**(49,125)**	**(65,808)**	**(114,933)**
Amortisation	-	-	(6,383)	-	(6,383)
Net exchange differences	-	-	220	209	429
Balance at 30 June 2020	**-**	**-**	**(55,288)**	**(65,599)**	**(120,887)**
Carrying amount 30 June 2020	**95,998**	**12,513**	**33,173**	**-**	**45,686**

The Group expects to either renew or replace its advertiser contracts and renew its station contracts beyond their expected life. Amortisation expense for the years ended 30 June 2021 and 30 June 2020 was $6,303 thousand and $6,383 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.

Impairment testing

For the purpose of annual impairment testing, goodwill and trade names are allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill and trade names pertain.

	2021 $'000	2020 $'000
Australia	96,112	95,721
Canada	4,047	4,015
United Kingdom	9,020	8,775
Goodwill and trade names allocation at 30 June	**109,179**	**108,511**

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

Growth rates and discount rates used in calculations:

	Discount Rates	
	2021 Post-Tax	2020 Post-Tax
Australia	10.1%	9.8%
Canada	10.6%	10.3%
United Kingdom	10.5%	10.2%

	Average Growth Rates			
	Revenue		EBITDA	
	2021	2020	2021	2020
Australia	8%	6%	29%	27%
Canada	10%	12%	73%	N/A*
United Kingdom	2%	3%	(2)%	4%

*Not applicable – initial year negative

Growth rates

The growth rates reflect lower than the historic revenue growth rate of respective cash-generating units in the local currency of the respective units. Expenses are then estimated based on a projected growth rate if fixed in nature or in relation to revenue if variable. The base year for each calculation is the Group's approved internal budget for the coming fiscal year. The long-term growth rate utilized was 1%.

The growth rates assume a continued recovery in the Group's markets and an eventual recovery to pre-COVID 19 pandemic revenue levels. Should the growth rates for the projection be measured from 30 June 2019 (the last fiscal year without COVID impact) the seven-year growth rates would be as follows:

	Average Growth Rates	
	Revenue 2021	EBITDA 2021
Australia	1%	1%
Canada	2%	8%
United Kingdom	1%	(3)%

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit.

During the year ending 30 June 2020, the Group had an independent assessment of the CGU values. This valuation was completed prior to the outbreak of COVID. The discount rates for FY 2020 have been updated to be consistent with the rates used in the valuation. The discount rates have been updated for FY 2021 to reflect the current capital structures of the CGU's.

Cash flow assumptions

The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period assume a 1% long term growth rate which management does not believe exceeds the long-term average growth rates for the industry in which each CGU operates.

Sensitivity Analysis

Based on management's assessment there are no reasonably possible scenarios that result in an impairment charge for the Canadian and United Kingdom CGUs.

For the Australian CGU, given the public health order in place in Greater Sydney at 30 June 2021, management has run various scenarios to assess the impact on the headroom and possible impairments which may be indicated:

- Scenario 1: increasing the WACC to 11.6% would not give rise to an impairment.
- Scenario 2: decreasing forecast revenues by 25% for August to December 2021 would not give rise to an impairment.
- Scenario 3: increasing the WACC to 11.6% and decreasing forecast revenues by 25% for August to December 2021 results in the recoverable amount of the CGU exceeding the carrying amount by approximately $0.3 million.
- Scenario 4: using a WACC of 11.6% and decreasing forecast revenues by 30% for August to December 2021 would give rise to an impairment of approximately $0.7 million.

Significant estimate: Impact of possible changes in key assumptions

The COVID-19 pandemic has had an impact on the Group's revenue that was beyond what could have been reasonably anticipated. The projections used for impairment testing assume that the Group's markets operating performance will return to pre-COVID-19 pandemic levels in the future. Should the impact of the COVID-19 pandemic or a similar disruption extend beyond management's estimate or become more pronounced than the current impact it could render the assumptions of the impairment testing invalid.

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

15 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 leases $'000	Total $'000
Gross carrying amount					
Balance 1 July 2020	**25,413**	**981**	**2,793**	**6,442**	**35,629**
Additions during period	1,912	3	250	310	2,475
Disposals	-	-	-	(211)	(211)
Net exchange differences	196	3	20	61	280
Balance 30 June 2021	**27,521**	**987**	**3,063**	**6,602**	**38,173**
Depreciation and impairment					
Balance 1 July 2020	**(20,762)**	**(814)**	**(2,028)**	**(2,167)**	**(25,771)**
Disposals	-	-	-	143	143
Net exchange differences	(235)	(4)	(24)	(44)	(307)
Depreciation	(2,536)	(55)	(367)	(1,559)	(4,517)
Balance 30 June 2021	**(23,533)**	**(873)**	**(2,419)**	**(3,627)**	**(30,452)**
Carrying amount 30 June 2021	**3,988**	**114**	**644**	**2,975**	**7,721**

	Helicopters and fixed wing aircraft $'000	Recording, broadcasting and studio equipment $'000	Furniture, equipment and other $'000	Right of use assets – real property leases $'000	Total $'000
Gross carrying amount					
Balance 1 July 2019	**25,279**	**1,016**	**2,434**	**4,806**	**33,535**
Additions during period	2,559	36	536	2,852	5,983
Disposals	-	-	-	(757)	(757)
Net exchange differences	(2,425)	(71)	(177)	(459)	(3,132)
Balance 30 June 2020	**25,413**	**981**	**2,793**	**6,442**	**35,629**
Depreciation and impairment					
Balance 1 July 2019	**(19,244)**	**(766)**	**(1,729)**	**(1,337)**	**(23,076)**
Disposals	-	-	-	663	663
Net exchange differences	1,722	31	79	198	2,030
Depreciation	(3,240)	(79)	(378)	(1,691)	(5,388)
Balance 30 June 2020	**(20,762)**	**(814)**	**(2,028)**	**(2,167)**	**(25,771)**
Carrying amount 30 June 2020	**4,651**	**167**	**765**	**4,275**	**9,858**

16 Current and deferred tax assets and liabilities

Current taxes can be summarised as follows:

	2021 $'000	2020 $'000
Current tax assets	4,894	6,700

Current tax liabilities	(149)	-
Net current tax assets/(liabilities)	4,745	6,700

Deferred taxes arising from temporary differences can be summarised as follows:

Deferred Tax Assets	1 July 2020 $'000	Recognised in Profit and Loss $'000	30 June 2021 $'000
Annual leave accrual	295	40	335
Long service leave provision	346	12	358
Audit accrual	111	(7)	104
Superannuation accrued	23	(10)	13
Allowance for doubtful debts	204	-	204
Leases	38	5	43
Fringe benefit tax	-	49	49
Fixed asset depreciation	1,684	480	2,164
Net tax losses	4,011	(119)	3,892
	6,712	**450**	**7,162**
Set-off of deferred tax liabilities pursuant to set-off provisions	**(2,443)**		**(2,305)**
Net deferred tax assets	**4,269**		**4,857**

Deferred Tax Liabilities	1 July 2020 $'000	Recognised in Profit and Loss $'000	30 June 2021 $'000
Intangibles	12,949	(1,567)	11,382
Prepaid expenses	9,832	2,400	12,232
Other	6	(6)	-
	22,787	**827**	**23,614**
Set-off of deferred tax assets pursuant to set-off provisions	**(2,443)**		**(2,305)**
Net deferred tax liabilities	**20,344**		**21,309**

	2021 $'000	2020 $'000
Deferred tax assets consist of:		
Current	1,025	927
Non-current	6,137	5,785
	7,162	6,712
Deferred tax liabilities consist of:		
Current	-	-
Non-current	23,614	22,787
	23,614	22,787

Recognized deferred tax assets relate primarily to the Group's CTN subsidiary. Prior to the COVID-19 pandemic, CTN generated sufficient taxable income in fiscal years 2016 through 2019 to utilize a significant portion of the deferred tax asset and the Group forecasts that it will resume generating sufficient taxable income in the future to fully utilize the deferred tax asset.

The Group had a franking balance of $222 thousand and $76 thousand at 30 June 2021 and 2020, respectively.

17 Trade and other payables

Trade and other payables recognised consist of the following:

	2021 $'000	2020 $'000
Current		
Trade payables	16,920	19,421
Accrued payroll expenses	4,872	3,163
Accrued expenses and other liabilities	11,196	8,290
	32,988	**30,874**
Non-current		
Other	69	74
	69	**74**

All current amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

Goods and services, sales and value added taxes, which are charged by vendors to operating subsidiaries in Australia, Canada and United Kingdom are included in trade payables until paid. The net amount of goods and services, sales and value added tax payable (after deduction of amounts paid to vendors of the Group) is included as a component of trade and other payables on the consolidated statement of financial position.

18 Provisions

	2021 $'000	2020 $'000
Current		
Long service leave provision	987	932
	987	932
Non-Current		
Long service leave provision	207	222
Lease restoration	196	194
	403	416
	1,390	**1,348**

The current portion of the long service leave provision includes all amounts that are either unconditional or scheduled to become unconditional within 12 months. The entire amount of the unconditional and scheduled to become unconditional long service leave are presented as current since the Group does not have the unconditional right to defer settlement. However, based on past experience the Group does not expect all employees to take the full amount of their long service leave or require payment within the next 12 months.

The Group has an obligation to restore certain of its leased premises back to their original condition at the end of their respective leases. As of 30 June 2021 and 30 June 2020, the Group had a liability of $196 thousand and $194 thousand, respectively, accrued which it anticipates to be the amount required to restore the premises at the end of the leases.

19 Contract liabilities

	2021 $'000	2020 $'000
Contract liabilities	1,000	1,266
	1,000	**1,266**

	2021 $'000	2020 $'000
Balance 1 July	**1,266**	**534**
Additions during period	797	1,231
Earned during period	(1,079)	(377)
Net exchange differences	16	(122)
Balance 30 June	**1,000**	**1,266**

Payments received or amounts invoiced in advance are deferred until earned and such amounts are included as a component of contract liabilities.

20 Financial liabilities

	2021 $'000	2020 $'000
Current		
Current portion of long-term debt	-	-
Current portion of leases	1,286	1,525
	1,286	**1,525**
Non-current		
Long-term debt, less current portion	49,825	59,810
Leases, less current portion	1,864	2,958
	51,689	**62,768**

On 22 May 2020, Aus Hold Co entered into a fourth amendment of its bank loan facilities. Consistent with the provisions of IFRS 9 *Financial Instruments*, the amendment was treated as a repayment and borrowing. The Group recognized $195 thousand in deferred loan costs associated with the refinancing which will be expensed as a component of finance cost using the effective interest method over the term of the facilities. The amended due date of the facilities is 30 September 2023 and there are no scheduled principal payments prior to the due date. Facility A consisted of a $10 million revolving line of credit and Facility C a $50 million revolving line of credit. The Group recognized a loss of $447 thousand in conjunction with the early repayment of the facilities related to the deferred loan costs of the previous facilities. A commitment fee of 45% of the applicable margin (currently 3.25%) is incurred on any unutilized portion of Facility A and Facility C. Facility A was repaid and terminated (and no longer subject to the commitment fee) during the year ended 30 June 2021 and only Facility C is outstanding. The outstanding loan bears interest at BBSY plus the applicable margin (3.31% (including the applicable margin) at 30 June 2021).

Maturities of financial liabilities are included in Note 4 (c)(ii) (*Financial risk management/Liquidity risk/Maturities of financial liabilities*). Cash outflows related to financial liabilities are included in Note 25(b) (*Cash flow information/Net debt reconciliation*).

Distributions (including dividends and share buybacks) are restricted under the bank loan agreement to 100% of net profit after tax adjusted ("NPATA"). NPATA is defined as net profit after tax adding back the tax adjusted amortization expense related to finite lived intangibles arising from acquisition accounting. 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 make it likely that the Group would 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. These modifications are expected to elapse after the filing of the Company's half-year report for FY 2022 but could be modified or extended at that time.

Assets pledged as security

Bank loan facilities are secured by a first ranking charge over all GTN Limited, ATN, Aus Hold Co, UK Hold Co, UKTN, UK Commercial, Lux Co 1, Lux Co 2, Lux Co 3, US Hold Co, GTN, US Management Co, CTN and GSN assets.

21 Earnings per share

	2021 $'000	2020 $'000
(Loss) profit attributable to shareholders	(89)	319
Weighted average number of ordinary shares used in calculating basic earnings per share	215,279	220,914
Weighted average number of ordinary shares and potential ordinary share used in calculating diluted earnings per share	215,279	220,914
Basic (loss) earnings per share (cents per share)	$0.00	$0.00
Diluted (loss) earnings per share (cents per share)	$0.00	$0.00

At 30 June 2021, the Company had common stock equivalents of 7,398,819 outstanding in the form of outstanding stock options. However, these common stock equivalents are excluded from the calculation of diluted earnings per share since they are anti-dilutive due to either the exercise price of the options exceeding the Company's average share price for the years ending 30 June 2021 and 2020, respectively and/or the fair value of the compensation for future services per option to be provided plus the option exercise price exceeding the Company's average share price for the years ending 30 June 2021 and 2020, respectively, or in the case of the year ending 30 June 2021, the net loss for the period.

22 Shareholders' equity

	2021 '000's Ordinary shares	2021 $'000 Issued capital	2020 '000's Ordinary shares	2020 $'000 Issued capital
At beginning of reporting period	215,279	437,508	224,000	444,041
Shares repurchased and retired	-	-	(8,721)	(6,533)
At the end of the reporting period	215,279	437,508	215,279	437,508

On 25 February 2019, the Company filed an Appendix 3C announcing that it has initiated an on-market share buyback of up to 10% of its outstanding shares (up to $20 million) for a period of up to twelve months. The Company repurchased 9,396,911 shares for $7,448 thousand during the term of the initial on-market buyback. The Company subsequently filed an Appendix 3D extending the on-market buyback from 12 March 2020 to 11 March 2021 for up to 10% of its then outstanding shares. The Company repurchased 44,691 shares for $26 thousand under this authorization. On 25 February 2021, the Company filed an Appendix 3F discontinuing the share buy-back.

During the year ended 30 June 2020, the Company repurchased 8,720,971 shares at an average price per share of $0.75 for total consideration of $6,533 thousand. The Company did not repurchase any shares during the year ended 30 June 2021 prior to the filing of Appendix 3F referenced above.

23 Equity based compensation

As of 30 June 2021 and 2020 there were 7,398,819 and 10,075,440 stock option grants to purchase shares of GTN Limited outstanding, respectively under the Company's Long-term Incentive Plan ("the Plan"). Options granted under the Plan vest (subject to performance conditions) on an annual basis over three years (one third after two years and the remaining grant after three years) and expire after five years from the date of the grant. The Plan allows for cashless exercise under which employees surrender shares in lieu of paying the cash exercise price and remitting the required amounts to satisfy tax withholding obligations. The Group does not anticipate incurring cash costs under the Plan (other than de minimus employer payroll tax expense) since it does not currently repurchase shares issued with regards to the Plan.

Stock Options
Under AASB 2, share-based compensation benefits are provided to employees via the Plan. The maximum term of the options granted under the Plan is five years. The fair value of rights granted under the Plan is recognised as equity-based compensation expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the rights.

7 April 2017 Grant
The fair value at grant date was independently determined using a number of methods including the Monte-Carlo option pricing model and the Binomial option pricing model which take into account the exercise price, the term of the right, the vesting and performance criteria, the volume weighted average share price at grant date, the expected price volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the right.

The fair value of the rights granted is adjusted to reflect the market vesting condition but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each reporting date, the Company revises its estimate of the number of rights that are expected to become exercisable.

The equity-based compensation expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates is recognised in profit or loss with a corresponding adjustment to equity. Shares related to the exercise of vested options under the Plan are issuable upon payment of the strike price to the Company.

The performance criteria for vesting criteria are as follows:

Performance Metrics	50% subject to performance condition based on the Company's relative total shareholder return (TSR) compared to members of the ASX 300 (excluding financials and resources) over the performance period

	TSR ranking	**Percentage to vest**
	Up to and including the 50th percentile	0%
	Between the 51st and 75th percentile (inclusive)	Pro rata straight line between 50% and 100%
	At and above 75th percentile	100%
	50% subject to performance condition based on Company's earnings per share (EPS) growth (adjusted for one-off items associated with the IPO and amortisation of intangibles and excluding United States Traffic Network, LLC operations, as determined by the Board) over the performance period	
	EPS Compound annual growth rate	**Percentage to vest**
	Less than threshold	0%
	Between threshold and stretch target (inclusive)	Pro rata straight line between 50% and 100%
	Above stretch target	100%

The inputs used in the measurement of the fair values at grant date were as follows:

Grant date	5 April 2017
Expiration date	31 December 2021
Options granted	1,614,844
Share price at grant date	$2.74
5-day VWAP at grant date	$2.72
Fair value at grant date	$0.695
Exercise price	$2.74
Expected volatility (based on historic and expected volatility of Company's shares)	45.00%
Expected life	4.75 years
Expected dividends	4.00%
Risk-free interest rate (based on government bonds)	2.14%

9 November 2018 Grant

The Company has moved to a service time-based vesting criterion. Under this plan, options vest if the grantee is employed by the Group at the vesting date without further performance hurdles. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	9 November 2018
Expiration date	9 November 2023
Options granted	1,961,140
Share price at grant date	$2.15
Fair value at grant date	$0.647
Exercise price	$2.15
Expected volatility (based on historic and expected volatility of Company's shares)	49.69%
Expected life	3.83 years

Expected dividends	4.09%
Risk-free interest rate (based on government bonds)	2.30%

15 November 2019 Grant

The Company's 15 November 2019 grant is under the same terms as its 9 November 2018 grant except the exercise price is the share price on the date of grant. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	15 November 2019
Expiration date	15 November 2024
Options granted	7,462,979
Share price at grant date	$0.76
Fair value at grant date	$0.200
Exercise price	$0.76
Expected volatility (based on historic and expected volatility of Company's shares)	56.62%
Expected life	3.83 years
Expected dividends	7.37%
Risk-free interest rate (based on government bonds)	0.80%

12 November 2020 Grant

The Company's 12 November 2020 grant is under the same terms as its 9 November 2018 grant except the exercise price is the share price on the date of grant. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	12 November 2020
Expiration date	12 November 2025
Options granted	1,000,000
Share price at grant date	$0.42
Fair value at grant date	$0.189
Exercise price	$0.42
Expected volatility (based on historic and expected volatility of Company's shares)	60.85%
Expected life	3.83 years
Expected dividends	0.00%
Risk-free interest rate (based on government bonds)	0.22%

On 12 November 2020, in conjunction with the issuance of 1,000,000 replacement options described above, the Company cancelled 5,506,621 previously issued options for a cash payment of $260 thousand to the option holder. Because the unrecognized fair value of the cancelled options exceeded the fair value of the replacement options plus the cash payment, the Company continues to recognize the expense of the cancelled options over the original vesting term rather than the fair value of the replacement options. The $260 thousand cash payment is recognized as a decrease in the Equity Based Payments Reserve.

25 June 2021 Grant

The Company's 25 June 2021 grant is under the same terms as its 9 November 2018 grant except the exercise price is the share price on the date of grant.. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Grant date	25 June 2021
Expiration date	25 June 2026
Options granted	1,830,000
Share price at grant date	$0.32
Fair value at grant date	$0.147
Exercise price	$0.32
Expected volatility (based on historic and expected volatility of Company's shares)	61.63%
Expected life	3.83 years
Expected dividends	0.00%
Risk-free interest rate (based on government bonds)	0.65%

The Company's outstanding stock options as of 30 June 2021 were as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Fair Value ,000's
Balance, 30 June 2020	10,075,440	$ 1.16	4.0 years	$ 3,209
Exercisable, 30 June 2020	651,321	$ 2.74	1.50 years	$ 452
Grants	2,830,000	$ 0.36	4.77 years	$ 270
Exercised	-	$ -	-	$ -
Forfeitures/expirations	(5,506,621)	$ -	-	$ -
Balance, 30 June 2021	7,398,819	$ 0.84	3.69 years	$ 3,479
Exercisable, 30 June 2021	559,358	$ 2.42	1.49 years	$ 374

Based on the following assumptions, the fair value with regards to all options issued and outstanding as of 30 June 2021 is $3,479 thousand. As of 30 June 2021, there was $911 thousand of unrecognized compensation cost related to non-vested share-based compensation under the Plan. The cost of the unrecognized compensation is expected to be recognized over a weighted average period of 1.4 years on a pro rata basis over the vesting period. This expense is based on an assumption that there will be no non-market forfeitures; this assumption is based on the positions of the grantees of the stock options and the low number of forfeitures (excluding repurchases and options issued with performance and market vesting conditions) under previous long-term incentive plans of members of the Group. The expense with regards to stock options for the years ended 30 June 2021 and 2020 is $932 thousand and $855 thousand, respectively and is included in equity-based compensation expenses. The Group recognized $0 of income tax benefit related to share-based compensation for the years ended 30 June 2021 and 2020.

24 Operating agreements

The Group's UK Commercial subsidiary outsources the majority of its radio traffic and entertainment news operations pursuant to contracts with unrelated third parties. These expenses are a component of network operations and station compensation expense on the accompanying consolidated statement of profit or loss and other comprehensive income and are recognised over the term of the applicable contracts, which is not materially different than when the services are provided. The minimum future payments under these contracts are as follows:

	Minimum Payments Due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
30 June 2021	832	-	-	832
30 June 2020	3,349	810	-	4,159

The Group generally enters into multiyear contracts with radio and television stations. These contracts call for the provision of various levels of service (including, but not limited to providing professional broadcasters, gathering of information, communications costs and aviation services) and, in most cases, cash compensation or reimbursement of expenses. Station compensation is a component of network operations and station compensation expenses on the accompanying consolidated statement of profit or loss and other comprehensive income and is recognised over the terms of the contracts, which is not materially different than when the services are performed. Contractual station commitments consist of the following:

	Minimum Payments Due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
30 June 2021	49,456	44,091	28,535	122,082
30 June 2020	51,370	44,693	30,984	127,047

The Group had no contingent liabilities at 30 June 2021.

25 Cash flow information

(a) Details of the reconciliation of cash flows from operating activities are listed in the following table:

	2021	2020
	$'000	$'000
Cash flows from operating activities		
(Loss) profit for the period	(89)	319
Adjustments for:		
Allowance for doubtful accounts	3	284
Equity based compensation expenses	932	855
Amortisation of deferred borrowing costs	67	69
Depreciation and amortisation	10,820	11,771
Foreign currency loss	22	72
Non-cash station compensation from long-term prepaid affiliate contract	13,142	13,120
Interest income on long-term prepaid affiliate contract	(8,150)	(8,242)
Interest expense from amortisation of original issue discount	-	959
Net changes in working capital:		
Change in trade and other receivables	(11,096)	17,897
Change in other assets	1,406	1,776
Change in deferred tax assets	1,218	(5,515)
Change in trade and other payables	(2,515)	(6,547)
Change in contract liabilities	(266)	732
Change in current tax liabilities	149	(306)
Change in provisions	42	(45)
Change in deferred tax liabilities	965	1,347
Net cash from operating activities	**6,650**	**28,546**

(b) Net debt reconciliation

	2021 $'000	2020 $'000
Cash and cash equivalents	49,376	57,040
Borrowings	(53,150)	(64,483)
Net (debt)/cash	(3,774)	(7,443)
Borrowings consist of:		
Financial liabilities	(49,825)	(59,810)
Deferred loan costs and original issue discount	(175)	(190)
Leases	(3,150)	(4,483)
	(53,150)	(64,483)

	Cash and cash equivalent $'000	Borrowings $'000	Leases $'000	Net (debt)/cash $'000
Net (debt)/cash as at 1 July 2019	50,728	(60,000)	(3,571)	(12,843)
Cash flows	6,934	-	-	6,934
Borrowings	-	(60,000)	(2,852)	(62,852)
Repayments	-	60,000	1,571	61,571
Forgiveness	-	-	52	52
Write-offs	-	-	44	44
Net exchange differences	(622)	-	273	(349)
Net (debt)/cash as at 30 June 2020	57,040	(60,000)	(4,483)	(7,443)
Cash flows	(7,263)	-	-	(7,263)
Borrowings	-	-	(310)	(310)
Repayments	-	10,000	1,436	11,436
Forgiveness	-	-	147	147
Write-offs	-	-	71	71
Net exchange differences	(401)	-	(11)	(412)
Net (debt)/cash as at 30 June 2021	49,376	(50,000)	(3,150)	(3,774)

26 Transactions with Key Management Personnel

Key Management Personnel remuneration includes the following expenses:

	2021 $	2020 $
Total short-term employee benefits	3,284,644	3,064,110
Total equity-based compensation	932,258	854,635
Total remuneration	**4,216,902**	**3,918,745**

The majority of Key Management Personnel are all paid in USD so a portion of the change in compensation from the year ended 30 June 2020 to the year ended 30 June 2021 was due to changes in foreign exchange rates between AUD and USD.

Whooska Podcasting Platform, a company controlled by Robert Loewenthal (a Company director), provides podcasting hosting services to the Group at no charge. The fair-market value of the service provided is de minimus.

Visit Sunshine Coast, a company of which David Ryan (a Company director) is chairman of the board of directors, has purchased advertising from the Group's ATN subsidiary. The amount purchased for the past two fiscal years was as follows:

- FY 2021 $ nil
- FY 2020 $37 thousand

Australian Broadcasting Corporation, a company of which Peter Tonagh (a Company director) is a member of the board of directors, has purchased traffic reporting services from the Group's ATN subsidiary. The amount purchased for the past two fiscal years was as follows:

- FY 2021 $70 thousand
- FY 2020 $ nil

William Yde's (chief executive officer and managing director) daughter is employed by the Group with accounting and management duties. Her cash salary (translated from USD to AUD at the same exchange rates as the Group's financial statements) was:

- FY 2021 $174 thousand
- FY 2020 $193 thousand

In February 2020, in anticipation of spending additional time in the Australia market, the Group rented an apartment for Mr. Yde's use. During FY 2021 and FY 2020 the Group incurred expenses of $186 thousand and $75 thousand, respectively related to the apartment. The costs related to the apartment have not been included in Mr. Yde's remuneration disclosures since these costs were expected to replace reimbursable hotel lodgings expense.

In February 2021, the Group purchased a vehicle that was made available for Mr. Yde's use while in Australia. The purchase price of the vehicle was $111 thousand. The Group recognized $11 thousand in depreciation expense and fringe benefits tax related to the vehicle during FY 2021. The costs related to the vehicle have not been included in Mr. Yde's remuneration disclosures since the Group retains ownership of the vehicle and the vehicle is intended to replace rental car fees that would otherwise have been incurred.

27 Parent Entity information

The below information relates to GTN Limited (the "Parent Entity") which was incorporated on 2 July 2015.

	2021 $'000	2020 $'000
Statement of financial position		
Current assets	8,742	4,088
Total assets	354,725	356,695
Current liabilities	420	338
Total liabilities	1,133	687
Net assets	353,592	356,008
Share capital	437,508	437,508
Accumulated losses	(84,487)	(82,071)
Accumulated profit – Dividend Profit Reserve	571	571

Total equity	353,592	356,008
Statement of profit or loss and other comprehensive income		
(Loss) profit for the year	(2,416)	9,937
Other comprehensive income (loss)	-	-
Total comprehensive (loss) income	(2,416)	9,937

Guarantees entered into by the parent entity
In addition, there are cross guarantees given by GTN Limited (as holding entity), GTN Holdings Pty Limited ("LuxCo 1"), GTCR Gridlock Holdings (Australia) Pty Limited ("Aus Hold Co"), The Australia Traffic Network Pty Limited ("ATN"), GTCR Gridlock Holdings, Inc. ('US Hold Co") and Global Traffic Network, Inc. ("GTN") as described in Note 28 (*Deed of cross guarantee*).

No liability was recognised by the parent entity or the group in relation to the above guarantees, as the fair value of the guarantees is immaterial.

Contingent liabilities of the parent entity
The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020. For information about guarantees given by the parent entity, please see above.

28 Deed of cross guarantee

GTN Limited (as holding entity), GTN Holdings Pty Limited ("LuxCo 1"), Gridlock Holdings (Australia) Pty Limited ("Aus Hold Co"), The Australia Traffic Network Pty Limited ("ATN"), GTN US Holdco, Inc. ('US Hold Co") and Global Traffic Network, Inc. ("GTN") are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by GTN Limited, they also represent the 'extended closed group'.

Consolidated statement of profit or loss and other comprehensive income, summary of movements in consolidated retained earnings and consolidated statement of financial position

Set out below is a consolidated statement of profit or loss and other comprehensive income for the years ended 30 June 2021 and 2020 of the closed group consisting of the above companies.

Consolidated statement of profit or loss and other comprehensive income

	2021 $'000	2020 $'000
Revenue	68,490	78,960
Other income	80	25
Interest income on long-term prepaid affiliate contract	8,150	8,242
Network operations and station compensation expenses	(49,868)	(55,054)
Selling, general and administrative expenses	(14,005)	(17,387)
Equity based compensation expenses	(932)	(855)
Finance costs	(1,919)	(2,804)
Depreciation and amortisation	(6,317)	(6,335)
Foreign currency transaction gain (loss)	9	(58)
Loss on refinancing	-	(447)

Profit before income tax	3,688	4,287
Income tax (expense) benefit	(1,361)	229
Profit for the year	2,327	4,516
Other comprehensive income for the year, net of income tax	-	-
Total other comprehensive income for the year	-	-
Total comprehensive profit for the year	2,327	4,516
Summary of movement in consolidated retained earnings		
Accumulated losses at the beginning of the financial year	(127,212)	(121,546)
Profit for the period	2,327	4,516
Dividends	-	(10,182)
Accumulated losses at the end of the financial year	(124,885)	(127,212)

Set out below is a consolidated statement of financial position as at 30 June 2021 and 2020 of the closed group consisting of the above companies.

Consolidated statement of financial position

	2021 $'000	**2020 $'000**
Assets		
Current		
Cash and cash equivalents	17,565	26,683
Trade and other receivables	16,203	8,438
Current tax assets	4,882	6,663
Other current assets	1,487	1,434
Current assets	40,137	43,218
Non-current		
Property, plant and equipment	2,307	3,165
Intangible assets	29,992	33,230
Goodwill	86,549	86,158
Investment in subsidiaries	69,052	75,014
Other assets	101,827	103,013
Non-current assets	289,727	300,580
Total assets	329,864	343,798
Liabilities		
Current		
Trade and other payables	19,197	20,771
Contract liabilities	337	903
Financial liabilities	613	636
Provisions	987	932
Current liabilities	21,134	23,242
Non-current		
Financial liabilities	50,500	59,522
Deferred tax liabilities	20,259	19,380
Provisions	356	371
Total non-current liabilities	71,115	79,273
Total liabilities	92,249	102,515
Net assets	237,615	241,283
Equity		
Share capital	437,508	437,508
Reserves	(75,008)	(69,013)
Accumulated losses	(124,885)	(127,212)
Total equity	237,615	241,283

29 Segment information

The Group's chief operating decision maker, its chief executive officer 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:

	2021	2020
	$'000	$'000
Australia	68,490	78,960
United Kingdom	44,421	42,563
Canada	24,216	26,968
Brazil	6,214	12,443
Other	-	6
	143,341	**160,940**

The chief operating decision maker 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, transaction costs, gains on lease forgiveness, losses on refinancing and other unusual non-recurring items.

	2021	2020
	$'000	$'000
Adjusted EBITDA by Segments		
Australia	15,176	16,809
United Kingdom	3,551	2,473
Canada	598	(1,673)
Brazil	(870)	532
Other	(4,435)	(3,893)
Adjusted EBITDA	**14,020**	**14,248**
Foreign exchange loss	(22)	(72)
Loss on refinancing	-	(447)
Gain on lease forgiveness	161	52
Less: Interest income on long-term prepaid affiliate contract	(8,150)	(8,242)
EBITDA	6,009	5,539
Depreciation and amortization	(10,820)	(11,771)
Interest income on long-term prepaid affiliate contract	8,150	8,242
Financing costs net of interest income	(1,915)	(2,658)
Profit (loss) before taxes	1,424	(648)

Segment assets and liabilities are classified by their physical location.

	2021	2020
	$'000	$'000
Segment assets		
Total Assets:		
Australia	239,443	251,686
United Kingdom	42,692	36,661
Canada	26,966	28,822
Brazil	3,035	4,039
Total segment assets	**312,136**	**321,208**

Unallocated:		
Deferred tax assets	4,857	4,269
Others	13,437	11,828
Total assets	**330,430**	**337,305**
Segment liabilities		
Total liabilities		
Australia	71,290	78,986
United Kingdom	7,948	4,511
Canada	4,123	3,727
Brazil	1,872	1,959
Total segment liabilities	**85,233**	**89,183**
Unallocated:		
Deferred tax liabilities	21,309	20,344
Borrowings	52,975	64,293
Intercompany eliminations	(58,104)	(63,420)
Others	8,467	7,799
Total liabilities	**109,880**	**118,199**

30 Events subsequent to the reporting period

On 26 June 2021, the Sydney market entered into lockdown related to an increase in COVID-19 cases in the market. The lockdown is expected to have a negative impact on the fiscal 2022 financial performance of the Group's Australian subsidiary at least until the lockdowns are lifted. Management considered the impact of the lockdown on both the potential impairment of the Australian CGU and from a going concern perspective and determined no changes were required to the financial report presented herein.

No other matters or circumstances have arisen since the end of the financial 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:

(a) The financial statements, set out on pages 37 to 85 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 28 will be able to meet any obligations or liabilities to which they are, or may become, subject to virtue of the deed of cross guarantee described in Note 28.

Note 2.1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

Peter Tonagh
Chairman

Dated, this 26th day of August 2021

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Sydney NSW 2000

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Independent Auditor's Report

To the Members of GTN Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of GTN Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the consolidated 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 Group's financial position as at 30 June 2021 and of its 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 judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Recoverable amount of goodwill and intangible assets **Refer to Notes 2.9, 2.10, 2.13, 2.26 and 14**	
As at 30 June 2021, the Group's intangible assets and goodwill total $136.1 million. AASB 136 Impairment of Assets requires that, for the purposes of impairment testing, goodwill acquired in a business combination be allocated to each of the Group's cash-generating units (CGU). Each CGU to which goodwill is allocated must be tested for impairment at least annually. Management has assessed that the group has three CGUs, and has allocated the goodwill and intangible assets to each of these CGUs. Management has tested the CGUs for impairment by comparing their carrying amounts with their recoverable amounts. The recoverable amounts were determined using a value-in-use model. We have determined this is a key audit matter due to the judgements and estimates required in determining the appropriate CGUs and calculating the recoverable amount, including the assessment of the impact of the COVID-19 pandemic on the calculation of recoverable amounts.	Our procedures included, amongst others: • Enquiring with management to obtain and document an understanding of the processes and controls related to the assessment of impairment, including identification of CGUs and the calculation of the recoverable amount for each CGU; • Obtaining management's value in use calculations to: - Test the mathematical accuracy; - Evaluate management's ability to perform accurate estimates by comparing historical forecasting to actual results; - Test forecast cash inflows and outflows to be derived by the CGUs' assets; and - Assess the discount rates applied to forecast future cash flows; • Evaluating the value in use models against the requirements of AASB 136, including consultation with our valuations experts; • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing the calculation, including those specifically related to the estimated impact of COVID-19 on the Group's forecast cash flows; and • Assessing the adequacy of financial report and accounting policy disclosures.

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 annual report for the year ended 30 June 2021, 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 we do not express any form of assurance conclusion thereon.

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 related 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilites/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 22 to 34 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of GTN Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

S M Coulton
Partner – Audit & Assurance

Sydney, 26 August 2021

SHAREHOLDER INFORMATION AS AT 27 JULY 2021

Number of security holders and securities on issue

Quoted equity securities

GTN has 215,279,041 fully paid ordinary shares on issue which are held by 640 shareholders.

Unquoted equity securities

GTN has 7,398,819 unquoted options on issue held by 3 option holders as follows:

- 260,530 options exercisable at $2.74 on or before 31 December 2021;
- 298,828 options exercisable at $2.15 after 9 November 2020;
- 597,718 options exercisable at $2.15 after 9 November 2021;
- 1,137,248 options exercisable at $0.76 after 15 November 2021,
- 2,274,495 options exercisable at $0.76 after 15 November 2022,
- 333,333 options exercisable at $0.42 after 12 November 2022,
- 666,667 options exercisable at $0.42 after 12 November 2023,
- 609,998 options exercisable at $0.32 after 25 June 2023, and
- 1,220,002 options exercisable at $0.32 after 25 June 2024.

Voting rights

Quoted equity securities

The voting rights attached to fully paid ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

Unquoted equity securities

There are no voting rights attached to options. Options will rank equally with the company's fully paid ordinary shares if and when the options vest and are thereafter exercised (prior to the applicable expiry date).

Distribution of security holders

Quoted equity securities

Fully paid ordinary shares

Holding	No. of shares	% of shares	No. of shareholders	% of shareholders
1 – 1,000	44,063	0.02	117	18.28
1,001 – 5,000	576,721	0.27	247	38.59
5,001 – 10,000	616,324	0.29	77	12.03
10,001 – 100,000	5,219,883	2.42	164	25.63
100,001 and over	208,822,050	97.00	35	5.47

Total	**215,279,041**	**100**	**640**	**100**

Unquoted equity securities

Options

Holding	No. of options	% of Options	No. of holders	% of holders
1 – 1,000	0	0	0	0
1,001 – 5,000	0	0	0	0
5,001 – 10,000	0	0	0	0
10,001 – 100,000	0	0	0	0
100,001 and over	7,398,819	100	3	100
Total	**7,398,819**	**100**	**3**	**100**

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 179.

1,205 fully paid ordinary shares comprise a marketable parcel at GTN's closing share price of $0.4150 as at 27 July 2021.

Substantial shareholders (as notified to ASX)

The number of securities held by substantial shareholders and their associates (as notified to ASX) are set out below:

Fully paid ordinary shares

Name	Number of Shares	Current Interest*	Notice Date
Viburnum Funds Pty Limited and subsidiaries and funds	62,266,513	28.92%	15/06/2021
Spheria Asset Management Pty Ltd	31,872,103	14.81%	01/07/2021
Perennial Value Management Limited	23,813,743	11.06%	22/07/2021
First Sentier Investors Holdings**	21,865,665	10.16%	08/09/2020
CBA and related bodies corporate	20,647,517	9.25%	18/02/2020
Ellerston Capital	18,077,931	8.40%	27/03/2020
Smallco Investment Manager Limited	13,702,318	6.10%	29/06/2018
H.E.S.T Australia Limited as Trustee for Health Employees Superannuation Trust Australia	13,653,482	6.10%	19/11/2019
Carol Australian Holdings Pty Limited and related bodies corporate (Colonial First State)	12,103,273	5.40%	6/08/2019
*As reported by the substantial shareholder at the time of lodgement			
**Same as Mitsubishi UFJ Financial Group, Inc. lodged on 9 September 2020			

Twenty largest shareholders

Fully paid ordinary shares

Details of the 20 largest shareholders of quoted securities by registered shareholding are:

1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	74,607,954	34.66
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	54,522,228	25.33
3	CITICORP NOMINEES PTY LIMITED	32,167,816	14.94
4	NATIONAL NOMINEES LIMITED	17,341,461	8.06
5	BNP PARIBAS NOMS PTY LTD	8,037,835	3.73
6	BNP PARIBAS NOMINEES PTY LTD	4,906,662	2.28
7	CS THIRD NOMINEES PTY LIMITED	4,161,586	1.93
8	MR WILLIAM L YDE III	2,803,408	1.30
9	VIBURNUM FUNDS PTY LTD	2,500,000	1.16
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,053,112	0.95
11	COWOSO CAPITAL PTY LTD	1,000,000	0.46
12	PT VENTURES PTY LTD	567,287	0.26
13	MR CRAIG COLEMAN & MRS PHYLLIS COLEMAN	500,000	0.23
14	COFLINK PTY LIMITED	315,000	0.15
15	MRS EVA XIRADIS	300,000	0.14
16	EARGLOW PTY LIMITED	250,000	0.12
17	Z&T SUPERANNUATION FUND PTY LTD	200,002	0.09
18	TRUTEC PTY LTD	200,000	0.09
18	HEAVENLY STAR PTY LTD	200,000	0.09
18	WILLRYAN PTY LIMITED	200,000	0.09
19	COMCERC INVESTMENTS PTY LTD	188,895	0.09
20	MRS NELLY MICHELLE CUNNINGHAM	180,795	0.08
	Total	**207,204,041**	**96.25**
	Balance of register	**8,075,000**	**3.75**
	Grand total	**215,279,041**	**100.00**

On-market buy-back

On 25 February 2021, the Company filed an Appendix 3F discontinuing the on-market buyback.

Calendar of key dates

8 September 2021	Closing date for receipt of Director nominations
11 November 2021	2021 Annual General Meeting

Corporate Directory

Directors	Peter Tonagh – Independent Non-Executive Chairman William Yde III - Chief Executive Officer and Managing Director Robert Loewenthal - Independent Non-Executive Director David Ryan AO – Independent Non-Executive Director Corinna Keller – Independent Non-Executive Director
Company secretaries	Anna Sandham Patrick Quinlan
Registered office	Level 42, Northpoint 100 Miller Street North Sydney NSW 2060 Telephone: +61 2 9955 3500
Share register	Link Market Services Limited Level 12 680 George Street Sydney, NSW 2000 Share registry telephone: +61 1300 554 474
Auditor	Grant Thornton Level 17 383 Kent Street Sydney, NSW 2000
Stock exchange listing	GTN Limited shares are listed on the Australian Securities Exchange (ASX code: GTN)
Website	www.gtnetwork.com.au
ABN	38 606 841 801