



GTN Limited results for the half-year ended 31 December 2021

Overview:

- Revenue \$81.0 million, +14% on 1H FY21
- NPAT \$2.7 million, +630% on 1H FY21
- Adjusted EBITDA¹ \$10.2 million, +43% on 1H FY21
- Strong liquidity position with net debt (after cash) of \$7.3 million including cash balances of \$32.5 million

Sydney, 24 February 2022 – GTN Limited (ASX: GTN) (Company or GTN), one of the largest broadcast media advertising platforms by audience reach in Australia, Brazil, Canada and the United Kingdom today announced its results for the half-year ended 31 December 2021.

Overview of 1H FY22 results

(m) ²	1H FY22	1H FY21	% Difference
Revenue	81.0	70.8	14.5 %
EBITDA ⁴	6.1	3.1	96.1 %
Adjusted EBITDA ¹	10.2	7.1	42.8 %
NPAT	2.7	0.4	629.7 %
NPATA ³	5.0	2.6	88.7 %
NPATA per share	\$0.023	\$0.012	88.5 %

CEO Comment

Commenting on the results, William L. Yde III, Managing Director and Chief Executive Officer of GTN, said “While revenue remains impacted by the ongoing COVID-19 pandemic, the Group’s performance was much improved in 1H FY22 when compared to the previous year period. Revenue increased 14.5% for the half-year period, which led to significant increased profitability. Our businesses in all four of the markets we operate in were EBITDA positive in 1H FY22 which is reflected in our 43% increase in Adjusted EBITDA for the period. It is encouraging to see continued improvement in performance despite tough market conditions due to the ongoing effect of the COVID-19 pandemic on almost all aspects of our business.

¹ Adjusted EBITDA is defined as EBITDA adjusted to include the non-cash interest income related to the long-term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction, and exclude transaction costs, foreign exchange gains/losses, gains on lease forgiveness and losses on refinancing.

² Amounts in tables may not add due to rounding. Percentage change based on actual amounts prior to rounding.

³ NPATA is defined as net profit after tax adjusted for the tax effected amortisation arising from acquisition related intangible assets.

⁴ EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation and amortisation.

Revenue from our largest market, Australia, increased a strong 24% for the half-year period, significantly outperforming the Australian radio market as a whole. We are very pleased with the performance of our Australian business and look forward to continued revenue momentum in the future.

Our Canadian business has lagged our performance in our other markets as revenue decreased 4% in local currency (less than 1% in AUD) for the half-year period. As the market returns to closer to pre-pandemic norms, we expect more opportunities to grow revenue. Our network continues to be strong and should continue to be an attractive advertising platform going forward.

The United Kingdom posted a solid revenue performance for the half-year period, with revenue increasing 4% in local currency (7% in AUD) which led to a solid EBITDA increase. Given the market conditions and that this is a mature business, we are satisfied with these results.

Brazil was our strongest performing market in 1H FY22 as revenue increased 39% in local currency (37% in AUD). We are especially pleased that November 2021 represented the largest billing month in our history in this market. We look forward to Brazil continuing to be our fastest growing market as it was prior to the onset of the pandemic.

Despite the continued difficult trading environment, the Company was able to significantly increase NPAT, NPATA, EBITDA and Adjusted EBITDA for the half-year period when compared to the previous half-year period. Over the past three quarters, we have increased revenue \$27.8 million (30%) with over 60% of this increase (\$17.1 million) flowing through to Adjusted EBITDA.

Our balance sheet remains strong, with \$32.5 million of cash and net debt of only \$7.3 million as of 31 December 2021. Since 31 December 2020, we have repaid \$23 million of our bank facility, reducing our outstanding bank debt from \$60 million to \$37 million, all without raising any additional capital.”

Trading Update

Revenue for January 2022 increased 5% compared to January 2021 and we expect, based on sales bookings to date, that February 2022 revenue will increase compared to February 2021. Due to the short-term nature of the majority of our ad sales and that a large portion of our revenue is booked either just prior to or during the month the advertisements are aired, we are unable to provide guidance as to future performance beyond February 2022.

About GTN Limited

GTN Limited (ASX: GTN) began operations in Australia in 1997 and has grown to become the largest supplier of traffic information reports to radio stations in Australia, United Kingdom, Canada and Brazil (four of the 10 largest advertising markets in the world) and one of the largest broadcast media advertising platforms by audience reach in these operating geographies.

In exchange for providing traffic and information reports, and monetary compensation in most instances, GTN receives commercial advertising spots adjacent to traffic, news and information reports from its large network of affiliates. These spots are bundled together by GTN and sold to advertisers on a national, regional or specific market basis.

GTN's advertising spots are short in duration, adjacent to engaging information reports and are often read live on the air by well-known radio and television personalities during peak audience hours. GTN's broad

audience means it is able to deliver effective radio advertisements with high frequency and expansive reach, enabling advertisers to communicate with high-value demographics cost effectively.

For more information, visit the Company's website at www.gtnetwork.com.au

Conference Call

GTN Limited will host a conference call at 10:30 a.m. Australian Eastern Daylight time on Thursday, 24 February 2022 to discuss its 1H fiscal 2022 results.

To register to participate in the conference call, please click on the following link and follow the instructions: <https://s1.c-conf.com/diamondpass/10018769-wi3k4k.html>

Conference Call Replay

The conference call will be archived following the call. It will be available to be heard at <http://www.openbriefing.com/OB/4520.aspx>

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This statement was approved by the Board of Directors of GTN Limited

Additional Financial and Operating Information

1) 1H FY22 revenue of \$81.0 million (+14% on 1H FY21)

Revenue continues to be negatively impacted by the COVID-19 pandemic but has increased significantly since its low point at the onset of the pandemic. While revenue is lower than it was prior to the COVID-19 pandemic, revenue has increased \$27.8 million (30%) over the past nine months (April 2021 – December 2021) compared to the previous nine-month period.

1H FY22 revenue by geographic segment

(m) ²	1H FY22	1H FY21	% Difference
Australia (ATN)	37.9	30.6	24.0 %
Canada (CTN)	14.1	14.2	(0.5) %
United Kingdom (UKTN)	24.1	22.5	7.2 %
Brazil (BTN)	4.9	3.6	37.4 %
	81.0	70.8	14.5 %

Note: Further detail on exchange rates is provided in the Half-Year Report lodged on 24 February 2022.

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

1H FY22 revenue by geographic segment – Local currency

(m) ²	1H FY22	1H FY21	% Difference
Australia (ATN) (AUD)	37.9	30.6	24.0 %
Canada (CTN) (CAD)	13.0	13.5	(3.7)%
United Kingdom (UKTN) (GBP)	12.9	12.4	4.0 %
Brazil (BTN) (BRL)	19.4	13.9	39.5 %

2) Adjusted EBITDA of \$10.2 million (+43% on 1H FY21)

(m) ²	1H FY22	1H FY21
Revenue	81.0	70.8
Network operations and station compensation expenses	(58.1)	(55.0)
Selling, general and administrative expenses	(16.3)	(12.2)
Equity based compensation expense	(0.4)	(0.5)
Gains on lease forgiveness	-	0.1
Foreign currency transaction (loss) gain	-	-
EBITDA	6.1	3.1
Interest income on Southern Cross Austereo Affiliate Contract	4.0	4.1
Gains on lease forgiveness	-	(0.1)

(m) ²	1H FY22	1H FY21
Foreign currency transaction (loss) gain	-	-
Adjusted EBITDA	10.2	7.1

Adjusted EBITDA was positively impacted by the revenue increase for the period. Combined network operations and station compensation expenses, non-cash compensation and selling and general and administrative expenses (“operating expenses”) increased 11% (\$7.1 million). The increase in operating expenses included \$2.3 million (5%) in station compensation, \$2.1 million in sales costs (28%) and a \$1.2 million (65%) reduction in Jobkeeper/Canada Emergency Wage Subsidy (“CEWS”) benefits. Some of the factors impacting the increase in station compensation were an increase in expense to a key affiliate in Australia, additional variable expense in the United Kingdom related to the revenue increase as well as changes in foreign exchange rates in Canada and the UK. Sales costs increased both due to higher commissions and bonuses related to the revenue increase for the period as well as additional investments in staff and other sales costs designed to continue the positive revenue momentum the Group has experienced. CEWS and Jobkeeper have been discontinued and the Group does not expect to receive Jobkeeper or CEWS subsidies in 2H FY22.

3) NPATA of \$5.0 million (+89% on 1H FY21)

Comparative NPATA was positively impacted by the increase in EBITDA for the period less the additional tax expense associated with the higher pre-tax profit. Profit was also positively impacted by the decrease in finance costs, primarily due to the reduction of debt outstanding in 1H FY22 compared to 1H FY21, as well as lower depreciation expense.

4) Strong liquidity position with net debt after cash of \$7.3 million

Operating free cash flow before capital expenditure was impacted by a \$6.9 million increase in accounts receivable from 30 June 2021 to 31 December 2021. The increase in accounts receivable relates to the higher revenue in 1H FY22 which increased \$10.2 million compared to 1H FY21. Capital expenditures increased due to additional flying of the Group’s helicopters compared to the previous year period.

1H FY22 Cash Flow

(m) ²	1H FY22	1H FY21
Adjusted EBITDA	10.2	7.1
Non-cash items in Adjusted EBITDA	0.4	0.5
Change in working capital	(6.1)	(10.4)
Impact of Southern Cross Austereo Affiliate Contract	1.0	1.0
Operating free cash flow before capital expenditure	5.6	(1.8)
Cash capital expenditures	(1.4)	(0.5)
Net free cash flow before financing, tax and dividends	4.1	(2.3)

The Group’s cash balance was \$32.5 million at 31 December 2021.

The Group had outstanding debt principal at 31 December 2021 of \$39.8 million (including \$2.8 million of leases from the adoption of AASB 16) and net debt (principal less cash balances) of \$7.3 million. During the half-year ended 31 December 2021, the Group repaid \$13 million of the outstanding principal under its debt facility, and has repaid a total of \$23 million over the past twelve months, reducing its outstanding bank debt from \$60 million at 1 January 2021 to \$37 million at 31 December 2021.

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.

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

The Company did not declare a final dividend for FY 2021 nor an interim dividend for 1H FY 2022 consistent with its strategy to conserve cash and reduce debt during the COVID-19 pandemic. The Company was prohibited from paying dividends (or repurchasing its shares) while the modifications to the Group's debt facility were in place. After the expiration of the modifications to the debt facility, the restrictions on distributions reverted to the previous limit, which is 100% of NPATA.

5) Key operating metrics

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

Key operating metrics by market (local currency)

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

Radio sell-out rate (%)	2	44%	40%
Average radio spot rate (BRL)	3,7	208	177

1. Available radio advertising spots 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.

Appendix A

Reconciliation of non-IFRS disclosures

(\$m) ⁽²⁾	1H FY22	1H FY21
Reconciliation of EBITDA and Adjusted EBITDA to Profit before income tax		
Profit before income tax	4.1	0.9
Depreciation and amortisation	5.3	5.5
Finance costs	0.8	0.9
Interest on bank deposits and tax refunds	-	(0.1)
Interest income on long-term prepaid affiliate contract	(4.0)	(4.1)
EBITDA	6.1	3.1
Interest income on long-term prepaid affiliate contract	4.0	4.1
Gains on lease forgiveness	-	(0.1)
Foreign currency transaction loss (gain)	-	-
Adjusted EBITDA	10.2	7.1
Reconciliation of Profit (NPAT) to NPATA		
Profit (NPAT)	2.7	0.4
Amortisation of intangible assets (tax effected)	2.3	2.3
NPATA	5.0	2.6