GTN Limited results for the year ended 30 June 2022

Overview:

- Revenue $160.1 million, +12% on FY21
- NPAT $2.8 million, +$2.9 million on FY21
- Adjusted EBITDA[1] $17.1 million, +22% on FY21
    - +43% ex-Jobkeeper/CEWS
- Strong liquidity position with net cash (after debt) of $1.2 million including cash balance of $34.8 million
- Final FY22 dividend of $0.013 per share (unfranked)
- Reinstating share buyback for up to 10% of outstanding shares for up to twelve months

Sydney, 25 August 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 year ended 30 June 2022.

Overview of FY22 results

(m)[2]	**FY22**	**FY21**	**% Difference**
Revenue	160.1	143.3	11.7%
EBITDA[4]	9.1	6.0	50.8%
Adjusted EBITDA[1]	17.1	14.0	21.9%
NPAT	2.8	(0.1)	NM
NPATA[3]	7.4	4.6	59.1%
NPATA per share	$0.03	$0.02	59.1%

CEO Comment

Commenting on the results, William L. Yde III, Managing Director and Chief Executive Officer of GTN, said "While COVID continued to be a challenge in all four of our markets this past fiscal year, we made solid progress throughout FY22 which is reflected in our financial results. Group revenue rebounded 12% compared to FY21 to $160.1 million, which was only slightly less than FY20 revenue. Adjusted

[1] 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, 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.

EBITDA increased 22% to $17.1 million due to the strong revenue increase. We are pleased with this progress.

Australia revenue increased 14% compared to FY21 as our sales continue to bounce back from the negative impact of the pandemic. Australia is our largest and most profitable market and its continued recovery has been most welcome. During 2H FY22 we began offering drone light shows in Australia for both advertising sponsorship within the show as well as cash fees. We believe that these shows complement our existing business. We are very encouraged by the response we have received from both our existing clients as well as new advertisers.

Canada revenue increased 11% compared to FY21 (6% in local currency). Canada performed very strongly in 2H FY22 as revenue had actually decreased during 1H FY22. Once the pandemic-related lockdowns were finally lifted, business picked up and was very strong in the latter part of the fiscal year.

Brazil revenue increased 47% compared to FY21 (39% in local currency). Brazil was by far our fastest growing market in FY22. We continue to be very excited about the long-term prospects for our Brazil business.

United Kingdom revenue increased 4% compared to FY21 (2% in local currency). This is the second consecutive year of revenue growth in this market. Our UK business continues to deliver solid results and remains a meaningful contributor to the Group's financial results.

At 30 June 2022, our cash balance was $34.8 million, after repaying $20 million of principal on our debt facility during FY22 and $30 million over the past two fiscal years, and our net cash (including lease liabilities recognised under AASB 16) was $1.2 million. The Company does not foresee the need to raise additional capital going forward and has not done so since the onset of the COVID-19 pandemic. Due to the Group's strong financial position, we have declared a final dividend for FY22 of $0.013 per share while reinstating our share buyback that was cancelled due to financial impact of the pandemic.

We have maintained our affiliate networks and excellent management teams while having a strong balance sheet. These factors put us in solid position to capitalise on the continued recovery of the advertising industry."

Trading update

Revenue for July 2022 increased 6% when compared to July 2021. Based on the most recent sales pacings, we expect August 2022 revenue to increase 6-8% when compared to the previous year. The revenue increase for the first two months of the fiscal year has been led by our Australian and Brazilian subsidiaries.

Due to the generally short lead time of the Group's sales cycle, it is not possible to forecast revenue for the remainder of FY23, however, the trends for July and August have been favourable compared to the same period in FY22.

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 generally monetary compensation, 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. Australia Eastern Standard time on Thursday, 25 August 2022 to discuss its fiscal 2022 results.

The conference call will include a presentation and Q&A. To register to participate in the conference call, please click on the following link and follow the instructions: https://registrations.events/direct/ID60128.

Participants will then be provided with the dial in number, a passcode, and a unique access PIN. This information will also be emailed to participants as a calendar invite. To join the conference, participants should dial the number in the calendar invite and enter the passcode followed by the PIN provided when you registered, and you will join the conference instantly.

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/4867.aspx.

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

Additional Financial and Operating Information

1) FY22 revenue (+12% on FY21)

Group revenue increased 12% compared to FY21 as the Group's performance continued to rebound from the impact of the COVID-19 pandemic. Revenue increased across all the Group's operating geographies.

FY22 revenue by geographic segment

(m) [2]	FY22	FY21	% Difference
Australia (ATN)	78.1	68.5	14.0%
Canada (CTN)	26.8	24.2	10.7%
United Kingdom (UKTN)	46.0	44.4	3.6%
Brazil (BTN)	9.2	6.2	47.4%
	160.1	**143.3**	**11.7%**

Note: Further detail on exchange rates is provided in the Annual Report lodged on 25 August 2022.

Revenue in local currency also increased across all the Group's operating geographies. Fluctuations in exchange rates contributed to revenue growth in all the Group's non-Australian segments (United Kingdom, Canada and Brazil).

(m) [2]	FY22	FY21	% Difference
Australia (ATN) (AUD)	78.1	68.5	14.0%
Canada (CTN) (CAD)	24.6	23.2	6.1%
United Kingdom (UKTN) (GBP)	25.1	24.6	1.8%
Brazil (BTN) (BRL)	34.8	25.0	39.1%

2) Adjusted EBITDA of $17.1 million (+22% on FY21)

(m)[2]	FY22	FY21
Revenues	**160.1**	**143.3**
Network operations and station compensation expenses	(116.8)	(109.7)
Selling, general and administrative expenses	(33.4)	(26.9)
Equity based compensation expense	(0.8)	(0.9)
Foreign currency transaction loss	(0.0)	(0.0)
Gain on lease forgiveness	0.0	0.2
Expenses/losses (net of gains) impacting EBITDA	**(151.0)**	**(137.3)**
EBITDA	9.1	6.0
Interest income on Southern Cross Austereo Affiliate Contract	8.1	8.2
Foreign currency transaction loss	0.0	0.0

(m)[2]	FY22	FY21
Gain on lease forgiveness	(0.0)	(0.2)
Adjusted EBITDA	**17.1**	**14.0**

Adjusted EBITDA for FY22 was $17.1 million, an increase of 22% from FY21. If the impact of Jobkeeper and Canadian Emergency Wage Subsidy ("CEWS") is removed from both periods' results, Adjusted EBITDA grew 43% in FY22 compared to FY21. Adjusted EBITDA growth was driven by 12% growth in revenue compared to FY21. Operating expenses (defined as the sum of network operations, station compensation, selling, non-cash compensation, and general and administrative expenses) increased $13.6 million (+10%) for the fiscal year. Although operating expenses increased compared to FY21, they remain almost $4 million lower than FY20. The largest portion of the increase in FY22 was a $7.2 million (+7%) increase in network operations and station compensation expenses, which was primarily due to a 6% increase in station compensation. Selling, general and administrative expenses increased $6.6 million (+25%) compared to FY21. Selling expenses accounted for $4.1 million of the increase in selling, general and administrative expenses. Most of the increase in selling expenses was due to higher personnel costs from both commissions and bonuses earned on the increased revenue for the period as well as expansion of sales staffing intended to maintain the sales momentum the Group achieved in FY22. Jobkeeper and CEWS accounted for $1.8 million of the increase in operating expenses as these programs were treated as a reduction in general and administrative expenses. The Group recorded $0.7 million of benefit from these programs in FY22 (Australia: $0.6 million, Canada: $0.1 million) compared to $2.5 million in FY21 (Australia $1.4 million, Canada $1.1 million). The Group is no longer receiving benefits under these programs and does not expect to do so in the future. Operating expenses related to our drone network, which was launched in 2H FY22 to provide aerial drone light shows for both cash fees as well as advertising sales opportunities, was $0.7 million in FY22. A portion of the overall operating expense increase for the period was due to fluctuations in the foreign exchange rates from FY21 to FY22, as BRL, CAD, GBP and USD all strengthened relative to AUD for the year.

3) NPATA of $7.4 million (+59% on FY21)

The Group reported NPATA of $7.4 million which is an increase of 59% from FY21. The increase is primarily related to the improved operating performance for the period. Finance costs decreased $0.7 million from FY21 primarily due to lower outstanding debt balances. The Group repaid $20 million of its debt facility in FY22 after repaying $10 million of the principal balance in 2H FY21.

4) Strong liquidity position with net cash after debt of $1.2 million

The Group reported an increase in cash flow from its operations primarily due to the increase in Adjusted EBITDA as well as a smaller change in working capital compared to FY22. Working capital increased due to a $6.7 million increase in accounts receivable, which was consistent with the higher revenue for the year.

FY22 Cash Flow

(m)[2]	FY22	FY21
Adjusted EBITDA	**17.1**	**14.0**
Non-cash items in Adjusted EBITDA	0.8	0.9
Change in working capital	(4.6)	(9.0)
Impact of Southern Cross Austereo Affiliate Contract	2.0	2.0

Operating free cash flow before capital expenditure	**15.3**	**8.0**
Capital expenditure	(4.1)	(2.2)
Net free cash flow before financing, tax and dividends	**11.2**	**5.8**

The Group was able to maintain a strong cash balance of $34.8 million at 30 June 2022, net cash (cash less debt) of $1.2 million and pay down $20 million of its debt facility during FY 2022. As a result, the Board has declared a final dividend for FY22 and has announced the resumption of the Company's share buyback that was cancelled due to the financial impact of the pandemic.

Dividend

On 25 August 2022, the Board declared a final FY22 dividend of $0.013 per share to holders of record on 2 September 2022. The dividend is unfranked. The ex-dividend date is 1 September 2022 while the payment date is set at 30 September 2022.

Share buyback

The Company announced today that it has initiated an on-market share buyback of up to 10% of its outstanding shares for a period of up to twelve months. No target share price or minimum repurchase amount has been set.

5) Key operating metrics

Radio revenue increased across all the Group's operating regions in FY22. The primary driver of this growth was an increase in spots sold during FY22 compared to FY21 due to increased demand for our advertising slots. With the exception of the United Kingdom, sell-out rates continue to be below pre-pandemic levels. We believe that there is an opportunity to increase revenue by higher sell-out of our existing inventory.

Key operating metrics by market (local currency)

	Notes	FY22	FY21
Australia			
Radio spots inventory ('000s)	1	1,031	954
Radio sell-out rate (%)	2	51%	52%
Average radio spot rate (AUD)	3	134	128
Canada			
Radio spots inventory ('000s)	1	681	688
Radio sell-out rate (%)	2	46%	43%
Average radio spot rate (CAD)	3	72	71
United Kingdom			
Total radio impacts available ('000)	4	19,284	19,755
Radio sell-out rate (%)	5	99%	94%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	486	453

Radio sell-out rate (%)	2	38%	35%
Average radio spot rate (BRL)	3,7	217	178

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]	FY22	FY21
Reconciliation of EBITDA and Adjusted EBITDA to Profit before income tax		
Profit before income tax	5.2	1.4
Depreciation and amortisation	10.6	10.8
Finance costs	1.3	2.0
Interest on bank deposits	0.0	(0.1)
Interest income on long-term prepaid affiliate contract	(8.1)	(8.2)
EBITDA	**9.1**	**6.0**
Interest income on long-term prepaid affiliate contract	8.1	8.2
Foreign currency transaction loss	0.0	0.0
Gain on lease forgiveness	(0.0)	(0.2)
Adjusted EBITDA	**17.1**	**14.0**
Reconciliation of Net (loss) profit after tax (NPAT) to NPATA		
Profit (loss) for the year (**NPAT**)	2.8	(0.1)
Amortisation of intangible assets (tax effected)	4.6	4.7
NPATA	**7.4**	**4.6**