

Yellow Pages Limited Reports Strong Fourth Quarter and Full Year 2022 Financial and Operating Results and Declares a Cash Dividend¹

Montreal (Quebec), February 15, 2023 — Yellow Pages Limited (TSX: Y) (the “Company”), a leading Canadian digital media and marketing company, released its operating and financial results today for the quarter and year ended December 31, 2022.

“We are pleased with our fourth quarter and full year results which reflect sustained strong profitability and cash generation and more progress toward revenue stability,” said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the key developments:

- **Strong quarterly earnings.** “Our Adjusted EBITDA² for the quarter and full year was 32.5% and 36.0% of revenue, respectively, despite our continued, productive investments in revenue initiatives and evolving product mix.”
- **Cash to Shareholders and to Pension Plan.** “During the quarter, we completed the previously announced plan of arrangement, distributing \$100.0 million to shareholders and \$24.0 million of voluntary contributions to our Defined Benefit Pension Plan’s wind-up deficit, in addition to our previously announced \$1.0 million of voluntary incremental payments toward our Defined Benefit Pension Plan’s wind-up deficit.”
- **Healthy cash balance.** “Even after the disbursements to shareholders and the Pension Plan, our cash balance at the end of January was approximately \$50 million.”
- **Quarterly dividend declared.** “Our Board has declared a dividend of \$0.15 per common share, to be paid on March 15, 2023 to shareholders of record as of February 24, 2023.”
- **Ever closer to revenue stability.** “For the ninth consecutive quarter since COVID-19 hit, and the fourteenth of the last sixteen quarters overall, we report a favorable ‘bending of the revenue curve’ in Q4 2022, with a better rate of change in revenue than reported for the previous quarter.”

Financial Highlights

(In thousands of Canadian dollars, except percentage information and per share information)

Yellow Pages Limited	For the three-month periods ended December 31,		For the year ended December 31,	
	2022	2021	2022	2021
Revenues	\$64,595	\$68,624	\$268,278	\$287,646
Adjusted EBITDA ²	\$20,979	\$24,360	\$96,568	\$102,000
Adjusted EBITDA margin ²	32.5%	35.5%	36.0%	35.5%
Income before income taxes	\$16,665	\$15,924	\$76,132	\$59,914
Net income	\$29,431	\$38,735	\$73,432	\$70,635
Basic income per share	\$1.64	\$1.48	\$3.10	\$2.68
Diluted income per share	\$1.63	\$1.46	\$3.02	\$2.64
CAPEX ²	\$986	\$1,220	\$5,004	\$5,074
Adjusted EBITDA less CAPEX ²	\$19,993	\$23,140	\$91,564	\$96,926
Adjusted EBITDA less CAPEX margin ²	31.0%	33.7%	34.1%	33.7%
Cash flows (used in) from operating activities [*]	\$(620)	\$28,775	\$49,500	\$104,579

^{*}Includes voluntary contributions to the Defined Benefit Pension Plan (the “Pension Plan”) of \$24.0 million, made during the fourth quarter of 2022 pursuant to the plan of arrangement (the “Arrangement”).

(1) The dividend will be designated as an eligible dividend pursuant to subsection 89(14) of the Income Tax Act (Canada) and any applicable provincial legislation pertaining to eligible dividends.

(2) Adjusted EBITDA is equal to Income from operations before depreciation and amortization and restructuring and other charges (defined herein as Adjusted EBITDA), as shown in Yellow Pages Limited’s consolidated statements of income. Adjusted EBITDA, Adjusted EBITDA margin, CAPEX, Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other public companies. Refer to the section on Non-GAAP financial measures at the end of this document for more details.

Fourth Quarter of 2022 Results

- Total revenues decreased 5.9% year-over-year and amounted to \$64.6 million for the three-month period ended December 31, 2022, an improvement from the decrease of 6.5% reported last quarter.
- Adjusted EBITDA less CAPEX¹ totalled \$20.0 million and the EBITDA less CAPEX margin¹ was 31.0%.
- Net income decreased to \$29.4 million, or to \$1.63 per diluted share.
- Cash flows from operating activities decreased year-over-year mainly due to the voluntary funding contribution payment of \$24.0 million to the Pension Plan pursuant to the Arrangement.

Financial Results for the Fourth Quarter of 2022

Total revenues for the fourth quarter ended December 31, 2022 decreased by 5.9% to \$64.6 million, as compared to \$68.6 million for the same period last year. The decrease in revenues is due to the decline of our higher margin YP digital media and print products and to a lesser extent to our lower margin digital services products, thereby creating pressure on our gross profit margins.

The decline rates for total revenues, digital revenues and print revenues all improved significantly year-over-year. Total revenue decline of 5.9% this quarter compares to a decline of 10.5% reported for the same period last year. Digital revenue decline of 4.3% this quarter compares to a decline of 8.7% reported for the same period last year. Print revenue decline of 11.7% this quarter compares to a decline of 16.5% reported for the same period last year. These improvements were due to better spend per customer in digital, increased renewal rates as well as improvement in customer claims. The improved spend per customer is due in part to increased pricing.

Adjusted EBITDA¹ decreased to \$21.0 million or 32.5% of revenues in the fourth quarter ended December 31, 2022, relative to \$24.4 million or 35.5% of revenues for the same period last year. The decrease in Adjusted EBITDA and Adjusted EBITDA margin¹ is the result of revenue pressures, ongoing investments in our tele-sales force capacity, the increase in cash-settled stock-based compensation expense due to movements in YP's share price and lower wage subsidies received, partially offset by price increases, efficiencies from optimization in cost of sales and reductions in other operating costs including reductions in our workforce and associated employee expenses and the decrease in bad debt expense. Revenue pressures, coupled with increased headcount in our salesforce partially offset by continued optimization, will continue to cause some pressure on margin in upcoming quarters.

Adjusted EBITDA less CAPEX decreased by \$3.1 million to \$20.0 million for the fourth quarter of 2022, compared to \$23.1 million for the same period last year. The decrease in Adjusted EBITDA less CAPEX for the three-month period ended December 31, 2022 is mainly due to lower Adjusted EBITDA partially offset by lower capital expenditures.

Net income for the three-month period ended December 31, 2022 amounted to \$29.4 million as compared to net income of \$38.7 million for the same period last year. The decrease is mainly attributable to higher recognition of previously unrecognized tax attributes and temporary differences in 2021. Income before taxes increased from \$15.9 million for the fourth quarter of 2021 to \$16.7 million for the three-month period ended December 31, 2022, explained principally by lower Adjusted EBITDA being more than offset by decreases in restructuring and other charges, depreciation and amortization and financial charges.

Cash flows from operating activities decreased by \$29.4 million to \$(0.6) million for the three-month period ended December 31, 2022 from \$28.8 million for the same period last year. The decrease is mainly due to increased funding of post-employment benefits plans of \$23.5 million, lower Adjusted EBITDA of \$3.4 million, and a decrease of \$3.0 million from the change in operating assets and liabilities, partially offset by income taxes received of \$0.1 million, and lower restructuring and other charges paid of \$0.6 million. The change in operating assets and liabilities is mainly due to the timing in the collection of trade receivables and the timing of payment of trade payables as well as the impact of the share price on cash settled stock-based compensation.

(1) Adjusted EBITDA is equal to Income from operations before depreciation and amortization and restructuring and other charges (defined herein as Adjusted EBITDA), as shown in Yellow Pages Limited's consolidated statements of income. Adjusted EBITDA, Adjusted EBITDA margin, CAPEX, Adjusted EBITDA less CAPEX, Adjusted EBITDA less CAPEX margin are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other public companies. Refer to the section on Non-GAAP financial measures at the end of this document for more details.

Financial Results for the Year Ended December 31, 2022

Total revenues for the year ended December 31, 2022 decreased by 6.7% to \$268.3 million, as compared to \$287.6 million for the same period last year. The decrease in revenues is mainly due to the decline of our higher margin digital media and print products and to a lesser extent to our lower margin digital services products, thereby creating pressure on our gross profit margins.

For the year ended December 31, 2022 Adjusted EBITDA¹ decreased by \$5.4 million or 5.3% to \$96.6 million, compared to \$102.0 million for the same period last year. The adjusted EBITDA margin¹ increased during the year ended December 31, 2022 to 36.0%, compared to 35.5% for the same period last year. The decrease in Adjusted EBITDA for the year ended December 31, 2022, is the result of revenue pressures as well as ongoing investments in our tele-sales force capacity, partially offset by price increases, the efficiencies from optimization in cost of sales, reductions in other operating costs including reductions in our workforce and associated employee expenses, the decrease in bad debt expense and the decrease in cash-settled stock-based compensation expense.

For the year ended December 31, 2022 Adjusted EBITDA less CAPEX¹ decreased by \$5.4 million or 5.5% to \$91.6 million, compared to \$96.9 million for the same period last year. The decrease is driven by the decrease in Adjusted EBITDA. The adjusted EBITDA less CAPEX margin¹ increased during the period ended December 31, 2022 to 34.1% compared to 33.7% for the same period last year.

Net income increased to \$73.4 million for the year ended December 31, 2022 compared to net income of \$70.6 million, for the same period last year due to higher income before income taxes partially offset by higher income taxes due to lower recognition of previously unrecognized tax attributes and temporary differences. The increase in income before income taxes for the year-ended December 31, 2022 of \$16.2 million is explained by lower Adjusted EBITDA, being more than offset by the decrease in financial charges due to lower debt and higher cash balances as well as the decrease in depreciation and amortization and restructuring and other charges. Furthermore, the year-ended December 31, 2021 was impacted by the loss on the early repayment of debt of \$7.8 million.

Cash flows from operating activities decreased by \$55.1 million to \$49.5 million for the year ended December 31, 2022 from \$104.6 million last year. The decrease is mainly due to income taxes paid of \$7.8 million, of which \$5.5 million related to the full year 2021 and \$2.3 million related to instalments for 2022, increased stock-based compensation cash settlements of \$1.6 million, increased funding of post-employment benefit plans of \$24.6 million mainly pursuant to the Arrangement, lower Adjusted EBITDA of \$5.4 million, and by a decrease of \$21.4 million from the change in operating assets and liabilities. The change in operating assets and liabilities is mainly due to the timing in the collection of trade receivables and the timing of payment of trade payables as well as the impact of the share price on cash settled share-based compensation. The first quarter of 2022 also benefited from the cancellation of the forward contracts resulting in a decrease in other receivables of \$3.1 million.

As at December 31, 2022, the Company had \$43.9 million of cash.

Plan of Arrangement

On August 4, 2022, the Board approved a distribution to shareholders of approximately \$100.0 million by way of a share repurchase from all shareholders pursuant to a statutory arrangement under the Business Corporations Act (British Columbia). The shareholders of the Company (the "Shareholders") approved the Arrangement at a special meeting of the Shareholders held on September 23, 2022 and the Company subsequently obtained the final order from the Supreme Court of British Columbia approving the Arrangement on September 27, 2022. On October 4, 2022, the Company repurchased from shareholders pro rata an aggregate of 7,949,125 common shares (including 388,082 shares held in treasury) at a purchase price of \$12.58 per share pursuant to the Arrangement for a total of \$101.0 million, including \$1.0 million of transaction costs. The \$101.0 million cash outlay was reduced by \$4.9 million for the cancellation of 388,082 of the Corporation's 1,298,994 shares held in Treasury for a net cash outlay of \$96.1 million. Also pursuant to the Arrangement, the Company advanced \$24.0 million to the Pension Plan's wind-up deficit for the year ended December 31, 2022.

(1) Adjusted EBITDA is equal to Income from operations before depreciation and amortization and restructuring and other charges (defined herein as Adjusted EBITDA), as shown in Yellow Pages Limited's consolidated statements of income. Adjusted EBITDA, Adjusted EBITDA margin, CAPEX, Adjusted EBITDA less CAPEX, Adjusted EBITDA less CAPEX margin are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, they are unlikely to be comparable to similar measures presented by other public companies. Refer to the section on Non-GAAP financial measures at the end of this document for more details.

Conference Call & Webcast

Yellow Pages Limited will hold an analyst and media call and simultaneous webcast at 8:30 a.m. (Eastern Time) on February 15, 2023 to discuss fourth quarter 2022 results. The call may be accessed by dialing 416-695-6725 within the Toronto area, or 1-866-696-5910 outside of Toronto, Passcode 2713953#. Please be prepared to join the conference at least 5 minutes prior to the conference start time.

The call will be simultaneously webcast on the Company's website at:
<https://corporate.yip.ca/en/investors/financial-reports>.

The conference call will be archived in the Investors section of the site at:
<https://corporate.yip.ca/en/investors/financial-events-presentations>.

About Yellow Pages Limited

Yellow Pages Limited (TSX: Y) is a Canadian digital media and marketing company that creates opportunities for buyers and sellers to interact and transact in the local economy. Yellow Pages holds some of Canada's leading local online properties including YP.ca, Canada411 and 411.ca. The Company also holds the YP, Canada411 and 411 mobile applications and Yellow Pages print directories. For more information visit www.corporate.yip.ca.

Caution Concerning Forward-Looking Statements

This press release contains forward-looking statements about the objectives, strategies, financial conditions and results of operations and businesses of YP (including, without limitation, payment of a cash dividend per share per quarter to its common shareholders). These statements are forward-looking as they are based on our current expectations, as at February 14, 2023, about our business and the markets we operate in, and on various estimates and assumptions. Our actual results could materially differ from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. As a result, there is no assurance that any forward-looking statements will materialize. Risks that could cause our results to differ materially from our current expectations are discussed in section 5 of our February 14, 2023 Management's Discussion and Analysis. We disclaim any intention or obligation to update any forward-looking statements, except as required by law, even if new information becomes available, as a result of future events or for any other reason.

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Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA margin

In order to provide a better understanding of the results, the Company uses the terms Adjusted EBITDA and Adjusted EBITDA margin. Adjusted EBITDA is equal to Income from operations before depreciation and amortization and restructuring and other charges (defined herein as Adjusted EBITDA), as shown in Yellow Pages Limited's consolidated statements of income. Adjusted EBITDA margin is defined as the percentage of Adjusted EBITDA to revenues. Adjusted EBITDA and Adjusted EBITDA margin are not performance measures defined under IFRS and are not considered an alternative to income from operations or net income in the context of measuring Yellow Pages performance. Adjusted EBITDA and Adjusted EBITDA margin do not have a standardized meaning under IFRS and are therefore not likely to be comparable to similar measures used by other publicly traded companies. Adjusted EBITDA and Adjusted EBITDA margin should not be used as exclusive measures of cash flow since they do not account for the impact of working capital changes, income taxes, interest payments, pension funding, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed on page 19 of our February 14, 2023 MD&A. Management uses Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of its business as it reflects its ongoing profitability. Management believes that certain investors and analysts use Adjusted EBITDA and Adjusted EBITDA margin to measure a company's ability to service debt and to meet other payment obligations or as common measurement to value companies in the media and marketing solutions industry as well as to evaluate the performance of a business.

Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin

The Company also uses Adjusted EBITDA less CAPEX, which is defined as Adjusted EBITDA, as defined above, less CAPEX which we define as additions to intangible assets and additions to property and equipment as reported in the Investing Activities section of the Company's consolidated statements of cash flows. Adjusted EBITDA less CAPEX margin is defined as the percentage of Adjusted EBITDA less CAPEX to revenues. Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin are non-GAAP financial measures and do not have any standardized meaning under IFRS. Therefore, are unlikely to be comparable to similar measures presented by other publicly traded companies. We use Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin to evaluate the performance of our business as it reflects cash generated from business activities. We believe that certain investors and analysts use Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin to evaluate the performance of businesses in our industry.

The most comparable IFRS financial measure to Adjusted EBITDA less Capex is Income from operations before depreciation and amortization and restructuring and other charges (defined above as Adjusted EBITDA) as shown in Yellow Pages Limited's consolidated statements of income. Refer to pages 8 and 14 of the February 14, 2023 MD&A for a reconciliation of Adjusted EBITDA less CAPEX.