YellowPages

Yellow Pages Limited Reports Strong Fourth Quarter and Full Year 2021 Financial and Operating Results and Declares a Cash Dividend1

Montreal (Quebec), February 10, 2022 – 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, 2021.

"We are very pleased with our fourth quarter and full year results, which further reflect our steady march toward revenue stability," said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the key developments:

- **More progress toward revenue stability.** "For the fifth consecutive quarter since COVID-19 hit, and the tenth of the last twelve quarters overall, we report a favorable 'bending of the revenue curve' in Q4, with a better rate of change in revenue than reported for the previous quarter."
- **Continued favorable trends in bookings.** "The trends in our bookings continue to be quite strong, as we continue to approach revenue stability."
- **Concrete investments in revenue initiatives.** "We continue to make progress on executing on our programs to expand our tele-sales force and to add to our strong product portfolio, including two key strategic partnerships announced earlier today."
- **Strong quarterly earnings.** "Our Adjusted EBITDA[2] for the quarter and full year was a very strong 35.5% of revenue, despite our focus on and investments in revenue initiatives."
- **Ever-growing cash balance.** "Our steadily strong cash generation has grown cash on hand to approximately $130 million as of the end of January."
- **Pension plan funding on track.** "Consistent with our previously announced deficit-reduction plan, in 2021 alone we made $4.0 million of voluntary incremental payments toward our Defined Benefit Pension Plan's wind-up deficit."
- **Quarterly dividend declared.** "Our Board has declared a dividend of $0.15 per common share, to be paid on March 15, 2022 to shareholders of record as of February 25, 2022."
- **Continuing common stock NCIB.** "Under our current NCIB program commenced August 10, 2021, at the end of the year the Company had purchased 251,376 common shares for cash of $3.6 million."

(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 on page 5 of this document for more details.

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,**	
	2021	2020	**2021**	2020
Revenues	**$68,624**	$76,669	**$287,646**	$333,538
Adjusted EBITDA[1]	**$24,360**	$27,639	**$102,000**	$129,442
Adjusted EBITDA margin[1]	**35.5%**	36.0%	**35.5%**	38.8%
Earnings before income taxes	**$15,924**	$19,155	**$59,914**	$78,712
Net earnings	**$38,735**	$16,815	**$70,635**	$60,298
Basic earnings per share	**$1.48**	$0.63	**$2.68**	$2.27
Diluted earnings per share	**$1.46**	$0.58	**$2.64**	$2.10
CAPEX[1]	**$1,220**	$1,474	**$5,074**	$5,573
Adjusted EBITDA less CAPEX[1]	**$23,140**	$26,165	**$96,926**	$123,869
Adjusted EBITDA less CAPEX margin[1]	**33.7%**	34.1%	**33.7%**	37.1%
Cash flows from operating activities	**$28,775**	$35,438	**$104,579**	$126,998

Fourth Quarter 2021 Results

- Total revenues decreased 10.5% year-over-year and amounted to $68.6 million for the three-month period ended December 31, 2021, an improvement from the decrease of 11.7% reported last quarter.
- Adjusted EBITDA less CAPEX totalled $23.1 million and the EBITDA less CAPEX margin was 33.7%.
- Net earnings increased to $38.7 million, or to $1.46 per diluted share.

Financial Results for the Fourth Quarter of 2021

Total revenues for the fourth quarter ended December 31, 2021 decreased by 10.5% year-over-year and amounted to $68.6 million as compared to $76.7 million for the same period last year. The decrease for the quarter ended December 31, 2021 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.

Adjusted EBITDA[1] decreased to $24.4 million or 35.5% of revenues in the fourth quarter ended December 31, 2021, relative to $27.6 million or 36.0% of revenues for the same period last year. The decrease in Adjusted EBITDA and Adjusted EBITDA margin in the three-month period ended December 31, 2021 is the result of revenue pressures, investments in our tele-sales force capacity, and lower wage subsidies received, partially offset by efficiencies from optimization in cost of sales and reductions in other operating costs including reductions in our workforce and associated employee expenses. Revenue pressures, coupled with increased headcount in our salesforce partially offset by continued optimization, will create some pressure on margin in upcoming quarters.

Adjusted EBITDA less CAPEX decreased by $3.1 million to $23.1 million during the fourth quarter of 2021, compared to $26.2 million during the same period last year. The decrease in Adjusted EBITDA less CAPEX for the three-month period ended December 31, 2021 is mainly due to lower Adjusted EBITDA partially offset by lower capital expenditures.

Net earnings for the three-month ended December 31, 2021 amounted to $38.7 million as compared to net earnings of $16.8 million for the same period last year due to higher recognition of previously unrecognized tax attributes and temporary differences. Earnings before taxes decreased from $19.2 million for the fourth quarter of 2020 to $15.9 million for the three-month period ended December 31, 2021, explained principally by lower Adjusted EBITDA and the increase in restructuring and other charges, partially offset by decreases in depreciation and amortization and financial charges.

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Cash flows from operating activities decreased by $6.6 million to $28.8 million for the three-month period ended December 31, 2021 from $35.4 million last year. The decrease is mainly due to lower Adjusted EBITDA1 of $3.3 million, increased funding of post-employment benefit plans of $1.7 million and a decrease of $6.5 million from the change in operating assets and liabilities, partially offset by lower interest paid of $4.4 million and lower payments for restructuring and other charges of
$0.3 million.

Financial Results for the Year Ended December 31, 2021

Total revenues for the year ended December 31, 2021 decreased by 13.8% to $287.6 million, as compared to $333.5 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, 2021 Adjusted EBITDA decreased by $27.4 million or 21.2% to $102.0 million or 35.5% of revenues, compared to $129.4 million or 38.8% of revenues for the same period last year. The decrease in Adjusted EBITDA is the result of revenue pressures, investments in our tele-sales force capacity, as well as the impact of the Company's share-price on cash settled stock-based compensation expense and lower wage subsidies received, partially offset by efficiencies from optimization in cost of sales and reductions in other operating costs including reductions in our workforce and associated employee expenses as well the Company's office space footprint and other spending across the Company.

For the year ended December 31, 2021 Adjusted EBITDA less CAPEX[1] decreased by $26.9 million or 21.8% to $96.9 million, compared to $123.9 million for the same period last year. The decrease is mainly driven by the decrease in Adjusted EBITDA, partially offset by lower capital expenditures driven by lower spend in software development year-over-year.

Net earnings increased to $70.6 million for the year ended December 31, 2021 compared to net earnings of $60.3 million, for the same period last year due to higher recognition of previously unrecognized tax attributes and temporary differences. Earnings before income taxes decreased from $78.7 million to $59.9 million for the year ended December 31, 2021, explained principally by lower Adjusted EBITDA and the loss on early repayment of debt, partially offset by decreases in depreciation and amortization, restructuring and other charges, and financial charges.

Cash flows from operating activities decreased by $22.4 million to $104.6 million for the year ended December 31, 2021 from $127.0 million last year. The decrease is mainly due to lower Adjusted EBITDA of $27.4 million and increased funding of post-employment benefit plans of $4.2 million, partially offset by lower payments for restructuring and other charges of $4.1 million, and lower interest paid of $4.2 million.

As at December 31, 2021, the Company had $123.6 million of cash.

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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 10, 2022 to discuss fourth quarter 2021 results. The call may be accessed by dialing 416-695-6725 within the Toronto area, or 1-866-696-5910 outside of Toronto, Passcode 3151105#. 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.yp.ca/en/investors/financial-reports.

The conference call will be archived in the Investors section of the site at:

https://corporate.yp.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.yp.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; the number of Shares purchased by the Company during the NCIB; and the intention to limit purchases to $16.0 million).These statements are forward-looking as they are based on our current expectations, as at February 9, 2022, 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 9, 2022 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 earnings 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, business acquisitions, debt principal reductions and other sources and uses of cash, which are disclosed on page 22 of our February 9, 2022 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 9 and 17 of the February 9, 2022 MD&A for a reconciliation of Adjusted EBITDA less CAPEX.