



Yellow Pages Limited Reports Strong First Quarter 2022 Financial and Operating Results and Declares a Cash Dividend(1)

Montreal (Quebec), May 11, 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 ended March 31, 2022.

“In the first quarter of 2022, our steady march toward revenue stability accelerated, while we continued to produce excellent earnings,” said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the key developments:

- **Accelerated progress toward revenue stability.** “Our rate of change in revenue for Q1 was almost 3 points better than reported for the previous quarter.”
- **Continued favorable trends in bookings.** “We continue to see favorable trends in our bookings, which are the leading indicator of our future reported revenue.”
- **Productive investments in revenue initiatives.** “Our programs to expand our tele-sales force and to add to our strong product portfolio are bearing fruit.”
- **Strong quarterly earnings.** “Our Adjusted EBITDA² for the quarter was 37.5% of revenue, even higher than last year’s first quarter, despite our continued investments in revenue initiatives and evolving product mix.”
- **Strong cash balance.** “Despite disbursements during the quarter for 2021 full year income tax and certain stock-based, long-term compensation and regular annual bonuses, cash on hand stood at approximately \$125 million as of the end of April.”
- **Pension plan funding on track.** “Consistent with our previously announced deficit-reduction plan, in the first quarter of 2022 alone we made \$1.0 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 June 15, 2022 to shareholders of record as of May 27, 2022.”
- **Continuing common stock NCIB.** “Under our current NCIB program commenced August 10, 2021, the company purchased 448,036 common shares for cash of \$6.3 million in the first quarter, bringing the cumulative total to 699,412 common shares for cash of \$9.9 million as of March 31, 2022.”

(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 interim condensed 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 March 31,	
	2022	2021
Revenues	\$67,789	\$73,514
Adjusted EBITDA ¹	\$25,411	\$26,583
Adjusted EBITDA margin ¹	37.5%	36.2%
Earnings before income taxes	\$19,909	\$16,640
Net earnings	\$14,630	\$12,135
Basic earnings per share	\$0.56	\$0.46
Diluted earnings per share	\$0.56	\$0.44
CAPEX ¹	\$1,502	\$1,240
Adjusted EBITDA less CAPEX ¹	\$23,909	\$25,343
Adjusted EBITDA less CAPEX margin ¹	35.3%	34.5%
Cash flows from operating activities	\$4,400	\$22,556

First Quarter of 2022 Results

- Total revenues decreased 7.8% year-over-year and amounted to \$67.8 million for the three-month period ended March 31, 2022, an improvement from the decrease of 10.5% reported last quarter.
- Adjusted EBITDA less CAPEX totalled \$23.9 million and the EBITDA less CAPEX margin was 35.3%.
- Net earnings increased to \$14.6 million, or to \$0.56 per diluted share.

Financial Results for the First Quarter of 2022

Total revenues for the first quarter ended March 31, 2022 decreased by 7.8% to \$67.8 million, as compared to \$73.5 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.

The decline rates for total revenues, digital revenues as well as print revenues all improved significantly year-over-year. Total revenue decline of 7.8% this quarter compares to a decline of 16.8% reported for the same period last year. This improvement was due to better spend per customer as well as increased renewal rates. The improved customer spend per customer is due in part to increased pricing.

Adjusted EBITDA¹ decreased by \$1.2 million or 4.4% to \$25.4 million for the three-month period ended March 31, 2022, compared to \$26.6 million for the same period last year. The Adjusted EBITDA margin¹ increased by 1.3% to 37.5% for the first quarter of 2022 compared to 36.2% for the same period last year. The decrease in Adjusted EBITDA is the result of revenue pressures, 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 and the impact of the Company's share-price on cash settled stock-based compensation 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 CAPEX¹ decreased by \$1.4 million or 5.7% to \$23.9 million for the three-month period ended March 31, 2022, compared to \$25.3 million for the same period last year. The decrease is mainly driven by the decrease in Adjusted EBITDA. The Adjusted EBITDA less CAPEX margin has increased to 35.3% for the first quarter of 2022 from 34.5% for the same period last year.

(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 interim condensed 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.

Net earnings increased to \$14.6 million for the three-month period ended March 31, 2022 compared to net earnings of \$12.1 million, for the same period last year, explained principally by lower Adjusted EBITDA being more than offset by the decrease in financial charges due to lower debt as well as decreases in restructuring and other charges and depreciation and amortization.

Cash flows from operating activities decreased by \$18.2 million to \$4.4 million for the three-month period ended March 31, 2022. The decrease is mainly due to income taxes paid of \$6.8M, of which \$5.7 million related to the full year 2021 and \$1.1 million related to instalments for 2022, increased stock-based compensation cash settlements of \$2.8 million, increased funding of post-employment benefit plans of \$1.3 million, lower Adjusted EBITDA of \$1.2 million, and by a decrease of \$6.3 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. 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 March 31, 2022, the Company had \$115.9 million of cash.

Conference Call & Webcast

Yellow Pages Limited will hold an analyst and media call and simultaneous webcast at 8:30 a.m. (Eastern Time) on May 11, 2022 to discuss first 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 3850483#. 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; 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 May 10, 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 May 10, 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 interim condensed 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 12 of our May 10, 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 interim condensed 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 interim condensed consolidated statements of income. Refer to page 8 of the May 10, 2022 MD&A for a reconciliation of Adjusted EBITDA less CAPEX.

