



Yellow Pages Limited Reports Strong Third Quarter 2021 Financial and Operating Results and Declares a Cash Dividend

Montreal (Quebec), November 12, 2021 — 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 nine months ended September 30, 2021.

“We are very pleased with our third quarter results, which reflect our continuing progress toward revenue stability,” said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the key developments:

- **Significant progress toward revenue stability.** “For the fourth consecutive quarter since COVID-19 hit, we report a favorable ‘bending of the revenue curve’ in Q3, with a markedly better rate of change in revenue than reported for the previous quarter.”
- **Promising trends in bookings.** “The trends in our bookings continue to be quite strong, as we continue our march toward revenue stability.”
- **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.”
- **Strong quarterly earnings.** “Our Adjusted EBITDA¹ for the quarter was a very strong 37.5% of revenue, despite the COVID-19 crisis and our continued investments in revenue initiatives.”
- **Healthy and growing cash balance.** “Our consistently strong cash generation has grown cash on hand to approximately \$113 million as of the end of October.”
- **Pension plan funding on track.** “Consistent with our previously announced deficit-reduction plan, year-to-date we have made \$2.3 million of voluntary incremental payments toward our Defined Benefit Pension Plan’s wind-up deficit.”
- **Quarterly dividend² declared.** “Our Board has declared a dividend of \$0.15 per common share, to be paid on December 15, 2021 to shareholders of record as of November 26, 2021.”
- **Continuing common stock NCIB.** “Under our current NCIB program commenced August 10, 2021, at the end of the third quarter the Company had purchased 28,357 common shares for cash of \$0.4 million.”

(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-IFRS 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-IFRS financial measures on page 5 of this document for more details.

(2) 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.

Financial Highlights

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

Yellow Pages Limited	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2021	2020	2021	2020
Revenues	\$70,920	\$80,281	\$219,022	\$256,869
Adjusted EBITDA ¹	\$26,617	\$27,312	\$77,640	\$101,803
Adjusted EBITDA margin ¹	37.5%	34.0%	35.4%	39.6%
Earnings before income taxes	\$19,004	\$12,110	\$43,990	\$59,557
Net earnings	\$13,747	\$9,041	\$31,900	\$43,483
Basic earnings per share	\$0.52	\$0.34	\$1.21	\$1.63
Diluted earnings per share	\$0.51	\$0.34	\$1.19	\$1.52
CAPEX ¹	\$1,269	\$1,340	\$3,854	\$4,099
Adjusted EBITDA less CAPEX ¹	\$25,348	\$25,972	\$73,786	\$97,704
Adjusted EBITDA less CAPEX margin ¹	35.7%	32.4%	33.7%	38.0%
Cash flows from operating activities	\$24,685	\$32,739	\$75,804	\$91,560

Third Quarter 2021 Results

- Total revenues decreased 11.7% year-over-year and amounted to \$70.9 million for the three-month period ended September 30, 2021, an improvement from the decrease of 15.5% reported last quarter.
- Adjusted EBITDA less CAPEX¹ totalled \$25.3 million and the EBITDA less CAPEX margin¹ was 35.7%.
- Net earnings increased to \$13.7 million, or to \$0.51 per diluted share.

Financial Results for the Third Quarter of 2021

Total revenues for the third quarter ended September 30, 2021 of \$70.9 million decreased by \$9.4 million or 11.7% as compared to \$80.3 million for the same period last year. The decrease in revenues for the three-month period ended September 30, 2021 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.

Adjusted EBITDA¹ for the three-month period ended September 30, 2021 totalled \$26.6 million compared to \$27.3 million for the same period last year. The Adjusted EBITDA margin¹ increased to 37.5% in the third quarter of 2021 compared to 34.0% for the same period last year. The decrease in Adjusted EBITDA for the three-month period ended September 30, 2021, is the result of revenue pressures and investments in our tele-sales force capacity, partially offset by the impact of the Company's share-price on cash settled stock-based compensation expense, 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. The change in YP's share price, resulted in a recovery of \$0.1 million related to cash settled stock-based compensation expense for the three-month period ended September 30, 2021 compared to a charge of \$3.5 million for the comparative three-month period ended September 30, 2020. Furthermore, the third quarter of 2020 was impacted by the resumed spending for the fulfillment of paused campaigns related to the COVID-19 pandemic. 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 for the three-month period ended September 30, 2021 totalled \$25.3 million compared to \$26.0 million for the same period last year. The decrease for the three-month period ended September 30, 2021 is mainly driven by the decrease in Adjusted EBITDA as CAPEX was relatively stable year-over-year.

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Net earnings increased to \$13.7 million for the three-month period ended September 30, 2021 compared to \$9.0 million for the same period last year. The increase in net earnings of \$4.7 million for the three-month period ended September 30, 2021, compared to the same period last year, is explained principally by the decrease in Adjusted EBITDA¹ and higher provision of income taxes, being more than offset by decreases in depreciation and amortization, restructuring and other charges and financial charges.

Cash flows from operating activities decreased by \$8.0 million to \$24.7 million for the three-month period ended September 30, 2021 compared to \$32.7 million for the same period last year, mainly due to a decrease of \$8.7 million from the change in operating assets and liabilities, lower Adjusted EBITDA of \$0.7 million, increased funding of post-employment benefit plans of \$1.8 million, partially offset by lower payments for restructuring and other charges of \$0.8 million.

As at September 30, 2021, the Company had \$103.6 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 November 12, 2021 to discuss third 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 8577790#. 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 November 11, 2021, 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 November 11, 2021 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-IFRS 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 14 of our November 11, 2021 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-IFRS 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 November 11, 2021 MD&A for a reconciliation of Adjusted EBITDA less CAPEX.