



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

Montreal (Quebec), November 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 nine months ended September 30, 2022.

“Today we report continued strong profitability and yet more progress toward revenue stability,” said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the key developments:

- **Ever closer to revenue stability.** “For the eighth consecutive quarter since COVID-19 hit, and the thirteenth of the last fifteen quarters overall, we report a favorable ‘bending of the revenue curve’ in Q3, with a better rate of change in revenue than reported for the previous quarter.”
- **Strong quarterly earnings.** “Our Adjusted EBITDA² for the quarter was 39.8% of revenue, even higher than last year’s third quarter, despite our continued, productive investments in revenue initiatives and evolving product mix.”
- **Cash to Shareholders and to Pension Plan.** “On October 4, 2022, we completed the previously announced plan of arrangement. The Company used \$100 million of discretionary cash to buy back the Company’s shares and contributed \$12 million of the planned \$24 million voluntary contributions to the Defined Benefit Pension Plan (the “Pension Plan”). The remaining voluntary contributions to the Pension Plan will be made by the end of the year as necessitated by the plan of arrangement. In addition, consistent with our previously announced deficit-reduction plan, in the third quarter of 2022, we made \$1 million of voluntary incremental payments toward our 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 October was approximately \$39 million.”
- **Quarterly dividend declared.** “Our Board has declared a dividend of \$0.15 per common share, to be paid on December 15, 2022 to shareholders of record as of November 24, 2022.”

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,	
	2022	2021	2022	2021
Revenues	\$66,310	\$70,920	\$203,683	\$219,022
Adjusted EBITDA ²	\$26,390	\$26,617	\$75,589	\$77,640
Adjusted EBITDA margin ²	39.8%	37.5%	37.1%	35.4%
Earnings before income taxes	\$22,209	\$19,004	\$59,467	\$43,990
Net earnings	\$16,693	\$13,747	\$44,001	\$31,900
Basic earnings per share	\$0.66	\$0.52	\$1.72	\$1.21
Diluted earnings per share	\$0.60	\$0.51	\$1.64	\$1.19
CAPEX ²	\$1,282	\$1,269	\$4,018	\$3,854
Adjusted EBITDA less CAPEX ²	\$25,108	\$25,348	\$71,571	\$73,786
Adjusted EBITDA less CAPEX margin ²	37.9%	35.7%	35.1%	33.7%
Cash flows from operating activities	\$20,906	\$24,685	\$50,120	\$75,804

(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 4 of this document for more details.

Third Quarter of 2022 Results

- Total revenues decreased 6.5% year-over-year and amounted to \$66.3 million for the three-month period ended September 30, 2022, an improvement from the decrease of 6.7% reported last quarter.
- Adjusted EBITDA less CAPEX¹ totalled \$25.1 million and the EBITDA less CAPEX margin¹ was 37.9%.
- Net earnings increased to \$16.7 million, or to \$0.60 per diluted share.

Financial Results for the Third Quarter of 2022

Total revenues for the third quarter ended September 30, 2022 decreased by 6.5% to \$66.3 million, as compared to \$70.9 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 and print revenues all improved significantly year-over-year. Total revenue decline of 6.5% this quarter compares to a decline of 11.7% reported for the same period last year. Digital revenue decline of 5.0% this quarter compares to a decline of 10.3% reported for the same period last year. Print revenue decline of 11.7% this quarter compares to a decline of 16.0% reported for the same period last year. These improvements were due to better spend per customer, increased renewal rates as well as improvement in customer claims. The improved customer spend per customer is due in part to increased pricing.

Adjusted EBITDA¹ decreased by \$0.2 million or 0.9% to \$26.4 million for the three-month period ended September 30, 2022, compared to \$26.6 million for the same period last year. The Adjusted EBITDA margin¹ increased by 2.3% to 39.8% for the third quarter of 2022 compared to 37.5% for the same period last year. The decrease in Adjusted EBITDA 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. 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 \$0.2 million or 0.9% to \$25.1 million for the three-month period ended September 30, 2022, compared to \$25.3 million for the same period last year. The decrease is driven by the decrease in Adjusted EBITDA. The adjusted EBITDA less CAPEX margin has increased to 37.9% for the third quarter of 2022 from 35.7% for the same period last year.

Net earnings increased to \$16.7 million for the three-month period ended September 30, 2022 compared to net earnings of \$13.7 million, for the same period last year. The increase in net earnings of \$3.0 million for the three-month period ended September 30, 2022, compared to the same period last year, is explained principally by the decrease in Adjusted EBITDA¹ and higher provision for 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 \$3.8 million to \$20.9 million for the three-month period ended September 30, 2022. The decrease is mainly due to lower Adjusted EBITDA of \$0.2 million and to a decrease of \$6.2 million from the change in operating assets and liabilities, partially offset by income taxes received of \$0.4 million, lower funding of post-employment benefit plans of \$0.6 million, lower stock-based compensation cash payments of \$1.0 million and lower restructuring and other charges paid of \$0.8 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 share-based compensation.

As at September 30, 2022, the Company had \$144.7 million of cash.

(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, 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 4 of this document for more details.

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 "Arrangement"). Under the Arrangement, the Company will also advance the previously announced voluntary incremental cash contributions to the Defined Benefit Pension Plan's (the "Pension Plan") wind-up deficit by an amount of \$24.0 million during the year ending December 31, 2022.

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 at a purchase price of \$12.58 per share pursuant to the plan of arrangement. During October 2022, also pursuant to the plan of arrangement, the Company advanced \$12.0 million to the Pension Plan's wind-up deficit and will advance the additional \$12.0 million prior to December 31, 2022.

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 10, 2022 to discuss third 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 November 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 November 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 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 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 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 9 of the November 9, 2022 MD&A for a reconciliation of Adjusted EBITDA less CAPEX.