Yellow Pages Limited Reports Solid Financial and Operating Results in First Quarter 2021 and Intentions for Use of Mounting Cash Balance

Montreal (Quebec), – 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, 2021 and made several announcements relating to its use of cash.

"Today we report another good quarter's results, and we are making several significant announcements regarding how we plan to use our cash," said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the key developments:

- **Solid quarterly earnings.** "Our Adjusted EBITDA[1] for the quarter was a healthy 36% of revenue, despite the COVID-19 crisis and our investments in revenue initiatives."
- **Continued rebound of the "revenue curve."** "For the second consecutive quarter since COVID-19 hit, we report a favorable 'bending of the revenue curve' in Q1, with a better rate of change in revenue than reported for the previous quarter."
- **Progress on 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."
- **Promising trends in bookings.** "The trends in our bookings are favorable, suggesting further improvement in our revenue curve in coming quarters, as the sales levels already booked become reported revenue."
- **Mounting cash balance.** "As of the end of April, our cash on hand was approximately $181 million."
- **Debt-free by June 1**. "As announced on April 23rd, on May 31, 2021 we will pay off the principal amount of our Exchangeable Debentures of $107.0 million, at par, plus any related interest owing, which are our only remaining debt, excluding lease obligations."
- **Cash to Shareholders and to Pension Plan.** "Having effectively paid off all of our debt, we now round a corner and are able to begin directing more discretionary cash to our shareholders and to our Defined Benefit Pension Plan (the "Plan"). Today we announce these initial steps:
  - **Increase in quarterly cash dividend**[2]. "Our board has modified its dividend policy of paying a quarterly cash dividend to its common shareholders by increasing the dividend from $0.11 per share to $0.15 per share, an increase of 36%."
  - **New Common Stock NCIB.** "Subsequent to full repayment of our Exchangeable Debentures on May 31, 2021 and the expiration of the Company's current NCIB program on August 9, 2021, the Company intends to commence a new NCIB on or around August 10, 2021, subject to regulatory approval, to purchase up to

5% of the Company's outstanding shares for cancellation during a twelve-month period. The Company limited aggregate purchases under its current NCIB to $5 million and intends to limit aggregate purchases under the new NCIB to $16 million."

- **Pension Plan Funding.** "Our board has approved a voluntary incremental $4 million cash contribution to the Plan in 2021, to bring 2021 cash payments to the Plan's wind-up deficit to $6 million. The voluntary cash infusions are part of a deficit-reduction plan to increase the probability that the Plan will be fully funded on a wind-up basis by 2030, compared to a current projection in the 2040s. The deficit-reduction plan includes an intention to make cash payments to the wind-up deficit of $6.0 million every year until 2030. The probability of achieving a wind-up ratio of 100% by 2030 is dependent upon other, uncontrollable factors, including, among others, market returns and discount rates. The board will review the deficit reduction plan annually."

On June 1, 2021, following the full repayment of the Exchangeable Debentures, the Board of Directors intends to formally declare a cash dividend of $0.15 per common share, payable on June 30, 2021 to shareholders of record as at June 9, 2021.

(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 and Net debt excluding lease obligations 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 4 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 March 31, 2021	2020
Revenues	**$73,514**	$88,308
Adjusted EBITDA[1]	**$26,583**	$32,563
Adjusted EBITDA margin[1]	**36.2%**	36.9%
Earnings before income taxes	**$16,640**	$16,968
Net earnings	**$12,135**	$12,403
Basic earnings per share	**$0.46**	$0.47
Diluted earnings per share	**$0.44**	$0.44
CAPEX[1]	**$1,240**	$1,231
Adjusted EBITDA less CAPEX[1]	**$25,343**	$31,332
Adjusted EBITDA less CAPEX margin[1]	**34.5%**	35.5%
Cash flows from operating activities	**$22,556**	$27,148

First Quarter of 2021 Results

- Adjusted EBITDA less CAPEX[1] totaled $25.3 million and the EBITDA less CAPEX margin[1] was 34.5%.

- Net earnings remained relatively stable at $12.1 million, or $0.44 per diluted share.
- Cash position at the end of the period was $170.9 million and approximately $181.0 million as at April 30, 2021.

Financial Results for the First Quarter of 2021

Total revenues for the first quarter ended March 31, 2021 of $73.5 million decreased by $14.8 million or 16.8% as compared to $88.3 million for the same period last year. The decrease in revenues for the three-month period ended March 31, 2021 is mainly due to the decline of our higher margin digital media and print products and to a lesser extent our lower margin digital services products, thereby creating pressure on our gross profit margins. The results were also impacted by the COVID-19 pandemic which impacted customer spend and to a lesser extent customer renewal rates.

Adjusted EBITDA[1] for the three-month period ended March 31, 2021 totaled $26.6 million compared to $32.6 million for the same period last year. The Adjusted EBITDA margin[1] remained relatively stable at 36.2% in the first quarter of 2021 compared to 36.9% for the same period last year. The decrease in Adjusted EBITDA is the result of the revenue pressures 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 a reduction in the Company's office space footprint and other spending reductions across the Company. The Company also received a $0.7 million emergency wage subsidy during the three-month period ended March 31, 2021. Furthermore, the first quarter of 2020 was negatively impacted by an increase in bad debt expense of $1.5 million related to the COVID-19 pandemic. 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[1] for the three-month period ended March 31, 2021 totaled $25.3 million compared to $31.3 million for the same period last year. The decrease for the three-month period ended March 31, 2021 is driven by the decrease in Adjusted EBITDA as CAPEX was stable year-over-year.

Net earnings for the three-month period ended March 31, 2021, remained relatively stable at $12.1 million as compared to net earnings of $12.4 million for the same period last year, as lower Adjusted EBITDA was offset by lower depreciation and amortization, restructuring and other charges and financial charges.

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 and Net debt excluding lease obligations 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 4 of this document for more details

Cash flows from operating activities decreased by $4.5 million to $22.6 million from $27.1 million for the three-month period ended March 31, 2020, mainly due to lower Adjusted EBITDA[1] of $6.0 million partially offset by lower payments for restructuring and other charges of $1.6 million.

The Company had $154.0 million of total debt, as at March 31, 2021 and December 31, 2020. As at March 31, 2021, the Company had ($69.2) million net debt excluding lease obligations[1], compared to ($52.4) million as at December 31, 2020.

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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 May 13, 2021 to discuss first 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, (a) full repayment of the Company's remaining exchangeable debentures on May 31, 2021, at par, and (b) 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 May 12, 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 May 12, 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 13 of our May 12, 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 May 12, 2021 MD&A for a reconciliation of Adjusted EBITDA less CAPEX.

Net debt excluding lease obligations

Net debt excluding lease obligations is a non-IFRS financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other publicly traded companies. Net debt excluding lease obligations is comprised of Exchangeable debentures less Cash as presented in our interim condensed consolidated statements of financial position. We use net debt as an indicator of the Company's ability to cover financial obligations and reduce debt and associated interest charge as it represents the amount of debt excluding lease obligations that is not covered by available cash. We believe that certain investors and analysts use net debt to determine a company's financial leverage.

The most comparable IFRS financial measure is total debt, as presented in the capital disclosures note on page 48 of our consolidated financial statements for the years ended 2020 and 2019. The table below provides a reconciliation of total debt to net debt excluding lease obligations.

Net debt excluding lease obligations
(In thousands of Canadian dollars)

As at	**March 31, 2021**	December 31, 2020
Exchangeable debentures	**$ 101,760**	$ 101,115
Lease obligations	**52,189**	52,874
Total debt	**$ 153,949**	$ 153,989
Lease obligations	**(52,189)**	(52,874)
Cash	**(170,943)**	(153,492)
Net debt excluding lease obligations	**$ (69,183)**	$ (52,377)