YellowPages™

Yellow Pages Limited Reports Strong Second Quarter 2022 Results, Announces Plan for $100 million Share Buyback and $24 million Pension Plan Voluntary Contribution, and Declares a Cash Dividend(1)

Montreal (Quebec), August 5, 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 six months ended June 30, 2022 and made several announcements relating to its use of cash.

"Today we report another significant step in our steady march toward revenue stability, while maintaining superior profitability, and we announce a plan to distribute cash of $100 million to our shareholders and $24 million into our defined benefit pension plan," said David A. Eckert, President and CEO of Yellow Pages Limited.

Eckert commented on the key developments:

- **Approaching revenue stability.** "For the seventh consecutive quarter since COVID-19 hit, and the twelfth of the last fourteen quarters overall, we report a favorable 'bending of the revenue curve' in Q2, with a better rate of change in revenue than reported for the previous quarter."
- **Continued favorable trends in bookings.** "As we have said frequently, we continue to see increasingly favorable trends in our bookings, which are the leading indicator of our future reported revenue."
- **Strong quarterly earnings.** "Our Adjusted EBITDA[2] for the quarter was 34.2% of revenue, even higher than last year's second quarter, despite our continued, productive investments in revenue initiatives and evolving product mix."
- **Ever-growing cash balance.** "Our steadily strong cash generation has grown cash on hand to approximately $135 million as of the end of July."
- **Pension plan funding on track.** "Consistent with our previously announced deficit-reduction plan, in the second quarter of 2022 alone we made $1 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 September 15, 2022 to shareholders of record as of August 25, 2022."
- **Completed common stock NCIB.** "Under our current NCIB program, commenced August 10, 2021, the Company purchased 423,099 common shares for cash of $6.1 million during Q2, 2022. This completed our

NCIB program, which resulted in the Company purchasing a cumulative total of 1,122,511 common shares for cash of $16.0 million."

- **Cash to Shareholders and to Pension Plan.** "Our Board has approved the use of discretionary cash of $100 million to buy back the Company's shares and also advance $24 million of planned voluntary contributions to the Defined Benefit Pension Plan (the "Pension Plan") by the end of the year, as part of a plan of arrangement."

(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 June 30,		For the six-month periods ended June 30,	
	2022	2021	**2022**	2021
Revenues	**$69,584**	$74,588	**$137,373**	$148,102
Adjusted EBITDA[1]	**$23,788**	$24,440	**$49,199**	$51,023
Adjusted EBITDA margin[1]	**34.2%**	32.8%	**35.8%**	34.5%
Earnings before income taxes	**$17,349**	$8,346	**$37,258**	$24,986
Net earnings	**$12,678**	$6,018	**$27,308**	$18,153
Basic earnings per share	**$0.50**	$0.23	**$1.06**	$0.69
Diluted earnings per share	**$0.49**	$0.22	**$1.06**	$0.68
CAPEX[1]	**$1,234**	$1,345	**$2,736**	$2,585
Adjusted EBITDA less CAPEX[1]	**$22,554**	$23,095	**$46,463**	$48,438
Adjusted EBITDA less CAPEX margin[1]	**32.4%**	31.0%	**33.8%**	32.7%
Cash flows from operating activities	**$24,814**	$28,563	**$29,214**	$51,119

Second Quarter of 2022 Results

- Total revenues decreased 6.7% year-over-year and amounted to $69.6 million for the three-month period ended June 30, 2022, an improvement from the decrease of 7.8% reported last quarter.
- Adjusted EBITDA less CAPEX totalled $22.6 million and the EBITDA less CAPEX margin was 32.4%.
- Net earnings increased to $12.7 million, or to $0.49 per diluted share.

Financial Results for the Second Quarter of 2022

Total revenues for the second quarter ended June 30, 2022 decreased by 6.7% to $69.6 million, as compared to $74.6 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 6.7% this quarter compares to a decline of 15.5% reported for the same period last year. Digital revenue decline of 5.2% this quarter compares to a decline of 13.6% reported for the same period last year. Print revenue decline of 11.2% this quarter compares to a decline of 20.8% reported for the same period last year. These improvements were 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 EBITDA[1] decreased by $0.7 million or 2.7% to $23.8 million for the three-month period ended June 30, 2022, compared to $24.4 million for the same period last year. The Adjusted EBITDA margin[1] increased by 1.4% to 34.2% for the second quarter of 2022 compared to 32.8% 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, the decrease in bad debt expense 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 CAPEX[1] decreased by $0.5 million or 2.3% to $22.6 million for the three-month period ended June 30, 2022, compared to $23.1 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 32.4% for the second quarter of 2022 from 31.0% for the same period last year.

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Net earnings increased to $12.7 million for the three-month period ended June 30, 2022 compared to net earnings of $6.0 million, for the same period last year. While the three-month period ended June 30, 2021, was impacted by the loss on the early repayment of debt of $7.8 million, the increase in net earnings for the same period in 2022 is further explained by lower Adjusted EBITDA[1] and the increase in restructuring and other charges, being more than offset by the decrease in financial charges due to lower debt as well as the decrease in depreciation and amortization.

Cash flows from operating activities decreased by $3.7 million to $24.8 million for the three-month period ended June 30, 2022. The decrease is mainly due to income taxes paid of $1.4 million, increased funding of post-employment benefit plans of $0.4 million, lower Adjusted EBITDA of $0.7 million, and by a decrease of $5.9 million from the change in operating assets and liabilities, partially offset by lower financial charges paid of $4.3 million and lower restructuring and other charges paid of $0.7 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 June 30, 2022, the Company had $129.3 million of cash.

Plan of Arrangement

The Board has approved a distribution to shareholders of approximately $100 million by way of a share repurchase from all shareholders pursuant to a statutory arrangement under the *Business Corporations Act* (British Columbia). The arrangement will be effected pursuant to a plan of arrangement which provides that the Company will repurchase from shareholders pro rata an aggregate of 7,949,125 common shares at a purchase price of $12.58 per share, which represents the volume weighted average price for the five consecutive trading days ending the trading day immediately prior to August 5, 2022.

Under the plan of arrangement, the Company will also advance the previously announced voluntary incremental cash contributions to the Pension Plan's wind-up deficit by an amount of $24 million during the year ending December 31, 2022, bringing 2022 cash payments to the Pension Plan's wind-up deficit to $30 million by the end of the year. The incremental voluntary cash infusion of $24 million during the year ended December 31, 2022 represents advancing the voluntary $6 million contributions intended in years 2027, 2028, 2029 and 2030 that were part of the Deficit Reduction Plan we announced in May of 2021 to increase the probability that the Pension Plan will be fully funded by 2030. The probability of achieving a wind-up ratio of 100% by 2030 is dependent upon certain uncontrollable factors, including, among others, market returns and discount rates. The Board will continue to review the Deficit Reduction Plan annually.

The arrangement is subject to the approval of at least 66 2/3% of the votes cast by the holders of shares at a special meeting of shareholders that will be called to approve the arrangement. Shareholders holding in excess of 78% of the outstanding shares have agreed with the Company to vote in favor of the arrangement. The arrangement is also subject to the receipt of the approval of the Supreme Court of British Columbia.

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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 August 5, 2022 to discuss second 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 9191862#. 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).These statements are forward-looking as they are based on our current expectations, as at August 4, 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 August 4, 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 13 of our August 4, 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 August 4, 2022 MD&A for a reconciliation of Adjusted EBITDA less CAPEX.