

Management's Discussion and Analysis

May 10, 2023

This management's discussion and analysis (MD&A) is intended to help the reader understand and assess trends and significant changes in the results of operations and financial condition of Yellow Pages Limited and its subsidiaries for the three-month periods ended March 31, 2023 and 2022 and should be read in conjunction with our Audited Consolidated Financial Statements and accompanying notes for the years ended December 31, 2022 and 2021 as well as our unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2023 and 2022. Please also refer to Yellow Pages Limited's press release announcing its results for the first quarter ended March 31, 2023 issued on May 11, 2023. Quarterly reports, the Annual Report, Supplemental Disclosure and the Annual Information Form (AIF) can be found on SEDAR at www.sedar.com and under the "Investor Relations – Reports & Filings" section of our corporate website: <https://corporate.yip.ca/en>. Press releases are available on SEDAR and under the "News – Press Releases" section of our corporate website.

The unaudited interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and the financial information herein was derived from those statements.

All amounts in this MD&A are in Canadian dollars, unless otherwise specified. Please refer to the section "Definitions of non-GAAP Financial Measures Relative to Understanding Our Results" for a list of defined non-GAAP financial measures.

Our reporting structure reflects how we manage our business and how we classify our operations for planning and for measuring our performance.

In this MD&A, the words "we", "us", "our", the "Company", the "Corporation", "Yellow Pages" and "YP" refer to Yellow Pages Limited and its subsidiaries (including Yellow Pages Digital & Media Solutions Limited, YPG (USA) Holdings, Inc. and Yellow Pages Digital & Media Solutions LLC (the latter two collectively YP USA)).

Caution Regarding Forward-Looking Information

This MD&A contains assertions about the objectives, strategies, financial condition, 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 considered "forward-looking" because they are based on current expectations, as at May 10, 2023, about our business and the markets we operate in, and on various estimates and assumptions.

Forward-looking information and statements are based on several assumptions which may lead to actual results that differ materially from our expectations expressed in, or implied by, such forward-looking information and statements, and that our business strategies, objectives and plans may not be achieved. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Forward-looking information and statements are included in this MD&A for the purpose of assisting investors and others in understanding our business strategies, objectives and plans. Readers are cautioned that such information may not be appropriate for other purposes. In making certain forward-looking statements, we have made the following assumptions:

- that general economic conditions in Canada will not deteriorate significantly further and will recover from the COVID-19 pandemic;
- that we will be able to attract and retain key personnel in key positions;
- that we will be able to introduce, sell and provision the products and services that support our customer base and drive improvement in average spend per customer;
- that the decline in print revenues will remain at or below approximately 25% per annum;
- that gross profit margins will not deteriorate materially from current levels;
- that continuing reductions in spending will mitigate the cash flow impact of revenue declines on cash flows; and
- that exposure to foreign exchange risk arising from foreign currency transactions will remain insignificant.

Forward-looking information and statements are also based upon the assumption that none of the identified risk factors that could cause actual results to differ materially from the anticipated or expected results described in the forward-looking information and statements will occur.

When used in this MD&A, such forward-looking statements may be identified by words such as "aim", "anticipate", "believe", "could", "estimate", "expect", "goal", "intend", "objective", "may", "plan", "predict", "seek", "should", "strive", "target", "will", "would" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as at the date of this MD&A. The Corporation assumes no obligation to update or revise them to reflect new

events or circumstances, except as may be required pursuant to securities laws. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future results or performance, and will not necessarily be accurate indications of whether or not such results or performance will be achieved. A number of factors could cause actual results or performance to differ materially from the results or performance discussed in the forward-looking statements and could have a material adverse effect on the Corporation, its business, results from operations and financial condition, including, but not limited to, the following risk factors discussed under the "Risks and Uncertainties" section of this MD&A, and those described in the "Risk Factors" section of our AIF:

- Failure by the Corporation to stabilize or grow its revenues and customer base;
- The inability of the Corporation to attract, retain and upsell customers;
- Substantial competition could reduce the market share of the Corporation;
- A higher than anticipated rate of decline in print revenue resulting from changes in preferences and consumer habits;
- The inability of the Corporation to successfully enhance and expand its offering of digital marketing and media products;
- The inability of the Corporation to supply the relationships and technologies required to appropriately service the needs of its customers;
- A prolonged economic downturn in principal markets of the Corporation;
- A higher than anticipated proportion of revenues coming from the Corporation's digital products with lower margins, such as services and resale;
- The inability of the Corporation to attract and retain key personnel;
- The Corporation's business depends on the usage of its online and mobile properties and failure to protect traffic across the Corporation's digital properties could impair its ability to grow revenues and expand its business;
- Failure by either the Corporation or the Telco Partners to fulfill their obligations set forth in the agreements between the Corporation and the Telco Partners;
- Successfully prosecuted legal action against the Corporation;
- Work stoppages and other labour disturbances;
- Challenge by tax authorities of the Corporation's position on certain income tax matters;
- The loss of key relationships or changes in the level or service provided by mapping applications and search engines;
- The failure of the Corporation's computers and communication systems;
- The inability of the Corporation to generate sufficient funds from operations, debt financings, equity financings or refinancing transactions;
- Incremental contributions by the Corporation to its pension plans;
- The impacts of COVID-19 are unpredictable; and
- An outbreak or escalation of a contagious disease may adversely affect the Corporation's business greater than anticipated.

Definitions of Non-GAAP Financial Measures Relative to Understanding Our Results

In this MD&A, we present several metrics used to explain our performance, including non-GAAP financial measures which are not defined under IFRS. These non-GAAP financial measures are described below.

Adjusted EBITDA and Adjusted EBITDA Margin

We report on our 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 and Adjusted EBITDA margin are not performance measures defined under IFRS and are not considered to be an alternative to income from operations or net income 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 with 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, debt principal reductions and other sources and uses of cash, which are disclosed on page 10 of this MD&A.

Adjusted EBITDA is derived from revenues less operating costs, as shown in Yellow Pages Limited's consolidated statements of income. Adjusted EBITDA margin is defined as the percentage of Adjusted EBITDA to revenues. We use Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of our business as these reflect its ongoing profitability. We believe 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 a 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

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 define Adjusted EBITDA less CAPEX 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 consolidated statements of cash flows. Adjusted EBITDA less CAPEX margin is defined as the percentage of Adjusted EBITDA less CAPEX to revenues. 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. Adjusted EBITDA less CAPEX is also a component in the determination of short-term incentive compensation for management employees.

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 consolidated statements of income. Refer to page 7 of this MD&A for a reconciliation of Adjusted EBITDA less CAPEX.

This MD&A is divided into the following sections:

1. Our Business and Customer Offerings
2. Results
3. Liquidity and Capital Resources
4. Critical Assumptions and Estimates
5. Risks and Uncertainties
6. Controls and Procedures

1. Our Business and Customer Offerings

Our Business

Yellow Pages, a leading digital media and marketing solutions provider in Canada, offers targeted tools to local businesses, national brands and consumers allowing them to interact and transact within today's digital economy.

Customer Offerings

Yellow Pages offers small and medium-sized enterprises (SMEs) across Canada full-serve access to one of the country's most comprehensive suites of digital and traditional marketing solutions, notably online and mobile priority placement on Yellow Pages digital media properties, content syndication, search engine solutions, website fulfillment, social media campaign management, digital display advertising, video production, e-commerce solutions as well as print advertising. The Company's dedicated sales force and customer care team of approximately 300 professionals offer this full suite of marketing solutions to local businesses across the country, while also supporting the evolving needs of its existing customer base of 89,700 SMEs.

Media Properties

The Company's media properties, primarily desktop, mobile and print, continue to serve as effective marketplaces for Canadian local merchants, brands and consumers. The Company's network of media properties enables Canadians to discover businesses in their neighbourhoods across the services and retail verticals. Descriptions of the Company's digital media properties, are found below:

- YP™ – Available both online at YP.ca and as a mobile application, YP allows users to discover and transact within their local neighbourhoods through comprehensive merchant profiles, relevant editorial content, reviews and booking functionalities;
- Canada411 (C411) – One of Canada's most frequented and trusted online and mobile destinations for personal and local business information;
- The Corporation is the official directory publisher for Bell, Telus, Bell Aliant, Bell MTS, and a number of other incumbent telephone companies; and
- 411.ca – A digital directory service to help users find and connect with people and local businesses.

Key Analytics

The success of our business is dependent upon decelerating the rate of revenue decline ("bending the revenue curve") as well as continuing to improve operating and capital spending efficiency. Our longer-term success is dependent upon growth or stability in digital revenues and retaining and growing our customer base. Key analytics for the three-month period ended March 31, 2023 include:

- Total Revenues – Total Revenues decreased 7.5% year-over-year and amounted to \$62.7 million for the three-month period ended March 31, 2023, an improvement from the decrease of 7.8% reported for the same period last year.
- Digital revenues – Digital revenues decreased 5.7% year-over-year and amounted to \$49.6 million for the three-month period ended March 31, 2023, an improvement from the decrease of 7.7% reported for the same period last year.
- Adjusted EBITDA¹ – Adjusted EBITDA declined to \$20.8 million or 33.1% of revenues three-month period ended March 31, 2023, relative to \$25.4 million or 37.5% of revenues for the same period last year.
- Adjusted EBITDA less CAPEX¹ – Adjusted EBITDA less CAPEX decreased to \$19.8 million or 31.6% of revenues for the three-month period ended March 31, 2023 compared to \$23.9 million or 35.3% of revenues for the same period last year.
- YP Customer Count² – YP's customer count decreased to 89,700 customers for the twelve-month period ended March 31, 2023, as compared to 101,200 customers for same period last year. The customer count reduction of 11,500 for the twelve-month period ended March 31, 2023 compares to a decline of 18,200 in the comparable period of the previous year.
- Headcount³ – Headcount increased to 656 employees as at March 31, 2023 compared to 608 employees at March 31, 2022. Sales force headcount increased by 64 while all other headcount decreased by 16.

¹ Adjusted EBITDA and adjusted EBITDA less CAPEX 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 issuers. Definitions of these non-GAAP financial measures are provided on page 3 of this MD&A.

² YP Customer Count is defined as the number of customers advertising through one of our products as at the end of the reporting period on a trailing twelve-month basis excluding 411.ca customers.

³ The Company defines headcount as total employees including contracted employees but excluding employees on short term and long-term disability leave, and on maternity leave.

2. Results

This section provides an overview of our financial performance during the first quarter of 2023 compared the same period of 2022. We present several metrics to help investors better understand our performance, including certain metrics which are not measures recognized by IFRS. Definitions of these non-GAAP financial metrics are provided on page 3 of this MD&A and are important aspects which should be considered when analyzing our performance.

Highlights

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

For the three-month periods ended March 31,	2023	2022
Revenues	\$ 62,715	\$ 67,789
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA ¹)	\$ 20,755	\$ 25,411
Adjusted EBITDA margin ¹	33.1%	37.5%
Net income	\$ 12,388	\$ 14,630
Basic income per share	\$ 0.70	\$ 0.56
CAPEX ¹	\$ 946	\$ 1,502
Adjusted EBITDA less CAPEX ¹	\$ 19,809	\$ 23,909
Adjusted EBITDA less CAPEX margin ¹	31.6%	35.3%
Cash flows from operating activities	\$ 9,768	\$ 4,400

¹CAPEX, adjusted EBITDA and adjusted EBITDA less CAPEX 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 issuers. Definitions of these non-GAAP financial measures are provided on page 3 of this MD&A.

Consolidated Operating and Financial Results

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

For the three-month periods ended March 31,	2023	% of Revenues	2022	% of Revenues
Revenues	\$ 62,715		\$ 67,789	
Cost of sales	27,842	44.4%	27,339	40.3%
Gross profit	34,873	55.6%	40,450	59.7%
Other operating costs	14,118	22.5%	15,039	22.2%
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA)	20,755	33.1%	25,411	37.5%
Depreciation and amortization	3,359	5.4%	4,348	6.4%
Restructuring and other charges	62	0.1%	382	0.6%
Income from operations	17,334	27.6%	20,681	30.5%
Financial charges, net	554	0.9%	772	1.1%
Income before income taxes	16,780	26.8%	19,909	29.4%
Provision for income taxes	4,392	7.0%	5,279	7.8%
Net income	\$ 12,388	19.8%	\$ 14,630	21.6%
Basic income per share	\$ 0.70		\$ 0.56	
Diluted income per share	\$ 0.68		\$ 0.56	

Analysis of Consolidated Operating and Financial Results

The President and Chief Executive Officer (“CEO”) is the Chief Operating Decision Maker and he uses Income from operations before depreciation and amortization and restructuring and other charges (Adjusted EBITDA) less CAPEX, to measure performance. Definitions of these non-GAAP financial measures are provided on page 3 of this MD&A. The CEO also reviews revenues by similar products and services, such as Print and Digital.

Revenues

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended March 31,	2023	2022	% Change
Digital	\$ 49,593	\$ 52,587	(5.7%)
Print	13,122	15,202	(13.7%)
Total revenues	\$ 62,715	\$ 67,789	(7.5%)

Total revenues for the first quarter ended March 31, 2023 decreased by 7.5% to \$62.7 million, as compared to \$67.8 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.

Total digital revenues decreased 5.7% year-over-year and amounted to \$49.6 million for the three-month period ended March 31, 2023, as compared to \$52.6 million for the same period last year. The revenue decline for the period ended March 31, 2023, was mainly attributable to a decrease in digital customer count partially offset by an increase in spend per customer.

Total print revenues decreased 13.7% year-over-year and amounted to \$13.1 million for three-month period ended March 31, 2023. The revenue decline is mainly attributable to the decrease in the number of print customers and to a lesser extent, a decrease in spend per customer.

The decline rates for total revenues and digital revenues improved year-over-year. Total revenue decline of 7.5% this quarter compares to a decline of 7.8% reported for the same period last year. Digital revenue decline of 5.7% this quarter compares to a decline of 7.7% reported for the same period last year. The improvements in total and digital revenues were due to increased average spend per customer in digital, increased renewal rates as well as continued improvements in customer claim rates. Print revenue decline of 13.7% this quarter compares to a decline of 7.9% reported for the same period last year. The higher decline rate for print revenue is attributable to the decrease in average spend per customer, partially offset by improvements in customer claim rates.

Gross Profit

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended March 31,	2023	% of Revenues	2022	% of Revenues	% Change
Total gross profit	\$ 34,873	55.6%	\$ 40,450	59.7%	(13.8%)

Gross profit decreased to \$34.9 million or 55.6% of revenues for the period ended March 31, 2023, compared to \$40.5 million, or 59.7% of total revenues, for the same period last year. The decrease in gross profit is a result of the pressures from lower overall revenues, change in product mix and investments in our tele-sales force capacity, partially offset by continued optimizations, cost reductions and increased pricing.

Adjusted EBITDA¹

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended March 31,	2023	% of Revenues	2022	% of Revenues	% Change
Total Adjusted EBITDA	\$ 20,755	33.1%	\$ 25,411	37.5%	(18.3%)

¹ Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 3 of this MD&A.

For the three-month period ended March 31, 2023 Adjusted EBITDA decreased by \$4.7 million or 18.3% to \$20.8 million, compared to \$25.4 million for the same period last year. The adjusted EBITDA margin decreased for the first quarter of 2023 to 33.1%, compared to 37.5% for the same period last year. The decrease in Adjusted EBITDA for the first quarter of 2023 is the result of revenue pressures as well as ongoing investments in our tele-sales force capacity, partially offset by reductions in other operating costs including reductions in our workforce and associated employee expenses, and lower variable compensation expense. Revenue pressures, coupled with increased headcount in our salesforce partially offset by continued optimization, will continue to cause some pressure on margins in upcoming quarters.

Adjusted EBITDA less CAPEX¹

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended March 31,	2023	% of Revenues	2022	% of Revenues	% Change
Adjusted EBITDA	\$ 20,755	33.1%	\$ 25,411	37.5%	(18.3%)
CAPEX	946	1.5%	1,502	2.2%	(37.0%)
Total Adjusted EBITDA less CAPEX	\$ 19,809	31.6%	\$ 23,909	35.3%	(17.1%)

¹ Adjusted EBITDA less CAPEX is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 3 of this MD&A.

For the three-month period ended March 31, 2023 Adjusted EBITDA less CAPEX decreased by \$4.1 million or 17.1% to \$19.8 million, compared to \$23.9 million for the same period last year. The adjusted EBITDA less CAPEX margin decreased during the period ended March 31, 2023 to 31.6% compared to 35.3% for the same period last year. The decrease in Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin is driven by the decrease in Adjusted EBITDA, partially offset by the decrease in CAPEX spend, since 2022 CAPEX spend was impacted by the integration of new products.

Depreciation and Amortization

Depreciation and amortization decreased to \$3.4 million for the three-month period ended March 31, 2023 compared to \$4.3 million for the same period last year primarily due to lower software development expenditures in recent years.

Financial Charges, net

Financial charges decreased to \$0.6 million for the three-month period ended March 31, 2023 compared to \$0.8 million for the same period last year. The decrease is mainly due to higher interest income on cash balances resulting from higher interest rates.

Provision for Income Taxes

The combined statutory provincial and federal tax rates were 26.42% for the three-month period ended March 31, 2023 and 26.40% for the same period in 2022. The Company recorded an income tax expense of \$4.4 million or 26.2% for the three-month period ended March 31, 2023 (2022 – \$5.3 million or 26.5%).

The difference between the effective and the statutory rates is due to certain non-taxable revenues for tax purposes for the three-month period ended March 31, 2023 and the non-deductibility of certain expenses for tax purposes for the three-month period ended March 31, 2022.

Net income

Net income decreased to \$12.4 million for the three-month period ended March 31, 2023 compared to net income of \$14.6 million for the same period last year due to lower Adjusted EBITDA, partially offset by lower depreciation and amortization, restructuring and other charges, financial charges and lower income taxes.

Summary of Consolidated Quarterly Results

The following table shows selected consolidated financial data of Yellow Pages for the eight most recent quarters.

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

	2023				2022			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenues	\$ 62,715	\$ 64,595	\$ 66,310	\$ 69,584	\$ 67,789	\$ 68,624	\$ 70,920	\$ 74,588
Operating costs	41,960	43,616	39,920	45,796	42,378	44,264	44,303	50,148
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA ¹)	20,755	20,979	26,390	23,788	25,411	24,360	26,617	24,440
Adjusted EBITDA margin ¹	33.1%	32.5%	39.8%	34.2%	37.5%	35.5%	37.5%	32.8%
Depreciation and amortization	3,359	3,327	3,514	4,208	4,348	4,557	5,058	4,928
Restructuring and other charges	62	464	612	1,773	382	2,665	1,423	200
Income from operations	17,334	17,188	22,264	17,807	20,681	17,138	20,136	19,312
Financial charges, net	554	523	55	458	772	1,214	1,132	3,202
Loss on early repayment of debt	—	—	—	—	—	—	—	7,764
Income before income taxes	16,780	16,665	22,209	17,349	19,909	15,924	19,004	8,346
Provision for (recovery of) income taxes	4,392	(12,766)	5,516	4,671	5,279	(22,811)	5,257	2,328
Net income	\$ 12,388	\$ 29,431	\$ 16,693	\$ 12,678	\$ 14,630	\$ 38,735	\$ 13,747	\$ 6,018
Basic income per share	\$ 0.70	\$ 1.64	\$ 0.66	\$ 0.50	\$ 0.56	\$ 1.48	\$ 0.52	\$ 0.23
Diluted income per share	\$ 0.68	\$ 1.63	\$ 0.60	\$ 0.49	\$ 0.56	\$ 1.46	\$ 0.51	\$ 0.22

¹ Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 3 of this MD&A.

3. Liquidity and Capital Resources

This section examines the Company's capital structure, sources of liquidity and various financial instruments including its debt instruments.

Capital Structure

(In thousands of Canadian dollars, except percentage information)

As at	March 31, 2023	December 31, 2022
Cash	\$ 49,683	\$ 43,907
Total debt (lease obligations including current portion)	\$ 46,359	\$ 47,129
Equity	76,497	65,781
Total capitalization	\$ 122,856	\$ 112,910
Total (cash net of debt) debt net of cash ¹	\$ (3,324)	\$ 3,222
Total debt net of cash to total capitalization	n.a	2.9%

¹ The term (cash net of debt) debt net of cash does not have a standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We define (cash net of debt) debt net of cash as Lease obligations including current portion, less cash, as shown in the Company's consolidated statements of financial position.

Asset-Based Loan

The Company, through its subsidiary Yellow Pages Digital & Media Solutions Limited, has an asset-based loan (ABL) with a term to September 2025 and a total commitment of \$20.0 million. The ABL is being used for general corporate purposes. Through the ABL, the Company has access to the funds in the form of prime rate loans, CDOR (Canadian Dollar Offered Rate) loans or letters of credit. The ABL is subject to a trailing twelve-month fixed charge coverage ratio when there is an event of default or when excess availability is less than 10% of the facility limit. Upon such event, the fixed charged coverage ratio must be a minimum of 1.1 times. As at March 31, 2023, the Company had \$2.3 million of letters of credit issued and outstanding and an availability of \$17.7 million under the ABL.

As at March 31, 2023, the Company was in compliance with all covenants under the loan agreement governing the ABL.

Liquidity

The Company's principal source of liquidity is cash generated from operations and cash on hand. The Company expects to generate sufficient liquidity in the short term and the long term to fund capital expenditures, working capital requirements and current obligations, and service its outstanding lease and post-employment benefit obligations. As at March 31, 2023, the Company had \$49.7 million of cash and \$17.7 million available under the ABL.

Share Data

Outstanding Share Data

As at	May 10, 2023	March 31, 2023	December 31, 2022
Common shares outstanding	18,658,347	18,658,347	18,658,347
Stock options outstanding ¹	2,283,005	2,283,005	2,332,893

¹ Included in the stock options outstanding balance of 2,283,005 as at May 10, 2023 and March 31, 2023, are 115,429 stock options exercisable as at those dates. Included in the stock options outstanding balance of 2,332,893 as at December 31, 2022 were nil stock options exercisable as at that date.

Share repurchases - NCIBs

On August 5, 2021, the Company announced a new NCIB commencing August 10, 2021 to purchase up to \$16.0 million of the Company's outstanding shares for cancellation on or before August 9, 2022. Upon completion of this NCIB program on May 30, 2022, the Company purchased under this NCIB program, a total of 1,122,511 common shares for cash of \$16.0 million. The related historical carrying value of these shares in excess of the repurchase proceeds was reclassified from shareholder's capital to deficit within the Company's consolidated financial statements.

Dividend policy

On May 10, 2023, the Company's Board of Directors (the "Board") modified the dividend policy of paying a quarterly cash dividend to common shareholders by increasing the dividend from \$0.15 per share to \$0.20 per share. YP's dividend payout policy and the declaration of dividends on any of the Company's outstanding common shares are subject to the discretion of the Board and, consequently, there can be no guarantee that the dividend payout policy will be maintained or that dividends will be declared. Dividend decisions will continue to be dependent on YP's operations and financial results, subject to the Board's assessment on a quarterly basis, which are, in turn, subject to various assumptions and risks, including those set out in this MD&A.

During the three-month periods ended March 31, 2023 and 2022, the Company paid quarterly dividends of \$0.15 per common share. The dividends were paid on March 15, 2023 and 2022 for a total consideration of \$2.7 million and \$3.9 million, respectively, to common shareholders.

On May 10, 2023, the Board declared a cash dividend of \$0.20 per common share, payable on June 15, 2023 to shareholders of record as at May 25, 2023. Future quarterly dividends are subject to Board approval.

Pension Contributions

On May 12, 2021, the Board approved a voluntary incremental \$4.0 million cash contribution in 2021 bringing cash payments to the Defined Benefit Pension Plan's (the "Pension Plan") wind-up deficit to \$6.0 million, as part of a deficit-reduction plan to increase the probability that the Pension Plan will be fully funded on a wind-up basis by 2030. 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, inter alia, market returns and discount rates. The Board will review the deficit-reduction plan annually.

In 2022, pursuant to a Plan of Arrangement (refer to the section “*Share repurchase – Plan of Arrangement*” in our MD&A for the years ended December 31, 2022 and 2021 for additional details), the Company advanced the previously announced voluntary incremental cash contributions to the Pension Plan's wind-up deficit by an amount of \$24.0 million during the year ended December 31, 2022. The incremental voluntary cash infusion of \$24.0 million during the year ended December 31, 2022 represents advancing the voluntary \$6.0 million contributions intended in years 2027, 2028, 2029 and 2030 that were part of the deficit-reduction plan announced in May of 2021 to increase the probability that the Pension Plan will be fully funded by 2030.

Total cash payments for pension and other benefit plans expected in 2023 amount to approximately \$12.2 million, including the \$6.0 million contribution toward the Pension Plan's wind-up deficit. Total cash payments for pension and other benefit plans made by the Company during the three-month period ended March 31, 2023 totalled \$3.4 million.

Sources and Uses of Cash

(In thousands of Canadian dollars)

For the three-month periods ended March 31,	2023	2022
Cash flows from operating activities		
Change in operating assets and liabilities	\$ (6,240)	\$ (6,052)
Stock-based compensation cash payments	(726)	(3,742)
Funding of post-employment benefit plans in excess of costs	(2,220)	(2,258)
Income taxes paid, net	(872)	(6,750)
Cash flows from operations, excluding the above	19,826	23,202
	\$ 9,768	\$ 4,400
Cash flows used in investing activities		
Additions to intangible assets	\$ (919)	\$ (1,478)
Additions to property and equipment	(27)	(24)
Payments received from net investment in subleases	386	338
	\$ (560)	\$ (1,164)
Cash flows used in financing activities		
Repurchase of common shares through NCIBs	–	(6,311)
Issuance of common shares	–	16
Payment of lease obligations	(770)	(780)
Dividends paid	(2,662)	(3,852)
	\$ (3,432)	\$ (10,927)
NET INCREASE (DECREASE) IN CASH	\$ 5,776	\$ (7,691)
CASH, BEGINNING OF YEAR	43,907	123,559
CASH, END OF PERIOD	\$ 49,683	\$ 115,868

Cash flows from operating activities

Cash flows from operating activities increased by \$5.4 million to \$9.8 million for the three-month period ended March 31, 2023 from \$4.4 million for the same period last year. The increase is mainly due to the decrease in stock-based compensation cash settlements of \$3.0 million, lower income taxes paid of \$5.9 million, and lower restructuring and other charges paid of \$1.7 million, offset by lower Adjusted EBITDA of \$4.7 million. The first quarter of 2022 benefited from the cancellation of the forward contracts resulting in a decrease in other receivables of \$3.1 million.

Cash flows used in investing activities

Cash flows used in investing activities decreased by \$0.6 million year-over-year mainly due to timing of capital expenditures as well as investments for the integration of new products in 2022.

Cash flows used in financing activities

Cash flows used in financing activities decreased by \$7.5 million to \$3.4 million for the three-month period ended March 31, 2023 compared to \$10.9 million last year due to the decrease of \$6.3 million for the repurchase of common shares through NCIBs and a decrease of \$1.2 million for dividends paid during the three-month period ended March 31, 2023 as a result of the lower number of common shares outstanding.

Financial and Other Instruments

(See Note 8 of the Audited Consolidated Financial Statements of the Company for the years ended December 31, 2022 and 2021).

The Company's financial instruments primarily consist of cash, trade and other receivables, and trade and other payables.

4. Critical Assumptions and Estimates

Significant estimates

When we prepare our consolidated financial statements in accordance with IFRS, we must make certain estimates and assumptions about our business. These estimates and assumptions in turn affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements. Management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current events including but not limited to economic conditions. These estimates are subject to measurement uncertainty and actual results could differ from current estimates as a result of changes in these assumptions. The impact of these changes in accounting estimates is recognized during the period in which the change took place and all affected future periods.

Our critical assumptions and accounting estimates have not changed since the release of our MD&A for the years ended December 31, 2022 and 2021. These critical assumptions and estimates relate to estimate credit loss allowance (ECL) on trade receivables, allowance for revenue adjustments, lease terms, discount rates on leases, right-of-use assets impairment, useful lives of intangible assets and property and equipment, employee future benefits and income taxes. Please refer to Section 4 – *Critical Assumptions and Estimates* for the years ended December 31, 2022 and 2021 for details.

Accounting standards

Effective January 1, 2023, the Company adopted the following amended accounting standards;

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

These amendments to IAS 8 introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The adoption of these amendments did not have any significant impact to the Company's financial statements.

Amendments to IAS 1 – Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

The amendments to IAS 1 clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least twelve months and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability. The adoption of these amendments did not have any significant impact to the Company's financial statements.

Amendments to IAS 12 – Income taxes - Deferred Tax related to Assets and Liabilities arising from a single transaction

The amendments to IAS 12, clarify the accounting for deferred tax on transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The adoption of these amendments did not have any impact to the Company's financial statements.

Standards, interpretations and amendments to published accounting standards that have not yet been applied on the consolidated financial statements

Amendments to IAS 1 – Presentation of Financial Statements – Disclosure of Accounting Policies

The amendments to IAS 1, Presentation of Financial Statements and to IFRS practice Statement 2, Making Material Judgements require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments are effective for annual periods beginning on or after January 1, 2023. The Company is currently assessing the impact of this amendment on its current accounting policy disclosure, changes will be reflected in the Company's financial statements for the year-ended December 31, 2023.

5. Risks and Uncertainties

The following section examines the major risks and uncertainties that could materially affect YP's future business results.

Understanding and managing risks are important parts of YP's strategic planning process. The Board requires that our senior management identify and properly manage the principal risks related to our business operations. To understand and manage risks at YP, our Board and senior management analyze risks in three major categories:

1. Strategic risks - which are primarily external to the business;
2. Financial risks - generally related to matters addressed in the Financial Risk Management Policy and in the Pension Statement of Investment Policy and Procedures; and
3. Operational risks - related principally to risks across key functional areas of the organization.

YP has put in place certain guidelines in order to seek to manage the risks to which it may be exposed. Please refer to the "Risk Factors" section of our AIF for a complete description of these risk factors. Despite these guidelines, the Company cannot provide assurances that any such efforts will be successful. Our risks and uncertainties have not changed since the release of our MD&A for the years ended December 31, 2022 and 2021, including risk related to failure of the Company's computers and communication systems. For more information, please refer to the corresponding section in our MD&A for the years ended December 31, 2022 and 2021 and our Annual Information Form dated March 30, 2023.

On March 21, 2023, the Company was the target of a cybersecurity incident. The Company immediately activated its internal network of IT professionals and retained the services of cybersecurity experts to assist in securing its systems and support its internal investigation. The Company also suspended its operations and IT systems to contain the situation.

As of the date of this report, the Company has restored all its operations and IT systems. The Company has notified its insurers about the incident and have taken steps to further secure all systems to help prevent a similar occurrence in the future.

6. Controls and Procedures

As a public entity, we must take steps to ensure that material information regarding our reports filed or submitted under securities legislation fairly presents the financial information of YP. Responsibility for this resides with management, including the President and Chief Executive Officer and the Chief Financial Officer. Management is responsible for establishing, maintaining and evaluating disclosure controls and procedures, as well as internal control over financial reporting.

Disclosure Controls and Procedures (DC&P)

The evaluation of the design and effectiveness of DC&P (as defined in National Instrument 52-109) was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. They concluded that the Company's DC&P were effective, as at March 31, 2023.

Internal Control over Financial Reporting (ICFR)

The design and effectiveness of ICFR (as defined in National Instruments 52-109) were evaluated under the supervision of the President and Chief Executive Officer and Chief Financial Officer. Based on the evaluations, they concluded that the Company's ICFR was effective, as at March 31, 2023.

During the quarter beginning on January 1, 2023 and ended on March 31, 2023, no changes were made to the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.