

Management's Discussion and Analysis

May 8, 2024

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, 2024 and 2023 and should be read in conjunction with our Audited Consolidated Financial Statements and accompanying notes for the years ended December 31, 2023 and 2022 as well as our unaudited interim condensed consolidated financial statements for the three-month periods ended March 31, 2024 and 2023. Please also refer to Yellow Pages Limited's press release announcing its results for the first quarter ended March 31, 2024 issued on May 9, 2024. Quarterly reports, the Annual Report, Supplemental Disclosure and the Annual Information Form (AIF) can be found on SEDAR+ at www.sedarplus.ca 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 8, 2024, 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;
- 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 below 25% per annum;
- that gross profit margins will not deteriorate materially from current trend;
- 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;
- 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 or equity financings transactions;
- Incremental contributions by the Corporation to its pension plans;
- Declaration and payment of dividends cannot be guaranteed; and
- An outbreak or escalation of a contagious disease may adversely affect the Corporation's business.

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 79,600 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, 2024 include:

- Total Revenues – Total Revenues decreased 12.3% year-over-year and amounted to \$55.0 million for the three-month period ended March 31, 2024, an improvement from the decrease of 13.4% reported last quarter.
- Digital revenues – Digital revenues decreased 11.9% year-over-year and amounted to \$43.7 million for the three-month period ended March 31, 2024, an improvement from the decrease of 12.1% reported last quarter.
- Adjusted EBITDA¹ – Adjusted EBITDA declined to \$15.3 million or 27.8% of revenues for the three-month period ended March 31, 2024, relative to \$20.8 million or 33.1% of revenues for the same period last year.
- Adjusted EBITDA less CAPEX¹ – Adjusted EBITDA less CAPEX decreased to \$14.3 million or 26.0% of revenues for the three-month period ended March 31, 2024 compared to \$19.8 million or 31.6% of revenues for the same period last year.
- YP Customer Count² – YP’s customer count decreased to 79,600 customers for the twelve-month period ended March 31, 2024, as compared to 89,700 customers for same period last year. The customer count reduction of 10,100 for the twelve-month period ended March 31, 2024 compares to a decline of 11,500 in the comparable period of the previous year.
- Headcount³ – Headcount decreased to 613 employees as at March 31, 2024 compared to 656 employees at March 31, 2023.

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 2024 compared the same period of 2023. 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,	2024	2023
Revenues	\$ 54,971	\$ 62,715
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA ¹)	\$ 15,297	\$ 20,755
Adjusted EBITDA margin ¹	27.8%	33.1%
Net income	\$ 8,395	\$ 12,388
Basic income per share	\$ 0.62	\$ 0.70
CAPEX ¹	\$ 986	\$ 946
Adjusted EBITDA less CAPEX ¹	\$ 14,311	\$ 19,809
Adjusted EBITDA less CAPEX margin ¹	26.0%	31.6%
Cash flows from operating activities	\$ 5,454	\$ 9,768

¹ CAPEX, 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,	2024	% of Revenues	2023	% of Revenues
Revenues	\$ 54,971		\$ 62,715	
Cost of sales	25,847	47.0%	27,842	44.4%
Gross profit	29,124	53.0%	34,873	55.6%
Other operating costs	13,827	25.2%	14,118	22.5%
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA)	15,297	27.8%	20,755	33.1%
Depreciation and amortization	3,279	6.0%	3,359	5.4%
Restructuring and other charges	442	0.8%	62	0.1%
Income from operations	11,576	21.1%	17,334	27.6%
Financial charges, net	207	0.4%	554	0.9%
Income before income taxes	11,369	20.7%	16,780	26.8%
Provision for income taxes	2,974	5.4%	4,392	7.0%
Net income	\$ 8,395	15.3%	\$ 12,388	19.8%
Basic income per share	\$ 0.62		\$ 0.70	
Diluted income per share	\$ 0.61		\$ 0.68	

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,	2024	2023	% Change
Digital	\$ 43,675	\$ 49,593	(11.9%)
Print	11,296	13,122	(13.9%)
Total revenues	\$ 54,971	\$ 62,715	(12.3%)

Total revenues for the first quarter ended March 31, 2024 decreased by 12.3% to \$55.0 million, as compared to \$62.7 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 11.9% year-over-year and amounted to \$43.7 million for the three-month period ended March 31, 2024, as compared to \$49.6 million for the same period last year. The revenue decline for the period ended March 31, 2024, was mainly attributable to a decrease in digital customers and to a lesser extent, a decrease in spend per customer.

Total print revenues decreased 13.9% year-over-year and amounted to \$11.3 million for three-month period ended March 31, 2024. The revenue decline is mainly attributable to the decrease in the number of print customers while the spend per customer has improved year-over-year driven by price increases.

The decline rate of revenues increased year-over-year. The higher decline rate is attributable, in part, to (a) the headwinds in the global economy, whereby, customer renewal rates decreased slightly but remained strong while average spend per customer slowed as customers look to optimize their spend and (b) customer claim rates remaining stable in the first quarter of 2024, while the first quarter of 2023 benefited from a substantial improvement. These factors were partially offset by an increase in the number of new accounts and increases in pricing.

Gross Profit

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended March 31,	2024	% of Revenues	2023	% of Revenues	% Change
Total gross profit	\$ 29,124	53.0%	\$ 34,873	55.6%	(16.5%)

Gross profit decreased to \$29.1 million or 53.0% of revenues for the period ended March 31, 2024, compared to \$34.9 million, or 55.6% of total revenues, for the same period last year. The decrease in gross profit and gross profit margin is a result of the pressures from lower revenues, change in product mix and continued investments in our tele-sales force capacity, partially offset by continued optimizations in cost of sales and increases in pricing.

Adjusted EBITDA¹

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended March 31,	2024	% of Revenues	2023	% of Revenues	% Change
Total Adjusted EBITDA	\$ 15,297	27.8%	\$ 20,755	33.1%	(26.3%)

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, 2024 Adjusted EBITDA decreased by \$5.5 million or 26.3% to \$15.3 million, compared to \$20.8 million for the same period last year. The adjusted EBITDA margin decreased to 27.8% for the first quarter of 2024, compared to 33.1% for the same period last year. The decrease in Adjusted EBITDA for the first quarter of 2024 is the result of revenue pressures, partially offset by optimizations in cost of sales and reductions in other operating costs including reductions in our workforce and associated employee expenses. Revenue pressures, partially offset by continued optimizations, 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,	2024	% of Revenues	2023	% of Revenues	% Change
Adjusted EBITDA	\$ 15,297	27.8%	\$ 20,755	33.1%	(26.3%)
CAPEX	986	1.8%	946	1.5%	4.2%
Total Adjusted EBITDA less CAPEX	\$ 14,311	26.0%	\$ 19,809	31.6%	(27.8%)

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, 2024 Adjusted EBITDA less CAPEX decreased by \$5.5 million or 27.8% to \$14.3 million, compared to \$19.8 million 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, while the CAPEX spend was stable year over year.

Depreciation and Amortization

Depreciation and amortization was stable at \$3.3 million for the three-month period ended March 31, 2024 compared to \$3.4 million for the same period last year.

Restructuring and Other Charges

Yellow Pages Limited recorded restructuring and other charges of \$0.4 million and \$0.1 million during the three-month periods ended March 31, 2024 and 2023, respectively, consisting mainly of restructuring charges associated with workforce reductions.

Financial Charges, net

Financial charges decreased to \$0.2 million for the three-month period ended March 31, 2024 compared to \$0.6 million for the same period last year mainly related to foreign exchange, lower net interest on the defined benefit obligation partially offset by a decrease in interest income on cash balances.

Provision for Income Taxes

The combined statutory provincial and federal tax rates were 26.44% for the three-month period ended March 31, 2024 and 26.42% for the same period in 2023. The Company recorded an income tax expense of \$3.0 million or 26.2% for the three-month period ended March 31, 2024 (2023 – \$4.4 million or 26.2%).

The difference between the effective and the statutory rates for the three-month periods ended March 31, 2024 and March 31, 2023 is due to certain non-taxable revenues for tax purposes.

Net income

Net income decreased to \$8.4 million for the three-month period ended March 31, 2024 compared to net income of \$12.4 million for the same period last year due to lower Adjusted EBITDA.

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)

	2024				2023		2022	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Total revenues	\$ 54,971	\$ 55,909	\$ 58,072	\$ 62,736	\$ 62,715	\$ 64,595	\$ 66,310	\$ 69,584
Operating costs	39,674	39,664	40,146	40,802	41,960	43,616	39,920	45,796
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA ¹)	15,297	16,245	17,926	21,934	20,755	20,979	26,390	23,788
Adjusted EBITDA margin ¹	27.8%	29.1%	30.9%	35.0%	33.1%	32.5%	39.8%	34.2%
Depreciation and amortization	3,279	3,387	3,487	3,426	3,359	3,327	3,514	4,208
Restructuring and other charges	442	517	746	880	62	464	612	1,773
Income from operations	11,576	12,341	13,693	17,628	17,334	17,188	22,264	17,807
Financial charges, net	207	(57)	(43)	277	554	523	55	458
Income before income taxes	11,369	12,398	13,735	17,351	16,780	16,665	22,209	17,349
Provision for (recovery of) income taxes	2,974	221	3,632	4,620	4,392	(12,766)	5,516	4,671
Net income	\$ 8,395	\$ 12,177	\$ 10,103	\$ 12,731	\$ 12,388	\$ 29,431	\$ 16,693	\$ 12,678
Basic income per share	\$ 0.62	\$ 0.72	\$ 0.57	\$ 0.72	\$ 0.70	\$ 1.64	\$ 0.66	\$ 0.50
Diluted income per share	\$ 0.61	\$ 0.71	\$ 0.56	\$ 0.69	\$ 0.68	\$ 1.63	\$ 0.60	\$ 0.49

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, 2024	December 31, 2023
Cash	\$ 23,686	\$ 23,229
Total debt (lease obligations including current portion)	\$ 42,973	\$ 43,914
Equity	53,930	42,256
Total capitalization	\$ 96,903	\$ 86,170
Total debt net of cash ¹	\$ 19,287	\$ 20,685
Total debt net of cash to total capitalization	19.9%	24.0%

¹ The term 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 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 or letters of credit. The availability of the ABL is subject to certain covenants.

As at March 31, 2024, the Company had \$1.7 million of letters of credit issued and outstanding and was subject to an availability reserve of \$2.0 million, resulting in the Company having an availability of \$16.3 million remaining under the ABL.

As at March 31, 2024, 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, 2024, the Company had \$23.7 million of cash and \$16.3 million available under the ABL.

Share Data

Outstanding Share Data

As at	May 8, 2024	March 31, 2024	December 31, 2023
Common shares outstanding	13,752,770	13,752,770	13,752,770
Stock options outstanding ¹	2,468,438	2,504,011	1,608,066

¹ Included in the stock options outstanding balance of 2,468,438 as at May 8, 2024 and 2,504,011 as at March 31, 2024, are 444,551 stock options exercisable as at those dates. Included in the stock options outstanding balance of 1,608,066 as at December 31, 2023 were nil stock options exercisable as at that date.

Dividend policy

On February 13, 2024, the Board modified the dividend policy of paying a quarterly cash dividend to common shareholders by increasing the dividend from \$0.20 per share to \$0.25 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.

On May 10, 2023, the Board approved an increase in the quarterly cash dividend to common shareholders by increasing the dividend from \$0.15 per share to \$0.20 per share.

During the first quarter of 2024, cash dividends paid on common shares increased by \$0.7 million to \$3.4 million, compared to \$2.7 million paid during the first quarter of 2023, due to a higher dividend paid in the first quarter of 2024 of \$0.25 per common share compared to \$0.15 per common share in the same period of 2023, partially offset by the decrease in common shares outstanding.

On May 8, 2024, the Board declared a cash dividend of \$0.25 per common share, payable on June 17, 2024 to shareholders of record as at May 28, 2024. Future quarterly dividends are subject to Board approval.

Pension Contributions

Total cash payments for pension and other benefit plans expected in 2024 amount to approximately \$11.9 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, 2024 totalled \$3.3 million.

Sources and Uses of Cash

(In thousands of Canadian dollars)

For the three-month periods ended March 31,	2024	2023
Cash flows from operating activities		
Change in operating assets and liabilities	\$ (6,260)	\$ (6,240)
Stock-based compensation cash payments	(182)	(726)
Funding of post-employment benefit plans in excess of costs	(2,149)	(2,220)
Restructuring and other charges paid	(490)	(485)
Income taxes paid, net	(406)	(872)
Cash flows from operations, excluding the above	14,941	20,311
	\$ 5,454	\$ 9,768
Cash flows used in investing activities		
Additions to intangible assets	\$ (971)	\$ (919)
Additions to property and equipment	(15)	(27)
Payments received from net investment in subleases	335	386
	\$ (651)	\$ (560)
Cash flows used in financing activities		
Dividends paid	\$ (3,388)	\$ (2,662)
Payment of lease obligations	(958)	(770)
	\$ (4,346)	\$ (3,432)
NET INCREASE IN CASH	\$ 457	\$ 5,776
CASH, BEGINNING OF YEAR	23,229	43,907
CASH, END OF PERIOD	\$ 23,686	\$ 49,683

Cash flows from operating activities

Cash flows from operating activities decreased by \$4.3 million to \$5.5 million for the three-month period ended March 31, 2024 from \$9.8 million for the same period last year. The decrease is mainly due to lower Adjusted EBITDA of \$5.5 million, partially offset by the decrease in stock-based compensation cash settlements of \$0.5 million and lower income taxes paid of \$0.5 million.

Cash flows used in investing activities

Cash flows used in investing activities increased by \$0.1 million year-over-year mainly due to slight increase in capital expenditures in 2024.

Cash flows used in financing activities

Cash flows used in financing activities increased by \$0.9 million to \$4.3 million for the three-month period ended March 31, 2024 compared to \$3.4 million last year due to the increase of \$0.7 million for dividends paid during the three-month period ended March 31, 2024 as a result of the increase in the quarterly dividend per common share in the first quarter of 2024, partially offset by lower number of common shares outstanding. Payments of lease obligations has also increased by \$0.2 million year-over-year.

Financial and Other Instruments

(See Note 8 of the Audited Consolidated Financial Statements of the Company for the years ended December 31, 2023 and 2022).

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 and financial market conditions such as higher interest rates and inflation and increasing risk of recession, as well as other factors that are considered to be relevant. 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, where applicable.

Our critical assumptions and accounting estimates have not changed since the release of our MD&A for the years ended December 31, 2023 and 2022. 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, 2023 and 2022 for details.

Accounting standards**Standards that are issued but not yet effective on the interim condensed consolidated financial statements.****New standard IFRS 18 - *Presentation and Disclosures in Financial Statements***

On April 9, 2024, the International Accounting Standards Board ("IASB") published its new standard IFRS 18 *Presentation and Disclosures in Financial Statements* that will replace IAS 1 *Presentation of Financial Statements*. The new standard aims at improving how entities communicate in their financial statements by setting new requirements to:

- Improve comparability, through a specified structure of the statement of profit and loss that is more comparable between entities;
- Enhance disclosure of the management-defined performance measures to improve transparency and make them subject to audit; and
- Render the grouping of information more useful and relevant through enhanced guidance on how to organize information in financial statements including note disclosures.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The standard is applied retrospectively, with specific transition provisions, and early adoption is permitted. The Company will assess the impact of this new standard on its current financial statement presentation and disclosures.

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, 2023 and 2022, 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, 2023 and 2022 and our Annual Information Form dated March 28, 2024.

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 May 10, 2023, the Company had restored all its operations and IT systems and has taken steps to further secure all systems to help prevent a similar occurrence in the future. The Company continues to work with its insurance providers to process claims under its policies, related to the incremental costs incurred to restore operations and IT systems and lost revenue. Insurance proceeds received to date have been recorded as reduction to operating costs in the consolidated statement of income.

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, 2024.

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, 2024.

During the quarter beginning on January 1, 2024 and ended on March 31, 2024, no changes were made to the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.