Management's Discussion and Analysis

November 11, 2020

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 and nine-month periods ended September 30, 2020 and 2019 and should be read in conjunction with our Audited Consolidated Financial Statements and accompanying notes for the years ended December 31, 2019 and 2018, as well as our unaudited interim condensed consolidated financial statements for the three and nine-month periods ended September 30, 2020 and 2019. Please also refer to Yellow Pages Limited's press release announcing its results for the third quarter ended September 30, 2020 issued on November 12, 2020. 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.yp.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 Relative to Understanding Our Results" for a list of defined non-IFRS financial measures and key performance indicators.

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, 411 Local Search Corp. (411.ca), YPG (USA) Holdings, Inc. and Yellow Pages Digital & Media Solutions LLC (the latter two collectively YP USA), Bookenda Limited (Bookenda) sold as of April 30, 2019 and YP Dine Solutions Limited (YP Dine) sold as of April 30, 2019).

Caution Regarding Forward-Looking Information

This MD&A contains assertions about the objectives, strategies, financial condition, including potential full repayment of the Company's remaining exchangeable debentures on or shortly after May 31, 2021, at par; to its common shareholders, a cash dividend payment of $0.11 per share per quarter; and results of operations and businesses of YP. These statements are considered "forward-looking" because they are based on current expectations, as at November 11, 2020, 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 begin to recover later in the year as the COVID-19 pandemic activity restrictions are lifted;
- 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 revenue per customer ("ARPC");
- that the decline in print revenues will remain at or below 25% per annum;
- that YP segment 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 Corporation's inability 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;
- 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; and
- An outbreak or escalation of a contagious disease may adversely affect the Corporation's business greater than anticipated.

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Definitions Relative to Understanding Our Results

Income from Operations before Depreciation and Amortization and Restructuring and Other Charges (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 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 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, business acquisitions, debt principal reductions and other sources and uses of cash, which are disclosed on page 17 of this MD&A.

Adjusted EBITDA is derived from revenues less operating costs, 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. 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

Adjusted EBITDA less CAPEX is a non-IFRS financial measure and does not have any standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other publicly traded companies. 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 interim condensed consolidated statements of cash flows. We use Adjusted EBITDA less CAPEX as the key performance measure for our business as it reflects cash generated from business activities. We believe that certain investors and analysts use Adjusted EBITDA less CAPEX to evaluate the performance of businesses in our industry. Adjusted EBITDA less CAPEX is also one component in the determination of short-term incentive compensation for all 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 interim condensed consolidated statements of income. Refer to page 5 and page 11 of this MD&A for a reconciliation of CAPEX and Adjusted EBITDA less CAPEX, respectively.

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, through its YP segment, 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 as well as print advertising. The Company's dedicated sales force and customer care team of over 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 132,100 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, real estate, dining and retail verticals. Descriptions of the Company's digital media properties, listed by segment, are found below:

YP segment

- 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, MTS Allstream, 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.

Other segment

- YP Dine™ (sold as of April 30, 2019) – A digital property allowing users to discover, search for and book local restaurants in addition to offering online ordering capabilities;
- Bookenda.com (sold as of April 30, 2019) – An online transaction platform for users and merchants to interact and manage bookings and orders;

Key Analytics

The success of our business is dependent upon continuing to improve operating profitability and capital spending efficiency. Longer-term improvements in profitability are dependent upon growth in digital revenues and retaining and growing our customer base. Key analytics for the three-month period ended September 30, 2020 include:

- Adjusted EBITDA – Adjusted EBITDA declined to $27.3 million or 34.0% of revenues for the three-month period ended September 30, 2020, relative to $37.8 million or 38.5% of revenues for the same period last year.
- Adjusted EBITDA less CAPEX – Adjusted EBITDA less CAPEX decreased to $26.0 million for the three-month period ended September 30, 2020 compared to $35.4 million for the three-month period ended September 30, 2019.
- YP Segment Digital Revenues – YP Segment digital revenues decreased 17.5% year-over-year and amounted to $61.3 million for the three-month period ended September 30, 2020.
- YP Customer Count[1] and ARPC[2] – YP Segment customer count decreased to 132,100 customers for the twelve-month period ended September 30, 2020, as compared to 162,000 customers for same period last year. The customer count reduction of 29,900 in the twelve months ended September 30, 2020 compares to a decline of 35,000 in the comparable period of the previous year. YP Segment ARPC in the twelve-month period ended September 30, 2020 was $2,536 as compared to $2,517 for the twelve-month period ended September 30, 2019 representing an increase of 0.8%.

[1] *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.*
[2] *YP ARPC is defined as the YP average contracted revenue per customer on a trailing twelve month basis excluding 411.ca.*

CAPEX

(In thousands of Canadian dollars)

For the three-month periods ended September 30,		**2020**		2019
Additions to intangible assets	**$**	**1,275**	$	2,379
Additions to property and equipment		**65**		(28)
CAPEX	**$**	**1,340**	$	2,351

Headcount[1]

As at	**September 30, 2020**	September 30, 2019	Change
YP Total Headcount	**698**	883	(185)

[1]*The Company defines headcount as total employees 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 third quarter of 2020 compared to the same period of 2019. 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-IFRS financial metrics are provided on page 3 of this MD&A and are important aspects which should be considered when analyzing our performance.

Third quarter highlights

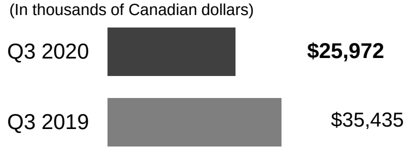
(In thousands of Canadian dollars, except per share and percentage information)

For the three-month periods ended September 30,		**2020**		2019
Revenues	**$**	**80,281**	$	98,147
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA)	**$**	**27,312**	$	37,786
Adjusted EBITDA margin		**34.0%**		38.5%
Net earnings	**$**	**9,041**	$	13,839
Basic earnings per share	**$**	**0.34**	$	0.52
CAPEX	**$**	**1,340**	$	2,351
Adjusted EBITDA less CAPEX	**$**	**25,972**	$	35,435
Cash flows from operating activities	**$**	**32,739**	$	50,559

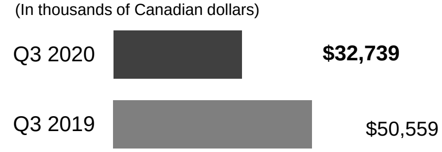
Revenues
(In thousands of Canadian dollars)

Adjusted EBITDA
(In thousands of Canadian dollars)

Adjusted EBITDA less CAPEX
(In thousands of Canadian dollars)



Cash Flows from Operating Activities
(In thousands of Canadian dollars)



Consolidated Operating and Financial Results

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

For the three and nine-month periods ended September 30,	**2020**	**% of Revenues**	2019	% of Revenues	**2020**	**% of Revenues**	2019	% of Revenues
Revenues	**$ 80,281**		$ 98,147		**$ 256,869**		$ 309,706	
Cost of sales[1]	**32,480**	**40.5%**	39,103	39.8%	**97,544**	**38.0%**	119,966	38.7%
Gross profit[1]	**47,801**	**59.5%**	59,044	60.2%	**159,325**	**62.0%**	189,740	61.3%
Other operating costs[1]	**20,489**	**25.5%**	21,258	21.7%	**57,522**	**22.4%**	63,151	20.4%
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA)	**27,312**	**34.0%**	37,786	38.5%	**101,803**	**39.6%**	126,589	40.9%
Depreciation and amortization	**6,624**	**8.3%**	9,221	9.4%	**21,415**	**8.3%**	30,431	9.8%
Restructuring and other charges	**4,461**	**5.6%**	2,347	2.4%	**7,910**	**3.1%**	6,780	2.2%
Income from operations	**16,227**	**20.2%**	26,218	26.7%	**72,478**	**28.2%**	89,378	28.9%
Financial charges, net	**4,196**	**5.2%**	7,019	7.2%	**12,498**	**4.9%**	32,240	10.4%
(Gain) loss on sale of businesses	**(79)**	**nm**	160	0.2%	**423**	**0.2%**	357	0.1%
Earnings before income taxes	**12,110**	**15.1%**	19,039	19.4%	**59,557**	**23.2%**	56,781	18.3%
Provision for income taxes	**3,069**	**3.8%**	5,200	5.3%	**16,074**	**6.3%**	15,709	5.1%
Net earnings	**$ 9,041**	**11.3%**	$ 13,839	14.1%	**$ 43,483**	**16.9%**	$ 41,072	13.3%
Basic earnings per share	**$ 0.34**		$ 0.52		**$ 1.63**		$ 1.55	
Diluted earnings per share	**$ 0.34**		$ 0.49		**$ 1.52**		$ 1.44	

[1] *Certain comparative information has been restated to conform to the 2020 presentation.*

As at	**September 30, 2020**	December 31, 2019
Total assets	**$ 350,600**	$ 326,878
Exchangeable debentures	**$ 100,433**	$ 98,537
Total exchangeable debentures to total assets	**28.6%**	30.1%

Segmented Information

The Company's operations are categorized into two reportable segments: YP and Other.

The YP segment provides small and medium-sized businesses across Canada digital and traditional marketing solutions, including online and mobile priority placement on Yellow Pages owned and operated media, content syndication, search engine solutions, website fulfillment, social media campaign management and digital display advertising, video production and print advertising. This segment also includes the 411.ca digital directory service helping users find and connect with people and local businesses which was integrated with the Company's wholly-owned subsidiary, Yellow Pages Digital & Media Solutions Limited, as at September 30, 2019.

The Other segment includes YP Dine digital property allowing users to discover, search for and book local restaurants in addition to offering online ordering capabilities until its sale on April 30, 2019. This segment also includes Mediative until its liquidation on January 31, 2019. Mediative's offers included dedicated marketing and performance media services to national clients Canada-wide. Subsequent to the second quarter of 2019, there are no longer any operations being reported in this segment.

Segment results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. The Company accounts for transactions between reportable segments in the same manner it accounts for transactions with external customers and eliminates them on consolidation. There were no transactions between the reportable segments for the three and nine-month periods ended September 30, 2020 and September 30, 2019.

Analysis of Consolidated and Segmented Operating and Financial Results

Revenues

(In thousands of Canadian dollars, except percentage information)

For the three and nine-month periods ended September 30,	**2020**	2019	% Change	**2020**	2019	% Change
Digital	**$ 61,305**	$ 74,309	(17.5%)	**$ 193,348**	$ 228,600	(15.4%)
Print	**18,976**	23,838	(20.4%)	**63,521**	79,832	(20.4%)
YP	**$ 80,281**	$ 98,147	(18.2%)	**$ 256,869**	$ 308,432	(16.7%)
Digital	–	–	–	–	1,274	(100.0%)
Print	–	–	–	–	–	–
Other	–	–	–	–	1,274	(100.0%)
Digital	**$ 61,305**	$ 74,309	(17.5%)	**$ 193,348**	$ 229,874	(15.9%)
Print	**$ 18,976**	$ 23,838	(20.4%)	**$ 63,521**	$ 79,832	(20.4%)
Total revenues	**$ 80,281**	$ 98,147	(18.2%)	**$ 256,869**	$ 309,706	(17.1%)

Total revenues for the third quarter ended September 30, 2020 decreased by 18.2% year-over-year and amounted to $80.3 million as compared to $98.1 million for the same period last year. For the nine-month period ended September 30, 2020, revenues decreased by 17.1% to $256.9 million, as compared to $309.7 million for the same period last year.

Total digital revenues decreased 17.5% year-over-year and amounted to $61.3 million during the third quarter of 2020 compared to $74.3 million for the same period last year. For the nine-month period ended September 30, 2020, total digital revenues decreased 15.9% year-over-year and amounted to $193.3 million, as compared to $229.9 million for the same period last year.

Total print revenues decreased 20.4% year-over-year and amounted to $19.0 million during the third quarter of 2020 as compared to print revenues of $23.8 million in the third quarter of 2019. For the nine-month period ended September 30, 2020, total print revenues decreased 20.4% year-over-year and amounted to $63.5 million.

As there are no longer any operations in the Other segment subsequent to the second quarter of 2019, the lower revenues for the quarter and the nine-month periods ended September 30, 2020 is due to the YP Segment.

Reportable Segments Revenues

YP

Revenues for the YP segment for the third quarter of 2020 decreased by $17.8 million or 18.2% year-over-year and amounted to $80.3 million compared to $98.1 million for the same period last year. Revenues for the YP segment for the nine-month period ended September 30, 2020 decreased by $51.6 million or 16.7% to $256.9 million from $308.4 million for the same period in 2019. The decrease for the quarter and the nine-month periods ended September 30, 2020 is due to the decline of our higher margin YP 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. Revenues for the third quarter of 2020 were also impacted by the COVID-19 pandemic which impacted customer spend and to a lesser extent customer renewal rates.

Digital revenues decreased 17.5% year-over-year and amounted to $61.3 million during the third quarter of 2020, this compares to $74.3 million for the same period last year. Digital revenues decreased 15.4% year-over-year and amounted to $193.3 million for the nine-month period ending September 30, 2020, this compares to $228.6 million for the same period last year. The revenues were adversely impacted by a decline in the number of digital customers partially offset by a ninth consecutive quarter of higher spend per customer despite pressure on spend during the third quarter due to the pandemic.

Print revenues decreased 20.4% year-over-year and amounted to $19.0 million during the third quarter of 2020 and decreased by 20.4% year-over-year to $63.5 million during the nine-month period ended September 30, 2020. The revenues were adversely impacted by a decline in the number of print customers and lower spend per customer.

Other

Due to the divestitures there were no revenues generated by the Other segment during the three and nine-month periods ended September 30, 2020, resulting in a year-over-year decline of $1.3 million in Other revenues for the nine-month period ended September 30, 2020.

Gross Profit[1]

(In thousands of Canadian dollars, except percentage information)

For the three and nine-month periods ended September 30,	2020	% of Revenues	2019	% of Revenues	% Change	2020	% of Revenues	2019	% of Revenues	% Change
YP	**$ 47,801**	**59.5%**	$ 59,044	60.2%	(19.0%)	**$ 159,325**	**62.0%**	$ 189,090	61.3%	(15.7%)
Other	–	–	–	–	–	–	–	650	51.0%	(100%)
Total gross profit	**$ 47,801**	**59.5%**	$ 59,044	60.2%	(19.0%)	**$ 159,325**	**62.0%**	$ 189,740	61.3%	(16.0%)

[1] *Certain comparative information has been restated to conform to the 2020 presentation.*

Gross profit decreased to $47.8 million or 59.5% of revenues for the three-month period ended September 30, 2020, compared to $59.0 million, or 60.2% of revenues, for the same period last year. For the nine-month period ended September 30, 2020 gross profit decreased to $159.3 million, or 62.0% of total revenues as compared to $189.7 million, or 61.3% of total revenues, for the same period last year. The decrease in gross profit and variance in gross profit as a percentage of revenues is attributable to the YP segment.

Reportable Segments Gross Profit

YP

Gross profit for the YP segment for the three-month period ended September 30, 2020 totaled $47.8 million, or 59.5% of revenues, compared to $59.0 million, or 60.2% of revenues, for the same period last year and the gross profit for the first nine months of 2020 was $159.3 million, or 62.0% of revenues as compared to $189.1 million, or 61.3% of revenues for the same period in 2019. The decrease in gross profit for the three and nine-month periods ended September 30, 2020 is a result of the pressures from lower overall revenues and change in product mix which were partially offset by efficiencies in sales and operations from optimization and cost reductions. Results for the three-month period ended September 30, 2020 were further impacted by resumed spending mainly for the fulfillment of paused campaigns related to the COVID-19 pandemic which resulted in a decrease in gross profit as a percentage of revenues for the quarter. Continued modest effects on revenue of the COVID-19 pandemic, coupled with increased headcount in our salesforce, will create some pressure on margin in upcoming quarters.

Other

Due to the divestitures there was no gross profit generated by the Other segment during the three and nine-month periods ended September 30, 2020, resulting in a year-over-year decline of $0.7 million in Other gross profit for the nine-month period ended September 30, 2020.

Adjusted EBITDA

(In thousands of Canadian dollars, except percentage information)

For the three and nine-month periods ended September 30,	**2020**	**% of Revenues**	2019	% of Revenues	% Change	**2020**	**% of Revenues**	2019	% of Revenues	% Change
YP	**$ 27,312**	**34.0%**	$ 37,786	38.5%	(27.7%)	**$ 101,803**	**39.6%**	$ 126,258	40.9%	(19.4%)
Other	**–**	**–**	–	–	–	**–**	**–**	331	26.0%	(100.0%)
Total Adjusted EBITDA	**$ 27,312**	**34.0%**	$ 37,786	38.5%	(27.7%)	**$ 101,803**	**39.6%**	$ 126,589	40.9%	(19.6%)

Adjusted EBITDA decreased by 27.7% to $27.3 million or 34.0% of revenues in the third quarter ended September 30, 2020, relative to $37.8 million or 38.5% of revenues for the same period last year. For the nine-month period ended September 30, 2020 Adjusted EBITDA decreased by $24.8 million or 19.6% to $101.8 million or 39.6% of revenues, compared to $126.6 million or 40.9% of revenues for the same period last year. The year-over-year results for the three and nine-month periods were attributable to the YP Segment.

Reportable Segments Adjusted EBITDA

YP

Adjusted EBITDA for the YP segment for the three-month period ended September 30, 2020 totaled $27.3 million or 34.0% of revenues compared to $37.8 million or 38.5% of revenues for the same period last year. For the nine-month period ended September 30, 2020 Adjusted EBITDA decreased to $101.8 million or 39.6% of revenues from $126.3 million or 40.9% of revenues for the same period in 2019. The decrease in Adjusted EBITDA and Adjusted EBITDA margin in the three and nine-month periods ended September 30, 2020 is the result of the revenue pressures in the YP segment as well as certain one-time items partially offset by efficiencies in sales and operations from optimization and reductions in other operating costs including reductions in our workforce and associated employee expenses, reductions in the Company's office space footprint and other spending reductions across the segment. The one-time items include a $4.0 million increase for the expense related to the vesting of the CEO's long term incentive plan (LTIP) upon completion of his first contract term in the third quarter of 2020, resulting from the increase in the Company's share price, partially offset by a $1.2 million emergency wage subsidy received during the three-month period ended September 30, 2020. For the nine-month period ended September 30, 2020, Adjusted EBITDA and Adjusted EBITDA margin also benefited from an additional $4.8 million emergency wage subsidy received in the second quarter of 2020. In addition, the first quarter of 2019 was favorably impacted by an adjustment to the variable compensation expense due to employee attrition and previous year performances. Continued modest effects on revenue of the COVID-19 pandemic, coupled with increased headcount in our salesforce, will create some pressure on margin in upcoming quarters.

Other

Due to the divestitures there was no Adjusted EBITDA generated by the Other segment during the three and nine-month periods ended September 30, 2020, resulting in a year-over-year decline of $0.3 million in Adjusted EBITDA for the nine-month period ended September 30, 2020.

Adjusted EBITDA less CAPEX

(In thousands of Canadian dollars, except percentage information)

For the three and nine-month periods ended September 30,		2020		2019	% Change		2020		2019	% Change
Adjusted EBITDA	**$**	**27,312**	$	37,786	(**27.7**%)	**$**	**101,803**	$	126,258	(**19.4**%)
CAPEX		**1,340**		2,351	(**43.0**%)		**4,099**		7,479	(**45.2**%)
YP	**$**	**25,972**	$	35,435	(**26.7**%)	**$**	**97,704**	$	118,779	(**17.7**%)
Adjusted EBITDA		–		–	–		–		331	(**100.0**%)
CAPEX		–		–	–		–		278	(**100.0**%)
Other		–		–	–		–		53	(**100.0**%)
Adjusted EBITDA	**$**	**27,312**	$	37,786	(**27.7**%)	**$**	**101,803**	$	126,589	(**19.6**%)
CAPEX	**$**	**1,340**	$	2,351	(**43.0**%)	**$**	**4,099**	$	7,757	(**47.2**%)
Total Adjusted EBITDA less CAPEX	**$**	**25,972**	$	35,435	(**26.7**%)	**$**	**97,704**	$	118,832	(**17.8**%)

Adjusted EBITDA less CAPEX decreased by $9.4 million to $26.0 million during the third quarter of 2020, compared to $35.4 million during the same period last year. For the nine-month period ended September 30, 2020 Adjusted EBITDA less CAPEX decreased by $21.1 million or 17.8% to $97.7 million, compared to $118.8 million for the same period last year. The decrease in Adjusted EBITDA less CAPEX for the three-month and nine-month periods ended September 30, 2020 was due to the YP segment.

Reportable Segments Adjusted EBITDA less CAPEX

YP

Adjusted EBITDA less CAPEX for the YP segment for the three-month period ended September 30, 2020 totaled $26.0 million compared to $35.4 million for the same period last year. Adjusted EBITDA less CAPEX for the YP segment for the nine-month period ended September 30, 2020 totalled $97.7 million compared to $118.8 million for the same period last year. The decrease for the three and nine-month periods ended September 30, 2020 is mainly due to lower Adjusted EBITDA partially offset by lower capital expenditures due to decreased spending in software development.

Other

Due to the divestitures the Adjusted EBITDA less CAPEX for the Other segment for the three and nine-month periods ended September 30, 2020, is $nil, resulting in a year-over-year decrease of $0.1 million in Adjusted EBITDA less Capex for the nine-month period ended September 30, 2020.

Depreciation and Amortization

Depreciation and amortization decreased to $6.6 million for the three-month period ended September 30, 2020 compared to $9.2 million for the same period last year and decreased to $21.4 million for the nine-month period ended September 30, 2020 compared to $30.4 million for the same period last year primarily due to lower software development expenditures.

Restructuring and Other Charges

(In thousands of Canadian dollars)

For the three and nine-month periods ended September 30,		2020		2019		2020		2019
Severance, benefits and outplacement	**$**	**417**	$	1,664	**$**	**1,969**	$	4,923
Settlement of litigation		–		–		–		(99)
Impairment of right-of-use assets and property and equipment and provision for future operation costs related to lease contracts for offices closed		**4,135**		509		**6,264**		707
Other fees (recoveries)		**(91)**		174		**(323)**		1,249
Total restructuring and other charges	**$**	**4,461**	$	2,347	**$**	**7,910**	$	6,780

Restructuring and other charges of $4.5 million were recorded for the three-month period ended September 30, 2020 consisting mainly of restructuring charges of $0.4 million associated with workforce reductions, a $2.1 million charge for future operation costs provisioned related to lease contracts for offices closured, as well as a $2.0 million charge related to the impairment of property and equipment and right-of-use assets related to vacated office space. For the three-month period ended September 30, 2019, the Company recorded restructuring and other charges of $2.3 million consisting of restructuring charges of $1.8 million relating to workforce reductions, and a $0.3 million charge relating to future operation costs provisioned related to lease contracts for office closures as well as an impairment of right-of-use assets of $0.2 million.

Restructuring and other charges of $7.9 million were recorded for the nine-month period ended September 30, 2020 consisting mainly of restructuring charges of $2.0 million associated with workforce reductions, a $3.2 million charge related to future operation costs provisioned related to lease contracts for office closures, as well as a $3.7 million charge related to property and equipment disposals and impairment of property and equipment and right-of-use assets related to vacated office space, partially offset by a $1.0 million recovery related to the surrender of vacated office space. For the nine-month period ended September 30, 2019, the Company recorded restructuring and other charges of $6.8 million of which $6.1 million consisted of restructuring charges due to workforce reductions and $0.7 million related to future operation costs provisioned related to lease contracts for office closures as well as an impairment of right-of-use assets.

Financial Charges

Financial charges decreased to $4.2 million for the three-month period ended September 30, 2020 compared to $7.0 million for the same period last year and decreased to $12.5 million for the nine-month period ended September 30, 2020 from $32.2 million for the same period last year. The decrease is primarily due to a lower level of indebtedness due to the full repayment of the Senior Secured Notes in 2019. The Company's effective average interest rate on our debt portfolio excluding lease obligations for the quarter ended September 30, 2020 was 8.0% (September 30, 2019 – 9.1%).

Provision for Income Taxes

The combined statutory provincial and federal tax rates were 26.58% for the three and nine-month periods ended September 30, 2020 and 26.90% for the same periods in 2019. The Company recorded an expense of $3.1 million and $16.1 million for the three and nine-month periods ended September 30, 2020, respectively compared to an expense of $5.2 million and $15.7 million for the three and nine-month periods ended September 30, 2019, respectively.

The difference between the effective and the statutory rates during the three and nine-month periods ended September 30, 2020 and 2019 is due to the non-deductibility of certain expenses for tax purposes.

Net earnings

Net earnings for the three and nine-month periods ended September 30, 2020, amounted to $9.0 million and $43.5 million, respectively as compared to net earnings of $13.8 million and $41.1 million, respectively for the same periods last year. The decrease in profitability of $4.8 million for the three-month period ended September 30, 2020 compared to the same period last year is explained principally by lower Adjusted EBITDA and an increase in restructuring and other charges partially offset by decreases in financial charges, depreciation and amortization expenses. The increase in profitability of $2.4 million for the nine-month period ended September 30, 2020 compared to the same period last year is explained principally by lower financial charges and lower depreciation and amortization expenses partially offset by lower Adjusted EBITDA.

Summary of Consolidated Quarterly Results

The following table prepared in accordance with IFRS, under International Accounting Standard (IAS 34), Interim Financial Reporting, shows selected consolidated financial data of Yellow Pages for the eight most recent quarters.

	2020			2019				2018
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
YP revenues	**$ 80,281**	$ 88,280	$ 88,421	$ 93,507	$ 98,147	$ 106,610	$ 103,675	$ 110,782
Other revenues and Intersegment Eliminations	**–**	–	–	–	–	162	1,112	13,737
Total revenues	**$ 80,281**	$ 88,280	$ 88,421	$ 93,507	$ 98,147	$ 106,772	$ 104,787	$ 124,519
Operating costs	**52,969**	46,352	55,745	58,751	60,361	63,350	59,406	83,370
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA)	**27,312**	41,928	32,563	34,756	37,786	43,422	45,381	41,149
Adjusted EBITDA margin	**34.0%**	47.5%	36.9%	37.2%	38.5%	40.7%	43.3%	33.0%
Depreciation and amortization	**6,624**	7,190	7,601	8,678	9,221	10,082	11,128	17,063
Restructuring and other charges	**4,461**	134	3,315	5,719	2,347	1,571	2,862	1,198
Income from operations	**16,227**	34,604	21,647	20,359	26,218	31,769	31,391	22,888
Financial charges, net	**4,196**	4,121	4,181	7,360	7,019	11,456	13,765	13,516
(Gain) loss on sale of businesses	**(79)**	4	498	10	160	197	–	(205)
Provision for (recovery of) income taxes	**3,069**	8,440	4,565	(40,608)	5,200	5,543	4,966	(30,380)
Net earnings	**$ 9,041**	$ 22,039	$ 12,403	$ 53,597	$ 13,839	$ 14,573	$ 12,660	$ 39,957
Basic earnings per share	**$ 0.34**	$ 0.83	$ 0.47	$ 2.02	$ 0.52	$ 0.55	$ 0.48	$ 1.51
Diluted earnings per share	**$ 0.34**	$ 0.73	$ 0.44	$ 1.70	$ 0.49	$ 0.51	$ 0.45	$ 1.28

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)

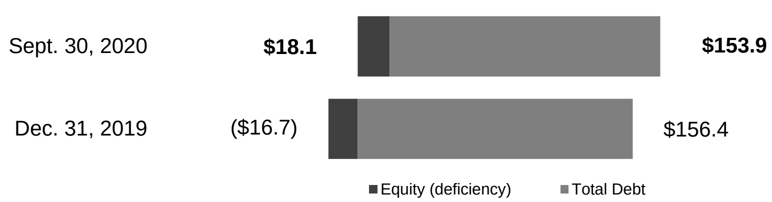
As at		September 30, 2020		December 31, 2019
Cash	$	**124,475**	$	44,408
Exchangeable debentures		**100,433**		98,537
Lease obligations		**53,507**		57,885
Total debt	$	**153,940**	$	156,422
Equity (deficiency)		**18,141**		(16,660)
Total capitalization	$	**172,081**	$	139,762
Total debt net of cash to total capitalization		**17.1%**		80.1%

As at September 30, 2020, Yellow Pages had $29.5 million of total debt net of cash, compared to $112.0 million as at December 31, 2019.

The total debt net of cash to latest Twelve-Month Adjusted EBITDA[1] ratio as at September 30, 2020 was 0.2 times compared to 0.7 times as at December 31, 2019. The decrease is mainly due to a higher cash balance at September 30, 2020 partially offset by lower Adjusted EBITDA.

Total Debt Net of Cash to Latest Twelve-Month Adjusted EBITDA[1] Ratio

Capital Structure
(In millions of Canadian dollars)



[1] *Latest twelve-month income from operations before depreciation and amortization, and restructuring and other charges (Latest Twelve-Month Adjusted EBITDA). Latest Twelve-Month Adjusted EBITDA is a non-IFRS measure and may not be comparable with similar measures used by other publicly traded companies. Please refer to page 3 for a definition of Adjusted EBITDA.*

Asset-Based Loan

On October 19, 2017, the Company, through its subsidiary Yellow Pages Digital & Media Solutions Limited, renewed its five-year $50.0 million asset-based loan (ABL) and extended the term of the ABL to August 2022. At the request of the Company, the ABL agreement was amended on November 18, 2019 to reduce the total commitment from $50.0 million to $25.0 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, Banker's acceptance (BA) equivalent loans or letters of credit. The ABL is subject to an availability reserve of $5.0 million if the Company's trailing twelve-month fixed charge coverage ratio is below 1.1 times. As at September 30, 2020, the Company's fixed charge coverage ratio was 1.5 times. The Company had $3.4 million of letters of credit issued and outstanding under the ABL. As such, $21.6 million of the ABL was available as at September 30, 2020. As at September 30, 2020, the Company was in compliance with all covenants under the loan agreement governing the ABL.

Exchangeable Debentures

On December 20, 2012, the Company, through its subsidiary Yellow Pages Digital & Media Solutions Limited, issued $107.5 million of senior subordinated exchangeable debentures (the Exchangeable Debentures) due November 30, 2022. As at September 30, 2020, and December 31, 2019, the face value of the Exchangeable Debentures was $107.0 million and $107.1 million, respectively. As at September 30, 2020, the value of the Exchangeable Debentures less unaccreted interest was $100.4 million compared to $98.5 million as at December 31, 2019.

Interest on the Exchangeable Debentures accrues at a rate of 8% per annum if, for the applicable interest period, it is paid in cash or 12% per annum, for the applicable interest period, if the Company makes a Payment in Kind election to pay interest in respect of all or any part of the then outstanding Exchangeable Debentures in additional Exchangeable Debentures. Interest on the Exchangeable Debentures is payable semi-annually in arrears in equal instalments on the last day of May and November of each year.

The indenture governing the Exchangeable Debentures contains restrictive covenants, including restrictions on the incurrence of additional indebtedness, the payment of dividends and other payment restrictions, the creation of liens, sale and leaseback transactions, mergers, consolidations and sales of assets and certain transactions with affiliates. The indenture does not contain the obligation to maintain financial ratios. Financial ratio restrictions only apply upon incurrence of indebtedness and other transactions.

The indenture does permit the Company to make restricted payments, including payment of dividends and common stock buyback, in an aggregate amount not to exceed $20.0 million since the date of the indenture. As at September 30, the Company has made a cumulative total of $7.0 million of restricted payments, comprised of $5.9 million of dividend payments and $1.1 million related to common stock buyback, since the indenture went into effect. As at September 30, 2020, the Company was in compliance with all covenants under the indenture governing the Exchangeable Debentures.

Exchange Option

The Exchangeable Debentures are exchangeable at the holder's option into common shares at any time at an exchange price per common share equal to $19.04, subject to adjustment for specified transactions.

Optional Redemption

The Company may redeem all or part of the Exchangeable Debentures at its option, upon not less than 30 nor more than 60 days prior notice, at a redemption price equal to:

- In the case of a redemption occurring prior to May 31, 2021, 110% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date; or
- In the case of a redemption occurring on or after May 31, 2021, 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date.

The redemption option for cash is an embedded derivative and is recorded at fair value on the consolidated statements of financial position with changes in fair value recognized in financial charges. The fair value as at September 30, 2020 and December 31, 2019 was insignificant.

The Company entered into a Normal Course Issuer Bid ("NCIB") to purchase up to $6.6 million principal amount of its Exchangeable Debentures starting on April 20, 2020 and ending on April 19, 2021. The price which Yellow Pages Digital & Media Solutions Limited will pay for any such Exchangeable Debentures will be the prevailing market price at the time of acquisition. All Exchangeable Debentures will be purchased for cancellation. As at September 30, 2020, YP purchased Exchangeable Debentures under this NCIB program, with a carrying value of $52 thousand for cash and a face value of $56 thousand.

As announced on February 13, 2020, the Company intends to make an optional redemption payment to fully repay the remaining balance of its Exchangeable Debentures on or shortly after May 31, 2021, according to the terms above (i.e., at redemption price of 100%).

Credit Ratings

Standard and Poor's Global Ratings
B-/Corporate credit rating – stable outlook
B/Credit rating for Exchangeable Debentures

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 debt obligations. As at September 30, 2020, the Company had $124.5 million of cash and $21.6 million available under the ABL. As at November 11, 2020, the Company had approximately $137.0 million of cash and $21.6 million available under the ABL

Share Data

Outstanding Share Data

As at	November 11, 2020	September 30, 2020	December 31, 2019
Common shares outstanding	27,930,918	27,976,028	28,075,308
Exchangeable Debentures outstanding[1]	5,621,481	5,621,481	5,624,422
Common share purchase warrants outstanding	2,995,484	2,995,484	2,995,484
Stock options outstanding[2]	2,731,539	2,747,239	1,983,102

[1] *As at November 11, 2020, Yellow Pages had $107.0 million principal amount of Exchangeable Debentures outstanding, which amount is exchangeable into 5,621,481 common shares of Yellow Pages Limited at an exchange price of $19.04, subject to adjustment for specified transactions pursuant to the indenture governing the Exchangeable Debentures.*

[2] *Included in the stock options outstanding balance of 2,731,539 and 2,747,239 as at November 11 and September 30, 2020, respectively, of which 11,088 stock options and nil stock options were exercisable as at those dates, respectively. Included in the stock options outstanding balance of 1,983,102 as at December 31, 2019, of which nil stock options exercisable as at that date.*

The Company entered into a normal course issuer bid ("NCIB"), commencing August 10**,** 2020, to purchase up to $5.0 million of Common Shares in the open market for cancellation, on or before August 9**,** 2021. As at September 30, 2020, the Company had purchased under this NCIB program 99,280 common shares for cash of $1.1 million.

Dividend policy

On May 12th, 2020, the Company's Board of Directors adopted a dividend policy of paying a quarterly cash dividend to its common shareholders of $0.11 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.

In the second quarter of 2020, the Company paid a cash dividend on common shares of $2.9 million or $0.11 per common share. In the third quarter of 2020, the Company paid a cash dividend on common shares of $2.9 million or $0.11 per common share.

On November 11, 2020, the Board of Directors declared a cash dividend of $0.11 per common share, payable on December 15, 2020 to shareholders of record as at November 27, 2020. Future quarterly dividends will be subject to Board approval.

Sources and Uses of Cash

(In thousands of Canadian dollars)

For the nine-month periods ended September 30,		**2020**		2019
Cash flows from operating activities				
Cash flows from operations, excluding change in operating assets and liabilities	**$**	**84,782**	$	92,046
Change in operating assets and liabilities		**6,778**		20,688
	$	**91,560**	$	112,734
Cash flows used in investing activities				
Additions to intangible assets	**$**	**(3,942)**	$	(7,674)
Additions to property and equipment		**(157)**		(83)
Payments received from net investment in subleases		**716**		318
Proceeds on sale of businesses		**1,200**		1,744
Business acquisition		**–**		(400)
	$	**(2,183)**	$	(6,095)
Cash flows used in financing activities				
Repayment of senior secured notes	**$**	**–**	$	(90,000)
Repurchase of exchangeable debentures		**(56)**		–
Repurchase of common shares		**(1,109)**		–
Payment of lease obligations		**(2,249)**		(3,188)
Dividends paid		**(5,896)**		–
	$	**(9,310)**	$	(93,188)
NET INCREASE IN CASH	**$**	**80,067**	$	13,451
CASH AND RESTRICTED CASH, BEGINNING OF PERIOD		**44,408**		81,452
CASH, END OF PERIOD	**$**	**124,475**	$	94,903

Cash flows from operating activities

Cash flows from operating activities decreased by $21.1 million to $91.6 million for the nine-month period ended September 30, 2020 from $112.7 million for the same period last year. The decrease is mainly due to lower Adjusted EBITDA of $24.8 million and a reduction of $13.9 million from the change in operating assets and liabilities, as 2019 benefited by the collection of Juice and Mediative accounts receivable, partially offset by lower interest paid of $11.3 million and lower payments for restructuring and other charges of $6.4 million.

Cash flows used in investing activities

Cash flows used in investing activities decreased by $3.9 million year-over-year mainly due to lower investments in software development.

Cash flows used in financing activities

Cash flows used in financing activities decreased by $83.9 million to $9.3 million for the nine-month period ended September 30, 2020 compared to $93.2 million for the same period last year due to the repayment of senior secured notes in 2019 partially offset by the $5.9 million payment of dividends made in the second and third quarters of 2020.

Financial and Other Instruments

(See Note 24 of the Audited Consolidated Financial Statements of the Company for the years ended December 31, 2019 and 2018).

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

The carrying value of the embedded derivative as at September 30, 2020 was insignificant. The carrying value is calculated, as is customary in the industry, using discounted cash flows based on quarter-end market rates.

4. Critical Assumptions and Estimates

When we prepare our interim condensed 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.

Our critical assumptions and accounting estimates have not changed since the release of our MD&A for the years ended December 31, 2019 and 2018, except as noted below. These critical assumptions and estimates relate to estimate credit loss allowance (ECL) on trade receivables, intangible assets, property and equipment, employee future benefits and income taxes. Please refer to Section 4 – *Critical Assumptions and Estimates* for the years ended December 31, 2019 and 2018.

Significant estimates

Management has revised the assumptions and estimates it would normally use to apply the Company's accounting policies affecting the carrying value of certain assets and the information disclosed in the notes to the interim condensed consolidated financial statements in order to reflect the estimated impact of the COVID-19 pandemic. Any estimate of the length and severity of these developments is subject to significant uncertainty, and, accordingly, estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. The impact of these changes in accounting estimates is recognized during the period in which the change took place and all affected future periods.

The changes to the estimates and assumptions made by management that are critical to the determination of the carrying value of assets are addressed below.

Measurement of the ECL allowance on trade receivables

In relation to the impairment of trade receivables (including contract assets), the Company uses the expected credit losses ("ECL") model, which requires the Company to account for the ECL and changes in the ECL at each reporting date to reflect changes in credit risk since initial recognition of the trade receivable. The ECL related to doubtful accounts for trade receivables (also referred to as allowance for doubtful accounts) is established based on various factors, including amongst others the age of the exposure and in some case the customer's solvency. As a result of the COVID-19 pandemic the Company applied the policy as described above using an additional factor in assessing the credit risk applied to the ECL, based on the customer's line of business and an estimation of the degree they may have been impacted by the pandemic. As a result, an additional ECL of $1.5 million was recorded in the first quarter of 2020. As at September 30, 2020, the Company updated its assessment related to the additional ECL, no further adjustment was required as a result of this assessment. This significant estimate could affect the Company's future results if there is a further significant change in economic conditions or customer solvency or any new information that may impact our assumptions.

Deferred tax assets

The Company updated its assumptions related to the carrying value of the deferred tax assets to reflect the estimated impact of the COVID-19 pandemic and determine whether an adjustment would be required to its valuation allowance as at September 30, 2020. As a result of this assessment, no adjustment was required.

New significant accounting policies

Government grant

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to it and that the grant will be received. Government grants related to an expense are recognized in profit or loss as a reduction in the related expense for which the grants are intended to compensate.

In response to the negative economic impact of COVID-19, various government programs have been enacted to provide financial relief to businesses. In the second quarter of 2020, the Company determined that it qualified for the Canada Emergency Wage Subsidy ("CEWS") program under the COVID-19 Economic Response plan for certain periods. The contribution received was recorded as a reduction to operating costs in the interim condensed consolidated statements of income.

On July 27, 2020, legislation was enacted with respect to the extension and expansion of the CEWS program, whereby the CEWS program was extended until November 21, 2020, with a potential additional extension through to December 19, 2020, with significant changes to the original program mechanics. During the third quarter ended September 30, 2020, the Company determined that it qualified for the CEWS program under the COVID-19 Economic Response plan for certain periods. The contribution received was recorded as a reduction to operating costs in the interim condensed consolidated statements of income.

On November 6, 2020, the House of Commons adopted Bill C-9 (the "Bill") which proposes the extension of the CEWS program until June 2021 including several other revisions to the CEWS rules. The Bill will not receive Royal Assent until the Senate resumes its activities, as it is currently adjourned until 17 November 2020. The Company is evaluating the effect of these changes on its eligibility to qualify for any further subsidies.

Accounting standards

Amendments to IAS 1 - *Presentation of Financial Statements*

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The amendments 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 amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is assessing the impact of adopting these amendments on its financial statements.

Amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*

On May 14, 2020, the IASB issued amendments to IAS 37 – *Provisions, Contingent Liabilities, and Contingent Assets*, specifying which costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments to IAS 37, clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts for which an entity has not yet fulfilled all its obligations on or after January 1, 2022. Earlier application is permitted. The Company is assessing the impact of adopting these amendments on its financial statements.

5. Risks and Uncertainties

Please refer to the Risks and Uncertainties section of our MD&A for the years ended December 31, 2019 and 2018 and our Annual Information Form dated March 30, 2020 for a complete description of the risks factors to which the Corporation may be exposed, including, for example, "Substantial competition could reduce the market share of the Corporation and could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "A higher than anticipated rate of decline in print revenue resulting from changes in preferences and consumer habits could have a material adverse effect on the Corporation, its business, results from operations and financial condition", "The inability of the Corporation to generate sufficient funds from operations, debt financings, equity financings or refinancing transactions could have a material adverse effect on the Corporation, its business, results from operations and financial condition".

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. 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, 2019 and 2018, except as described in the Forward-Looking Information section of this MD&A. For more information, please refer to the corresponding section in our MD&A for the years ended December 31, 2019 and 2018 and our Annual Information Form dated March 30, 2020.

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 September 30, 2020.

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 September 30, 2020.

During the quarter beginning on July 1, 2020 and ended on September 30, 2020, no changes were made to the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.