Management's Discussion and Analysis

August 4, 2022

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 six-month periods ended June 30, 2022 and 2021 and should be read in conjunction with our Audited Consolidated Financial Statements and accompanying notes for the years ended December 31, 2021 and 2020 as well as our unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2022 and 2021. Please also refer to Yellow Pages Limited's press release announcing its results for the second quarter ended June 30, 2022 issued on August 5, 2022. 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 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 August 4, 2022, about our business and the markets we operate in, and on various estimates and assumptions.

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

- that general economic conditions in Canada will not deteriorate significantly further and will recover as 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 spend per customer;
- that the decline in print revenues will remain at or below approximately 25% per annum;
- that gross profit margins will not deteriorate materially from current levels;
- that continuing reductions in spending will mitigate the cash flow impact of revenue declines on cash flows; and
- that exposure to foreign exchange risk arising from foreign currency transactions will remain insignificant.

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

When used in this MD&A, such forward-looking statements may be identified by words such as "aim", "anticipate", "believe", "could", "estimate", "expect", "goal", "intend", "objective", "may", "plan", "predict", "seek", "should", "strive", "target", "will", "would" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as at the date of this MD&A. The Corporation assumes no obligation to update or revise them to reflect new events or circumstances, except as may be required pursuant to securities laws. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future results or performance, and will not necessarily be accurate indications of whether or not such results or performance will be achieved. A number of factors could cause actual results or performance to differ materially from the results or performance discussed in the forward-looking statements and could have a material adverse effect on the Corporation, its business, results from operations and financial condition, including, but not limited to, the following risk factors discussed under the "Risks and Uncertainties" section of this MD&A, and those described in the "Risk Factors" section of our AIF:

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

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

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

Adjusted EBITDA and Adjusted EBITDA Margin

We report on our Income from operations before depreciation and amortization and restructuring and other charges (defined herein as Adjusted EBITDA) as shown in Yellow Pages Limited's interim condensed consolidated statements of income. Adjusted EBITDA and Adjusted EBITDA margin are not performance measures defined under IFRS and are not considered to be an alternative to income from operations or net 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 13 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 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 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 9 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 97,800 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, 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.

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 June 30, 2022 include:

- Total Revenues – Total Revenues decreased 6.7% year-over-year and amounted to $69.6 million for the three-month period ended June 30, 2022, an improvement from the decrease of 15.5% reported for the same period last year and the decrease of 7.8% reported last quarter.
- Digital revenues – Digital revenues decreased 5.2% year-over-year and amounted to $52.8 million for the three-month period ended June 30, 2022, an improvement from the decrease of 13.6% reported for the same period last year and the decrease of 7.7% reported last quarter.
- Adjusted EBITDA[1] – Adjusted EBITDA declined to $23.8 million or 34.2% of revenues for the three-month period ended June 30, 2022, relative to $24.4 million or 32.8% of revenues for the same period last year.
- Adjusted EBITDA less CAPEX[1] – Adjusted EBITDA less CAPEX decreased to $22.6 million or 32.4% of revenues for the three-month period ended June 30, 2022 compared to $23.1 million or 31.0% of revenues for the same period last year.
- YP Customer Count[2] – YP's customer count decreased to 97,800 customers for the twelve-month period ended June 30, 2022, as compared to 113,000 customers for same period last year. The customer count reduction of 15,200 for the twelve-month period ended June 30, 2022 compares to a decline of 25,400 in the comparable period of the previous year.
- Headcount[3] – Headcount decreased to 628 employees as at June 30, 2022 compared to 671 employees at June 30, 2021.

[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 second quarter of 2022 compared to the same period of 2021. We present several metrics to help investors better understand our performance, including certain financial measures which are not recognized by IFRS. Definitions of these non-GAAP financial measures 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 June 30,		2022		2021
Revenues	**$**	**69,584**	$	74,588
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA[1])	**$**	**23,788**	$	24,440
Adjusted EBITDA margin[1]		**34.2%**		32.8%
Net earnings	**$**	**12,678**	$	6,018
Basic earnings per share	**$**	**0.50**	$	0.23
CAPEX[1]	**$**	**1,234**	$	1,345
Adjusted EBITDA less CAPEX[1]	**$**	**22,554**	$	23,095
Adjusted EBITDA less CAPEX margin[1]		**32.4%**		31.0%
Cash flows from operating activities	**$**	**24,814**	$	28,563

[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 and six-month periods ended June 30,	2022	% of Revenues	2021	% of Revenues	2022	% of Revenues	2021	% of Revenues
Revenues	**$ 69,584**		$ 74,588		**$ 137,373**		$ 148,102	
Cost of sales	**29,543**	**42.5%**	29,834	40.0%	**56,882**	**41.4%**	59,398	40.1%
Gross profit	**40,041**	**57.5%**	44,754	60.0%	**80,491**	**58.6%**	88,704	59.9%
Other operating costs	**16,253**	**23.4%**	20,314	27.2%	**31,292**	**22.8%**	37,681	25.4%
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA)	**23,788**	**34.2%**	24,440	32.8%	**49,199**	**35.8%**	51,023	34.5%
Depreciation and amortization	**4,208**	**6.0%**	4,928	6.6%	**8,556**	**6.2%**	10,020	6.8%
Restructuring and other charges	**1,773**	**2.5%**	200	0.3%	**2,155**	**1.6%**	1,256	0.8%
Income from operations	**17,807**	**25.6%**	19,312	25.9%	**38,488**	**28.0%**	39,747	26.8%
Financial charges, net	**458**	**0.7%**	3,202	4.3%	**1,230**	**0.9%**	6,997	4.7%
Loss on early repayment of debt	**–**	**–**	7,764	10.4%	**–**	**–**	7,764	5.2%
Earnings before income taxes	**17,349**	**24.9%**	8,346	11.2%	**37,258**	**27.1%**	24,986	16.9%
Provision for income taxes	**4,671**	**6.7%**	2,328	3.1%	**9,950**	**7.2%**	6,833	4.6%
Net earnings	**$ 12,678**	**18.2%**	$ 6,018	8.1%	**$ 27,308**	**19.9%**	$ 18,153	12.3%
Basic earnings per share	**$ 0.50**		$ 0.23		**$ 1.06**		$ 0.69	
Diluted earnings per share	**$ 0.49**		$ 0.22		**$ 1.06**		$ 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 and six-month periods ended June 30,	2022	2021	% Change	2022	2021	% Change
Digital	**$ 52,804**	$ 55,700	(5.2%)	**$ 105,391**	$ 112,700	(6.5%)
Print	**16,780**	18,888	(11.2%)	**31,982**	35,402	(9.7%)
Total revenues	**$ 69,584**	$ 74,588	(6.7%)	**$ 137,373**	$ 148,102	(7.2%)

Total revenues for the second quarter ended June 30, 2022 decreased by 6.7% to $69.6 million, as compared to $74.6 million for the same period last year. For the six-month period ended June 30, 2022, revenues decreased by 7.2% to $137.4 million, as compared to $148.1 million for the same period last year. The decrease in revenues for the three and six-month periods ended June 30, 2022 is mainly due to the decline of our higher margin digital media and print products and to a lesser extent to our lower margin digital services products, thereby creating pressure on our gross profit margins.

Total digital revenues decreased 5.2% year-over-year and amounted to $52.8 million for the three-month period ended June 30, 2022, as compared to $55.7 million for the same period last year. For the six-month period ended June 30, 2022, total digital revenues decreased 6.5% year-over-year and amounted to $105.4 million, as compared to $112.7 million for the same period last year. The revenue decline for the three and six-month periods ended June 30, 2022, was mainly attributable to a decrease in digital customer count partially offset by an increase in spend per customer.

Total print revenues decreased 11.2% year-over-year and amounted to $16.8 million for the three-month period ended June 30, 2022. For the six-month period ended June 30, 2022, total print revenues decreased 9.7% year-over-year and amounted to $32.0 million. The revenue decline was mostly attributable to the decrease in the number of print customers.

The decline rates for total revenues, digital revenues and print revenues all improved significantly year-over-year. Total revenue decline of 6.7% this quarter compares to a decline of 15.5% reported for the same period last year. Digital revenue decline of 5.2% this quarter compares to a decline of 13.6% reported for the same period last year. Print revenue decline of 11.2% this quarter compares to a decline of 20.8% reported for the same period last year. These improvements were due to better spend per customer as well as increased renewal rates. The improved customer spend per customer is due in part to increased pricing.

Gross Profit

(In thousands of Canadian dollars, except percentage information)

For the three and six-month periods ended June 30,	2022	% of Revenues	2021	% of Revenues	% Change	2022	% of Revenues	2021	% of Revenues	% Change
Total gross profit	**$ 40,041**	**57.5%**	$ 44,754	60.0%	(10.5%)	**$ 80,491**	**58.6%**	$ 88,704	59.9%	(9.3%)

Gross profit decreased to $40.0 million or 57.5% of revenues for the three-month period ended June 30, 2022, compared to $44.8 million, or 60.0% of total revenues, for the same period last year. For the six-month period ended June 30, 2022 gross profit decreased to $80.5 million, or 58.6% of total revenues as compared to $88.7 million, or 59.9% of total revenues, for the same period last year. The decrease in gross profit for the three and six-month periods ended June 30, 2022 is a result of the pressures from lower overall revenues, change in product mix and investments in our tele-sales force capacity, partially offset by continued optimizations and cost reductions and increased pricing resulting in a stable gross profit margin.

Adjusted EBITDA[1]

(In thousands of Canadian dollars, except percentage information)

For the three and six-month periods ended June 30,	2022	% of Revenues	2021	% of Revenues	% Change	2022	% of Revenues	2021	% of Revenues	% Change
Total Adjusted EBITDA	**$ 23,788**	**34.2%**	$ 24,440	32.8%	(2.7%)	**$ 49,199**	**35.8%**	$ 51,023	34.5%	(3.6%)

[1] *Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, 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 June 30, 2022, Adjusted EBITDA decreased by $0.7 million or 2.7% to $23.8 million, compared to $24.4 million for the same period last year. The adjusted EBITDA margin increased by 1.4% to 34.2% for the second quarter of 2022 compared to 32.8% for the same period last year. For the six-month period ended June 30, 2022 Adjusted EBITDA decreased by $1.8 million or 3.6% to $49.2 million or 35.8% of revenues, compared to $51.0 million or 34.5% of revenues for the same period last year. The decrease in Adjusted EBITDA for the three and six-month periods ended June 30, 2022 is the result of revenue pressures, partially offset by price increases, the efficiencies from optimization in cost of sales, reductions in other operating costs including reductions in our workforce and associated employee expenses, the decrease in bad debt expense and the impact of the Company's share-price on cash settled stock-based compensation expense. The change in YP's share price, resulted in a charge of $0.9 million related to cash settled stock-based compensation expense for the three-month period ended June 30, 2022 and $0.3 million for the six-month period ended June 30, 2022, compared to a charge of $3.4 million and $3.9 million for the comparative three and six-month periods ended June 30, 2021. Furthermore, the Company received a $2.3 million emergency wage subsidy during the second quarter of 2021 for a total of $3.0 million for the six-month period ended June 30, 2021 compared to $nil million and $0.5 million during the three and six-month periods ended June 30, 2022, respectively. Revenue pressures, coupled with increased headcount in our salesforce partially offset by continued optimization, will continue to cause some pressure on margin in upcoming quarters.

Adjusted EBITDA less CAPEX[1]

(In thousands of Canadian dollars, except percentage information)

For the three and six-month periods ended June 30,		2022		2021	% Change		2022		2021	% Change
Adjusted EBITDA[1]	**$**	**23,788**	$	24,440	(2.7%)	**$**	**49,199**	$	51,023	(3.6%)
CAPEX		**1,234**		1,345	(8.3%)		**2,736**		2,585	5.8%
Total Adjusted EBITDA less CAPEX	**$**	**22,554**	$	23,095	(2.3%)	**$**	**46,463**	$	48,438	(4.1%)
Adjusted EBITDA less CAPEX Margin		**32.4%**		31.0%			**33.8%**		32.7%	

[1] *Adjusted EBITDA less CAPEX is a non-GAAP financial measure and does not have any standardized meaning under IFRS. Therefore, 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 June 30, 2022 Adjusted EBITDA less CAPEX decreased by $0.5 million or 2.3% to $22.6 million, compared to $23.1 million for the same period last year. For the six-month period ended June 30, 2022 Adjusted EBITDA less CAPEX decreased by $2.0 million or 4.1% to $46.5 million, compared to $48.4 million for the same period last year. The decrease for the three and six-month periods ended June 30, 2022 is driven by the decrease in Adjusted EBITDA. The adjusted EBITDA less CAPEX margin increased during the three and six-month periods ended June 30, 2022 to 32.4% and 33.8%, respectively compared to 31.0% and 32.7%, respectively for the same periods last year.

Depreciation and Amortization

Depreciation and amortization decreased to $4.2 million for the three-month period ended June 30, 2022 compared to $4.9 million for the same period last year and decreased to $8.6 million for the six-month period ended June 30, 2022 compared to $10.0 million for the same period last year primarily due to lower software development expenditures in recent years.

Restructuring and Other Charges

(In thousands of Canadian dollars)

For the three and six-month periods ended June 30,		2022		2021		2022		2021
Severance, benefits and outplacement	**$**	**101**	$	215	**$**	**498**	$	1,424
Impairment of right-of-use assets and future operation costs (recoveries) related to lease contracts for offices closed		**1,574**		(16)		**1,558**		(176)
Other costs		**98**		1		**99**		8
Total restructuring and other charges	**$**	**1,773**	$	200	**$**	**2,155**	$	1,256

Yellow Pages Limited recorded restructuring and other charges of $1.8 million during the second quarter of 2022 consisting mainly of restructuring charges of $0.2 million associated with workforce reductions and $0.2 million charge related to future operation costs provisioned related to lease contracts for office closures, as well as a $1.4 million charge related to the impairment of property and equipment and right-of-use assets related to vacated office space. Yellow Pages Limited recorded restructuring and other charges of $0.2 million during the three-month period ended June 30, 2021 consisting mainly of restructuring charges associated with workforce reductions.

Yellow Pages Limited recorded restructuring and other charges of $2.2 million during the six-month period ended June 30, 2022 consisting mainly of restructuring charges of $0.6 million associated with workforce reductions and $0.2 million charge related to future operation costs provisioned related to lease contracts for office closures, as well as a $1.4 million. charge related to the impairment of property and equipment and right-of-use assets related to vacated office space. Yellow Pages Limited recorded restructuring and other charges of $1.3 million during the six-month period ended June 30, 2021 consisting mainly of restructuring charges of $1.4 million associated with workforce reductions and a $0.2 million recovery related to future operation costs provisioned related to lease contracts of previously vacated office space.

Financial Charges

Financial charges decreased to $0.5 million for the three-month period ended June 30, 2022 compared to $3.2 million for the same period last year and decreased to $1.2 million for the six-month period ended June 30, 2022 from $7.0 million for the same period last year. The decrease is mainly due to a lower interest expense due to the full repayment of the Exchangeable debentures on May 31, 2021.

Loss on early repayment of debt

Yellow Pages Limited recorded a loss on early repayment of debt of $7.8 million for the three and six-month periods ended June 30, 2021, consisting of a loss of $4.8 million on the early repayment of the Exchangeable debentures and a loss of $3.0 million related to the derecognition of the redemption option of the Exchangeable debentures.

Provision for Income Taxes

The combined statutory provincial and federal tax rates were 26.4% for the six-month periods ended June 30, 2022 and 2021. The Company recorded an expense of $4.7 million and $10.0 million for the three and six-month periods ended June 30, 2022, respectively compared to an expense of $2.3 million and $6.8 million for the three and six-month periods ended June 30, 2021, respectively.

The difference between the effective and the statutory rates for the six-month periods ended June 30, 2022 and 2021 is due to the non-deductibility of certain expenses for tax purposes.

Net earnings

Net earnings increased to $12.7 million and $27.3 million, respectively for the three and six-month periods ended June 30, 2022 compared to net earnings of $6.0 million and $18.2 million, respectively for the same periods last year. While the three and six-month periods ended June 30, 2021, were impacted by the loss on the early repayment of debt of $7.8 million, the increase in net earnings for the same periods in 2022 are further explained by lower Adjusted EBITDA and the increase in restructuring and other charges, being more than offset by the decrease in financial charges due to lower debt as well as the decrease in depreciation and amortization.

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)

		2022				2021		2020
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenues	**$ 69,584**	$ 67,789	$ 68,624	$ 70,920	$ 74,588	$ 73,514	$ 76,669	$ 80,281
Operating costs	**45,796**	42,378	44,264	44,303	50,148	46,931	49,030	52,969
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA)	**23,788**	25,411	24,360	26,617	24,440	26,583	27,639	27,312
Adjusted EBITDA margin	**34.2%**	37.5%	35.5%	37.5%	32.8%	36.2%	36.0%	34.0%
Depreciation and amortization	**4,208**	4,348	4,557	5,058	4,928	5,092	6,249	6,624
Restructuring and other charges	**1,773**	382	2,665	1,423	200	1,056	221	4,461
Income from operations	**17,807**	20,681	17,138	20,136	19,312	20,435	21,169	16,227
Financial charges, net	**458**	772	1,214	1,132	3,202	3,795	2,014	4,196
Loss on early repayment of debt	–	–	–	–	7,764	–	–	–
Gain on sale of businesses	–	–	–	–	–	–	–	(79)
Earnings before income taxes	**17,349**	19,909	15,924	19,004	8,346	16,640	19,155	12,110
Provision for (recovery of) income taxes	**4,671**	5,279	(22,811)	5,257	2,328	4,505	2,340	3,069
Net earnings	**$ 12,678**	$ 14,630	$ 38,735	$ 13,747	$ 6,018	$ 12,135	$ 16,815	$ 9,041
Basic earnings per share	**$ 0.50**	$ 0.56	$ 1.48	$ 0.52	$ 0.23	$ 0.46	$ 0.63	$ 0.34
Diluted earnings per share	**$ 0.49**	$ 0.56	$ 1.46	$ 0.51	$ 0.22	$ 0.44	$ 0.58	$ 0.34

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	June 30, 2022	December 31, 2021
Cash	**$ 129,298**	$ 123,559
Lease obligations (including current portion)	**$ 48,375**	$ 49,879
Total debt	**$ 48,375**	$ 49,879
Equity	**130,849**	116,131
Total capitalization	**$ 179,224**	$ 166,010
Total cash net of debt[1]	**$ 80,923**	$ 73,680
Total cash net of debt to total capitalization	**45.2%**	44.4%

[1] *The term cash net of debt does not have a standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. We define cash net of debt as cash less Lease obligations, as shown in the Company's interim condensed 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 August 2022, recently extended to September 2022 and a total commitment of $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 June 30, 2022, the Company's fixed charge coverage ratio was 1.7 times. The Company had $2.8 million of letters of credit issued and outstanding under the ABL and a $3.9 million deficiency in qualified collateral. As such, $18.3 million of the ABL was available as at June 30, 2022.

As at June 30, 2022, 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 June 30, 2022, the Company had $129.3 million of cash and $18.3 million available under the ABL.

Share Data

Outstanding Share Data

As at	August 4, 2022	June 30, 2022	December 31, 2021
Common shares outstanding	26,607,424	26,607,424	27,459,686
Common share purchase warrants outstanding	2,995,483	2,995,483	2,995,483
Stock options outstanding[1]	2,148,763	2,161,181	2,332,893

[1] *Included in the stock options outstanding balance of 2,148,763 as at August 4, 2022 and 2,161,181 as at June 30, 2022, are 15,969 stock options exercisable as at those dates. Included in the stock options outstanding balance of 2,332,893 as at December 31, 2021 were nil stock options exercisable as at that date.*

Share repurchases

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. The Company completed this NCIB program on July 16, 2021 after attaining the $5.0 million limit.

On August 5, 2021, the Company announced a NCIB commencing August 10, 2021 to purchase up to $16.0 million of the Company's outstanding shares for cancellation on or before August 9, 2022. Upon completion of this NCIB program on May 30, 2022, the Company purchased under this NCIB program, a total of 1,122,511 common shares for cash of $16.0 million. For the three and six-month periods ended June 30, 2022, the Company purchased under this NCIB program 423,099 and 871,135, common shares, respectively for cash of $6.1 million and $12.4 million, respectively. The related historical carrying value of these shares was reclassified from shareholder's capital to deficit within the Company's interim condensed consolidated financial statements.

Plan of Arrangement

On August 4, 2022, the Company's Board of Directors (the "Board") approved a distribution to shareholders of approximately $100 million by way of a share repurchase from all shareholders pursuant to a statutory arrangement under the *Business Corporations Act* (British Columbia). The arrangement will be effected pursuant to a plan of arrangement which provides that the Company will repurchase from shareholders *pro rata* an aggregate of 7,949,125 common shares at a purchase price of $12.58 per share, which represents the volume weighted average price for the five consecutive trading days ending the trading day immediately prior to August 5, 2022.

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

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

Dividend policy

On May 12th, 2021, the Board of Directors modified its dividend policy of paying a quarterly cash dividend to its common shareholders by increasing the dividend from $0.11 per share to $0.15 per share. YP's dividend payout policy and the declaration of dividends on any of the Company's outstanding common shares are subject to the discretion of the Board and, consequently, there can be no guarantee that the dividend payout policy will be maintained or that dividends will be declared. Dividend decisions will continue to be dependent on YP's operations and financial results, subject to the Board's assessment on a quarterly basis, which are, in turn, subject to various assumptions and risks, including those set out in this MD&A.

During the six-month period ended June 30, 2022, the Company paid quarterly dividends of $0.15 per common share. The dividends were paid on March 15 and June 15 of 2022 for a total consideration of $7.7 million to common shareholders. During the six-month period ended June 30, 2021, the Company paid quarterly dividends of $0.11 per common share on March 15, 2021 and of $0.15 per common share on June 30, 2021, for a total consideration of $6.9 million to common shareholders.

On August 4, 2022, the Board declared a cash dividend of $0.15 per common share, payable on September 15, 2022 to shareholders of record as at August 25, 2022. Future quarterly dividends are subject to Board approval.

Pension Contributions

On August 4, 2022, our Board approved to advance $24.0 million of planned voluntary contributions to the Pension Plan's wind-up deficit during the year ending December 31, 2022 through the completion of a plan of arrangement (refer to the section "Plan of Arrangement" for details).

Total cash payments for pension and other benefit plans expected in 2022 amount to approximately $36.5 million, including the $30.0 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 and six-month periods ended June 30, 2022 totalled $3.0 million and $6.7 million, respectively.

Sources and Uses of Cash

(In thousands of Canadian dollars)

For the six-month periods ended June 30,		2022		2021
Cash flows from operating activities				
Change in operating assets and liabilities	$	**(313)**	$	11,910
Stock-based compensation cash payments		**(4,010)**		(1,349)
Funding of post-employment benefit plans in excess of costs		**(4,237)**		(2,503)
Income taxes paid, net		**(8,188)**		–
Cash flows from operations, excluding the above		**45,962**		43,061
	$	**29,214**	$	51,119
Cash flows used in investing activities				
Additions to intangible assets	$	**(2,711)**	$	(2,533)
Additions to property and equipment		**(25)**		(52)
Payments received from net investment in subleases		**721**		310
	$	**(2,015)**	$	(2,275)
Cash flows used in financing activities				
Repayment of exchangeable debentures	$	**–**	$	(107,033)
Repurchase of common shares		**(12,404)**		(1,534)
Issuance of common shares		**153**		103
Payment of lease obligations		**(1,504)**		(1,558)
Dividends paid		**(7,705)**		(6,860)
	$	**(21,460)**	$	(116,882)
NET INCREASE (DECREASE) IN CASH	$	**5,739**	$	(68,038)
CASH, BEGINNING OF YEAR		**123,559**		153,492
CASH, END OF PERIOD	$	**129,298**	$	85,454

Cash flows from operating activities

Cash flows from operating activities decreased by $21.9 million to $29.2 million for the six-month period ended June 30, 2022. The decrease is mainly due to income taxes paid of $8.2 million, of which $5.9 million related to the full year 2021 and $2.3 million related to instalments for 2022, increased stock-based compensation cash settlements of $2.7 million, increased funding of post-employment benefit plans of $1.7 million, lower Adjusted EBITDA of $1.8 million, and by a decrease of $12.2 million from the change in operating assets and liabilities. The change in operating assets and liabilities is mainly due to the timing in the collection of trade receivables and the timing of payment of trade payables as well as the impact of the share price on cash settled share-based compensation. The first quarter of 2022 also benefited from the cancellation of the forward contracts resulting in a decrease in other receivables of $3.1 million.

Cash flows used in investing activities

Cash flows used in investing activities decreased by $0.3 million year-over-year mainly due to the increase in payments received from investment in subleases.

Cash flows used in financing activities

Cash flows used in financing activities decreased by $95.4 million to $21.5 million for the six-month period ended June 30, 2022 from $116.9 million for the same period last year mainly due to the repayment of the exchangeable debentures of $107.0 million made in 2021 offset by an increase of $10.8 million for the repurchase of common shares and an increase of $0.8 million for the payment of dividends during the six-month period ended June 30, 2022.

Financial and Other Instruments

(See Note 20 of the Audited Consolidated Financial Statements of the Company for the years ended December 31, 2021 and 2020).

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

4. Critical Assumptions and 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.

Our critical assumptions and accounting estimates have not changed since the release of our MD&A for the years ended December 31, 2021 and 2020. 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, 2021 and 2020.

Accounting standards

Effective January 1, 2022, the Company adopted the following amended accounting standards;

Amendments to IFRS 3 – *Business Combinations*

The amendments to the implementation guidance of IFRS 3 clarify the definition of a business to assist entities to determine whether a transaction should be accounted for as a business combination or an asset acquisition. The adoption of these amendments did not have any impact to the Company's financial statements. They may have an impact on the accounting of future business combinations, if any.

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

The 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 adoption of these amendments did not have any impact on the Company's financial statements.

Standards, interpretations and amendments to published standards that are issued but not yet effective on the consolidated financial statements

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

On February 12, 2021, the IASB, issued amendments to IAS 8, these amendments introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The Company is assessing the impact of adopting these amendments on its financial statements.

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 12 – *Income taxes*

On May 7, 2021, IASB published Deferred Tax related to Assets and Liabilities arising from a single transaction. The amendments clarify the accounting for deferred tax on transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is assessing the impact of adopting these amendments on its financial statements.

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, 2021 and 2020. For more information, please refer to the corresponding section in our MD&A for the years ended December 31, 2021 and 2020 and our Annual Information Form dated March 29, 2022.

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 June 30, 2022.

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 June 30, 2022.

During the quarter beginning on April 1, 2022 and ended on June 30, 2022, no changes were made to the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.