Annual Report

2024

YellowPages™

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Message to Shareholders

Dear Shareholders,

In 2024, your company continued to deliver strong profitability and generate significant amounts of cash, driving continued return of capital to shareholders and a climbing cash balance. We also took major additional steps toward fully funding our Defined Benefit Pension Plan. At the same time, every quarter, targeted investments produced more progress toward revenue stability. Specific notable accomplishments included:

- **Strong earnings.** For the year, our profit (measured as Adjusted EBITDA margin[1]) was 23.7% of revenues, despite our ongoing, productive investments in revenue initiatives.
- **Increased quarterly cash dividends**. In the first quarter of 2024 we increased the regular quarterly cash dividend from $0.20 to $0.25 per common share, paying a total of $13.6 million in dividends to our common shareholders during 2024.
- **Healthy cash balance.** Our steady cash generation has grown cash on hand, ending the year with approximately $44.2 million in cash.
- **Pension plan voluntary payments completed.** Consistent with our deficit reduction plan announced in May 2021, we made $6.0 million of voluntary incremental payments toward our Defined Benefit Pension Plan's wind-up deficit during 2024, these marking the last voluntary payments intended under the deficit reduction plan. As a result of the deficit reduction plan and the advancement of the voluntary incremental cash contributions to the Pension Plan pursuant to the Plans of Arrangement in 2022 and 2023, the wind-up ratio of our Defined Benefit Pension Plan reached over 95%.
- **Progress on our revenue initiatives.** We are pleased with our progress on metrics underlying our revenue generation, including the size of our sales force, as well as a deceleration of the customer count decline rate fueled by an increase in new customer acquisitions, which were 28% higher for the year.
- **Closer to revenue stability.** Every quarter in 2024 our percent change in revenue over prior year was better than the change reported in the previous quarter.

We believe we have produced strong results and continued to advance our company along a promising course for the future.

Thank you for your continued support.

David A. Eckert
Chief Executive Officer

Sherilyn King
President

(1) Adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures and do not have any standardized meaning under IFRS Accounting Standards. 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 4 of this Annual Report.

Management's Discussion and Analysis

February 12, 2025

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 years ended December 31, 2024 and 2023 and should be read in conjunction with our Audited Consolidated Financial Statements and accompanying notes for the years ended December 31, 2024 and 2023. Please also refer to Yellow Pages Limited's press release announcing its results for year ended December 31, 2024, issued on February 13, 2025. Quarterly reports, the Annual Report, Supplemental Disclosure and the Annual Information Form (AIF) can be found on SEDAR+ at www.sedarplus.ca and under the "Investor Relations – Reports & Filings" section of our corporate website: https://corporate.yp.ca/en. Press releases are available on SEDAR+ and under the "News – Press Releases" section of our corporate website.

The consolidated financial statements were prepared in accordance with IFRS* Accounting Standards 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 February 12, 2025, about our business and the markets we operate in, and on various estimates and assumptions.

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

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

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

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

- Failure by the Corporation to stabilize or grow its revenues and customer base;
- Substantial competition could reduce the market share of the Corporation;
- A higher than anticipated rate of decline in print revenue resulting from changes in preferences and consumer habits;
- The inability of the Corporation to successfully enhance and expand its offering of digital marketing and media products;
- The inability of the Corporation to supply the relationships and technologies required to appropriately service the needs of its customers;
- A prolonged economic downturn in principal markets of the Corporation;
- A higher than anticipated proportion of revenues coming from the Corporation's digital products with lower margins, such as services and resale;
- The inability of the Corporation to attract and retain key personnel;
- The Corporation's business depends on the usage of its online and mobile properties and failure to protect traffic across the Corporation's digital properties could impair its ability to grow revenues and expand its business;
- Failure by either the Corporation or the Telco Partners to fulfill their obligations set forth in the agreements between the Corporation and the Telco Partners;
- Successfully prosecuted legal action against the Corporation;
- Work stoppages and other labour disturbances;
- Challenge by tax authorities of the Corporation's position on certain income tax matters;
- The loss of key relationships or changes in the level or service provided by mapping applications and search engines;
- The failure of the Corporation's computers and communication systems;
- The inability of the Corporation to generate sufficient funds from operations, debt financings or equity financings transactions;
- Incremental contributions by the Corporation to its pension plans;
- Declaration and payment of dividends cannot be guaranteed; and
- An outbreak or escalation of a contagious disease may adversely affect the Corporation's business.

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

In this MD&A, we present several metrics used to explain our performance, including non-GAAP financial measures which are not defined under IFRS Accounting Standards. 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 consolidated statements of income. Adjusted EBITDA and Adjusted EBITDA margin are not performance measures defined under IFRS Accounting Standards and are not considered to be an alternative to income from operations or net income in the context of measuring Yellow Pages performance. Adjusted EBITDA and Adjusted EBITDA margin do not have a standardized meaning under IFRS Accounting Standards and are therefore not likely to be comparable with similar measures used by other publicly traded companies. Adjusted EBITDA and Adjusted EBITDA margin should not be used as exclusive measures of cash flow since they do not account for the impact of working capital changes, income taxes, interest payments, pension funding, capital expenditures, debt principal reductions and other sources and uses of cash, which are disclosed on page 19 of this MD&A.

Adjusted EBITDA is derived from revenues less operating costs, as shown in Yellow Pages Limited's consolidated statements of income. Adjusted EBITDA margin is defined as the percentage of Adjusted EBITDA to revenues. We use Adjusted EBITDA and Adjusted EBITDA margin to evaluate the performance of our business as these reflect its ongoing profitability. We believe that certain investors and analysts use Adjusted EBITDA and Adjusted EBITDA margin to measure a company's ability to service debt and to meet other payment obligations or as a common measurement to value companies in the media and marketing solutions industry as well as to evaluate the performance of a business.

Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin

Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin are non-GAAP financial measures and do not have any standardized meaning under IFRS Accounting Standards. Therefore, are unlikely to be comparable to similar measures presented by other publicly traded companies. We define Adjusted EBITDA less CAPEX as Adjusted EBITDA, as defined above, less CAPEX, which we define as additions to intangible assets and additions to property and equipment as reported in the Investing Activities section of the Company's consolidated statements of cash flows. Adjusted EBITDA less CAPEX margin is defined as the percentage of Adjusted EBITDA less CAPEX to revenues. We use Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin to evaluate the performance of our business as it reflects cash generated from business activities. We believe that certain investors and analysts use Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin to evaluate the performance of businesses in our industry. Adjusted EBITDA less CAPEX is also a component in the determination of short-term incentive compensation for management employees.

The most comparable financial measure under IFRS Accounting Standards to Adjusted EBITDA less CAPEX is Income from operations before depreciation and amortization and restructuring and other charges (defined above as Adjusted EBITDA) as shown in Yellow Pages Limited's consolidated statements of income. Refer to pages 9 and 15 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 74,000 SMEs.

Media Properties

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

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

Key Analytics

The success of our business is dependent upon decelerating the rate of revenue decline ("bending the revenue curve") as well as continuing to improve operating and capital spending efficiency. Our longer-term success is dependent upon growth or stability in digital revenues and retaining and growing our customer base. Key analytics for the year ended December 31, 2024, include:

- Total Revenues – Total Revenues decreased 10.3% year-over-year and amounted to $214.8 million for the year ended December 31, 2024, compared to the decrease of 10.8% reported last year.
- Digital revenues – Digital revenues decreased 9.6% year-over-year and amounted to $172.1 million for the year ended December 31, 2024, compared to the decrease of 9.0% reported last year.
- Adjusted EBITDA[1] – Adjusted EBITDA declined to $50.8 million or 23.7% of revenues for the year ended December 31, 2024, relative to $76.9 million or 32.1% of revenues for the same period last year.
- Adjusted EBITDA less CAPEX[1] – Adjusted EBITDA less CAPEX decreased to $48.4 million or 22.5% of revenues for the year ended December 31, 2024, compared to $72.9 million or 30.4% of revenues for the same period last year.
- YP Customer Count[2] – YP's customer count decreased to 74,000 customers for the year ended December 31, 2024, as compared to 81,800 customers for same period last year. The customer count reduction of 7,800 for the year ended December 31, 2024, compares to a decline of 10,300 in the comparable period of the previous year.
- Headcount[3] – Headcount decreased to 565 employees as at December 31, 2024 compared to 627 employees at December 31, 2023, a decrease of 9.9%.

[1] *Adjusted EBITDA and adjusted EBITDA less CAPEX are non-GAAP financial measures and do not have any standardized meaning under IFRS Accounting Standards. 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 4 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 in 2024 compared to 2023 and 2022. We present several metrics to help investors better understand our performance, including certain metrics which are not measures recognized by IFRS Accounting Standards. Definitions of these non-GAAP financial metrics are provided on page 4 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 years ended December 31,		**2024**		2023		2022
Revenues	**$**	**214,829**	$	239,432	$	268,278
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA[1])	**$**	**50,836**	$	76,860	$	96,568
Adjusted EBITDA margin[1]		**23.7%**		32.1%		36.0%
Net income	**$**	**24,977**	$	47,399	$	73,432
Basic income per share	**$**	**1.84**	$	2.70	$	3.10
CAPEX[1]	**$**	**2,480**	$	3,960	$	5,004
Adjusted EBITDA less CAPEX[1]	**$**	**48,356**	$	72,900	$	91,564
Adjusted EBITDA less CAPEX margin[1]		**22.5%**		30.4%		34.1%
Cash flows from operating activities[2]	**$**	**39,024**	$	46,767	$	49,500

[1] *CAPEX, adjusted EBITDA and adjusted EBITDA less CAPEX are non-GAAP financial measures and do not have any standardized meaning under IFRS Accounting Standards. 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 4 of this MD&A.*
[2] *Includes funding of post-employment benefit plans of $12.0 million for the year ended December 31, 2023 (2022 - $24.0 million), pursuant to the respective plan of arrangement (see section "Pension Contributions" for details).*

Consolidated Operating and Financial Results

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

For the years ended December 31,	2024	% of Revenues	2023	% of Revenues	2022	% of Revenues
Revenues	**$ 214,829**		$ 239,432		$ 268,278	
Cost of sales	**104,762**	**48.8%**	108,328	45.2%	112,371	41.9%
Gross profit	**110,067**	**51.2%**	131,104	54.8%	155,907	58.1%
Other operating costs	**59,231**	**27.6%**	54,244	22.7%	59,339	22.1%
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA)	**50,836**	**23.7%**	76,860	32.1%	96,568	36.0%
Depreciation and amortization	**13,436**	**6.3%**	13,659	5.7%	15,397	5.7%
Restructuring and other charges	**2,027**	**0.9%**	2,205	0.9%	3,231	1.2%
Income from operations	**35,373**	**16.5%**	60,996	25.5%	77,940	29.1%
Financial charges, net	**945**	**0.4%**	732	0.3%	1,808	0.7%
Income before income taxes	**34,428**	**16.0%**	60,264	25.2%	76,132	28.4%
Provision for income taxes	**9,451**	**4.4%**	12,865	5.4%	2,700	1.0%
Net income	**$ 24,977**	**11.6%**	$ 47,399	19.8%	$ 73,432	27.4%
Basic income per share	**$ 1.84**		$ 2.70		$ 3.10	
Diluted income per share	**$ 1.82**		$ 2.65		$ 3.02	

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 4 of this MD&A. The CEO also reviews revenues by similar products and services, such as Print and Digital.

Fiscal year 2024 versus 2023

Revenues

(In thousands of Canadian dollars, except percentage information)

For the years ended December 31,	2024	2023	% Change
Digital	**$ 172,088**	$ 190,324	(9.6%)
Print	**42,741**	49,108	(13.0%)
Total revenues	**$ 214,829**	$ 239,432	(10.3%)

Total revenues for the year ended December 31, 2024, decreased by 10.3% to $214.8 million, as compared to $239.4 million for the same period last year. The decrease in revenues is mainly due to the decline of our higher margin digital media and print products and to a lesser extent to our lower margin digital services products, thereby creating pressure on our gross profit margins.

Total digital revenues decreased 9.6% year-over-year and amounted to $172.1 million for the year ended December 31, 2024, as compared to $190.3 million for the same period last year. The revenue decline for the year ended December 31, 2024, was mainly attributable to a decrease in digital customer count and to a lesser extent, a decrease in the average spend per customer.

Total print revenues decreased 13.0% year-over-year and amounted to $42.7 million for year ended December 31, 2024. The revenue decline is mainly due to the decrease in the number of print customers while the spend per customer has improved year-over-year driven by price increases.

The decline rate of total revenues and print revenues improved year-over-year while the digital revenue rate of decline increased slightly. Total revenue decline of 10.3% for 2024 compares to 10.8% reported for 2023. The print revenue decline of 13.0% for 2024, compares to 17% for 2023. The digital revenue decline of 9.6% compares to a decline of 9.0% for the year-ended 2023.The improvement in the decline rate of total revenues was partly due to the deceleration of the customer count decline rate fueled by an increase in new customer acquisitions and price increases, partially offset by an increase in churn. In addition, 2023 decline rates were negatively impacted by customer claim rates remaining stable, while 2022 benefited from a substantial improvement in customer claims.

Gross Profit

(In thousands of Canadian dollars, except percentage information)

For the years ended December 31,	2024	% of Revenues	2023	% of Revenues	% Change
Total gross profit	**$ 110,067**	**51.2%**	$ 131,104	54.8%	(16.0%)

Gross profit decreased to $110.1 million or 51.2% of revenues for the year ended December 31, 2024, compared to $131.4 million, or 54.8% of total revenues, for the same period last year. The decrease in gross profit and gross profit margin is a result of the pressures from lower revenues, change in product mix and continued investments in our tele-sales force capacity, partially offset by continued optimizations in cost of sales and increases in pricing.

Adjusted EBITDA[1]

(In thousands of Canadian dollars, except percentage information)

For the years ended December 31,		2024	% of Revenues		2023	% of Revenues	% Change
Total Adjusted EBITDA	**$**	**50,836**	**23.7%**	$	76,860	32.1%	(33.9%)

[1] *Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning under IFRS Accounting Standards. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 4 of this MD&A.*

For the year ended December 31, 2024, Adjusted EBITDA decreased by $26.0 million or 33.9% to $50.8 million, compared to $76.9 million for the same period last year. The adjusted EBITDA margin decreased during the year ended December 31, 2024, to 23.7%, compared to 32.1% for the same period last year. The decrease in Adjusted EBITDA and Adjusted EBITDA margin for the year ended December 31, 2024 is the result of revenue pressures and the ongoing investments in our tele-sales force capacity, increase in bad debt expense, the nature of IT spend, whereby more of the expense was classified as operating rather than capital and the impact of the Company's share price on cash settled stock-based compensation expense, partially offset by optimizations in cost of sales and reductions in other operating costs including reductions in our workforce and associated employee expenses. The revaluation of the cash settled stock-based compensation liabilities based on the change in YP's share price resulted in a recovery of $1.7 million for the year ended December 31, 2024, compared to a recovery of $4.4 million for the same period last year. Revenue pressures from product mix and investments in our tele-sales force capacity, partially offset by continued optimizations and cost reductions, will continue to cause pressure on margins in upcoming quarters.

Adjusted EBITDA less CAPEX[1]

(In thousands of Canadian dollars, except percentage information)

For the years ended December 31,		2024	% of Revenues		2023	% of Revenues	% Change
Adjusted EBITDA	**$**	**50,836**	**23.7%**	$	76,860	32.1%	(33.9%)
CAPEX		**2,480**	**1.2%**		3,960	1.7%	(37.4%)
Total Adjusted EBITDA less CAPEX	**$**	**48,356**	**22.5%**	$	72,900	30.4%	(33.7%)

[1] *Adjusted EBITDA less CAPEX is a non-GAAP financial measure and does not have any standardized meaning under IFRS Accounting Standards. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 4 of this MD&A.*

For the year ended December 31, 2024, Adjusted EBITDA less CAPEX decreased by $24.5 million or 33.7% to $48.4 million, compared to $72.9 million for the same period last year. The adjusted EBITDA less CAPEX margin decreased during the year ended December 31, 2024, to 22.5%, compared to 30.4% for the same period last year. The decrease in Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin for the year ended December 31, 2024, is driven by the decrease in Adjusted EBITDA, partially offset by the decrease in CAPEX spend year-over-year, due in part, to the nature of Information Technology ("IT") spend, whereby more of the expense was classified as operating rather than capital.

Depreciation and Amortization

Depreciation and amortization decreased to $13.4 million for the year ended December 31, 2024, compared to $13.7 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 years ended December 31,		2024		2023
Severance, benefits and outplacement	**$**	**1,410**	$	1,097
Impairment of right-of-use assets and future operation costs related to lease contracts for previously vacated office space		**521**		939
Other costs		**96**		169
Total restructuring and other charges	**$**	**2,027**	$	2,205

Yellow Pages Limited recorded restructuring and other charges of $2.0 million during the year ended December 31, 2024 consisting mainly of restructuring charges of $1.4 million associated with workforce reductions and $0.5 million charge related to future operation costs provisioned related to lease contracts for previously vacated office space and $0.1 million of other costs.

Yellow Pages Limited recorded restructuring and other charges of $2.2 million during the year ended December 31, 2023 consisting mainly of restructuring charges of $1.1 million associated with workforce reductions and $0.4 million charge related to future operation costs provisioned related to lease contracts for previously vacated office space, as well as a $0.5 million charge related to the impairment of property and equipment and right-of-use assets related to previously vacated office space and $0.2 million of other costs.

Financial Charges, net

Financial charges increased to $0.9 million for the year ended December 31, 2024 compared to $0.7 million for the same period last year. The increase during the year ended December 31, 2024 is mainly related to the decrease in interest income on cash balances being offset by lower interest expense on the defined benefit obligation and lease obligations and foreign exchange.

Provision for Income Taxes

The combined statutory provincial and federal tax rates were 26.43% for the year ended December 31, 2024 and 26.44% for the same period in 2023. The Company recorded an income tax expense of $9.5 million for the year ended December 31, 2024. In comparison, the Company recorded an income tax expense of $12.9 million for the year ended December 31, 2023, including the recognition of previously unrecognized tax attributes and temporary differences of $3.4 million.

The difference between the effective and the statutory rates for the year ended December 31, 2024 is mainly due to the non-deductibility of certain expenses for tax purposes and for 2023 is mainly due to the recognition of previously unrecognized tax attributes and temporary differences and the non-deductibility of certain expenses for tax purposes.

Net income

Net income decreased to $25.0 million for the year ended December 31, 2024 compared to net income of $47.4 million for the same period last year. The decrease in net income for the year ended December 31, 2024 is mainly due to lower Adjusted EBITDA, partially offset by the decrease in income taxes.

Fiscal year 2023 versus 2022

Revenues

(In thousands of Canadian dollars, except percentage information)

For the years ended December 31,		2023		2022	% Change
Digital	$	190,324	$	209,130	(9.0%)
Print		49,108		59,148	(17.0%)
Total revenues	$	239,432	$	268,278	(10.8%)

Total revenues for the year ended December 31, 2023 decreased by 10.8% to $239.4 million, as compared to $268.3 million for the same period in 2022. The decrease in revenues is mainly due to the decline of our higher margin digital media and print products and to a lesser extent to our lower margin digital services products, thereby creating pressure on our gross profit margins.

Total digital revenues decreased 9.0% year-over-year and amounted to $190.3 million for the year ended December 31, 2023, as compared to $209.1 million for the same period in 2022. The revenue decline for the period ended December 31, 2023, was mainly attributable to a decrease in digital customer count partially offset by an increase in average spend per customer.

Total print revenues decreased 17.0% year-over-year and amounted to $49.1 million for year ended December 31, 2023. The revenue decline is mainly attributable to the decrease in the number of print customers and to a lesser extent, a decrease in spend per customer.

The decline rate of revenues increased year-over-year. The higher decline rate is attributable, in part, to (a) the headwinds in the global economy, whereby, customer renewal rates have remained strong but stable while the improvements in average spend per customer has slowed as customers look to optimize their spend, (b) customer claim rates remaining stable in 2023, while 2022 benefited from a substantial improvement and (c) a cybersecurity incident (discussed further in Section 5 below), which resulted in the Company's operations and IT systems being suspended for approximately three weeks during the second quarter of 2023.

Gross Profit

(In thousands of Canadian dollars, except percentage information)

For the years ended December 31,		2023	% of Revenues		2022	% of Revenues	% Change
Total gross profit	$	131,104	54.8%	$	155,907	58.1%	(15.9%)

Gross profit decreased to $131.4 million or 54.8% of revenues for the year ended December 31, 2023, compared to $155.9 million, or 58.1% of total revenues, for the same period in 2022. The decrease in gross profit and gross profit margin is a result of the pressures from lower revenues, change in product mix and investments in our tele-sales force capacity, partially offset by continued optimizations in cost of sales and increases in pricing.

Adjusted EBITDA[1]

(In thousands of Canadian dollars, except percentage information)

For the years ended December 31,		2023	% of Revenues		2022	% of Revenues	% Change
Total Adjusted EBITDA	$	76,860	32.1%	$	96,568	36.0%	(20.4%)

[1] *Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning under IFRS Accounting Standards. Therefore, is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 4 of this MD&A.*

For the year ended December 31, 2023, Adjusted EBITDA decreased by $19.7 million or 20.4% to $76.9 million, compared to $96.6 million for the same period in 2022. The adjusted EBITDA margin decreased during the year ended December 31, 2023, to 32.1%, compared to 36.0% for the same period in 2022. The decrease in Adjusted EBITDA and Adjusted EBITDA margin for the year ended December 31, 2023 is the result of revenue pressures and the ongoing investments in our tele-sales force capacity, partially offset by the efficiencies from optimization in cost of sales and reductions in other operating costs including reductions in our workforce and associated employee expenses, lower variable compensation expense and the impact of the Company's share price on cash settled stock-based compensation expense. The revaluation of the cash settled stock-based compensation liabilities based on the change in YP's share price year-to-date resulted in a recovery of $4.4 million for the year ended December 31, 2023, compared to a recovery of $1.9 million for the same period in 2022. The $1.9 million recovery related to cash settled stock-based compensation expense in 2022 was driven by the refinement of the volatility parameter of the pricing model from using the historical share price volatility of its common shares as a reliable observable input to reflect expected volatility. Furthermore, the Company received a total of $1.1 million of emergency wage subsidies for the year ended December 31, 2022. Revenue pressures, coupled with increased headcount in our salesforce partially offset by continued optimization, will continue to cause pressure on margins in upcoming quarters.

Adjusted EBITDA less CAPEX[1]

(In thousands of Canadian dollars, except percentage information)

For the years ended December 31,		2023	% of Revenues		2022	% of Revenues	% Change
Adjusted EBITDA	$	76,860	32.1%	$	96,568	36.0%	(20.4%)
CAPEX		3,960	1.7%		5,004	1.9%	(20.9%)
Total Adjusted EBITDA less CAPEX	$	72,900	30.4%	$	91,564	34.1%	(20.4%)

[1] *Adjusted EBITDA less CAPEX is a non-GAAP financial measure and does not have any standardized meaning under IFRS Accounting Standards. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 4 of this MD&A.*

For the year ended December 31, 2023 Adjusted EBITDA less CAPEX decreased by $18.7 million or 20.4% to $72.9 million, compared to $91.6 million for the same period in 2022. The adjusted EBITDA less CAPEX margin decreased during the year ended December 31, 2023 to 30.4%, compared to 34.1% for the same period in 2022. The decrease in Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin for the year ended December 31, 2023 is driven by the decrease in Adjusted EBITDA, partially offset by the decrease in CAPEX spend. The decrease in CAPEX spend is partly due to the nature of Information Technology ("IT") spend whereby more of the spend was classified as operating versus capital in nature. Furthermore, the CAPEX spend during the year ended December 31, 2022 was impacted by the integration of new products.

Depreciation and Amortization

Depreciation and amortization decreased to $13.7 million for the year ended December 31, 2023, compared to $15.4 million for the same period in 2022 primarily due to lower software development expenditures in recent years.

Restructuring and Other Charges

(In thousands of Canadian dollars)

For the years ended December 31,		2023		2022
Severance, benefits and outplacement	$	1,097	$	1,054
Impairment of right-of-use assets and future operation costs related to lease contracts for offices closed		939		1,850
Other costs		169		327
Total restructuring and other charges	$	2,205	$	3,231

Yellow Pages Limited recorded restructuring and other charges of $2.2 million during the year ended December 31, 2023 consisting mainly of restructuring charges of $1.1 million associated with workforce reductions and $0.4 million charge related to future operation costs provisioned related to lease contracts for previously vacated office space, as well as a $0.5 million charge related to the impairment of property and equipment and right-of-use assets related to previously vacated office space and $0.2 million of other costs.

Yellow Pages Limited recorded restructuring and other charges of $3.2 million during the year ended December 31, 2022 consisting mainly of restructuring charges of $1.0 million associated with workforce reductions as well as a $1.4 million charge related to the impairment of property and equipment and right-of-use assets related to vacant office space and $0.5 million charge related to future operation costs provisioned related to lease contracts of vacant offices, and $0.3 million of other costs.

Financial Charges, net

Financial charges decreased to $0.7 million for the year ended December 31, 2023 compared to $1.8 million for the same period in 2022 mainly due to higher interest income on cash balances resulting from higher interest rates.

Provision for Income Taxes

The combined statutory provincial and federal tax rates were 26.44% for the year ended December 31, 2023, and 26.42% for the same period in 2022. The Company recorded an income tax expense of $12.9 million for the year ended December 31, 2023, including the recognition of previously unrecognized tax attributes and temporary differences of $3.4 million. In comparison, the Company recorded an income tax expense of $2.7 million for the year ended December 31, 2022, including the recognition of previously unrecognized tax attributes and temporary differences of $17.8 million.

The difference between the effective and the statutory rates for the year ended December 31, 2023, and 2022 is mainly due to the recognition of previously unrecognized tax attributes and temporary differences and the non-deductibility of certain expenses for tax purposes.

Net income

Net income decreased to $47.4 million for the year ended December 31, 2023, compared to net income of $73.4 million for the same period in 2022. The decrease in net income for the year ended December 31, 2023, is mainly due to lower Adjusted EBITDA and higher income tax expense, partially offset by the decrease in depreciation and amortization, restructuring and other charges and financial charges.

Summary of Consolidated Quarterly Results

The following table shows selected consolidated financial data of Yellow Pages for the eight most recent quarters.
(In thousands of Canadian dollars, except per share and percentage information)

				2024				2023
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenues	**$ 51,401**	$ 52,619	$ 55,838	$ 54,971	$ 55,909	$ 58,072	$ 62,736	$ 62,715
Operating costs	**43,158**	40,093	41,068	39,674	39,664	40,146	40,802	41,960
Income from operations before depreciation and amortization, and restructuring and other charges (Adjusted EBITDA[1])	**8,243**	12,526	14,770	15,297	16,245	17,926	21,934	20,755
Adjusted EBITDA margin[1]	**16.0%**	23.8%	26.5%	27.8%	29.1%	30.9%	35.0%	33.1%
Depreciation and amortization	**3,189**	3,180	3,788	3,279	3,387	3,487	3,426	3,359
Restructuring and other charges	**903**	508	174	442	517	746	880	62
Income from operations	**4,151**	8,838	10,808	11,576	12,341	13,693	17,628	17,334
Financial charges, net	**81**	270	387	207	(57)	(42)	277	554
Income before income taxes	**4,070**	8,568	10,421	11,369	12,398	13,735	17,351	16,780
Provision for income taxes	**1,383**	2,299	2,795	2,974	221	3,632	4,620	4,392
Net income	**$ 2,687**	$ 6,269	$ 7,626	$ 8,395	$ 12,177	$ 10,103	$ 12,731	$ 12,388
Basic income per share	**$ 0.20**	$ 0.46	$ 0.56	$ 0.62	$ 0.72	$ 0.57	$ 0.72	$ 0.70
Diluted income per share	**$ 0.20**	$ 0.46	$ 0.55	$ 0.61	$ 0.71	$ 0.56	$ 0.69	$ 0.68

[1] *Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures and do not have any standardized meaning under IFRS Accounting Standards. Therefore, are unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 4 of this MD&A.*

Sequential quarterly revenue trends are impacted by the print publication distribution schedules, with the second quarter being the strongest quarter. Year-over-year the quarterly revenues have decreased principally due to lower customer count partially offset by increases in pricing, resulting In higher spend per customer for print revenues while the digital spend per customer has slightly decreased year over year.

The decline rates for total revenues increased on a year-over-year basis for the first and second quarters, while they showed improvement during the third and fourth quarters. The higher decline rate in the first and second quarters were attributable, in part, to the headwinds in the global economy, whereby, customer renewal rates decreased but remained strong while average spend per customer slowed as customers looked to optimize their spend. These factors were partially offset by an increase in the number of new accounts and increases in pricing. The improvements in the back half of the year were partly due to the deceleration of the customer count decline rate fueled by an increase in new customer acquisitions partially offset by an increase in churn. In addition, 2023 decline rates were negatively impacted by customer claim rates remaining stable in 2023, while 2022 benefited from a substantial improvement in customer claims.

Quarterly Operating costs decreased or were relatively stable year-over-year for the first three quarters of 2024 driven by efficiencies from optimization in cost of sales and reductions in other operating costs including reductions in our workforce and associated employee expenses as well as the impact of the Company's share price on cash settled stock-based compensation expense and lower variable compensation expense, partially offset by the increase in bad debt expense and the ongoing investments in our tele-sales force capacity. Although the fourth quarter of 2024 also benefited from the same efficiencies as the first three quarters, the operating costs increased year-over-year driven by the impact of YP's share price increase of 23% versus the third quarter, as such, the revaluation of the cash settled stock-based compensation liabilities based on the change in YP's share price resulted in a charge related to stock-based compensation expense of $1.5 million, whereas in the fourth quarter of 2023, YP's share price decreased 8% versus the third quarter of 2023 resulting in a recovery related to stock-based compensation expense of $1.6 million.

Revenue pressures, coupled with increased headcount in our salesforce partially offset by continued optimization, put pressure on the Adjusted EBITDA margin.

The Company's restructuring and other charges mainly related to workforce reductions and future operating costs related to lease contracts for previously vacated offices.

Net income for the fourth quarter of 2023 benefited from the recording the impact of previously unrecognized tax attributes and temporary differences of $3.4 million in the provision for income taxes.

Analysis of Fourth Quarter 2024 Results

Revenues

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended December 31,		2024		2023	% Change
Digital	$	41,993	$	45,275	(7.2%)
Print		9,408		10,634	(11.5%)
Total revenues	**$**	**51,401**	$	55,909	(8.1%)

Total revenues for the fourth quarter ended December 31, 2024 decreased by 8.1% year-over-year and amounted to $51.4 million as compared to $55.9 million for the same period last year. The decrease in revenues is mainly due to the decline of our higher margin digital media and print products and to a lesser extent to our lower margin digital services products, thereby creating pressure on our gross profit margins.

Total digital revenues decreased 7.2% year-over-year and amounted to $42.0 million during the fourth quarter of 2024 compared to $45.3 million for the same period last year. The revenue decline is mainly attributable to a decrease in digital customer count and to a lesser extent, a decrease in the average spend per customer.

Total print revenues decreased 11.5% year-over-year and amounted to $9.4 million during the fourth quarter of 2024 compared to $10.6 million in the fourth quarter of 2023. The revenue decline was mostly attributable to decreases in the number of print customers while the spend per customer has improved year-over-year driven by price increases.

The decline rate for total revenues, digital revenues and print revenues all improved during the quarter ended December 31, 2024, compared to the same period last year. Total revenue decline of 8.1% this quarter compares to a decline of 13.4% reported for the same period last year. Digital revenue decline of 7.2% this quarter compares to a decline of 12.1% reported for the same period last year. Print revenue decline of 11.5% this quarter compares to a decline of 18.7% reported for the same period last year. The improvements were partly due to the deceleration of the customer count decline rate fueled by an increase in new customer acquisitions partially offset by an increase in churn. In addition, 2023 decline rates were negatively impacted by customer claim rates remaining stable in 2023, while 2022 benefited from a substantial improvement in customer claims.

Gross Profit

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended December 31,	2024	% of Revenues	2023	% of Revenues	% Change
Total gross profit	**$ 25,332**	**49.3%**	$ 30,036	53.7%	(15.7%)

Gross profit totalled $25.3 million or 49.3% of revenues for the three-month period ended December 31, 2024, compared to $30.0 million, or 53.7% of revenues, for the same period last year. The decrease in gross profit for the three-month period ended December 31, 2024 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 in cost of sales and increases in pricing.

Adjusted EBITDA[1]

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended December 31,	2024	% of Revenues	2023	% of Revenues	% Change
Total Adjusted EBITDA	**$ 8,243**	**16.0%**	$ 16,245	29.1%	(49.3%)

[1] *Adjusted EBITDA is a non-GAAP financial measure and does not have any standardized meaning under IFRS Accounting Standards. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 4 of this MD&A.*

Adjusted EBITDA decreased to $8.2 million or 16.0% of revenues in the fourth quarter ended December 31, 2024, relative to $16.2 million or 29.1% of revenues for the same period last year. The decrease in Adjusted EBITDA and Adjusted EBITDA margin for the three-month period ended December 31, 2024 is the result of revenue pressures, the ongoing investments in our tele-sales force capacity, higher bad debt expense, the impact of the Company's share price on cash settled stock-based compensation expense and the nature of IT spend, whereby more of the expense was classified as operating rather than capital, partially offset by price increases, the efficiencies from optimization in cost of sales and reductions in other operating costs including reductions in our workforce and associated employee expenses. The revaluation of cash settled stock-based compensation liabilities resulted in a charge of $1.5 million for the three-month period ended December 31, 2024, compared to a recovery of $1.6 million for the same period last year. This was driven by the 23% increase in YP's share price during the fourth quarter of 2024 compared to a decline of 8% during the same quarter in 2023. Revenue pressures, coupled with continued investments in our tele-sales force capacity, partially offset by continued optimization, will continue to cause some pressure on margins in upcoming quarters.

Adjusted EBITDA less CAPEX[1]

(In thousands of Canadian dollars, except percentage information)

For the three-month periods ended December 31,		2024	% of Revenues		2023	% of Revenues	% Change
Adjusted EBITDA	$	**8,243**	**16.0%**	$	16,245	29.1%	(49.3%)
CAPEX		**485**	**0.9%**		944	1.7%	(48.6%)
Total Adjusted EBITDA less CAPEX	**$**	**7,758**	**15.1%**	$	15,301	27.4%	(49.3%)

[1] *Adjusted EBITDA less CAPEX is a non-GAAP financial measure and does not have any standardized meaning under IFRS Accounting Standards. Therefore, it is unlikely to be comparable to similar measures presented by other issuers. Definitions of non-GAAP financial measures are provided on page 4 of this MD&A.*

Adjusted EBITDA less CAPEX decreased by $7.5 million to $7.8 million during the fourth quarter of 2024, compared to $15.3 million during the same period last year. The decrease in Adjusted EBITDA less CAPEX and Adjusted EBITDA less CAPEX margin for the three-month period ended December 31, 2024, is mainly due to lower Adjusted EBITDA partially offset by a decrease in CAPEX spend year-over-year, due in part, to the nature of IT spend, whereby more of the expense was classified as operating rather than capital.

Depreciation and Amortization

Depreciation and amortization decreased to $3.2 million for the three-month period ended December 31, 2024, compared to $3.4 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-month periods ended December 31,		2024		2023
Severance, benefits and outplacement	**$**	**828**	$	243
Provision for future operation costs related to lease contracts for previously vacated office space		**48**		158
Other costs		**27**		116
Total restructuring and other charges	**$**	**903**	$	517

Yellow Pages Limited recorded restructuring and other charges of $0.9 million during the three-month period ended December 31, 2024, consisting mainly of restructuring charges of $0.8 million associated with workforce reductions and a $0.1 million charge related to future operation costs provisioned related to lease contracts of previously vacated office space. Yellow Pages Limited recorded restructuring and other charges of $0.5 million during the three-month period ended December 31, 2023, consisting mainly of restructuring charges of $0.2 million associated with workforce reductions and a $0.2 million charge related to future operation costs provisioned related to lease contracts of previously vacated office space.

Provision for Income Taxes

The combined statutory provincial and federal tax rates were 26.43% and 26.44% for the three-month periods ended December 31, 2024, and 2023, respectively. The Company recorded an income tax expense of $1.4 million for the three-month period ended December 31, 2024. In comparison, the Company recorded an income tax expense of $0.2 million, including a recovery for the recognition of previously unrecognized tax attributes and temporary differences of $3.4 million for the three-month period ended December 31, 2023. These recoveries were non-cash items.

The difference between the effective and the statutory rates during the three-month period ended December 31, 2024, is mainly due to the non-deductibility of certain expenses for tax purposes, whereas for 2023 it is mainly due to the recognition of previously unrecognized tax attributes, temporary differences and the non-deductibility of certain expenses for tax purposes.

Net income

Net income for the three-month period ended December 31, 2024, amounted to $2.7 million as compared to net income of $12.2 million for the same period last year. The decrease is explained principally by the decrease in Adjusted EBITDA and higher tax expense for the three-month period ended December 31, 2024.

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 December 31,		**2024**		2023
Cash	**$**	**44,204**	$	23,229
Total debt (lease obligations, including current portion)	**$**	**39,938**	$	43,914
Equity		**53,800**		42,256
Total capitalization	**$**	**93,738**	$	86,170
Total (cash net of debt) debt net of cash[1]	**$**	**(4,266)**	$	20,685
Total debt net of cash to total capitalization		**n.a**		24.0%

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

Asset-Based Loan

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

As at December 31, 2024, the Company had $1.1 million of letters of credit issued and outstanding, resulting in the Company having an availability of $18.9 million remaining under the ABL.

As at December 31, 2024, the Company was in compliance with all covenants under the loan agreement governing the ABL.

Liquidity

The Company's principal source of liquidity is cash generated from operations and cash on hand. The Company expects to generate sufficient liquidity in the short term and the long term to fund capital expenditures, working capital requirements and current obligations, and service its outstanding lease and post-employment benefit obligations. As at December 31, 2024, the Company had $44.2 million of cash and $18.9 million available under the ABL.

Share Data

Outstanding Share Data

As at	**February 12, 2025**	**December 31, 2024**	**December 31, 2023**
Common shares outstanding	13,752,770	13,752,770	13,752,770
Stock options outstanding[1]	2,020,826	2,020,826	1,608,066

[1] *Included in the stock options outstanding balance of 2,020,826 as at February 12, 2025 and December 31, 2024, are 266,431 stock options exercisable as at those dates. Included in the stock options outstanding balance of 1,608,066 as at December 31, 2023 were nil stock options exercisable as at that date.*

Share repurchases

2023 Plan of Arrangement

On October 18, 2023, the Board approved a distribution to the Shareholders of approximately $50.0 million by way of a share repurchase from all Shareholders pursuant to a statutory arrangement under the *Business Corporations Act* (British Columbia) (the "2023 Arrangement"). The Shareholders approved the 2023 Arrangement at a special meeting of the Shareholders held on November 30, 2023 and the Company subsequently obtained the final order from the Supreme Court of British Columbia approving the 2023 Arrangement on December 5, 2023. On December 12, 2023, the Company repurchased from Shareholders *pro rata* an aggregate of 4,440,497 common shares (including 207,717 shares held by trustee) at a purchase price of $11.26 per share for a total of $50.2 million, including $0.3 million of transaction costs. The $50.2 million cash outlay was reduced by $2.3 million for the cancellation of 207,717 of YP's 872,796 shares held by trustee for a net cash outlay of $47.9 million. Under the 2023 Arrangement, the Company also advanced the previously announced voluntary incremental cash contributions to the Pension Plan's wind-up deficit by an amount of $12.0 million during the year ended December 31, 2023 (refer to the section "*Pension Contributions*" of this MD&A for additional details).

Share cancellation

On December 19, 2023, Yellow Pages Limited cancelled 465,080 shares held by the trustee for the purpose of funding RSU and PSU Plan resulting in 199,999 shares remaining, held by the trustee at December 31, 2023.

Dividend policy

On February 13, 2024, the Board modified the dividend policy of paying a quarterly cash dividend to common shareholders by increasing the dividend from $0.20 per share to $0.25 per share. YP's dividend payout policy and the declaration of dividends on any of the Company's outstanding common shares are subject to the discretion of the Board and, consequently, there can be no guarantee that the dividend payout policy will be maintained or that dividends will be declared. Dividend decisions will continue to be dependent on YP's operations and financial results, subject to the Board's assessment on a quarterly basis, which are, in turn, subject to various assumptions and risks, including those set out in this MD&A.

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

During the year ended December 31, 2024, the Company paid quarterly dividends of $0.25 per common share on March 15, June 17, September 16 and December 16, for a total consideration of $13.6 million to common shareholders. During the year ended December 31, 2023, the Company paid quarterly dividends of $0.15 per common share on March 15, and of $0.20 per common share on June 15, September 15, and December 15, for a total consideration of $13.3 million to common shareholders.

On February 12, 2025, the Board declared a cash dividend of $0.25 per common share, payable on March 17, 2025 to shareholders of record as at February 26, 2025. Future quarterly dividends are subject to Board approval.

Contractual Obligations and Other Commitments

(in thousands of Canadian dollars)

	Payments due for the years following December 31, 2024				
	Total	**1 year**	**2 – 3 years**	**4 – 5 years**	**Thereafter**
Lease obligations[1,2]	$ **39,938**	$ 3,778	$ 8,219	$ 9,362	$ 18,579
Operating portion of lease obligations	**47,893**	5,454	11,610	11,295	19,534
Purchase obligations	**46,102**	16,798	17,183	8,952	3,169
Total contractual obligations	$ **133,933**	$ **26,030**	$ **37,012**	$ **29,609**	$ **41,282**

[1] *Principal amount.*
[2] *Net present value.*

Lease obligations

We entered into finance lease agreements for premises. As at December 31, 2024, minimum payments under these finance leases up to 2033 total $39.9 million.

Operating portion of lease obligations

We rent our premises and office equipment under various leases for which an operating portion is recognized. As at December 31, 2024, minimum payments for the operating portion under these leases up to 2033 total $47.9 million.

Purchase obligations

We use the services of outside suppliers to distribute and print our directories and have entered into long-term agreements with a number of these suppliers. These agreements expire between 2025 and 2034. We also have purchase obligations under service contracts for both operating and capital expenditures. As at December 31, 2024, we have an obligation to purchase services for $46.1 million over the next five years and thereafter. Cash from operations will be used to fund these purchase obligations.

Pension Contributions

YP sponsors a pension plan registered with the Canada Revenue Agency and the Financial Services Commission of Ontario with defined benefit (DB) for employees hired prior to January 1, 2006, and defined contribution (DC) components for the non-Québec based employees hired on or after January 1, 2006 (the YP Pension Plan) as well as a DC plan registered with the Régie des Rentes du Québec (the YP Québec Plan), for the Québec based employees hired on or after January 1, 2006. Both plans together cover substantially all employees of the Company.

As at December 31, 2024, the DB component of the YP Pension Plan's assets market value totalled $436.0 million and were invested in a diversified portfolio of Canadian fixed income securities, real estate and private market funds. Its annual rate of return on assets was 6.6% for 2024.

The most recent actuarial valuation of the DB component of the YP Pension Plan for funding purposes was performed as at December 31, 2022. The valuation was prepared consistent with the Ontario funding basis, which requires no solvency deficit contribution if the plan is above 85% solvent. It also includes a requirement to fund on a going-concern basis a Provision for Adverse Deviation ("PfAD"), which is determined based on plan characteristics. There was no resulting solvency contribution, as it was determined that the plan was above the 85% solvency threshold. In addition, the annual required contribution to cover the PfAD was determined to be nil as of January 1, 2023 and the Company's Pension Plan has a Prior Year Credit Balance ("PYCB") of $3.0 million.

On May 12, 2021, the Board approved a voluntary incremental $4.0 million cash contribution in 2021 bringing cash payments to the Pension Plan's wind-up deficit (the "Pension Plan") to $6.0 million, as part of a Deficit Reduction Plan to increase the probability that the Pension Plan will be fully funded on a wind-up basis by 2030. The Deficit Reduction Plan included an intention to make cash payments to the wind-up deficit of $6.0 million every year until 2030.

Pursuant to the 2022 Arrangement, the Company advanced the previously announced voluntary incremental cash contributions to the Pension Plan's wind-up deficit by an amount of $24.0 million during the year ended December 31, 2022. The incremental voluntary cash infusion of $24.0 million during the year ended December 31, 2022 represented advancing the voluntary $6.0 million contributions intended in years 2027, 2028, 2029 and 2030.

In 2023, pursuant to the 2023 Arrangement (refer to the section "*Share repurchase – 2023 Plan of Arrangement*" of this MD&A for additional details), the Company advanced the previously announced voluntary incremental cash contributions to the Pension Plan's wind-up deficit by an amount of $12.0 million during the year ended December 31, 2023, bringing 2023 voluntary cash payments to the Pension Plan's wind-up deficit to $18.0 million by the end of the year. The incremental voluntary cash infusion of $12.0 million during the year ended December 31, 2023, represents advancing the voluntary $6.0 million contributions intended in years 2025 and 2026 that were part of the Deficit Reduction Plan.

In 2024, the company made the last voluntary payment of $6.0 million intended under the Deficit Reduction Plan. As a result of the Deficit Reduction Plan and the advancement of the voluntary incremental cash contributions to the Pension Plan pursuant to the Plans of Arrangement in 2022 and 2023, the wind-up ratio was approaching 100%. As a result, the Board approved a plan to derisk the Pension Plan and protect the realized investment gains and windup ratio. Currently, the Pension Plan has approximately 70% of its investment portfolio in fixed income investments and the remaining balance in real estate, infrastructure and private equity assets. The Company intends to continue to transition its investment portfolio to have 100% allocated to fixed income securities which will further reduce the investment risks as the investment portfolio would closely match the long-term liabilities of the Pension Plan.

Total cash payments for pension and other benefit plans expected in 2025 amount to approximately $5.8 million. Total cash payments for pension and other benefit plans made by the Company during the year ended December 31, 2024, totaled $12.0 million.

Sources and Uses of Cash

(In thousands of Canadian dollars)

For the years ended December 31,	**2024**	2023
Cash flows from operating activities		
Change in operating assets and liabilities	**$ 3,329**	$ 2,648
Stock-based compensation cash payments	**(2,751)**	(5,891)
Funding of post-employment benefit plans in excess of costs	**(8,207)**	(20,119)
Restructuring and other charges paid	**(1,940)**	(2,241)
Income taxes paid, net	**(694)**	(2,949)
Cash flows from operations, excluding the above	**49,287**	75,319
	$ 39,024	$ 46,767
Cash flows used in investing activities		
Additions to intangible assets	**$ (2,402)**	$ (3,925)
Additions to property and equipment	**(78)**	(35)
Payments received from net investment in subleases	**1,967**	1,457
	$ (513)	$ (2,503)
Cash flows used in financing activities		
Dividends paid	**$ (13,560)**	$ (13,332)
Repurchase of common shares per plan of arrangement, net of shares held by trustee and transaction costs	**–**	(48,203)
Payment of lease obligations	**(3,976)**	(3,407)
	$ (17,536)	$ (64,942)
NET DECREASE IN CASH	**$ 20,975**	$ (20,678)
CASH, BEGINNING OF YEAR	**23,229**	43,907
CASH, END OF YEAR	**$ 44,204**	$ 23,229

Cash flows from operating activities

Cash flows from operating activities decreased by $7.7 million to $39.0 million for the year ended December 31, 2024 from $46.8 million for the same period last year. The decrease is mainly due to lower Adjusted EBITDA of $26.0 million, partially offset by a decrease in funding of post-employment benefit plans of $11.9 million due to the funding pursuant to the 2023 Arrangement, the decrease in stock-based compensation cash payments of $3.1 million, lower income taxes paid of $2.3 million and an increase of $0.7 million from changes in operating assets and liabilities.

Cash flows used in investing activities

Cash flows used in investing activities decreased by $2.0 million year-over-year mainly due to the decrease in capital expenditures in 2024 of $1.5 million and the increase of payments received from subleases by $0.5 million year-over-year. The decrease in capital expenditures is due, in part, to the nature of the IT spend, whereby, more of the expense was classified as operating rather than capital.

Cash flows used in financing activities

Cash flows used in financing activities decreased by $47.4 million to $17.5 million for the year ended December 31, 2024 compared to $64.9 million last year due to the decrease of $48.2 million for the repurchase of common shares per a plan of arrangement, the increase of $0.2 million for dividends paid during the year ended December 31, 2024 as a result of the increase in the quarterly dividend paid per common share in 2024, partially offset by lower number of common shares outstanding.

Financial and Other Instruments

(See Note 8 of the Audited Consolidated Financial Statements of the Company for the years ended December 31, 2024 and 2023).

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

4. Critical Assumptions and Estimates

Significant estimates

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

The more significant estimates made by management are described below.

Allowance for revenue adjustments

The Company records an allowance for revenue adjustments as a reduction to revenue. This reflects an estimate of claims expected from customers. The Company updates its estimate of the allowance for revenue adjustments based on historical experience related to claims, as well as client-related factors. This significant estimate could affect Yellow Pages Limited's future results if actual claims are higher or lower than anticipated.

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. 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.

Estimate of the lease term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and assesses whether it will extend the lease at the end of the lease contract or exercise an early termination option. The Company determined that the term of its leases is the original lease term as it is not reasonably certain that the extension of termination options will be exercised. This significant estimate could affect Yellow Pages Limited's future results if the Company extends the lease or exercises an early termination option.

Assessment of whether a right-of-use asset is impaired

The Company assesses whether a right-of-use asset is impaired, particularly when it vacates an office space and it must determine the recoverability of the asset, depending on its capacity to sublease the assets or surrender the lease and recover its costs. The Company will examine its lease conditions as well as local market conditions and estimate its recoverability potential for each vacated premise. The determination of the lease cost recovery rate involves significant management estimates based on market availability of similar office space and local market conditions. This significant estimate could affect Yellow Pages Limited's future results if the Company succeeds in subleasing their vacated offices at a higher or lower rate or at different dates than initially anticipated.

Determining the discount rate for leases

IFRS 16 requires the Company to discount the lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate ("IBR"). The Company generally used its IBR rate when recording leases initially, since the implicit rates were not readily available due to information not being available from the lessor regarding the fair value of underlying assets and directs costs incurred by the lessor related to the leased assets. The IBR for each lease was determined on the commencement date of the lease and recalculated at the remeasurement date where applicable.

Useful lives of intangible assets and property and equipment

Yellow Pages Limited reviews the estimated useful lives of its intangible assets and property and equipment at the end of each reporting period. At the end of the current reporting period, management determined that the useful lives of its intangible assets and property and equipment were adequate.

Employee future benefits

The present value of the defined benefit obligation is determined by employing the projected benefit method prorated on service using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Determination of the net benefit costs (recovery) requires assumptions such as the discount rate to measure defined benefit obligations and expected return on plan assets, the projected age of employees upon retirement, the expected rate of future compensation and the expected healthcare cost trend rate. Actual results may differ from results which are estimated based on assumptions.

Income taxes

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of Yellow Pages Limited's ability to utilize the underlying future tax deductions against future taxable income before they expire. Yellow Pages Limited's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of Yellow Pages Limited's ability to utilize the underlying future tax deductions changes, Yellow Pages Limited would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined. The carrying value of deferred tax assets is reviewed at each reporting date, remeasured to the extent that probable sufficient taxable profits will be available, or reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Accounting Standards

Accounting Standards that are issued but not yet effective and not yet applied on the consolidated financial statements

New standard IFRS 18 - *Presentation and Disclosures in Financial Statements*

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

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

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

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. Careful consideration should be given to the following risk factors which could have a material adverse effect on the Corporation, its business, results of operation and financial condition. Despite these guidelines, the Company cannot provide assurances that any such efforts will be successful.

Failure by the Corporation to stabilize or grow its revenues and customer base

The Corporation's revenues remain adversely impacted by a lower customer count. Failure to provide existing customers with marketing solutions that meet their key marketing objectives and generate return on investment may limit the Corporation's ability to retain or upsell existing customers. In addition, the inability of the Corporation's customer acquisition strategies and channels to find and attract new customers may limit the Corporation's ability to grow its total customer count.

Substantial competition could reduce the market share of the Corporation

The Corporation competes with other directory, advertising media and classified advertising businesses and across various media and platforms. This includes the internet, newspapers, television, radio, mobile telecommunication devices, magazines, billboards and direct mail advertising. In particular, the directories business faces substantial competition due to increased online penetration, through the use of online search engines and social networking organizations. The Corporation may not be able to compete effectively with these online competitors, some of which may have greater resources. The Corporation's internet strategy and its directories business may be adversely affected if major search engines build local sales forces or otherwise begin to reach local businesses more effectively for local commercial search services. These competitors may reduce their prices to increase their market share or may be able to offer their services at lower costs than the Corporation can.

The Corporation may be forced to reduce its prices or offer and fulfill other services in order to remain competitive. The Corporation's failure to compete effectively with its current or future competitors could have a number of impacts such as a reduction in its advertiser base, lower revenue and increased costs.

A higher than anticipated rate of decline in print revenue resulting from changes in preferences and consumer habits

The Corporation could be materially adversely affected if the usage of print telephone directories declines at a rate higher than anticipated. The development of new technologies and the widespread use of the internet continues to drive changes in preferences and consumer habits. The usage of internet-based products providing information, formerly exclusively available in print directories, continues to grow at a rapid pace. The internet has become increasingly accessible as an advertising medium for businesses of all sizes. Further, the use of the internet, including as a means to transact commerce through mobile devices, has resulted in new technologies and services that compete with traditional advertising mediums. In particular, this has a significant impact on print products, and the decrease in usage gradually leads to lower advertising revenues. References to print business directories may decline faster than expected as users increasingly turn to digital and interactive media delivery devices for local commercial search information.

The inability of the Corporation to successfully enhance and expand its offering of digital and new media products

The Corporation expects to derive a greater portion of its total revenue from its digital and other new media products, as directory usage continues to shift from print directories to digital and other new media products. If revenue from the Corporation's digital products does not increase significantly to compensate the declining trend in print revenue, the Corporation's cash flow, results of operations and financial condition could be materially adversely affected.

The Corporation's expansion towards digital and new media products is subject to a variety of challenges and risks that could adversely affect digital revenue, as well as its business, results from operations and financial condition, including the following:

- the Corporation may not continue to grow usage on its digital properties at the same rate as other providers or may grow at a slower rate than currently anticipated;
- internet usage as a source of information and a medium for advertising may not continue to grow, or may grow at a slower rate than currently anticipated, as a result of factors that the Corporation cannot predict or control;
- the Corporation may incur substantial additional costs and expenses related to investments in its information technology, modifications to existing products and development of new products and this may reduce profit margins in the future;
- the Corporation may be unable to develop and market new products in a timely and efficient manner, as the Corporation's markets are characterized by rapidly changing technology, introductions and enhancements to existing products and shifting advertising customer and end-user demands, including technology preferences;
- the Corporation may be unable to improve its information technology systems to efficiently manage increased levels of traffic on the Corporation's digital properties and provide new services and products;

- the Corporation may be unable to keep apprised of changes to search engines' terms of service or algorithms, which could cause the Corporation's digital properties, or its advertising customers' digital properties, to be excluded from or ranked lower in search results or make it more difficult or more expensive for the Corporation to provide search engine marketing and search engine optimisation solutions to its advertising customers;
- the Corporation's advertising customers may be unwilling to grow their investment in digital advertising; and
- the Corporation may be unable to increase or maintain the prices of its products and services in the future.

The inability of the Corporation to supply the relationships and technologies required to appropriately service the needs of its customers

The Corporation anticipates that it will continue to depend on various third-party relationships, in order to grow its business, such as technology and content providers, real-time advertising exchanges and other strategic partners. The Corporation has no operational or financial control over these third-party suppliers and may not be able to maintain such relationships. These third parties may experience disruptions or performance problems, which could negatively affect the Corporation's ability to make sales as well as its efficiency and reputation.

In addition, the Corporation relies heavily on information technology systems to manage critical functions of its digital and mobile marketing solutions. The future success of the Corporation will depend in part upon its ability to continuously enhance and expand its existing product offering in a timely manner with features and pricing that meet changing advertiser needs, while generating cost efficiencies in its operations. As marketing via new digital advertising channels, may evolve in unexpected ways, failure by the Corporation to adapt successfully to market evolution could have a material adverse effect on its business, results of operations and financial condition.

A prolonged economic downturn in principal markets of the Corporation

The Corporation derives revenues principally from the sale of advertising in Yellow Pages print and digital directories across Canada. The Corporation's advertising revenues, as well as those of directories publishers in general, typically do not fluctuate widely with economic cycles. However, a prolonged economic downturn, recession or rising rates of inflation affecting the Corporation's markets, or any deterioration in general economic conditions, could have a material adverse effect on the Corporation's business and financial performance. The adverse effects of an economic downturn or recession on the Corporation could be compounded by the fact that the majority of the Corporation's customers are SMEs. Such businesses have fewer financial resources and higher rates of failure than larger businesses and may be more vulnerable to prolonged economic downturns. Therefore, these SMEs may be more likely to reduce or discontinue advertising with the Corporation, which could have a material adverse effect on the Corporation, its business, results from operations and financial condition.

A higher than anticipated proportion of revenues coming from the Corporation's digital products with lower margins, such as services and resale

Digital advertising sold on the Corporation's owned and operated media currently operate at the highest level of profitability relative to digital service (websites, search engine optimization, content syndication and Facebook) solutions and resale (SEM) solutions. Revenues sourced from digital service and resale solutions that are proportionally materially higher than anticipated may have an adverse impact on the Corporation's profitability.

The Corporation's inability to attract and retain key personnel

The success of the Corporation depends on the abilities, experience and personal efforts of senior management of the Corporation, including their ability to retain and attract skilled employees. The Corporation is also dependent on the number and experience of its sales representatives and Information Systems/Information Technology ("ISIT") employees. The loss of the services of such key personnel could have a material adverse effect on the Corporation, its business, its results from operations and financial condition.

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

The success of numerous of our customers' marketing campaigns is dependent on how well they can attract valuable audiences. The Corporation invests in order to protect digital audiences across its network of online and mobile properties by enhancing the quality, completeness and relevance of the content distributed to its properties, and by providing compelling verticalized sites and applications for local discovery. The Corporation may not be able to protect or grow traffic across its digital properties and such investments may not prove to be cost-effective. There can be no assurance that current traffic or potential growth in traffic across the Corporation's digital properties may maintain or increase advertising customer renewal rates and/or annual spending or lead to a measurable increase in advertising customers. In addition, the corporation may be adversely impacted by the enactment of new data protection laws which impact our ability to collect data and report on traffic to both our websites and the websites created for our customers.

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

We have three billing and collection services agreements. The agreement with Bell Canada ("Bell") expires on December 31, 2026, unless terminated by either party with at least 90 days notice followed by a transition period of up to 12 months and the agreement with Northwestel Inc., an affiliate of Bell expires, November 29, 2032. The agreement with TELUS Communications Inc. (TELUS) expires in 2031. Through these agreements, our billing is included as a separate line item on the telephone bills of Bell and TELUS customers who use our services. Bell and TELUS (the Telco Partners) contract with third parties to conduct monthly billing of customers who use them as their local telephone service providers. In addition, the Telco Partners provide collection services for the Corporation with those customers who are also their customers. Additionally, the Corporation has entered into publishing agreements with each Telco Partner. If the Corporation fails to perform its obligations under these agreements and the agreements are consequently terminated by such Telco Partner, other agreements with such Telco Partner may also be terminated, including the Bell Canada Trademark License Agreement, the TELUS Trademark License Agreement, the Bell MTS Inc. Branding and Trademark Agreement and the Bell Canada Inc. Branding and Trademark Agreement, as well as non-competition covenants we benefit from with such Telco Partners.

We have agreements with outside service suppliers to print and distribute our directories and publications. These agreements are for services that are integral to our business.

The failure of the Telco Partners or any of our other suppliers to fulfill their contractual obligations under these agreements could result in a material adverse effect on our business.

Customers who do not use the Telco Partners as their local telephone provider as well as all new customers are billed directly by the Corporation.

Successfully prosecuted legal action against the Corporation

The Corporation is and may, from time to time, be the subject of litigation arising out of its operations, in which damages and/or other relief are sought. If any legitimate cause of action arose which was successfully prosecuted against the Corporation, the results of operations and financial condition could be adversely affected. Claims under such litigation may be material or may be indeterminate. Various types of claims may be made including, without limitation, breach of contract, negligence, tax and employment matters. The outcome of such litigation is uncertain and may materially impact the Corporation's financial condition or results of operations and the Corporation may be required to incur significant expenses or devote significant resources in defense against any such litigation. Subject to the foregoing limitations, management is of the opinion, based upon legal assessment and information presently available, that it is unlikely that any awards, to the extent not provided for through insurance or otherwise, would have a material effect on our financial position and the results of our operations, including cash flows. Moreover, unfavorable outcomes or settlements of litigation could encourage the commencement of additional litigation.

Work stoppages and other labour disturbances

Certain non-management employees of the Corporation are unionized. The Corporation currently has six union agreements, all of which were renewed during 2022 and 2023, respectively. Two of these agreements shall expire on December 31, 2025, two agreements have expiry dates in 2026, on June 30 and December 31, and the remaining two agreements are set to expire on March 31, 2027 and June 30, 2027. If the Corporation is unable to renew the agreements with its unionized staff as they come up for renegotiation from time to time, it could result in work stoppages and other labour disturbances.

Challenge by tax authorities of the Corporation's position on certain income tax matters

In the normal course of the Corporation's activities, the tax authorities are carrying out ongoing reviews. In that respect, the Corporation is of the view that all expenses claimed by the different entities of the group are reasonable and deductible and that the cost amount and capital cost allowance claims of such entities' depreciable properties have been correctly determined. The Corporation also collects and pays sales tax to various tax authorities in the normal course of its activities. There is no assurance that the tax authorities may not challenge these positions. Such challenge, if successful, may have a material adverse effect on the Corporation, its business, results from operations and financial condition.

The loss of key relationships or changes in the level of service provided by mapping applications and search engines

The Corporation has entered into agreements with mapping applications and search engines to promote its online directories. These agreements facilitate access to the Corporation's content and customer advertising, allow the Corporation to generate a higher volume of traffic than it would on its own as well as generate business leads for its advertisers, while retaining the client relationship. Loss of key relationships or changes in the level of service provided by the mapping applications and search engines could impact performance of the Corporation's internet marketing solutions. In addition, internet marketing services are provided by many other competitors within the markets the Corporation serves and its clients could choose to work with other, sometimes larger providers of these services, or with other search engines directly.

The failure of the Corporation's computers and communications systems

The Corporation's business activities rely significantly on the efficient and uninterrupted operation of computers and communications systems as well as those of third parties over which we have no financial or operational control. The Corporation's media properties, sales and advertising processing, data storage, production, billing, collection and day-to-day operations could be adversely impaired by cyber-attacks, or the failure of such technology.

In addition, the Corporation's computer and ISIT systems may be vulnerable to damage or interruption from a variety of sources and its disaster recovery systems may be deemed ineffective. Any failure of these systems could impair the Corporation's ability to sell to and service customers, therefore having an adverse effect on it results from operation and financial condition.

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

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

The inability of the Corporation to generate sufficient funds from operations, debt financings or equity financing transactions

The ability of the Corporation to make scheduled payments under its indebtedness will depend on, among other things, its future operating performance. There can be no assurance that the Corporation will be able to generate sufficient cash from its operations to pay its debt obligations. The Corporation's ability to generate sufficient funds from operations, debt financings or equity financings is, to a large extent, subject to economic, financial, competitive, operational and other factors, many of which are beyond the Corporation's control.

There can be no assurance that the Corporation will continue to be able to obtain on a timely basis sufficient funds on terms acceptable to the Corporation to provide adequate liquidity and to finance the operating and capital expenditures necessary to overcome the challenges associated with the evolution of its business and support its business strategy if cash flows from operations and cash on hand are insufficient.

Failure to generate sufficient funds, whether from operations or debt or equity financings, could require the Corporation to delay or abandon some of its anticipated expenditures or to modify its business strategy. Furthermore, competitors with greater liquidity or their ability to raise money more easily and on less onerous terms could create a competitive disadvantage for the Corporation.

Incremental contributions by the Corporation to its pension plans

The funding requirements of the Corporation's pension plans, resulting from valuations of its pension plan assets and liabilities, depend on a number of factors, including actual returns on pension plan assets, long-term interest rates, plan demographic and pension regulations. Changes in these factors could cause actual future contributions to significantly differ from the Corporation's current estimates and could require the Corporation to make incremental contributions to its pension plans in the future which may have a materially negative effect on the Corporation's liquidity and results from operations.

There is no assurance that the Corporation's pension plans will be able to earn their assumed rate of return. A material portion of the Corporation's pension plans' assets is invested in public equity securities. As a result, the ability of the Corporation's pension plans to earn the rate of return that management has assumed depends significantly on the performance of capital markets. The market conditions also impact the discount rate used to calculate the Corporation's solvency obligations and thereby could also significantly affect the Corporation's cash funding requirements.

Declaration and payment of dividends cannot be guaranteed

The Corporation's dividend payout policy and the declaration of dividends on any of the Corporation's outstanding common shares are subject to the discretion of the Board of Directors 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 the Corporation'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.

An outbreak or escalation of a contagious disease may adversely affect the Corporation's business

A local, regional, national or international outbreak or escalation of a contagious disease, such as the COVID-19 virus, other pandemics, epidemics and health risks, or fear of the foregoing, could adversely impact the ability of the Corporation's sales force to interact with customers and potential customers, cause economic uncertainty decreasing the willingness of customers to purchase services from the Corporation, cause labour shortages for the Corporation, interrupt supplies from third parties upon which the Corporation relies, increase operating costs, result in governmental regulation adversely impacting the Corporation's business and may otherwise have an adverse effect on the Corporation's business, financial condition and results of operations.

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 December 31, 2024.

Internal Control over Financial Reporting (ICFR)

The design and effectiveness of ICFR (as defined in National Instruments 52-109) were evaluated under the supervision of the President and Chief Executive Officer and Chief Financial Officer. Based on the evaluations, they concluded that the Company's ICFR was effective, as at December 31, 2024.

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yellow Pages Limited

Opinion

We have audited the consolidated financial statements of Yellow Pages Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income and other comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS* Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Deferred Tax Assets — Refer to Notes 3.17.3, 3.18 and 7 to the financial statements

Key Audit Matter Description

The Company recognizes deferred income taxes for tax attributes and differences between the carrying values and tax basis of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The carrying value of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Given the significant estimation uncertainty related to future taxable income and the determination of the probability that the deferred tax asset will be realized, auditing these estimates required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures. This resulted in an increased extent of audit effort including the involvement of income tax specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to future taxable income and the determination of the probability that the deferred income tax assets will be realized included the following, among others:

- Evaluated future taxable income by:
  - Evaluating the Company's ability to accurately estimate future taxable income by comparing actual results to the Company's historical estimates.
  - Assessing the reasonability of estimates of future taxable income by evaluating key inputs to the estimates such as revenue and earnings margins against historical performance, projections and trends.
  - Evaluating whether the estimates of future taxable income were consistent with evidence obtained in other areas of the audit.
- With the assistance of income tax specialists, assessed the probability that the deferred income tax assets will be realized by:
  - Assessing the existing temporary differences available for future utilization to evaluate deferred income tax assets available to the Company.

- Assessing the period and sufficiency over which the Company expects to utilize the underlying future tax deductions against future taxable income before they expire.
- Evaluating whether the taxable income in historical periods was of the appropriate character and available under the tax law.

Revenues and Allowance for Revenue Adjustments— Refer to Notes 3.16, 3.18, 4, 8 and 9 to the financial statements

Key Audit Matter Description

The Company's revenues consist of contract-based fees made up of a significant volume of low-dollar value transactions and relate to digital and print revenues. While digital revenues are primarily recognized over the term of the contract from the point at which service is first provided over the life of the contract, revenues from print products are recognized at a point in time upon delivery of the print directories. Further, the Company estimates an allowance for revenue adjustments, which is recorded as a reduction of revenue and reflects an estimate for claims expected from customers. This estimate is based in part on the Company's historical claims experience.

Auditing of revenues and the allowance for revenue adjustments required significant audit effort due to the volume of transactions, the highly manual process associated with portions of the revenue recognition process and the estimation uncertainty inherent to the determination of the allowance. This required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to revenues and the estimate related to the allowance for revenue adjustments included the following, among others:

- Evaluated revenues by:
  - Testing the mathematical accuracy of the Company's revenue recognition that is reliant upon manual processes.
  - Assessing the customer contracts and fulfillment of service for a selection of revenue transactions and evaluating whether the contracts were properly recognized into revenues based on the terms and conditions of each contract.
  - Analyzing revenue recorded by comparing actuals to independently developed expectations.
  - Inspecting evidence from a combination of sources, where necessary, assessing considerations for contradictory evidence and evaluating whether revenue was appropriately recognized.
- Evaluated the allowance for revenue adjustments by:
  - Assessing the methodologies used by the Company to estimate the allowance for revenue adjustments by understanding the processes adopted to monitor and manage claims and collections, testing the mathematical accuracy of this calculation and testing the data used to establish this estimate.
  - Assessing the Company's ability to accurately estimate the allowance for revenue adjustments by comparing actual results to the Company's historical estimates. For a selection of historical customer claims, assessed claims to credits issued, debits recorded to revenue, the original contract, correspondence between the customer and the sales representative, and other supporting documents.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis; and
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is David Pain.

(signed) Deloitte LLP[1]

Montréal, Québec
February 12, 2025

[1] CPA auditor, public accountancy permit No. A129221

Consolidated Statements of Income and Other Comprehensive Loss

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

For the years ended December 31,	*Note*		2024		2023
Revenues	*4*	**$**	**214,829**	$	239,432
Operating costs	*5*		**163,993**		162,572
Income from operations before depreciation and amortization, and restructuring and other charges			**50,836**		76,860
Depreciation and amortization	*10, 11, 12*		**13,436**		13,659
Restructuring and other charges	*14*		**2,027**		2,205
Income from operations			**35,373**		60,996
Financial charges, net	*6*		**945**		732
Income before income taxes			**34,428**		60,264
Provision for income taxes	*7*		**9,451**		12,865
Net income		**$**	**24,977**	$	47,399
Other Comprehensive Loss					
Items that will not be reclassified subsequently to net income					
Actuarial losses on post-employment benefit plans	*15*		**(312)**		(12,403)
Income taxes relating to items that will not be reclassified subsequently to net income			**82**		3,279
Other comprehensive loss			**(230)**		(9,124)
Total comprehensive income		**$**	**24,747**	$	38,275
Income per share					
Basic income per share		**$**	**1.84**	$	2.70
Weighted average shares outstanding – basic income per share	*17*		**13,559,143**		17,573,994
Diluted income per share		**$**	**1.82**	$	2.65
Weighted average shares outstanding – diluted income per share	*17*		**13,752,770**		17,772,078

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

As at December 31,	*Note*	**2024**	2023
ASSETS			
CURRENT ASSETS			
Cash		**$ 44,204**	$ 23,229
Trade and other receivables	*8,9*	**33,677**	37,224
Income taxes receivable	*7*	**995**	581
Prepaid expenses		**4,561**	4,859
Deferred publication costs		**1,220**	1,048
Net investment in subleases	*10*	**2,253**	1,986
TOTAL CURRENT ASSETS		**86,910**	68,927
NON-CURRENT ASSETS			
Deferred commissions		**2,981**	2,480
Financial and other assets	*8*	**1,821**	1,833
Right-of-use assets	*10*	**4,774**	5,486
Net investment in subleases	*10*	**21,758**	23,971
Property and equipment	*11*	**2,644**	3,082
Intangible assets	*12*	**31,196**	40,918
Deferred income taxes	*7*	**11,786**	20,816
TOTAL NON-CURRENT ASSETS		**76,960**	98,586
TOTAL ASSETS		**$ 163,870**	$ 167,513
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	*13*	**$ 24,008**	$ 28,129
Income taxes payable	*7*	–	213
Provisions	*14*	**16,085**	16,314
Deferred revenues	*9*	**800**	956
Current portion of lease obligations	*10*	**3,778**	3,967
TOTAL CURRENT LIABILITIES		**44,671**	49,579
NON-CURRENT LIABILITIES			
Provisions	*14*	**488**	551
Post-employment benefits	*15*	**28,751**	35,180
Lease obligations	*10*	**36,160**	39,947
TOTAL NON-CURRENT LIABILITIES		**65,399**	75,678
TOTAL LIABILITIES		**110,070**	125,257
CAPITAL AND RESERVES		**96,302**	96,252
DEFICIT		**(42,502)**	(53,996)
TOTAL EQUITY		**53,800**	42,256
TOTAL LIABILITIES AND EQUITY		**$ 163,870**	$ 167,513

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of Yellow Pages Limited by

(Signed)
Rob Hall, Director and Chair of the Board

(Signed)
Martin Harrison, Director and Chair of the Audit Committee

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

For the years ended December 31,

2024

	Note	Shareholders' capital	Restricted shares	Stock-based compensation and other reserves	Total capital and reserves	Deficit	Total equity
Balance, December 31, 2023		$ 95,087	$ (1,248)	$ 2,413	$ 96,252	$ (53,996)	**$ 42,256**
Other comprehensive loss		–	–	–	–	(230)	**(230)**
Net income		–	–	–	–	24,977	**24,977**
Total comprehensive income		–	–	–	–	24,747	**24,747**
Dividends to shareholders	*17*	–	–	–	–	(13,560)	**(13,560)**
Restricted shares settled	*18*	–	50	–	50	–	**50**
Restricted shares expense	*18*	–	–	193	193	–	**193**
Restricted shares reclassification	*18*	–	–	(193)	(193)	35	**(158)**
Stock options equity-settled expense	*18*	–	–	23	23	–	**23**
Stock options reclassification	*18*	–	–	(23)	(23)	(5)	**(28)**
Adjustment to transaction costs related to the plan of arrangement	*17*	–	–	–	–	277	**277**
Balance, December 31, 2024		**$ 95,087**	**$ (1,198)**	**$ 2,413**	**$ 96,302**	**$ (42,502)**	**$ 53,800**

2023

	Note	Shareholders' capital	Restricted shares	Stock-based compensation and other reserves	Total capital and reserves	Deficit	Total equity
Balance, December 31, 2022		$ 129,004	$ (10,988)	$ 3,054	$ 121,070	$ (55,289)	$ 65,781
Other comprehensive loss		–	–	–	–	(9,124)	(9,124)
Net income		–	–	–	–	47,399	47,399
Total comprehensive income		–	–	–	–	38,275	38,275
Dividends to shareholders	*17*	–	–	12	12	(13,344)	(13,332)
Restricted shares settled	*18*	–	717	(402)	315	(216)	99
Restricted shares expense	*18*	–	–	227	227	–	227
Restricted shares reclassification	*18*	–	–	(478)	(478)	(71)	(549)
Cancellation of shares held by trustee	*17*	(3,216)	5,100	–	1,884	(1,884)	–
Stock options equity-settled expense	*18*	–	–	196	196	–	196
Stock options reclassification	*18*	–	–	(196)	(196)	(42)	(238)
Repurchase of shares per plan of arrangement, net of shares held by trustee and transaction costs	*17*	(30,701)	3,923	–	(26,778)	(21,425)	(48,203)
Balance, December 31, 2023		$ 95,087	$ (1,248)	$ 2,413	$ 96,252	$ (53,996)	$ 42,256

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

For the years ended December 31,	Note	2024	2023
OPERATING ACTIVITIES			
Net income		**$ 24,977**	$ 47,399
Adjusting items			
Stock-based compensation expense – equity settled		**216**	423
Depreciation and amortization		**13,436**	13,659
Restructuring and other charges		**2,027**	2,205
Financial charges, net		**945**	732
Provision for income taxes		**9,451**	12,865
Change in operating assets and liabilities		**3,329**	2,648
Stock-based compensation cash payments		**(2,751)**	(5,891)
Funding of post-employment benefit plans in excess of costs		**(8,207)**	(20,119)
Restructuring and other charges paid	*14*	**(1,940)**	(2,241)
Interest paid		**(1,765)**	(1,964)
Income taxes paid, net		**(694)**	(2,949)
Cash from operating activities		**39,024**	46,767
INVESTING ACTIVITIES			
Additions to intangible assets		**(2,402)**	(3,925)
Additions to property and equipment		**(78)**	(35)
Payments received from net investment in subleases	*10*	**1,967**	1,457
Cash used in investing activities		**(513)**	(2,503)
FINANCING ACTIVITIES			
Dividends paid	*17*	**(13,560)**	(13,332)
Repurchase of common shares per plan of arrangement, net of shares held by trustee and transaction costs	*17*	**–**	(48,203)
Payment of lease obligations	*10*	**(3,976)**	(3,407)
Cash used in financing activities		**(17,536)**	(64,942)
NET INCREASE (DECREASE) IN CASH		**20,975**	(20,678)
CASH, BEGINNING OF YEAR		**23,229**	43,907
CASH, END OF YEAR		**$ 44,204**	$ 23,229

The accompanying notes are an integral part of these consolidated financial statements.

1. Description

Yellow Pages Limited, through its subsidiaries, offers local and national businesses access to digital and print media and marketing solutions to reach consumers in all the provinces and territories of Canada. References herein to Yellow Pages Limited (or the "Company") represent the financial position, financial performance, cash flows and disclosures of Yellow Pages Limited and its subsidiaries on a consolidated basis.

Yellow Pages Limited's registered head office is located at 1751 Rue Richardson, Montreal, Québec, Canada, H3K 1G6 and the common shares of Yellow Pages Limited are listed on the Toronto Stock Exchange ("TSX") under the symbol "Y".

The Board of Directors (the "Board") approved the consolidated financial statements for the years ended December 31, 2024 and 2023 on February 12, 2025 for publication on February 13, 2025.

2. Adoption of new Accounting Standards

2.1 Accounting Standards that are issued but not yet effective and not yet applied on the consolidated financial statements

New standard IFRS 18 - *Presentation and Disclosures in Financial Statements*

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

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

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

3. Basis of presentation and material accounting policies

3.1 Statement of compliance

These consolidated financial statements of Yellow Pages Limited and its subsidiaries were prepared by management in accordance with IFRS Accounting Standards. The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments that are measured at fair value as explained in the accounting policies below.

3.2 Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, Yellow Pages Limited's functional currency.

3.3 Basis of consolidation

3.3.1 Subsidiaries

Subsidiaries that are directly controlled by Yellow Pages Limited or indirectly controlled through other consolidated subsidiaries are fully consolidated. Subsidiaries are all entities over which Yellow Pages Limited exercises control.

Subsidiaries are fully consolidated from the effective date of acquisition up to the effective date of disposal. Intercompany assets, liabilities, and transactions between fully consolidated companies are eliminated. Gains and losses on internal transactions with controlled companies are fully eliminated. Accounting policies and methods are modified where necessary to ensure consistency of accounting treatment at the Yellow Pages Limited level.

3.4 Cash

3.4.1 Cash

Cash consists of funds on deposit and, from time to time, highly liquid investments with a purchased maturity of three months or less.

3.5 Financial instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.5.1 Financial assets

Initial recognition and measurement

Financial assets are classified into the following specified categories: "amortized cost"; "fair value through other comprehensive income for equity investment" ("FVOCI – equity investment"); and "fair value through profit or loss" ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method, net of allowance for doubtful accounts. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade and other receivables, net investment in subleases, and cash.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Expected credit loss

In relation to the impairment of financial assets, the Company applies an expected credit loss ("ECL") model as required under IFRS Accounting Standards. The ECL model 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 financial assets. For trade receivables (including contract assets), the Company applied the simplified approach whereby the lifetime 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 cases the customer's solvency. While other receivables and net investment in subleases are also subject to the impairment requirements, the identified ECL was insignificant.

At each reporting date, the Company assesses whether financial assets are credit impaired. The Company will consider a financial asset to be in default when the indebted party is unlikely to pay its obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any). The Company elected to consider that default does not occur when a financial asset is 90 days past due as the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate and that default risk is not necessarily increased. In assessing whether an indebted party is in default, the Company will consider indicators that are qualitative (e.g. breach of conditions), quantitative (e.g. overdue status), and data developed internally and obtained from external sources. Inputs into the assessment of whether a financial asset is in default and their significance may vary over time to reflect circumstances. The same factors are considered when determining whether to write-off amounts charged to the ECL allowance for trade receivables against the customer accounts receivable. The assessment of the probability of default and loss given default is based on historical data adjusted for current customer circumstances. No customer accounts receivable is written-off directly to the bad debt expense.

3.5.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities designated at fair value through profit or loss ("FVTPL"), loans and borrowings, trade payables and accruals and compensation payable, as appropriate.

Yellow Pages Limited recognizes all financial liabilities, specifically trade and other payables and lease obligations initially at fair value less transaction costs and subsequently at amortized cost, using the effective interest method.

Derecognition

The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.6 Deferred publication costs

Deferred publication costs are recognized for direct and incremental publication costs of obtaining a contract, manufacturing and distribution of telephone print directories, as well as, provisioning and fulfillment of digital products and services. The intangible asset represents costs that will be recognized in operating costs in future periods, on the same basis as the related directories revenues, digital products and services revenues are recognized, over the term of the contract.

Deferred publication costs are initially measured at cost and are recognized in operating costs upon delivery of the publication or fulfillment of the digital products and services.

3.7 Deferred commissions

Deferred commissions paid represent costs to obtain new sales contracts. These costs are amortized on a straight-line basis over a two-year period as this reflects the expected period of benefit. The Company recognizes as an expense, the commissions paid for contract renewals with revenue recognized within one year or less.

3.8 Property and equipment

Property and equipment are recognized at historical cost less accumulated depreciation and impairment losses. The various components of property and equipment are depreciated separately based on their estimated useful lives. The historical cost of an asset includes the expenses that are directly attributable to its acquisition.

Subsequent costs are included in the carrying value of the asset or recognized as a separate component, where necessary, if it is probable that future economic benefits will flow to Yellow Pages Limited and the cost of the asset can be reliably measured. All other repair and maintenance costs are expensed in the year they are incurred. Depreciation of property and equipment is calculated on a straight-line method, based on the capitalized costs, less any residual value over the estimated useful life of each corresponding asset.

The estimated useful lives of Property and equipment are as follows:

Office equipment	10 years
Computer equipment	3 years
Leasehold improvements	Shorter of term of lease or useful life

The estimated useful lives, residual values and depreciation method are reviewed at a minimum on an annual basis and depreciation and amortization are adjusted on a prospective basis, as required.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

3.9 Leases

3.9.1 As a lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices. The Company generally accounts for lease components and any associated non-lease components as a single arrangement.

At the lease commencement date, the Company recognizes a right-of-use asset and a corresponding lease obligation with respect to all lease arrangements in which it is the lessee.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation. Right-of-use assets are tested for impairment in accordance with IAS 36 – *Impairment of Assets,* and impairments are recorded in restructuring and other charges on the consolidated statements of income.

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate (“IBR”). Generally, the Company uses its IBR as the discount rate.

The IBR is based on maturity term of the lease and is determined based on a series of inputs including: the current risk-free rates on government bonds and a credit spread adjustment to account for the Company’s credit profile.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed (and in-substance fixed) lease payments, less any lease incentives;
- variable lease payments that depend on an index or rate; and
- payments expected under residual value guarantees.

The lease obligation is subsequently measured at amortized cost using the effective interest method (EIR) and the carrying amount is adjusted to reflect accrued interest and lease payments.

Lease obligations are remeasured, with a corresponding adjustment to the related right-of-use-assets or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, when there is a change in future lease payments arising from a change in an index or rate or a change in the amount expected to be payable under a residual value guarantee, or if there are modifications to the lease conditions such as a change of square footage of a lease, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease obligation is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, as permitted, the Company has opted to recognize a lease expense on a straight-line basis. This expense is presented within Operating Costs in the consolidated statements of income. The amounts related to these low value leases are insignificant.

3.9.2 As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. Whenever the terms of the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset the contract is classified as a finance lease; if not, then it is classified as an operating lease.

The Company has entered lease agreements as the sub-lessor with respect to some of its office locations.

The Company assessed and classified its subleases as finance leases, and therefore derecognized the right-of-use assets relating to the respective head leases being sublet, recognized lease receivables equal to the net investment in the subleases, retained the previously recognized lease obligations in its capacity as lessee, recognized the related interest expense thereafter and recognized interest income on the subleases receivable in its capacity as finance lessor.

3.10 Intangibles assets

The cost of intangible assets with finite useful lives that are acquired separately, is deemed to be their fair value at the acquisition date. Intangible assets acquired are reported at cost less accumulated amortization and accumulated impairment losses.

Internally-generated intangible assets, consisting of software used by the Company, are recognized if and only if, the following conditions have been demonstrated:

- the technical feasibility of completing the asset so that it will be available for use or sale;
- the intention and adequate resources to complete the intangible asset and use or sell it;
- how the intangible asset will generate probable future economic benefits; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditures are charged to the statement of income in the period in which they are incurred.

Internally-generated intangible assets include the cost of software tools and licenses used in the development of Yellow Pages Limited’s systems, as well as all directly attributable payroll and consulting costs. These items are not amortized until the assets are available for use.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment loss. Intangibles assets are amortized, as follows:

Non-competition agreements	Straight-line over shorter of 7 years or life of agreement
Trademarks	Straight-line over 10 years
Domain names	Straight-line over 4 – 12 years
Software	Straight-line over 3 years

The estimated useful life and amortization method are reviewed at a minimum on an annual basis, with the effect of any changes in estimate being accounted for prospective basis.

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the de-recognition of an intangible asset, measured as the difference between the net disposal proceeds or fair value, as applicable, and the carrying value of the asset, are recognized in the statement of income when the asset is de-recognized.

3.11 Impairment of tangible and intangible assets

At each reporting date, Yellow Pages Limited determines whether there are any indications that the carrying values of its finite life tangible and intangible assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, Yellow Pages Limited estimates the recoverable amount of the cash-generating unit ("CGU") or group of CGUs to which the asset belongs. A CGU is the smallest identifiable group of assets that generate cash inflows that are independent of those from other assets.

Intangible assets with indefinite useful lives, intangible assets not yet available for use and goodwill, if any, are tested for impairment annually, and whenever there is an indication that the asset may be impaired. A majority of the Company's intangible assets do not have cash inflows independent of those from other assets and as such, are tested within their respective CGUs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying value, the carrying value of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of income.

If the recoverable amount of a CGU or group of CGUs is less than the carrying amount, the impairment loss is allocated to reduce the carrying amount of the assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. The Company does not reduce the carrying value of an asset below the highest of its fair value less costs of disposal and its value in use.

3.12 Trade and other payables

Trade and other payables, including accruals, are recorded when Yellow Pages Limited is required to make future payments as a result of purchases of assets or services. Trade and other payables are carried at amortized cost.

3.13 Provisions

Provisions are recognized when Yellow Pages Limited has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a financial charge. Provisions are reversed when new external factors, such as market conditions, or internal factors indicates that the recoverable amount is higher or lower than originally anticipated.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where Yellow Pages Limited has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3.14 Employee benefits

3.14.1 Defined contribution plans

Yellow Pages Limited maintains a defined contribution plan that provides certain employees a post-employment benefit under which the Company pays predetermined contributions based on a percentage of the employee's salary into a separate entity and will have no legal or constructive obligation to pay further amounts.

Post-employment benefit plans service costs are recognized for defined contribution pension plans when the employee provides service to the Company, coinciding with the Company's cash contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. New employees can only participate in the defined contribution plans, when eligible.

3.14.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Yellow Pages Limited's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted from the obligation. The discount rate is the yield at the reporting date on high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability adjusted for a spread to reflect any additional credit risk and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected benefit method prorated on service.

Yellow Pages Limited recognizes all actuarial gains and losses arising subsequently from defined benefit plans in other comprehensive income ("OCI"). Re-measurement, comprising actuarial gains and losses, the effects of changes to the asset ceiling, if applicable, and the return on plan assets, excluding net interest on the defined benefit obligation, is reflected immediately in the statement of financial position with a charge or credit recognized in OCI. Re-measurement recognized in OCI is reflected immediately in retained earnings and will not be classified to the statement of income. Past service costs are recognized in the statement of income in the period a plan amendment is announced to employees. The net interest amount, which is calculated by applying the discount rate to the net defined liability or asset of defined benefit plans, is recognized in net financial charges while current service costs are recorded in operating expenses.

3.14.3 Other long-term employee benefits

Yellow Pages Limited's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related asset is deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have terms to maturity approximating the terms of the related obligation. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in the period in which they arise.

3.14.4 Termination benefits

Termination benefits are recognized as an expense when Yellow Pages Limited can no longer withdraw the offer of those benefits, or if earlier, when there is no realistic possibility of withdrawal from a formal detailed plan to either terminate employment before the normal retirement date, or from providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if Yellow Pages Limited has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.14.5 Share-based payments

Yellow Pages Limited's share-based payment arrangements include restricted share units ("RSUs"), performance share units ("PSUs"), deferred share units ("DSUs"), stock options and share appreciated rights granted to eligible employees or directors of the Company ("the Participants").

RSUs and PSUs

RSUs and PSUs granted may be settled in cash or equity at the Participant's option, therefore, in respect of RSUs, the Company accrues a liability equal to the number of vesting RSUs multiplied by the fair value of YP's common share at the end of the reporting period. The fair value of the liability is remeasured at each reporting date and at settlement date, with any changes in fair value recognized in profit or loss. Additional RSUs are issued to reflect the dividends declared on the common shares. There were no PSUs outstanding as of December 31, 2024 and 2023. In addition, certain of the Company's RSUs will be settled in cash based on contractual conditions.

DSUs and Stock options

The DSUs and stock options granted may be settled in cash or equity at the Company's option.

The DSUs and stock-options plans are treated as cash-settled instruments based on historical practice and therefore recorded as a liability. The Company records a liability related to the DSUs equal to the number of vesting DSUs multiplied by the fair value of YP's common share at the end of the reporting period. Additional DSUs are issued to reflect the dividends declared on common shares.

During the fourth quarter of 2024, the Board approved the termination and liquidation of the DSU plan, effective as of December 16, 2024 and the payment of all accrued benefits so that such amounts are payable in lump sum to the Participants. Pursuant to the DSU plan, each Participant will receive a lump sum cash payment equal to the number of DSUs credited to the Participant's account multiplied by the volume weighted average trading price ("VWAP") of YP's common share for the five trading days immediately preceding the effective termination date. (see *Note 18 Stock-based compensation plans* for additional details).

For the stock options, Yellow Pages Limited recognizes compensation expense in operating costs in the statements of income, equal to the fair value at the grant date determined using the Black-Scholes's valuation method, recognized over the term of the vesting period, with a corresponding credit to liability. The liabilities are re-measured at fair value at each reporting period with any changes recorded in operating costs.

Share appreciation rights

The share appreciation rights are settled in cash and recorded accordingly as a liability. For share appreciation rights granted, Yellow Pages Limited recognizes compensation expense in operating costs in the statements of income, equal to the fair value at the grant date, recognized over the term of the vesting period, with a corresponding credit to liability. At each reporting period, the liability is re-measured at fair value with any changes recorded in operating costs.

3.15 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Yellow Pages Limited are recorded at the proceeds received, net of direct issue costs.

Transaction costs incurred by Yellow Pages Limited in issuing, repurchasing or reselling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

3.16 Revenues

Yellow Pages Limited's revenues consist of contract-based fees made up of a significant volume of low-dollar value transactions and relate to digital and print revenues. The Company's revenues are measured at the fair value of the consideration received or receivable, net of an allowance for revenue adjustments and sales taxes. The consideration amounts are generally fixed.

Revenues from print products are recognized at a point in time upon delivery of the print directories. Print revenues are generally billed on a monthly basis over the year of publication.

Digital revenues from classified and display advertisements are recognized into income over the term of the contract on a monthly basis from the point at which service is first provided over the life of the contract, which is generally twelve (12) months, since the customer receives and consumes the benefits of the advertisement simultaneously over the period of display of the advertisement. Certain revenues, such as website and video design fees, are recognized at a point in time upon completion of the design of the website and video since the satisfaction of performance obligation is completed at that time.

Unless the product description states otherwise, customer contracts are automatically renewed for consecutive subsequent periods equal in length to the initial term**,** except if the client gives the Company a written notice of non-renewal per the contract terms and conditions.

Payments terms for all customers are generally due upon receipt of the invoice. The disaggregation of revenue by product group has been disclosed in the *Operating Segments* note.

The allowance for revenue adjustments is recorded as a reduction of revenue and reflects an estimate for claims expected from customers. This estimate is based in part on the Company's historical claims experience.

3.17 Taxation

Income tax expense represents the sum of the current and deferred tax.

3.17.1 Current and deferred tax for the year

Current and deferred taxes are recognized as an expense or income in the statement of income, except to the extent that the expense or income relates to items recognized in OCI or directly in equity, in which case the current and deferred tax are also recognized in OCI or directly in equity respectively. Where the current or deferred tax arise from the initial accounting for a business combination, the tax effects are taken into account in the accounting for the business combination.

3.17.2 Current income tax

Taxable income differs from income as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Yellow Pages Limited's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

3.17.3 Deferred tax asset and liability

Deferred tax is recognized on temporary differences between the carrying values of assets and liabilities in the statements of financial position and their corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where Yellow Pages Limited is able to control the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Yellow Pages Limited expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and Yellow Pages Limited intends to settle its tax assets and liabilities on a net basis.

3.18 Significant estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that can affect the carrying value of certain assets and liabilities, income and expenses and the information disclosed in the notes to the consolidated financial statements. Management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current events including but not limited to economic and financial market conditions such as higher interest rates and inflation and increasing risk of recession, as well as other factors that are considered to be relevant. These estimates are subject to measurement uncertainty and actual results could differ from current estimates as a result of changes in these assumptions. The impact of changes in accounting estimates is recognized during the period in which the change takes place and affected future periods, where applicable.

The more significant estimates made by management are described below.

Allowance for revenue adjustments

The Company records an allowance for revenue adjustments as a reduction to revenue. This reflects an estimate of claims expected from customers. The Company updates its estimate of the allowance for revenue adjustments based on historical experience related to claims, as well as client-related factors. This significant estimate could affect Yellow Pages Limited's future results if actual claims are higher or lower than anticipated.

Measurement of ECL allowance for trade receivables

In relation to the impairment of trade receivables (including contract assets), the Company uses the 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 cases the customer's solvency. 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.

Estimate of the lease term

When the Company recognizes a lease, it assesses the lease term based on the conditions of the lease and assesses whether it will extend the lease at the end of the lease contract or exercise an early termination option. The Company determined that the term of its leases is the original lease term as it is not reasonably certain that the extension or early termination options will be exercised. This significant estimate could affect Yellow Pages Limited's future results if the Company extends the lease or exercises an early termination option.

Assessment of whether a right-of-use asset is impaired

The Company assesses whether a right-of-use asset is impaired, particularly when it vacates an office space and it must determine the recoverability of the asset, to the extent that the Company can sublease the assets or surrender the lease and recover its costs. The Company will examine its lease conditions as well as local market conditions and estimate its recoverability potential for each vacated premise. The determination of the lease cost recovery rate involves significant management estimates based on market availability of similar office space and local market conditions. This significant estimate could affect Yellow Pages Limited's future results if the Company succeeds in subleasing their vacated offices at a higher or lower rate or at different dates than initially anticipated.

Determining the discount rate for leases

IFRS 16 requires the Company to discount the lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its IBR. The Company generally used its IBR rate when recording leases initially, since the implicit rates were not readily available due to information not being available from the lessor regarding the fair value of underlying assets and directs costs incurred by the lessor related to the leased assets. The IBR for each lease was determined on the commencement date of the lease and recalculated at the remeasurement date where applicable.

Useful lives of intangible assets and property and equipment

Yellow Pages Limited reviews the estimated useful lives of its intangible assets and property and equipment at the end of each reporting period. At the end of the current reporting period, management determined that the useful lives of its intangible assets and property and equipment were adequate.

Employee future benefits

The present value of the defined benefit obligation is determined by employing the projected benefit method prorated on service using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Determination of the net benefit costs (recovery) requires assumptions such as the discount rate to measure defined benefit obligations and expected return on plan assets, the projected age of employees upon retirement, the expected rate of future compensation and the expected healthcare cost trend rate. Actual results may differ from results which are estimated based on assumptions.

Income taxes

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of Yellow Pages Limited's ability to utilize the underlying future tax deductions against future taxable income before they expire. Yellow Pages Limited's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of Yellow Pages Limited's ability to utilize the underlying future tax deductions changes, Yellow Pages Limited would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined. The carrying value of deferred tax assets is reviewed at each reporting date, remeasured to the extent that probable sufficient taxable profits will be available, or reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered in the foreseeable future.

4. Operating segments

The Chief Operating Decision Maker, President and Chief Executive Officer is responsible for allocating resources and assessing performance of the operating segments and reviews at the consolidated level. As a result, the Corporation has determined that it comprises a single operating segment and therefore a single reportable segment. Substantially all of the Company's assets and sales are located in Canada.

The Company reviews revenues by similar products and services, such as Print and Digital.

(all tabular amounts are in thousands of Canadian dollars, except share information)

Print revenues are recognized at a point in time, whereas 99% of digital revenues were recognized over the term of the contract and 1% at a point in time for the years ended December 31, 2024, and December 31, 2023.

The following table presents revenue information by similar products and services:

For the years ended December 31,		2024		2023
Digital	**$**	**172,088**	$	190,324
Print		**42,741**		49,108
Total revenues	**$**	**214,829**	$	239,432

5. Operating costs

For the years ended December 31,	*Note*		2024		2023
Salaries, commissions and benefits		**$**	**65,873**	$	67,136
Supply chain and logistics[1]			**58,575**		60,213
Other goods and services[2]			**14,666**		12,422
Information systems			**20,578**		20,006
Remeasurement of ECL, net of recovery	*8*		**4,301**		2,795
Total operating costs		**$**	**163,993**	$	162,572

[1] *Supply chain and logistics costs relate to external supplier costs for manufacturing and distribution of our print and digital products.*
[2] *Other goods and services include promotion and advertising costs, real estate, office services, consulting services including contractors and professional fees.*

6. Financial charges, net

The significant components of the financial charges, net are as follows:

For the years ended December 31,		2024		2023
Interest on lease obligations, net of interest income on investment in subleases	**$**	**1,006**	$	1,222
Net interest on the defined benefit obligations		**1,475**		1,949
Interest income on cash balances		**(1,520)**		(2,865)
Other, net		**(16)**		426
Financial charges, net	**$**	**945**	$	732

(all tabular amounts are in thousands of Canadian dollars, except share information)

7. Income taxes

A reconciliation of income taxes at Canadian statutory rates with reported income taxes is as follows:

For the years ended December 31,	2024	2023
Income before income taxes	$ 34,428	$ 60,264
Combined Canadian federal and provincial tax rates[1]	26.43%	26.44%
Income tax expense at statutory rates	$ 9,099	$ 15,934
Increase (decrease) resulting from:		
Recognition of previously unrecognized tax attributes and temporary differences	5	(3,442)
Non-deductible expenses for tax purposes	126	(60)
Adjustments from previous years	217	432
Other	4	1
Provision for income taxes	$ 9,451	$ 12,865

[1] *The combined applicable statutory tax rate decreased mainly by provincial allocation of revenues earned.*

Provision for income taxes includes the following amounts:

For the years ended December 31,	2024	2023
Current	$ 339	$ 2,270
Deferred	9,112	10,595
	$ 9,451	$ 12,865

Deferred income tax (assets) liabilities are attributable to the following items:

	Deferred financing costs	Deferred revenues	Post-employment benefits	Accrued liabilities	Property and equipment and lease inducements	Intangible assets	**Deferred income tax (assets) liabilities, net**
As at December 31, 2022	$ (30)	$ (334)	$ (5,937)	$ (5,121)	$ 1,794	$ (18,504)	$ (28,132)
Expense (benefit) to statement of income	–	81	5,867	573	1,306	2,768	10,595
Expense to OCI	–	–	(3,279)	–	–	–	(3,279)
As at December 31, 2023	$ (30)	$ (253)	$ (3,349)	$ (4,548)	$ 3,100	$ (15,736)	$ (20,816)
Expense to statement of income	**10**	**41**	**5,168**	**2,157**	**(1,264)**	**3,000**	**9,112**
(Benefit) to OCI	–	–	**(82)**	–	–	–	**(82)**
As at December 31, 2024	**$ (20)**	**$ (212)**	**$ 1,737**	**$ (2,391)**	**$ 1,836**	**$ (12,736)**	**$ (11,786)**

As at December 31, 2024, the Company and its subsidiaries have not recognized deferred income tax assets with respect to US operating losses of $310.6 million, which expire gradually between 2028 and 2037 and indefinitely when incurred after 2017. Furthermore, the Company and its subsidiaries have not recognized deferred income tax assets with respect to Canadian capital losses of $11.3 million which can be utilized indefinitely.

As at December 31, 2024, the Company and its subsidiaries have not recognized deductible temporary differences of $402.4 million (2023 – $402.1 million).

(all tabular amounts are in thousands of Canadian dollars, except share information)

8. Financial risk management

Credit Risk

Credit risk stems primarily from the potential inability of a customer or counterparty to a financial instrument to meet its contractual obligations. Yellow Pages Limited is exposed to credit risk with respect to cash, trade receivables from customers and investment in subleases. The carrying value of financial assets represents Yellow Pages Limited's maximum exposure. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are placed with creditworthy counterparties. An ongoing review is performed to evaluate changes in the status of counterparties.

Yellow Pages Limited's extension of credit to customers involves judgment. Yellow Pages Limited has established internal controls designed to mitigate credit risk, including a formal credit policy managed by its credit department. New customers, customers increasing their advertising spend by a certain threshold and customers not respecting payment terms are subject to a specific vetting and approval process. Yellow Pages Limited considers that it has limited exposure to concentration of credit risk with respect to trade receivables from customers due to its large and diverse customer base operating in numerous industries and its geographic diversity. There are no individual customers that account for 10% or more of revenues and there are no trade receivables from any one individual customer that exceeds 10% of the total balance of trade receivables at any point in time during the year.

Bell Canada ("Bell") and TELUS Communications Inc. ("TELUS") provide Yellow Pages Limited with customer collection services with respect to advertisers who are also their customers. As such, they receive money from customers on behalf of Yellow Pages Limited. Yellow Pages Limited retains the ultimate collection risk on these receivables.

The components of trade and other receivables are as follows:

As at December 31,			**2024**		2023
Current		**$**	**26,826**	$	29,766
Past due less than 180 days			**5,123**		4,592
Past due over 180 days			**1,553**		1,987
Trade receivables[1]		**$**	**33,502**	$	36,345
Other receivables		**$**	**175**	$	879
Trade and other receivables	$	**$**	**33,677**	$	37,224

[1] *Trade receivables are presented net of allowance for revenue adjustments ("AFRA") and expected credit loss allowance ("ECL") of $7.4 million as at December 31, 2024 ($9.4 million as at December 31, 2023).*

The following table provides information about the exposure to credit risk and the ECL allowance for trade receivables (including contract assets).

For the years ended December 31,			**2024**			2023
	Expected credit loss rate	**Gross carrying amount**[1]	**ECL allowance**	Expected credit loss rate	Gross carrying amount[1]	ECL allowance
Current	**1.1%**	**$ 27,130**	**$ 304**	1.4%	$ 30,188	$ 422
Past due less than 180 days	**14.4%**	**5,987**	**864**	19.4%	5,699	1,107
Past due over 180 days	**72.8%**	**5,720**	**4,167**	68.5%	6,312	4,325
Total		**$ 38,837**	**$ 5,335**		$ 42,199	$ 5,854

[1] *The gross carrying value is net of the allowance for revenue adjustments of $2.1 million as at December 31, 2024 ($3.6 million as at December 31, 2023).*

(all tabular amounts are in thousands of Canadian dollars, except share information)

The following table shows the movement in ECL allowance that has been recognized for trade receivables (including contract assets).

As at December 31,	2024	2023
Balance, beginning of the year	**$ 5,854**	$ 6,794
Remeasurement of ECL allowance, net of recovery	**4,301**	2,795
Amounts written-off	**(4,820)**	(3,735)
Balance, end of year	**$ 5,335**	$ 5,854

Yellow Pages Limited estimates the loss allowance on the net investment in subleases at the end of the reporting period at an amount equal to lifetime ECL. None of the net investment in subleases at the end of the reporting period is past due and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over the net investment in subleases, the ECL on net investment in subleases is insignificant.

(i) Interest Rate Risk

Yellow Pages Limited is exposed to interest rate risks resulting from fluctuations in interest rates on its asset-based loan (“ABL”) with rates which are based on the Prime rate or Banker’s Acceptance rate. Yellow Pages Limited does not use derivative instruments to reduce its exposure to interest rate risk. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations.

(ii) Foreign Exchange Risk

Yellow Pages Limited is exposed to foreign exchange risk arising from various currency transactions, the financial risks which are not significant. Foreign exchange transaction risk arises primarily from commercial transactions that are denominated in a currency that is not the functional currency of Yellow Pages Limited’s business unit that is party to the transaction. Yellow Pages Limited is exposed to fluctuations in the U.S. dollar. The effect on net income from existing U.S. dollar exposures of a one-point increase or decrease in the Canadian/U.S. dollar exchange rate is not significant. The Company’s expenditures, net of revenues, denominated in U.S. dollars were approximately $13.6 million for the year ended December 31, 2024 (2023 – $13.8 million). As at December 31, 2024, there were no foreign currency contracts outstanding.

Liquidity Risk

Liquidity risk is the exposure of Yellow Pages Limited to the risk of not being able to meet its financial obligations as they become due.

Yellow Pages Limited manages this risk by maintaining detailed cash projections and long-term operating and strategic plans. The management of liquidity requires a constant monitoring of expected cash inflows and outflows which is achieved through a detailed projection of the Company’s liquidity position to ensure adequate and efficient use of cash resources.

The Company expects to meet its financial obligations through internally generated cash and cash on hand.

The following are the contractual maturities of the financial liabilities:

	Note		Payments due for the years following December 31, 2024			
		Total	**1 year**	**2 – 3 years**	**4 – 5 years**	**Thereafter**
Non-derivative financial liabilities						
Trade and other payables	*13*	$ 24,008	$ 24,008	$ –	$ –	$ –
Provisions	*14*	16,573	16,085	488	–	–
Lease obligations	*10*	39,938	3,778	8,219	9,362	18,579
Total		**$ 80,519**	**$ 43,871**	**$ 8,707**	**$ 9,362**	**$ 18,579**

(all tabular amounts are in thousands of Canadian dollars, except share information)

Fair value hierarchy

The three levels of fair value hierarchy are as follows:

- Level 1 – inputs are unadjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs used in a valuation technique are not based on observable market data in determining fair values of the instruments.

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Cash, trade and other receivables, and trade and other payables and certain provisions are not measured at fair value in the consolidated statement of financial position, as their carrying amount is a reasonable approximation of fair value due to their short-term maturity.

Asset-Based Loan

The Company, through its subsidiary Yellow Pages Digital & Media Solutions Limited, has an ABL with a term to September 2025 and a total commitment of $20.0 million. The ABL is being used for general corporate purposes. Through the ABL, the Company has access to the funds in the form of prime rate loans or letters of credit. The availability of the ABL is subject to certain covenants.

As at December 31, 2024, the Company had $1.1 million of letters of credit issued and outstanding and, an availability of $18.9 million remaining under the ABL.

As at December 31, 2024, the Company was in compliance with all covenants under the loan agreement governing the ABL.

9. Contract assets and liabilities

The following table provides information about contract assets, which are included in trade and other receivables.

As at December 31,		**2024**		2023
Contract assets	**$**	**14,797**	$	17,131
Allowance for revenue adjustments and ECL		**(297)**		(500)
Contract assets net of allowance for revenue adjustments and ECL	**$**	**14,500**	$	16,631

The contract assets, which are included in trade and other receivables, consist of payments for print products on delivered directories that are not yet due from the customer and represent the Company's right to consideration for the services rendered. Any amount previously recognized as a contract asset is reclassified to trade receivables once it is invoiced to the customer. The change in contract assets for the year ended December 31, 2024 is primarily related to the fluctuation in print revenue.

The revenues related to the performance obligations that are unsatisfied (or partially unsatisfied at the reporting date) are expected to be recognized over the next twelve (12) months. The contract liabilities consist of deferred revenues which primarily relate to the advanced consideration received from customers for which revenue is recognized over time.

10. Leases

During the year ended December 31, 2024, the Company disposed of certain computer equipment under finance leases, resulting in a decrease in right-of-use assets. During the year ended December 31, 2023, the Company subleased a previously vacated office location, resulting in a decrease in right-of-use assets and property and equipment related to the office location, consisting mainly of leasehold improvements and office equipment, as well as an increase in investment in subleases. The Company also acquired computer equipment under finance leases, resulting in an increase in right-of-use assets as well as an increase in lease obligations.

As a result of the transactions described above, for the year ended December 31, 2024 restructuring and other charges recorded by the Company was $0.1 million (2023 - $0.8 million).

(all tabular amounts are in thousands of Canadian dollars, except share information)

Lease obligations

The following table summarizes the continuity of the lease obligations:

As at December 31,	2024	2023
Lease obligations, opening balance	$ 43,914	$ 47,129
Additions	–	192
Payment of lease obligations	(3,976)	(3,407)
Lease obligations, closing balance	$ 39,938	$ 43,914
Less current portion	3,778	3,967
Non-current portion	$ 36,160	$ 39,947

The following table provides the maturities of the contractual lease obligations on an undiscounted basis for the next five years and thereafter:

As at December 31,	2024	2023
Less than one year	$ 6,831	$ 7,336
One to five years	26,574	26,714
Thereafter	21,185	27,887
Total undiscounted lease obligations	$ 54,590	$ 61,937

10.1 As a lessee

The Company leases offices, which typically run for a period of 15 to 18 years. Some leases include an option to renew the lease for an additional period of five years after the end of the contract term.

10.1.1 Right-of-use assets[1]

	2024	2023
Cost		
Opening balance	$ 17,201	$ 63,469
Additions	189	192
Disposals	(1,406)	(1,839)
Write-off for expired leases	–	(44,621)
Closing balance	$ 15,984	$ 17,201
Accumulated depreciation		
Opening balance	$ 11,715	$ 56,384
Depreciation expense	808	953
Disposals	(1,313)	(1,250)
Impairment	–	249
Write-off for expired leases	–	(44,621)
Closing balance	$ 11,210	$ 11,715
Net book value – closing balance	$ 4,774	$ 5,486

1 *Right-of-use assets consist primarily of office spaces.*

(all tabular amounts are in thousands of Canadian dollars, except share information)

Amounts recognized in the consolidated statements of income

For the years ended December 31,		2024		2023
Depreciation expense on right-of-use assets	$	(808)	$	(953)
Impairment on right-of-use assets	$	–	$	(249)
Loss on disposal on right-of-use assets	$	(93)	$	–
Interest expense on lease obligations	$	(2,681)	$	(2,988)
Interest income on investment in subleases	$	1,675	$	1,766

10.2 As a lessor

The Company subleases offices that it originally leased in 2014, 2015 and 2017. The Company has classified these subleases as finance leases, because the subleases cover the remaining term of the respective head lease.

10.2.1 Net investment in subleases

		2024		2023
Net investment in subleases, opening balance	$	25,957	$	26,457
Additions		21		957
Payments received from sub-lessees, net of commissions		(1,967)		(1,457)
Net investment in subleases, closing balance	$	24,011	$	25,957
Less current portion		2,253		1,986
Non-current portion	$	21,758	$	23,971

10.2.2. Maturity analysis – contractual undiscounted cash flows

As at December 31,		2024		2023
Less than one year	$	3,790	$	3,660
One to two years		3,868		3,784
Two to three years		3,889		3,861
Three to four years		3,777		3,882
Four to five years		3,883		3,770
Thereafter		12,042		15,902
Total undiscounted lease payments receivable	$	31,249	$	34,859
Unearned interest income		7,238		8,902
Net investment in subleases	$	24,011	$	25,957

(all tabular amounts are in thousands of Canadian dollars, except share information)

11. Property and equipment

	Office equipment	Computer equipment	Leasehold improvements	**Total**
Cost				
As at December 31, 2022	$ 6,957	$ 37,760	$ 9,083	$ 53,800
Additions	–	84	–	84
Disposals, impairments and retirements	(4,623)	(18,995)	(1,359)	(24,977)
As at December 31, 2023	$ 2,334	$ 18,849	$ 7,724	$ 28,907
Additions	–	**62**	–	**62**
Disposals	–	**(96)**	–	**(96)**
As at December 31, 2024	**$ 2,334**	**$ 18,815**	**$ 7,724**	**$ 28,873**
Accumulated depreciation				
As at December 31, 2022	$ 6,540	$ 37,636	$ 5,455	$ 49,631
Depreciation expense	94	82	381	557
Disposals, impairments and retirements	(4,623)	(18,995)	(745)	(24,363)
As at December 31, 2023	$ 2,011	$ 18,723	$ 5,091	$ 25,825
Depreciation expense	**85**	**72**	**330**	**487**
Disposals	–	**(83)**	–	**(83)**
As at December 31, 2024	**$ 2,096**	**$ 18,712**	**$ 5,421**	**$ 26,229**
Net Book Value				
As at December 31, 2023	$ 323	$ 126	$ 2,633	$ 3,082
As at December 31, 2024	**$ 238**	**$ 103**	**$ 2,303**	**$ 2,644**

(all tabular amounts are in thousands of Canadian dollars, except share information)

12. Intangibles

	Trademarks and domain names	Non-competition agreements	Software[1]	Total intangible assets
Cost				
As at December 31, 2022	$ 90,611	$ 258,983	$ 265,069	$ 614,663
Additions	–	–	3,405	3,405
Disposals and retirements	–	–	(12,481)	(12,481)
As at December 31, 2023	$ 90,611	$ 258,983	$ 255,993	$ 605,587
Additions	–	–	**2,499**	**2,499**
Disposals	–	–	**(160)**	**(160)**
As at December 31, 2024	**$ 90,611**	**$ 258,983**	**$ 258,332**	**$ 607,926**
Accumulated amortization				
As at December 31, 2022	$ 51,359	$ 258,983	$ 254,659	$ 565,001
Amortization expense	7,850	–	4,299	12,149
Disposals and retirements	–	–	(12,481)	(12,481)
As at December 31, 2023	$ 59,209	$ 258,983	$ 246,477	$ 564,669
Amortization expense	**7,851**	–	**4,290**	**12,141**
Disposals	–	–	**(80)**	**(80)**
As at December 31, 2024	**$ 67,060**	**$ 258,983**	**$ 250,687**	**$ 576,730**
Net Book Value				
As at December 31, 2023	$ 31,402	$ –	$ 9,516	$ 40,918
As at December 31, 2024	**$ 23,551**	**$ –**	**$ 7,645**	**$ 31,196**

[1] *Software under development amounted to $2.8 million (2023 - $4.1 million).*

Impairment of intangible assets

As a majority of the intangible assets do not generate cash inflows that are largely independent of those from other assets or group of assets, the Company performs its impairment analysis of its intangible assets at the CGU level. The Company has one CGU to which assets belong. In 2024 and 2023, the Company performed an assessment of indicators of impairment on the finite life intangible assets and no further impairment analysis was required.

Yellow Pages Limited has accumulated impairment losses on intangible assets and property and equipment in the amounts of $1,379.6 million and $21.9 million, respectively.

13. Trade and other payables

As at December 31,	**2024**	2023
Trade	**$ 16,639**	$ 15,851
Payroll related	**859**	3,129
Long-term incentive plans	**6,199**	6,597
Other accrued liabilities	**311**	2,552
	$ 24,008	$ 28,129

(all tabular amounts are in thousands of Canadian dollars, except share information)

14. Provisions

Yellow Pages Limited recorded restructuring and other charges of $2.0 million during the year ended December 31, 2024, consisting mainly of restructuring charges of $1.4 million associated with workforce reductions and $0.5 million charge related to future operation costs provisioned related to lease contracts for previously vacated office space, and $0.1 million of other costs.

Yellow Pages Limited recorded restructuring and other charges of $2.2 million during the year ended December 31, 2023 consisting mainly of restructuring charges of $1.1 million associated with workforce reductions and $0.4 million charge related to future operation costs provisioned related to lease contracts for previously vacated office space, as well as a $0.5 million charge related to the impairment of property and equipment and right-of-use assets related to previously vacated office space and $0.2 million of other costs.

The provisions for restructuring and other charges represent the present value of the best estimate of the future outflow of economic benefits that will be required to settle the provisions and may vary as a result of new events affecting the severances and charges that will need to be paid. Other provisions include provisions primarily for vacation and short-term incentive plans.

	Provisions for restructuring[1]	Provisions for other charges[1]	Other provisions	**Total provisions**
As at December 31, 2022	$ 1,435	$ 1,284	$ 15,538	$ 18,257
Charges	1,023	438	13,415	14,876
Payments	(1,287)	(954)	(14,027)	(16,268)
As at December 31, 2023	$ 1,171	$ 768	$ 14,926	$ 16,865
Charges	**1,387**	**677**	**14,105**	**16,169**
Payments	**(1,137)**	**(804)**	**(14,520)**	**(16,461)**
As at December 31, 2024	**$ 1,421**	**$ 641**	**$ 14,511**	**$ 16,573**
Current	**$ 1,052**	**$ 522**	**$ 14,511**	**$ 16,085**
Non-current	**369**	**119**	–	**488**
As at December 31, 2024	**$ 1,421**	**$ 641**	**$ 14,511**	**$ 16,573**

[1] *Included in the restructuring and other charges of $2.0 million (2023 - $2.2 million) on the statement of income are net expenses and payments of $nil (2023 - $0.7 million) not affecting the provision.*

(all tabular amounts are in thousands of Canadian dollars, except share information)

15. Post-employment benefits

Yellow Pages Limited maintains pension plans with defined benefit and defined contribution components which cover substantially all of the employees of Yellow Pages Limited. Yellow Pages Limited maintains unfunded supplementary defined benefit pension plans for certain executives and also maintains other retirement and post-employment benefits ("other benefits") plans which cover substantially all of its employees.

The defined benefit plans typically expose the Company to actuarial risks such as investment, interest rate, longevity and salary risks.

Investment risk	The present value of the defined benefit plan obligation is calculated using a discount rate determined by reference to high quality corporate bond yields; if the actual return on plan assets is below the assumed rate, it will create a plan deficit. Until September 2024, the defined benefit pension plan ("Pension Plan") had a relatively balanced investment in equity securities and debt instruments. As a result of the Deficit Reduction Plan announced in May of 2021 to increase the probability that the Pension Plan will be fully funded by 2030 and other initiatives, the wind-up ratio was approaching 100%. As a result, the Board approved a plan to derisk the Pension Plan and protect the realized investment gains and wind-up ratio. Currently, the plan has approximately 70% of its investment portfolio in fixed income investments and the remaining balance in real estate, infrastructure and private equity assets. The Company intends to continue to transition its investment portfolio to have 100% allocated to fixed income securities which will further reduce the investment risks as the investment portfolio would closely match the long-term liabilities of the Pension Plan.
Interest risk	A decrease in the bond interest rate will increase the defined benefit plan obligation, particularly on a solvency basis. Although this will be partially offset by an increase in the return of the defined benefit plan's investments, the impact may be material as pension liabilities are sensitive to variations in interest rates.
Longevity risk	The present value of the defined benefit plan obligation is calculated based on assumptions regarding mortality rates of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.
Inflation risk	The present value of the defined benefit plan obligation is calculated by reference to the inflation rate. As such, a higher inflation rate than projected will increase the defined benefit plan's liability.

The present value of the defined benefit obligation and the related current service cost and past service costs were measured using the projected benefit method prorated on service. This was based on the actuarial valuation and the present value of the defined benefit plan obligation which was carried out by TELUS Health, Fellows of the Canadian Institute of Actuaries and Society of Actuaries, as at December 31, 2022, and extrapolated to December 31, 2024. For funding purposes, an actuarial valuation of the defined benefit component of the Yellow Pages pension plans was also performed as at December 31, 2022. The actuarial valuation for the other benefits was performed by HUB International as at July 1, 2024 and the results were extrapolated to December 31, 2024.

(all tabular amounts are in thousands of Canadian dollars, except share information)

The changes in the defined benefit obligations and in the fair value of assets and the reconciliation of the funded status of the defined benefit plans to the amount recorded on the consolidated statements of financial position as at December 31, 2024 and 2023 were as follows:

As at December 31,	**2024**		**2023**	
	Pension benefits[1]	**Other benefits**	Pension benefits[1]	Other benefits
Fair value of plan assets, beginning of year	**$ 434,524**	**$ –**	$ 402,960	$ –
Employer contributions	**7,966**	**2,319**	19,974	2,247
Employee contributions	**316**	–	317	–
Interest income	**19,484**	–	20,298	–
Return on plan assets excluding interest income	**6,207**	–	21,845	–
Benefit payments	**(29,976)**	**(2,319)**	(30,064)	(2,247)
Administration costs	**(567)**	–	(806)	–
Fair value of plan assets, end of year	**$ 437,954**	**$ –**	$ 434,524	$ –
Accrued benefit obligation, beginning of year	**$ 447,279**	**$ 22,425**	$ 421,778	$ 22,126
Current service cost	**1,500**	**2**	1,297	2
Employee contributions	**316**	–	317	–
Benefit payments	**(29,976)**	**(2,319)**	(30,064)	(2,247)
Interest cost	**19,963**	**996**	21,136	1,111
Actuarial losses (gains) due to:				
Experience adjustments	–	**1,990**	15,257	–
Changes in financial assumptions	**3,747**	**782**	17,558	1,433
Defined benefit obligation, end of year	**$ 442,829**	**$ 23,876**	$ 447,279	$ 22,425
Net defined benefit obligation	**$ (4,875)**	**$ (23,876)**	$ (12,755)	$ (22,425)

1 *Including unfunded supplementary defined benefit pension plans.*

While all the plans are not considered fully funded for financial reporting purposes, registered plans are funded in accordance with the applicable statutory funding rules and regulations governing the particular plans.

The significant assumptions adopted in measuring Yellow Pages Limited's pension and other benefit obligations as at December 31, 2024 and 2023 were as follows:

As at December 31,	**2024**		**2023**	
	Pension benefits	**Other benefits**	Pension benefits	Other benefits
Post-employment benefit obligation				
Discount rate, end of year	**4.60%**	**4.60%**	4.60%	4.60%
Rate of compensation increase[1]	**2.15%**	**n.a**	1.95%	n.a
Inflation Rate	**1.80%**	**2.00%**	1.60%	2.00%
Net benefit plan costs				
Discount rate (current service cost), end of preceding year	**4.60%**	**4.60%**	5.20%	5.20%
Discount rate (interest expense), end of preceding year	**4.60%**	**4.60%**	5.20%	5.20%
Rate of compensation increase[1]	**1.95%**	**n.a**	2.45%	n.a
Inflation Rate	**1.60%**	**2.00%**	2.10%	2.00%
Weighted average duration (years)	**11**	**10**	11	11

1 *As at December 31, 2024: 1.80% plus a productivity, merit and promotional scale, and as at December 31, 2023: 1.60% plus a productivity, merit and promotional scale.*

(all tabular amounts are in thousands of Canadian dollars, except share information)

For measurement purposes, actual per capita cost of covered medical care benefits was used for 2025, and the rate of increase was assumed at 6.09% for the next 5 years followed by a linear decrease to 3.57% by 2040 and to remain at that level thereafter. For dental care benefits, actual per capita cost was used for 2025, and the rate of increase was assumed at 4.00% for the next 5 years followed by a linear decrease to 3.57% by 2040 and to remain at that level thereafter.

The following table shows how the defined benefit obligation as at December 31, 2024 would have been affected by changes that were reasonably possible at that date in each significant actuarial assumption:

	Pension benefits	Other benefits
Decrease of 0.25% in discount rate, end of year	**$ 11,879**	**$ 624**
Increase of 0.25% in the inflation rate	**$ 5,884**	**$ –**
Increase of 1% in health care cost trend rates	**n.a**	**$ 1,233**

The net benefit plan costs included in the statements of income and other comprehensive income are comprised of the following components:

For the years ended December 31,		**2024**		2023	
	Note	**Pension benefits**	**Other benefits**	Pension benefits	Other benefits
Current service cost[1]		**$ 1,500**	**$ 2**	$ 1,297	$ 2
Administration costs[1]		**567**	–	806	–
Service cost		**$ 2,067**	**$ 2**	$ 2,103	$ 2
Interest cost		**$ 19,963**	**$ 996**	$ 21,136	$ 1,111
Interest income		**(19,484)**	–	(20,298)	–
Net interest on the net defined benefit obligation	*6*	**$ 479**	**$ 996**	$ 838	$ 1,111
Net benefit costs recognized in the statement of income[1]		**$ 2,546**	**$ 998**	$ 2,941	$ 1,113
Actuarial (gains) losses recognized in OCI		**(2,460)**	**2,772**	10,970	1,433
Total net benefit plan costs for the Yellow Pages ("YP") defined benefit plans		**$ 86**	**$ 3,770**	$ 13,911	$ 2,546
Net benefit plan costs for the YP defined contribution plans[1]		**1,708**	–	1,802	–
Total net benefit plan costs		**$ 1,794**	**$ 3,770**	$ 15,713	$ 2,546

[1] *Included in operating costs.*

No significant workforce reductions occurred during the years ended December 31, 2024 and 2023.

Plan assets are held in trust and the asset allocation was as follows as at December 31, 2024 and 2023:

As at December 31, (in percentages - %)	**2024**	2023
Fair value of the plan assets:		
Pooled fund units		
Canadian pooled equity funds	–	4.0
Global pooled equity funds	–	21.7
Emerging markets pooled equity funds	–	9.0
Canadian pooled fixed-income funds	**68.6**	35.7
Pooled real estate funds	**12.2**	12.5
Pooled private equity funds	**10.9**	9.2
Pooled infrastructure funds	**8.0**	6.3
Cash and cash equivalents	**0.3**	1.6

As at December 31, 2024, and 2023, the publicly traded equity securities did not directly include any shares of Yellow Pages Limited.

(all tabular amounts are in thousands of Canadian dollars, except share information)

In 2023, pursuant to a statutory arrangement (the "2023 Arrangement") (*see further details disclosed in Note 17 – Shareholder's capital*), the Company advanced the previously announced voluntary incremental cash contributions to the Pension Plan wind-up deficit by an amount of $12.0 million during the year ended December 31, 2023, bringing 2023 cash payments to the Pension Plan's wind-up deficit to $18.0 million for the year. The incremental voluntary cash infusion of $12.0 million during the year ended December 31, 2023, represented advancing the voluntary $6.0 million contributions intended in years 2025 and 2026 that were part of the Deficit Reduction Plan.

In 2024, the company made the last voluntary payment of $6.0 million intended under the Deficit Reduction Plan. As a result of the Deficit Reduction Plan and the advancement of the voluntary incremental cash contributions to the Pension Plan pursuant to the Plans of Arrangement in 2022 and 2023, the wind-up ratio was approaching 100%. As a result, the Board approved a plan to derisk the Pension Plan and protect the realized investment gains and wind-up ratio, as described in the investment risk section of the table above.

The total cash payments for pension and other benefit plans made by Yellow Pages Limited amounted to $12.0 million for 2024 (2023 – $24.0 million). Total cash payments for pension and other benefit plans expected in 2025 amount to approximately $5.8 million.

Yellow Pages Limited's funding policy is to make contributions to its pension plans based on various actuarial cost methods as permitted by pension regulatory bodies. Yellow Pages Limited is responsible to adequately fund the plans. Contributions reflect actuarial assumptions concerning future investment returns, salary projections and future service benefits.

In addition, Yellow Pages Limited recorded an expense for provincial, federal and state pension plans of $2.2 million for the year ended December 31, 2024 (2023 – $2.4 million).

As at December 31, 2024, Yellow Pages Limited had recognized an accumulated balance of $24.5 million, net of income taxes of $6.9 million, in actuarial losses in OCI.

16. Capital Management

Yellow Pages Limited's objective in managing capital is to ensure sufficient liquidity to cover financial obligations, investment requirements and to provide its shareholders with appropriate returns. Yellow Pages Limited monitors its capital structure and makes adjustments based on the objectives described above in response to changes in economic conditions and the risk characteristics of the underlying assets and the Company's working capital requirements. This includes changes to the Company's current dividend policy. Yellow Pages Limited also uses various financial metrics to monitor its capital structure such as debt net of cash to total capitalization.

Yellow Pages Limited's capital is comprised of Lease obligations and equity attributable to Yellow Pages Limited's shareholders as follows:

As at December 31,	*Note*	**2024**	2023
Cash		**$ 44,204**	$ 23,229
Total debt (lease obligations, including current portion)	*10*	**$ 39,938**	$ 43,914
Equity		**53,800**	42,256
Total capitalization		**$ 93,738**	$ 86,170
Total (cash net of debt) debt net of cash[1]		**$ (4,266)**	$ 20,685
Total debt net of cash to total capitalization		**n.a**	24.0%

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

(all tabular amounts are in thousands of Canadian dollars, except share information)

17. Shareholders' capital

Common shares – Issued

	Number of Shares		Amount
Balance, December 31, 2022	18,658,347	$	129,004
Common shares repurchased per plan of arrangement	(4,440,497)		(30,701)
Cancellation of shares held by trustee	(465,080)		(3,216)
Balance, December 31, 2023 and December 31, 2024	**13,752,770**	**$**	**95,087**

Yellow Pages is authorized to issue an unlimited number of common shares.

The holders of the common shares of Yellow Pages are entitled to one vote per common share at all meetings of shareholders of the Company. The holders of the common shares of Yellow Pages are entitled to receive any dividend declared by the Board of the Company on the common shares. In the event of the liquidation, dissolution or winding-up of Yellow Pages, whether voluntary or involuntary, the holders of the common shares of Yellow Pages are entitled to receive, after payment of all liabilities of Yellow Pages and subject to the preferential rights of any class of shares of Yellow Pages ranking in priority to the common shares of Yellow Pages, the remaining assets and property of Yellow Pages.

The total number of common shares of Yellow Pages Limited held by the trustee for the purpose of funding the restricted share unit and performance share unit plan (the "RSU and PSU Plan") amounted to 191,930 as at December 31, 2024 (see *Note 18 Stock-based compensation plans* for additional details).

Under the Stock Option Plan, the maximum number of common shares authorized for issuance upon the exercise of options is 2,806,932 (see *Note 18 Stock-based compensation plans* for additional details). During the year ended December 31, 2024, nil common shares were issued under the stock option plan.

Share repurchases – 2023 Plan of Arrangement

On October 18, 2023, the Board approved a distribution to Shareholders of approximately $50.0 million by way of a share repurchase from all Shareholders pursuant to a statutory arrangement under the *Business Corporations Act* (British Columbia) (the "2023 Arrangement"). The Shareholders approved the 2023 Arrangement at a special meeting of the Shareholders held on November 30, 2023, and the Company subsequently obtained the final order from the Supreme Court of British Columbia approving the 2023 Arrangement on December 5, 2023. On December 12, 2023, the Company repurchased from Shareholders *pro rata* an aggregate of 4,440,497 common shares (including 207,717 shares held by trustee) at a purchase price of $11.26 per share for a total of $50.2 million, including $0.2 million of transaction costs. The $50.2 million cash outlay was reduced by $ 2.3 million for the cancellation of 207,717 of YP's 872,796 shares held by trustee for a net cash outlay of $47.9 million. Under the 2023 Arrangement, the Company also advanced the previously announced voluntary incremental cash contributions to the Pension Plan's wind-up deficit by an amount of $12.0 million during the year ended December 31, 2023 (see *Note 15 Post-employment benefits* for additional details).

Share cancellation

On December 19, 2023, Yellow Pages Limited cancelled 465,080 shares held by the trustee for the purpose of funding RSU and PSU Plan resulting in 199,999 shares remaining held by the trustee at December 31, 2023.

Dividends

On February 13th, 2024, the Board modified its dividend policy of paying a quarterly cash dividend to its common shareholders by increasing the dividend from $0.20 per share to $0.25 per share. YP's dividend payout policy and the declaration of dividends on any of the Company's outstanding common shares are subject to the discretion of the Board and, consequently, there can be no guarantee that the dividend payout policy will be maintained or that dividends will be declared.

On May 10th, 2023, the Board modified its dividend policy of paying a quarterly cash dividend to its common shareholders by increasing the dividend from $0.15 per share to $0.20 per share.

During the year ended December 31, 2024, the Company paid quarterly dividends of $0.25 per common share on March 15, June 17, September 16, and December 16, of 2024 for a total consideration of $13.6 million to common shareholders. During the year ended December 31, 2023, the Company paid quarterly dividends of $0.15 per common share on March 15, 2023 and of $0.20 per common share on June 15, September 15 and December 15 of 2023 for a total consideration of $13.3 million to common shareholders.

(all tabular amounts are in thousands of Canadian dollars, except share information)

Income per share

The following table presents the weighted average number of shares outstanding used in computing income per share and the weighted average number of shares outstanding used in computing diluted income per share as well as net income used in the computation of basic income per share to net income adjusted for any dilutive effect:

For the years ended December 31,	**2024**	2023
Weighted average number of shares outstanding used in computing basic income per share[1]	**13,559,143**	17,573,994
Dilutive effect of restricted share units	**193,627**	188,857
Dilutive effect of stock options	–	9,227
Weighted average number of shares outstanding used in computing diluted income per share[1]	**13,752,770**	17,772,078

For the years ended December 31,		**2024**		2023
Net income used in the computation of basic income per share	**$**	**24,977**	$	47,399
Impact of assumed conversion of stock options, net of applicable taxes		–		(350)
Total net income used in the computation of diluted income per share	**$**	**24,977**	$	47,049

1 *The weighted average number of shares outstanding used in the income per share calculation is reduced by the shares held by the trustee for the purpose of funding the RSU and PSU Plan.*

For the year ended December 31, 2024 and 2023, the diluted income per share calculation did not take into consideration the potential dilutive effect of stock options that are not in the money and therefore not dilutive.

18. Stock-based compensation plans

Yellow Pages Limited's stock-based compensation plans consist of restricted share units, performance share units, deferred share units, stock options and share appreciation rights.

Restricted Share Unit and Performance Share Unit Plan

Participants are granted a certain number of RSUs and PSUs, as applicable, for a given performance period. Dividends in the form of additional RSUs are credited to the Participant's account on each dividend payment date and are equivalent in value to the dividend paid on common shares. The RSUs are time-based awards and vest upon the continuous employment of the Participants for a period of 36 months starting from the date of the grant or such other period not exceeding 36 months determined by the Board. The PSUs are performance-based awards and will vest upon confirmation by the Board of the achievement of specified performance targets and upon the continuous employment of the Participants for a period of 36 months starting from the date of the grant or such other period not exceeding 36 months determined by the Board. The PSUs for which the performance targets have not been achieved shall automatically be forfeited and cancelled. The number of PSUs that vest could potentially reach up to one-and-a-half times the actual number of PSUs awarded if the actual performance reaches the maximum level of performance targets.

On April 18, 2023, a modification to the RSU and PSU Plan, adding a cash alternative at the Participant's option to the settlement of all unvested RSUs and PSUs outstanding as of such date and all grants subsequent to such date, resulting in an obligation to settle in cash. A reclass from equity to liability was recorded at the modification date, based on the fair value of the unvested RSUs outstanding as of such date. The variation due to change in fair value subsequent to the modification date is included in operating costs.

The total number of common shares of Yellow Pages Limited held by the trustee for the purpose of funding the RSU and PSU Plan amounted to 191,930 as at December 31, 2024. There were no PSUs outstanding as at December 31, 2024 and 2023.

(all tabular amounts are in thousands of Canadian dollars, except share information)

The following table summarizes the continuity of the RSUs presented as a liability during the years ended December 31:

	2024		2023	
	Number of RSUs	**Liability[1]**	Number of RSUs	Liability[1]
Outstanding, beginning of year	**349,405**	**$ 1,752**	374,121	$ 2,675
Granted[2]	**26,726**	**71**	119,146	379
Dividends credited[3]	**33,985**	**252**	25,155	264
RSUs reclassified from equity-settled to cash settled[4]	**(1,574)**	**158**	62,271	549
Settled	**(72,884)**	**(681)**	(231,288)	(2,870)
Forfeited	**(2,121)**	–	–	–
Variation due to change in fair value and vesting	–	**1,045**	–	755
Outstanding, end of year[5]	**333,537**	**$ 2,597**	349,405	$ 1,752

[1] *The liability related to the RSUs is recorded in trade and other payables, and the expense related to the vested RSUs and the variation due to change in fair value are included in operating costs.*
[2] *The liability related to the RSUs granted represents the portion that is vested as at December 31.*
[3] *Dividends in the form of additional RSUs are credited to the Participant's account on each dividend payment date and are equivalent in value to the dividend paid on common shares.*
[4] *The number of restricted shares is net of restricted shares forfeited.*
[5] *The number of restricted shares vested as of December 31, 2024 is 219,124 (2023 – 155,436).*

The following table summarizes the continuity of all the RSUs, including those shown in the table above and those presented in equity, during the years ended December 31. As of April 18, 2023 all RSUs are presented as a liability.

	2024	2023
Number of	**RSUs**	RSUs
Outstanding, beginning of year	**349,405**	451,049
Granted	**26,726**	140,028
Dividends credited[1]	**34,193**	25,982
Settled	**(72,884)**	(264,203)
Forfeited	**(3,903)**	(3,451)
Outstanding, end of year	**333,537**	349,405
Weighted average remaining life (years)	**0.86**	1.47

[1] *Dividends in the form of additional RSUs are credited to the Participant's account on each dividend payment date and are equivalent in value to the dividend paid on common shares.*

Deferred Share Unit Plan

On June 12, 2013, Yellow Pages Limited adopted a deferred share unit plan (the "DSU Plan"). The DSU Plan was amended in October 2013 to provide for the participation by eligible employees as designated by the Board. Under the DSU Plan, the Company was obligated to settle the vested DSUs in cash or in common shares of Yellow Pages Limited acquired on the open market at the discretion of the Company when a Director leaves the Board or an eligible employee ceases employment with the Company.

During the fourth quarter of 2024, the Board approved the termination and liquidation of the DSU plan, effective as of December 16, 2024, and the payment of all accrued benefits so that such amounts are payable in lump sum to the Participants. Pursuant to the DSU plan, each Participant will receive a lump sum cash payment equal to the number of DSUs credited to the Participant's account multiplied by the VWAP of YP's common share for the five trading days immediately preceding the effective termination date. As of December 31, 2024, $2.4 million remains payable and is included in Trade and other payables**.** The Company has paid $1.0 million during January 2025.

(all tabular amounts are in thousands of Canadian dollars, except share information)

The following table summarizes the continuity of the DSUs during the years ended December 31:

		2024		2023
	Number of DSUs	**Liability[2]**	Number of	Liability[2]
Outstanding, beginning of year	**379,672**	**$ 4,279**	340,250	$ 4,661
Granted	**14,646**	**156**	16,747	230
Dividends credited[3]	**34,871**	**340**	22,675	274
Settled	**(211,117)**	**(2,120)**	–	–
Variation due to change in stock price	–	**(212)**	–	(886)
Plan termination[1]	**(218,072)**	**(2,443)**	–	–
Outstanding and vested, end of year	–	**$ –**	379,672	$ 4,279

[1] *Effective December 16, 2024, the DSU Plan was terminated.*
[2] *The liability related to the DSU Plan is recorded in trade and other payables, and the expense related to the units vested and the variation due to changes in stock price is included in operating costs until the termination of the DSU plan.*
[3] *Dividends in the form of additional DSUs were credited to the Participant's account on each dividend payment date, equivalent in value to the dividend paid on common shares until the termination of the DSU plan.*

Stock options

Yellow Pages Limited's stock option plan (the "Stock Option Plan") provides incentive compensation to Participants who are in a position to make a material contribution to the successful operation of the business and to more closely align the interests of management with those of shareholders of Yellow Pages Limited. The Stock Options are time-based awards and will vest upon the continuous employment of the Participants at a date determined by the Board. Pursuant to the terms of the Stock Option Plan, upon vesting, stock options granted may be settled in cash or equity at the Company's option or as contracted. Further, the Stock Option Plan, subject to approval of the Board or the Human Resources and Compensation Committee at the time of exercise, allows an option holder to elect to surrender an exercisable option for cancellation in exchange for a cash payment equal to the amount by which the fair market value of the share on the date of surrender exceeds the exercise price. The underlying shares in respect of the surrendered option will be added back to the plan reserve.

A maximum of 2,806,932 stock options may be granted under the Stock Option Plan. Participants are required to hold 25% of the common shares received pursuant to the exercise of the stock options until the Participants meet the ownership guidelines which apply to their respective position.

On March 23, 2021, the Board approved an amendment to the Stock Option Plan to increase the insider participation limits and the maximum number of shares issuable to one person from 5% of the issued and outstanding shares to 10% of the issued and outstanding shares. In addition, the Stock Option Plan was amended to provide that any shares repurchased by the Company for cancellation pursuant to a NCIB will not constitute non-compliance with these limits for any options outstanding prior to such purchase of Shares for cancellation.

On March 24, 2022, the Board approved an amendment to the Stock Option Plan in order provide the Board the discretion to amend the exercise price of Options, subject to TSX approval, in the event a stock dividend or cash dividend (other than any ordinary course cash dividend) is declared on the Corporation's common shares.

(all tabular amounts are in thousands of Canadian dollars, except share information)

The following table summarizes the continuity of the stock options presented as a liability during the years ended December 31:

	2024		2023	
	Number of options	**Liability[1]**	Number of options	Liability[1]
Outstanding, beginning of year	**1,608,066**	**$ 397**	2,132,132	$ 3,599
Granted	**895,945**	**209**	688,270	658
Stock options reclassified from equity-settled to cash settled[2]	–	**28**	(45,657)	237
Settled	–	–	(872,554)	(2,863)
Forfeited and cancelled	**(483,185)**	**(27)**	(294,125)	(157)
Variation due to change in fair value and vesting	–	**300**	–	(1,077)
Outstanding, end of year[3]	**2,020,826**	**$ 907**	1,608,066	$ 397

[1] *The liability related to the stock options is recorded in trade and other payables, and the expense related to the vested options and the variation due to change in fair value are included in operating costs.*
[2] *The number of stock options is net of stock options exercised and forfeited.*
[3] *The number of stock options vested as of December 31, 2024 is 1,369,249 (2023 – 998,846).*

The following table summarizes the continuity of all stock options under the Stock Option Plan, during the year ended December 31:

	2024		2023	
	Number of options	**Weighted average exercise price per option**	Number of options	Weighted average exercise price per option
Outstanding, beginning of year	**1,608,066**	**$ 13.44**	2,132,132	$ 11.92
Granted	**895,945**	**$ 10.60**	688,270	$ 14.24
Forfeited and cancelled	**(483,185)**	**$ 13.07**	(339,782)	$ 13.96
Settled	–	**$ –**	(872,554)	$ 10.14
Outstanding, end of year	**2,020,826**	**$ 12.27**	1,608,066	$ 13.44
Exercisable, end of year	**266,431**	**$ 12.72**	–	$ –

The following table provides additional information about Yellow Pages Limited's Stock Option Plan as at December 31:

	2024		2023	
Exercise price	**Number of options outstanding**	**Weighted average remaining life**	Number of options outstanding	Weighted average remaining life
$10.60	**872,382**	**1.9**	–	–
$11.86	–	–	204,349	0.6
$12.25	**9,184**	**1.6**	12,245	2.2
$12.72	**532,862**	**1.0**	532,862	2.0
$14.27	**406,110**	**1.3**	551,982	1.9
$14.30	**200,288**	**0.6**	306,628	1.3
Outstanding, end of year	**2,020,826**	**1.4**	1,608,066	1.7

(all tabular amounts are in thousands of Canadian dollars, except share information)

The following table shows the key assumptions used in applying the valuation model for stock options as at December 31:

	2024	2023
Weighted average grant date share price	**$ 10.60**	$ 14.24
Weighted average exercise price	**$ 10.60**	$ 14.24
Volatility	**22.45%**	28.88%
Expected life (years)	**2.7**	2.7
Dividend yield	**9.85%**	4.28%
Risk-free interest rate	**4.32%**	4.43%

Share appreciation rights plan

On September 15, 2017, Yellow Pages Limited adopted a share appreciation rights plan (the "SAR Plan") to provide incentive compensation to Participants who are in a position to make a material contribution to the successful operation of the business and to more closely align the interests of management with those of shareholders of Yellow Pages Limited. The SARs are time-based awards and vest upon the continuous employment of the Participants at a date determined by the Board. Pursuant to the terms of the SAR Plan, the Participants will receive, upon vesting of the SARs, a payment in cash representing the excess of the fair value of Yellow Pages Limited's shares on the vesting date less the fair value of Yellow Pages Limited's shares on the grant date.

The following table summarizes the continuity of the share appreciation rights ("SARs") during the year ended December 31:

	2024		2023	
	Number of SARs	**Liability[1]**	Number of SARs	Liability[1]
Outstanding, beginning of year	**584,018**	**$ 169**	642,073	$ 442
Granted	**351,618**	**91**	–	–
Settled	–	–	(58,055)	(236)
Expired	**(292,009)**	–	–	–
Variation due to change in fair value and vesting	–	**83**	–	(37)
Outstanding, end of year[2]	**643,627**	**$ 343**	584,018	$ 169

[1] *The liability related to the SAR Plan is recorded in trade and other payables, and the expense related to the units vested and the variation due to change in fair value are included in operating costs.*
[2] *The number of SARs vested as of December 31, 2024 is 399,194 (2023 – 349,786).*

The following table shows the key assumptions used in applying the valuation model for the SARs as at December 31:

	2024	2023
Weighted average grant date share price	**$ 10.60**	$ 12.72
Exercise price	**$ 10.60**	$ 12.72
Expected volatility	**22.45%**	29.5%
Expected life (years)	**2.7 years**	2.8 years
Risk-free interest rate	**4.32%**	4.25%

The following amounts for stock-based compensation are recorded in the consolidated statements of income in operating costs:

For the years ended December 31,	**2024**	2023
RSU plan	**$ 1,561**	$ 1,625
DSU plan	**284**	(382)
Stock Options	**505**	(380)
SARs	**174**	(37)
Total	**$ 2,524**	$ 826

(all tabular amounts are in thousands of Canadian dollars, except share information)

19. Commitments and contingencies

a) As at December 31, 2024, Yellow Pages Limited has commitments under purchase and service contract obligations for both operating and capital expenditures for each of the next 5 years and thereafter, and in the aggregate of:

	Total commitments
2025	$ **22,252**
2026	**16,110**
2027	**12,683**
2028	**10,728**
2029	**9,519**
Thereafter	**22,703**
	$ **93,995**

b) Yellow Pages Limited has three billing and collection services agreements. The agreement with Bell expires on December 31, 2026, and the agreement with Northwestel Inc., an affiliate of Bell expires, November 29, 2032. The agreement with TELUS expires in 2031.

The Company also has agreements with Bell and TELUS, providing for the use of listing information and trademarks for the publications of directories. If the Company materially fails to perform its obligations under these agreements and as a result these publication agreements are terminated in accordance with their terms, these other listing information and trademark licenses with Bell and TELUS, as the case may be, may also be terminated. These agreements with Bell and TELUS will terminate between 2031 and 2037.

c) Yellow Pages Limited entered into directory printing agreements with its printing suppliers to print, bind and furnish alphabetical, classified and combined directories as well as other publications. It also entered into distribution agreements.

d) Yellow Pages Limited is subject to various claims and proceedings which have been instituted against it during the normal course of business for which certain of the claims are provided for and included in trade and other payables, and provisions based on management's best estimate of the likelihood of the outcome. Management believes that the disposition of the matters pending or asserted is not expected to have any material adverse effect on the financial position, financial performance or cash flows of Yellow Pages Limited.

20. Guarantees

In the normal course of operations, Yellow Pages Limited has entered into agreements which are customary in the industry that provide for indemnifications and guarantees to counterparties in transactions involving business acquisitions, business dispositions and sale of assets. Yellow Pages Limited has entered into agreements which contain indemnification of its directors and officers indemnifying them against expenses (including legal fees), judgments, fines and any amount actually and reasonably incurred by them in connection with any action, suit or proceeding in which the directors and/or officers are sued as a result of their service, if they acted honestly and in good faith with a view to the best interests of Yellow Pages Limited. Yellow Pages Limited benefits from directors' and officers' liability insurance which it has purchased. No amount has been accrued in the consolidated statements of financial position as at December 31, 2024 and 2023 with respect to these indemnities.

The nature of these guarantees prevents Yellow Pages Limited from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties.

(all tabular amounts are in thousands of Canadian dollars, except share information)

21. List of subsidiaries

	Principal activity	Proportion of ownership	
As at December 31,		**2024**	2023
Canada			
Yellow Pages Digital & Media Solutions Limited	Digital and print media marketing solutions provider	**100%**	100%
USA			
YPG (USA) Holdings, Inc.	Holding company	**100%**	100%
Yellow Pages Digital & Media Solutions, LLC	Operational support services provider	**100%**	100%

22. Related party transactions

Key management personnel compensation

Yellow Pages Limited's key management personnel have authority and responsibility for planning, directing and controlling the Company's activities and consist of Yellow Pages Limited's executive team and the members of the Board.

Total compensation expense for key management personnel included in the consolidated income statements, and the composition thereof, is as follows:

For the years ended December 31,	2024	2023
Salary, Board fees and short-term incentive plans	**$ 5,070**	$ 5,088
Post-employment benefits	**54**	440
Share-based compensation expense, including share price revaluation	**2,209**	1,533
All other compensation	**1,294**	1,288
	$ 8,627	$ 8,349

Head Office

David A. Eckert
Chief Executive Officer

Sherilyn King
President

John R. Ireland

Senior Vice-President, Organizational Effectiveness

Franco Sciannamblo
Senior Vice-President, Chief Financial Officer

Board of Directors

Rob Hall
Director and Chair of the Board

David A. Eckert
Director
Chief Executive Officer

Sherilyn King
Director
President

Treena Cooper
Director
Chair of the Human Resources and Compensation Committee

Craig Forman
Director
Chair of the Corporate Governance and Nominating Committee

Martin Harrison
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For further information on Yellow Pages Limited, visit our corporate website at corporate.yp.ca.

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