

CONSOLIDATED FINANCIAL STATEMENTS OF YELLOW PAGES LIMITED

December 31, 2023 and 2022

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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, 2023 and 2022, and the consolidated statements of income and other comprehensive (loss) income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies (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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

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, 2023. These matters were addressed in the context of our audit of the 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, 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.

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 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 LLP¹

Montréal, Québec
February 13, 2024

¹ CPA auditor, public accountancy permit No. A129221

Consolidated Statements of Income and Other Comprehensive (Loss) Income

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

For the years ended December 31,	<i>Note</i>	2023	2022
Revenues	4	\$ 239,432	\$ 268,278
Operating costs	5	162,572	171,710
Income from operations before depreciation and amortization, and restructuring and other charges		76,860	96,568
Depreciation and amortization	10, 11, 12	13,659	15,397
Restructuring and other charges	14	2,205	3,231
Income from operations		60,996	77,940
Financial charges, net	6	732	1,808
Income before income taxes		60,264	76,132
Provision for income taxes	7	12,865	2,700
Net income		\$ 47,399	\$ 73,432
Other Comprehensive (Loss) Income			
Items that will not be reclassified subsequently to net income			
Actuarial (losses) gains on post-employment benefit plans	15	(12,403)	4,507
Income taxes relating to items that will not be reclassified subsequently to net income		3,279	(1,191)
Other comprehensive (loss) income		(9,124)	3,316
Total comprehensive income		\$ 38,275	\$ 76,748
Income per share			
Basic income per share		\$ 2.70	\$ 3.10
Weighted average shares outstanding – basic income per share	17	17,573,994	23,669,723
Diluted income per share		\$ 2.65	\$ 3.02
Weighted average shares outstanding – diluted income per share	17	17,772,078	23,939,473

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	2023	2022
ASSETS			
CURRENT ASSETS			
Cash		\$ 23,229	\$ 43,907
Trade and other receivables	8	37,224	38,415
Income taxes receivable	7	581	–
Prepaid expenses		4,859	4,903
Deferred publication costs		1,048	580
Net investment in subleases	10	1,986	1,701
TOTAL CURRENT ASSETS		68,927	89,506
NON-CURRENT ASSETS			
Deferred commissions		2,480	2,153
Financial and other assets	8	1,833	1,835
Right-of-use assets	10	5,486	7,085
Net investment in subleases	10	23,971	24,756
Property and equipment	11	3,082	4,169
Intangible assets	12	40,918	49,662
Deferred income taxes	7	20,816	28,132
TOTAL NON-CURRENT ASSETS		98,586	117,792
TOTAL ASSETS		\$ 167,513	\$ 207,298
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	13	\$ 28,129	\$ 33,623
Income taxes payable	7	213	298
Provisions	14	16,314	17,431
Deferred revenues	9	956	1,266
Current portion of lease obligations	10	3,967	3,396
TOTAL CURRENT LIABILITIES		49,579	56,014
NON-CURRENT LIABILITIES			
Provisions	14	551	826
Post-employment benefits	15	35,180	40,944
Lease obligations	10	39,947	43,733
TOTAL NON-CURRENT LIABILITIES		75,678	85,503
TOTAL LIABILITIES		125,257	141,517
CAPITAL AND RESERVES			
DEFICIT		(53,996)	(55,289)
TOTAL EQUITY		42,256	65,781
TOTAL LIABILITIES AND EQUITY		\$ 167,513	\$ 207,298

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

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

For the years ended December 31,

		2023					
	<i>Note</i>	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

									2022
	Note	Shareholders' capital	Restricted shares	Warrants	Stock-based compensation and other reserves	Reduction of capital reserve	Total capital and reserves	Deficit	Total equity
Balance, December 31, 2021		\$ 3,938,124	\$ (18,688)	\$ 1,456	\$ 120,949	\$ 2,457,053	\$ 6,498,894	\$ (6,382,763)	\$ 116,131
Other comprehensive income		–	–	–	–	–	–	3,316	3,316
Net income		–	–	–	–	–	–	73,432	73,432
Total comprehensive income		–	–	–	–	–	–	76,748	76,748
Repurchase of common shares through NCIB ¹	17	(125,098)	–	–	–	–	(125,098)	112,694	(12,404)
Shares issued under the stock option plan	17,18	210	–	–	(57)	–	153	–	153
Dividends to shareholders	17	–	–	–	56	–	56	(14,219)	(14,163)
Restricted shares settled	18	–	992	–	(941)	–	51	–	51
Restricted shares expense	18	–	–	–	323	–	323	–	323
Stock options equity-settled expense	18	–	–	–	831	–	831	–	831
Stock options reclassification	18	–	–	–	(6,400)	–	(6,400)	–	(6,400)
Common shares subject to repurchase	17	–	–	–	636	–	636	–	636
Expiry of warrants	17	–	–	(1,456)	–	–	(1,456)	1,456	–
Repurchase of shares per plan of arrangement, net of shares held by trustee and transaction costs	17	(1,139,226)	6,708	–	–	–	(1,132,518)	1,036,393	(96,125)
Transfer of capital accounts	17	(2,545,006)	–	–	(112,343)	(2,457,053)	(5,114,402)	5,114,402	–
Balance, December 31, 2022		\$ 129,004	\$ (10,988)	\$ –	\$ 3,054	\$ –	\$ 121,070	\$ (55,289)	\$ 65,781

¹ NCIB – Normal course issuer bid

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	2023	2022
OPERATING ACTIVITIES			
Net income		\$ 47,399	\$ 73,432
Adjusting items			
Stock-based compensation expense – equity settled		423	1,154
Depreciation and amortization		13,659	15,397
Restructuring and other charges		2,205	3,231
Financial charges, net		732	1,808
Provision for income taxes		12,865	2,700
Change in operating assets and liabilities		2,648	4,728
Stock-based compensation cash payments		(5,891)	(7,155)
Funding of post-employment benefit plans in excess of costs		(20,119)	(32,106)
Restructuring and other charges paid	14	(2,241)	(3,819)
Interest paid		(1,964)	(2,112)
Income taxes paid, net		(2,949)	(7,758)
Cash from operating activities		46,767	49,500
INVESTING ACTIVITIES			
Additions to intangible assets		(3,925)	(4,911)
Additions to property and equipment		(35)	(93)
Payments received from net investment in subleases	10	1,457	1,338
Cash used in investing activities		(2,503)	(3,666)
FINANCING ACTIVITIES			
Dividends paid	17	(13,332)	(14,163)
Repurchase of common shares per plan of arrangement, net of shares held by trustee and transaction costs	17	(48,203)	(96,125)
Repurchase of common shares through NCIBs	17	–	(12,404)
Issuance of common shares	17	–	153
Payment of lease obligations	10	(3,407)	(2,947)
Cash used in financing activities		(64,942)	(125,486)
NET DECREASE IN CASH		(20,678)	(79,652)
CASH, BEGINNING OF YEAR		43,907	123,559
CASH, END OF YEAR		\$ 23,229	\$ 43,907

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, 2023 and 2022 on February 13, 2024 for publication on February 14, 2024.

2. Adoption of amended accounting standards

2.1 Standards, interpretations and amendments to published standards adopted on the consolidated financial statements

The Company adopted the following amendments to the IFRS Accounting Standards effective for an accounting period beginning on or after January 1, 2023;

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

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

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

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

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies

The amendments to IAS 1, *Presentation of Financial Statements* and to IFRS practice Statement 2, *Making Material Judgements* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The International Accounting Standards Board (“IASB”) has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The Company has reflected appropriate changes to its accounting policy disclosure in Note 3, of these consolidated financial statements.

As permitted, the Company adopted the following amendments to the IFRS Accounting Standards early, as of January 1, 2023;

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

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

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 International Financial Reporting Standards (“IFRS”). 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. 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 case 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 agreement as the sub-lessor with respect to some of 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, 2023 and 2022. 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.

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 *Revenues* 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 direct 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. Revenues

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

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, 2023 and December 31, 2022.

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

For the years ended December 31,	2023	2022
Digital	\$ 190,324	\$ 209,130
Print	49,108	59,148
Total revenues	\$ 239,432	\$ 268,278

5. Operating costs

For the years ended December 31,	Note	2023	2022
Salaries, commissions and benefits ¹		\$ 67,136	\$ 74,780
Supply chain and logistics ²		60,213	63,066
Other goods and services ³		12,422	12,905
Information systems		20,006	18,537
Remeasurement of ECL, net of recovery	8	2,795	2,422
Total operating costs		\$ 162,572	\$ 171,710

¹ The Company was eligible for the Canada Emergency Wage Subsidy offered by the Government of Canada and received non-refundable contributions of \$1.1 million during the year ended December 31, 2022 for admissible salaries related to its workforce. The contributions were recorded as a reduction to salaries, commissions, and benefits.

² Supply chain and logistics costs relate to external supplier costs for manufacturing and distribution of our print and digital products.

³ 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,	2023	2022
Interest on lease obligations, net of interest income on investment in subleases	\$ 1,222	\$ 1,379
Net interest on the defined benefit obligations	1,949	2,325
Interest income on cash balances	(2,865)	(2,064)
Other, net	426	168
Financial charges, net	\$ 732	\$ 1,808

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,	2023	2022
Income before income taxes	\$ 60,264	\$ 76,132
Combined Canadian federal and provincial tax rates ¹	26.44%	26.42%
Income tax expense at statutory rates	\$ 15,934	\$ 20,114
Increase (decrease) resulting from:		
Recognition of previously unrecognized tax attributes and temporary differences	(3,442)	(17,778)
Non-deductible expenses for tax purposes	(60)	(102)
Adjustments from previous years	432	464
Other	1	2
Provision for income taxes	\$ 12,865	\$ 2,700

¹ The combined applicable statutory tax rate increased mainly by provincial allocation of revenues earned.

Provision for income taxes includes the following amounts:

For the years ended December 31,	2023	2022
Current	\$ 2,270	\$ 2,754
Deferred	10,595	(54)
	\$ 12,865	\$ 2,700

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, 2021	\$ (110)	\$ (428)	\$ (5,681)	\$ (6,960)	\$ 1,451	\$ (17,541)	\$ (29,269)
Expense (benefit) to statement of income	80	94	(1,447)	1,839	343	(963)	(54)
Expense to OCI	–	–	1,191	–	–	–	1,191
As at December 31, 2022	\$ (30)	\$ (334)	\$ (5,937)	\$ (5,121)	\$ 1,794	\$ (18,504)	\$ (28,132)
Expense to statement of income	–	81	5,867	573	1,306	2,768	10,595
(Benefit) to OCI	–	–	(3,279)	–	–	–	(3,279)
As at December 31, 2023	\$ (30)	\$ (253)	\$ (3,349)	\$ (4,548)	\$ 3,100	\$ (15,736)	\$ (20,816)

As at December 31, 2023, the Company and its subsidiaries have not recognized deferred income tax assets with respect to US operating losses of \$285.7 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 \$8.6 million which can be utilized indefinitely and US capital losses of \$5.3 million which expire in 2024.

As at December 31, 2023, the Company and its subsidiaries have not recognized deductible temporary differences of \$402.1 million (2022 – \$415.7 million).

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 and 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,	2023		2022	
Current	\$	29,766	\$	31,984
Past due less than 180 days		4,592		4,344
Past due over 180 days		1,987		862
Trade receivables¹	\$	36,345	\$	37,190
Other receivables	\$	879	\$	1,225
Trade and other receivables	\$	37,224	\$	38,415

¹ Trade receivables are presented net of allowance for revenue adjustments (“AFRA”) and ECL of \$9.4 million as at December 31, 2023 (\$13.9 million as at December 31, 2022).

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,	2023						2022	
	Expected credit loss rate	Gross carrying amount ¹	ECL allowance	Expected credit loss rate	Gross carrying amount ¹	ECL allowance		
Current	1.4%	\$ 30,188	\$ 422	1.9%	\$ 32,602	\$ 618		
Past due less than 180 days	19.4%	5,699	1,107	31.2%	6,314	1,970		
Past due over 180 days	68.5%	6,312	4,325	83.0%	5,068	4,206		
Total		\$ 42,199	\$ 5,854		\$ 43,984	\$ 6,794		

¹ The gross carrying value is net of the allowance for revenue adjustments of \$3.6 million as at December 31, 2023 (\$7.1 million as at December 31, 2022).

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

As at December 31,	2023		2022	
Balance, beginning of the year	\$	6,794	\$	13,891
Remeasurement of ECL allowance, net of recovery		2,795		2,422
Amounts written-off		(3,735)		(9,519)
Balance, end of year	\$	5,854	\$	6,794

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 \$13.8 million for the year ended December 31, 2023 (2022 – \$16.4 million). As at December 31, 2023, 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, 2023				
		Total	1 year	2 – 3 years	4 – 5 years	Thereafter
Non-derivative financial liabilities						
Trade and other payables	13	\$ 28,129	\$ 28,129	\$ –	\$ –	\$ –
Provisions	14	16,865	16,314	548	3	–
Lease obligations	10	43,914	3,967	7,750	8,637	23,560
Total		\$ 88,908	\$ 48,410	\$ 8,298	\$ 8,640	\$ 23,560

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, Banker's Acceptance rate or equivalent 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, 2023, the Company had \$1.7 million of letters of credit issued and outstanding and an availability of \$18.3 million under the ABL. As at December 31, 2023, 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,	2023	2022
Contract assets	\$ 17,131	\$ 20,392
Allowance for revenue adjustments and ECL	(500)	(960)
Contract assets net of allowance for revenue adjustments and ECL	\$ 16,631	\$ 19,432

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, 2023 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 years ended December 31, 2023 and December 31, 2022, 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. During the year ended December 31, 2023, 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. The impact of the above resulted in the following:

- A net reduction in right-of-use assets of \$0.6 million (2022 - \$1.7 million);
- An increase in lease obligations of \$0.2 million (2022 - \$0.2 million);
- An increase in net investment in subleases of \$1.0 million (2022 - \$1.1 million); and
- A reduction in property and equipment of \$0.6 million (2022 - \$0.6 million).

As a result of the transactions described above the Company recorded a net expense of \$0.8 million (2022 - \$1.4 million) to restructuring and other charges for the year ended December 31, 2023.

Lease obligations

The following table summarizes the continuity of the lease obligations:

As at December 31,	2023	2022
Lease obligations, opening balance	\$ 47,129	\$ 49,879
Additions	192	197
Payment of lease obligations	(3,407)	(2,947)
Lease obligations, closing balance	\$ 43,914	\$ 47,129
Less current portion	3,967	3,396
Non-current portion	\$ 39,947	\$ 43,733

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,	2023	2022
Less than one year	\$ 7,336	\$ 7,040
One to five years	26,714	27,363
Thereafter	27,887	34,341
Total undiscounted lease obligations	\$ 61,937	\$ 68,744

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 assets¹

	2023	2022
Cost		
Opening balance	\$ 63,469	\$ 64,524
Additions	192	197
Surrenders or disposals	(1,839)	(1,252)
Write-off for expired leases	(44,621)	–
Closing balance	\$ 17,201	\$ 63,469
Accumulated depreciation		
Opening balance	\$ 56,384	\$ 54,772
Depreciation expense	953	992
Surrenders or disposals	(1,248)	(598)
Impairment	249	1,218
Write-off for expired leases	(44,621)	–
Closing balance	\$ 11,716	\$ 56,384
Net book value – closing balance	\$ 5,486	\$ 7,085

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

Amounts recognized in the consolidated statements of income

For the years ended December 31,	2023	2022
Depreciation expense on right-of-use assets	\$ (953)	\$ (992)
Impairment on right-of-use assets	\$ (249)	\$ (1,218)
Interest expense on lease obligations	\$ (2,988)	\$ (3,198)
Interest income on investment in subleases	\$ 1,766	\$ 1,819

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

	2023	2022
Net investment in subleases, opening balance	\$ 26,457	\$ 26,674
Additions	957	1,121
Payments received from sub-lessees, net of commissions	(1,457)	(1,338)
Net investment in subleases, closing balance	\$ 25,957	\$ 26,457
Less current portion	1,986	1,701
Non-current portion	\$ 23,971	\$ 24,756

10.2.2 Maturity analysis – contractual undiscounted cash flows

As at December 31,	2023	2022
Less than one year	\$ 3,660	\$ 3,454
One to two years	3,784	3,567
Two to three years	3,861	3,668
Three to four years	3,882	3,737
Four to five years	3,770	3,740
Thereafter	15,902	18,695
Total undiscounted lease payments receivable	\$ 34,859	\$ 36,861
Unearned interest income	8,902	10,404
Net investment in subleases	\$ 25,957	\$ 26,457

11. Property and equipment

	Office equipment	Computer equipment	Leasehold improvements	Total
Cost				
As at December 31, 2021	\$ 6,961	\$ 37,678	\$ 9,928	\$ 54,567
Additions	–	82	2	84
Disposals and retirements	(4)	–	(847)	(851)
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
Accumulated depreciation				
As at December 31, 2021	\$ 6,442	\$ 37,563	\$ 5,313	\$ 49,318
Depreciation expense	100	73	368	541
Disposals and retirements	(2)	–	(226)	(228)
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
Net Book Value				
As at December 31, 2022	\$ 417	\$ 124	\$ 3,628	\$ 4,169
As at December 31, 2023	\$ 323	\$ 126	\$ 2,633	\$ 3,082

12. Intangibles

	Trademarks and domain names		Non- competition agreements		Software ¹		Total intangible assets	
Cost								
As at December 31, 2021	\$	90,611	\$	258,983	\$	260,164	\$	609,758
Additions		–		–		4,779		4,779
Disposals and retirements		–		–		126		126
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
Accumulated amortization								
As at December 31, 2021	\$	43,508	\$	258,983	\$	248,520	\$	551,011
Amortization expense		7,851		–		6,013		13,864
Disposals and retirements		–		–		126		126
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
Net Book Value								
As at December 31, 2022	\$	39,252	\$	–	\$	10,410	\$	49,662
As at December 31, 2023	\$	31,402	\$	–	\$	9,516	\$	40,918

¹ Software under development amounted to \$4.1 million (2022 - \$5.1 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. Following the organizational changes made throughout fiscal 2018 and during the first quarter of 2019, the Company has one remaining group of CGUs to which assets belong. In 2023 and 2022, 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,	2023	2022
Trade	\$ 15,851	\$ 16,810
Payroll related	3,129	2,718
Long-term incentive plans	6,597	11,377
Other accrued liabilities	2,552	2,718
	\$ 28,129	\$ 33,623

14. Provisions

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 \$1.1 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 for office closures 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, 2021	\$ 2,959	\$ 1,996	\$ 17,186	\$ 22,141
Charges	1,055	529	16,347	17,931
Payments	(2,579)	(1,241)	(17,995)	(21,815)
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
Current	\$ 794	\$ 594	\$ 14,926	\$ 16,314
Non-current	377	174	–	551
As at December 31, 2023	\$ 1,171	\$ 768	\$ 14,926	\$ 16,865

¹ Included in the restructuring and other charges of \$2.2 million (2022 - \$3.2 million) on the statement of income are expenses and payments of \$0.7 million (2022 - \$1.6 million) not affecting the provision.

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. Currently, the defined benefit plan has a relatively balanced investment in equity securities and debt instruments. Due to the long-term nature of the defined benefit plan obligation, the pension committee considers it appropriate that a reasonable portion of the plan assets should be invested in equity instruments to leverage the return generated by the fund.
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, 2023. 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, 2021 and the results were extrapolated to December 31, 2023.

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, 2023 and 2022 were as follows:

As at December 31,	2023		2022	
	Pension benefits ¹	Other benefits	Pension benefits ¹	Other benefits
Fair value of plan assets, beginning of year	\$ 402,960	\$ –	\$ 499,048	\$ –
Employer contributions	19,974	2,247	32,311	2,425
Employee contributions	317	–	334	–
Interest income	20,298	–	15,540	–
Return on plan assets excluding interest income	21,845	–	(110,478)	–
Benefit payments	(30,064)	(2,247)	(33,236)	(2,425)
Administration costs	(806)	–	(559)	–
Fair value of plan assets, end of year	\$ 434,524	\$ –	\$ 402,960	\$ –
Accrued benefit obligation, beginning of year	\$ 421,778	\$ 22,126	\$ 544,732	\$ 29,536
Current service cost	1,297	2	2,080	3
Employee contributions	317	–	334	–
Benefit payments	(30,064)	(2,247)	(33,236)	(2,425)
Interest cost	21,136	1,111	16,944	921
Actuarial losses (gains) due to:				
Experience adjustments	15,257	–	29	–
Changes in financial assumptions	17,558	1,433	(109,105)	(5,909)
Defined benefit obligation, end of year	\$ 447,279	\$ 22,425	\$ 421,778	\$ 22,126
Net defined benefit obligation	\$ (12,755)	\$ (22,425)	\$ (18,818)	\$ (22,126)

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, 2023 and 2022 were as follows:

As at December 31,	2023		2022	
	Pension benefits	Other benefits	Pension benefits	Other benefits
Post-employment benefit obligation				
Discount rate, end of 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%
Net benefit plan costs				
Discount rate (current service cost), end of preceding year	5.20%	5.20%	3.40%	3.40%
Discount rate (interest expense), end of preceding year	5.20%	5.20%	3.20%	3.20%
Rate of compensation increase ¹	2.45%	n.a	2.15%	n.a
Inflation Rate	2.10%	2.00%	1.80%	2.00%
Weighted average duration (years)	11	11	11	12

¹ As at December 31, 2023: 1.60% plus a productivity, merit and promotional scale, and as at December 31, 2022: 2.10% plus a productivity, merit and promotional scale.

For measurement purposes, actual per capita cost of covered medical care benefits was used for 2022, and the rate of increase was assumed at 5.78% 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 2022, 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, 2023 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	\$ 12,157	\$ 658
Increase of 0.25% in the inflation rate	\$ 5,523	\$ -
Increase of 1% in health care cost trend rates	\$ n.a.	\$ 1,247

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,	2023		2022		
	Note	Pension benefits	Other benefits	Pension benefits	Other benefits
Current service cost ¹		\$ 1,297	\$ 2	\$ 2,080	\$ 3
Administration costs ¹		806	-	559	-
Service cost		\$ 2,103	\$ 2	\$ 2,639	\$ 3
Interest cost		\$ 21,136	\$ 1,111	\$ 16,944	\$ 921
Interest income		(20,298)	-	(15,540)	-
Net interest on the net defined benefit obligation	6	\$ 838	\$ 1,111	\$ 1,404	\$ 921
Net benefit costs recognized in the statement of income ¹		\$ 2,941	\$ 1,113	\$ 4,043	\$ 924
Actuarial losses (gains) recognized in OCI		\$ 10,970	\$ 1,433	\$ 1,402	\$ (5,909)
Total net benefit plan costs (recovery) for the Yellow Pages ("YP") defined benefit plans		\$ 13,911	\$ 2,546	\$ 5,445	\$ (4,985)
Net benefit plan costs for the YP defined contribution plans ¹		1,802	-	1,916	-
Total net benefit plan costs (recovery)		\$ 15,713	\$ 2,546	\$ 7,361	\$ (4,985)

¹ Included in operating costs.

No significant workforce reductions occurred during the years ended December 31, 2023 and 2022.

Plan assets include primarily Canadian and foreign equities, government and corporate bonds, debentures and secured mortgages. Plan assets are held in trust and the asset allocation was as follows as at December 31, 2023 and 2022:

As at December 31, (in percentages - %)	2023	2022
Fair value of the plan assets:		
Pooled fund units		
Canadian pooled equity funds	4.0	4.5
Global pooled equity funds	21.7	23.5
Emerging markets pooled equity funds	9.0	9.5
Canadian pooled fixed-income funds	35.7	36.0
Pooled real estate funds	12.5	14.0
Pooled private equity funds	9.2	6.0
Pooled infrastructure funds	6.3	4.5
Cash and cash equivalents	1.6	2.0

As at December 31, 2023 and 2022, the publicly traded equity securities did not directly include any shares of Yellow Pages Limited.

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 Defined Benefit Pension Plan’s (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 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 announced in May of 2021 to increase the probability that the Pension Plan will be fully funded by 2030. The probability of achieving a wind-up ratio of 100% by 2030 is dependent upon certain uncontrollable factors, including, among others, market returns and discount rates. The Board will continue to review the Deficit Reduction Plan annually.

In 2022, pursuant to a statutory arrangement (the “2022 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 \$24.0 million during the year ended December 31, 2022, bringing 2022 cash payments to the Pension Plan’s wind-up deficit to \$30.0 million. The incremental voluntary cash infusion of \$24.0 million during the year ended December 31, 2022 represents advancing the voluntary \$6.0 million contributions intended in years 2027, 2028, 2029 and 2030 that were part of the previously announced Deficit Reduction Plan.

The total cash payments for pension and other benefit plans made by Yellow Pages Limited amounted to \$24.0 million for 2023 (2022 - \$36.7 million). Total cash payments for pension and other benefit plans expected in 2024 amount to approximately \$12.0 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 \$2.4 million for the year ended December 31, 2023 (2022 – \$2.3 million).

As at December 31, 2023, Yellow Pages Limited had recognized an accumulated balance of \$24.3 million, net of income taxes of \$6.8 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	2023	2022
Cash		\$ 23,229	\$ 43,907
Total debt (lease obligations, including current portion)	10	\$ 43,914	\$ 47,129
Equity		42,256	65,781
Total capitalization		\$ 86,170	\$ 112,910
Total debt net of cash ¹		\$ 20,685	\$ 3,222
Total debt net of cash to total capitalization		24.0%	2.8%

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

17. Shareholders' capital

Common shares – Issued

	Number of Shares	Amount
Balance, December 31, 2021	27,459,686	\$ 3,938,124
Common shares repurchased through NCIBs	(871,135)	(125,098)
Common shares repurchased per plan of arrangement	(7,949,125)	(1,139,226)
Shares issued under stock option plan	18,873	210
Exchange of common share purchase warrants	48	–
Transfer of capital accounts	–	(2,545,006)
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	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 199,999 as at December 31, 2023 (see *Note 19 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 19 Stock-based compensation plans* for additional details). During the year ended December 31, 2023, nil common shares were issued upon the exercise of options.

Share repurchases - NCIBs

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

Share repurchases – 2022 Plan of Arrangement

On August 4, 2022, the Board approved a distribution to the Company's shareholders (the "Shareholders") of approximately \$100.0 million by way of a share repurchase from all Shareholders pursuant to a statutory arrangement under the Business Corporations Act (British Columbia) (the "2022 Arrangement"). The Shareholders approved the 2022 Arrangement at a special meeting of the Shareholders held on September 23, 2022 and the Company subsequently obtained the final order from the Supreme Court of British Columbia approving the 2022 Arrangement on September 27, 2022. On October 4, 2022, the Company repurchased from shareholders *pro rata* an aggregate of 7,949,125 common shares (including 388,082 shares held by trustee) at a purchase price of \$12.58 per share pursuant to the 2022 Arrangement for a total of \$101.0 million, including \$1.0 million of transaction costs. The \$101.0 million cash outlay was reduced by \$4.9 million for the cancellation of 388,082 of YP's 1,298,994 shares held by trustee for a net cash outlay of \$96.1 million. Also pursuant to the 2022 Arrangement, the Company advanced \$24.0 million to the Pension Plan's wind-up deficit for the year ended December 31, 2022 (see *Note 15 Post-employment benefits* for additional details).

In addition, the Board approved a reduction in the carrying amount of Shareholders' capital of \$2,545.0 million in order to reflect the legal stated capital amount at December 31, 2022 of \$129.0 million; and the reversal of the amounts previously recognized for Reduction of capital reserves of \$2,457.1 million and Other reserves of \$112.3 million, with an offset to Deficit. The Reduction of capital and Other reserves were mostly created through multiple transactions over a decade ago and the reversal of these reserves and the reduction in the carrying amount of Shareholders' capital was performed to provide more relevant information about the state of current capital and related reserves to users of these financial statements. There is no impact on total equity, net income, or cash flows.

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 \$50.5 million, including \$0.5 million of transaction costs. The \$50.5 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 \$48.2 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 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. 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.

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, 2023, September 15, 2023 and December 15, 2023 for a total consideration of \$13.3 million to common shareholders. During the year ended December 31, 2022, the Company paid quarterly dividends of \$0.15 per common share. The dividends were paid on March 15, June 15, September 15 and December 15 of 2022 for a total consideration of \$14.2 million to common shareholders.

Warrants

On December 20, 2012, the Company issued 2,995,506 common share purchase warrants ("Warrants"). Each Warrant was transferable and entitled the holder to purchase one common share of Yellow Pages Limited at an exercise price of \$28.16 per Warrant payable in cash at any time on or prior to December 20, 2022. The fair value of the Warrants on December 20, 2012 was \$1.5 million.

During the year ended December 31, 2022, 48 Warrants was exercised in exchange for 48 common shares of Yellow Pages Limited.

On December 20, 2022, the Warrants expired and there were no warrants outstanding as at December 31, 2022.

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,	2023	2022
Weighted average number of shares outstanding used in computing basic income per share ¹	17,573,994	23,669,723
Dilutive effect of restricted share units	188,857	76,928
Dilutive effect of stock options	9,227	192,822
Weighted average number of shares outstanding used in computing diluted income per share¹	17,772,078	23,939,473

For the years ended December 31,	2023	2022
Net income used in the computation of basic income per share	\$ 47,399	\$ 73,432
Impact of assumed conversion of stock options, net of applicable taxes	(350)	(1,031)
Total net income used in the computation of diluted income per share	\$ 47,049	\$ 72,401

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, 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. For the year ended December 31, 2022, the diluted income per share calculation did not take into consideration the potential dilutive effect of the Warrants as well as stock options that were 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 199,999 as at December 31, 2023. There were no PSUs outstanding as at December 31, 2023 and 2022.

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

	2023		2022	
	Number of RSUs	Liability ¹	Number of RSUs	Liability ¹
Outstanding, beginning of year	374,121	\$ 2,675	277,317	\$ 1,950
Granted ²	119,146	379	149,371	258
Dividends credited ³	25,155	264	12,702	172
RSUs reclassified from equity-settled to cash settled ⁴	62,271	549	–	–
Settled	(231,288)	(2,870)	(65,269)	(838)
Variation due to change in fair value and vesting	–	755	–	1,133
Outstanding, end of year⁵	349,405	\$ 1,752	374,121	\$ 2,675

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, 2023 is 155,436 (2022 – 195,220).

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.

	2023	2022
Number of	RSUs	RSUs
Outstanding, beginning of year	451,049	393,525
Granted	140,028	171,224
Settled	(264,203)	(123,724)
Dividends credited ¹	25,982	16,858
Forfeited	(3,451)	(6,834)
Outstanding, end of year	349,405	451,049
Weighted average remaining life (years)	1.47	1.19

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. The Company shall 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.

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

	2023		2022	
	Number of DSUs	Liability ¹	Number of DSUs	Liability ¹
Outstanding, beginning of year	340,250	\$ 4,661	300,919	\$ 4,111
Granted ²	16,747	230	24,560	337
Dividends credited ³	22,675	274	14,771	199
Variation due to change in stock price	–	(886)	–	14
Outstanding and vested, end of year⁴	379,672	\$ 4,279	340,250	\$ 4,661

¹ 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.

² The liability related to the DSUs granted represents the portion that is vested as at December 31.

³ Dividends in the form of additional DSUs are credited to the Participant's account on each dividend payment date and are equivalent in value to the dividend paid on common shares.

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 February 9, 2022, a modification adding a cash alternative to the settlement of certain stock options resulted in an obligation to settle in cash. A re-class from equity to liability was recorded at the modification date, based on the difference between the fair value of the shares at the modification date and the exercise price of the option. The variation due to change in fair value subsequent to the modification date is included in operating costs. As of February 9, 2022, all options previously recorded as equity settled have been re-classified to cash settled.

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.

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

	2023		2022	
	Number of options	Liability ¹	Number of options	Liability ¹
Outstanding, beginning of year	2,132,132	\$ 3,599	1,044,992	\$ 3,315
Granted	688,270	658	1,046,805	2,250
Stock options reclassified from equity-settled to cash settled ²	(45,657)	237	1,235,917	6,400
Settled	(872,554)	(2,863)	(1,195,582)	(6,131)
Forfeited and cancelled	(294,125)	(157)	–	–
Variation due to change in fair value and vesting	–	(1,077)	–	(2,235)
Outstanding, end of year⁴	1,608,066	\$ 397	2,132,132	\$ 3,599

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, 2023 is 998,846 (2022 – 1,224,545).

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

	2023		2022	
	Number of options	Weighted average exercise price per option	Number of options	Weighted average exercise price per option
Outstanding, beginning of year	2,132,132	\$ 11.92	2,332,893	\$ 9.34
Granted	688,270	\$ 14.24	1,046,805	\$ 13.50
Forfeited	(339,782)	\$ 13.96	(33,111)	\$ 12.93
Exercised	–	\$ –	(18,873)	\$ 8.11
Settled	(872,554)	\$ 10.14	(1,195,582)	\$ 8.30
Outstanding, end of year	1,608,066	\$ 13.44	2,132,132	\$ 11.92
Exercisable, end of year	–	\$ –	–	\$ –

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

Exercise price	2023		2022	
	Number of options outstanding	Weighted average remaining life	Number of options outstanding	Weighted average remaining life
\$8.79	–	–	522,496	1.0
\$11.86	204,349	0.6	374,997	1.3
\$12.10	–	–	201,608	0.6
\$12.25	12,245	2.2	–	–
\$12.72	532,862	2.0	532,862	3.0
\$14.27	551,982	1.9	–	–
\$14.30	306,628	1.3	500,169	1.9
Outstanding, end of year	1,608,066	1.7	2,132,132	1.7

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

	2023	2022
Weighted average grant date share price	\$ 14.24	\$ 13.50
Weighted average exercise price	\$ 14.24	\$ 13.50
Volatility	28.9%	48.1%
Expected life (years)	2.7	3.0
Dividend yield	4.28%	4.46%
Risk-free interest rate	4.43%	3.07%

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:

	2023		2022	
	Number of SARs	Liability ¹	Number of SARs	Liability ¹
Outstanding, beginning of year	642,073	\$ 442	116,110	\$ 368
Granted	–	–	584,018	196
Settled	(58,055)	(236)	(58,055)	(237)
Variation due to change in fair value and vesting	–	(37)	–	115
Outstanding, end of year²	584,018	\$ 169	642,073	\$ 442

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, 2023 is 349,786 (2022 – 134,213).

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

	2023	2022
Weighted average grant date share price	\$ 12.72	\$ 12.72
Exercise price	\$ 12.72	\$ 12.72
Expected volatility	29.5%	29.5%
Expected life (years)	2.8 years	2.8 years
Risk-free interest rate	4.25%	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,	2023	2022
RSU plan	\$ 1,625	\$ 1,883
DSU plan	(382)	550
Stock Options	(380)	846
SARs	(37)	311
Total	\$ 826	\$ 3,590

19. Commitments and contingencies

a) As at December 31, 2023, 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
2024	\$ 16,956
2025	13,284
2026	9,737
2027	7,743
2028	7,188
Thereafter	26,384
	\$ 81,292

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

Pursuant to publication agreements with Bell and TELUS, Yellow Pages Limited produces alphabetical listing telephone directories for each of these companies in order for them to meet their regulatory obligations.

The Company also has other 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 the publication agreements mentioned above 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 other 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, 2023 and 2022 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.

21. List of subsidiaries

	Principal activity	Proportion of ownership	
		2023	2022
As at December 31,			
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:

	2023		2022	
For the years ended December 31,				
Salary, Board fees and short-term incentive plans	\$	5,088	\$	5,453
Post-employment benefits		440		59
Share-based compensation expense, including share price revaluation		1,533		3,356
All other compensation		1,288		1,634
	\$	8,349	\$	10,502