UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF YELLOW PAGES LIMITED

March 31, 2019 and 2018

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Interim Condensed Consolidated Statements of Financial Position

(in thousands of Canadian dollars – Unaudited)

As at	March 31, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS		
Cash and restricted cash	**$ 110,684**	$ 81,452
Trade and other receivables (Note 3)	**111,298**	132,534
Prepaid expenses	**7,217**	6,330
Deferred publication costs	**2,630**	2,191
Income taxes receivable	**691**	668
TOTAL CURRENT ASSETS	**232,520**	223,175
NON-CURRENT ASSETS		
Deferred commissions (Note 4)	**6,579**	8,518
Financial and other assets	**3,501**	6,685
Right-of-use assets (Note 5)	**17,852**	32,583
Net investment in subleases (Note 5)	**19,875**	7,392
Property and equipment (Note 5)	**16,264**	29,518
Intangible assets	**109,691**	117,096
Deferred income taxes	**12,197**	17,402
TOTAL NON-CURRENT ASSETS	**185,959**	219,194
TOTAL ASSETS	**$ 418,479**	$ 442,369
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	**$ 46,959**	$ 47,520
Provisions	**16,534**	37,673
Deferred revenues	**3,139**	3,190
Current portion of lease obligations (Note 5)	**2,737**	4,352
Current portion of senior secured notes (Note 6)	**80,450**	90,000
TOTAL CURRENT LIABILITIES	**149,819**	182,735
NON-CURRENT LIABILITIES		
Provisions	**1,875**	1,810
Post-employment benefits (Note 9)	**131,723**	132,352
Lease obligations (Note 5)	**56,662**	70,968
Senior secured notes (Note 6)	**87,730**	77,489
Exchangeable debentures (Note 7)	**96,747**	96,179
TOTAL NON-CURRENT LIABILITIES	**374,737**	378,798
TOTAL LIABILITIES	**524,556**	561,533
CAPITAL AND RESERVES	**6,594,758**	6,595,147
DEFICIT	**(6,700,835)**	(6,714,311)
TOTAL DEFICIENCY	**(106,077)**	(119,164)
TOTAL LIABILITIES AND DEFICIENCY	**$ 418,479**	$ 442,369

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

Interim Condensed Consolidated Statements of Income (Loss)

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

For the three-month periods ended March 31,		2019		2018
Revenues	$	104,787	$	159,314
Operating costs		59,406		111,381
Income from operations before depreciation and amortization, and restructuring and other charges		45,381		47,933
Depreciation and amortization		11,128		20,884
Restructuring and other charges (Note 8)		2,862		11,198
Income from operations		31,391		15,851
Financial charges, net (Note 13)		13,765		14,162
Earnings before income taxes		17,626		1,689
Provision for income taxes		4,966		2,608
Net earnings (loss)	$	12,660	$	(919)
Basic earnings (loss) per share	$	0.48	$	(0.03)
Weighted average shares outstanding – basic earnings (loss) per share (Note 10)		26,482,407		26,446,315
Diluted earnings (loss) per share	$	0.45	$	(0.03)
Weighted average shares outstanding – diluted earnings (loss) per share (Note 10)		32,670,208		26,446,315

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

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

(in thousands of Canadian dollars – Unaudited)

For the three-month periods ended March 31,		**2019**		2018
Net earnings (loss)	**$**	**12,660**	$	(919)
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to net income (loss)				
Net change in fair value of equity investments reported in other comprehensive income (loss) ("FVOCI") (Note 14)		–		(5,514)
Actuarial gains (Note 9)		**1,116**		2,775
Income taxes relating to items that will not be reclassified subsequently to net earnings		**(300)**		(727)
Other comprehensive income (loss)		**816**		(3,466)
Total comprehensive income (loss)	**$**	**13,476**	$	(4,385)

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

Interim Condensed Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars – Unaudited)

For the three-month periods ended March 31,

2019

	Shareholders' capital (Note 10)	Restricted shares	Warrants	Compound financial instruments[1]	Stock-based compensation and other reserves	Reduction of capital reserve	Total capital and reserves	Deficit	Total deficiency
Balance, December 31, 2018	$ 4,031,685	$ (23,421)	$ 1,456	$ 3,619	$ 124,755	$ 2,457,053	$ 6,595,147	$ (6,714,311)	$ **(119,164)**
Other comprehensive income	–	–	–	–	–	–	**–**	816	**816**
Net earnings	–	–	–	–	–	–	**–**	12,660	**12,660**
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**13,476**	**13,476**
Restricted shares settled	–	1,005	–	–	(1,005)	–	–	–	–
Restricted shares (Note 12)	–	–	–	–	(677)	–	(677)	–	**(677)**
Stock options (Note 12)	–	–	–	–	288	–	288	–	**288**
Balance, March 31, 2019	**$ 4,031,685**	**$ (22,416)**	**$ 1,456**	**$ 3,619**	**$ 123,361**	**$ 2,457,053**	**$ 6,594,758**	**$ (6,700,835)**	**$ (106,077)**

2018

	Shareholders' capital (Note 10)	Restricted shares	Warrants	Compound financial instruments[1]	Stock-based compensation and other reserves	Reduction of capital reserve	Total capital and reserves	Deficit	Total deficiency
Balance, December 31, 2017, as previously reported	$ 4,031,685	$ (27,572)	$ 1,456	$ 3,619	$ 129,280	$ 2,457,053	$ 6,595,521	$ (6,814,317)	$ (218,796)
Adjustment for IFRS 15	–	–	–	–	–	–	–	26,050	26,050
Adjustment for IFRS 16	–	–	–	–	–	–	–	(7,133)	(7,133)
Restated balance, December 31, 2017	4,031,685	(27,572)	1,456	3,619	129,280	2,457,053	6,595,521	(6,795,400)	(199,879)
Adjustment for IFRS 9	–	–	–	–	–	–	–	(4,600)	(4,600)
Restated balance, January 1, 2018	4,031,685	(27,572)	1,456	3,619	129,280	2,457,053	6,595,521	(6,800,000)	(204,479)
Other comprehensive loss	–	–	–	–	–	–	–	(3,466)	(3,466)
Net loss	–	–	–	–	–	–	–	(919)	(919)
Total comprehensive loss	–	–	–	–	–	–	–	(4,385)	(4,385)
Restricted shares settled	–	3,743	–	–	(3,743)	–	–	–	–
Restricted shares (Note 12)	–	–	–	–	183	–	183	–	183
Stock options (Note 12)	–	–	–	–	114	–	114	–	114
Balance, March 31, 2018	$ 4,031,685	$ (23,829)	$ 1,456	$ 3,619	$ 125,834	$ 2,457,053	$ 6,595,818	$ (6,804,385)	$ (208,567)

[1] *The equity component of the exchangeable debentures presented above is net of income taxes of $1.3 million (2018 - $1.3 million).*

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

Interim Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars – Unaudited)

For the three-month periods ended March 31,	2019	2018
OPERATING ACTIVITIES		
Net earnings (loss)	**$ 12,660**	$ (919)
Adjusting items		
Stock-based compensation (recovery) expense – equity settled	**(389)**	297
Depreciation and amortization	**11,128**	20,884
Restructuring and other charges	**2,862**	11,198
Financial charges, net	**13,765**	14,162
Provision for income taxes	**4,966**	2,608
Change in operating assets and liabilities	**(1,728)**	(3,199)
Funding of post-employment benefit plans in excess of costs	**(803)**	(2,266)
Restructuring and other charges paid	**(7,722)**	(9,423)
Interest paid	**(1,107)**	(1,780)
Income taxes paid, net	**(84)**	(151)
	33,548	31,411
INVESTING ACTIVITIES		
Additions to intangible assets	**(2,531)**	(5,858)
Additions to property and equipment	**(93)**	(100)
Lease incentives received	–	563
	(2,624)	(5,395)
FINANCING ACTIVITIES		
Payment of lease obligations	**(1,692)**	(1,628)
	(1,692)	(1,628)
NET INCREASE IN CASH AND RESTRICTED CASH	**29,232**	24,388
CASH AND RESTRICTED CASH, BEGINNING OF PERIOD	**81,452**	46,405
CASH AND RESTRICTED CASH, END OF PERIOD	**$ 110,684**	$ 70,793

The accompanying notes are an integral part of these interim condensed 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 interim condensed consolidated financial statements for the three-month periods ended March 31, 2019 and 2018 and authorized their publication on May 15, 2019.

2. Basis of presentation

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 – *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. The accounting policies and methods of computation applied in these interim condensed consolidated financial statements are consistent with International Financial Reporting Standards ("IFRS") and are the same as those applied by Yellow Pages Limited in its audited consolidated financial statements as at and for the years ended December 31, 2018 and 2017, except for new standards adopted on January 1, 2019 as described below. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2018 and 2017.

2.2 Standards, interpretations and amendments to published standards adopted with no effect on the interim consolidated financial statements

The Company adopted the Annual Improvements 2015 - 2017 Cycle for the amendments to IAS 12- Income Taxes and IAS 23- Borrowing Costs, effective January 1, 2019. The adoption of these narrow scope amendments did not have a significant impact on the Company's consolidated financial statements.

IFRIC 23 – ***Uncertainty over Income Tax Treatments***

The Company has applied IFRIC 23 – *Uncertainty over Income Tax Treatments* effective for annual periods beginning on or after January 1, 2019. This interpretation paper clarifies that in determining its taxable profit or loss when there is uncertainty over income tax treatments, an entity must use judgment and apply the tax treatment that is most likely to be accepted by the tax authorities. In assessing the likelihood that the tax treatment will be accepted, the entity assumes that the tax treatment will be examined by the relevant tax authorities having full knowledge of all relevant information. IFRIC 23 has not had a significant impact on the consolidated financial statements of Yellow Pages Limited.

Amendments to IAS 19 – ***Employee Benefits***

The Company has applied the amendments to IAS 19 effective for annual periods beginning on or after January 1, 2019. The amendments address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and the discount rate used to remeasure that net defined benefit liability (asset).

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The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments to IAS 19 have not had a significant impact on the consolidated financial statements of Yellow Pages Limited.

3. Trade and other receivables

As at	**March 31, 2019**	December 31, 2018
Current	**$ 74,001**	$ 85,331
Past due less than 180 days	**18,747**	21,975
Past due over 180 days	**9,990**	11,238
Trade receivables	**$ 102,738**	$ 118,544
Other receivables[1]	**$ 8,560**	$ 13,990
Trade and other receivables	**$ 111,298**	$ 132,534

[1] *Other receivables as at December 31, 2018 included a loan receivable associated with a forward contract and accrued receivables related to JUICE and Mediative. For the three-month period ended March 31, 2019, other receivables included a loan receivable associated with a forward contract and accrued receivables.*

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

As at	**March 31, 2019**	December 31, 2018
Contract assets	**$ 47,406**	$ 51,601
Loss allowance for revenue adjustments and credit losses	**(3,793)**	(3,656)
Contract assets net of loss allowance for revenue adjustments and credit losses	**$ 43,613**	$ 47,945

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 at the point at which it is invoiced to the customer.

The change in contract assets for the three-month period ended March 31, 2019 is primarily related to the fluctuation in print product 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.

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4. Deferred commissions

Deferred commissions paid to sales representatives 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. During the three-month period ended March 31, 2019, Yellow Pages Limited recorded amortization charges related to the cost to obtain contracts of $2.7 million (2018 – $4.6 million). The Company recognizes the commissions paid to sales representatives for contract renewals with revenue recognized within one year or less as an expense.

5. Leases

During the first quarter of 2019, the Company surrendered the leases of some vacated office locations resulting in a decrease in right-of-use assets and property and equipment related to these office locations, consisting mainly of leasehold improvements and office equipment as well as a decrease in lease obligations. The Company also subleased some office spaces previously vacated, resulting in a decrease in right-of-use assets and property and equipment related to these office locations consisting mainly of leasehold improvements and office equipment as well as an increase in net investment in subleases.

The impact of the transactions described above resulted in the following:

- A reduction in right-of-use assets of $14.3 million;
- A reduction in lease obligations of $14.2 million;
- An increase in net investment in subleases of $12.5 million; and
- A reduction in property and equipment of $12.4 million.

The Company also recorded an amortization charge of $0.5 million on right-of-use assets during the three-month period ended March 31, 2019.

6. Senior secured notes

The senior secured notes is comprised of the following:

As at		**March 31, 2019**		December 31, 2018
Principal amount of the senior secured notes (at maturity, November 1, 2022)	**$**	**170,231**	$	170,231
Less unaccreted discount		**2,051**		2,742
	$	**168,180**	$	167,489
Less current portion[1]		**80,450**		90,000
Non-current portion	**$**	**87,730**	$	77,489

1 *The current portion of the senior secured notes may vary subject to the Excess Cash Flow clause as well as the minimum cash balance requirement on the last day of the mandatory redemption period under the indenture governing the senior secured notes.*

On May 14, 2019, the Company notified its Trustee that an optional redemption payment of $39.5 million will be made toward the principal amount of the Senior secured notes on June 13, 2019. The optional redemption amount is included in the non-current portion of the Senior secured notes of these interim condensed consolidated financial statements as at March 31, 2019.

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7. Exchangeable debentures

As at	March 31, 2019	December 31, 2018
Principal amount of exchangeable debentures (at maturity, November 30, 2022)	**$ 107,089**	$ 107,089
Less unaccreted interest	**10,342**	10,910
	$ 96,747	$ 96,179

8. Restructuring and other charges

Yellow Pages Limited recorded restructuring and other charges of $2.9 million during the first quarter of 2019 (2018 – $11.2 million) consisting mainly of restructuring charges of $2.7 million associated with workforce reductions.

For the three-month period ended March 31, 2018, the Company recorded restructuring and other charges of $11.2 million primarily due to $19.5 million associated with workforce reductions, as well as impairment of right-of-use assets and future operation costs related to lease contracts for offices closed of $2.1 million, partially offset by the $10.6 million impact of a favourable litigation settlement on a contractual obligation with a vendor.

9. Post-employment benefits

For the three-month period ended March 31, 2019, Yellow Pages Limited recorded an actuarial gain of $0.8 million in other comprehensive income, net of income taxes of $0.3 million. The gain of $42.3 million resulting from the higher than expected actual return on plan assets was partially offset by a loss of $41.1 million due to the decrease in the discount rate from 3.80% to 3.30%. For the three-month period ended March 31, 2018, Yellow Pages Limited recorded an actuarial gain of $2.0 million in other comprehensive income, net of income taxes of $0.7 million. The increase in the discount rate from 3.50% to 3.60% and the decrease in the inflation rate from 1.75% to 1.70% lead to a gain of $11.2 million which was partially offset by a loss of $8.4 million due to lower than expected actual return on plan assets.

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10. Shareholders' capital

Common shares – Issued

As at March 31, 2019 and December 31, 2018, the Company had a total of 28,075,308 common shares outstanding for an amount of $4,031,685.

Warrants

During the three-month period ended March 31, 2019, no common share purchase warrants ("Warrants") were exercised in exchange for common shares of Yellow Pages Limited (2018 – 2 Warrants). As at March 31, 2019 and December 31, 2018, the Company had a total of 2,995,484 Warrants outstanding.

Earnings (Loss) per share

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

For the three-month periods ended March 31,	**2019**	2018
Weighted average number of shares outstanding used in computing basic and diluted earnings (loss) per share[1]	**26,482,407**	26,446,315
Dilutive effect of restricted share units and performance share units	**563,379**	–
Dilutive effect of exchangeable debentures	**5,624,422**	–
Weighted average number of shares outstanding used in computing diluted earnings (loss) per share[1]	**32,670,208**	26,446,315

For the three-month periods ended March 31,		**2019**		2018
Net earnings (loss) used in the computation of basic earnings (loss) per share	**$**	**12,660**	$	(919)
Impact of assumed conversion of exchangeable debentures, net of applicable taxes		**1,981**		–
Total net earnings (loss) used in the computation of diluted earnings per share	**$**	**14,641**	$	(919)

[1] The weighted average number of shares outstanding used in the earnings (loss) per share calculation is reduced by the shares held by the trustee for the purpose of funding the restricted share unit and performance share unit plan (the "RSU and PSU Plan").

For the three-month period ended March 31, 2019, the diluted earnings per share calculation did not take into consideration the potential dilutive effect of the Warrants as well as stock options that are not in the money as they are not dilutive. Yellow Pages Limited did not calculate the diluted loss per share for the three-month period ended March 31, 2018 as the conversion of the restricted share units, performance share units, stock options, Exchangeable Debentures and Warrants would not be dilutive to the loss.

11. Segmented information

Following the organizational changes made throughout fiscal year 2018 including the disposal or liquidation of several affiliates, the Chief Operating Decision Maker made changes to how the business is reviewed, performance is assessed and resources are allocated. The Company's operations have been categorized into two reportable segments: YP and Other. The comparative figures have been restated to reflect the changes to the reportable segments.

The YP segment provides small and medium-sized businesses across Canada digital and traditional marketing solutions, including online and mobile priority placement on Yellow Pages owned and operated media, content syndication, search engine solutions, website fulfillment, social media campaign management and digital display advertising, video production and print advertising. This segment also includes the 411.ca digital directory service helping users find and connect with people and local businesses.

The Other segment includes YP Dine and Bookenda, which allowed users to discover, search for and book local restaurants until their sale on April 30, 2019 and the Mediative division until its liquidation on January 31, 2019. Mediative's offers included dedicated marketing and performance media services to national clients Canada-wide. The operations of the businesses sold in 2018 are also included in this segment until their respective disposal date, namely:

- JUICE Mobile's proprietary Programmatic Direct and Real-Time Bidding platforms that facilitated the automatic buying and selling of mobile advertising between brands and advertisers, until its sale on December 31, 2018;
- RedFlagDeals.com™, Canada's leading provider of online and mobile promotions, deals, coupons and shopping forums, until its sale on August 22, 2018;
- Yellow Pages NextHome until its sale on July 23, 2018;
- ComFree/DuProprio (CFDP) provided homeowners in Canada with media to sell their homes in a proven and cost-effective manner, until its sale on July 6, 2018;
- Totem which provided customized content creation and delivery for global brands until its sale on May 31, 2018; and
- Western Media Group, magazines generating local lifestyle content specific to the Western Canada region until its sale as of May 31, 2018.

Segment results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. The Company accounts for transactions between reportable segments in the same manner it accounts for transactions with external customers and eliminates them on consolidation. The President and Chief Executive Officer ("CEO") is the Chief Operating Decision Maker and he uses Income from operations before depreciation and amortization, and restructuring and other charges less capital expenditures, to measure the performance of each segment. The Chief Operating Decision Maker also 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 three-month period ended March 31, 2019, compared to 89% of digital revenues that were recognized over the term of the contract and 11% at a point in time for the same period last year. The year-over-year change is mainly due to the divestitures of affiliates throughout 2018, which had digital revenues recognized at a point in time.

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

The following tables present financial information for the three-month periods ended March 31, 2019 and 2018.

For the three-month period ended March 31, 2019	**YP**	**Other**	**Intersegment eliminations**	**Yellow Pages Limited**
Revenues				
Print	$ 25,873	$ –	$ –	**$ 25,873**
Digital	77,802	1,112	–	**78,914**
Total revenues	103,675	1,112	–	**104,787**
Operating costs	58,578	828	–	**59,406**
Income from operations before depreciation and amortization, and restructuring and other charges	$ 45,097	$ 284	$ –	**$ 45,381**
Depreciation and amortization				**11,128**
Restructuring and other charges				**2,862**
Financial charges, net				**13,765**
Provision for income taxes				**4,966**
Net earnings				**$ 12,660**
Additions to intangible assets and property and equipment, net of lease incentives received	$ 2,416	$ 208	$ –	**$ 2,624**

For the three-month period ended March 31, 2018	YP	Other	Intersegment eliminations	Yellow Pages Limited
Revenues				
Print	$ 32,974	$ 4,001	$ (11)	$ 36,964
Digital	94,860	27,689	(199)	122,350
Total revenues	127,834	31,690	(210)	159,314
Operating costs	80,936	30,655	(210)	111,381
Income from operations before depreciation and amortization, and restructuring and other charges	$ 46,898	$ 1,035	$ –	$ 47,933
Depreciation and amortization				20,884
Restructuring and other charges				11,198
Financial charges, net				14,162
Provision for income taxes				2,608
Net loss				$ (919)
Additions to intangible assets and property and equipment, net of lease incentives received	$ 4,415	$ 980	$ –	$ 5,395

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12. Stock-based compensation plans

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 1,558,562 as at March 31, 2019.

The following table summarizes the continuity of the RSUs and PSUs during the three-month periods ended March 31:

		2019		2018
Number of	**RSUs**	**PSUs[1]**	RSUs	PSUs[1]
Outstanding, beginning of period	**399,503**	**189,063**	763,624	795,811
Granted	**87,684**	–	88,487	–
Reduction in payout related to achievement of targets[2]	–	**(49,774)**	–	(56,802)
Settled	**(47,240)**	–	(143,256)	(34,788)
Forfeited	**(4,457)**	**(11,400)**	(105,761)	(155,806)
Outstanding, end of period	**435,490**	**127,889**	603,094	548,415
Weighted average remaining life (years)	**1.59**	**0.83**	1.61	1.15

1 *The outstanding number of PSUs represents a payout of 100%. In addition, the potential payout in excess of 100% and limited to a maximum payout of 150% pursuant to the achievement of certain performance targets, amounted to 63,927 common shares as at March 31, 2019 (2018 – 274,190 common shares).*

2 *The additional (reduction in) payout is related to the achievement of certain performance targets in excess (shortfall) of 100% and amounted to a reduction of 100% for the three-month period ended March 31, 2019 (2018 – reduction of 62%).*

During the three-month period ended March 31, 2019, a recovery of $0.7 million (2018 – an expense of $0.2 million) was recorded in the interim condensed consolidated statement of income in operating costs in relation to the RSU and PSU Plan.

Deferred Share Unit Plan

The following table summarizes the continuity of the deferred share units ("DSUs") during the three-month periods ended March 31:

		2019		2018
	Number of DSUs	**Liability[1]**	Number of DSUs	Liability[1]
Outstanding, beginning of period	**255,755**	**$ 1,557**	332,245	$ 2,793
Granted[2]	**69,680**	**108**	117,633	239
Forfeited	–	–	(2,472)	(43)
Variation due to change in stock price	–	**42**	–	(461)
Outstanding, end of period	**325,435**	**$ 1,707**	447,406	$ 2,528
Vested, end of period	**273,175**	**$ 1,707**	359,181	$ 2,528

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 March 31.*

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

Stock options

The following table summarizes the continuity of the stock options presented as a liability during the three-month periods ended March 31:

		2019		2018
	Number of options	**Liability[1]**	Number of options	Liability[1]
Outstanding, beginning of period	**701,875**	**$ 365**	701,875	$ 194
Variation due to change in fair value and accretion	**–**	**58**	–	121
Outstanding, end of period	**701,875**	**$ 423**	701,875	$ 315
Vested, end of period	**370,434**	**$ 423**	136,476	$ 315

[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.*

The following table summarizes the continuity of all stock options under the Stock Option Plan during the three-month periods ended March 31:

		2019		2018
	Number of options	**Weighted average exercise price per option**	Number of options	Weighted average exercise price per option
Outstanding, beginning of period	**1,347,052**	**$ 8.39**	1,024,550	$ 10.11
Granted	**884,784**	**$ 5.86**	775,963	$ 7.61
Forfeited	**(15,747)**	**$ 16.48**	(265,521)	$ 13.06
Outstanding, end of period	**2,216,089**	**$ 7.32**	1,534,992	$ 8.34
Exercisable, end of period	**52,950**	**$ 18.10**	66,625	$ 18.06

Stock options were valued using a binomial option pricing model. Expected volatility is determined by the implied volatility from the current market price of the Company's outstanding warrants. The following table shows the key inputs into the valuation model for the three-month periods ended March 31:

	2019	2018
Weighted average grant date share price	**$ 5.86**	$ 7.60
Exercise price	**$ 5.86**	$ 7.61
Expected volatility	**61.1%**	43.3%
Option life	**4 years**	4 years
Risk-free interest rate	**2.18%**	2.41%
Weighted average remaining life	**3.9 years**	3.9 years

During the three-month period ended March 31, 2019, an expense of $0.3 million (2018 – $0.1 million) was recorded in the interim condensed consolidated statement of income in operating costs in relation to the Stock Option Plan.

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

Share appreciation rights plan

The following table summarizes the continuity of the share appreciation rights ("SARs") during the three-month periods ended March 31:

	2019		2018	
	Number of SARs	**Liability[1]**	Number of SARs	Liability[1]
Outstanding, beginning of period	**701,875**	**$ 365**	701,875	$ 194
Variation due to change in fair value and accretion	**–**	**58**	–	224
Outstanding, end of period	**701,875**	**$ 423**	701,875	$ 418
Vested, end of period	**370,434**	**$ 423**	136,476	$ 418

[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.*

13. Financial charges, net

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

For the three-month periods ended March 31,	**2019**	2018
Interest on senior secured notes and exchangeable debentures	**$ 7,657**	$ 10,771
Amortization of financing costs	**3,186**	403
Interest on lease obligations	**1,061**	1,725
Net interest on the defined benefit obligations	**1,306**	1,237
Other, net	**555**	26
	$ 13,765	$ 14,162

14. Financial Instruments - Fair values and Risk Management

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.

During the year ended December 31, 2017, the Company invested $5.4 million in Melian Labs, Inc., which operates an all-in-one commerce platform, MyTime, which includes online booking, automated marketing, point of sale and analytics for local businesses. During the first quarter of 2018, this investment was written down in Net change in FVOCI to the expected realizable value following management's decision to no longer invest in this business and relinquish all its equity interest. As at March 31, 2019, the fair value is $nil.

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.

The fair value of the senior secured notes and the exchangeable debentures is evaluated based on quoted market prices as at the statement of financial position date. The Company has not adopted any hedge accounting during the period.

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

The following table represents the carrying values and the fair values of financial instruments not measured at fair value in the consolidated statement of financial position as at March 31, 2019. The fair value of cash and restricted cash, trade and other receivables, and trade and other payables are not included, as their carrying amount is a reasonable approximation of fair value due to their short-term maturity:

	Level	Carrying Value	Fair Value
Senior Secured Notes	1	$ 168,180	$ 174,495
Exchangeable debentures	1	$ 96,747	$ 107,089

15. Subsequent event

On April 30, 2019, the Company sold its business in restaurant booking and table management through the asset sales of YP Dine, Bookenda and its 40% interest in the Bookenda International business for a total consideration of $2.2 million (including working capital adjustment). At close, $0.4 million of the proceeds was placed in escrow and will be released net of claims (if any) in two installments; 50% after six (6) months and the remaining 50% after twelve (12) months.