

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF YELLOW PAGES LIMITED**

**March 31, 2023 and 2022**

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## Interim Condensed Consolidated Statements of Income and Other Comprehensive Income

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

<b>For the three-month periods ended March 31,</b>	<i>Note</i>	<b>2023</b>	<b>2022</b>
Revenues	3	\$ 62,715	\$ 67,789
Operating costs	4	41,960	42,378
Income from operations before depreciation and amortization, and restructuring and other charges		20,755	25,411
Depreciation and amortization		3,359	4,348
Restructuring and other charges		62	382
Income from operations		17,334	20,681
Financial charges, net	5	554	772
Income before income taxes		16,780	19,909
Provision for income taxes		4,392	5,279
<b>Net income</b>		<b>\$ 12,388</b>	<b>\$ 14,630</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified subsequently to net income</b>			
Actuarial gains on post-employment benefit plans	8	1,282	16,539
Income taxes relating to items that will not be reclassified subsequently to net income		(339)	(4,366)
<b>Other comprehensive income</b>		<b>943</b>	<b>12,173</b>
<b>Total comprehensive income</b>		<b>\$ 13,331</b>	<b>\$ 26,803</b>
<b>Income per share</b>			
Basic income per share		\$ 0.70	\$ 0.56
Weighted average shares outstanding – basic income per share	9	17,749,037	25,911,074
Diluted income per share		\$ 0.68	\$ 0.56
Weighted average shares outstanding – diluted income per share	9	18,009,662	26,031,097

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

## Interim Condensed Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

As at	Note	March 31, 2023	December 31, 2022
<b>ASSETS</b>			
CURRENT ASSETS			
Cash		\$ 49,683	\$ 43,907
Trade and other receivables	7	37,122	38,415
Prepaid expenses		3,918	4,903
Deferred publication costs		1,231	580
Net investment in subleases		1,751	1,701
<b>TOTAL CURRENT ASSETS</b>		<b>93,705</b>	<b>89,506</b>
NON-CURRENT ASSETS			
Deferred commissions		2,253	2,153
Financial and other assets	6	1,834	1,835
Right-of-use assets		6,842	7,085
Net investment in subleases		24,360	24,756
Property and equipment		4,064	4,169
Intangible assets		47,684	49,662
Deferred income taxes		25,769	28,132
<b>TOTAL NON-CURRENT ASSETS</b>		<b>112,806</b>	<b>117,792</b>
<b>TOTAL ASSETS</b>		<b>\$ 206,511</b>	<b>\$ 207,298</b>
<b>LIABILITIES AND EQUITY</b>			
CURRENT LIABILITIES			
Trade and other payables		\$ 32,971	\$ 33,623
Income taxes payable		1,810	298
Provisions		9,324	17,431
Deferred revenues		1,022	1,266
Current portion of lease obligations		3,576	3,396
<b>TOTAL CURRENT LIABILITIES</b>		<b>48,703</b>	<b>56,014</b>
NON-CURRENT LIABILITIES			
Provisions		632	826
Post-employment benefits	8	37,896	40,944
Lease obligations		42,783	43,733
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>81,311</b>	<b>85,503</b>
<b>TOTAL LIABILITIES</b>		<b>130,014</b>	<b>141,517</b>
CAPITAL AND RESERVES		121,174	121,070
DEFICIT		(44,677)	(55,289)
<b>TOTAL EQUITY</b>		<b>76,497</b>	<b>65,781</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 206,511</b>	<b>\$ 207,298</b>

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)

For the three-month periods ended March 31,

	2023								
	Note	Shareholders' capital	Restricted shares	Stock-based compensation and other reserves	Total capital and reserves	Deficit	Total equity		
Balance, December 31, 2022		\$ 129,004	\$ (10,988)	\$ 3,054	\$ 121,070	\$ (55,289)	\$ 65,781		
Other comprehensive income		–	–	–	–	943	943		
Net income		–	–	–	–	12,388	12,388		
<b>Total comprehensive income</b>		–	–	–	–	13,331	<b>13,331</b>		
Dividends to shareholders	9	–	–	12	12	(2,674)	(2,662)		
Restricted shares settled	10	–	91	(52)	39	(39)	–		
Restricted shares expense	10	–	–	53	53	–	53		
Stock options equity-settled expense	10	–	–	12	12	–	12		
Stock options reclassification	10	–	–	(12)	(12)	(6)	(18)		
<b>Balance, March 31, 2023</b>		<b>\$ 129,004</b>	<b>\$ (10,897)</b>	<b>\$ 3,067</b>	<b>\$ 121,174</b>	<b>\$ (44,677)</b>	<b>\$ 76,497</b>		
	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		–	–	–	–	–	–	12,173	12,173
Net income		–	–	–	–	–	–	14,630	14,630
Total comprehensive income		–	–	–	–	–	–	26,803	26,803
Repurchase of common shares through NCIB <sup>1</sup>	9	(64,339)	–	–	–	–	(64,339)	58,028	(6,311)
Shares issued under the stock option plan	9,10	20	–	–	(4)	–	16	–	16
Dividends to shareholders	9	–	–	–	21	–	21	(3,873)	(3,852)
Restricted shares settled	10	–	492	–	(492)	–	–	–	–
Restricted shares expense	10	–	–	–	79	–	79	–	79
Stock options equity-settled expense	10	–	–	–	472	–	472	–	472
Stock options reclassification	10	–	–	–	(4,410)	–	(4,410)	–	(4,410)
Balance, March 31, 2022		\$ 3,873,805	\$ (18,196)	\$ 1,456	\$ 116,615	\$ 2,457,053	\$ 6,430,733	\$ (6,301,805)	\$ 128,928

<sup>1</sup> NCIB – Normal course issuer bid

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)

For the three-month periods ended March 31,	Note	2023	2022
<b>OPERATING ACTIVITIES</b>			
Net income		\$ 12,388	\$ 14,630
Adjusting items			
Stock-based compensation expense – equity settled		65	551
Depreciation and amortization		3,359	4,348
Restructuring and other charges		62	382
Financial charges, net		554	772
Provision for income taxes		4,392	5,279
Change in operating assets and liabilities		(6,240)	(6,052)
Stock-based compensation cash payments		(726)	(3,742)
Funding of post-employment benefit plans in excess of costs		(2,220)	(2,258)
Restructuring and other charges paid		(485)	(2,207)
Interest paid		(509)	(553)
Income taxes paid, net		(872)	(6,750)
<b>Cash from operating activities</b>		<b>9,768</b>	<b>4,400</b>
<b>INVESTING ACTIVITIES</b>			
Additions to intangible assets		(919)	(1,478)
Additions to property and equipment		(27)	(24)
Payments received from net investment in subleases		386	338
<b>Cash used in investing activities</b>		<b>(560)</b>	<b>(1,164)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid	9	(2,662)	(3,852)
Repurchase of common shares through NCIBs	9	–	(6,311)
Issuance of common shares	9	–	16
Payment of lease obligations		(770)	(780)
<b>Cash used in financing activities</b>		<b>(3,432)</b>	<b>(10,927)</b>
NET INCREASE (DECREASE) IN CASH		5,776	(7,691)
CASH, BEGINNING OF YEAR		43,907	123,559
<b>CASH, END OF PERIOD</b>		<b>\$ 49,683</b>	<b>\$ 115,868</b>

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, 2023 and 2022 on May 10, 2023 for publication on May 11, 2023.

## 2. Basis of presentation and material accounting policies

### 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, 2022 and 2021. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2022 and 2021.

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

Effective January 1, 2023, the Company adopted the following amended accounting standards;

#### ***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 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.

#### ***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.

### 2.3 Standards, interpretations and amendments to published accounting standards that have not yet been applied on the consolidated financial statements

#### ***Amendments to IAS 1 – Presentation of Financial Statements – 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. These amendments are effective for annual periods beginning on or after January 1, 2023. The Company is currently assessing the impact of this amendment on its current accounting policy disclosure, changes will be reflected in the Company’s financial statements for the year-ended December 31, 2023.

### 3. 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 three-month periods ended March 31, 2023 and March 31, 2022.

The following table presents revenues for the three-month periods ended March 31, 2023 and 2022.

For the three-month periods ended March 31,	2023	2022
Digital	\$ 49,593	\$ 52,587
Print	13,122	15,202
<b>Total revenues</b>	<b>\$ 62,715</b>	<b>\$ 67,789</b>

### 4. Operating costs

During the three-month period ended March 31, 2022, the Company applied for the Canada Emergency Wage Subsidy offered by the Government of Canada. The Company was eligible for the subsidy as it met the criteria for certain periods. Yellow Pages Limited received non-refundable contributions of \$0.5 million during the three-month period ended March 31, 2022 for admissible salaries related to its workforce. The contributions were recorded as a reduction to operating costs in the consolidated statements of income.

### 5. Financial charges, net

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

For the three-month periods ended March 31,	2023	2022
Interest on lease obligations, net of interest income on investment in subleases	\$ 323	\$ 368
Net interest on the defined benefit obligations	487	582
Interest income on cash balances	(517)	(199)
Other, net	261	21
<b>Financial charges, net</b>	<b>\$ 554</b>	<b>\$ 772</b>

### 6. Financial 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.

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, CDOR (Canadian Dollar Offered 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 March 31, 2023, the Company had \$2.3 million of letters of credit issued and outstanding and an availability of \$17.7 million under the ABL. As at March 31, 2023, the Company was in compliance with all covenants under the loan agreement governing the ABL.

## 7. Trade and other receivables

As at	March 31, 2023	December 31, 2022
Current	\$ 31,335	\$ 31,984
Past due less than 180 days	4,424	4,344
Past due over 180 days	835	862
<b>Trade receivables<sup>1</sup></b>	<b>\$ 36,594</b>	<b>\$ 37,190</b>
<b>Other receivables</b>	<b>\$ 528</b>	<b>\$ 1,225</b>
<b>Trade and other receivables</b>	<b>\$ 37,122</b>	<b>\$ 38,415</b>

<sup>1</sup> Trade receivables are presented net of allowance for revenue adjustments ("AFRA") and ECL of \$12.6 million as at March 31, 2023 (\$13.9 million as at December 31, 2022).

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

As at	March 31, 2023	December 31, 2022
Contract assets	\$ 19,647	\$ 20,392
Allowance for revenue adjustments and ECL	(806)	(960)
<b>Contract assets net of allowance for revenue adjustments and ECL</b>	<b>\$ 18,841</b>	<b>\$ 19,432</b>

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 three-month period ended March 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.

## 8. Post-employment benefits

Yellow Pages Limited recorded an actuarial gain of \$0.9 million in other comprehensive income, net of income taxes of \$0.3 million during the first quarter of 2023. A gain of \$19.2 million resulting from higher than expected actual return on plan assets was partially offset by a loss of \$8.1 million due to the decreases in the discount rate from 5.20% to 4.90% and in the inflation rate from 2.10% to 1.70% as well as a \$9.8 million impact for the asset ceiling minimum funding requirement which limits the total gain that can be recognized to other comprehensive income.

Yellow Pages Limited recorded an actuarial gain of \$12.2 million in other comprehensive income, net of income taxes of \$4.4 million during the first quarter of 2022. A gain of \$74.1 million resulting from the increase in the discount rate from 3.20% to 4.30%, was partially offset by a loss of \$57.5 million due to the lower than expected actual return on plan assets.

## 9. 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)
<b>Balance, March 31, 2023 and December 31, 2022</b>	<b>18,658,347</b>	<b>\$ 129,004</b>

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 906,107 as at March 31, 2023 (see Note 10).

### 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 – Plan of Arrangement

On August 4, 2022, the Board approved a distribution to 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 shareholders of the Company (the "Shareholders") approved the 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 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 in treasury) at a purchase price of \$12.58 per share pursuant to the 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 in Treasury for a net cash outlay of \$96.1 million.

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.

### Dividends

During the three-month periods ended March 31, 2023 and 2022, the Company paid quarterly dividends of \$0.15 per common share. The dividends were paid on March 15, 2023 and 2022 for a total consideration of \$2.7 million and \$3.9 million, respectively, 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 were 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 three-month periods ended March 31,	2023	2022
Weighted average number of shares outstanding used in computing basic income per share <sup>1</sup>	17,749,037	25,911,074
Dilutive effect of restricted share units	65,723	107,672
Dilutive effect of stock options	194,902	12,351
<b>Weighted average number of shares outstanding used in computing diluted income per share<sup>1</sup></b>	<b>18,009,662</b>	<b>26,031,097</b>
For the three-month periods ended March 31,	2023	2022
Net income used in the computation of basic income per share	\$ 12,388	\$ 14,630
Impact of assumed conversion of stock options, net of applicable taxes	(91)	–
<b>Total net income used in the computation of diluted income per share</b>	<b>\$ 12,297</b>	<b>\$ 14,630</b>

<sup>1</sup> 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 restricted share unit and performance share unit plan (the “RSU and PSU Plan”).

For the three-month period ended March 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 three-month period ended March 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.

## 10. 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

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 906,107 as at March 31, 2023.

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

	2023		2022	
	Number of RSUs	Liability <sup>1</sup>	Number of RSUs	Liability <sup>1</sup>
Outstanding, beginning of year	374,121	\$ 2,675	277,317	\$ 1,950
Dividends credited <sup>2</sup>	4,117	63	3,171	34
Variation due to change in fair value and vesting	–	339	–	229
<b>Outstanding, end of period<sup>3</sup></b>	<b>378,238</b>	<b>\$ 3,077</b>	<b>280,488</b>	<b>\$ 2,213</b>

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> The number of restricted shares vested as of March 31, 2023 is 216,650 (2022 – 169,548).

The following table summarizes the continuity of all the RSUs, including those shown in the table above and those presented in equity, during the three-month periods ended March 31:

	2023	2022
Number of	RSUs	RSUs
Outstanding, beginning of year	451,049	393,525
Granted	20,882	21,853
Settled	(4,805)	(30,571)
Dividends credited <sup>1</sup>	4,944	4,711
Forfeited	–	(1,358)
<b>Outstanding, end of period</b>	<b>472,070</b>	<b>388,160</b>
<b>Weighted average remaining life (years)</b>	<b>1.05</b>	<b>1.15</b>

<sup>1</sup> 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

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

	2023		2022	
	Number of DSUs	Liability <sup>1</sup>	Number of DSUs	Liability <sup>1</sup>
Outstanding, beginning of year	340,250	\$ 4,661	300,919	\$ 4,111
Granted <sup>2</sup>	16,747	58	24,560	84
Dividends credited <sup>3</sup>	3,929	54	3,723	49
Variation due to change in stock price	–	(150)	–	(193)
<b>Outstanding and vested, end of period<sup>4</sup></b>	<b>360,926</b>	<b>\$ 4,623</b>	<b>329,202</b>	<b>\$ 4,051</b>

<sup>1</sup> 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.

<sup>2</sup> The liability related to the DSUs granted represents the portion that is vested as at March 31.

<sup>3</sup> 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.

<sup>4</sup> The number of DSUs vested as of March 31, 2023 is 348,365 (2022 – 310,432).

## Stock options

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 were 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.

A maximum of 2,806,932 stock options may be granted under the Stock Option Plan.

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

	2023		2022	
	Number of options	Liability <sup>1</sup>	Number of options	Liability <sup>1</sup>
Outstanding, beginning of year	2,132,132	\$ 3,599	1,044,992	\$ 3,315
Granted	676,025	53	–	–
Stock options reclassified from equity-settled to cash settled <sup>2</sup>	(35,890)	18	690,583	4,410
Settled	(336,203)	(726)	(617,083)	(3,742)
Variation due to change in fair value and vesting <sup>3</sup>	(153,059)	(86)	–	(51)
<b>Outstanding, end of period<sup>4</sup></b>	<b>2,283,005</b>	<b>\$ 2,858</b>	<b>1,118,492</b>	<b>\$ 3,932</b>

<sup>1</sup> 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.

<sup>2</sup> The number of stock options is net of stock options exercised and forfeited.

<sup>3</sup> The number of stock options is net of stock options forfeited.

<sup>4</sup> The number of stock options vested as of March 31, 2023 is 1,045,940 (2022 – 799,187).

The following table summarizes the continuity of all stock options under the Stock Option Plan, during the three-month periods ended March 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	676,025	\$ 14.27	513,943	\$ 14.30
Forfeited	(188,949)	\$ 13.82	(6,909)	\$ 11.96
Exercised	–	\$ –	(1,377)	\$ 11.86
Settled	(336,203)	\$ 12.17	(617,083)	\$ 7.93
<b>Outstanding, end of period</b>	<b>2,283,005</b>	<b>\$ 12.42</b>	<b>2,221,467</b>	<b>\$ 10.87</b>
<b>Exercisable, end of period</b>	<b>115,429</b>	<b>\$ 14.03</b>	<b>73,500</b>	<b>\$ 7.78</b>

The following table shows the key assumptions used in applying the valuation model for stock options during the three-month periods ended March 31:

	2023	2022
Weighted average grant date share price	\$ 14.27	\$ 14.30
Weighted average exercise price	\$ 14.27	\$ 14.30
Volatility	28.9%	59.8%
Expected life (years)	2.7	2.7
Dividend yield	4.24%	4.22%
Risk-free interest rate	4.42%	2.19%

### Share appreciation rights plan

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

	2023		2022	
	Number of SARs	Liability <sup>1</sup>	Number of SARs	Liability <sup>1</sup>
Outstanding, beginning of year	642,073	\$ 442	116,110	\$ 368
Variation due to change in fair value and vesting	–	68	–	26
<b>Outstanding, end of period<sup>2</sup></b>	<b>642,073</b>	<b>\$ 510</b>	<b>116,110</b>	<b>\$ 394</b>

<sup>1</sup> 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.

<sup>2</sup> The number of SARs vested as of March 31, 2023 is 204,636 (2022 – 80,632).

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

For the three-month periods ended March 31,	2023	2022
RSU plan	\$ 455	\$ 342
DSU plan	(38)	(60)
Stock Options	(21)	421
SARs	68	26
<b>Total</b>	<b>\$ 464</b>	<b>\$ 729</b>