

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF YELLOW PAGES LIMITED

September 30, 2024 and 2023

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Interim Condensed Consolidated Statements of Income and Other Comprehensive (Loss) Income

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

For the three and nine-month periods ended September 30,	<i>Note</i>	2024	2023	2024	2023
Revenues	3	\$ 52,619	\$ 58,072	\$ 163,428	\$ 183,523
Operating costs		40,093	40,146	120,835	122,908
Income from operations before depreciation and amortization, and restructuring and other charges		12,526	17,926	42,593	60,615
Depreciation and amortization		3,180	3,487	10,247	10,272
Restructuring and other charges	4	508	746	1,124	1,688
Income from operations		8,838	13,693	31,222	48,655
Financial charges, net	5	270	(42)	864	789
Income before income taxes		8,568	13,735	30,358	47,866
Provision for income taxes		2,299	3,632	8,068	12,644
Net income		\$ 6,269	\$ 10,103	\$ 22,290	\$ 35,222
Other Comprehensive (Loss) Income					
Items that will not be reclassified subsequently to net income					
Actuarial (losses) gains on post-employment benefit plans	8	(2,332)	1,720	8,938	2,205
Income taxes relating to items that will not be reclassified subsequently to net income		617	(454)	(2,363)	(582)
Other comprehensive (loss) income		(1,715)	1,266	6,575	1,623
Total comprehensive income		\$ 4,554	\$ 11,369	\$ 28,865	\$ 36,845
Income per share					
Basic income per share		\$ 0.46	\$ 0.57	\$ 1.64	\$ 1.98
Weighted average shares outstanding – basic income per share	9	13,560,840	17,783,731	13,558,573	17,757,410
Diluted income per share		\$ 0.46	\$ 0.56	\$ 1.62	\$ 1.95
Weighted average shares outstanding – diluted income per share	9	13,752,770	17,971,097	13,752,770	17,954,713

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	September 30, 2024	December 31, 2023
ASSETS			
CURRENT ASSETS			
Cash		\$ 40,258	\$ 23,229
Trade and other receivables	7	34,238	37,224
Income taxes receivable		–	581
Prepaid expenses		4,811	4,859
Deferred publication costs		1,080	1,048
Net investment in subleases		2,214	1,986
TOTAL CURRENT ASSETS		82,601	68,927
NON-CURRENT ASSETS			
Deferred commissions		3,065	2,480
Financial and other assets	6	1,814	1,833
Right-of-use assets		4,952	5,486
Net investment in subleases		22,343	23,971
Property and equipment		2,725	3,082
Intangible assets		33,526	40,918
Deferred income taxes		11,878	20,816
TOTAL NON-CURRENT ASSETS		80,303	98,586
TOTAL ASSETS		\$ 162,904	\$ 167,513
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		\$ 24,728	\$ 28,129
Income taxes payable		637	213
Provisions		12,803	16,314
Deferred revenues		879	956
Current portion of lease obligations		3,863	3,967
TOTAL CURRENT LIABILITIES		42,910	49,579
NON-CURRENT LIABILITIES			
Provisions		483	551
Post-employment benefits	8	21,099	35,180
Lease obligations		37,102	39,947
TOTAL NON-CURRENT LIABILITIES		58,684	75,678
TOTAL LIABILITIES		101,594	125,257
CAPITAL AND RESERVES		96,302	96,252
DEFICIT		(34,992)	(53,996)
TOTAL EQUITY		61,310	42,256
TOTAL LIABILITIES AND EQUITY		\$ 162,904	\$ 167,513

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 nine-month periods ended September 30,

							2024
	Note	Shareholders' capital	Restricted shares	Stock-based compensation and other reserves	Total capital and reserves	Deficit	Total equity
Balance, December 31, 2023		\$ 95,087	\$ (1,248)	\$ 2,413	\$ 96,252	\$ (53,996)	\$ 42,256
Other comprehensive income		–	–	–	–	6,575	6,575
Net income		–	–	–	–	22,290	22,290
Total comprehensive income		–	–	–	–	28,865	28,865
Dividends to shareholders	9	–	–	–	–	(10,170)	(10,170)
Restricted shares settled	10	–	50	–	50	–	50
Restricted shares expense	10	–	–	156	156	–	156
Restricted shares reclassification	10	–	–	(156)	(156)	37	(119)
Stock options equity-settled expense	10	–	–	23	23	–	23
Stock options reclassification	10	–	–	(23)	(23)	(5)	(28)
Adjustment to transaction costs related to the plan of arrangement	9	–	–	–	–	277	277
Balance, September 30, 2024		\$ 95,087	\$ (1,198)	\$ 2,413	\$ 96,302	\$ (34,992)	\$ 61,310
							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		–	–	–	–	1,623	1,623
Net income		–	–	–	–	35,222	35,222
Total comprehensive income		–	–	–	–	36,845	36,845
Dividends to shareholders	9	–	–	12	12	(9,787)	(9,775)
Restricted shares settled	10	–	717	(402)	315	(216)	99
Restricted shares expense	10	–	–	171	171	–	171
Restricted shares reclassification	10	–	–	(422)	(422)	(64)	(486)
Stock options equity-settled expense	10	–	–	127	127	–	127
Stock options reclassification	10	–	–	(127)	(127)	(27)	(154)
Balance, September 30, 2023		\$ 129,004	\$ (10,271)	\$ 2,413	\$ 121,146	\$ (28,538)	\$ 92,608

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 nine-month periods ended September 30,	Note	2024	2023
OPERATING ACTIVITIES			
Net income		\$ 22,290	\$ 35,222
Adjusting items			
Stock-based compensation expense – equity settled		179	298
Depreciation and amortization		10,247	10,272
Restructuring and other charges		1,124	1,688
Financial charges, net		864	789
Provision for income taxes		8,068	12,644
Change in operating assets and liabilities		(1,525)	(3,385)
Stock-based compensation cash payments		(1,162)	(5,891)
Funding of post-employment benefit plans in excess of costs		(6,219)	(6,335)
Restructuring and other charges paid		(1,373)	(1,350)
Interest paid		(1,341)	(1,496)
Income taxes paid, net		(435)	(2,352)
Cash from operating activities		30,717	40,104
INVESTING ACTIVITIES			
Additions to intangible assets		(1,917)	(2,981)
Additions to property and equipment		(78)	(35)
Payments received from net investment in subleases		1,421	1,021
Cash used in investing activities		(574)	(1,995)
FINANCING ACTIVITIES			
Dividends paid	9	(10,170)	(9,775)
Payment of lease obligations		(2,944)	(2,465)
Cash used in financing activities		(13,114)	(12,240)
NET INCREASE IN CASH		17,029	25,869
CASH, BEGINNING OF YEAR		23,229	43,907
CASH, END OF PERIOD		\$ 40,258	\$ 69,776

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 and nine-month periods ended September 30, 2024 and 2023 on November 11, 2024 for publication on November 12, 2024.

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, 2023 and 2022. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2023 and 2022.

2.2 Standards that are issued but not yet effective on the interim condensed consolidated financial statements

New standard IFRS 18 - Presentation and Disclosures in Financial Statements

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

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

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

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 and nine-month periods ended September 30, 2024 and September 30, 2023.

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

For the three and nine-month periods ended September 30,	2024	2023	2024	2023
Digital	\$ 42,648	\$ 46,687	\$ 130,095	\$ 145,049
Print	9,971	11,385	33,333	38,474
Total revenues	\$ 52,619	\$ 58,072	\$ 163,428	\$ 183,523

4. Restructuring and Other Charges

Yellow Pages Limited recorded restructuring and other charges of \$0.5 million during the third quarter of 2024 consisting mainly of \$0.5 million of other charges. The Other charges correspond to onerous contracts provisioned related to decommissioned servers resulting from our migration to cloud based services. Yellow Pages Limited recorded restructuring and other charges of \$0.7 million during the three-month period ended September 30, 2023 consisting mainly of restructuring charges of \$0.5 million associated with workforce reductions and a \$0.1 million charge related to future operation costs provisioned related to lease contracts for previously vacated office space, as well as a \$0.1 million charge related to the impairment of property and equipment and right-of-use assets related to previously vacated office space.

Yellow Pages Limited recorded restructuring and other charges of \$1.1 million during the nine-month period ended September 30, 2024 consisting mainly of restructuring charges of \$0.6 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 and other charges of \$0.1 million. Yellow Pages Limited recorded restructuring and other charges of \$1.7 million during the nine-month period ended September 30, 2023 consisting mainly of restructuring charges of \$0.9 million associated with workforce reductions and \$0.6 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.

5. Financial charges, net

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

For the three and nine-month periods ended September 30,	2024	2023	2024	2023
Interest on lease obligations, net of interest income on investment in subleases	\$ 248	\$ 300	\$ 774	\$ 938
Net interest on the defined benefit obligations	369	488	1,107	1462
Interest income on cash balances	(399)	(779)	(1,076)	(1,911)
Other, net	52	(51)	59	300
Financial charges, net	\$ 270	\$ (42)	\$ 864	\$ 789

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 or letters of credit. The availability of the ABL is subject to certain covenants.

As at September 30, 2024, the Company had \$1.1 million of letters of credit issued and outstanding, \$0.5 million deficiency in qualified collateral and was subject to an availability reserve of \$2.0 million, resulting in the Company having an availability of \$16.4 million remaining under the ABL.

As at September 30, 2024, the Company was in compliance with all covenants under the loan agreement governing the ABL.

7. Trade and other receivables

As at	September 30, 2024	December 31, 2023
Current	\$ 28,162	\$ 29,766
Past due less than 180 days	4,113	4,592
Past due over 180 days	1,456	1,987
Trade receivables¹	\$ 33,731	\$ 36,345
Other receivables	\$ 507	\$ 879
Trade and other receivables	\$ 34,238	\$ 37,224

¹ Trade receivables are presented net of allowance for revenue adjustments ("AFRA") and expected credit loss allowance ("ECL") of \$7.8 million as at September 30, 2024 (\$9.4 million as at December 31, 2023).

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

As at	September 30, 2024	December 31, 2023
Contract assets	\$ 16,415	\$ 17,131
Allowance for revenue adjustments and ECL	(352)	(500)
Contract assets net of allowance for revenue adjustments and ECL	\$ 16,063	\$ 16,631

The contract assets, which are included in trade and other receivables, consist of payments for print products on delivered directories that are not yet due from the customer and represent the Company's right to consideration for the services rendered. Any amount previously recognized as a contract asset is reclassified to trade receivables once it is invoiced to the customer. The change in contract assets for the nine-month period ended September 30, 2024 is primarily related to the fluctuation in print revenue.

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

8. Post-employment benefits

Yellow Pages Limited recorded an actuarial loss of \$1.7 million in other comprehensive income, net of income taxes of 0.6 million during the third quarter of 2024. A loss of \$15.3 million due to the decreases in the discount rate from 5.0% to 4.9% was partially offset by a gain of \$13.0 million resulting from higher-than-expected actual return on plan assets. Yellow Pages Limited recorded an actuarial gain of \$1.3 million in other comprehensive income, net of income taxes of \$0.4 million during the third quarter of 2023. A gain of \$33.3 million due to the increase in the discount rate from 5.0% to 5.7% was partially offset by a loss of \$31.4 million resulting from lower-than-expected actual return on plan assets and the \$0.2 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 \$6.6 million in other comprehensive income, net of income taxes of \$2.4 million for the nine-month period ended September 30, 2024. A gain of \$9.0 million resulted from higher-than-expected actual return on plan assets. Yellow Pages Limited recorded an actuarial gain of \$1.6 million in other comprehensive income, net of income taxes of \$0.6 million for the nine-month period ended September 30, 2023. A gain of \$30.4 million due to the increase in the discount rate from 5.2% to 5.7% and the decrease in the inflation rate from 2.1% to 1.7% was partially offset by a loss of \$15.1 million resulting from lower-than expected actual return on plan assets as well as a \$13.1 million impact for the asset ceiling minimum funding requirement which limits the total gain that can be recognized to other comprehensive income.

9. Shareholders' capital

Common shares – Issued

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

The total number of common shares of Yellow Pages Limited held by the trustee for the purpose of funding the restricted share unit and performance share unit plan (the "RSU and PSU Plan") amounted to 191,930 as at September 30, 2024 (see *Note 10*).

Share repurchases – 2023 Plan of Arrangement

On October 18, 2023, the Board approved a distribution to Shareholders of approximately \$50.0 million by way of a share repurchase from all Shareholders pursuant to a statutory arrangement under the *Business Corporations Act* (British Columbia) (the "2023 Arrangement"). The Shareholders approved the 2023 Arrangement at a special meeting of the Shareholders held on November 30, 2023 and the Company subsequently obtained the final order from the Supreme Court of British Columbia approving the 2023 Arrangement on December 5, 2023. On December 12, 2023, the Company repurchased from Shareholders *pro rata* an aggregate of 4,440,497 common shares (including 207,717 shares held by trustee) at a purchase price of \$11.26 per share for a total of \$50.2 million, including \$0.2 million of transaction costs. The \$50.2 million cash outlay was reduced by \$2.3 million for the cancellation of 207,717 of YP's 872,796 shares held by trustee for a net cash outlay of \$47.9 million.

Share cancellation

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

Dividends

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

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

During the nine-month period ended September 30, 2024, the Company paid quarterly dividends of \$0.25 per common share on March 15, June 17 and September 16, 2024 for a total consideration of \$10.2 million to common shareholders. During the nine-month period ended September 30, 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 and September 15, 2023 for a total consideration of \$9.8 million to common shareholders.

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 and nine-month periods ended September 30,	2024	2023	2024	2023
Weighted average number of shares outstanding used in computing basic income per share ¹	13,560,840	17,783,731	13,558,573	17,757,410
Dilutive effect of restricted share units	191,930	186,913	194,197	186,913
Dilutive effect of stock options	–	453	–	10,390
Weighted average number of shares outstanding used in computing diluted income per share	13,752,770	17,971,097	13,752,770	17,954,713

For the three and nine-month periods ended September 30,	2024	2023	2024	2023
Net income used in the computation of basic income per share	\$ 6,269	\$ 10,103	\$ 22,290	\$ 35,222
Impact of assumed conversion of stock options, net of applicable taxes	–	(68)	–	(225)
Total net income used in the computation of diluted income per share	\$ 6,269	\$ 10,035	\$ 22,290	\$ 34,997

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 three and nine-month periods ended September 30, 2024 and 2023 the diluted income per share calculation did not take into consideration the potential dilutive effect of stock options that are not in the money and therefore not dilutive.

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

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

The total number of common shares of Yellow Pages Limited held by the trustee for the purpose of funding the RSU and PSU plan amounted to 191,930 as at September 30, 2024.

The following table summarizes the continuity of the RSUs presented as a liability during the nine-month periods ended September 30:

	2024		2023	
	Number of RSUs	Liability ¹	Number of RSUs	Liability ¹
Outstanding, beginning of year	349,405	\$ 1,752	374,121	\$ 2,675
Granted ²	26,726	50	119,146	236
Dividends credited ³	26,704	173	18,911	231
RSUs reclassified from equity-settled to cash settled ⁴	(1,574)	119	62,271	486
Settled	(72,884)	(681)	(231,288)	(2,870)
Forfeited	(2,121)	–	–	–
Variation due to change in fair value and vesting	–	385	–	734
Outstanding, end of period⁵	326,256	\$ 1,798	343,161	\$ 1,492

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 September 30.

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 September 30, 2024 is 185,900 (2023 – 121,571).

The following table summarizes the continuity of all the RSUs, including those shown in the table above and those presented in equity, during the nine-month periods ended September 30. As of April 18, 2023 all RSUs are presented as a liability.

	2024	2023
Number of	RSUs	RSUs
Outstanding, beginning of year	349,405	451,049
Granted	26,726	140,028
Dividends credited ¹	26,912	19,738
Settled	(72,884)	(264,203)
Forfeited	(3,903)	(3,451)
Outstanding, end of period	326,256	343,161
Weighted average remaining life (years)	1.11	1.72

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

The following table summarizes the continuity of the deferred share units (“DSUs”) during the nine-month periods ended September 30:

	2024		2023	
	Number of DSUs	Liability ¹	Number of DSUs	Liability ¹
Outstanding, beginning of year	379,672	\$ 4,279	340,250	\$ 4,661
Granted ²	14,646	136	16,747	173
Dividends credited ³	30,113	287	15,890	199
Settled	(58,533)	(531)	–	–
Variation due to change in stock price	–	(650)	–	(509)
Outstanding and vested, end of period⁴	365,898	\$ 3,521	372,887	\$ 4,524

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 September 30.

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.

⁴ The number of DSUs vested as of September 30, 2024 is 392,548 (2023 – 368,699).

Stock options

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 nine-month periods ended September 30:

	2024		2023	
	Number of options	Liability ¹	Number of options	Liability ¹
Outstanding, beginning of year	1,608,066	\$ 397	2,132,132	\$ 3,599
Granted	895,945	147	688,270	363
Stock options reclassified from equity-settled to cash settled ²	–	28	(45,657)	154
Settled	–	–	(872,554)	(2,863)
Forfeited and cancelled	(480,124)	(25)	(294,125)	(157)
Variation due to change in fair value and vesting	–	(388)	–	(466)
Outstanding, end of period³	2,023,887	\$ 159	1,608,066	\$ 630

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 September 30, 2024 is 1,173,601 (2023 – 815,760).

The following table summarizes the continuity of all stock options under the Stock Option Plan, during the nine-month periods ended September 30:

	2024		2023	
	Number of options	Weighted average exercise price per option	Number of options	Weighted average exercise price per option
Outstanding, beginning of year	1,608,066	\$ 13.44	2,132,132	\$ 11.92
Granted	895,945	\$ 10.60	688,270	\$ 14.24
Forfeited and cancelled	(480,124)	\$ 13.07	(339,782)	\$ 13.96
Settled	–	\$ –	(872,554)	\$ 10.14
Outstanding, end of period	2,023,887	\$ 12.27	1,608,066	\$ 13.44
Exercisable, end of period	269,492	\$ 12.71	–	\$ –

The following table shows the key assumptions used in applying the valuation model for stock options during the nine-month periods ended September 30:

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

Share appreciation rights plan

The following table summarizes the continuity of the share appreciation rights (“SARs”) during the nine-month periods ended September 30:

	2024		2023	
	Number of SARs	Liability ¹	Number of SARs	Liability ¹
Outstanding, beginning of year	584,018	\$ 169	642,073	\$ 442
Granted	351,618	64	–	–
Settled	–	–	(58,055)	(236)
Variation due to change in fair value and vesting	–	(171)	–	41
Outstanding, end of period²	935,636	\$ 62	584,018	\$ 247

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 September 30, 2024 is 617,822 (2023 – 284,201).

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

For the three and nine-month periods ended September 30,	2024	2023	2024	2023
RSU plan	\$ 398	\$ 517	\$ 764	\$ 1,372
DSU plan	293	100	(227)	(137)
Stock Options	77	447	(243)	(133)
SARs	30	70	(107)	41
Total expense	\$ 798	\$ 1,134	\$ 187	\$ 1,143