

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2019</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information For calendar plan year 2019 or fiscal plan year beginning <u>01/01/2019</u> and ending <u>12/31/2019</u>
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report ☐ the final return/report ☒ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here. ▶	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information		
1a Name of plan <u>XAVIENT DIGITAL LLC 401(K) PROFIT SHARING PLAN & TRUST</u>	1b Three-digit plan number (PN) ▶	<u>001</u>	
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>XAVIENT DIGITAL LLC</u> <u>21700 OXNARD STREET</u> <u>SUITE 1700</u> <u>WOODLAND HILLS, CA 91367</u>	1c Effective date of plan <u>01/01/2005</u>	2b Employer Identification Number (EIN) <u>82-3414296</u>	2c Plan Sponsor's telephone number <u>805-813-2270</u>
		2d Business code (see instructions) <u>541511</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	<u>12/21/2020</u>	<u>KURT ELTZ</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2019)
v. 190130

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 416
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 357 6a(2) 355 6b 56 6c 105 6d 516 6e 0 6f 516 6g 401 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2J 2K 2T 3D b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ 0 **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☐ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☒ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☒ No

11c Enter the Receipt Confirmation Code for the 2019 Form M-1 annual report. If the plan was not required to file the 2019 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2019
		This Form is Open to Public Inspection.

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019		
A Name of plan XAVIENT DIGITAL LLC 401(K) PROFIT SHARING PLAN & TRUST	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 XAVIENT DIGITAL LLC	D Employer Identification Number (EIN) 82-3414296	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation	
PAYCHEX SECURITIES CORPORATION	225 KENNETH DRIVE ROCHESTER, NY 14623
16-1486352	

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

LEVELIZED COMPENSATION ADVISOR

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 15	INVESTMENT ADVISORY	26484	Yes ☐ No ☒	Yes ☐ No ☒		Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

PAYCHEX, INC.

911 PANORAMA TRAIL S
ROCHESTER, NY 14625

16-1124166

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 15	RECORDKEEPER	18810	Yes ☐ No ☒	Yes ☐ No ☒		Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2019 This Form is Open to Public Inspection
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For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019		
A Name of plan XAVIENT DIGITAL LLC 401(K) PROFIT SHARING PLAN & TRUST	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 XAVIENT DIGITAL LLC	D Employer Identification Number (EIN) 82-3414296	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	50091	5057
(2) Participant contributions.....	1b(2)	58981	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	276808	613248
(2) U.S. Government securities	1c(2)	0	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	
(B) All other.....	1c(3)(B)	0	
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	
(B) Common.....	1c(4)(B)	0	
(5) Partnership/joint venture interests	1c(5)	0	
(6) Real estate (other than employer real property).....	1c(6)	0	
(7) Loans (other than to participants)	1c(7)	0	
(8) Participant loans.....	1c(8)	113792	177767
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	0	0
(12) Value of interest in 103-12 investment entities.....	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	5698486	8794194
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	
(2) Employer real property	1d(2)	0	
e Buildings and other property used in plan operation	1e	0	
f Total assets (add all amounts in lines 1a through 1e)	1f	6198158	9590266
Liabilities			
g Benefit claims payable	1g	13491	12893
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	13491	12893
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	6184667	9577373

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers.....	2a(1)(A)	1200271	
(B) Participants.....	2a(1)(B)	1602733	
(C) Others (including rollovers)	2a(1)(C)	197316	
(2) Noncash contributions	2a(2)		3000320
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	8813	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments.....	2b(1)(C)		
(D) Loans (other than to participants).....	2b(1)(D)		
(E) Participant loans	2b(1)(E)	6511	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		15324
(2) Dividends: (A) Preferred stock.....		2b(2)(A)	
(B) Common stock.....	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	170906	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		170906
(3) Rents.....	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds.....		2b(4)(A)	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....		2b(5)(A)	
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		1188513
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total	2d		4375063

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	936323	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		936323
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		0
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	19291	
(3) Investment advisory and management fees	2i(3)	26743	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		46034
j Total expenses. Add all expense amounts in column (b) and enter total	2j		982357

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3392706
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unmodified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ALLISON & GIBB LLP

(2) EIN: 47-5278347

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a	X		2455
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....			
4d		X	
e Was this plan covered by a fidelity bond?	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?.....			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?.....			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____. (See instructions.)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2019 This Form is Open to Public Inspection.
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For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

A Name of plan <u>XAVIENT DIGITAL LLC 401(K) PROFIT SHARING PLAN & TRUST</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>XAVIENT DIGITAL LLC</u>	D Employer Identification Number (EIN) <u>82-3414296</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>16-1470238</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box	☐ Increase	☐ Decrease	☐ Both	☐ No
---	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☒ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☒ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☒ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2019
v. 190130

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****14c**

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year

b The corresponding number for the second preceding plan year

15a**15b**

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers

16a**16b**

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

- a** Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

- b** If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST**

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



allison & gibb

CERTIFIED PUBLIC ACCOUNTANTS | LLP

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Xavient Digital LLC 401(K) Profit Sharing Plan and Trust
Woodland Hills, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Xavient Digital LLC 401(K) Profit Sharing Plan and Trust (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statement of changes in net assets available for benefits for the year ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Mid Atlantic Trust Company ("Mid Atlantic"), the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that Mid Atlantic holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of December 31, 2019 and 2018 and for the year ended December 31, 2019, that the information provided to the Plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

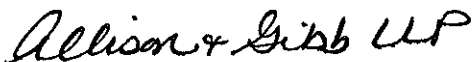
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters – Supplemental Schedules

The supplemental schedules titled Schedule H, Line 4a – Schedule of Delinquent Participant Contributions and Schedule H, Line 4i - Schedule of Assets (Held at End of Year), are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.


ALLISON & GIBB, LLP
Westlake Village, California

December 21, 2020

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS:		
Investments at fair value	\$ 9,407,442	\$ 5,975,294
Receivables:		
Notes receivable - participants	177,767	113,792
Contributions receivable - participants	-	58,981
Contributions receivable - employer	5,057	50,091
Total Receivables	<u>182,824</u>	<u>222,864</u>
Total Assets	<u>9,590,266</u>	<u>6,198,158</u>
LIABILITIES:		
Excess contributions payable	<u>12,893</u>	<u>13,491</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 9,577,373</u>	<u>\$ 6,184,667</u>

*See Accompanying Independent Auditors' Report
and Notes to Financial Statements*

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2019

ADDITIONS TO NET ASSETS:

Investment Income:

Net appreciation in fair value of investments	\$ 1,188,513
Interest and dividend income	179,719
Total Investment Income	<u>1,368,232</u>

Interest income on notes receivable - participants	<u>6,511</u>
--	--------------

Contributions:

Participants	1,602,733
Employer	1,200,271
Rollovers	197,316
Total Contributions	<u>3,000,320</u>

Total Additions	<u>4,375,063</u>
-----------------	------------------

DEDUCTIONS FROM NET ASSETS:

Benefits paid to participants	936,323
Administrative fees	46,034
Total Deductions	<u>982,357</u>

Increase in Net Assets	3,392,706
------------------------	-----------

NET ASSETS AVAILABLE FOR BENEFITS

- Beginning of Year	<u>6,184,667</u>
---------------------	------------------

NET ASSETS AVAILABLE FOR BENEFITS

- End of Year	<u><u>\$ 9,577,373</u></u>
---------------	----------------------------

*See Accompanying Independent Auditors' Report
and Notes to Financial Statements*

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PLAN DESCRIPTION AND RELATED INFORMATION

General

The following description of the Xavient Digital LLC (the “Company” and “Sponsor”) 401(K) Profit Sharing Plan and Trust (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

The Plan is a defined contribution safe harbor plan covering all eligible employees of the Company as defined in the Plan agreement who have completed six months of service and are age twenty-one or older. Employees may enroll in the Plan on the first day of the next month following eligibility. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). The Plan has been amended and restated effective January 1, 2017 to comply with applicable laws and regulations.

During 2018, a majority interest in the Sponsor was acquired by Telus International. In connection with the acquisition, the Sponsor’s name was changed to Xavient Digital LLC, and the Plan was renamed Xavient Digital LLC 401(K) Profit Sharing Plan and Trust.

Subsequent to year-end, the Plan was merged into an existing retirement plan of Telus International. In February 2020, substantially all of the Plan assets, totaling \$9,293,422, were transferred to the Telus International Plan.

Plan Administration

Mid Atlantic Trust Company (“Mid Atlantic”) serves as custodian of the Plan’s assets as of December 31, 2019 and 2018, and for the year ended December 31, 2019. The Company is the Plan sponsor and Plan administrator. The Plan administrator is responsible for carrying out the duties imposed under ERISA. Certain administrative and Trustee functions are performed by officers or employees of the Company. However, no such officer or employee received compensation from the Plan. While certain administrative expenses are paid by the Plan, other administrative expenses are paid directly by the Company. The Company uses an outside payroll processing company to handle its payroll and retirement services. These expenses that are incurred by the Company on behalf of the Plan are not determinable since the expenses for the preparation of payroll and for Plan related services are combined for the year ended December 31, 2019.

See Accompanying Independent Auditors’ Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Contributions

Each year, Participants may contribute to the Plan elective compensation deferrals up to 96% of the Participants' compensation, not to exceed the maximum contribution permitted by applicable provisions of the Internal Revenue Code ("IRC"). Participants who have attained age fifty by the last day of the plan year are eligible to make catch-up contributions. Roth 401(k) deferrals are not permitted under the Plan. In addition, Participants may contribute amounts rolled over from other qualified plans. Participants may make changes to their deferral during each payroll period. Participants direct the investments of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds as investment options for Participants.

The Company matches 100% of employee contributions, as defined, up to the first 5% of the Participant's compensation. Profit sharing contributions may also be made at the discretion of the Company, as determined each year. In order to receive the profit sharing contribution, an employee must be employed on the last day of the Plan year or have completed five hundred hours of service, as defined in the Plan agreement. The Company did not make profit sharing contributions during the Plan year ended December 31, 2019. The Company may also make contributions of an amount to be determined each year, as applicable, to satisfy nondiscrimination rules that apply to the Plan.

Participant Accounts

Each Participant's account is increased or decreased with the Participant's contribution or withdrawal and allocations of: (a) the Company's contributions, (b) Plan earnings or losses, (c) administrative fees and forfeitures. Allocations are based on Participant earnings or account balances, as defined in the Plan agreement. The benefit to which a Participant is entitled is the vested balance in the Participant's account.

Participant Loans

Participants may borrow from their vested benefits a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 95% of one half of their vested account balance, as defined in the Plan agreement. Participants are allowed one outstanding loan at a time. Loan terms range from one to five years but may be longer if the loan is used to purchase a primary residence. Loans are secured by the balance in the Participant's account and bear interest at prime plus 1% (4.25% to 6.50% in 2019), which is commensurate with local prevailing rates as determined when the loan is approved. Principal and interest are paid ratably through payroll deductions. In the event a loan is considered in default, the Plan administrator has discretion in methods to cure such default as identified in the loan policy.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon, as well as their rollover contributions or catch-up contributions, plus actual earnings thereon. Under the safe harbor provisions, vesting in the Company's matching contributions, plus earnings thereon, is immediately vested. Vesting in the Company's discretionary profit sharing contributions is based on years of service, as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1 year	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years or more	100%

Participants will be fully vested in the Company's discretionary profit sharing contributions at death, upon the attainment of normal retirement age or total disability.

Payment of Benefits

A Participant may withdraw funds from the Plan upon the occurrence of certain events including, but not limited to, retirement, death, disability or termination of employment. The Plan provides for involuntary distributions of vested account balances for amounts less than or equal to \$5,000. If there is not a timely election, the vested amount will be invested in an IRA under the Participant's name. All distributions will be made in lump sum payments. If the value exceeds \$5,000, the funds will remain in the Plan until a written request for distribution is submitted by the Participant. Hardship distributions are not permitted under the Plan.

Forfeited Accounts

Under the Plan agreement, forfeitures of non-vested employer profit sharing contributions will be allocated in the same Plan year in which the forfeitures occur. Forfeitures for the years ended December 31, 2019 and 2018 were \$34,752 and \$43, respectively, result primarily from excess employer matching contributions made in error (see Note 8). In addition, forfeitures of \$16,316 were applied to Participant account balances during the year ended December 31, 2019. No forfeitures were applied to Participant account balances during 2018.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Concentration of Credit Risk

Financial instruments, which potentially subject the Plan to concentrations of credit risk, consist principally of Participant notes receivable. Credit risk is limited due to limitations on the maximum number of loans a Participant may have outstanding at any one time, as well as the provision that each Participant's total outstanding loan balance cannot exceed 95% of one half of his or her vested account balance. The remaining vested account balance serves as collateral.

Investment Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of securities will occur in the near term and that such changes could materially affect Participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting.

New Accounting Standards

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. This amendment removes the disclosure requirements for: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. Further, the entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities and for investments in certain entities that calculate net asset value, the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly. The amendment also clarifies that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurements at the reporting date.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards (Continued)

This amendment is effective for fiscal years, and interim periods within those fiscal years, beginning after December 31, 2019. The adoption of this standard is not expected to significantly impact the Plan's financial statements.

In July 2018, the FASB issued ASU 2018-09, Codification Improvements, which among other things, amends an illustrative example of a fair value hierarchy disclosure to indicate that a certain type of investment should not always be considered to be eligible to use the net asset value per share practical expedient. Also, it further clarifies that an entity should evaluate whether a readily determinable fair value exists or whether those investments may qualify for the net asset value per share practical expedient in accordance with Accounting Standards Codification 820, Fair Value Measurement. Adoption of the amended guidance, which is to be applied prospectively, affects the fair value disclosures, but does not change the fair value measurement of the investments. This amendment is effective for annual periods beginning after December 15, 2019.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. 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 at the measurement date. The Plan's Trustees determine the Plan's valuation policies utilizing information provided by the investment advisors and custodian.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes Receivable – Participants

Notes receivable from Participants are measured at their unpaid principal balance plus any accrued but unpaid interest. As of December 31, 2019 and 2018, no allowance for credit losses has been recorded.

Payment of Benefits

Benefits are recorded when paid.

3. CERTIFICATION

The following is a summary of the unaudited information included in the Plan's financial statements and supplemental schedules that were prepared and furnished to the Plan administrator by Mid Atlantic for total investments and the aggregate of net appreciation in fair value of investments and interest and dividend income. This information was provided by Mid Atlantic as of December 31, 2019 and 2018 and for the year ended December 31, 2019. Currently, Mid Atlantic holds the Plan's investment assets and executes its investment transactions.

The Plan administrator has obtained certifications from Mid Atlantic that the following information is complete and accurate as of December 31, 2019 and 2018 and for the year ended December 31, 2019:

(a) Schedule of Assets (Held at End of Year) - December 31, 2019

(b) Investments at December 31:

	<u>2019</u>	<u>2018</u>
Total investments	\$9,407,442	\$5,975,294
Net appreciation in fair value of investments	1,188,513	-
Interest and dividend income	179,719	-

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for similar assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB Accounting Standards Codification (ASC) 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for similar assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Mutual Funds: Mutual funds are public investment vehicles valued at the daily closing price as reported by the fund using the net asset value ("NAV"). These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

4. FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	Fair Value Measurements at the End of the Reporting Period Using:	
	Quoted Prices in Active Markets for Identical Assets	
	<u>(Level 1)</u>	<u>Total</u>
<u>December 31, 2019:</u>		
Mutual funds	<u>\$ 9,407,442</u>	<u>\$ 9,407,442</u>
Total Investments at Fair Value	<u><u>\$ 9,407,442</u></u>	<u><u>\$ 9,407,442</u></u>
<u>December 31, 2018:</u>		
Mutual funds	<u>\$ 5,975,294</u>	<u>\$ 5,975,294</u>
Total Investments at Fair Value	<u><u>\$ 5,975,294</u></u>	<u><u>\$ 5,975,294</u></u>

5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, Participants will become 100% vested in their employer profit sharing contributions.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

6. PARTY IN INTEREST TRANSACTIONS

Plan investments were managed by Mid Atlantic as of December 31, 2019 and 2018 and for the year ended December 31, 2019 to provide record keeping, investment allocation and custodial services to the Plan. The service agreement with Mid Atlantic stipulates that all fees for services rendered to the Plan by Mid Atlantic will be paid to Mid Atlantic by the appointed third-party administrator (“TPA”). Mid Atlantic does not receive any direct compensation from the Plan. The fee schedule applied to the Plan is based on the TPA’s service agreement with Mid Atlantic. These payments from the TPA to Mid Atlantic are deemed indirect compensation under the regulations.

7. TAX STATUS

The Plan has adopted a Prototype Non-Standardized Profit Sharing Plan with CODA preapproved by the IRS. The IRS reviewed the Plan document and opined in a letter dated April 10, 2014, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the opinion letter. The Plan administrator and the Plan's counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. There are currently no audits in progress for any tax periods.

8. NON-EXEMPT TRANSACTIONS

During 2018, the Plan Sponsor identified that on occasion, deferrals were incorrectly included and excluded from certain types of compensation as provided for in the Plan document. The outside payroll processing company and the Plan Sponsor reviewed all participants’ compensation data for 2018 and 2017 and determined that \$14,877 was not properly withheld and remitted from Participants’ compensation for the 2017 Plan year. The Plan Sponsor remitted \$12,422 and \$2,455 to the Plan in 2017 and 2019, respectively and related lost earnings of \$1,280 were remitted to the Plan in 2018.

See Accompanying Independent Auditors’ Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

8. NON-EXEMPT TRANSACTIONS (Continued)

During 2019 and 2018, it was also determined that amounts were incorrectly matched by the Plan Sponsor under the safe harbor provisions of the Plan. As of and for the years ended December 31, 2019, 2018 and 2017, excess employer matching contributions of \$9,368, \$28,161, and \$14,569, respectively, were determined to have been made to participants' accounts and were to be forfeited. During 2019, excess employer matching contributions of \$9,368, \$26,518, and \$14,565 for the years ended December 31, 2019, 2018 and 2017, respectively, have been forfeited. Earnings on the excess employer matching contributions will also be forfeited.

Excess participant contributions as of December 31, 2019 and 2018 of \$12,893 and \$13,491, respectively, along with related earnings will be distributed to applicable Participants. Forfeitures that could not be recovered from Participants of \$5,057 and \$5,874 at December 31, 2019 and 2018, respectively, are to be remitted to the Plan by the Plan Sponsor and are included in contributions receivable – employer in the accompanying Statements of Net Assets Available for Benefits.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through December 21, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic and declared the outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Plan's financial performance will depend on certain developments, including the duration and spread of the outbreak, impacts on the Company, Participants, and financial markets, all of which are uncertain and cannot be predicted. While the Plan Administrator expects the disruption to be temporary, at this point, the extent to which COVID-19 may impact the Plan's overall financial condition is uncertain.

See Accompanying Independent Auditors' Report

SUPPLEMENTAL SCHEDULES

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
SCHEDULE H, LINE 4A
SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
EIN 04-3779461 - PLAN NUMBER 001
DECEMBER 31, 2019

Total that Constitutes Nonexempt Prohibited Transactions***

	Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside VFCP*	Contributions Pending Correction in VFCP*	Fully Corrected Under VFCP* and PTE** 2002-51
(1)	\$ 2,455	\$ 26	\$ -	\$ -	\$ -

(1) Contributions transferred late during the 2017 plan year, lost earnings to be paid in 2021.

* Voluntary Fiduciary Correction Program

** Prohibited Transaction Exemption

*** Nonexempt Prohibited Transactions represent lost earnings related to delinquent contributions

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
SCHEDULE H, LINE 4I
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EIN 04-3779461 – PLAN NUMBER 001
DECEMBER 31, 2019

(a)	(b) Identity of Issue or Borrower	Type	(c) Description	(e) Current Value ***
	American Funds American Mutual Fund	R3	Equity Fund	\$ 22,136
	Franklin Small-Mid Cap Growth Fund	R	Equity Fund	296
	American Funds Wash Mutual Investors Fund	R3	Equity Fund	1,609,949
	MFS High Income Fund	R2	Fixed Income Fund	394,303
	Nuveen Sm Cap Value Fund	R3	Equity Fund	291,167
	American Funds New World Fund	R3	Int'l Equity Fund	465,598
	MFS Lifetime 2020	R2	Balanced Fund	41,507
	MFS Lifetime 2030	R2	Balanced Fund	17,301
	MFS Lifetime 2040	R2	Balanced Fund	17,588
	Columbia Large Cap Enhanced Core Fund	R	Equity Fund	114,866
	Fidelity Advisor Stock Selec Mid Cp	M	Equity Fund	531,937
	JP Morgan Market Expansion	R2	Equity Fund	3
	Lord Abbett Value Opportunities Fund	R3	Equity Fund	209,318
	Lord Abbett Total Return Fund	R3	Fixed Income Fund	12,889
	MFS Lifetime Income Fund	R2	Balanced Fund	36,306
	Goldman Sachs Small Cap Equity Insights Fund	R	Equity Fund	436,487
	Goldman Sachs US Equity Insights Fund	R	Equity Fund	815,637
	Goldman Sachs Inflation Protected Securities Fund	R	Fixed Income Fund	356,566
	JP Morgan Intrepid Growth	R2	Equity Fund	1,126,454
	JP Morgan Small Cap Value Fund	R2	Equity Fund	7,260
	JP Morgan Int'l Advantage Fund	R2	Int'l Equity Fund	586,124
	Columbia Acorn International Fund	R	Int'l Equity Fund	64
	Delaware International Value Equity Fund	R	Int'l Equity Fund	82,296
	MFS International New Discovery Fund	R2	Int'l Equity Fund	208,877
	American Funds U.S. Government Securities Fund	R3	Fixed Income Fund	91
	American Funds Mortgage Fund	R3	Fixed Income Fund	590,787
	Voya Intermediate Bond Fund	R	Fixed Income Fund	619,431
	MFS Lifetime 2050	R2	Balanced Fund	15,927
	MFS Lifetime 2025	R2	Balanced Fund	33,414
	MFS Lifetime 2035	R2	Balanced Fund	72,409
	MFS Lifetime 2045	R2	Balanced Fund	59,901
	MFS Lifetime 2055	R2	Balanced Fund	17,305
	Federated US Treasury Cash Reserve Ins		Money Market Fund	613,248
				9,407,442
*	Participant Loans **		4.25% to 6.50%	177,767
				<u>\$ 9,585,209</u>

* Party-in-Interest

** Repayment terms range from 1 to 10 years

*** Cost omitted for participant directed investments

See Accompanying Independent Auditors' Report

**XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST**

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



allison & gibb

CERTIFIED PUBLIC ACCOUNTANTS | LLP

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Xavient Digital LLC 401(K) Profit Sharing Plan and Trust
Woodland Hills, California

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Xavient Digital LLC 401(K) Profit Sharing Plan and Trust (the "Plan"), which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statement of changes in net assets available for benefits for the year ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 ("ERISA"), the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 3, which was certified by Mid Atlantic Trust Company ("Mid Atlantic"), the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan administrator that Mid Atlantic holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of December 31, 2019 and 2018 and for the year ended December 31, 2019, that the information provided to the Plan administrator by the custodian is complete and accurate.

Disclaimer of Opinion

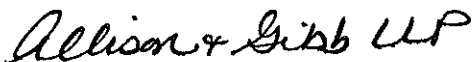
Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matters – Supplemental Schedules

The supplemental schedules titled Schedule H, Line 4a – Schedule of Delinquent Participant Contributions and Schedule H, Line 4i - Schedule of Assets (Held at End of Year), are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.


ALLISON & GIBB, LLP
Westlake Village, California

December 21, 2020

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS:		
Investments at fair value	\$ 9,407,442	\$ 5,975,294
Receivables:		
Notes receivable - participants	177,767	113,792
Contributions receivable - participants	-	58,981
Contributions receivable - employer	5,057	50,091
Total Receivables	<u>182,824</u>	<u>222,864</u>
Total Assets	<u>9,590,266</u>	<u>6,198,158</u>
LIABILITIES:		
Excess contributions payable	<u>12,893</u>	<u>13,491</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 9,577,373</u>	<u>\$ 6,184,667</u>

*See Accompanying Independent Auditors' Report
and Notes to Financial Statements*

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2019

ADDITIONS TO NET ASSETS:

Investment Income:

Net appreciation in fair value of investments	\$ 1,188,513
Interest and dividend income	179,719
Total Investment Income	<u>1,368,232</u>

Interest income on notes receivable - participants	<u>6,511</u>
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Contributions:

Participants	1,602,733
Employer	1,200,271
Rollovers	197,316
Total Contributions	<u>3,000,320</u>

Total Additions	<u>4,375,063</u>
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DEDUCTIONS FROM NET ASSETS:

Benefits paid to participants	936,323
Administrative fees	46,034
Total Deductions	<u>982,357</u>

Increase in Net Assets	3,392,706
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NET ASSETS AVAILABLE FOR BENEFITS

- Beginning of Year	<u>6,184,667</u>
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NET ASSETS AVAILABLE FOR BENEFITS

- End of Year	<u><u>\$ 9,577,373</u></u>
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*See Accompanying Independent Auditors' Report
and Notes to Financial Statements*

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PLAN DESCRIPTION AND RELATED INFORMATION

General

The following description of the Xavient Digital LLC (the “Company” and “Sponsor”) 401(K) Profit Sharing Plan and Trust (the “Plan”) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan’s provisions.

The Plan is a defined contribution safe harbor plan covering all eligible employees of the Company as defined in the Plan agreement who have completed six months of service and are age twenty-one or older. Employees may enroll in the Plan on the first day of the next month following eligibility. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”). The Plan has been amended and restated effective January 1, 2017 to comply with applicable laws and regulations.

During 2018, a majority interest in the Sponsor was acquired by Telus International. In connection with the acquisition, the Sponsor’s name was changed to Xavient Digital LLC, and the Plan was renamed Xavient Digital LLC 401(K) Profit Sharing Plan and Trust.

Subsequent to year-end, the Plan was merged into an existing retirement plan of Telus International. In February 2020, substantially all of the Plan assets, totaling \$9,293,422, were transferred to the Telus International Plan.

Plan Administration

Mid Atlantic Trust Company (“Mid Atlantic”) serves as custodian of the Plan’s assets as of December 31, 2019 and 2018, and for the year ended December 31, 2019. The Company is the Plan sponsor and Plan administrator. The Plan administrator is responsible for carrying out the duties imposed under ERISA. Certain administrative and Trustee functions are performed by officers or employees of the Company. However, no such officer or employee received compensation from the Plan. While certain administrative expenses are paid by the Plan, other administrative expenses are paid directly by the Company. The Company uses an outside payroll processing company to handle its payroll and retirement services. These expenses that are incurred by the Company on behalf of the Plan are not determinable since the expenses for the preparation of payroll and for Plan related services are combined for the year ended December 31, 2019.

See Accompanying Independent Auditors’ Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Contributions

Each year, Participants may contribute to the Plan elective compensation deferrals up to 96% of the Participants' compensation, not to exceed the maximum contribution permitted by applicable provisions of the Internal Revenue Code ("IRC"). Participants who have attained age fifty by the last day of the plan year are eligible to make catch-up contributions. Roth 401(k) deferrals are not permitted under the Plan. In addition, Participants may contribute amounts rolled over from other qualified plans. Participants may make changes to their deferral during each payroll period. Participants direct the investments of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds as investment options for Participants.

The Company matches 100% of employee contributions, as defined, up to the first 5% of the Participant's compensation. Profit sharing contributions may also be made at the discretion of the Company, as determined each year. In order to receive the profit sharing contribution, an employee must be employed on the last day of the Plan year or have completed five hundred hours of service, as defined in the Plan agreement. The Company did not make profit sharing contributions during the Plan year ended December 31, 2019. The Company may also make contributions of an amount to be determined each year, as applicable, to satisfy nondiscrimination rules that apply to the Plan.

Participant Accounts

Each Participant's account is increased or decreased with the Participant's contribution or withdrawal and allocations of: (a) the Company's contributions, (b) Plan earnings or losses, (c) administrative fees and forfeitures. Allocations are based on Participant earnings or account balances, as defined in the Plan agreement. The benefit to which a Participant is entitled is the vested balance in the Participant's account.

Participant Loans

Participants may borrow from their vested benefits a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 95% of one half of their vested account balance, as defined in the Plan agreement. Participants are allowed one outstanding loan at a time. Loan terms range from one to five years but may be longer if the loan is used to purchase a primary residence. Loans are secured by the balance in the Participant's account and bear interest at prime plus 1% (4.25% to 6.50% in 2019), which is commensurate with local prevailing rates as determined when the loan is approved. Principal and interest are paid ratably through payroll deductions. In the event a loan is considered in default, the Plan administrator has discretion in methods to cure such default as identified in the loan policy.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon, as well as their rollover contributions or catch-up contributions, plus actual earnings thereon. Under the safe harbor provisions, vesting in the Company's matching contributions, plus earnings thereon, is immediately vested. Vesting in the Company's discretionary profit sharing contributions is based on years of service, as follows:

<u>Years of Service</u>	<u>Vesting Percentage</u>
1 year	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years or more	100%

Participants will be fully vested in the Company's discretionary profit sharing contributions at death, upon the attainment of normal retirement age or total disability.

Payment of Benefits

A Participant may withdraw funds from the Plan upon the occurrence of certain events including, but not limited to, retirement, death, disability or termination of employment. The Plan provides for involuntary distributions of vested account balances for amounts less than or equal to \$5,000. If there is not a timely election, the vested amount will be invested in an IRA under the Participant's name. All distributions will be made in lump sum payments. If the value exceeds \$5,000, the funds will remain in the Plan until a written request for distribution is submitted by the Participant. Hardship distributions are not permitted under the Plan.

Forfeited Accounts

Under the Plan agreement, forfeitures of non-vested employer profit sharing contributions will be allocated in the same Plan year in which the forfeitures occur. Forfeitures for the years ended December 31, 2019 and 2018 were \$34,752 and \$43, respectively, result primarily from excess employer matching contributions made in error (see Note 8). In addition, forfeitures of \$16,316 were applied to Participant account balances during the year ended December 31, 2019. No forfeitures were applied to Participant account balances during 2018.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Concentration of Credit Risk

Financial instruments, which potentially subject the Plan to concentrations of credit risk, consist principally of Participant notes receivable. Credit risk is limited due to limitations on the maximum number of loans a Participant may have outstanding at any one time, as well as the provision that each Participant's total outstanding loan balance cannot exceed 95% of one half of his or her vested account balance. The remaining vested account balance serves as collateral.

Investment Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of securities will occur in the near term and that such changes could materially affect Participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting.

New Accounting Standards

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement: Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. This amendment removes the disclosure requirements for: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy for timing of transfers between levels, (3) the valuation processes for Level 3 fair value measurements and (4) the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. Further, the entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities and for investments in certain entities that calculate net asset value, the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly. The amendment also clarifies that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurements at the reporting date.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards (Continued)

This amendment is effective for fiscal years, and interim periods within those fiscal years, beginning after December 31, 2019. The adoption of this standard is not expected to significantly impact the Plan's financial statements.

In July 2018, the FASB issued ASU 2018-09, Codification Improvements, which among other things, amends an illustrative example of a fair value hierarchy disclosure to indicate that a certain type of investment should not always be considered to be eligible to use the net asset value per share practical expedient. Also, it further clarifies that an entity should evaluate whether a readily determinable fair value exists or whether those investments may qualify for the net asset value per share practical expedient in accordance with Accounting Standards Codification 820, Fair Value Measurement. Adoption of the amended guidance, which is to be applied prospectively, affects the fair value disclosures, but does not change the fair value measurement of the investments. This amendment is effective for annual periods beginning after December 15, 2019.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. 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 at the measurement date. The Plan's Trustees determine the Plan's valuation policies utilizing information provided by the investment advisors and custodian.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes Receivable – Participants

Notes receivable from Participants are measured at their unpaid principal balance plus any accrued but unpaid interest. As of December 31, 2019 and 2018, no allowance for credit losses has been recorded.

Payment of Benefits

Benefits are recorded when paid.

3. CERTIFICATION

The following is a summary of the unaudited information included in the Plan's financial statements and supplemental schedules that were prepared and furnished to the Plan administrator by Mid Atlantic for total investments and the aggregate of net appreciation in fair value of investments and interest and dividend income. This information was provided by Mid Atlantic as of December 31, 2019 and 2018 and for the year ended December 31, 2019. Currently, Mid Atlantic holds the Plan's investment assets and executes its investment transactions.

The Plan administrator has obtained certifications from Mid Atlantic that the following information is complete and accurate as of December 31, 2019 and 2018 and for the year ended December 31, 2019:

(a) Schedule of Assets (Held at End of Year) - December 31, 2019

(b) Investments at December 31:

	<u>2019</u>	<u>2018</u>
Total investments	\$9,407,442	\$5,975,294
Net appreciation in fair value of investments	1,188,513	-
Interest and dividend income	179,719	-

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for similar assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB Accounting Standards Codification (ASC) 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for similar assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Mutual Funds: Mutual funds are public investment vehicles valued at the daily closing price as reported by the fund using the net asset value ("NAV"). These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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XAVIENT DIGITAL LLC
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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

4. FAIR VALUE MEASUREMENTS (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	Fair Value Measurements at the End of the Reporting Period Using:	
	Quoted Prices in Active Markets for Identical Assets	
	<u>(Level 1)</u>	<u>Total</u>
<u>December 31, 2019:</u>		
Mutual funds	<u>\$ 9,407,442</u>	<u>\$ 9,407,442</u>
Total Investments at Fair Value	<u><u>\$ 9,407,442</u></u>	<u><u>\$ 9,407,442</u></u>
<u>December 31, 2018:</u>		
Mutual funds	<u>\$ 5,975,294</u>	<u>\$ 5,975,294</u>
Total Investments at Fair Value	<u><u>\$ 5,975,294</u></u>	<u><u>\$ 5,975,294</u></u>

5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, Participants will become 100% vested in their employer profit sharing contributions.

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XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

6. PARTY IN INTEREST TRANSACTIONS

Plan investments were managed by Mid Atlantic as of December 31, 2019 and 2018 and for the year ended December 31, 2019 to provide record keeping, investment allocation and custodial services to the Plan. The service agreement with Mid Atlantic stipulates that all fees for services rendered to the Plan by Mid Atlantic will be paid to Mid Atlantic by the appointed third-party administrator (“TPA”). Mid Atlantic does not receive any direct compensation from the Plan. The fee schedule applied to the Plan is based on the TPA’s service agreement with Mid Atlantic. These payments from the TPA to Mid Atlantic are deemed indirect compensation under the regulations.

7. TAX STATUS

The Plan has adopted a Prototype Non-Standardized Profit Sharing Plan with CODA preapproved by the IRS. The IRS reviewed the Plan document and opined in a letter dated April 10, 2014, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the opinion letter. The Plan administrator and the Plan's counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

U.S. GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. There are currently no audits in progress for any tax periods.

8. NON-EXEMPT TRANSACTIONS

During 2018, the Plan Sponsor identified that on occasion, deferrals were incorrectly included and excluded from certain types of compensation as provided for in the Plan document. The outside payroll processing company and the Plan Sponsor reviewed all participants’ compensation data for 2018 and 2017 and determined that \$14,877 was not properly withheld and remitted from Participants’ compensation for the 2017 Plan year. The Plan Sponsor remitted \$12,422 and \$2,455 to the Plan in 2017 and 2019, respectively and related lost earnings of \$1,280 were remitted to the Plan in 2018.

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XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

8. NON-EXEMPT TRANSACTIONS (Continued)

During 2019 and 2018, it was also determined that amounts were incorrectly matched by the Plan Sponsor under the safe harbor provisions of the Plan. As of and for the years ended December 31, 2019, 2018 and 2017, excess employer matching contributions of \$9,368, \$28,161, and \$14,569, respectively, were determined to have been made to participants' accounts and were to be forfeited. During 2019, excess employer matching contributions of \$9,368, \$26,518, and \$14,565 for the years ended December 31, 2019, 2018 and 2017, respectively, have been forfeited. Earnings on the excess employer matching contributions will also be forfeited.

Excess participant contributions as of December 31, 2019 and 2018 of \$12,893 and \$13,491, respectively, along with related earnings will be distributed to applicable Participants. Forfeitures that could not be recovered from Participants of \$5,057 and \$5,874 at December 31, 2019 and 2018, respectively, are to be remitted to the Plan by the Plan Sponsor and are included in contributions receivable – employer in the accompanying Statements of Net Assets Available for Benefits.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through December 21, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic and declared the outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Plan's financial performance will depend on certain developments, including the duration and spread of the outbreak, impacts on the Company, Participants, and financial markets, all of which are uncertain and cannot be predicted. While the Plan Administrator expects the disruption to be temporary, at this point, the extent to which COVID-19 may impact the Plan's overall financial condition is uncertain.

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SUPPLEMENTAL SCHEDULES

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
SCHEDULE H, LINE 4A
SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
EIN 04-3779461 - PLAN NUMBER 001
DECEMBER 31, 2019

Total that Constitutes Nonexempt Prohibited Transactions***

	Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside VFCP*	Contributions Pending Correction in VFCP*	Fully Corrected Under VFCP* and PTE** 2002-51
(1)	\$ 2,455	\$ 26	\$ -	\$ -	\$ -

(1) Contributions transferred late during the 2017 plan year, lost earnings to be paid in 2021.

* Voluntary Fiduciary Correction Program

** Prohibited Transaction Exemption

*** Nonexempt Prohibited Transactions represent lost earnings related to delinquent contributions

See Accompanying Independent Auditors' Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
SCHEDULE H, LINE 4I
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
EIN 04-3779461 – PLAN NUMBER 001
DECEMBER 31, 2019

(a)	(b) Identity of Issue or Borrower	Type	(c) Description	(e) Current Value ***
	American Funds American Mutual Fund	R3	Equity Fund	\$ 22,136
	Franklin Small-Mid Cap Growth Fund	R	Equity Fund	296
	American Funds Wash Mutual Investors Fund	R3	Equity Fund	1,609,949
	MFS High Income Fund	R2	Fixed Income Fund	394,303
	Nuveen Sm Cap Value Fund	R3	Equity Fund	291,167
	American Funds New World Fund	R3	Int'l Equity Fund	465,598
	MFS Lifetime 2020	R2	Balanced Fund	41,507
	MFS Lifetime 2030	R2	Balanced Fund	17,301
	MFS Lifetime 2040	R2	Balanced Fund	17,588
	Columbia Large Cap Enhanced Core Fund	R	Equity Fund	114,866
	Fidelity Advisor Stock Selec Mid Cp	M	Equity Fund	531,937
	JP Morgan Market Expansion	R2	Equity Fund	3
	Lord Abbett Value Opportunities Fund	R3	Equity Fund	209,318
	Lord Abbett Total Return Fund	R3	Fixed Income Fund	12,889
	MFS Lifetime Income Fund	R2	Balanced Fund	36,306
	Goldman Sachs Small Cap Equity Insights Fund	R	Equity Fund	436,487
	Goldman Sachs US Equity Insights Fund	R	Equity Fund	815,637
	Goldman Sachs Inflation Protected Securities Fund	R	Fixed Income Fund	356,566
	JP Morgan Intrepid Growth	R2	Equity Fund	1,126,454
	JP Morgan Small Cap Value Fund	R2	Equity Fund	7,260
	JP Morgan Int'l Advantage Fund	R2	Int'l Equity Fund	586,124
	Columbia Acorn International Fund	R	Int'l Equity Fund	64
	Delaware International Value Equity Fund	R	Int'l Equity Fund	82,296
	MFS International New Discovery Fund	R2	Int'l Equity Fund	208,877
	American Funds U.S. Government Securities Fund	R3	Fixed Income Fund	91
	American Funds Mortgage Fund	R3	Fixed Income Fund	590,787
	Voya Intermediate Bond Fund	R	Fixed Income Fund	619,431
	MFS Lifetime 2050	R2	Balanced Fund	15,927
	MFS Lifetime 2025	R2	Balanced Fund	33,414
	MFS Lifetime 2035	R2	Balanced Fund	72,409
	MFS Lifetime 2045	R2	Balanced Fund	59,901
	MFS Lifetime 2055	R2	Balanced Fund	17,305
	Federated US Treasury Cash Reserve Ins		Money Market Fund	613,248
				9,407,442
*	Participant Loans **		4.25% to 6.50%	177,767
				<u>\$ 9,585,209</u>

* Party-in-Interest

** Repayment terms range from 1 to 10 years

*** Cost omitted for participant directed investments

See Accompanying Independent Auditors' Report