

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: 1.2em; font-weight: bold;">2020</div> <div style="text-align: center; font-weight: bold;">This Form is Open to Public Inspection</div>
---	---	---

Part I	Annual Report Identification Information
For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 10/27/2020	
A	This return/report is for: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☐ a multiemployer plan </div> <div> ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☒ a single-employer plan </div> <div> ☐ a DFE (specify) ____ </div> </div>
B	This return/report is: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☐ the first return/report </div> <div> ☒ the final return/report </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☐ an amended return/report </div> <div> ☒ a short plan year return/report (less than 12 months) </div> </div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div> ☒ Form 5558 </div> <div> ☐ automatic extension </div> <div> ☐ the DFVC program </div> </div> <div style="margin-top: 5px;"> ☐ special extension (enter description) </div>

Part II	Basic Plan Information—enter all requested information		
1a	Name of plan XAVIENT DIGITAL LLC 401K PROFIT SHARING PLAN AND TRUST	1b	Three-digit plan number (PN) ▶ 001
		1c	Effective date of plan 01/01/2005
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) XAVIENT DIGITAL LLC <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> 21700 OXNARD ST STE 1700 WOODLAND HILLS, CA 91367-7590 </div> <div style="width: 45%;"> 21700 OXNARD ST STE 1700 WOODLAND HILLS, CA 91367-7590 </div> </div>	2b	Employer Identification Number (EIN) 82-3414296
		2c	Plan Sponsor's telephone number 805-813-2270
		2d	Business code (see instructions) 541511

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. Signature of plan administrator	06/23/2021 Date	KURT ELTZ Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	06/23/2021 Date	KURT ELTZ Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE

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

Form 5500 (2020)
v. 200204

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
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	401
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.....		6a(1)	401
a(2) Total number of active participants at the end of the plan year		6a(2)	0
b Retired or separated participants receiving benefits.....		6b	0
c Other retired or separated participants entitled to future benefits		6c	0
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	0
f Total. Add lines 6d and 6e		6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	0
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		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	
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) ☐ 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 2020 Form M-1 annual report. If the plan was not required to file the 2020 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 _____

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> 2020 This Form is Open to Public Inspection
For calendar plan year 2020 or fiscal plan year beginning <u>01/01/2020</u> and ending <u>10/27/2020</u>		
A Name of plan <u>XAVIENT DIGITAL LLC 401K PROFIT SHARING PLAN AND 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	Asset and Liability Statement		
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	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions		1b(1)	50570
(2) Participant contributions.....		1b(2)	0
(3) Other		1b(3)	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)		1c(1)	6132480
(2) U.S. Government securities		1c(2)	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred		1c(3)(A)	
(B) All other.....		1c(3)(B)	
(4) Corporate stocks (other than employer securities):			
(A) Preferred		1c(4)(A)	
(B) Common		1c(4)(B)	
(5) Partnership/joint venture interests		1c(5)	
(6) Real estate (other than employer real property)		1c(6)	
(7) Loans (other than to participants).....		1c(7)	
(8) Participant loans		1c(8)	1777670
(9) Value of interest in common/collective trusts		1c(9)	0
(10) Value of interest in pooled separate accounts		1c(10)	0
(11) Value of interest in master trust investment accounts		1c(11)	0
(12) Value of interest in 103-12 investment entities		1c(12)	0
(13) Value of interest in registered investment companies (e.g., mutual funds)		1c(13)	87941940
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14)	
(15) Other.....		1c(15)	

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

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.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	0
	(B) Participants	2a(1)(B)	0
	(C) Others (including rollovers).....	2a(1)(C)	0
(2)	Noncash contributions	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	0
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	957
	(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)	0
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	957
(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)	5647
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	5647
(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)	0
(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)	0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		120353
c Other income	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		126957

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	211034	
(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)		211034
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	5671	
(3) Investment advisory and management fees	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		5671
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		216705

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-89748
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		9487625

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 Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

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.)

	Yes	No	Amount
4a		X	

	Yes	No	Amount
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.)			
4b		X	
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		1000000
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.)			
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?		X	
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 0.			
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)	
TELUS INTERNATIONAL (US) CORP. 401(K) PLAN	98-0226610	001	
5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year			

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>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).</div> <div>▶ File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2020</div> <div>This Form is Open to Public Inspection.</div>
---	--	---

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 10/27/2020

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

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	0
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): 16-1470238		
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	0

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	0	
	b Enter the amount contributed by the employer to the plan for this plan year	6b	0	
	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	0	
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) 2020
v. 200204

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 deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

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

OCTOBER 27, 2020 AND DECEMBER 31, 2019



allison & gibb

CERTIFIED PUBLIC ACCOUNTANTS | **LLP**

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
FINANCIAL STATEMENTS
OCTOBER 27, 2020 AND DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Net Assets Available for Benefits October 27, 2020 and December 31, 2019	3
Statement of Changes in Net Assets Available for Benefits For the Period January 1, 2020 to October 27, 2020	4
Notes to Financial Statements	5-13



INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
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 October 27, 2020 and December 31, 2019, and the related statement of changes in net assets available for benefits for the period January 1, 2020 to October 27, 2020, 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. 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 October 27, 2020 and December 31, 2019 and for the period January 1, 2020 to October 27, 2020, 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.

Emphasis of Matter

As further discussed in Note 1 under General, and in Note 5, the Plan was merged into the TELUS International (U.S.) Corp. 401(k) Plan on October 27, 2020.

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

The form and content of the information included in the financial statements, 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

June 16, 2021

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
OCTOBER 27, 2020 AND DECEMBER 31, 2019

	<u>October 27, 2020</u>	<u>December 31, 2019</u>
ASSETS:		
Investments at fair value	\$ -	\$ 9,407,442
Receivables:		
Notes receivable - participants	-	177,767
Contributions receivable - employer	-	5,057
Total Receivables	<u>-</u>	<u>182,824</u>
Total Assets	<u>-</u>	<u>9,590,266</u>
LIABILITIES:		
Excess contributions payable	<u>-</u>	<u>12,893</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ -</u>	<u>\$ 9,577,373</u>

*See Accompanying Independent Auditor's 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
FOR THE PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020

ADDITIONS TO NET ASSETS:

Investment Income:

Net appreciation in fair value of investments	\$ 121,310
Dividend income	5,647
Total Investment Income	<u>126,957</u>

Total Additions	<u>126,957</u>
-----------------	----------------

DEDUCTIONS FROM NET ASSETS:

Benefits paid to participants	211,034
Administrative fees	5,671
Total Deductions	<u>216,705</u>

Decrease in Net Assets	(89,748)
------------------------	----------

NET ASSETS AVAILABLE FOR BENEFITS

- Beginning of Period, January 1, 2020	9,577,373
--	-----------

Net assets transferred to TELUS International (U.S.) Corp. 401(k) Plan	<u>(9,487,625)</u>
---	--------------------

NET ASSETS AVAILABLE FOR BENEFITS

- End of Period, October 27, 2020	<u>\$ -</u>
-----------------------------------	-------------

*See Accompanying Independent Auditor's Report
and Notes to Financial Statements*

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

1. PLAN DESCRIPTION AND RELATED INFORMATION

General

The following description of the Xavient Digital LLC (the “Company”) 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. Through December 31, 2019, employees were able to 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 Company was acquired by TELUS International (Cda) Inc. (“TI Cda”) and the Company became a member of the same controlled group as TELUS International (U.S.) Corp. Effective January 1, 2020, the Company adopted the TELUS International (U.S.) Corp. 401(k) Plan (the “TELUS Plan”), merged the Plan with the TELUS Plan, and the Company became a participating employer in the TELUS Plan. As a result, effective January 1, 2020, all contributions to the Plan ceased and in February 2020, assets totaling \$9,293,422 were transferred to the TELUS Plan with all remaining assets transferred by October 27, 2020. TI Cda acquired the remaining interest of the Company in May, 2020.

Plan Administration

Mid Atlantic Trust Company (“Mid Atlantic”) serves as custodian of the Plan’s assets as of October 27, 2020 and December 31, 2019, and for the period January 1, 2020 to October 27, 2020. 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. Expenses that are paid by the Company are excluded from these financial statements. Investment related expenses are included in net appreciation in fair value of investments.

See Accompanying Independent Auditor’s Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Contributions

Through December 31, 2019, Participants were able to 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 had attained age fifty by the last day of the plan year were eligible to make catch-up contributions. Roth 401(k) deferrals were not permitted under the Plan. In addition, Participants were able to contribute amounts rolled over from other qualified plans. Participants were able to make changes to their deferral during each payroll period. Participants were able to direct the investments of their contributions into various investment options offered by the Plan. The Plan offered various mutual funds as investment options for Participants.

The Company matched 100% of employee contributions, up to the first 5% of the Participant's compensation. Profit sharing contributions were also allowed at the discretion of the Company, as determined each year. In order to receive the profit sharing contribution, an employee had to have been 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 was also allowed to make contributions of an amount to be determined each year, as applicable, to satisfy nondiscrimination rules that applied to the Plan.

Participant Accounts

Each Participant's account is increased or decreased with the Participant's contribution or withdrawal, the Company's matching contribution and allocations of: (a) the Company's profit sharing contributions, (b) Plan earnings or losses, and (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

Through December 31, 2019, Participants were able to 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 were allowed one outstanding loan at a time. Loan terms ranged from one to five years but may have been longer if the loan was used to purchase a primary residence. Loans were secured by the balance in the Participant's account bearing interest at prime plus 1%, which was commensurate with local prevailing rates as determined when the loan was approved. Principal and interest were paid ratably through payroll deductions. In the

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Participant Loans (Continued)

event a loan was considered in default, the Plan administrator had discretion in methods to cure such default as identified in the loan policy. The loan balances that existed at December 31, 2019 were also transferred to the TELUS Plan as a part of the transfer of participant accounts.

Vesting

Prior to January 1, 2020, Participants were 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, was immediately vested. Vesting in the Company's discretionary profit sharing contributions was 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 would have been 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.

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Forfeited Accounts

Under the Plan agreement, forfeitures of non-vested employer profit sharing contributions would be allocated in the same Plan Year in which the forfeitures occur. The forfeiture balance at October 27, 2020 of \$68,929 was transferred to the TELUS Plan. The forfeiture balance at December 31, 2019 was \$34,752. Forfeitures resulted primarily from excess employer matching contributions made in error (see Note 8). In addition, forfeitures of \$5,900 and \$16,316 were applied to participant accounts during the period January 1, 2020 to October 27, 2020 and for the year ended December 31, 2019, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subjected the Plan to concentrations of credit risk, consisted principally of Participant notes receivable. Credit risk was 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 could not exceed 95% of one half of his or her vested account balance. The remaining vested account balance served as collateral.

Investment Risks and Uncertainties

The Plan invested in various investment securities. Investment securities were exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it was at least reasonably possible that changes in the values of securities would have occurred in the near term and that such changes could have materially affected 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.

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.

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash 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.

Notes Receivable – Participants

Notes receivable from Participants were measured at their unpaid principal balance plus any accrued but unpaid interest. As of October 27, 2020 and December 31, 2019, no allowance for credit losses had 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 that was 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 dividend income. This information was provided by Mid Atlantic as of October 27, 2020 and December 31, 2019 and for the period January 1, 2020 to October 27, 2020. Mid Atlantic held the Plan's investment assets and executed its investment transactions through October 27, 2020.

The Plan administrator has obtained certifications from Mid Atlantic that the following information is complete and accurate as of October 27, 2020 and December 31, 2019 and for the period January 1, 2020 to October 27, 2020:

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

3. CERTIFICATION (Continued)

Investments at October 27, 2020 and December 31, 2019:

	<u>October 27, 2020</u>	<u>December 31, 2019</u>
Total investments	\$ -	\$ 9,407,442
Net appreciation in fair value of investments	121,310	-
Dividend income	5,647	-

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.

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

4. FAIR VALUE MEASUREMENTS (Continued)

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.

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.

The preceding method 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.

As discussed in Note 1 under General, Plan assets were transferred to the TELUS Plan and as a result, there were no investments in the Plan as of October 27, 2020. The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2019:

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

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

5. PLAN TERMINATION

The Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. The Company has not resolved to terminate the Plan however it has authorized the merger of the Plan into the TELUS International (U.S.) 401(k) Plan.

6. PARTY IN INTEREST TRANSACTIONS

Plan investments were managed by Mid Atlantic as of October 27, 2020 and December 31, 2019 and for the period January 1, 2020 to October 27, 2020 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 adopted a Prototype Non-Standardized Profit Sharing Plan with CODA preapproved by the IRS. The IRS reviewed the Prototype Plan document and opined in a letter dated April 10, 2014, that the Prototype Plan is designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the opinion letter. The Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes 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 October 27, 2020 and December 31, 2019, 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.

See Accompanying Independent Auditor’s Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

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 \$14,877 to the Plan and related lost earnings of \$1,280 in 2018.

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 October 27, 2020 and December 31, 2019, excess employer matching contributions of \$44,470 and \$78,615, respectively, were determined to have been made in error to participants' accounts and were to be forfeited. During 2020 and 2019, excess employer matching contributions of \$41,152 and \$50,451, respectively, have been forfeited. The remaining amounts to be forfeited as of October 27, 2020 of \$3,318 and earnings on the excess employer matching contributions are to be forfeited in the TELUS Plan.

Excess participant contributions as of October 27, 2020 and December 31, 2019 of \$12,893 are to be distributed to applicable participants by the TELUS Plan along with related lost earnings. Forfeitures of \$5,057 that could not be recovered from participants as of October 27, 2020 and December 31, 2019 are to be remitted to the TELUS Plan by the Plan Sponsor.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through June 16, 2021, the date the financial statements were available to be issued.

See Accompanying Independent Auditor's Report

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

FINANCIAL STATEMENTS

OCTOBER 27, 2020 AND DECEMBER 31, 2019



allison & gibb

CERTIFIED PUBLIC ACCOUNTANTS | **LLP**

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
FINANCIAL STATEMENTS
OCTOBER 27, 2020 AND DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Net Assets Available for Benefits October 27, 2020 and December 31, 2019	3
Statement of Changes in Net Assets Available for Benefits For the Period January 1, 2020 to October 27, 2020	4
Notes to Financial Statements	5-13



INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
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 October 27, 2020 and December 31, 2019, and the related statement of changes in net assets available for benefits for the period January 1, 2020 to October 27, 2020, 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. 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 October 27, 2020 and December 31, 2019 and for the period January 1, 2020 to October 27, 2020, 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.

Emphasis of Matter

As further discussed in Note 1 under General, and in Note 5, the Plan was merged into the TELUS International (U.S.) Corp. 401(k) Plan on October 27, 2020.

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

The form and content of the information included in the financial statements, 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

June 16, 2021

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
OCTOBER 27, 2020 AND DECEMBER 31, 2019

	<u>October 27, 2020</u>	<u>December 31, 2019</u>
ASSETS:		
Investments at fair value	\$ -	\$ 9,407,442
Receivables:		
Notes receivable - participants	-	177,767
Contributions receivable - employer	-	5,057
Total Receivables	<u>-</u>	<u>182,824</u>
Total Assets	<u>-</u>	<u>9,590,266</u>
LIABILITIES:		
Excess contributions payable	<u>-</u>	<u>12,893</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ -</u>	<u>\$ 9,577,373</u>

*See Accompanying Independent Auditor's 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
FOR THE PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020

ADDITIONS TO NET ASSETS:

Investment Income:

Net appreciation in fair value of investments	\$ 121,310
Dividend income	5,647
Total Investment Income	<u>126,957</u>

Total Additions	<u>126,957</u>
-----------------	----------------

DEDUCTIONS FROM NET ASSETS:

Benefits paid to participants	211,034
Administrative fees	5,671
Total Deductions	<u>216,705</u>

Decrease in Net Assets	(89,748)
------------------------	----------

NET ASSETS AVAILABLE FOR BENEFITS

- Beginning of Period, January 1, 2020	9,577,373
--	-----------

Net assets transferred to TELUS International (U.S.) Corp. 401(k) Plan	<u>(9,487,625)</u>
---	--------------------

NET ASSETS AVAILABLE FOR BENEFITS

- End of Period, October 27, 2020	<u>\$ -</u>
-----------------------------------	-------------

*See Accompanying Independent Auditor's Report
and Notes to Financial Statements*

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

1. PLAN DESCRIPTION AND RELATED INFORMATION

General

The following description of the Xavient Digital LLC (the “Company”) 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. Through December 31, 2019, employees were able to 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 Company was acquired by TELUS International (Cda) Inc. (“TI Cda”) and the Company became a member of the same controlled group as TELUS International (U.S.) Corp. Effective January 1, 2020, the Company adopted the TELUS International (U.S.) Corp. 401(k) Plan (the “TELUS Plan”), merged the Plan with the TELUS Plan, and the Company became a participating employer in the TELUS Plan. As a result, effective January 1, 2020, all contributions to the Plan ceased and in February 2020, assets totaling \$9,293,422 were transferred to the TELUS Plan with all remaining assets transferred by October 27, 2020. TI Cda acquired the remaining interest of the Company in May, 2020.

Plan Administration

Mid Atlantic Trust Company (“Mid Atlantic”) serves as custodian of the Plan’s assets as of October 27, 2020 and December 31, 2019, and for the period January 1, 2020 to October 27, 2020. 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. Expenses that are paid by the Company are excluded from these financial statements. Investment related expenses are included in net appreciation in fair value of investments.

See Accompanying Independent Auditor’s Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Contributions

Through December 31, 2019, Participants were able to 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 had attained age fifty by the last day of the plan year were eligible to make catch-up contributions. Roth 401(k) deferrals were not permitted under the Plan. In addition, Participants were able to contribute amounts rolled over from other qualified plans. Participants were able to make changes to their deferral during each payroll period. Participants were able to direct the investments of their contributions into various investment options offered by the Plan. The Plan offered various mutual funds as investment options for Participants.

The Company matched 100% of employee contributions, up to the first 5% of the Participant's compensation. Profit sharing contributions were also allowed at the discretion of the Company, as determined each year. In order to receive the profit sharing contribution, an employee had to have been 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 was also allowed to make contributions of an amount to be determined each year, as applicable, to satisfy nondiscrimination rules that applied to the Plan.

Participant Accounts

Each Participant's account is increased or decreased with the Participant's contribution or withdrawal, the Company's matching contribution and allocations of: (a) the Company's profit sharing contributions, (b) Plan earnings or losses, and (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

Through December 31, 2019, Participants were able to 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 were allowed one outstanding loan at a time. Loan terms ranged from one to five years but may have been longer if the loan was used to purchase a primary residence. Loans were secured by the balance in the Participant's account bearing interest at prime plus 1%, which was commensurate with local prevailing rates as determined when the loan was approved. Principal and interest were paid ratably through payroll deductions. In the

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Participant Loans (Continued)

event a loan was considered in default, the Plan administrator had discretion in methods to cure such default as identified in the loan policy. The loan balances that existed at December 31, 2019 were also transferred to the TELUS Plan as a part of the transfer of participant accounts.

Vesting

Prior to January 1, 2020, Participants were 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, was immediately vested. Vesting in the Company's discretionary profit sharing contributions was 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 would have been 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.

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

1. PLAN DESCRIPTION AND RELATED INFORMATION (Continued)

Forfeited Accounts

Under the Plan agreement, forfeitures of non-vested employer profit sharing contributions would be allocated in the same Plan Year in which the forfeitures occur. The forfeiture balance at October 27, 2020 of \$68,929 was transferred to the TELUS Plan. The forfeiture balance at December 31, 2019 was \$34,752. Forfeitures resulted primarily from excess employer matching contributions made in error (see Note 8). In addition, forfeitures of \$5,900 and \$16,316 were applied to participant accounts during the period January 1, 2020 to October 27, 2020 and for the year ended December 31, 2019, respectively.

Concentration of Credit Risk

Financial instruments, which potentially subjected the Plan to concentrations of credit risk, consisted principally of Participant notes receivable. Credit risk was 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 could not exceed 95% of one half of his or her vested account balance. The remaining vested account balance served as collateral.

Investment Risks and Uncertainties

The Plan invested in various investment securities. Investment securities were exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it was at least reasonably possible that changes in the values of securities would have occurred in the near term and that such changes could have materially affected 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.

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.

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash 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.

Notes Receivable – Participants

Notes receivable from Participants were measured at their unpaid principal balance plus any accrued but unpaid interest. As of October 27, 2020 and December 31, 2019, no allowance for credit losses had 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 that was 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 dividend income. This information was provided by Mid Atlantic as of October 27, 2020 and December 31, 2019 and for the period January 1, 2020 to October 27, 2020. Mid Atlantic held the Plan's investment assets and executed its investment transactions through October 27, 2020.

The Plan administrator has obtained certifications from Mid Atlantic that the following information is complete and accurate as of October 27, 2020 and December 31, 2019 and for the period January 1, 2020 to October 27, 2020:

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

3. CERTIFICATION (Continued)

Investments at October 27, 2020 and December 31, 2019:

	<u>October 27, 2020</u>	<u>December 31, 2019</u>
Total investments	\$ -	\$ 9,407,442
Net appreciation in fair value of investments	121,310	-
Dividend income	5,647	-

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.

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

4. FAIR VALUE MEASUREMENTS (Continued)

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.

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.

The preceding method 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.

As discussed in Note 1 under General, Plan assets were transferred to the TELUS Plan and as a result, there were no investments in the Plan as of October 27, 2020. The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2019:

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

See Accompanying Independent Auditor's Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

5. PLAN TERMINATION

The Company has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. The Company has not resolved to terminate the Plan however it has authorized the merger of the Plan into the TELUS International (U.S.) 401(k) Plan.

6. PARTY IN INTEREST TRANSACTIONS

Plan investments were managed by Mid Atlantic as of October 27, 2020 and December 31, 2019 and for the period January 1, 2020 to October 27, 2020 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 adopted a Prototype Non-Standardized Profit Sharing Plan with CODA preapproved by the IRS. The IRS reviewed the Prototype Plan document and opined in a letter dated April 10, 2014, that the Prototype Plan is designed in accordance with applicable sections of the IRC. The Plan has been amended since receiving the opinion letter. The Plan administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes 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 October 27, 2020 and December 31, 2019, 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.

See Accompanying Independent Auditor’s Report

XAVIENT DIGITAL LLC
401(K) PROFIT SHARING PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS
PERIOD JANUARY 1, 2020 TO OCTOBER 27, 2020
AND YEAR ENDED DECEMBER 31, 2019

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 \$14,877 to the Plan and related lost earnings of \$1,280 in 2018.

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 October 27, 2020 and December 31, 2019, excess employer matching contributions of \$44,470 and \$78,615, respectively, were determined to have been made in error to participants' accounts and were to be forfeited. During 2020 and 2019, excess employer matching contributions of \$41,152 and \$50,451, respectively, have been forfeited. The remaining amounts to be forfeited as of October 27, 2020 of \$3,318 and earnings on the excess employer matching contributions are to be forfeited in the TELUS Plan.

Excess participant contributions as of October 27, 2020 and December 31, 2019 of \$12,893 are to be distributed to applicable participants by the TELUS Plan along with related lost earnings. Forfeitures of \$5,057 that could not be recovered from participants as of October 27, 2020 and December 31, 2019 are to be remitted to the TELUS Plan by the Plan Sponsor.

9. SUBSEQUENT EVENTS

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through June 16, 2021, the date the financial statements were available to be issued.

See Accompanying Independent Auditor's Report