
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

For the month of November 2022

Commission File Number 001-39968

TELUS International (Cda) Inc.

(Registrant's name)

Floor 7, 510 West Georgia Street
Vancouver, BC V6B 0M3
Tel.: (604) 695-3455

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

INCORPORATION BY REFERENCE

TELUS International (Cda) Inc.'s unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022 and 2021 and management's discussion and analysis of the three and nine months ended September 30, 2022 are attached as exhibits to this Report of Foreign Private Issuer on Form 6-K.

This report on Form 6-K shall be deemed to be incorporated by reference in TELUS International (Cda) Inc.'s registration statements on Form F-3 (File No. 333-264066) and Form S-8 (File No. 333-252685) (together, the "Registration Statements") and to be a part thereof from the date on which this report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TELUS International (Cda) Inc.

Date: November 4, 2022

By: /s/ Vanessa Kanu

Name: Vanessa Kanu

Title: Chief Financial Officer

EXHIBIT

<u>Exhibit</u>	<u>Description of Exhibit</u>
99.1	<u>Condensed Interim Consolidated Financial Statements for the Three and Nine Months Ended September 30, 2022</u>
99.2	<u>Management's Discussion and Analysis for the Three and Nine Months Ended September 30, 2022 and 2021</u>
99.3	<u>Form 52-109F2 Certificate of Interim Filings by CEO (pursuant to Canadian regulations)</u>
99.4	<u>Form 52-109F2 Certificate of Interim Filings by CFO (pursuant to Canadian regulations)</u>

TELUS INTERNATIONAL (CDA) INC.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

(UNAUDITED)

September 30, 2022

TELUS International (Cda) Inc.

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

Periods ended September 30 (US\$ millions except earnings per share)	Note	Three months		Nine months	
		2022	2021	2022	2021
REVENUE	3	\$ 615	\$ 556	\$ 1,838	\$ 1,594
OPERATING EXPENSES					
Salaries and benefits		346	309	1,044	890
Goods and services purchased		111	110	344	307
Share-based compensation	4	6	21	20	66
Acquisition, integration and other		7	6	17	18
Depreciation	10	29	29	88	85
Amortization of intangible assets	11	32	34	102	106
		531	509	1,615	1,472
OPERATING INCOME		84	47	223	122
OTHER EXPENSES					
Interest expense	5	10	10	29	36
Foreign exchange (gain) loss		(11)	(1)	(25)	1
INCOME BEFORE INCOME TAXES		85	38	219	85
Income tax expense	6	26	15	70	43
NET INCOME		59	23	149	42
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that may subsequently be reclassified to income					
Change in unrealized fair value of derivatives designated as held-for-hedging		26	11	67	30
Exchange differences arising from translation of foreign operations		(79)	(30)	(176)	(72)
		(53)	(19)	(109)	(42)
COMPREHENSIVE INCOME		\$ 6	\$ 4	\$ 40	\$ —
EARNINGS PER SHARE					
Basic	7	\$ 0.22	\$ 0.09	\$ 0.56	\$ 0.16
Diluted		\$ 0.22	\$ 0.09	\$ 0.55	\$ 0.16
TOTAL WEIGHTED AVERAGE SHARES OUTSTANDING (millions)					
Basic	7	266	266	266	263
Diluted	7	269	269	269	265

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

TELUS International (Cda) Inc.

**Condensed Interim Consolidated Statements of Financial Position
(unaudited)**

As at (US\$ millions)	<i>Note</i>	September 30, 2022	December 31, 2021
ASSETS			
Current assets			
Cash and cash equivalents		\$ 143	\$ 115
Accounts receivable	8	427	414
Due from affiliated companies	15(a)	50	53
Income and other taxes receivable		1	6
Prepaid and other assets		47	36
Current portion of derivative assets	9	19	3
		<u>687</u>	<u>627</u>
Non-current assets			
Property, plant and equipment, net	10	417	405
Intangible assets, net	11	1,007	1,158
Goodwill	11	1,288	1,380
Derivative assets	9	39	—
Deferred income taxes		9	23
Other long-term assets	16(b)	26	33
		<u>2,786</u>	<u>2,999</u>
Total assets		<u>\$ 3,473</u>	<u>\$ 3,626</u>
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	16(b)	\$ 295	\$ 336
Due to affiliated companies	15(a)	81	71
Income and other taxes payable		83	67
Current maturities of long-term debt	12	315	328
Current portion of derivative liabilities	9	9	5
		<u>783</u>	<u>807</u>
Non-current liabilities			
Long-term debt	12	671	820
Derivative liabilities	9	—	17
Deferred income taxes		280	305
Other long-term liabilities		21	22
		<u>972</u>	<u>1,164</u>
Total liabilities		<u>1,755</u>	<u>1,971</u>
Owners' equity		1,718	1,655
Total liabilities and owners' equity		<u>\$ 3,473</u>	<u>\$ 3,626</u>
Contingent liabilities	14		

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

TELUS International (Cda) Inc.

**Condensed Interim Consolidated Statements of Changes in Owners' Equity
(unaudited)**

(millions)	<i>Note</i>	Number of shares	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance as at January 1, 2021		245	\$ 989	\$ —	\$ 33	\$ 89	\$ 1,111
Net income		—	—	—	42	—	42
Other comprehensive loss		—	—	—	—	(42)	(42)
Class A to E shares exchanged or redesignated		(245)	(994)	—	—	—	(994)
Multiple Voting Shares redesignated from Class A to D shares		236	884	—	—	—	884
Subordinate Voting Shares redesignated from Class C to E shares		9	110	—	—	—	110
Multiple Voting Shares converted to Subordinate Voting Shares		(36)	(132)	—	—	—	(132)
Subordinate Voting Shares converted from Multiple Voting Shares		36	132	—	—	—	132
Subordinate Voting Shares issued in public offering		21	525	—	—	—	525
Share issuance costs, net of taxes		—	(25)	—	—	—	(25)
Share-based compensation	4	—	(1)	18	(1)	—	16
Balance as at September 30, 2021		266	\$ 1,488	\$ 18	\$ 74	\$ 47	\$ 1,627
Balance as at January 1, 2022		266	\$ 1,490	\$ 24	\$ 107	\$ 34	\$ 1,655
Net income		—	—	—	149	—	149
Other comprehensive loss		—	—	—	—	(109)	(109)
Share-based compensation	4	—	10	14	(1)	—	23
Balance as at September 30, 2022		266	\$ 1,500	\$ 38	\$ 255	\$ (75)	\$ 1,718

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

TELUS International (Cda) Inc.

Condensed Interim Consolidated Statements of Cash Flows
(unaudited)

Periods ended September 30 (US\$ millions)	Note	Three months		Nine months	
		2022	2021	2022	2021
OPERATING ACTIVITIES					
Net income		\$ 59	\$ 23	\$ 149	\$ 42
Adjustments:					
Depreciation and amortization	10,11	61	63	190	191
Interest expense	5	10	10	29	36
Income tax expense	6	26	15	70	43
Share-based compensation	4	6	21	20	66
Change in market value of derivatives and other		(26)	(1)	(23)	(6)
Net change in non-cash operating working capital	16(c)	17	(11)	(19)	(29)
Share-based compensation payments	4	(8)	(13)	(14)	(30)
Interest paid		(5)	(5)	(16)	(21)
Income taxes paid, net		(16)	(16)	(49)	(74)
Cash provided by operating activities		124	86	337	218
INVESTING ACTIVITIES					
Cash payments for capital assets	16(c)	(26)	(29)	(76)	(67)
Cash receipts (payments) for other assets		7	—	(13)	—
Cash payments for acquisitions, net		—	(11)	—	(11)
Cash used in investing activities		(19)	(40)	(89)	(78)
FINANCING ACTIVITIES					
Shares issued		—	1	2	526
Share issuance costs		—	(2)	—	(34)
Withholding taxes paid related to net share settlement of equity awards	4(b)	—	(3)	(1)	(3)
Repayment of long-term debt	16(d)	(78)	(69)	(207)	(688)
Long-term debt issued	16(d)	—	39	—	39
Cash used in financing activities		(78)	(34)	(206)	(160)
Effect of exchange rate changes on cash and cash equivalents		(7)	(1)	(14)	(3)
CASH POSITION					
Increase (decrease) in cash and cash equivalents		20	11	28	(23)
Cash and cash equivalents, beginning of period		123	119	115	153
Cash and cash equivalents, end of period		\$ 143	\$ 130	\$ 143	\$ 130

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

TELUS International (Cda) Inc.

Notes to Condensed Interim Consolidated Financial Statements (unaudited)

TELUS International (Cda) Inc. (TELUS International) is a leading digital customer experience innovator that designs, builds and delivers next-generation solutions, including AI and content moderation, for global and disruptive brands.

TELUS International was incorporated under the *Business Corporations Act* (British Columbia) on January 2, 2016, and is a subsidiary of TELUS Corporation. TELUS International maintains its registered office at 510 West Georgia Street, Vancouver, British Columbia.

The terms *we*, *us*, *our* or *ourselves* are used to refer to TELUS International and, where the context of the narrative permits or requires, its subsidiaries.

Additionally, the term TELUS Corporation is a reference to TELUS Corporation, and where the context of the narrative permits or requires, its subsidiaries, excluding TELUS International.

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1. Condensed interim consolidated financial statements

(a) Basis of presentation

The notes presented in our condensed interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in our annual audited financial statements; thus, our interim consolidated financial statements are referred to as condensed. Our financial results may vary from period to period during any fiscal year. The seasonality in our business, and consequently, our financial performance, mirrors that of our clients. Our revenues are typically higher in the third and fourth quarters than in other quarters.

These condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2021, and are expressed in United States dollars and follow the same accounting policies and methods of their application as set out in our audited consolidated financial statements for the year ended December 31, 2021, other than as described in the section “Change in presentation” below. The generally accepted accounting principles that we use are International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB). Our condensed interim consolidated financial statements comply with International Accounting Standard 34, *Interim Financial Reporting* and reflect all adjustments (which are of a normal recurring nature) that are, in our opinion, necessary for a fair statement of the results for the interim periods presented.

These condensed interim consolidated financial statements as at and for the three- and nine-month periods ended September 30, 2022 were authorized by our Board of Directors for issue on November 4, 2022.

(b) Change in presentation

In our condensed interim consolidated statements of financial position, we have reclassified certain current and non-current liabilities and grouped these amounts in Accounts payable and accrued liabilities and Other long-term liabilities, respectively,

as they are not material to these condensed interim consolidated financial statements. All amounts presented for the comparative period has been reclassified to conform with current period presentation.

(c) Accounting policy development

Standards, interpretations and amendments to standards not yet effective and not yet applied

In February 2021, the International Accounting Standards Board issued narrow-scope amendments to IAS 1, *Presentation of Financial Statements*, IFRS Practice Statement 2, *Making Materiality Judgements* and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. The amendments will require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarify how to distinguish changes in accounting policies from changes in accounting estimates. We are currently assessing the impacts of the amended standards, but do not expect that our financial disclosure will be materially affected by the application of the amendments.

In May 2021, the International Accounting Standards Board issued targeted amendments to IAS 12, *Income Taxes*. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application is permitted. With a view to reducing diversity in reporting, the amendments will clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and asset retirement (decommissioning) obligations. Based upon our current facts and circumstances, we do not expect our financial performance or disclosure to be materially affected by the application of the amended standard.

2. Capital structure financial policies

Our objective when managing capital is to maintain a flexible capital structure that optimizes the cost and availability of capital at acceptable risk levels.

In the management of capital and in its definition, we include owners' equity (excluding accumulated other comprehensive income), long-term debt (including long-term credit facilities and any hedging assets or liabilities associated with our long-term debt, net of amounts recognized in accumulated other comprehensive income and excluding lease liabilities) and cash and cash equivalents. We manage capital by monitoring the financial covenants in our credit facility (*Note 12*).

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of our business. In order to maintain or adjust our capital structure, we may issue new shares, issue new debt with different terms or characteristics, which may be used to replace existing debt, or pay down our debt balance with cash flows from operations.

3. Revenue

We earn revenue pursuant to contracts with our clients, who operate in various industry verticals. In the first quarter of 2022, we revised our revenue by vertical disaggregation to include our top strategic and growth verticals, including Banking, Financial Services and Insurance vertical, and we have grouped our Healthcare vertical as part of Other.

The following presents our earned revenue disaggregation by strategic industry vertical for the periods presented:

Periods ended September 30 (millions)	Three months		Nine months	
	2022	2021	2022	2021
Tech and Games	\$ 289	\$ 251	\$ 856	\$ 719
Communications and Media	150	136	432	397
eCommerce and FinTech	67	70	221	186
Banking, Financial Services and Insurance	42	25	127	69
Travel and Hospitality	19	16	55	43
Other	48	58	147	180
	<u>\$ 615</u>	<u>\$ 556</u>	<u>\$ 1,838</u>	<u>\$ 1,594</u>

We serve our clients, who are primarily domiciled in North America, from multiple delivery locations across four geographic regions. In addition, our TIAI Data Solutions business has clients that are largely supported by crowdsourced contractors that are globally dispersed and not limited to the physical locations of our delivery centres. The following table presents our earned revenue disaggregated by geographic region, based on location of our delivery centre or where service was provided, for the following periods:

Periods ended September 30 (millions)	Three months		Nine months	
	2022	2021	2022	2021
Europe	\$ 211	\$ 232	\$ 667	\$ 669
North America	158	124	456	362
Asia-Pacific	149	121	441	331
Central America	97	79	274	232
	\$ 615	\$ 556	\$ 1,838	\$ 1,594

4. Share-based compensation

(a) Restricted share unit plan

Restricted share units

We have various restricted share unit award types, including equity-accounted restricted share units (RSUs) and performance restricted share units (PSUs), and liability-accounted restricted share units (Phantom RSUs) and performance restricted share units (Phantom PSUs). All restricted share units are nominally equal in value to one TELUS International subordinate voting share, and liability-accounted restricted share units are settled in cash. Beginning January 1, 2021, restricted share unit awards granted were equity-accounted. The following table presents a summary of the activity related to our restricted share units:

Period ended September 30, 2022	Three months			Nine months		
	Number of units		Weighted average grant-date fair value	Number of units		Weighted average grant-date fair value
	Non-vested	Vested		Non-vested	Vested	
Outstanding, January 1, 2022	1,965,413	—	\$ 25.47	1,850,807	—	\$ 21.94
Granted or exchange of rights	—	59,512	29.41	806,395	59,512	26.52
Vested	(1,072)	1,072	35.01	(520,717)	520,717	17.76
Exercised ¹	—	(59,512)	29.41	—	(579,157)	18.93
Forfeited	(16,112)	—	23.89	(188,256)	—	17.70
Outstanding, September 30, 2022	1,948,229	1,072	\$ 25.48	1,948,229	1,072	\$ 25.48

- 1 During the three-month period ended September 30, 2022, 59,512 restricted share units were exercised and settled with subordinate voting shares issued from treasury. During the nine-month period ended September 30, 2022, 579,157 restricted share units were exercised, of which 323,031 RSUs were exercised and settled with subordinate voting shares issued from treasury, and 256,126 Phantom RSUs were cash-settled for \$6 million based on an average share price of \$23.75.

As at September 30, 2022, the outstanding restricted share units were comprised of 1,286,634 RSUs, 408,321 PSUs, and 253,274 Phantom RSUs.

Phantom TELUS Corporation restricted share units (Phantom TELUS Corporation RSU)

Each Phantom TELUS Corporation RSU is nominally equal in value to the market price of one TELUS Corporation common share. The Phantom TELUS Corporation RSUs are historic grants made to certain employees, and no new awards are expected to be made. The following table presents a summary of the activity related to Phantom TELUS Corporation RSUs:

Period ended September 30, 2022 Canadian \$ denominated	Three months			Nine months		
	Number of units		Weighted average grant-date fair value	Number of units		Weighted average grant-date fair value
	Non-vested	Vested		Non-vested	Vested	
Outstanding, January 1, 2022	—	—	\$ —	78,011	—	\$ 24.20
Vested	—	—	—	(59,549)	59,549	24.13
Exercised ¹	—	—	—	—	(59,549)	24.13
Dividends	—	—	—	1,568	—	30.85
Forfeited	—	—	—	(20,030)	—	24.92
Outstanding, September 30, 2022	—	—	\$ —	—	—	\$ —

- 1 During the nine-month periods ended September 30, 2022, 59,549 Phantom TELUS Corporation RSUs vested and were exercised at a share price of CAD\$28.67 and cash-settled for \$1 million.

(b) Share option award plan

We have equity-accounted share option awards (Share Options), and liability-accounted share option awards (Phantom Share Options). Share Options grant the right to the employee recipient to purchase and receive a subordinate voting share of TELUS International for a pre-determined exercise price. Phantom Share Options grant the right to the employee recipient to receive cash equal to the intrinsic value of the share option award, determined as the difference between the market price of a subordinate voting share of TELUS International and the exercise price. Share option awards are generally exercisable for a period of ten years from the time of grant. Beginning January 1, 2021, share option awards granted were equity-accounted.

The following table presents the three- and nine-month periods ended activity related to our share option awards:

Period ended September 30, 2022	Three months			Nine months		
	Number of share option award units		Weighted average exercise price	Number of share option award units		Weighted average exercise price
	Non-vested	Vested		Non-vested	Vested	
Outstanding, January 1, 2022	632,989	2,096,582	\$ 11.21	1,084,185	2,096,582	\$ 10.74
Vested	—	—	—	(293,860)	293,860	8.46
Exercised ¹	—	—	—	—	(293,860)	8.46
Forfeited	—	—	—	(157,336)	—	6.80
Outstanding, September 30, 2022 ²	632,989	2,096,582	\$ 11.21	632,989	2,096,582	\$ 11.21
Exercisable, September 30, 2022	—	2,096,582	\$ 7.45	—	2,096,582	\$ 7.45

- 1 During the nine-month period ended September 30, 2022, 293,860 share option awards were exercised at an average share price of \$23.75; 159,354 Share Options were net-settled with subordinate voting shares issued from treasury, net of withholding taxes paid of \$1 million, and 134,506 Phantom Share Options were exercised and cash-settled for \$2 million.
- 2 The exercise price for options outstanding as at September 30, 2022 ranged from \$4.87 to \$8.95 for 2,233,471 options with a weighted-average remaining contractual life of 4.4 years, and \$25.00 for 496,100 options with a weighted-average remaining contractual life of 8.4 years.

5. Interest expense

Periods ended September 30 (millions)	Three months		Nine months	
	2022	2021	2022	2021
Interest expense				
Interest on long-term debt, excluding lease liabilities	\$ 6	\$ 5	\$ 17	\$ 23
Interest on lease liabilities	3	4	10	11
Amortization of financing fees and other	1	1	2	2
	\$ 10	\$ 10	\$ 29	\$ 36

6. Income taxes

Periods ended September 30 (millions)	Three months		Nine months	
	2022	2021	2022	2021
Current income tax expense				
For current reporting period	\$ 27	\$ 22	\$ 71	\$ 62
Adjustments recognized in the current period for income tax of prior periods	3	—	3	—
	30	22	74	62
Deferred income tax expense (recovery)				
Arising from the origination and reversal of temporary differences	(5)	(5)	(5)	(17)
Adjustments recognized in the current period for income tax of prior periods	1	(2)	1	(2)
	(4)	(7)	(4)	(19)
	\$ 26	\$ 15	\$ 70	\$ 43

Our income tax expense and effective income tax rate differ from that calculated by applying the applicable statutory rates for the following reasons:

Periods ended September 30 (millions except percentages)	Three months				Nine months			
	2022		2021		2022		2021	
Income taxes computed at applicable statutory income tax rates	\$ 19	23.3 %	\$ 9	23.9 %	\$ 51	23.5 %	\$ 20	23.7 %
Non-deductible items	1		4		5		12	
Withholding and other taxes	6		5		18		13	
Losses not recognized	2		2		5		5	
Foreign tax differential	(6)		(4)		(14)		(5)	
Adjustments recognized in the current period for income tax of prior periods	4		(2)		4		(2)	
Other	—		1		1		—	
Income tax expense	\$ 26	30.6 %	\$ 15	39.5 %	\$ 70	32.0 %	\$ 43	50.6 %

7. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing net income by the total weighted average number of equity shares outstanding during the period.

Periods ended September 30 (millions except earnings per share)	Three months		Nine months	
	2022	2021	2022	2021
Net income for the period	\$ 59	\$ 23	\$ 149	\$ 42
Weighted average number of equity shares outstanding	266	266	266	263
Basic earnings per share	\$ 0.22	\$ 0.09	\$ 0.56	\$ 0.16

(b) Diluted earnings per share

Diluted earnings per share is calculated to give effect to the potential dilutive effect that could occur if additional equity shares were assumed to be issued under securities or instruments that may entitle their holders to obtain equity shares in the future, such as share option awards and restricted share units. The number of additional shares for inclusion in the diluted earnings per share calculation was determined using the treasury stock method.

Periods ended September 30 (millions except earnings per share)	Three months		Nine months	
	2022	2021	2022	2021
Net income for the period	\$ 59	\$ 23	\$ 149	\$ 42
Weighted average number of equity shares outstanding	266	266	266	263
Dilutive effect of share-based compensation	3	3	3	2
Weighted average number of diluted equity shares outstanding	269	269	269	265
Diluted earnings per share	\$ 0.22	\$ 0.09	\$ 0.55	\$ 0.16

During both the three- and nine-months ended September 30, 2022, nil Share Option awards were anti-dilutive and excluded from the calculation of diluted earnings per share (September 30, 2021 - nil for both periods, respectively).

8. Accounts receivable

As at (millions)	September 30, 2022	December 31, 2021
Accounts receivable – billed	\$ 203	\$ 213
Accounts receivable – unbilled	209	175
Other receivables	16	28
	<u>428</u>	<u>416</u>
Allowance for doubtful accounts	(1)	(2)
Total	<u>\$ 427</u>	<u>\$ 414</u>

The following table presents an analysis of the age of customer accounts receivable. Any late payment charges are levied at a negotiated rate on outstanding non-current customer account balances.

As at (millions)	September 30, 2022	December 31, 2021
Customer accounts receivable – billed, net of allowance for doubtful accounts		
Less than 30 days past billing date	\$ 150	\$ 162
30-60 days past billing date	35	39
61-90 days past billing date	7	3
More than 90 days past billing date	10	7
	<u>202</u>	<u>211</u>
Accounts receivable – unbilled	209	175
Other receivables	16	28
Total	<u>\$ 427</u>	<u>\$ 414</u>

We maintain allowances for lifetime expected credit losses related to doubtful accounts. Current economic conditions (including forward-looking macroeconomic data), historical information (including credit agency reports, if available), reasons for the accounts being past due and line of business from which the customer accounts receivable arose are all considered when determining whether to make allowances for past-due accounts. The same factors are considered when determining whether to write off amounts charged to the allowance for doubtful accounts against the customer accounts receivable. The doubtful accounts expense is calculated on a specific-identification basis for customer accounts receivable over a specific balance threshold and on a statistically derived allowance basis for the remainder. No customer accounts receivable balances are written off directly to bad debt expense.

The following table presents a summary of the activity related to our allowance for doubtful accounts:

Periods ended September 30 (millions)	Three months		Nine months	
	2022	2021	2022	2021
Balance, beginning of period	\$ 1	\$ 3	\$ 2	\$ 5
Recovery	—	(1)	—	(3)
Write-off	—	—	(1)	—
Balance, end of period	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 2</u>

9. Financial instruments

General

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the immediate or short-term maturity of these financial instruments.

The fair values of the derivative financial instruments we use to manage our exposure to currency risks are estimated based upon quoted market prices in active markets for the same or similar financial instruments or on the current rates offered to us for financial instruments of the same maturity, as well as discounted future cash flows determined using current rates for similar financial instruments subject to similar risks and maturities (such fair value estimates being largely based on the European euro: US\$ and Philippine peso: US\$ forward exchange rates as at the statement of financial position dates).

Derivative

The derivative financial instruments that we measure at fair value on a recurring basis subsequent to initial recognition are as set out in the following table; all such items use significant other observable inputs (Level 2) for measuring fair value at the reporting date.

		September 30, 2022					December 31, 2021				
As at (millions)	Designation	Maximum maturity date	Notional amount	Fair value and carrying value	Price or rate	Maximum maturity date	Notional amount	Fair value and carrying value	Price or rate		
Current assets ¹											
Derivatives used to manage											
Currency risks arising from Indian rupee denominated purchases	—	—	\$ —	\$ —	—	2022	\$ 10	\$ —	USD:1.00 INR:76.21		
Currency risks arising from Euro business acquisition	HFH ³	2023	\$ 21	\$ 19	USD:1.00 EUR:0.86	2022	\$ 21	\$ 3	USD:1.00 EUR:0.86		
Non-current assets											
Derivatives used to manage											
Currency risks arising from Euro business acquisition	HFH ³	2025	\$ 347	\$ 39	USD:1.00 EUR:0.86	—	\$ —	\$ —	—		
Current liabilities ¹											
Derivatives used to manage											
Currency risks arising from Indian rupee denominated purchases	HFT ²	2022	\$ —	\$ —	—	2022	\$ 2	\$ —	USD:1.00 INR:74.99		
Currency risks arising from Philippine peso denominated purchases	HFT ²	2023	\$ 109	\$ 9	USD:1.00 PHP:52.05	2022	\$ 92	\$ 3	USD:1.00 PHP:50.1		
Interest rate risk associated with non-fixed rate credit facility amounts drawn	HFH ³	2022	\$ 90	\$ —	2.64 %	2022	\$ 95	\$ 2	2.64 %		
Non-current liabilities ¹											
Derivatives used to manage											
Currency risks arising from Euro business acquisition	—	—	\$ —	\$ —	—	2025	\$ 362	\$ 17	USD:1.00 EUR:0.86		

- 1 Notional amounts of derivative financial assets and liabilities are not set off.
- 2 Foreign currency hedges are designated as held for trading (HFT) upon initial recognition; hedge accounting is not applied.
- 3 Designated as held for hedging (HFH) upon initial recognition (cash flow hedging item); hedge accounting is applied. Unless otherwise noted, hedge ratio is 1:1 and is established by assessing the degree of matching between the notional amounts of hedging items and the notional amounts of the associated hedged items.

10. Property, plant and equipment

(millions)	Owned assets					Right-of-use lease assets	
	Computer hardware and network assets	Buildings and leasehold improvements	Furniture and equipment	Assets under construction	Total	Buildings	Total
At cost							
As at January 1, 2022	\$ 48	\$ 119	\$ 231	\$ 26	\$ 424	\$ 317	\$ 741
Additions	1	7	18	45	71	51	122
Dispositions, retirements and other	(1)	(3)	(10)	(2)	(16)	(4)	(20)
Transfers	2	14	21	(37)	—	—	—
Foreign exchange	(2)	(6)	(11)	(2)	(21)	(20)	(41)
As at September 30, 2022	\$ 48	\$ 131	\$ 249	\$ 30	\$ 458	\$ 344	\$ 802
Accumulated depreciation							
As at January 1, 2022	\$ 26	\$ 45	\$ 138	\$ —	\$ 209	\$ 127	\$ 336
Depreciation	5	11	30	—	46	42	88
Dispositions, retirements and other	(1)	(5)	(9)	—	(15)	(4)	(19)
Foreign exchange	(1)	(1)	(7)	—	(9)	(11)	(20)
As at September 30, 2022	\$ 29	\$ 50	\$ 152	\$ —	\$ 231	\$ 154	\$ 385
Net book value							
As at December 31, 2021	\$ 22	\$ 74	\$ 93	\$ 26	\$ 215	\$ 190	\$ 405
As at September 30, 2022	\$ 19	\$ 81	\$ 97	\$ 30	\$ 227	\$ 190	\$ 417

11. Intangible assets and goodwill

(a) Intangible assets and goodwill

(millions)	Customer relationships	Crowdsource assets	Software	Brand and other	Total intangible assets	Goodwill	Total intangible assets and goodwill
At cost							
As at January 1, 2022	\$ 1,182	\$ 120	\$ 57	\$ 37	\$ 1,396	\$ 1,380	\$ 2,776
Additions	—	—	9	—	9	—	9
Dispositions, retirements and other	—	—	(11)	—	(11)	—	(11)
Foreign exchange	(74)	—	(1)	(5)	(80)	(92)	(172)
As at September 30, 2022	\$ 1,108	\$ 120	\$ 54	\$ 32	\$ 1,314	\$ 1,288	\$ 2,602
Accumulated amortization							
As at January 1, 2022	\$ 173	\$ 15	\$ 31	\$ 19	\$ 238	\$ —	\$ 238
Amortization	72	11	11	8	102	—	102
Dispositions, retirements and other	—	—	(11)	—	(11)	—	(11)
Foreign exchange	(17)	—	(1)	(4)	(22)	—	(22)
As at September 30, 2022	\$ 228	\$ 26	\$ 30	\$ 23	\$ 307	\$ —	\$ 307
Net book value							
As at December 31, 2021	\$ 1,009	\$ 105	\$ 26	\$ 18	\$ 1,158	\$ 1,380	\$ 2,538
As at September 30, 2022	\$ 880	\$ 94	\$ 24	\$ 9	\$ 1,007	\$ 1,288	\$ 2,295

(b) WillowTree

On October 27, 2022, we announced a definitive agreement to acquire WillowTree, a full-service digital product provider focused on end user experiences, such as native mobile applications and unified web interfaces. Under the agreement, TELUS International will acquire WillowTree for a total agreed-upon enterprise value of \$1,225 million, inclusive of \$210 million of assumed debt. Of the remainder, \$125 million will be in the form of TELUS International subordinate voting shares, approximately \$160 million is expected to be retained by certain eligible management team members and will be settled subject to certain performance-based criteria, and the balance will be paid in cash upon closing. The acquisition is anticipated to close in January 2023, and is subject to customary closing conditions and regulatory approvals.

The portion retained by WillowTree management team members is expected to be approximately 15% of the total WillowTree equity, subject to final determination, and we will provide written put options which will become exercisable in tranches over a three-year period starting in 2026. We currently estimate the acquisition-date fair value of these written put options for accounting purposes to be approximately \$200 million, which may be settled in cash or in a combination of cash and up to 70% in subordinate voting shares at our option, and this will be recorded as a provision. Concurrent with this acquisition, WillowTree management team members will provide us with purchased call options, which substantially mirror the written put options. The cash portion of the purchase consideration will be funded with available cash and borrowings under an amended credit facility.

As of November 4, 2022, our estimate of the total purchase consideration is in the range of \$1.0 billion to \$1.1 billion, net of debt assumed, which comprises cash, \$125 million of our subordinate voting shares, and approximately \$200 million of provisions for written put options as noted above.

Concurrent with our agreement to acquire WillowTree, we have secured a commitment from our lender to expand our existing credit facility to an aggregate \$2 billion credit facility, consisting of an \$800 million revolving credit facility and \$1.2 billion in term loans payable in five years, subject to the closing of the WillowTree acquisition. We expect to borrow under the expanded credit facility at the time of the closing to fund a portion of the cash purchase consideration of the WillowTree acquisition.

12. Long-term debt

As at (millions)	September 30, 2022	December 31, 2021
Credit facility	\$ 786	\$ 941
Deferred debt transaction costs	(6)	(8)
	780	933
Lease liabilities	206	215
Long-term debt	\$ 986	\$ 1,148
Current	\$ 315	\$ 328
Non-current	671	820
Long-term debt	\$ 986	\$ 1,148

(a) Credit facility

As at September 30, 2022, we had a credit facility secured by our assets with a syndicate of financial institutions, expiring on January 28, 2025. The credit facility is comprised of \$850 million revolving components, and amortizing \$775 million term loan components (comprised of term loans with \$547 million and \$228 million outstanding balances). The outstanding revolving and term loan components had an effective interest rate of 4.57% as at September 30, 2022 (December 31, 2021 - 1.87%).

As at (millions)	September 30, 2022			December 31, 2021		
	Revolving component	Term loan component ¹	Total	Revolving component	Term loan component ¹	Total
Available	\$ 839	N/A	\$ 839	\$ 716	N/A	\$ 716
Outstanding						
Due to TELUS Corporation	\$ 1	\$ 68	\$ 69	\$ 16	\$ 71	\$ 87
Due to Other	10	707	717	118	736	854
	\$ 11	\$ 775	\$ 786	\$ 134	\$ 807	\$ 941
Total	\$ 850	\$ 775	\$ 1,625	\$ 850	\$ 807	\$ 1,657

- 1 We have entered into a receive-floating interest rate, pay-fixed interest rate exchange agreement that effectively converts our interest obligations on the debt to a fixed rate of 2.64% plus applicable margins.

The credit facility bears interest at prime rate, U.S. dollar base rate, a bankers' acceptance rate or London interbank offered rate (LIBOR) (all such terms as used or defined in the credit facility), plus applicable margins. The credit facility contains customary representations, warranties and covenants, including two financial quarter-end ratio tests. Net debt to EBITDA ratio

must not exceed 4.50:1.00 for each quarter in fiscal 2022 and 3.75:1.00 subsequently. The EBITDA to debt service (interest and scheduled principal repayment) ratio must not be less than 1.50:1.00, all as defined in the credit facility. If an acquisition with an aggregate cash consideration in excess of \$60 million occurs in any twelve-month period, the maximum permitted net debt to EBITDA ratio per credit agreement may be increased to 4.50:1.00 and shall return to 3.75:1.00 after eight fiscal quarters.

The term loan component of our credit facility is subject to an amortization schedule requiring that 1.25% of the principal advanced be repaid each quarter of the term of the agreement, with the balance due at maturity. The \$228 million term loan matures on December 22, 2022 and the \$547 million term loan matures on January 28, 2025.

As at September 30, 2022, we were in compliance with all financial covenants, financial ratios and all of the terms and conditions of our long-term debt agreements.

Subsequent to September 30, 2022, as described in Note 11(b), concurrent with our announcement to acquire WillowTree, we have secured a commitment from our lender to expand our existing credit facility to an aggregate \$2 billion credit facility, consisting of an \$800 million revolving credit facility and \$1.2 billion in term loans payable in five years, subject to the closing of the WillowTree acquisition.

(b) Long-term debt maturities

Anticipated requirements to meet long-term debt repayments, calculated upon such long-term debts owing as at September 30, 2022, are as follows:

Composite long-term debt denominated in	U.S dollars			European euros	Other currencies	
	Long-term debt, excluding leases	Leases	Total	Leases	Leases	Total
For each fiscal year ending December 31(millions)						
2022 (remainder of the year)	\$ 236	\$ 5	\$ 241	\$ 3	\$ 5	\$ 249
2023	30	20	50	12	22	84
2024	30	12	42	11	19	72
2025	490	11	501	9	12	522
2026 and thereafter	—	20	20	29	16	65
Future cash outflows in respect of composite long-term debt principal repayments	786	68	854	64	74	992
Future cash outflows in respect of associated interest and like carrying costs ¹	59	13	72	10	11	93
Undiscounted contractual maturities	\$ 845	\$ 81	\$ 926	\$ 74	\$ 85	\$ 1,085

1 Future cash outflows in respect of associated interest and carrying costs for amounts drawn under our credit facilities (if any) have been calculated based upon the rates in effect at September 30, 2022.

13. Share capital

Our authorized and issued share capital as at September 30, 2022 is as follows:

As at (millions)	Authorized		Issued	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Preferred Shares	unlimited	unlimited	—	—
Equity Shares				
Multiple Voting Shares	unlimited	unlimited	200	200
Subordinate Voting Shares	unlimited	unlimited	66	66

As at September 30, 2022, there were 18 million authorized but unissued subordinate voting shares reserved for issuance under our share-based compensation plans, and 5 million authorized but unissued subordinate voting shares reserved for issuance under our employee share purchase plan.

14. Contingent liabilities

(a) Indemnification obligations

In the normal course of operations, we provide indemnification in conjunction with certain transactions. The terms of these indemnification obligations range in duration. These indemnifications would require us to compensate the indemnified parties for costs incurred as a result of failure to comply with contractual obligations or litigation claims or statutory sanctions or damages that may be suffered by an indemnified party. In some cases, there is no maximum limit on these indemnification obligations. The overall maximum amount of an indemnification obligation will depend on future events and conditions and therefore cannot be reasonably estimated. Where appropriate, an indemnification obligation is recorded as a liability. Other than obligations recorded as liabilities at the time of such transactions, historically we have not made significant payments under these indemnifications. As at September 30, 2022, we had no liability recorded in respect of indemnification obligations (December 31, 2021 - \$nil).

(b) Claims and lawsuits

We are party to various legal proceedings and claims that arise in the ordinary course of business. The ultimate outcome of these matters is inherently uncertain. Therefore, if one or more of these matters were resolved against us for amounts in excess of management's estimates of loss, or if any outcome becomes more likely than not and estimable, our results of operations and financial condition could be adversely affected.

15. Related party transactions

(a) Transactions with TELUS Corporation

TELUS Corporation produces consolidated financial statements available for public use and is the ultimate parent and controlling party of TELUS International.

Recurring transactions

TELUS Corporation and its subsidiaries receive customer care, integrated business process outsourcing and information technology outsourcing services from us, and provide services (including people, network, finance, communications, and regulatory) to us. We also participate in defined benefit pension plans that share risks between TELUS Corporation and its subsidiaries.

Three months ended September 30 (millions)	2022			2021		
	TELUS Corporation (parent)	Subsidiaries of TELUS Corporation	Total	TELUS Corporation (parent)	Subsidiaries of TELUS Corporation	Total
Transactions with TELUS Corporation and subsidiaries						
Revenues from services provided to	\$ —	\$ 108	\$ 108	\$ —	\$ 90	\$ 90
Goods and services purchased from	—	(8)	(8)	—	(7)	(7)
	—	100	100	—	83	83
Receipts from related parties	—	(104)	(104)	—	(90)	(90)
Payments to related parties		12	12	3	—	3
Payments (made) collected by related parties on our behalf and other adjustments ¹	6	(9)	(3)	(19)	20	1
Foreign exchange	3	—	3	—	—	—
Change in balance	9	(1)	8	(16)	13	(3)
Accounts with TELUS Corporation and subsidiaries						
Balance, beginning of period	(78)	39	(39)	(8)	4	(4)
Balance, end of period	\$ (69)	\$ 38	\$ (31)	\$ (24)	\$ 17	\$ (7)
Accounts with TELUS Corporation and subsidiaries						
Due from affiliated companies	\$ —	\$ 50	\$ 50	\$ —	\$ 52	\$ 52
Due to affiliated companies	(69)	(12)	(81)	(24)	(35)	(59)
	\$ (69)	\$ 38	\$ (31)	\$ (24)	\$ 17	\$ (7)

Nine months ended September 30 (millions)	2022			2021		
	TELUS Corporation (parent)	Subsidiaries of TELUS Corporation	Total	TELUS Corporation (parent)	Subsidiaries of TELUS Corporation	Total
Transactions with TELUS Corporation and subsidiaries						
Revenues from services provided to	\$ —	\$ 302	\$ 302	\$ —	\$ 258	\$ 258
Goods and services purchased from	—	(20)	(20)	—	(23)	(23)
	—	282	282	—	235	235
Receipts from related parties	—	(307)	(307)	—	(258)	(258)
Payments to related parties	1	12	13	20	—	20
Payments (made) collected by related parties on our behalf and other adjustments ¹	(32)	25	(7)	(71)	50	(21)
Foreign exchange	6	—	6	—	(1)	(1)
Change in balance	(25)	12	(13)	(51)	26	(25)
Accounts with TELUS Corporation and subsidiaries						
Balance, beginning of period	(44)	26	(18)	27	(9)	18
Balance, end of period	\$ (69)	\$ 38	\$ (31)	\$ (24)	\$ 17	\$ (7)
Accounts with TELUS Corporation and subsidiaries						
Due from affiliated companies	\$ —	\$ 50	\$ 50	\$ —	\$ 52	\$ 52
Due to affiliated companies	(69)	(12)	(81)	(24)	(35)	(59)
	\$ (69)	\$ 38	\$ (31)	\$ (24)	\$ 17	\$ (7)

1 Certain key management personnel at TELUS International participate in the *Pension Plan for Management and Professional Employees of TELUS Corporation*, a defined benefit pension plan. During the nine-month period ended September 30, 2022, TELUS Corporation incurred \$2 million (September 30, 2021 - \$nil) for these individuals, which are excluded from the table above.

In the condensed interim consolidated statement of financial position, amounts due from affiliates and amounts due to affiliates are generally due 30 days from billing and are cash-settled on a gross basis.

(b) Transactions with Baring Private Equity Asia

Baring Private Equity Asia exercises significant influence over TELUS International.

Recurring transactions

As at, and during the three- and nine-month periods ended September 30, 2022 and 2021, there were no balances due to or due from, or recurring transactions with, Baring Private Equity Asia (December 31, 2021 – \$nil).

(c) Transactions with key management personnel

Our key management personnel have the authority and responsibility for overseeing, planning, directing and controlling our activities and consist of our Board of Directors and our Executive Leadership Team.

In relation to our key management personnel, during the three-month period ended September 30, 2022, share-based compensation expense of \$2 million was recognized.

During the nine-month period ended September 30, 2022, share-based compensation expense of \$10 million was recognized, and we granted 301,190 RSUs and 229,627 PSUs, with total grant-date fair value of \$14 million. 338,499 equity-accounted awards were exercised and settled with subordinate voting shares issued from treasury, and 330,456 liability-accounted awards were exercised and cash-settled for \$7 million.

16. Additional financial information

(a) Statements of income and other comprehensive income

During the nine-month periods ended September 30, 2022 and 2021, we had three customers which accounted for more than 10% of our operating revenue. Our largest client during the nine-month period ended September 30, 2022 and second largest client during the nine-month period ended September 30, 2021 was TELUS Corporation, our controlling shareholder, accounting for approximately 16.5% and 16.2% of our revenue, respectively. Our second largest client during the nine-month period ended September 30, 2022 and largest client during the nine-month period ended September 30, 2021, a leading social media company, accounted for approximately 16.1% and 17.0% of our revenue, respectively. Google, our third largest client, accounted for approximately 11.8% and 11.2% of our revenue for the nine-month periods ended September 30, 2022 and 2021, respectively.

(b) Statements of financial position

As at (millions)	September 30, 2022	December 31, 2021
Other long-term assets		
Lease deposits and other	\$ 20	\$ 26
Other	6	7
	<u>\$ 26</u>	<u>\$ 33</u>
Accounts payable and accrued liabilities		
Trade accounts payable	\$ 16	\$ 79
Accrued liabilities	88	75
Payroll and other employee-related liabilities	170	144
Share-based compensation liability	9	22
Other	12	16
	<u>\$ 295</u>	<u>\$ 336</u>

(c) **Statements of cash flows—operating activities and investing activities**

Periods ended September 30 (millions)	Three months		Nine months	
	2022	2021	2022	2021
Net change in non-cash operating working capital				
Accounts receivable	\$ (2)	\$ (25)	\$ (30)	\$ (98)
Due to and from affiliated companies, net	—	3	21	25
Prepaid expenses	4	2	(2)	(14)
Other long-term assets	1	1	7	6
Accounts payable and accrued liabilities	1	6	(22)	63
Income and other taxes receivable and payable, net	15	(3)	8	(8)
Other long-term liabilities	(2)	5	(1)	(3)
	<u>\$ 17</u>	<u>\$ (11)</u>	<u>\$ (19)</u>	<u>\$ (29)</u>
Cash payments for capital assets				
Capital asset additions				
Capital expenditures				
Property, plant and equipment, excluding right-of-use assets	\$ (24)	\$ (22)	\$ (71)	\$ (63)
Intangible assets	(2)	(1)	(9)	(3)
	<u>(26)</u>	<u>(23)</u>	<u>(80)</u>	<u>(66)</u>
Change in accrued payables related to the purchase of capital assets	—	(6)	4	(1)
	<u>\$ (26)</u>	<u>\$ (29)</u>	<u>\$ (76)</u>	<u>\$ (67)</u>

(d) **Changes in liabilities arising from financing activities**

Three-month period ended September 30, 2022 (millions)	Beginning of Period	Statements of cash flows		Non-cash changes		End of period
		Issued or received	Redemptions, repayments or payments	Foreign exchange movement	Other	
Long-term debt						
Credit facility	\$ 848	\$ —	\$ (62)	\$ —	\$ —	\$ 786
Lease liabilities	210	—	(16)	(10)	22	206
Deferred debt transaction costs	(7)	—	—	—	1	(6)
	\$ 1,051	\$ —	\$ (78)	\$ (10)	\$ 23	\$ 986

Three-month period ended September 30, 2021 (millions)	Beginning of Period	Statements of cash flows		Non-cash changes		End of period
		Issued or received	Redemptions, repayments or payments	Foreign exchange movement	Other	
Long-term debt						
Credit facility	\$ 983	\$ 39	\$ (52)	\$ —	\$ —	\$ 970
Lease liabilities	203	—	(17)	—	29	215
Deferred debt transaction costs	(10)	—	—	—	1	(9)
	\$ 1,176	\$ 39	\$ (69)	\$ —	\$ 30	\$ 1,176

Nine-month period ended September 30, 2022 (millions)	Beginning of Period	Statements of cash flows		Non-cash changes		End of period
		Issued or received	Redemptions, repayments or payments	Foreign exchange movement	Other	
Long-term debt						
Credit facility	\$ 941	\$ —	\$ (155)	\$ —	\$ —	\$ 786
Lease liabilities	215	—	(52)	(18)	61	206
Deferred debt transaction costs	(8)	—	—	—	2	(6)
	\$ 1,148	\$ —	\$ (207)	\$ (18)	\$ 63	\$ 986

Nine-month period ended September 30, 2021 (millions)	Beginning of Period	Statements of cash flows		Non-cash changes		End of period
		Issued or received	Redemptions, repayments or payments	Foreign exchange movement	Other	
Long-term debt						
Credit facility	\$ 1,568	\$ 39	\$ (637)	\$ —	\$ —	\$ 970
Lease liabilities	209	—	(51)	(2)	59	215
Deferred debt transaction costs	(11)	—	—	—	2	(9)
	\$ 1,766	\$ 39	\$ (688)	\$ (2)	\$ 61	\$ 1,176

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

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Caution Regarding Forward-Looking Statements

The following is a discussion of the financial condition and financial performance of TELUS International (Cda) Inc. (TELUS International, TI, or the Company) for the three and nine months ended September 30, 2022 and is dated November 4, 2022. This discussion and analysis of our financial condition and financial performance should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and the related notes thereto for the three and nine months ended September 30, 2022 and the audited annual consolidated financial statements and the related notes thereto for the year ended December 31, 2021 and the risk factors identified under "Item 3D—Risk Factors" in the Company's Annual Report on Form 20-F for the year ended December 31, 2021 (Annual Report) filed with the SEC at www.sec.gov/edgar.shtml and on SEDAR at www.sedar.com, as such risk factors are updated herein. This discussion is presented in U.S. dollars, except where otherwise indicated and based on financial information prepared in accordance with generally accepted accounting principles (GAAP). The GAAP that we use are the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), which might differ in material respects from accounting principles generally accepted in other jurisdictions, including the United States.

Information contained in this discussion, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. By their nature, forward-looking statements are subject to risks and uncertainties and are based on assumptions, including assumptions about future economic conditions, events and courses of action, many of which we do not control. These assumptions may ultimately prove to have been inaccurate and, as a result, our actual results or events may differ materially from expectations expressed in or implied by the forward-looking statements. You should review the section at the end of this discussion entitled "Special Note Regarding Forward-Looking Statements," and the section entitled "Risk Factors" of our Annual Report for a discussion of important factors that could cause actual results to differ materially from the results projected, described in or implied by the forward-looking statements contained in the following discussion. In our discussion, we also use certain non-GAAP financial measures and non-GAAP ratios to evaluate our performance, monitor compliance with debt covenants and manage our capital structure. These measures are defined, qualified and reconciled with their nearest GAAP measures in the "Non-GAAP Financial Measures and Non-GAAP Ratios" section below.

Overview of the Business

We are a leading digital customer experience (CX) innovator that designs, builds and delivers next-generation solutions, including AI and content moderation, for global and disruptive brands. Our services support the full lifecycle of our clients' digital transformation journeys and enable them to more quickly embrace next-generation digital technologies to deliver better business outcomes. We work with our clients to shape their digital vision and strategies, design scalable processes and identify opportunities for innovation and growth. We bring to bear expertise in advanced technologies and processes, as well as a deep understanding of the challenges faced by all of our clients, including some of the largest global brands, when engaging with their customers. Over the last 17 years, we have built comprehensive, end-to-end capabilities with a mix of industry and digital technology expertise to support our clients in their customer experience and digital enablement transformations.

TELUS International was born out of an intense focus on customer service excellence, continuous improvement and a values-driven culture under the ownership of TELUS Corporation, a leading communications and information technology company in Canada. Since our founding, we have made a number of significant organic investments and acquisitions, with the goal of better serving our growing portfolio of global clients. We have expanded our agile delivery model to access highly qualified talent in multiple geographies, including Asia-Pacific, Central America, Europe and North America, and developed a broader set of complex, digital-centric capabilities.

We believe our ability to help clients realize better business outcomes begins with the talented team members we dedicate to supporting our clients because customer experience delivered by empathetic, highly skilled and engaged teams is key to providing a high-quality brand experience. We have a unique and differentiated culture that places people and a shared set of values at the forefront of everything we do. Over the past decade, we have made a series of investments in our people predicated upon the core philosophy that our "caring culture" drives sustainable team member engagement, retention and customer satisfaction.

We have expanded our focus across multiple industry verticals, targeting clients who believe exceptional customer experience is critical to their success. Higher growth technology companies, in particular, have embraced our service offerings and quickly become our largest and most important industry vertical. We believe we have a category-defining value proposition with a unique approach to combining both digital transformation and CX capabilities.

We have built comprehensive, end-to-end capabilities with a mix of industry and digital technology expertise to support our clients in their customer experience and digital enablement journeys. Our services support the full scope of our clients' digital transformations and enable clients to more quickly embrace next-generation digital technologies to deliver better business outcomes. We provide strategy and innovation, next-generation technology and IT services, and CX process and delivery solutions to fuel our clients' growth. Our highly skilled and empathetic team members together with our deep expertise in customer experience processes, next-generation technologies and expertise within our industry verticals are core to our success. We combine these with our ability to discover, analyze and innovate with new digital technologies in our centres of excellence to continuously evolve and expand our solutions and services.

We have built an agile delivery model with global scale to support next-generation, digitally-led customer experiences. Substantially all of our delivery locations are connected through a carrier-grade infrastructure backed by cloud technologies, enabling globally distributed and virtualized teams. The interconnectedness of our teams and ability to seamlessly shift interactions between physical and digital channels enables us to tailor our delivery strategy to clients' evolving needs. We have over 69,000 team members in 56 delivery locations across 28 countries. Our delivery locations are strategically selected based on a number of factors, including access to diverse, skilled talent, proximity to clients and ability to deliver our services over multiple time zones and in multiple languages. We have established a presence in key global markets, which supply us with qualified, cutting-edge technology talent and have been recognized as an employer of choice in many of these markets. In addition, TELUS International AI Data Solutions (which was formed with the data annotation business we acquired from Lionbridge Technologies Inc. at the end of 2020, and the 2D, 3D and computer vision data annotation capabilities we obtained through our acquisition of Playment in 2021) utilizes the services of crowdsourced contractors that are geographically dispersed across the globe.

Today, our clients include companies across high-growth verticals, including Tech and Games, eCommerce and FinTech, Communications and Media, Banking, Financial Services and Insurance, and Travel and Hospitality. Our relationship with TELUS Corporation, our largest client and controlling shareholder, has been instrumental to our success. TELUS Corporation provides significant revenue visibility, stability and growth, as well as strategic partnership for co-innovation within our Communications and Media industry vertical. Our master services agreement with TELUS Corporation (TELUS MSA) provides for a term of ten years beginning in January 2021 and a minimum annual spend of \$200 million, subject to adjustment in accordance with its terms. For more information, see "Item 7B—Related Party Transactions—Our Relationship with TELUS—Master Services Agreement" in our Annual Report.

Recent Developments

On October 27, 2022, we announced a definitive agreement to acquire WillowTree, a full-service digital product provider focused on end user experiences, such as native mobile applications and unified web interfaces. Under the agreement, TELUS International will acquire WillowTree for a total agreed-upon enterprise value of \$1,225 million, inclusive of \$210 million of assumed debt. Of the remainder, \$125 million will be in the form of TELUS International subordinate voting shares, approximately \$160 million is expected to be retained by certain eligible management team members and will be settled subject to certain performance-based criteria, and the balance will be paid in cash upon closing. The acquisition is anticipated to close in January 2023, and is subject to customary closing conditions and regulatory approvals.

The portion retained by WillowTree management team members is expected to be approximately 15% of the total WillowTree equity, subject to final determination, and we will provide written put options which will become exercisable in tranches over a three-year period starting in 2026. We currently estimate the acquisition-date fair value of these written put options for accounting purposes to be approximately \$200 million, which may be settled in cash or in a combination of cash and up to 70% in subordinate voting shares at our option, and this will be recorded as a provision. Concurrent with this acquisition, WillowTree management team members will provide us with purchased call options, which substantially mirror the written put options. The cash portion of the purchase consideration will be funded with available cash and borrowings under an amended credit facility.

As of November 4, 2022, our estimate of the total purchase consideration is in the range of \$1.0 billion to \$1.1 billion, net of debt assumed, which comprises cash, \$125 million of our subordinate voting shares, and approximately \$200 million of provisions for written put options as noted above.

Concurrent with our agreement to acquire WillowTree, we have secured a commitment from our lender to expand our existing credit facility to an aggregate \$2 billion credit facility, consisting of an \$800 million revolving credit facility and \$1.2 billion in term loans payable in five years, subject to the closing of the WillowTree acquisition. We expect to borrow under the expanded credit facility at the time of the closing to fund a portion of the cash purchase consideration of the WillowTree acquisition.

Factors Affecting Our Performance and Related Trends

A comprehensive list of risk factors that may impact our business performance are described under section “Item 3D-Risk Factors” in our Annual Report. We believe that the key factors affecting our performance and financial performance include the following and the risks related to our acquisition of WillowTree included under the heading “Risks Related to Our Proposed Acquisition of WillowTree”:

Our Ability to Expand and Retain Existing Client Relationships and Attract New Clients

We have a diverse base of clients, including leaders and disruptors across the industry verticals we serve. Through our commitment to customer experience and innovation, we have been able to sustain long-term partnerships with many clients, often expanding our relationship through multiple service offerings that we provide through a number of delivery locations.

To grow our revenue, we seek to continue to increase the number and scope of service offerings we provide to our existing clients. In addition, our continued revenue growth will depend on our ability to win new clients. We seek to partner with prospective clients that value premium digital IT and customer experience solutions and services.

Our ability to maintain and expand relationships with our clients, as well as to attract new clients, will depend on a number of factors, including our ability to maintain: a “customers-first” culture across our organization; our level of innovation, expertise and retention of team member talent; a consistently high level of service experience, as evidenced by, among others measures, the satisfaction ratings that our clients receive from their customers based on the services we provide; the technological advantages we offer; and our positive reputation, as a result of our corporate social responsibility initiatives and otherwise.

Our Ability to Attract and Retain Talent

As at September 30, 2022, we have over 69,000 team members located across 28 countries in four geographic regions, servicing clients in over 50 languages. In addition, our TELUS International AI Data Solutions (TIAI) business utilizes the services of a crowd-sourced provider base that is geographically dispersed across the globe.

Ensuring that our team members feel valued and engaged is integral to our performance, as our team members enable us to provide our unique, “customer-first” and caring culture to our clients’ customers, which has driven our strong client retention, higher satisfaction scores and overall better experience for our clients’ customers. This has, in part, been responsible for our growth and differentiation in the marketplace, enabling us to enhance our existing client relationships and build new ones. As a result, we make significant investments to attract, select, retain and develop talent across our product and service offerings. We have devoted, and will continue to devote, substantial resources to creating engaging, inspiring, world-class physical workplaces; recruiting; cultivating talent selection proficiencies and proprietary methods of performance measurement; growing employee engagement including rewards and development; supporting our corporate sustainability initiatives; and acquiring new talent and capabilities to meet our clients’ evolving needs. Our ability to attract and retain team member talent will depend on a number of factors, including our ability to: compete for talent with competitive service providers in the geographies in which we operate; provide innovative compensation packages and benefits to our team members; retain and integrate talent from our acquisitions; and meet or exceed evolving expectations related to corporate sustainability.

The conflict between Russia and Ukraine

In February 2022, Russia, aided by Belarus, commenced military operations in Ukraine which are still continuing. In response to the conflict, a number of countries including the United States, Canada and other NATO countries, have imposed significant sanctions against Russia and Belarus, and a number of individuals and enterprises in both countries. The prolonged conflict has resulted in increased political uncertainties and volatility in the global economy, which is affecting businesses around the world, including our clients. The scope, intensity, duration and outcome of the conflict is uncertain. Given the nature of our global business and operations, political, economic and other conditions in foreign countries and regions, including geopolitical risks, may adversely affect our results of operations. If the conflict and the sanctions intensify, this may adversely impact our clients and their demand for our services, which may have a material adverse impact on our results of operations. Additionally, although we do not operate in Russia, Belarus or Ukraine, we have operations and team members in neighboring countries and any escalation of the conflict could adversely impact our operations and team members in these countries, which could materially impact our ability to deliver services to our clients, and may have a material effect on our results of operations. During the three- and nine-month periods ended September 30, 2022, we have not experienced a material impact on our operating results due to the conflict.

There is also no certainty that the current conflict between Russia and Ukraine will not draw military or other intervention from additional countries, which could lead to a much larger conflict and/or additional sanctions, which could further negatively impact the global economy. In addition, we cannot predict the impact that an escalation of the conflict may have on our clients and each of their financial conditions. Any material adverse effect on our clients, including due to conflict, could adversely impact us. Further, the risk of cybersecurity incidents has increased in connection with the ongoing conflict. It is possible that these attacks could have collateral effects on critical communications infrastructure and financial institutions globally, which could adversely affect our operations and could increase the frequency and severity of cyber-based attacks against our information technology systems. The proliferation of malware from the conflict into systems unrelated to the conflict, or cyberattacks against companies based in countries that have instituted sanctions against Russia and Belarus, such as the United States, could also adversely affect our results of operations. To the extent the current conflict between Russia and Ukraine adversely affects our business, it may also have the effect of heightening many other risks disclosed in the “Risk Factors” in our Annual Report on Form 20-F, any of which could materially and adversely affect our business and results of operations.

Impact of COVID-19

The COVID-19 pandemic, which began in the first quarter of 2020, continues to evolve and have a global impact, including in each of the countries where our delivery locations are located. Since that time, it has disrupted our business operations and created financial uncertainty. Our persistent focus to date has been on keeping all of our team members safe and healthy, while continuing to serve our clients and support our communities. As of the date of this report, many of our team members continue to work remotely, as they have since the onset of the pandemic, and in some cases we have thoughtfully and strategically returned team members to site. We currently expect that a majority of team members will return to traditional work environments in offices and delivery locations over time when it has been deemed safe to do so by local governments and healthcare officials, although the extent and timing of such return is expected to vary by geography and practices within each office and delivery location.

Impact to our financial condition, financial performance and liquidity: We believe the impact of the COVID-19 pandemic on our business, operating results, cash flows and financial condition will be primarily driven by the severity and duration of the pandemic in the geographic regions where we and our clients operate, the pandemic’s impact on the global economy and within the markets where we operate, the vaccination progress in the countries where we operate, the introduction of further variants or the possible resurgence of infection rates, as well as other international, regional and local governmental responses to the pandemic, as those primary drivers are beyond our knowledge and control. The impact of the COVID-19 pandemic was most significant in the second quarter of 2020 as a result of the temporary site closures enforced across our delivery sites, and as we migrated our team members to a remote workforce. We are unable to reasonably estimate or quantify with precision the full impact the COVID-19 pandemic has had or will have on our business, operating results, cash flows and/or financial condition.

Impacts to demand of our products and services: The COVID-19 pandemic has presented both challenges and opportunities in maintaining and expanding revenue. The pandemic has created opportunities for new delivery models such as our “Work Anywhere” offering, as our clients look to refine their in-house business continuity practices and adopt a permanent new operating model. The challenges of the COVID-19 pandemic accelerated the digital transformation initiatives of many of our clients, giving us the opportunity to deepen client relationships by providing more of our services to address their evolving digital enablement and customer experience needs. We cannot precisely quantify the impact of such acceleration of digital transformation initiatives on our financial results.

Industry Trends

The industry trends affecting us and that may have an impact on our future performance and financial performance include the trends described in “Item 4B—Business Overview—Industry Background” in our Annual Report.

Seasonality

Our financial results may vary from period to period during any year. The seasonality in our business, and consequently, our financial performance, generally mirrors that of our clients. Our revenues, excluding material changes to our clients operating environment, such as potential impacts of a recession and our clients response to those impacts, or material changes in the foreign currency rates that we operate in, are typically higher in the third and fourth quarters than in other quarters.

Foreign Currency Fluctuations

While our primary operating currency is the U.S. dollar, we are also party to revenue contracts denominated in euro and other currencies and a significant portion of our operating expenses are incurred in currencies other than the U.S. dollar. Movements in the exchange rates between the U.S. dollar and these other currencies have an impact on our financial results. The tables below outline revenue and expenses by currency and the percentage of each of the total revenue and expenses for each period.

(millions except percentages)	Three Months Ended September 30				Nine Months Ended September 30			
	2022		2021		2022		2021	
	Revenue	% of total	Revenue	% of total	Revenue	% of total	Revenue	% of total
U.S. dollar	\$ 402	65 %	\$ 342	62 %	\$ 1,192	65 %	\$ 947	59 %
European euro	177	29 %	178	32 %	534	29 %	545	35 %
Canadian dollar	31	5 %	28	5 %	86	5 %	83	5 %
Other	5	1 %	8	1 %	26	1 %	19	1 %
Total Revenue	<u>\$ 615</u>	<u>100 %</u>	<u>\$ 556</u>	<u>100 %</u>	<u>\$ 1,838</u>	<u>100 %</u>	<u>\$ 1,594</u>	<u>100 %</u>

(millions except percentages)	Three Months Ended September 30				Nine Months Ended September 30			
	2022		2021		2022		2021	
	Expenses	% of total	Expenses	% of total	Expenses	% of total	Expenses	% of total
U.S. dollar	\$ 193	36 %	\$ 202	40 %	\$ 597	37 %	\$ 572	40 %
European euro	104	20 %	103	20 %	325	20 %	314	21 %
Philippine peso	63	12 %	58	11 %	202	13 %	167	11 %
Canadian dollar	55	10 %	48	9 %	161	10 %	148	10 %
Other	116	22 %	98	20 %	330	20 %	271	18 %
Total Operating Expenses	<u>\$ 531</u>	<u>100 %</u>	<u>\$ 509</u>	<u>100 %</u>	<u>\$ 1,615</u>	<u>100 %</u>	<u>\$ 1,472</u>	<u>100 %</u>

The following table presents information on the average exchange rates between the U.S. dollars and the key currencies to which we have exposure:

	Nine Months Ended September 30	
	2022	2021
Foreign exchange rates		
European euro to U.S. dollar	1.0623	1.1959
Philippine peso to U.S. dollar	0.0187	0.0205
Canadian dollar to U.S. dollar	0.7795	0.7994

Risks Related to Our Proposed Acquisition of WillowTree

We are subject to the following risks in connection with our acquisition of WillowTree. In addition, many of the risks affecting our business described in our annual report on Form 20-F, filed with the SEC on February 10, 2022, also impact the business of WillowTree.

There can be no assurance that the proposed acquisition of WillowTree will be completed on the proposed timeline or at all.

The acquisition agreement contains a number of conditions which must be fulfilled to complete the acquisition, including approval under the Hart-Scott-Rodino Act, the accuracy of the representations and warranties of the parties, material compliance of each party with its respective covenants and the absence of legal impediments. If the conditions are not satisfied or, to the extent legally permissible, waived, the acquisition may not occur or may be delayed and we may lose some or all of the intended benefits of the acquisition.

We may not be able to fully integrate WillowTree into our ongoing business operations, which may result in our inability to fully realize the intended benefits of the acquisition, or may disrupt our current operations, which could have a material adverse effect on our business, financial position and results of operations.

If we successfully consummate the acquisition of WillowTree, we plan to integrate the operations of WillowTree into our business; however the second amended and restated limited liability company agreement of the surviving entity, which will govern the surviving company after the closing of the acquisition, requires us to continue to operate WillowTree as a standalone entity in some respects. For example, we have agreed that certain transactions and other operational decisions related to the WillowTree business will be subject to review and approval by certain WillowTree representatives until December 31, 2027 (or, in certain instances, earlier). We will also be required to preserve separate accounting for WillowTree's business revenue until the end of 2027. These restrictions will delay us from fully integrating the operations of WillowTree into our business and operations, which may delay or prevent us from taking full advantage of certain synergies that could be available to us with this acquisition.

The integration process involves complex operational, technological and personnel-related challenges, which are time-consuming and require significant investment and may disrupt our ongoing business operations. Furthermore, integration involves a number of risks, including, but not limited to:

- difficulties or complications in integrating WillowTree's operations in compliance with the agreements entered into with members of WillowTree management;
- differences in controls, procedures and policies, regulatory standards and business cultures among the combined companies;
- the diversion of management's attention from our current business operations;
- the potential loss of key personnel who choose not to remain with WillowTree;
- labor disputes, strikes or similar disruptions;
- the potential loss of key clients who choose not to do business with the combined company and changes to contractual terms demanded by clients in light of the acquisition;
- difficulties or delays in consolidating WillowTree's information technology and other platforms, including implementing systems designed to continue to ensure that we maintain effective disclosure controls and procedures and internal control over financial reporting for the combined company and enable us to continue to comply with IFRS and applicable U.S. and Canadian securities laws and regulations;
- unanticipated costs and other assumed contingent liabilities, including the assumption of WillowTree's existing, threatened and pending litigation;
- difficulty comparing and integrating financial reporting due to differing financial and/or internal reporting systems;
- making any necessary modifications to internal controls over financial reporting to comply with applicable rules and regulations; and

- possible tax costs or inefficiencies associated with integrating the operations of the combined global company.

These factors could cause us to not fully or timely integrate WillowTree into our business and realize the anticipated financial and/or strategic benefits of the acquisition, which could have a material adverse effect on our business, financial condition and/or results of operations.

Even if we are able to successfully integrate WillowTree into the Company, we may not be able to realize the revenue and other synergies and growth that we anticipate we should achieve from the acquisition in the time frame that we currently expect or at all, and the costs of achieving these benefits may be higher than what we currently expect.

The senior management of WillowTree is critical to its continued success as part of the combined entity, and the loss of one or more members of WillowTree's senior management team could have a material adverse effect on our business, financial performance, financial condition and cash flows.

The future success of the combined entity substantially depends on the continued services and performance of the members of WillowTree's senior management team, including the founder and chief executive of WillowTree, who is expected to continue to lead WillowTree's business following the acquisition, and other key team members possessing technical and business capabilities, including industry expertise, that are difficult to replace. Specifically, the loss of the services of WillowTree's founder and chief executive officer, and chief commercial officer, after the acquisition, without immediate and suitable successors, could seriously impair our ability to integrate, manage and expand WillowTree's business as part of the combined entity. Although we entered into employment agreements with these individuals in connection with our entry into the transaction, certain terms of those agreements may not be enforceable and, in any event, these agreements do not ensure the continued service of these individuals. In addition, although certain of WillowTree's management will, following closing, hold securities that will be convertible into cash or a combination of cash and subordinated voting shares of the Company, which will vest over three years, beginning in 2025, subject to certain performance-based criteria, such incentives may not be sufficient to retain such individuals, especially if the price of our subordinate voting shares declines.

In addition, the WillowTree management team and other employees will be critical to the success of our short and longer-term integration plans. The loss of any of WillowTree's key management team members and certain other employees, particularly to competitors, could have a material adverse effect on our ability to realize the expected benefits and synergies of the acquisition in full, in a timely manner, or at all.

Holders of our subordinate voting shares may be subject to dilution resulting from settlement of the reinvestment by certain eligible management team members into our Company in connection with the acquisition.

Certain eligible management team members of WillowTree are expected to reinvest approximately \$160 million into our Company at the closing of the acquisition, in the form of securities to be settled over three years beginning in 2026, subject to certain performance-based criteria, in cash or in a combination of cash and up to 70% in subordinate voting shares at our option. Should we elect to settle such reinvestment securities in subordinate voting shares, holders of our subordinate voting shares will be subject to dilution. The greater the proportion of the reinvestment that we elect to settle in subordinate voting shares, the greater the expected extent of the dilution will be.

We will incur substantial costs in connection with the WillowTree acquisition, and if the acquisition is not completed, we will have incurred substantial expenses without realizing the expected benefits of the acquisition.

We expect to incur a number of non-recurring transaction fees and other costs associated with completing the WillowTree acquisition and combining the operations of the two companies, including legal and accounting fees and potential unknown liabilities. These fees and costs will be substantial and many of them will be incurred regardless of whether the acquisition is consummated. Additional unanticipated costs may also be incurred in the integration of the businesses of TELUS International and WillowTree. If the total costs incurred in completing the WillowTree acquisition exceed estimates, the financial results of the combined company may be materially adversely affected, which may adversely affect the value of our subordinate voting shares following the closing of this offering.

The risks arising with respect to the historic business and operations of WillowTree may be different than we anticipate, which could significantly increase the costs and decrease the benefits of the acquisition and materially and adversely affect our operations going forward.

Although we performed significant financial, legal, technological and business due diligence with respect to WillowTree, we may not have appreciated, understood or fully anticipated the extent of the risks associated with its business and the acquisition and integration. In the stock purchase agreement we entered into in connection with the acquisition, we have been indemnified for certain matters in order to mitigate the consequences of certain breaches of surviving covenants and the risks associated with historic operations. Although we have the benefit of the indemnification provisions of the stock purchase agreement and insurance policies, our exercise of due diligence and risk mitigation strategies may not anticipate or mitigate the full risks of the acquisition and the associated costs. We may not be able to contain or control the costs associated with unanticipated risks or liabilities, which could materially and adversely affect our business, liquidity, capital resources or results of operations.

Results of Operations

(millions, except per share amounts and percentages)	Three Months Ended September 30				Nine Months Ended September 30			
	2022	2021	\$ change	% change	2022	2021	\$ change	% change
Revenue	\$ 615	\$ 556	\$ 59	11 %	\$ 1,838	\$ 1,594	\$ 244	15 %
Operating Expenses								
Salaries and benefits	346	309	37	12 %	1,044	890	154	17 %
Goods and services purchased	111	110	1	1 %	344	307	37	12 %
Share-based compensation	6	21	(15)	(71)%	20	66	(46)	(70)%
Acquisition, integration and other	7	6	1	17 %	17	18	(1)	(6)%
Depreciation	29	29	—	— %	88	85	3	4 %
Amortization of intangible assets	32	34	(2)	(6)%	102	106	(4)	(4)%
	\$ 531	\$ 509	\$ 22	4 %	\$ 1,615	\$ 1,472	\$ 143	10 %
Operating Income	\$ 84	\$ 47	\$ 37	79 %	\$ 223	\$ 122	\$ 101	83 %
Interest expense	10	10	—	— %	29	36	(7)	(19)%
Foreign exchange (gain) loss	(11)	(1)	(10)	1000 %	(25)	1	(26)	(2600)%
Income before Income Taxes	85	38	47	124 %	219	85	134	158 %
Income taxes	26	15	11	73 %	70	43	27	63 %
Net Income	\$ 59	\$ 23	\$ 36	157 %	\$ 149	\$ 42	\$ 107	255 %
Earnings per Share								
Basic Earnings per Share	\$ 0.22	\$ 0.09	\$ 0.13	144 %	\$ 0.56	\$ 0.16	\$ 0.40	250 %
Diluted Earnings per Share	\$ 0.22	\$ 0.09	\$ 0.13	144 %	\$ 0.55	\$ 0.16	\$ 0.39	244 %

Revenue

We earn revenue pursuant to contracts with our clients that generally take the form of a master services agreement (MSA), or other service contracts. MSAs, which are framework agreements with terms generally ranging from three to five years, with the vast majority having a term of three years, are supplemented by statements of work (SOWs) that identify the specific services to be provided and the related pricing for each service. There are a number of factors that impact the pricing of the services identified in each SOW or service contract, including, but not limited to, the nature and scope of services being provided, service levels and, under certain of our MSAs, we are able to share, to a certain extent, our higher costs of services and foreign exchange risk arising from currency fluctuations. The substantial majority of our revenue is earned based on a time and materials billing model.

Most of our contracts, other than with TELUS Corporation, do not commit our clients to a minimum annual spend or to specific volumes of services. Although the contracts we enter into with our clients provide for terms that range from three to five years, the arrangements may be terminated by our clients for convenience with limited notice and without payment of a penalty or termination fee. Additionally, our clients may also delay, postpone, cancel or reduce the volume of certain of the services we provide without canceling the whole contract. Many of our contracts contain provisions that would require us to pay penalties to our clients and/or provide our clients with the right to terminate the contract if we do not meet pre-agreed service level requirements.

From period to period, the fluctuation in our revenue is primarily a function of changes to existing SOWs, new SOWs with existing clients, MSAs signed with new clients, and the impact of foreign exchange on non-U.S. dollar-denominated contracts. While we provide a discussion and analysis of our results of operations below, we are unable to quantify the effects of changes in price or volume in relation to our revenue growth. We do not track standard measures of a per-unit rate or volume, since our measures of price and volume are extremely complex. Each of our customers is unique, with varying needs and requirements that span our diverse services offerings, which is reflected in a customized services contract and pricing model that does not fit into standard comparability measurements. Revenue for our services is a function of the nature of each specific service to be provided as specified by each client, the geographical region where the service is to be performed, the skills required and/or the outcome sought, estimated costs to perform, contract terms and other factors.

Comparison of Three Months Ended September 30, 2022 and 2021. Our revenue increased \$59 million, or 11%, to \$615 million for the three months ended September 30, 2022, driven by growth in services provided to existing clients as well as new clients added since the prior year. Revenue growth included an unfavorable foreign currency impact of approximately 5% due to the lower average EUR:USD exchange rate associated with the strengthening U.S. dollar against the European euro in the current three-month period, as compared to the average rate in the comparative third quarter of 2021.

Comparison of Nine Months Ended September 30, 2022 and 2021. Our revenue increased \$244 million, or 15%, to \$1,838 million for the nine months ended September 30, 2022, driven by growth in services provided to existing clients as well as new clients added since the prior year. Revenue growth included an unfavorable foreign currency impact of approximately 5% due to the lower average EUR:USD exchange rate associated with the strengthening U.S. dollar against the European euro in the current nine-month period, as compared to the average rate in the comparative nine-month period ended September 30, 2021. Revenue from our top 10 clients for the nine-months ended September 30, 2022 was 64%, compared to 61% in the comparative period.

During the nine-month periods ended September 30, 2022 and 2021, we had three customers which accounted for more than 10% of our operating revenue. Our largest client during the nine-month period ended September 30, 2022 and second largest client during the nine-month period ended September 30, 2021 was TELUS Corporation, our controlling shareholder, accounting for approximately 16.5% and 16.2% of our revenue, respectively. Our second largest client during the nine-month period ended September 30, 2022 and largest client during the nine-month period ended September 30, 2021, a leading social media company, accounted for approximately 16.1% and 17.0% of our revenue, respectively. Google, our third largest client, accounted for approximately 11.8% and 11.2% of our revenue for the nine-month periods ended September 30, 2022 and 2021, respectively.

We deliver tailored solutions to a diverse set of clients active in various verticals from our delivery locations around the world. However, these services are marketed, sold and delivered to clients in an integrated manner in order to provide a unified, seamless sales and delivery experience. Our chief operating decision maker reviews financial information presented on a consolidated basis for the purposes of evaluating financial performance and making resource allocation decisions. Accordingly, we report our results and manage our business as a single operating and reporting segment.

In the first quarter of 2022, we revised our revenue by vertical disaggregation to include our top strategic and growth verticals, including Banking, Financial Services and Insurance vertical, and we have grouped our Healthcare vertical as part of Other. The following presents our earned revenue disaggregation by strategic industry vertical for the periods presented:

(millions except percentages)	Three Months Ended September 30				Nine Months Ended September 30			
	2022	2021	\$ change	% change	2022	2021	\$ change	% change
Revenue by Industry Vertical								
Tech and Games	\$ 289	\$ 251	\$ 38	15 %	\$ 856	\$ 719	\$ 137	19 %
Communications and Media	150	136	14	10 %	432	397	35	9 %
eCommerce and FinTech	67	70	(3)	(4)%	221	186	35	19 %
Banking, Financial Services and Insurance	42	25	17	68 %	127	69	58	84 %
Travel and Hospitality	19	16	3	19 %	55	43	12	28 %
Other	48	58	(10)	(17)%	147	180	(33)	(18)%
Total	<u>\$ 615</u>	<u>\$ 556</u>	<u>\$ 59</u>	<u>11 %</u>	<u>\$ 1,838</u>	<u>\$ 1,594</u>	<u>\$ 244</u>	<u>15 %</u>

During the three- and nine-month periods ended September 30, 2022, revenue generated from the Tech and Games industry vertical increased 15% and 19%, respectively, due to expansion in our TIAI business, continued growth within our existing clients and the addition of new clients. Revenue generated from the Banking, Financial Services and Insurance vertical grew 68% and 84%, respectively, driven by the addition of a leading global financial institution client. Revenue generated from the eCommerce and FinTech industry vertical declined slightly in the third quarter of 2022, mainly due to the unfavourable EUR:USD currency movements, and grew by 19% during the nine-month period ended September 30, 2022, which was primarily attributable to new clients and growth within our existing client base. Revenue generated from the Communications and Media industry vertical grew 10% and 9%, respectively, which was predominantly due to higher revenue from TELUS Corporation. Across all of our verticals, the reported revenue growth rates were negatively impacted by unfavourable EUR:USD currency movements compared to the same three- and nine-month periods in the prior year, as discussed earlier.

We serve our clients, who are primarily domiciled in North America, from multiple delivery locations across four geographic regions. In addition, our TIAI clients are largely supported by crowdsourced contractors that are globally dispersed and not limited to the physical locations of our delivery centres. The table below presents the revenue generated in each geographic region, based on the location of our delivery centres or where the services were provided from, for the periods presented.

(millions except percentages)	Three Months Ended September 30				Nine Months Ended September 30			
	2022	2021	\$ change	% change	2022	2021	\$ change	% change
Revenue by Geographic Region								
Europe	\$ 211	\$ 232	\$ (21)	(9)%	\$ 667	\$ 669	\$ (2)	— %
North America	158	124	34	27 %	456	362	94	26 %
Asia-Pacific	149	121	28	23 %	441	331	110	33 %
Central America	97	79	18	23 %	274	232	42	18 %
Total	<u>\$ 615</u>	<u>\$ 556</u>	<u>\$ 59</u>	<u>11 %</u>	<u>\$ 1,838</u>	<u>\$ 1,594</u>	<u>\$ 244</u>	<u>15 %</u>

Salaries and benefits

The principal components of salaries and benefits expense include all compensation and benefits, excluding share-based compensation, paid to our front-line and administrative employees.

Comparison of Three Months Ended September 30, 2022 and 2021. Salaries and benefits increased \$37 million, or 12%, to \$346 million during the three months ended September 30, 2022 due to higher team member count to support business growth and higher average employee salaries and wages, partially offset by the lower average exchange rates across a variety of currencies relative to the U.S. dollar. Salaries and benefits as a percentage of revenue was steady at 56% in the current three-month period, compared to the comparative prior period. Total team member count was 69,252 at September 30, 2022 compared to 58,527 at September 30, 2021.

Comparison of Nine Months Ended September 30, 2022 and 2021. Salaries and benefits increased \$154 million, or 17%, to \$1,044 million during the nine months ended September 30, 2022 due to higher team member count to support business growth and higher average employee salaries and wages, partially offset by the lower average exchange rates across a variety of currencies relative to the U.S. dollar. Salaries and benefits as a percentage of revenue increased to 57% in the current nine-month period, compared to 56% in the comparative prior period.

Goods and services purchased

Goods and services purchased include items such as software licensing costs that are required to support our operations, contracted labor costs, sales and marketing expenses associated with promoting and selling our services, compliance expenses such as legal and audit fees and business taxes, other IT expenditures, bad debt expenses and facility expenses.

Comparison of Three Months Ended September 30, 2022 and 2021. Goods and services purchased increased \$1 million, or 1%, to \$111 million during the three months ended September 30, 2022. The increase was attributable to business growth, which includes higher crowdsourced contractor costs from our TIAI business, which were partly offset by spend efficiencies enacted during the third quarter and the lower average exchange rates across a variety of currencies relative to the U.S. dollar.

Comparison of Nine Months Ended September 30, 2022 and 2021. Goods and services purchased increased \$37 million, or 12%, to \$344 million during the nine months ended September 30, 2022. The increase was attributable to business growth, including higher crowdsourced contractor costs from the expansion in our TIAI business, as described above, partially offset by the lower average EUR:USD exchange rate.

Share-based compensation

Share-based compensation relates to restricted share unit awards and share option awards granted to employees. These awards include both liability-accounted awards, which requires a mark-to-market revaluation against our share price, and equity-accounted awards.

Comparison of Three Months Ended September 30, 2022 and 2021. Share-based compensation decreased \$15 million to \$6 million during the three months ended September 30, 2022. The decrease was primarily due to our lower average share price during the quarter, tied to recent market conditions, which resulted in lower expense on our liability-accounted awards.

Comparison of Nine Months Ended September 30, 2022 and 2021. Share-based compensation decreased \$46 million to \$20 million during the nine months ended September 30, 2022. The decrease was primarily due to the decrease in our share price during the nine-month period ended September 30, 2022, which resulted in lower expense on our liability-accounted awards, as compared to the increase in our share price in the comparative nine-month period following the IPO. The decrease was partially offset by higher expense associated with equity-accounted awards.

Acquisition, integration and other

Acquisition, integration and other is comprised primarily of costs related to our business acquisitions, including transaction costs and integration activities, which could vary from year to year depending on the volume, nature and complexity of the transactions completed in each fiscal year. We also, from time to time, incur costs associated with streamlining our operations, including ongoing and incremental efficiency initiatives, which may include personnel-related costs and rationalization of real estate. Other costs may also include external costs that are unusual in their nature or significance, such as incremental costs incurred in connection with the COVID-19 pandemic, adverse litigation judgments or regulatory decisions, and other costs that do not contribute normally to the earning of revenues.

Comparison of Three Months Ended September 30, 2022 and 2021. Acquisition, integration and other increased \$1 million to \$7 million during the three months ended September 30, 2022, relatively consistent with the prior comparative period.

Comparison of Nine Months Ended September 30, 2022 and 2021. Acquisition, integration and other decreased \$1 million to \$17 million during the nine months ended September 30, 2022, due to lower integration costs compared to the prior comparative period.

Depreciation and amortization

Depreciation and amortization includes depreciation of property, plant and equipment and right-of-use leased assets as well as amortization expense for software and intangible assets recognized primarily in connection with acquisitions.

Comparison of Three Months Ended September 30, 2022 and 2021. Depreciation and amortization expense was \$61 million for three months ended September 30, 2022, compared to \$63 million in the prior comparative period. The higher depreciation and amortization associated with our investments in capital and intangible assets were offset by the lower average EUR:USD exchange rate on assets held in our subsidiaries which have a European euro functional currency.

Comparison of Nine Months Ended September 30, 2022 and 2021. Depreciation and amortization expense was \$190 million for nine months ended September 30, 2022, compared to \$191 million in the prior comparative period. The higher depreciation and amortization associated with our investment in capital and intangible assets were offset by the lower average EUR:USD exchange rate on assets held in our subsidiaries which have a European euro functional currency as described above.

Interest expense

Interest expense includes interest expense on short-term and long-term borrowings and on our lease liabilities.

Comparison of Three Months Ended September 30, 2022 and 2021. Interest expense was steady at \$10 million for the three months ended September 30, 2022, as lower average debt balances on our credit facility were offset by higher average interest rates during the period.

Comparison of Nine Months Ended September 30, 2022 and 2021. Interest expense decreased \$7 million, or 19%, to \$29 million for the nine months ended September 30, 2022, primarily due to lower average debt balances on our credit facility, partially offset by higher average interest rates.

Foreign exchange

Foreign exchange is comprised of gains and losses recognized on certain derivatives, as well as foreign exchange gains and losses recognized on the revaluation and settlement of foreign currency transactions. See “Item 11—Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk” in our Annual Report for a discussion of our hedging programs.

Comparison of Three Months Ended September 30, 2022 and 2021. Foreign exchange gain increased \$10 million to \$11 million for the three months ended September 30, 2022. The gain was primarily due to effect of the strengthening U.S. dollar against both the European euro and Canadian dollar, and the associated foreign currency revaluation impact.

Comparison of Nine Months Ended September 30, 2022 and 2021. Foreign exchange gain was \$25 million for the nine months ended September 30, 2022, compared to a foreign exchange loss of \$1 million in the prior comparative period. The gain was primarily due to the foreign currency revaluation impact as described above.

Income tax expense

(millions except percentages)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Income tax expense	\$ 26	\$ 15	\$ 70	\$ 43
Income taxes computed at applicable statutory rates (%)	23.3 %	23.9 %	23.5 %	23.7 %
Effective tax rate (%)	30.6 %	39.5 %	32.0 %	50.6 %

Comparison of Three Months Ended September 30, 2022 and 2021. Income tax expense increased by \$11 million for the three months ended September 30, 2022 and the effective tax rate decrease from 39.5% to 30.6%. The decrease in the effective tax rate was primarily due to a decrease in non-deductible items and a decrease in withholding and other taxes, as a percentage of net income before taxes, partially offset by an increase in adjustments recognized in the current period for income tax of prior periods.

Comparison of Nine Months Ended September 30, 2022 and 2021. Income tax expense increased by \$27 million for the nine months ended September 30, 2022 and the effective tax rate decreased from 50.6% to 32.0%. The decrease in the effective tax rate was primarily due to a decrease in non-deductible items and a decrease in withholding and other taxes, as a percentage of net income before taxes. The majority of the non-deductible items incurred in the nine months ended September 30, 2021 were a result of our IPO and are non-recurring.

Net income

Comparison of Three Months Ended September 30, 2022 and 2021. Net income increased \$36 million, or 157%, to \$59 million for the three months ended September 30, 2022. The increase was primarily due to higher revenues, lower share based compensation expense, and a foreign exchange gain in the period, partially offset by higher operating costs to support business growth and higher income tax expense. Net income margin, calculated by dividing net income by revenue for the period, increased to 9.6% for the three months ended September 30, 2022, compared to 4.1% in the comparative period.

Comparison of Nine Months Ended September 30, 2022 and 2021. Net income increased \$107 million, or 255%, to \$149 million for the nine months ended September 30, 2022. The increase was primarily due to higher revenues, lower share based compensation expense, and a foreign exchange gain in the period, partially offset by higher operating costs to support business growth and higher income tax expense. Net income margin increased to 8.1% for the nine months ended September 30, 2022, compared to 2.6% in the comparative period.

Non-GAAP Financial Measures and Non-GAAP Ratios

We regularly review the non-GAAP financial measures and non-GAAP ratios presented below to evaluate our operating performance and analyze underlying business results and trends. We use these non-GAAP financial measures and non-GAAP ratios to manage our business by establishing budgets and operational goals against these measures. We also use these non-GAAP financial measures to monitor compliance with debt covenants, which are based on the same or similar financial metrics, and manage our capital structure. We believe these non-GAAP financial measures and non-GAAP ratios provide investors with a consistent basis on which to evaluate our operating performance with our comparative period results, and additionally provide supplemental information to the financial measures and ratios that are calculated and presented in accordance with GAAP. A reconciliation for each non-GAAP financial measure to the nearest GAAP measure is provided below. These non-GAAP financial measures or non-GAAP ratios may not be comparable to GAAP measures or ratios and may not be comparable to similarly titled non-GAAP financial measures or non-GAAP ratios reported by other companies, including those within our industry and TELUS Corporation, our controlling shareholder. Consequently, our non-GAAP measures and ratios should not be evaluated in isolation, but rather, should be considered together with the most directly comparable GAAP measure or ratio and our consolidated financial statements for the periods presented. The non-GAAP financial measures and non-GAAP ratios we present in this discussion should not be considered a substitute for, or superior to, financial measures or ratios determined or calculated in accordance with GAAP.

Adjusted Net Income, Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share.

Adjusted Net Income is a non-GAAP financial measure, and Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share (EPS) are non-GAAP ratios. We regularly monitor Adjusted Net Income, Adjusted Basic EPS and Adjusted Diluted EPS as they provide a consistent measure for management and investors to evaluate our period-over-period operating performance, to better understand our ability to manage operating costs and to generate profits. The following items are excluded from Adjusted Net Income as we believe they are driven by factors that are not indicative of our ongoing operating performance, including acquisition, integration and other, share-based compensation, foreign exchange gains or losses and amortization of purchased intangible assets, and the related tax effect of these adjustments. Adjusted Basic EPS is calculated by dividing Adjusted Net Income by the basic total weighted average number of equity shares outstanding during the period. Adjusted Diluted EPS is calculated by dividing Adjusted Net Income by the diluted total weighted average number of equity shares outstanding during the period. Adjusted Basic EPS and Adjusted Diluted EPS are non-GAAP ratios used by management to assess the profitability of our business operations on a per share basis.

(millions, except per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net income	\$ 59	\$ 23	\$ 149	\$ 42
Add back (deduct):				
Acquisition, integration and other ¹	7	6	17	18
Share-based compensation ²	6	21	20	66
Foreign exchange (gain) loss ³	(11)	(1)	(25)	1
Amortization of purchased intangible assets ⁴	29	32	91	99
Tax effect of the adjustments above	(3)	(11)	(15)	(34)
Adjusted Net Income	\$ 87	\$ 70	\$ 237	\$ 192
Adjusted Basic Earnings Per Share	\$ 0.33	\$ 0.26	\$ 0.89	\$ 0.73
Adjusted Diluted Earnings Per Share	\$ 0.32	\$ 0.26	\$ 0.88	\$ 0.72

¹ Acquisition, integration and other is comprised primarily of business acquisition transaction costs and integration expenses associated with these acquisitions and other restructuring activities. These costs do not form part of the costs to operate our ongoing operations, and may significantly fluctuate period-over-period depending on the size and timing of related acquisitions, and are not indicative of such costs in the future.

- 2 Share-based compensation relates to the expense of our share-based payment transactions. These include awards that are settled through shares issued from treasury and generally do not require any cash outlay by the Company, and awards that are subject to mark-to-market revaluation based on changes in our share price over periods spanning several fiscal years before eventual settlements. The mix of award types as well as the associated amounts and timing of share-based compensation expense could vary significantly between reporting periods, and the variety of award types could be different from our industry peers. Accordingly, excluding this expense provides management and investors with greater visibility to the underlying performance of our business operations, facilitates a comparison of our results with other periods, and provides a relative measure of operating results as compared to our industry peers.
- 3 Foreign exchange gains or losses arise from fluctuations in foreign exchange rates of the currencies we transact in, which are driven by macro-economic conditions that are generally not reflective of our underlying business operations.
- 4 Amortization of purchased intangible assets primarily relate to the amortization of acquired customer relationships, brand and crowdsource assets. Amortization of these intangible assets are excluded as it is a non-cash expense derived from purchase price allocations that incorporate significant and subjective valuation assumptions and estimates that are not comparable to the timing and investment had these assets been developed internally. We do not exclude the revenue generated by such purchased intangible assets from our revenues and, as a result, Adjusted Net Income includes revenue generated, in part, by such purchased intangible assets.

Adjusted net income increased \$17 million, or 24%, for the three months ended September 30, 2022, and increased \$45 million, or 23%, for the nine months ended September 30, 2022. The increase was primarily due to an increase in revenue from existing and new customers, partially offset by higher salaries and benefits and goods and services purchased to support overall growth in the business, and higher income tax expense.

Gross Profit, Adjusted Gross Profit, Gross Profit Margin, and Adjusted Gross Profit Margin.

Gross Profit and Adjusted Gross Profit are non-GAAP financial measures, and Gross Profit Margin and Adjusted Gross Profit Margin are non-GAAP ratios. We regularly monitor these financial measures to assess how efficiently we are servicing our clients and to monitor the growth in our direct costs in comparison to growth in revenue. We calculate Gross Profit by deducting operating expenses net of indirect and administrative expenses from revenue. Indirect and administrative expenses are comprised of indirect salaries and benefits and goods and services purchased associated with our administrative and corporate employees, share-based compensation, and acquisition, integration and other. We calculate Adjusted Gross Profit by excluding depreciation and amortization charges from Gross Profit, because the timing of the underlying capital expenditures and other investing activities do not correlate directly with the revenue earned in a given reporting period. We calculate Gross Profit Margin by taking Gross Profit divided by revenue, and we calculate Adjusted Gross Profit Margin by taking Adjusted Gross Profit divided by revenue.

(millions, except percentages)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue	\$ 615	\$ 556	\$ 1,838	\$ 1,594
Less: Operating expenses	(531)	(509)	(1,615)	(1,472)
Add back: Indirect and administrative expenses	104	120	316	341
Gross profit (\$)	188	167	539	463
Add back: Depreciation and amortization	61	63	190	191
Adjusted Gross Profit (\$)	\$ 249	\$ 230	\$ 729	\$ 654
Gross Profit Margin (%)	30.6 %	30.0 %	29.3 %	29.0 %
Adjusted Gross Profit Margin (%)	40.5 %	41.4 %	39.7 %	41.0 %

Gross Profit Margin increased to 30.6% and 29.3% for the three- and nine-month periods ended September 30, 2022, respectively. Adjusted Gross Profit Margin, which excludes the effect of depreciation and amortization, decreased to 40.5% and 39.7% for the three- and nine-month periods ended September 30, 2022, respectively. Gross Profit Margin, which includes depreciation and amortization, increased slightly, while Adjusted Gross Profit Margin declined due to higher costs associated with our front-line team members, as well as changes in our revenue mix across our industry verticals and geographic regions.

Adjusted EBITDA and Adjusted EBITDA Margin.

Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA Margin is a non-GAAP ratio. We regularly monitor Adjusted EBITDA and Adjusted EBITDA Margin to evaluate our operating performance compared to established budgets, operational goals and the performance of industry peers. Adjusted EBITDA is commonly used by our industry peers and provides a measure for investors to compare and evaluate our relative operating performance. We use it to assess our ability to service existing and new debt facilities, and to fund accretive growth opportunities and acquisition targets. In addition, certain financial debt covenants associated with our credit facility are based on Adjusted EBITDA, which requires us to monitor this non-GAAP financial measure in connection with our financial covenants. Certain items are adjusted for the same reasons described above in Adjusted Net Income. Adjusted EBITDA should not be considered an alternative to net income in measuring our financial performance, and it should not be used as a replacement measure of current and future operating cash flows. However, we believe a financial measure that presents net income adjusted for these items would enable an investor to better evaluate our underlying business trends, our operational performance and overall business strategy. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by consolidated revenue.

(millions, except percentages)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net income	\$ 59	\$ 23	\$ 149	\$ 42
Add back (deduct):				
Acquisition, integration and other ¹	7	6	17	18
Share-based compensation ²	6	21	20	66
Foreign exchange (gain) loss ³	(11)	(1)	(25)	1
Depreciation and amortization ⁴	61	63	190	191
Interest expense	10	10	29	36
Income taxes	26	15	70	43
Adjusted EBITDA (\$)	\$ 158	\$ 137	\$ 450	\$ 397
Net Income Margin (%)	9.6 %	4.1 %	8.1 %	2.6 %
Adjusted EBITDA Margin (%)	25.7 %	24.6 %	24.5 %	24.9 %

- 1 Acquisition, integration and other is comprised primarily of business acquisition transaction costs and integration expenses associated with these acquisitions and other restructuring activities. These costs do not form part of the costs to operate our ongoing operations, and may significantly fluctuate period-over-period depending on the size and timing of related acquisitions, and are not indicative of such costs in the future.
- 2 Share-based compensation relates to the expense of our share-based payment transactions. These include awards that are settled through shares issued from treasury and generally do not require any cash outlay by the Company, and awards that are subject to mark-to-market revaluation based on changes in our share price over periods spanning several fiscal years before eventual settlements. The mix of award types as well as the associated amounts and timing of share-based compensation expense could vary significantly between reporting periods, and the variety of award types could be different from our industry peers. Accordingly, excluding this expense provides management and investors with greater visibility to the underlying performance of our business operations, facilitates a comparison of our results with other periods, and provides a relative measure of operating results as compared to our industry peers.
- 3 Foreign exchange gains or losses arise from fluctuations in foreign exchange rates of the currencies we transact in, which are driven by macro-economic conditions that are generally not reflective of our underlying business operations.
- 4 Amortization of purchased intangible assets primarily relate to the amortization of acquired customer relationships, brand and crowdsource assets. Amortization of these intangible assets are excluded as it is a non-cash expense derived from purchase price allocations that incorporate significant and subjective valuation assumptions and estimates that are not comparable to the timing and investment had these assets been developed internally. We do not exclude the revenue generated by such purchased intangible assets from our revenues and, as a result, Adjusted Net Income includes revenue generated, in part, by such purchased intangible assets.

Adjusted EBITDA increased \$21 million, or 15%, for the three months ended September 30, 2022, and increased \$53 million, or 13%, for the nine months ended September 30, 2022. The increase was due to higher revenue earned from existing and new customers, partially offset by higher salaries and benefits and goods and services purchased to support overall growth in the business. Adjusted EBITDA margin increased during the three months ended September 30, 2022, primarily due to revenue growth outpacing the increase in costs during the period, and decreased slightly during the nine-month period ended September 30, 2022, due to higher costs associated with our front-line team members, as well as changes in our revenue mix across industry verticals and geographic regions.

Free Cash Flow.

Free Cash Flow is a non-GAAP financial measure. We calculate Free Cash Flow by deducting capital expenditures from our cash provided by operating activities, as we believe capital expenditures are a necessary ongoing cost to maintain our existing productive capital assets and support our organic business operations. We use Free Cash Flow to evaluate the cash flows generated from our ongoing business operations that can be used to meet our financial obligations, service debt facilities, reinvest in our business, and to fund, in part, potential future acquisitions.

(millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Cash provided by operating activities	\$ 124	\$ 86	\$ 337	\$ 218
Less: capital expenditures	(26)	(23)	(80)	(66)
Free Cash Flow	\$ 98	\$ 63	\$ 257	\$ 152

During the three months ended September 30, 2022, Cash provided by operating activities increased \$38 million, or 44%, and Free Cash Flow increased \$35 million, or 56%. This increase was primarily due to higher operating profits, higher net inflows from working capital and lower share-based compensation payments. During the nine months ended September 30, 2022, Cash provided by operating activities increased \$119 million, or 55%, and Free Cash Flow increased \$105 million, or 69%. This increase was primarily driven by higher operating profits, lower income taxes paid, lower share-based compensation payments, lower net outflows from working capital and lower interest paid.

Summary of Consolidated Quarterly Results and Trends

The following table sets forth our unaudited quarterly statements of operations data for each of the last eight quarters ended September 30, 2022. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included in our Annual Report and, in the opinion of management, includes all adjustments, which include only normal recurring adjustments, necessary for the fair statement of the results of operations for these periods. This data should be read in conjunction with our audited consolidated financial statements and related notes thereto included in our Annual Report. These quarterly results of operations are not necessarily indicative of our future results of operations that may be expected for any future period.

(millions, except per share amounts)	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
REVENUE	\$ 615	\$ 624	\$ 599	\$ 600	\$ 556	\$ 533	\$ 505	\$ 442
OPERATING EXPENSES								
Salaries and benefits	346	356	342	332	309	299	282	259
Goods and services purchased	111	118	115	125	110	103	94	55
Share-based compensation	6	7	7	9	21	19	26	12
Acquisition, integration and other	7	6	4	5	6	7	5	25
Depreciation	29	30	29	30	29	29	27	27
Amortization of intangible assets	32	34	36	36	34	36	36	23
	531	551	533	537	509	493	470	401
OPERATING INCOME	84	73	66	63	47	40	35	41
OTHER (INCOME) EXPENSES								
Interest expense	10	10	9	8	10	12	14	11
Foreign exchange (gain) loss	(11)	(14)	—	(2)	(1)	(1)	3	(4)
INCOME BEFORE INCOME TAXES	85	77	57	57	38	29	18	34
Income taxes	26	21	23	21	15	13	15	13
NET INCOME	\$ 59	\$ 56	\$ 34	\$ 36	\$ 23	\$ 16	\$ 3	\$ 21
Basic earnings per share	\$ 0.22	\$ 0.21	\$ 0.13	\$ 0.14	\$ 0.09	\$ 0.06	\$ 0.01	\$ 0.09
Diluted earnings per share	\$ 0.22	\$ 0.21	\$ 0.13	\$ 0.13	\$ 0.09	\$ 0.06	\$ 0.01	\$ 0.09

In TELUS International's news release dated November 4, 2022, filed with the SEC on EDGAR and with the Canadian securities regulators on SEDAR, the full-year outlook for 2022 has been updated.

The quarter-over-quarter increase in consolidated revenue reflects the growth in both our organic customer base, as well as successful scale-up of new service programs provided to existing clients. Increased revenue also includes revenues from business acquisitions, including Lionbridge AI which was acquired on December 31, 2020. During the three months ended September 30, 2022, our consolidated revenue was negatively impacted by 5% as a result of the lower average EUR:USD exchange rate associated with the strengthening U.S. dollar against the European euro, resulting in a slight decline as compared to the three months ended June 30, 2022.

The quarter-over-quarter increases in salaries and benefits expense reflects increases in our team member base as required to service growing volumes from both our existing and new customers, the expansion of our service offerings and increased wages over time. During the three months ended September 30, 2022, salaries and benefits expense benefited, in part, from the strengthening U.S. dollar and the lower average exchange rates against a variety of currencies that we operate in, as well as labor efficiencies, resulting in a decline as compared to the three months ended June 30, 2022.

The quarter-over-quarter increases in goods and services purchased reflects increases in external labor to support the growth in our digital business, increases in our software licensing costs associated with our growing team member base and increase in administrative expenses to support growth in the overall business and business acquisitions. During the three months ended September 30, 2022, goods and services expense benefited, in part, from the strengthening U.S. dollar and the lower average exchange rates against a variety of currencies that we operate in, resulting in a decline as compared to the three months ended June 30, 2022.

Share-based compensation fluctuates quarter-over-quarter, reflecting changes in the value of our equity and the impact of mark-to-market revaluation of liability-accounted awards. As we shift our share-based compensation grants to equity-accounted awards, we expect less volatility in this expense as these awards are not subject to the mark-to-market revaluation impact of liability-accounted awards.

The quarter-over-quarter changes in acquisition, integration and other costs are dependent on a number of factors and are generally inconsistent in amount and frequency, as well as significantly impacted by the timing and size of business acquisitions.

The quarter-over-quarter increases in depreciation and amortization reflects increases due to growth in capital assets, which is supporting the expansion of our sites required to service customer demand and growth in intangible assets recognized in connection with business acquisitions.

The trend in net income reflects the items noted above, as well as the relative mix of income among the geographic areas and the associated tax rates for the countries within those areas and varying amounts of foreign exchange gains or losses. Historically, the trend in basic earnings per share has been impacted by the same trends as net income and the issuance of new shares.

Related Party Transactions

Recurring Transactions with TELUS Corporation

In 2021, we entered into an amended and restated TELUS MSA, which provide for a ten-year master services agreement and we also entered into a ten-year transition and shared services agreement with TELUS Corporation. Revenues earned pursuant to the TELUS MSA are recorded as revenue and fees incurred in connection with the shared services agreement for certain shared services provided to us are recorded as goods and services purchased. The following table summarizes the transactions with TELUS and its subsidiaries:

(millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue	\$ 108	\$ 90	\$ 302	\$ 258
Goods and services purchased	(8)	(7)	(20)	(23)
	<u>\$ 100</u>	<u>\$ 83</u>	<u>\$ 282</u>	<u>\$ 235</u>
Amounts received from TELUS Corporation	\$ 104	\$ 90	\$ 307	\$ 258
Amounts paid to TELUS Corporation	\$ 12	\$ 3	\$ 13	\$ 20

Amounts receivable from TELUS Corporation were \$50 million and \$52 million as at September 30, 2022 and September 30, 2021, respectively, and amounts payable to TELUS Corporation were \$81 million and \$59 million as at September 30, 2022 and September 30, 2021, respectively. We also participate in defined benefit pension plans that share risks between TELUS Corporation and its subsidiaries.

Liquidity and Capital Resources

Capital resources

As at September 30, 2022, we had approximately \$982 million (December 31, 2021 - \$831 million) of available liquidity, comprised of cash and cash equivalents of \$143 million (December 31, 2021 - \$115 million), and available borrowings under a revolving credit facility of \$839 million (December 31, 2021 - \$716 million). Our objective when managing capital is to maintain a flexible capital structure that optimizes the cost and availability of capital at acceptable risk levels. During the second quarter of 2022, we filed a shelf registration statement with the Securities and Exchange Commission in the United States and a base shelf prospectus with the Canadian securities regulators, pursuant to which we can offer an indeterminate amount of certain debt or equity securities in the United States and Canada.

In the management of capital and in its definition, we include owners' equity (excluding accumulated other comprehensive income), long-term debt (including long-term credit facilities and any hedging assets or liabilities associated with long-term debt items, net of amounts recognized in accumulated other comprehensive income) and cash and cash

equivalents. We manage capital by monitoring the financial covenants prescribed in our credit facility. For additional information, see Note 17(b) in the notes to the audited consolidated financial statements as at and for the year ended December 31, 2021 included in our Annual Report.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of our business. In order to maintain or adjust our capital structure, we may issue new shares, issue new debt with different terms or characteristics which may be used to replace existing debt, or pay down our debt balance with cash flows from operations. We believe that our financial objectives are supportive of our long-term strategy.

We monitor capital utilizing the financial covenants prescribed in our credit facility agreements. As at September 30, 2022, we were in compliance with all of our covenants including net debt to EBITDA ratio as calculated in accordance with the credit facility of less than 4.50:1.00.

The following table presents a summary of our cash flows and ending cash balances for the three- and nine-month periods ended September 30, 2022 and 2021.

(millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Cash provided by operating activities	\$ 124	\$ 86	\$ 337	\$ 218
Cash used in investing activities	(19)	(40)	(89)	(78)
Cash used in financing activities	(78)	(34)	(206)	(160)
Effect of exchange rate changes on cash	(7)	(1)	(14)	(3)
Increase (decrease) in cash position during the period	\$ 20	\$ 11	\$ 28	\$ (23)
Cash and cash equivalents, beginning of period	\$ 123	\$ 119	\$ 115	\$ 153
Cash and cash equivalents, end of period	\$ 143	\$ 130	\$ 143	\$ 130

Operating activities

Comparison of Three Months Ended September 30, 2022 and 2021. For the three-month period ended September 30, 2022, we generated cash from operating activities of \$124 million, an increase of \$38 million from the prior comparative period. This increase was primarily due to higher operating profits, higher net inflows from working capital and lower share-based compensation payments.

Comparison of Nine Months Ended September 30, 2022 and 2021. For the nine-month period ended September 30, 2022, we generated cash from operating activities of \$337 million, an increase of \$119 million from the prior comparative period. This increase was primarily driven by higher operating profits, lower income taxes paid, lower share-based compensation payments, lower net outflows from working capital and lower interest paid.

Investing activities

Comparison of Three Months Ended September 30, 2022 and 2021. For the three-month period ended September 30, 2022, we used \$19 million cash, a decrease of \$21 million compared to \$40 million in the prior comparative period. This decrease was primarily due to cash payments for an acquisition in the third quarter of 2021.

Comparison of Nine Months Ended September 30, 2022 and 2021. For the nine-month period ended September 30, 2022, we used \$89 million cash, an increase of \$11 million compared to \$78 million in the prior comparative period, to purchase capital and other assets.

Financing activities

Comparison of Three Months Ended September 30, 2022 and 2021. For the three-month period ended September 30, 2022, we used \$78 million of cash, compared to \$34 million in the prior comparative period, primarily due to higher repayments of our long-term debt using cash generated from operating activities.

Comparison of Nine Months Ended September 30, 2022 and 2021. For the nine-month period ended September 30, 2022, we used \$206 million of cash, compared to \$160 million in the prior comparative period, primarily for repayments of our long-term debt.

Future Capital Requirements

We believe that our existing cash and cash equivalents combined with our expected cash flow from operations and liquidity available under our credit facilities will be sufficient to meet our projected operating and capital expenditure requirements for at least the next 12 months and we possess the financial flexibility to execute our strategic objectives, including the ability to make acquisitions and strategic investments in the foreseeable future. Our ability to generate cash, however, is subject to our performance, general economic conditions, industry trends and other factors. To the extent that existing cash and cash equivalents and operating cash flow are insufficient to fund our future activities and requirements, we may need to raise additional funds through equity or debt financing. If we raise funds through the issuance of additional debt, we may be subject to additional contractual restrictions on our business. There is no assurance that we would be able to raise additional funds on favorable terms or at all. See “Item 3D—Risk Factors—Risks Related to Our Business—We may need to raise additional funds to pursue our growth strategy or continue our operations, and we may be unable to raise capital when needed or on acceptable terms, which could lead us to be unable to expand our business” in our Annual Report.

Net Debt and Adjusted EBITDA, both as per our credit agreement, are used to calculate our leverage ratio debt covenant (Net Debt to Adjusted EBITDA Leverage Ratio), as presented below. We seek to maintain a Net Debt to Adjusted EBITDA Leverage Ratio in the range of 2-3x. As of September 30, 2022, our Net Debt to Adjusted EBITDA Leverage Ratio was 1.3x. We may deviate from our target Net Debt to Adjusted EBITDA Leverage Ratio to pursue acquisitions and other strategic opportunities that may require us to borrow additional funds and, additionally, our ability to maintain this targeted ratio depends on our ability to continue to grow our business, general economic conditions, industry trends and other factors.

The following table presents a calculation of our Net Debt to Adjusted EBITDA Leverage Ratio as at September 30, 2022, compared to December 31, 2021.

As at (millions except for ratio)	September 30, 2022	December 31, 2021
Outstanding credit facility	\$ 786	\$ 941
Contingent facility utilization	6	7
Net derivative liabilities	9	19
Cash balance ¹	(100)	(100)
Net Debt as per credit agreement	\$ 701	\$ 867
Adjusted EBITDA (trailing 12 months)²	\$ 593	\$ 540
Adjustments required as per credit agreement	\$ (67)	\$ (118)
Net Debt to Adjusted EBITDA Leverage Ratio as per credit agreement	1.3	2.1

- 1 Maximum cash balances of \$100 million is used for the period ended September 30, 2022 in accordance with the maximum permitted under the credit agreement; actual cash balance as of September 30, 2022 and December 31, 2021 was \$143 million and \$115 million, respectively.
- 2 Adjusted EBITDA is a non-GAAP financial measure, see section “—Non-GAAP Financial Measures and Non-GAAP Ratios” for more information.

Capital Expenditures

(millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Capital expenditures	\$ 26	\$ 23	\$ 80	\$ 66

Comparison of Three Months Ended September 30, 2022 and 2021. Capital expenditures increased by \$3 million to \$26 million during the three months ended September 30, 2022. The increase was primarily due to facility build outs and in line with our revenue growth.

Comparison of Nine Months Ended September 30, 2022 and 2021. Capital expenditures increased by \$14 million to \$80 million for the nine months ended September 30, 2022. The increase was primarily related to facility build outs and in line with our revenue growth.

Contractual Obligations

Our principal sources of liquidity are cash generated from operations, our available credit facility, and to a lesser extent, our cash and cash equivalents. For the nine months ended September 30, 2022, our cash provided by operations was \$337 million. As of September 30, 2022, available borrowings under our credit facility were \$839 million, and our cash and cash equivalents balance was \$143 million.

Our primary uses of liquidity are cash used in our normal business operations such as employee compensation expense, goods and services purchases, and working capital requirements. In addition, we are required to meet the payment obligations under our credit facility and lease agreements. We expect that our cash flow from operations and our available cash and cash equivalents (including the revolving component of our credit facility) will be sufficient to meet our ongoing cash flow needs and operating requirements. The expected maturities of our undiscounted financial liabilities, excluding long-term-debt, do not differ significantly from the contractual maturities, other than as noted below. The contractual maturities of our undiscounted financial liabilities, as at September 30, 2022 including interest thereon (where applicable), are as set out in the following table:

For each fiscal year ending December 31, (millions)	Non-derivative				Derivative		
	Non- interest bearing financial liabilities	Due to affiliated companies	Composite long-term debt		Currency swap agreement amounts to be exchanged		
			Long- term debt, excluding leases	Leases	(Receive)	Pay	Total
2022 (balance of year)	\$ 312	\$ 81	\$ 245	\$ 17	\$ (46)	\$ 46	\$ 655
2023	49	—	55	64	(105)	89	152
2024	25	—	53	49	(39)	21	109
2025	10	—	492	38	(321)	287	506
Thereafter	42	—	—	72	—	—	114
Total	\$ 438	\$ 81	\$ 845	\$ 240	\$ (511)	\$ 443	\$ 1,536

On October 27, 2022, we announced a definitive agreement to acquire WillowTree (see section “Recent Developments” in this MD&A and also Note 11(b) “WillowTree” in the notes to our condensed interim consolidated financial statements for the three- and nine-month periods ended September 30, 2022 for additional details.

Concurrent with our agreement to acquire WillowTree, we have secured a commitment from our lender to expand our existing credit facility to an aggregate \$2 billion credit facility, consisting of an \$800 million revolving credit facility and \$1.2 billion in term loans payable in five years, subject to the closing of the WillowTree acquisition. We expect to borrow under the expanded credit facility at the time of the closing to fund a portion of the cash purchase consideration of the WillowTree acquisition.

Off-Balance Sheet Arrangements

We do not have any material obligations under guarantee contracts or other contractual arrangements other than as disclosed in Note 14 “Contingent liabilities” in the notes to our condensed interim consolidated financial statements for the three- and nine-month periods ended September 30, 2022, and Note 19 “Contingent liabilities” in the notes to our audited consolidated financial statements for the year ended December 31, 2021 included in our Annual Report. We have not entered into any transactions with unconsolidated entities where we have financial guarantees, subordinated retained interests, derivative instruments, or other contingent arrangements that expose us to material continuing risks, contingent liabilities, or any other obligation under a variable interest in an unconsolidated entity that provides financing, liquidity, market risk, or credit risk support to us, or engages in leasing, hedging, or research and development services with us.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

Amounts drawn on our long-term debt facilities expose us to changes in interest rates. Holding other variables constant, including the total amount of outstanding indebtedness, a 25-basis-point increase in interest rates on our variable-rate debt would cause an estimated increase in interest expense of approximately \$2 million per year, based on the amounts outstanding as at September 30, 2022.

Foreign Currency Risk

Our consolidated financial statements are reported in U.S. dollars but our international operating model exposes us to foreign currency exchange rate changes that could impact the translation of foreign denominated assets and liabilities into U.S. dollars and future earnings and cash flows from transactions denominated in different currencies. The European euro is the foreign currency to which we currently have the largest exposure. The sensitivity analysis of our exposure to foreign currency risk at the reporting date has been determined based upon a hypothetical change taking place at the relevant statement of financial position date. The European euro, Canadian dollar and Philippine peso denominated balances as at the statement of financial position dates have been used in the calculations below.

Nine months ended September 30,	Net income		Other comprehensive income		Comprehensive income	
	2022	2021	2022	2021	2022	2021
Reasonably possible changes in market risks						
10% change in US\$: Euro exchange rate						
US\$ appreciates	\$ 12	\$ 9	\$ (41)	\$ (37)	\$ (29)	\$ (28)
US\$ depreciates	\$ (12)	\$ (9)	\$ 41	\$ 37	\$ 29	\$ 28
10% change in US\$: CDN\$ exchange rate						
US\$ appreciates	\$ 12	\$ 6	\$ —	\$ —	\$ 12	\$ 6
US\$ depreciates	\$ (12)	\$ (6)	\$ —	\$ —	\$ (12)	\$ (6)
10% change in US\$: Peso exchange rate						
US\$ appreciates	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
US\$ depreciates	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

We therefore face exchange rate risk through fluctuations in relative currency prices, which are unpredictable and costly to hedge. Appreciation of foreign currencies against the United States dollar will increase our cost of doing business and could adversely affect our business, financial condition or financial performance. Our foreign exchange risk management includes the use of swaps to manage the currency risk associated with European euro denominated inflows being used to service the United States dollar denominated debt, as well as foreign currency forward contracts to fix the exchange rates on short-term Philippine peso denominated transactions and commitments.

Update on Internal Control over Financial Reporting

Management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's internal control over financial reporting was not effective as of December 31, 2021, as a result of the identification of material weaknesses in two components of internal control, as defined by Committee of Sponsoring Organizations of the Treadway Commission, related to the ongoing integration into our internal control framework of entities acquired by the Company during fiscal year 2020, in particular Lionbridge AI. Management has implemented and continues to implement remediation measures designed to ensure that the identified control deficiencies are remediated, such that these controls are designed, implemented, and operating effectively over a sustained period. We cannot provide assurance that these remediation efforts will be successful, that we will not identify new material weaknesses or that our internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Please see "Item 15—Controls and Procedures" in our Annual Report for the year ended December 31, 2021, filed with the SEC on EDGAR and with the Canadian securities regulators on SEDAR, for more information.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This discussion contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business, result of operations and financial condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "aim", "anticipate", "assume", "believe", "contemplate", "continue", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "seek", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements are based on our current expectations, estimates, forecasts and projections about our business and the industry in which we operate and management's beliefs and assumptions, and are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those factors listed under "Risk Factors" in our Annual Report for the year ended December 31, 2021, filed with the SEC on EDGAR and with the Canadian securities regulators on SEDAR.