TELUS CORPORATION

Management's discussion and analysis

2026 Q2

TELUS

Caution regarding forward-looking statements

The terms *TELUS, the Company, we, us* and *our* refer to TELUS Corporation and, where the context of the narrative permits or requires, its subsidiaries.

This document contains forward-looking statements about expected events and our financial and operating performance. Forward-looking statements include any statements that do not refer to historical facts. They include, but are not limited to, statements relating to our objectives and our strategies to achieve those objectives; our expectations regarding trends in the telecommunications industry (including demand for data and ongoing subscriber base growth); our expectations regarding growth in different areas of our business and regarding our targeted net debt to EBITDA ratio and deleveraging plans; the nature, timing and benefits of our asset monetization and deleveraging plans; our dividend payout ratio range, expected impact of our dividend reset and the termination of the discount under our dividend reinvestment and share purchase plan; and our financing plans. Forward-looking statements are typically identified by the words *assumption*, *goal*, *guidance*, *objective*, *outlook*, *strategy*, *target* and other similar expressions, or verbs such as *aim*, *anticipate*, *believe*, *could*, *expect*, *intend*, *may*, *plan*, *predict*, *seek*, *should*, *strive* and *will*. These statements are made pursuant to the "safe harbour" provisions of applicable securities laws in Canada and the United States *Private Securities Litigation Reform Act of 1995*.

By their nature, forward-looking statements are subject to inherent risks and uncertainties and are based on assumptions, including assumptions about future economic conditions and courses of action. These assumptions may ultimately prove to have been inaccurate and, as a result, our actual results or other events may differ materially from expectations expressed in, or implied by, the forward-looking statements.

These assumptions underlying our forward-looking statements are described in *Section 9 General trends, outlook and assumptions, and regulatory developments and proceedings* in our 2025 annual Management's discussion and analysis (MD&A) and updated in *Section 9* of this MD&A.

Risks and uncertainties that could cause actual performance or other events to differ materially from the forward-looking statements made herein and in other TELUS filings include, but are not limited to, the following:

- **Regulatory matters**. *We operate in a number of highly regulated industries and conduct business in many jurisdictions and are therefore subject to a wide variety of laws and regulations domestically and internationally. Policies and approaches advanced by elected officials and regulatory decisions, reviews and other government activity may have strategic, operational and/or financial impacts (including on revenue and free cash flow)*.

  Risks and uncertainties include:

  - potential changes to our regulatory regime or the outcomes of proceedings, cases or inquiries relating to its application, including, but not limited to, those set out in *Section 9.1 Communications industry regulatory developments and proceedings* in this MD&A;
  - our ability to comply with complex and changing regulation of the healthcare, virtual care and medical devices industries in the jurisdictions in which we operate, including as an operator of health clinics; and
  - our ability to comply with, or facilitate our clients' compliance with, numerous, complex and sometimes conflicting legal regimes, both domestically and internationally.

- **Competitive environment**. *Competitor expansion, activity and intensity (pricing, including discounting, bundling), as well as non-traditional competition, disruptive technology and disintermediation, may alter the nature of the markets in which we compete and impact our market share and financial results (including revenue and free cash flow*). *The reduction in the number of new permanent and temporary residents in Canada may intensify competitive pressure. Different areas of our business including TELUS Health and TELUS Digital also face intense competition in the different markets in which we compete.*

- **Technology**. *Consumer adoption of alternative technologies and changing customer expectations have the potential to impact our revenue streams and customer churn rates*.

  Risks and uncertainties include:

  - disruptive technologies, including software-defined networks in the business market and AI, that may displace or cause us to reprice our existing data services, and self-installed technology solutions;
  - any failure to innovate, maintain technological advantages or respond effectively and in a timely manner to changes in technology;
  - the roll-out, anticipated benefits and efficiencies, and ongoing evolution of wireless broadband technologies and systems;
  - our reliance on wireless network access agreements, which have facilitated our deployment of mobile technologies;
  - our expected long-term need to acquire additional spectrum through future spectrum auctions and from third parties to meet growing demand for data, and our ability to utilize spectrum we acquire;
  - deployment and operation of new fixed broadband network technologies at a reasonable cost and the availability and success of new products and services to be rolled out using such network technologies; and
  - our deployment of self-learning tools and automation, which may change the way we interact with customers.

- **Security and data protection**. *Our ability to prevent, detect and identify potential threats and vulnerabilities depends on the effectiveness of our security controls in protecting our infrastructure and operating environment, and our timeliness in responding to attacks and restoring business operations. A successful attack may impede the operations of our network or lead to the unauthorized access to, interception, destruction, use or dissemination of, customer, team member or business information and confidential data. The necessary use of sensitive personal information by our business may expose us to the risk of non-compliance with applicable law in a jurisdiction or compromise perceptions of our brand.*

- **Generative AI (GenAI)**. *GenAI exposes us to numerous risks, including risks related to operational reliability, responsible AI usage, data privacy and cybersecurity, the possibility that our use of AI may generate inaccurate or inappropriate content or create negative perceptions among customers, the risk that we may not develop and adopt AI technologies effectively and could* *fail to achieve improved efficiency through our use of GenAI or that the use of AI could reduce demand for our services, and that regulation could affect future implementation of AI.*

- **Climate and the environment**. *Natural disasters, pandemics, disruptive events and the effects of climate change may impact our operations, customer satisfaction and team member experience*.

  Our goals to achieve carbon neutrality and reduce our greenhouse gas (GHG) emissions in our operations are subject to our ability to identify, procure and implement solutions that reduce energy consumption and adopt cleaner sources of energy, our ability to identify and make suitable investments in renewable energy, including in the form of virtual power purchase agreements, and our ability to continue to realize significant absolute reductions in energy use and the resulting GHG emissions from our operations.
- **Operational performance, business combinations and divestitures, and TELUS Digital privatization**. *Investments and acquisitions present opportunities to expand our operational scope, but may expose us to new risks. We may be unsuccessful in gaining market traction/share or in integrating acquisitions into our operations within expected timelines or at all, we may not realize the expected benefits of acquisitions, and integration efforts may divert resources from other priorities. There is no assurance that we will realize any or all of the anticipated benefits of the privatization of TELUS International (Cda) Inc. in the timeframe anticipated or at expected cost levels, that we will be able to drive cross-selling opportunities, or that our estimates and expectations in relation to future economic and business conditions and the resulting impact on growth and various financial metrics will prove to be accurate.*

  Risks relating to operational performance include:
  - our reliance on third-party cloud-based computing services to deliver our IT services; and
  - economic, political and other risks associated with doing business globally (including war and other geopolitical developments).

  We may not be able to deliver the service excellence our customers expect or maintain our competitive advantage in this area.
- **Our systems and processes**. *Systems and technology innovation, maintenance and management may impact our IT systems and network reliability, as well as our operating costs*.

  Risks and uncertainties include:
  - our ability to maintain customer service and operate our network in the event of human error or human-caused threats, such as cyberattacks and equipment failures that could cause network outages;
  - technical disruptions and infrastructure breakdowns;
  - delays and rising costs, including as a result of government restrictions or trade actions; and
  - the completeness and effectiveness of business continuity and disaster recovery plans and responses.
- **Our team**. *The rapidly evolving and highly competitive nature of our markets and operating environment, along with the globalization and evolving demographic profile of our workforce, and the effectiveness of our internal training, development, succession and health and well-being programs, may impact our ability to attract, develop and retain team members with the skills required to meet the changing needs of our customers and our business. Team members may face greater mental health challenges associated with the significant change initiatives at the organization, which may result in the loss of key team members through short-term and long-term disability and churn. Integration of international business acquisitions and concurrent integration activities may impact operational efficiency, organizational culture and engagement*.
- **Suppliers**. *We may be impacted by supply chain disruptions and lack of resiliency in relation to global or local events. Dependence on a single supplier for products, components, service delivery or support may impact our ability to efficiently meet constantly changing and rising customer expectations while maintaining quality of service. Our suppliers' ability to maintain and service their product lines could affect the success of upgrades to, and evolution of, technology that we offer.*
- **Real estate matters**. *Real estate investments are exposed to possible financing risks and uncertainty related to future demand, occupancy and rental rates, especially following the pandemic. Future real estate developments may not be completed on budget or on time and may not obtain lease commitments as planned. We may be exposed to the risk of loss in relation to our investments if the business plans of our real estate joint venture developments are not successfully executed.*
- **Financing, debt and dividends**. *Our ability to access funding at optimal pricing may be impacted by general market conditions and changing assessments in the fixed-income and equity capital markets regarding our ability to generate sufficient future cash flow to service our debt. Failure to complete planned deleveraging initiatives or to achieve the anticipated benefits of those initiatives could increase our cost of capital. Our current intention to pay dividends to shareholders could constrain our ability to invest in our operations to support future growth*.

  Risks and uncertainties include:
  - our ability to use equity as a form of consideration in business acquisitions is impacted by stock market valuations of TELUS Common Shares;
  - our capital expenditure levels and potential outlays for spectrum licences in auctions or purchases from third parties affect and are affected by: our broadband initiatives; our ongoing deployment of newer mobile technologies; investments in network technology required to comply with laws and regulations relating to the security of cyber systems, including bans on the products and services of certain vendors; investments in network resiliency and reliability; the allocation of resources to acquisitions and future spectrum auctions held by Innovation, Science and Economic Development Canada (ISED). Our capital expenditure levels could be impacted if we do not achieve our targeted operational and financial results or if there are changes to our regulatory environment; and

  - lower than planned free cash flow could constrain our ability to invest in operations, reduce leverage or return capital to shareholders. Quarterly dividend decisions are made by our Board of Directors based on our financial position and outlook. Common Shares may be purchased under our normal course issuer bid (NCIB) when and if we consider it opportunistic, based on our financial position and outlook, and the market price of our Common Shares. There can be no assurance that our NCIB will be maintained, unchanged and/or completed.
- **Tax matters**. *Complexity of domestic and foreign tax laws, regulations and reporting requirements that apply to TELUS and our international operating subsidiaries may impact financial results. International acquisitions and expansion of operations heighten our exposure to multiple forms of taxation*.
- **The economy**. *Changing global economic conditions, including a potential recession and varying expectations about inflation, as well as our effectiveness in monitoring and revising growth assumptions and contingency plans, may impact the achievement of our corporate objectives, our financial results (including free cash flow), and our defined benefit pension plans*. *Geopolitical uncertainties and changes in trade policies and agreements, including tariffs or trade restrictions, could increase our costs, disrupt our supply chains and adversely affect our operations and financial results. They present a risk of recession and may cause customers to reduce or delay discretionary spending, impacting new service purchases or volumes of use, and to consider substitution by lower-priced alternatives*.
- **Litigation and legal matters**. *Complexity of, and compliance with, laws, regulations, commitments and expectations may have a financial and reputational impact*.

  Risks include:

  - our ability to defend against existing and potential claims or our ability to negotiate and exercise indemnity rights or other protections in respect of such claims; and
  - the complexity of legal compliance in domestic and foreign jurisdictions, including compliance with competition, anti-bribery and foreign corrupt practices laws.

These risks are described in *Section 10 Risks and risk management* in our 2025 annual MD&A. Those descriptions are incorporated by reference in this cautionary statement but are not intended to be a complete list of the risks that could affect the Company. Additional risks and uncertainties that are not currently known to us or that we currently deem to be immaterial may also have a material adverse effect on our financial position, financial performance, cash flows, business or reputation. Except as otherwise indicated in this document, the forward-looking statements made herein do not reflect the potential impact of any non-recurring or special items or any mergers, acquisitions, dispositions or other business combinations or transactions that may be announced or that may occur after the date of this document.

Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements in this document describe our expectations, and are based on our assumptions, as at the date of this document and are subject to change after this date. We disclaim any intention or obligation to update or revise any forward-looking statements except as required by law.

This cautionary statement qualifies all of the forward-looking statements in this MD&A.

Management's discussion and analysis (MD&A)

July 31, 2026

Contents

1. Introduction

The forward-looking statements in this section, including, for example, estimates regarding economic growth, inflation, unemployment, housing starts and immigration, are qualified by the *Caution regarding forward-looking statements* at the beginning of this Management's discussion and analysis (MD&A).

1.1 Preparation of the MD&A

The following sections are a discussion of our consolidated financial position and financial performance for the three-month period and six-month periods ended June 30, 2026, and should be read together with our June 30, 2026 condensed interim consolidated statements of income and other comprehensive income, statements of financial position, statements of changes in owners' equity and statements of cash flows, and the related notes (collectively referred to as the interim consolidated financial statements). The generally accepted accounting principles (GAAP) that we use are International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and Canadian GAAP. In this MD&A, the term IFRS Accounting Standards refers to these standards. In our discussion, we also use certain non-GAAP and other specified financial measures to evaluate our performance, monitor compliance with debt covenants and manage our capital structure. These measures are defined, qualified and reconciled all, if and as necessary, with their nearest GAAP measures, as required by National Instrument 52-112, *Non-GAAP and Other Financial Measures Disclosure*, in *Section 11.1*. All currency amounts are stated in Canadian dollars, unless otherwise specified.

Additional information related to the Company, including our Annual Information Form and other filings with securities commissions or similar regulatory authorities in Canada, is available on SEDAR+ (**sedarplus.com**). Our information filed with, or furnished to, the Securities and Exchange Commission in the United States, including Form 40-F, is available on EDGAR (**sec.gov**).

Our disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis, so that appropriate decisions can be made regarding public disclosure. This MD&A and the interim consolidated financial statements were reviewed by our Audit Committee and authorized by our Board of Directors (Board) for issuance on July 31, 2026.

In this MD&A, unless otherwise indicated, results for the second quarter of 2026 (three-month period ended June 30, 2026) and the six-month period ended June 30, 2026 are compared with results for the second quarter of 2025 (three-month period ended June 30, 2025) and the six-month period ended June 30, 2025.

Effective January 1, 2026, we are retrospectively restating our segmented reporting information to reflect our new reporting structure following the October 2025 privatization of TELUS Digital and the associated post-privatization operational realignment. This reporting structure will also be applied prospectively. The captive business process outsourcing business that previously resided in TELUS digital experience and that provided services to TELUS technology solutions and TELUS health has now been operationally realigned and integrated into TELUS technology solutions and TELUS health. See *Section 5.1 General* for additional details.

1.2 The environment in which we operate

The success of our business and the challenges we face can best be understood with reference to the environment in which we operate, including broader economic conditions that affect both TELUS and our customers, and the competitive nature of our business operations.

TELUS technology solutions segment (TTech)
Across TTech, we are leveraging our leading technology and our social purpose to enable remarkable human outcomes. Our long-standing Customers First priority continues to fuel every aspect of our business across the full range of our differentiated solutions spanning mobile, data, IP, voice, TV, entertainment, video, and security and automation, delivered over our reliable, expansive, award-winning networks. Leveraging data analytics and artificial intelligence (AI) to enhance our services has strengthened our leading position in customer service excellence and loyalty, and demonstrating our commitment to provide Canadians with access to superior technology that connects all of us to the people, resources and information that matter most. We are also implementing innovative technology solutions to help feed the world, putting data to work for customers in the agriculture, food, consumer goods and animal agriculture sectors. This efficient and effective collaboration helps ensure the quality and safety of food and consumer goods.

TELUS health segment (TELUS Health)
TELUS Health operates at the forefront of modern healthcare innovation, with technology that is fundamentally transforming the way people access and receive health services. We stand at the critical intersection of digital innovation and human care, bridging traditional healthcare settings with virtual well-being platforms to support the mental, physical and financial health of organizations and individuals all over the world. As a global technology leader, we connect and empower all participants in the health ecosystem, from healthcare professionals, payors and employers, to patients and other individuals. We achieve our objective of enabling people to live healthier lives by making health information and support services easily accessible, leveraging advanced technology and data-driven insights. Our comprehensive approach integrates primary and preventive care with ongoing wellness support. By revolutionizing healthcare delivery and

enhancing well-being, we are improving health outcomes and helping consumers, patients, healthcare professionals, employers and employees thrive in today's digital world.

TELUS digital experience segment (TELUS Digital)

We are dedicated to servicing our clients' customer journeys end-to-end from customer acquisition, to apps and websites, to customer experiences and support, all underpinned by AI and data. Every day, we help our clients "win the moments that matter" with their customers. Our portfolio of integrated capabilities is structured around four key service lines: digital solutions, AI and data solutions, trust and safety, and customer experience management (CXM). All our service lines are evolving rapidly, driven by technology and innovation, and significantly shaped by GenAI. We are able to provide meaningful value to our customers by combining our capabilities into an integrated offering, for example bringing our digital capabilities into our CXM environment resulting in world-class automation and optimization to our clients. TELUS Digital's relationship with other TELUS reportable segments is a critical advantage, permitting us to partner in a real-life lab environment, where we test and scale novel and differentiated solutions, which we then roll out to our external clients.

Economic estimates

Our estimates regarding our economic and operational environment, including economic growth, inflation, unemployment, housing starts and immigration, serve as important inputs for the assumptions on which our targets are based. The extent of the impact these estimates will have on us, and the timing of that impact, will depend upon the actual future outcomes in specific sectors of the Canadian economy.

	Economic growth (percentage points)		**Inflation** (percentage points)		**Unemployment** (percentage points)			**Housing starts** (thousands of units)			**Immigration** (thousands)		
	Estimated gross domestic product (GDP) growth rates	Our estimated GDP growth rates[1]	Estimated inflation rates	Our estimated annual inflation rates[1]	Unemployment rates		Our estimated annual unemployment rates[1]	Seasonally adjusted annual rate of housing starts[2]		Our estimated annual rate of housing starts on an unadjusted basis[1]	Overall planned permanent resident and temporary resident admissions[3]		
					For the month of			For the month of					
	2026	**2026**	**2026**	**2026**	**June 2026**[4]	June 2025[4]	**2026**	**June 2026**	June 2025	**2026**	**2026**	**2027**	**2028**
Canada	**0.7**[5]	**0.8**	**2.5**[5]	**2.6**	**6.5**	6.9	**6.6**	**239**	284	**247**	**765**	**750**	**750**
B.C.	**1.3**[6]	**0.5**	**2.1**[6]	**2.6**	**6.5**	5.6	**6.4**	**36**	67	**44**	n/a	n/a	n/a
Alberta	**1.8**[6]	**2.1**	**2.1**[6]	**2.8**	**7.0**	6.8	**6.6**	**52**	63	**46**	n/a	n/a	n/a
Ontario	**1.0**[6]	**0.4**	**2.1**[6]	**2.4**	**7.0**	7.8	**7.3**	**60**	64	**66**	n/a	n/a	n/a
Quebec	**1.1**[6]	**0.4**	**2.3**[6]	**2.9**	**5.4**	6.3	**5.6**	**53**	58	**60**	n/a	n/a	n/a

	Annual average foreign exchange rates[1,7]
	2026
C$: US$	**C$1.37: US$1.00**
US$: €	**US$1.19: €1.00**

n/a – not applicable

1 Assumptions are as of July 29, 2026 and are based on a composite of estimates from Canadian banks and other sources.

2 Source: Statistics Canada. Table 34-10-0158-01 Canada Mortgage and Housing Corporation, housing starts, all areas, Canada and provinces, seasonally adjusted at annual rates, monthly (x 1,000).

3 Source: canada.ca/en/immigration-refugees-citizenship/corporate/mandate/corporate-initiatives/levels/supplementary-immigration-levels-2026-2028.html, November 15, 2025. Previously on October 24, 2024, overall planned permanent resident and temporary resident admissions for 2025, 2026 and 2027 were 1,069,000, 897,000 and 909,000, respectively, canada.ca/en/immigration-refugees-citizenship/news/notices/supplementary-immigration-levels-2025-2027.html.

4 Source: Statistics Canada Labour Force Survey, June 2026 and June 2025, respectively.

5 Source: Bank of Canada Monetary Policy Report, July 2026.

6 Source: British Columbia Ministry of Finance, Budget and Fiscal Plan, 2026/27 – 2028/29, February 17, 2026; Alberta Ministry of Treasury Board and Finance, Fiscal Plan 2026 – 29, February 26, 2026; Ontario Ministry of Finance, 2026 Ontario Budget: A Plan to Protect Ontario, March 26, 2026; and Ministère des Finances du Québec, Budget 2026 – 2027, March 18, 2026, respectively.

7 2025 annual average foreign exchange rates: C$1.40: US$1.00; US$1.13: €1.00.

1.3 Consolidated highlights

Our leadership team

Effective July 1, 2026, Victor Dodig and Gopi Chande commenced their tenures as President and Chief Executive Officer (CEO), and Chief Financial Officer, respectively.

Long-term debt

On May 8, 2026, we partially redeemed $500 million aggregate principal amount of the outstanding 2.75% Notes, Series CZ due July 8, 2026, of which there was $800 million aggregate principal amount outstanding. The partial redemption was funded through proceeds from our December 2025 offering of fixed-to-fixed rate junior subordinated notes described in our 2025 annual MD&A.

Our Board of Directors

At our 2026 annual general meeting held on May 8, 2026, the nominees listed in the TELUS 2026 information circular were elected as directors of TELUS.

On June 30, 2026, Darren Entwistle retired from TELUS, stepped down from the Board, and was accorded the title CEO Emeritus.

Dividends

On July 31, 2026, we announced a dividend reset. See *Section 4.3 Liquidity and capital resources*.

Consolidated highlights

($ millions, except footnotes and unless noted otherwise)	Three-month periods ended June 30			Six-month periods ended June 30		
	2026	2025	Change	**2026**	2025	Change
Consolidated statements of income						
Service revenues	**4,442**	4,491	(1)%	**8,926**	8,934	—%
Equipment revenues	**478**	540	(11)%	**983**	1,115	(12)%
Other income	**9**	51	(82)%	**33**	90	(63)%
Operating revenues and other income	**4,929**	5,082	(3)%	**9,942**	10,139	(2)%
Operating income (loss)[1]	**(1,572)**	175	n/m	**(1,038)**	927	n/m
Income (loss) before income taxes	**(1,992)**	(198)	n/m	**(1,793)**	210	n/m
Net income (loss)	**(1,830)**	(245)	n/m	**(1,686)**	56	n/m
Net income (loss) attributable to Common Shares	**(1,840)**	7	n/m	**(1,704)**	328	n/m
Adjusted Net income[2]	**254**	342	(26)%	**610**	730	(16)%
Earnings (loss) per share (EPS) ($)						
Basic EPS	**(1.17)**	—	n/m	**(1.09)**	0.22	n/m
Adjusted basic EPS[2]	**0.16**	0.22	(27)%	**0.39**	0.48	(19)%
Diluted EPS	**(1.17)**	—	n/m	**(1.09)**	0.22	n/m
Dividends declared per Common Share ($)	**0.4184**	0.4163	1%	**0.8368**	0.8186	2%
Basic weighted-average Common Shares outstanding (millions)	**1,574**	1,525	3%	**1,568**	1,519	3%
Consolidated statements of cash flows						
Cash provided by operating activities	**1,342**	1,166	15%	**2,392**	2,243	7%
Cash used by investing activities	**(672)**	(1,093)	(39)%	**(1,816)**	(1,695)	7%
Acquisitions	**—**	(450)	(100)%	**—**	(461)	(100)%
Capital expenditures[3]	**(678)**	(678)	—%	**(1,329)**	(1,265)	5%
Cash provided (used) by financing activities	**(585)**	2,595	n/m	**(1,810)**	2,265	n/m
Other highlights						
Telecom subscriber connections[4] (thousands)				**17,946**	16,923	6%
Healthcare lives covered (millions)				**158.9**	157.1	1%
Earnings before interest, income taxes, depreciation and amortization[2] (EBITDA)	**1,588**	1,679	(5)%	**3,110**	3,423	(9)%
EBITDA margin[2] (%)	**32.2**	33.1	(0.9) pts.	**31.3**	33.8	(2.5) pts.
Restructuring and other costs	**189**	133	42%	**504**	230	n/m
Adjusted EBITDA[2]	**1,777**	1,812	(2)%	**3,614**	3,653	(1)%
Adjusted EBITDA margin[2] (%)	**36.0**	35.7	0.3 pts.	**36.3**	36.0	0.3 pts.
Free cash flow[2]	**545**	535	2%	**1,128**	1,023	10%
Net debt to EBITDA – excluding restructuring and other costs[2] (times)				**3.5**	3.7	(0.2)

Notations used in MD&A: n/m – not meaningful; pts. – percentage points.

1 See *Note 2(b)* of the interim consolidated financial statements for IFRS 18 impacts which is effective for annual reporting periods beginning on or after January 1, 2027, and will newly define what income and expenses are to be classified in Operating income.

2 These are non-GAAP and other specified financial measures. See *Section 11.1 Non-GAAP and other specified financial measures*.

3 Capital expenditures include assets purchased, excluding right-of-use lease assets, but not yet paid for, and consequently differ from Cash payments for capital assets, excluding spectrum licences, as reported in the interim consolidated financial statements. Refer to *Note 31* of the interim consolidated financial statements for further information.

4 The sum of active mobile phone subscribers, connected device subscribers and internet subscribers, measured at the end of the respective periods based on information in billing and other source systems. Effective January 1, 2026 with retrospective application to January 1, 2025, we have revised our subscriber reporting to apply a product-intensive focus on our core bundling foundation of mobility and internet and thus will no longer report TV, security and automation and residential voice subscribers. This change concentrates our disclosure on our core bundling foundation and enables us to better serve our customers, while supporting the migration from legacy products and services to integrated IP streaming, mobile-first connectivity, and smart home solutions. Effective January 1, 2026, we made certain subscriber adjustments on a prospective basis, reducing our subscriber base for mobile phones (18,000), connected devices (78,000) and internet (30,000). See *Section 5.4* for further details.

Operating highlights

- **Consolidated Operating revenues and other income** decreased by $153 million in the second quarter of 2026 and $197 million in the first six months of 2026.

  Service revenues decreased by $49 million in the second quarter of 2026, largely as a result of: (i) lower external revenues in TELUS Digital; (ii) mobile phone ARPU declining at a decelerating rate; and (iii) a decline in fixed legacy voice revenue. These factors were partially offset by: (i) subscriber base growth across mobile and internet; (ii) higher TELUS Health service revenues; (iii) increased fixed data services revenue; and (iv) greater agriculture and consumer goods services revenues. Service revenues decreased by $8 million in the first six months of 2026, due to the same factors as the quarter, with the exception of agriculture and consumer goods services revenues which decreased during the six-month period.

  Equipment revenues decreased by $62 million in the second quarter of 2026 and $132 million in the first six months of 2026. These decreases were driven by lower mobile equipment revenues due to a reduction in contracted volumes and lower fixed premises equipment sales, partially offset by the impact of higher-value smartphones in the sales mix.

  Other income decreased by $42 million in the second quarter of 2026 largely due to the non-recurrence of lease and other sublease revenue in the comparative period. Other income decreased by $57 million in the first six months of 2026, due to the same factors as the second quarter, in addition to the non-recurrence of net gains from the planned divestiture of non-core assets in the comparative period, partially offset by higher net reversals of provisions related to business combinations.

  For additional details on Operating revenues and other income, see *Section 5.4 TELUS technology solutions segment*, *Section 5.5 TELUS health segment* and *Section 5.6 TELUS digital experience segment*.

- **Operating income** decreased by $1.7 billion in the second quarter of 2026 and $2.0 billion in the first six months of 2026. (See *Section 5.3 Consolidated operations* for additional details.)

  EBITDA decreased by $91 million in the second quarter of 2026 and $313 million in the first six months of 2026. In addition to the drivers discussed in the following paragraph, EBITDA reflected net changes in restructuring and other costs during the three-month and six-month periods. Restructuring and other costs increased by $56 million in the second quarter of 2026, resulting from cost efficiency and effectiveness programs. In the first six months of 2026, restructuring and other costs increased by $274 million, due to the same factors as the second quarter, as well as costs associated with the privatization of TELUS Digital.

  Consolidated Adjusted EBITDA decreased by $35 million in the second quarter of 2026 and $39 million in the first six months of 2026 which reflects varied results across our reportable segments. **TTech** Adjusted EBITDA was unchanged in the second quarter of 2026. Activity in the quarter included: (i) lower Other income, largely due to the non-recurrence of lease and other sublease revenue in the comparative period; (ii) mobile phone ARPU declining at a decelerating rate; (iii) lower business-to-business (B2B) data services revenue; (iv) fixed legacy voice decline; (v) lower mobile equipment margins; (vi) increased costs of subscription-based licences and cloud usage; and (vii) lower residential internet revenue per customer. These factors were largely offset by: (i) subscriber base growth across mobile and internet; (ii) cost reduction efforts, including workforce reductions and synergies achieved from the privatization of TELUS Digital; (iii) security and automation growth; (iv) TV growth; (v) lower bad debt expense; and (vi) increased agriculture and consumer goods margin as a result of growth in animal agriculture revenue. TTech Adjusted EBITDA decreased by $9 million in the first six months of 2026, due to the same factors as the second quarter, with the exception of lower agriculture and consumer goods margins as a result of the planned divestiture of non-core assets. **TELUS Health** recorded a 1% increase in Adjusted EBITDA in the second quarter of 2026 and a 5% increase in the first six months of 2026, reflecting revenue growth and the ongoing realization of acquisition integration synergies, partially offset by the continued impact of prior year churn. **TELUS Digital** Adjusted EBITDA decreased by 20% in the second quarter of 2026 and 10% in the first six months of 2026, driven by lower Operating revenues, partially offset by higher Other income in the first six months of 2026. (See *Section 5.3 Consolidated operations* for additional details.)

- **Income before income taxes** decreased by $1.8 billion in the second quarter of 2026 and $2.0 billion in the first six months of 2026. This reflects a decline in Operating income and greater Financing costs in both periods. (See *Financing costs* in *Section 5.3*.)

- **Income tax** expense decreased by $209 million in the second quarter of 2026 and $261 million in the first six months of 2026. The effective tax rate increased from (23.7%) to 8.1% in the second quarter of 2026, while the effective tax rate decreased from 73.3% to 6.0% in the first six months of 2026. These changes were primarily attributable to the impairment of intangible assets and goodwill in the respective periods.

- **Net income attributable to Common Shares** decreased by $1.8 billion in the second quarter of 2026 and $2.0 billion in the first six months of

2026, both reflecting the after-tax impacts of a decline in Operating income and greater Financing costs.

Adjusted Net income excludes the effects of restructuring and other costs, real estate rationalization-related restructuring impairments, income tax-related adjustments, long-term debt prepayment premium, and impairment of intangible assets and goodwill. Adjusted Net income decreased by $88 million in the second quarter of 2026 and $120 million in the first six months of 2026.

- **Basic EPS** decreased by $1.17 in the second quarter of 2026 and $1.31 in the first six months of 2026, both reflecting the after-tax impacts of a decline in Operating income and greater Financing costs, as well as the effect of a higher number of Common Shares outstanding.

  Adjusted basic EPS excludes the effects of restructuring and other costs, real estate rationalization-related restructuring impairments, income tax-related adjustments, long-term debt prepayment premium, and impairment of intangible assets and goodwill. Adjusted basic EPS decreased by $0.06 in the second quarter of 2026 and $0.09 in the first six months of 2026.

- **Dividends declared per Common Share** were $0.4184 in the second quarter of 2026, compared to dividends declared per share of $0.4163 in the second quarter of 2025. On July 30, 2026, the Board declared a third quarter dividend of $0.1875 per share on our issued and outstanding Common Shares, payable on October 1, 2026, to shareholders of record at the close of business on September 10, 2026. This represents a reset annualized rate of $0.75 per share. The prior annualized rate was $1.6736 per share. The reset is expected to generate cumulative cash savings that will be directed towards deleveraging. (see *Section 4.3 Liquidity and capital resources*).

- During the 12-month period ended on June 30, 2026, our total **telecom subscriber connections** increased by 1,023,000 or 6%. This reflected growth of 2% in mobile phone subscribers, 22% in connected device subscribers and 4% in internet subscribers (each excluding first quarter 2026 subscriber base adjustments). (See *Section 5.4 TELUS technology solutions segment* for additional details.)

Liquidity and capital resource highlights

- **Cash provided by operating activities** increased by $176 million in the second quarter of 2026 and $149 million in the first six months of 2026, primarily driven by: (i) other working capital changes; (ii) a decrease in income taxes paid; and (iii) lower restructuring and other costs disbursements. These factors were partially offset by: (i) an increase in interest paid; and (ii) lower EBITDA. (See *Section 7.2 Cash provided by operating activities*.)

- **Cash used by investing activities** decreased by $421 million in the second quarter of 2026, due to lower cash payments for business acquisitions. Cash used by investing activities increased by $121 million in the first six months of 2026, primarily attributable to cash payments for 3800 MHz spectrum licences and greater cash payments for capital assets, partially offset by the same factors as the second quarter. (See *Section 7.3 Cash used by investing activities*.)

- **Cash used by financing activities** increased by $3.2 billion in the second quarter of 2026 and $4.1 billion in the first six months of 2026, primarily reflecting lower issuances of long-term debt, partially offset by lower redemptions of long-term debt. (See *Section 7.4 Cash provided (used) by financing activities*.)

- **Net debt to EBITDA – excluding restructuring and other costs** ratio was 3.5 times at June 30, 2026, down from 3.7 times at June 30, 2025. The decrease was largely due to the effect of the decrease in net debt levels, primarily due to the junior subordinated notes equity credit and the equity issued by our Terrion™ subsidiary to a non-controlling interest, partially offset by spectrum auctions and business acquisitions; net debt levels were already elevated in the current and comparative periods due to our spectrum acquisitions and business acquisitions. As at June 30, 2026, the acquisition of spectrum licences increased the ratio by approximately 0.6, while the junior subordinated notes equity credit decreased the ratio by 0.5 and equity issued by our Terrion subsidiary to a non-controlling interest decreased the ratio by approximately 0.2. (See *Section 4.3 Liquidity and capital resources* and *Section 7.5 Liquidity and capital resource measures.*)

- **Free cash flow** increased by $10 million in the second quarter of 2026, largely driven by decreased net income taxes paid and lower lease payments, partially offset by increased interest paid and reduced EBITDA. Free cash flow increased by $105 million in the first six months of 2026 due to the same factors as the second quarter, in addition to lower restructuring and other cost disbursements, partially offset by greater capital expenditures.

2. Core business and strategy

Our core business and our strategic imperatives were described in our 2025 annual MD&A.

3. Corporate priorities for 2026

Our annual corporate priorities are used to advance our long-term strategic imperatives and address near-term opportunities and challenges. The following table provides a discussion of activities and initiatives that relate to our 2026 corporate priorities.

Strengthening our Customers First culture to increase client satisfaction and loyalty

- In May 2026, we celebrated the 21st anniversary of our annual TELUS Days of Giving®, inspiring a record-breaking 100,000 volunteers to participate in 35 countries across the globe. Since 2000, our TELUS family has contributed 2.5 million days of volunteerism worldwide.
- Our TELUS Community Boards entrust local leaders to make recommendations on the allocation of grants in their communities. These grants support registered charities that offer health, education or technology programs to help youth. Since 2005, our 21 TELUS Community Boards and the TELUS Friendly Future Foundation® (the Foundation) have supported 36.3 million youth in need across Canada and around the world, by granting more than $153 million in cash donations to over 11,700 charitable initiatives.
- Working in close partnership with our TELUS Community Boards in Canada, the Foundation distributes grants to charities that promote education, health and well-being for youth across the country. In addition, through the TELUS Student Bursary program, the Foundation provides bursaries for post-secondary students who face financial barriers and are committed to making a difference in their communities. During the first six months of 2026, the Foundation supported 294,000 youth through nearly $4.5 million in cash donations to 330 Canadian registered charities, community partners and projects, plus bursaries. Since its inception in 2018, the Foundation has directed more than $72 million in cash donations and bursaries, helping 18.3 million youth reach their full potential. For more information about the TELUS Student Bursary program, please visit **friendlyfuture.com/bursary**.
  - In April, Indspire and the Foundation announced a four-year, $500,000 partnership to support Indigenous students pursuing post-secondary education through Indspire's Building Brighter Futures: Bursaries and Scholarships program and the TELUS Student Bursary program. This investment alongside federal matching will help to remove barriers to post-secondary education for First Nations, Inuit and Métis students.
  - In May, the Foundation announced a landmark gift of $1 million from Darren and Fiona Entwistle to fuel the next generation of Canadian technology innovators. This personal donation will significantly expand the TELUS Student Bursary program by officially launching the Entwistle Technology Bursary.
  - In June, the Foundation hosted its third annual fundraising gala, with over 800 guests in attendance, raising a record $3 million in sponsorships, cash donations and in-kind contributions to create new opportunities for underserved youth across Canada through bursaries and community grants.
- The TELUS Indigenous Communities Fund offers grants for Indigenous-led social, health and community programs. In the first half of 2026, the Fund allocated $150,000 in cash donations to Indigenous-led organizations. Since its inception in 2021, the Fund has distributed more than $1.3 million in cash donations to 62 community programs supporting food security, education, cultural and linguistic revitalization, wildfire relief efforts, and the health, mental health and well-being of Indigenous Peoples across Canada.
- Throughout the first half of 2026, we continued to leverage our TELUS Connecting for Good® programs to support marginalized individuals by enhancing their access to both technology and healthcare, as well as our TELUS Wise® program to improve digital literacy and online safety knowledge. Since the launch of these programs, they have provided support for 1.73 million Canadians.
  - During the first six months of 2026, we welcomed 3,900 new households to our Internet for Good® program. Since we launched the program in 2016, we have connected 76,000 households, making low-cost high-speed internet available to over 237,000 low-income seniors and members of low-income families, persons with disabilities, government-assisted refugees and youth leaving government care.
  - Our Mobility for Good® program offers free or low-cost smartphones and mobility plans to youth aging out of government care, low-income seniors and families, as well as government-assisted refugees and Indigenous women at risk of, or experiencing violence. During the first six months of 2026, we added 4,600 marginalized individuals to the program. Since we launched Mobility for Good in 2017, the program has provided support for over 77,200 people.
  - Through TELUS Health for Good®, we are removing healthcare barriers for low-income and marginalized Canadians. During the first half of 2026, we supported 52,000 patient visits, and also connected 330 low-income seniors with discounted access to TELUS Health Medical Alert personal security devices. Since the program launched in 2014, we have delivered over 405,500 primary care and outreach visits across 27 Canadian communities.
  - During the first six months of 2026, our Tech for Good program provided access to personalized assessments, recommendations and training on mobile devices, computers, laptops and related assistive technology and/or access to discounted mobile plans for more than 4,800 Canadians living with disabilities, enabling them to make improvements in their quality of life and independence. Since its inception in 2017, we have provided support for over 22,800 individuals in Canada who are living with disabilities, through the program and/or the TELUS Wireless Accessibility Discount.
  - During the first half of 2026, 62,000 individuals in Canada and around the world participated in TELUS Wise workshops to improve their digital literacy and online safety knowledge, bringing the total cumulative number of participants to over 982,700 since the program launched in 2013.
- We continue to deepen our commitment to global leadership in environmental sustainability, with key milestones this quarter including:
  - Being named to the Corporate Knights Best 50 Corporate Citizens in Canada in June, securing the third place spot – Canada's highest-ranked position outside the renewable energy sector.
  - Ranking as the most sustainable North American telecommunications company by TIME Magazine on the World's Most Sustainable Companies

list in June.
  - Launching the TELUS Return & Recycle Program, where TELUS recycles end-of-life mobile devices and accessories (including those from competitors) in all corporate stores. We planted a tree for every device returned in April.
  - Releasing our inaugural Biodiversity Position and Action Plan, on the International Day for Biodiversity, outlining how we manage and mitigate our business impact on ecosystems.
  - Publishing the 2025 Sustainability and ESG Report and required 2025 Modern Slavery Report for Canada and the U.K.
  - Kicking off the 2026 tree planting season with TELUS Environmental Solutions field teams having launched 12 projects across B.C., Alberta, Saskatchewan, and Manitoba, with year-to-date planting of over 2.6 million trees.
  - Partnering with the B.C. Lions to help restore wildfire-impacted areas, planting 20,000 trees in the Okanagan and mobilizing fans to expand the effort during Touchdown Kelowna Festival and their season home-opener game.
  - Collaborating with the Ottawa Redblacks to embed restoration into their 2026 CFL season, planting 100 trees in the region for every successful field goal and amplifying impact through fan engagement.
- In April 2026, we were recognized as one of the top 10 most valuable brands in Canada for the fifth consecutive year. In its *Canada 100 2026 Ranking*, Brand Finance valued our brand at $11.6 billion.

Accelerating product development and intensity to yield differentiated growth

- In June 2026, we announced the seventh consecutive year of our #StandWithOwners program, offering Canadian small businesses meaningful support through funding, technology and exposure. The #StandWithOwners program celebrates the achievements of small businesses that are the engines of the nation's economy.
- During the second quarter, we welcomed our first enterprise customer to our trade promotion management chatbot, a proprietary natural language AI database query tool that enables users to extract real-time insights from their promotional data to support more effective promotional planning.
- During the second quarter, TELUS Agriculture continued to deliver strong sales bookings ahead of pace including securing a multi-year partnership with BASF, a global leader in crop protection and seed technology. This partnership represents the first deployment of our new rebate management tech stack, expanding our program execution and rebate management scope.
- During the second quarter, TELUS Health deployed real-time customer feedback mechanisms and member journey analytics across major client platforms, enabling continuous product improvements that reduced customer churn year over year, exceeding retention targets and demonstrating our ongoing commitment to client satisfaction.
- TELUS Health continues to advance our unified mental, physical, virtual health and wellness offering with multiple product enhancements including clinical intake automation, real-time provider dashboards, and self-serve human resources features, while expanding international reach.

Leveraging our AI capabilities and sovereign AI compute leadership to drive elevated profitability

- Our Sovereign AI Factory in Rimouski is now operating at full capacity. Moreover, we continue to work with the Government of Canada on a proposed Sovereign AI Factory under its *Enabling Large-Scale Sovereign AI Data Centres* initiative, which our Kamloops AI Factory, coming online later this year, will begin to enable.
- In April 2026, together with L-SPARK, we announced a first-of-its-kind program designed to enable high-potential Canadian startups and scaleups to build, train and deploy advanced AI solutions on our Sovereign AI Factory. The TELUS Sovereign AI Accelerator ushered in a new wave of Canadian innovation by accelerating the go-to-market strategies and investment readiness of select businesses.
- In May 2026, we announced a strategic partnership with Powerfleet, a global leader in artificial-intelligence-of-things software-as-a-service (AIoT SaaS) solutions, to bring advanced AI-driven vehicle safety technology to the Canadian market. The Vision 360 solution uses AI and multiple cameras to provide commercial drivers with a complete, real-time view around their vehicle, helping prevent accidents before they happen.
- In May 2026, we entered a partnership with Indigenous AI tech startup wâsikan kisewâtisiwin to become the startup's first beta tester. The AI technology is designed to help improve education about Indigenous Peoples in Canada.
- In June 2026, TELUS Agriculture & Consumer Goods deployed an advanced conversational AI support agent, powered by the Intercom customer service platform, for TELUS Farm Accounting. This initial roll-out improves operational efficiency by autonomously resolving routine inquiries, directly reducing support backlogs while elevating customer satisfaction.
- In June 2026, TELUS Digital continued to advance its customer experience AI (CXAI) capabilities through strategic partnerships: a collaboration with Cresta to integrate the unified customer experience platform for human and AI agents, creating a continuous feedback loop of AI discovery, development, deployment, and optimization intended to improve outcomes with every conversation; and a partnership with ElevenLabs to scale voice AI alongside frontline teams, where AI voice agents handle high-volume, routine interactions while routing complex or sensitive cases to human agents, increasing capacity to serve customers who need personalized human support.
- Through a series of high-touch activations at marquee conferences across North America in the second quarter of 2026, TELUS Digital reinforced and elevated our standing with key ecosystem partners, including Salesforce (Summit Tier Partner), Google Cloud (Platinum) and Zendesk (Platinum). Together, these engagements continued to enable TELUS Digital to showcase emerging AI solutions and real-world implementations with impact, generate a strong pipeline of new opportunities, and deepen relationships with key enterprise accounts.

Simplifying our business operations and enabling digital transformation to optimize efficiencies and effectiveness

- During the second quarter of 2026, we realized and progressed toward our synergy objectives within our reportable segments: TELUS technology solutions, TELUS health and TELUS digital experience.
- During the second quarter of 2026, we successfully launched our enterprise AI assistant within the TELUS Agriculture & Consumer Goods business unit. This deployment streamlines engineering workflows and product development cycles,

enabling faster delivery of new capabilities.

- In the first half of 2026, TELUS Health's global delivery platform migration has consolidated seven regional operating structures into a unified platform, reducing structural costs while improving service delivery speed. The integration of our Rapid Service Introduction framework is enabling faster cross-sell capabilities to transform how we serve employers and health plans globally.
- Powered by TELUS Digital, we deployed new customer-facing CXAI technology, in partnership with Google, intended to improve automated first-contact resolution. In parallel, we drove coaching efficiencies and performance improvement with human customer experience agent teams through automated quality assurance, covering 100% of customer-facing interactions.

4. Capabilities

The forward-looking statements in this section, including statements regarding our operational and investment plans, financial objectives and deleveraging plans, are qualified by the *Caution regarding forward-looking statements* at the beginning of this MD&A.

4.1 Principal markets addressed and competition

For a discussion of our principal markets and an overview of competition, refer to *Section 4.1* in our 2025 annual MD&A.

4.2 Operational resources

TELUS technology solutions (TTech)

From mid-2013 through June 30, 2026, we invested over $8.5 billion to acquire wireless spectrum licences in spectrum auctions and other private transactions. These investments have more than doubled our national spectrum holdings in support of our top priority to put customers first.

Mobile data consumption has been increasing rapidly and is expected to continue growing at a fast rate as the industry continues to transition to 5G. We have responded by investing in the coverage, capacity, performance and reliability of our network to ensure we are able to support additional data consumption and growth in our mobile subscriber base in a geographically diverse country, while maintaining the high quality of our network. This includes investments in wireless small cells connected directly to our TELUS PureFibre® technology to improve coverage and capacity utilized in our 5G network.

As at June 30, 2026, our 4G LTE technology covered 99% of Canada's population, consistent with June 30, 2025. We have continued to invest in the roll-out of our LTE advanced technology, which covered over 96% of Canada's population at June 30, 2026, up from approximately 96% at June 30, 2025. Furthermore, our 5G network covered over 92% of Canada's population at June 30, 2026, up from over 87% at June 30, 2025.

We are continuing to invest in urban and rural communities across our incumbent local exchange carrier (ILEC) communities in B.C., Alberta and Eastern Quebec, as well as non-ILEC communities in Ontario and Quebec, with commitments to deliver broadband technology capabilities to as many Canadians in these communities as possible, including expanding our PureFibre footprint by connecting more homes and businesses directly to PureFibre. In addition, we have increased broadband internet speeds, expanded our IP TV video-on-demand library and high-definition content, including 4K TV and 4K HDR capabilities, and enhanced the marketing of data products and bundles. Our PureFibre technology is also an essential component of our wireless access technology and has enabled our 5G deployment. Our home and business security and automation solutions integrate safety and security monitoring with smart devices.

As at June 30, 2026, approximately 3.8 million households and businesses in B.C., Alberta and Eastern Quebec were connected to fibre-optic cable. This is up from over 3.5 million households and businesses in the second quarter of 2025.

Our agriculture and consumer goods solutions include precision agronomy tools, record-keeping and recommendations, rebate management services, supplier management, order management, index labelling, compliance management, animal agriculture solutions, food traceability and quality assurance, data management solutions and software solutions for trade promotion management, optimization and analytics (TPx), retail execution, supply chain solutions and analytics capabilities.

TELUS health (TELUS Health)

TELUS Health leverages the power of technology and passion of our team members to support the mental, physical and financial health and well-being of organizations and individuals around the globe. Our core areas of focus in the global healthcare marketplace are: employers (small, medium and large enterprise), payors (insurers, third-party payors and third-party administrators, and public sector), providers (clinics and physicians, pharmacists and allied health professionals) and consumer solutions. We offer a variety of integrated health and well-being products, solutions and services including: employee and family assistance programs (EFAP), cognitive behavioural therapy (CBT), absence and disability management, executive, preventive and occupational health services, corporate reward, recognition and perks programs, and training programs; pension and benefits administration solutions, and retirement and financial consulting; virtual care (encompassing comprehensive primary care, mental health support, wellness offerings, and pet care); virtual pharmacy and pharmacy management systems, including medication management services; remote patient monitoring; personal emergency response services; personal health records and electronic medical records (EMR) management; claims management solutions; and curation of health content.

TELUS digital experience (TELUS Digital)

TELUS Digital creates future-focused digital transformations and provides digitally enabled customer experience solutions fuelled by AI that can withstand disruption and deliver value for our clients.

Over decades, we have grown through organic investments and strategic acquisitions to serve a global client base with an equally global team, expanding our delivery hubs to span the Americas, Europe, Asia-Pacific, the Middle East and Africa.

Our delivery locations are strategically selected based on factors such as: access to diverse, skilled talent; proximity to clients; and ability to deliver our services over multiple time zones and in multiple languages. They are connected through a robust infrastructure backed by cloud technologies, enabling globally distributed and virtualized teams.

4.3 Liquidity and capital resources

Capital structure financial policies

Our objective when managing financial capital is to maintain a flexible capital structure that optimizes the cost and availability of capital at acceptable risk. In our definition of financial capital, we include:

- Common equity (excluding Accumulated other comprehensive income);
- Non-controlling interests;
- Long-term debt (including long-term credit facilities, commercial paper backstopped by 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);
- Cash and temporary investments;
- Short-term borrowings (including those arising from securitized trade receivables and unbilled customer finance receivables and any hedging assets or liabilities associated with short-term borrowings, net of amounts recognized in Accumulated other comprehensive income); and
- Other long-term debt.

We manage our financial 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 financial capital structure, we may:

- Adjust the amount of dividends paid to holders of Common Shares;
- Adjust the discount at which Common Shares are offered under the Dividend Reinvestment and Share Purchase Plan;
- Purchase Common Shares for cancellation pursuant to normal course issuer bids (NCIB);
- Issue new equity (including Common Shares and subsidiary equity);
- Issue new debt, issue new debt to replace existing debt with different characteristics; and/or
- Increase or decrease the amount of short-term borrowings arising from securitized trade receivables and unbilled customer finance receivables.

We monitor financial capital utilizing a number of measures, including net debt to EBITDA – excluding restructuring and other costs ratio, coverage ratios and dividend payout ratios. (See definitions in *Section 11.1 Non-GAAP and other specified financial measures*.)

Financing and capital structure management plans

Report on financing and capital structure management plans

Pay dividends to the holders of the Common Shares of TELUS Corporation
• As announced on July 31, 2026, we are implementing a dividend reset. On July 30, 2026, the Board elected to declare a third quarter dividend of $0.1875 per share, payable on October 1, 2026, to shareholders of record at the close of business on September 10, 2026, representing a reset annualized rate of $0.75 per share. The prior annualized rate was $1.6736 per share. This compares to the quarterly dividend of $0.4163 per share declared one year earlier. The reset is expected to generate cumulative cash savings directed towards deleveraging. Dividend decisions will continue to be subject to our Board's assessment and the determination of our financial position and outlook on a quarterly basis. Our long-term Common Share dividend payout ratio guideline is 45 to 60% of free cash flow on a trailing 12-month basis. (See *Section 7.5 Liquidity and capital resource measures, Caution regarding forward-looking statements – Financing, debt and dividends* and *Section 10.15 Financing, debt and dividends* in our 2025 annual MD&A.) • Dividends declared in the second quarter of 2026 were $0.4184 per share, compared to dividends declared in the second quarter of 2025 of $0.4163 per share. • Our dividend reinvestment and share purchase (DRISP) plan trustee may acquire shares from Treasury, at our option, for the DRISP plan, rather than acquiring Common Shares in the stock market. We may, at our discretion, offer Common Shares at a discount of up to 5% from the market price under the DRISP plan. In February 2026, we announced a step down of our previous discount on shares issued from Treasury to 1.75% from the average market price for shares acquired through the DRISP plan, applicable to the dividends paid on April 1, 2026. As part of our July 31, 2026 announcement regarding the dividend reset, we will remove the discount under the DRISP, effective October 1, 2026.
Purchase Common Shares
• During the three-month period ended June 30, 2026, and up to the date of this MD&A, we did not repurchase or cancel any shares pursuant to our NCIB.
Use proceeds from securitized receivables (Short-term borrowings), bank facilities and commercial paper as needed, to supplement free cash flow and meet other cash requirements
• Our issued and outstanding commercial paper was $2.1 billion at June 30, 2026, all of which was denominated in U.S. dollars (US$1.5 billion), compared to $1.0 billion (US$0.7 billion) at both December 31, 2025 and June 30, 2025. • Proceeds from securitized trade receivables and unbilled customer finance receivables were $0.9 billion at June 30, 2026, compared to $0.9 billion at both

December 31, 2025 and June 30, 2025 (see *Section 7.7*). Funding under the agreement may be provided in either Canadian dollars or U.S. dollars. Foreign currency forward contracts are used to manage currency risk associated with funding denominated in U.S. dollars.

Maintain compliance with financial objectives

- Maintain investment-grade credit ratings – On July 31, 2026, investment-grade credit ratings from all rating agencies that cover TELUS were in the desired range. (See *Section 7.8 Credit ratings*.)
- Net debt to EBITDA – excluding restructuring and other costs ratio of 2.5 to 3.0 times – This reflected a shift of 0.3 in the range, as announced on July 31, 2026, to better align with our long-term optimal leverage range. As measured at June 30, 2026, this ratio was 3.5 times, outside of the objective range, primarily due to the acquisition of spectrum licences (as spectrum is our largest indefinite-life asset) and business acquisitions. Given the cash demands of the 600 MHz auction held in 2019, the 3500 MHz auction held in 2021, the 3800 MHz auction held in 2023 (payments made in fiscal 2024) and the upcoming auction for millimetre wave spectrum, the assessment of the objective and timing of return to the objective range remains to be determined. We have an objective of achieving a ratio of circa 3.0 times in 2028. (See *Section 7.5 Liquidity and capital resource measures*.)
- Common Share dividend payout ratio of 45 to 60% of free cash flow on a trailing 12-month basis – Our objective range is on a trailing 12-months basis, reflecting a shift from 60 to 75% of free cash flow on a prospective basis. The reset of the Common Share dividend payout ratio[1], as announced on July 31, 2026, is expected to generate cumulative cash savings that will be directed toward deleveraging. The Common Share dividend payout ratio we present in this MD&A is a historical measure utilizing the dividends declared in the most recent four quarters, net of dividend reinvestment plan effects, and free cash flow. (See *Section 7.5 Liquidity and capital resource measures*.)
- Generally maintain a minimum of $1 billion in available liquidity – As at June 30, 2026, our available liquidity[1] was more than $2.7 billion. (See *Section 7.6 Credit facilities* and *Liquidity risk* in *Section 7.9*.)

1 These are non-GAAP and other specified financial measures. See *Section 11.1 Non-GAAP and other specified financial measures*.

4.4 Changes in internal control over financial reporting

For the three-month and six-month periods ended June 30, 2026, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

5. Discussion of operations

This section contains forward-looking statements, including those with respect to mobile phone average revenue per subscriber per month (ARPU) growth, products and services trends regarding loading and retention spending, equipment margins, subscriber growth and various future trends. There can be no assurance that we have accurately identified these trends based on past results or that these trends will continue. See *Caution regarding forward-looking statements* at the beginning of this MD&A.

5.1 General

Operating segments are components of an entity that engage in business activities from which they earn revenues and incur expenses (including revenues and expenses related to transactions with the other component(s)), the operations of which can be clearly distinguished and for which the operating results, and in particular, Adjusted EBITDA, are regularly reviewed by a chief operating decision-maker to make resource allocation decisions and to assess performance. Segmented information in *Note 5* of the interim consolidated financial statements is regularly reported to our Chief Executive Officer (CEO) (our chief operating decision-maker).

The TELUS technology solutions segment (TTech) includes: network revenues and equipment sales arising from mobile technologies; data revenues (which include internet protocol; television; hosting, managed information technology and cloud-based services; and home and business security and automation); agriculture and consumer goods services (software, data management and data analytics-driven smart-food chain and consumer goods technologies); voice and other telecommunications services revenues; and equipment sales.

The TELUS health segment (TELUS Health) includes: healthcare services, software and technology solutions (including employee and family assistance programs and benefits administration).

The TELUS digital experience segment (TELUS Digital), which has the U.S. dollar as its primary functional currency, includes key service lines: digital solutions; AI and data solutions; trust and safety; and customer experience management. Subsequent to TELUS Corporation's acquisition of the TELUS International (Cda) Inc. non-controlling interests in fiscal 2025, our internal and external reporting processes, systems and internal controls were transitioned to match the post-privatization operational realignment; commencing with the three-month period ended March 31, 2026, our segmented reporting structure was correspondingly transitioned and comparative amounts have been restated on a comparable basis.

5.2 Summary of consolidated quarterly results and trends

Summary of quarterly results

($ millions, except per share amounts)	**2026 Q2**	2026 Q1	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Operating revenues								
Service revenues	**4,442**	4,484	4,571	4,507	4,491	4,443	4,507	4,410
Equipment revenues	**478**	505	659	560	540	575	824	632
Other income	**9**	24	31	39	51	39	50	57
Operating revenues and other income	**4,929**	5,013	5,261	5,106	5,082	5,057	5,381	5,099
Operating expenses								
Goods and services purchased[1]	**1,869**	1,856	2,059	1,942	1,858	1,847	2,136	1,868
Employee benefits expense[1]	**1,472**	1,635	1,456	1,411	1,545	1,466	1,475	1,475
Depreciation and amortization	**1,025**	988	1,052	1,011	1,004	992	1,011	968
Impairment of intangible assets and goodwill	**2,135**	—	—	—	500	—	—	—
Total operating expenses	**6,501**	4,479	4,567	4,364	4,907	4,305	4,622	4,311
Operating income (loss)	**(1,572)**	534	694	742	175	752	759	788
Financing costs before gain on purchase of long-term debt and long-term debt prepayment premium	**369**	335	371	328	373	344	321	479
Gain on purchase of long-term debt	**—**	—	(81)	(222)	—	—	—	—
Long-term debt prepayment premium	**51**	—	—	48	—	—	—	—
Income (loss) before income taxes	**(1,992)**	199	404	588	(198)	408	438	309
Income taxes	**(162)**	55	114	157	47	107	118	52
Net income (loss)	**(1,830)**	144	290	431	(245)	301	320	257
Net income (loss) attributable to Common Shares	**(1,840)**	136	292	493	7	321	358	280
Net income (loss) per Common Share:								
Basic EPS	**(1.17)**	0.09	0.19	0.32	—	0.21	0.24	0.19
Adjusted basic EPS[2]	**0.16**	0.23	0.20	0.24	0.22	0.26	0.25	0.28
Diluted EPS	**(1.17)**	0.09	0.19	0.32	—	0.21	0.24	0.19
Dividends declared per Common Share	**0.4184**	0.4184	0.4184	0.4163	0.4163	0.4023	0.4023	0.3891
Additional information:								
EBITDA	**1,588**	1,522	1,746	1,753	1,679	1,744	1,770	1,756
Restructuring and other costs	**189**	315	93	109	133	97	68	86
Adjusted EBITDA	**1,777**	1,837	1,839	1,862	1,812	1,841	1,838	1,842
Cash provided by operating activities	**1,342**	1,050	1,130	1,493	1,166	1,077	1,077	1,432
Free cash flow	**545**	583	574	611	535	488	534	568

1 Goods and services purchased and Employee benefits expense amounts include restructuring and other costs.

2 See *Section 11.1 Non-GAAP and other specified financial measures*.

Trends

For further discussion of trends related to revenues, EBITDA and Adjusted EBITDA, see *Section 5.4 TELUS technology solutions segment*, *Section 5.5 TELUS health segment* and *Section 5.6 TELUS digital experience segment*.

The trend of general year-over-year increases in Depreciation and amortization reflects greater additions of Property, plant and equipment and Intangible assets, higher real estate rationalization activity and business acquisitions. Our expenditures have supported the expansion of our broadband footprint, including our generational investment to connect homes and businesses to TELUS PureFibre and 5G technology coverage, as well as successful fixed products and services subscriber loading. Investments in our PureFibre technology also support our technology strategy to improve network coverage and capacity, including the ongoing build-out of our 5G network.

The underlying components of increases in Financing costs reflect greater long-term debt outstanding and increases in effective interest rates attributable to both floating-rate debt and recent fixed-rate issuances, though year-over-year trends were moderated by foreign exchange and elevated interest income impacts. Financing costs are net of capitalized interest related to spectrum licences acquired during the 3500 MHz spectrum auction held in 2021 and during the 3800 MHz spectrum auction held in 2023 (payments made in fiscal 2024). Financing costs also include Interest accretion on provisions (asset retirement obligations and written put options) and Employee defined benefit plans net interest. Additionally, for the eight periods shown, Financing costs include varying amounts of foreign exchange gains or losses, varying amounts of interest income and unrealized changes in VPPA forward element, which contributed to losses up to the fourth quarter of 2024. Effective for the first quarter of 2025, arising from a prospective change in accounting policy which applies hedge accounting, unrealized fair value adjustments for VPPAs, which were previously included within Financing costs, are now included within Other comprehensive income.

5.3 Consolidated operations

The following is a discussion of our consolidated financial performance. Segment information in *Note 5* of the interim consolidated financial statements is regularly reported to our CEO. We discuss the performance of our segments in *Section 5.4 TELUS technology solutions segment*, *Section 5.5 TELUS health segment* and *Section 5.6 TELUS digital experience segment*.

In our news release dated July 31, 2026, available on SEDAR+ at **sedarplus.com** and on EDGAR at **sec.gov**, our full-year outlook for 2026 was updated.

Operating revenues

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions)	**2026**	2025	Change	**2026**	2025	Change
Operating revenues						
Service	**4,442**	4,491	(1)%	**8,926**	8,934	—%
Equipment	**478**	540	(11)%	**983**	1,115	(12)%
Operating revenues (arising from contracts with customers)	**4,920**	5,031	(2)%	**9,909**	10,049	(1)%
Other income	**9**	51	(82)%	**33**	90	(63)%
Operating revenues and other income	**4,929**	5,082	(3)%	**9,942**	10,139	(2)%

Consolidated Operating revenues and other income decreased by $153 million in the second quarter of 2026 and $197 million in the first six months of 2026.

- **Service revenues** decreased by $49 million in the second quarter of 2026, largely as a result of: (i) lower external revenues in TELUS Digital; (ii) mobile phone ARPU declining at a decelerating rate; and (iii) a decline in fixed legacy voice revenue. These factors were partially offset by: (i) subscriber base growth across mobile and internet; (ii) higher TELUS Health service revenues; (iii) increased fixed data services revenue; and (iv) greater agriculture and consumer goods services revenues. Service revenues decreased by $8 million in the first six months of 2026, due to the same factors as the quarter, with the exception of agriculture and consumer goods services revenues which decreased during the six-month period.
- **Equipment revenues** decreased by $62 million in the second quarter of 2026 and $132 million in the first six months of 2026. These decreases were driven by lower mobile equipment revenues due to a reduction in contracted volumes and lower fixed premises equipment sales, partially offset by the impact of higher-value smartphones in the sales mix.
- **Other income** decreased by $42 million in the second quarter of 2026, largely due to the non-recurrence of lease and other sublease revenue in the comparative period. Other income decreased by $57 million in the first six months of 2026, due to the same factors as the second quarter, in addition to the non-recurrence of net gains from the planned divestiture of non-core assets in the comparative period, partially offset by higher net reversals of provisions related to business combinations.

Operating expenses

($ in millions)	Three-month periods ended June 30 2026	2025	Change	Six-month periods ended June 30 2026	2025	Change
Goods and services purchased	**1,869**	1,858	1%	**3,725**	3,705	1%
Employee benefits expense	**1,472**	1,545	(5)%	**3,107**	3,011	3%
Depreciation	**591**	601	(2)%	**1,174**	1,193	(2)%
Amortization of intangible assets	**434**	403	8%	**839**	803	4%
Impairment of intangible assets and goodwill	**2,135**	500	n/m	**2,135**	500	n/m
Operating expenses	**6,501**	4,907	32%	**10,980**	9,212	19%

Consolidated operating expenses increased by $1.6 billion in the second quarter of 2026 and $1.8 billion in the first six months of 2026. See *Adjusted EBITDA* below for further details on Goods and services purchased and Employee benefits expense.

- **Depreciation** decreased by $10 million in the second quarter of 2026 and $19 million in the first six months of 2026, largely due to lower asset retirement activity.
- **Amortization of intangible assets** increased by $31 million in the second quarter and $36 million in the first six months of 2026, primarily due to business acquisitions.
- Non-cash **Impairment of intangible assets and goodwill** increased by $1.6 billion in both the second quarter and first six months of 2026, as the recoverable amount of the TELUS digital experience cash-generating unit was less than its carrying amount as at June 30, 2026. See *Note 18(b)* of the interim consolidated financial statements for additional details.

Operating income

($ in millions)	Three-month periods ended June 30 2026	2025 (restated)	Change	Six-month periods ended June 30 2026	2025 (restated)	Change
TTech EBITDA[1] (see *Section 5.4*)	**1,563**	1,585	(1)%	**2,986**	3,196	(7)%
TELUS Health EBITDA[1] (see *Section 5.5*)	**75**	91	(17)%	**143**	166	(14)%
TELUS Digital EBITDA[1] (see *Section 5.6*)	**(17)**	18	n/m	**33**	89	(63)%
Eliminations	**(33)**	(15)	n/m	**(52)**	(28)	86%
EBITDA	**1,588**	1,679	(5)%	**3,110**	3,423	(9)%
Depreciation and amortization (discussed above)	**(1,025)**	(1,004)	2%	**(2,013)**	(1,996)	1%
Impairment of intangible assets and goodwill (discussed above)	**(2,135)**	(500)	n/m	**(2,135)**	(500)	n/m
Operating income (loss) (consolidated earnings (loss) before interest and income taxes (EBIT))	**(1,572)**	175	n/m	**(1,038)**	927	n/m

1 See *Section 11.1 Non-GAAP and other specified financial measures*.

Operating income decreased by $1.7 billion in the second quarter of 2026 and $2.0 billion in the first six months of 2026. EBITDA decreased by $91 million in the second quarter of 2026 and $313 million in the first six months of 2026. In addition to the drivers discussed within *Adjusted EBITDA* below, EBITDA reflected net changes in restructuring and other costs during the three-month and six-month periods. Restructuring and other costs were $56 million higher in the second quarter of 2026, resulting from cost efficiency and effectiveness programs. Restructuring and other costs increased by $274 million in the first six months of 2026, due to the same factors as the second quarter, in addition to costs associated with the privatization of TELUS Digital.

Adjusted EBITDA

($ in millions)	Three-month periods ended June 30 2026	2025 (restated)	Change	Six-month periods ended June 30 2026	2025 (restated)	Change
TTech Adjusted EBITDA[1] (see *Section 5.4*)	**1,639**	1,640	—%	**3,321**	3,330	—%
TELUS Health Adjusted EBITDA[1] (see *Section 5.5*)	**99**	98	1%	**192**	182	5%
TELUS Digital Adjusted EBITDA[1] (see *Section 5.6*)	**72**	89	(20)%	**153**	169	(10)%
Eliminations	**(33)**	(15)	n/m	**(52)**	(28)	86%
Adjusted EBITDA	**1,777**	1,812	(2)%	**3,614**	3,653	(1)%

1 See *Section 11.1 Non-GAAP and other specified financial measures*.

Consolidated Adjusted EBITDA decreased by $35 million or 2% in the second quarter of 2026 and $39 million or 1% in the first six months of 2026. These declines reflect varied results across our reportable segments.

TTech Adjusted EBITDA was unchanged in the second quarter of 2026. Activity in the quarter included: (i) lower Other income, largely due to the non-recurrence of lease and other sublease revenue in the comparative period; (ii) mobile phone ARPU declining at a decelerating rate; (iii) lower business-to-business (B2B) data services revenue; (iv) fixed legacy voice decline; (v) lower mobile equipment margins; (vi) increased costs of subscription-based licences and cloud usage; and (vii) lower residential internet revenue per customer. These factors were largely offset by: (i) subscriber base growth across mobile and internet; (ii) cost reduction efforts, including workforce reductions and synergies achieved from the privatization of TELUS Digital; (iii) security and automation growth; (iv) TV growth; (v) lower bad debt expense; and (vi) increased agriculture and consumer goods margin as a result of growth in animal agriculture revenue.

TTech Adjusted EBITDA decreased by $9 million in the first six months of 2026, due to the same factors as the second quarter, with the exception of lower agriculture and consumer goods margins as a result of the planned divestiture of non-core assets. See *Section 5.4* for further details.

TELUS Health recorded a 1% increase in Adjusted EBITDA in the second quarter of 2026 and a 5% increase in the first six months of 2026, reflecting revenue growth and the ongoing realization of acquisition integration synergies, partially offset by the continued impact of prior year churn. See *Section 5.5* for further details.

TELUS Digital Adjusted EBITDA decreased by 20% in the second quarter of 2026 and 10% in the first six months of 2026, driven by lower Operating revenues, partially offset by higher Other income in the first six months of 2026. See *Section 5.6* for further details.

Financing costs

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions)	**2026**	2025	Change	**2026**	2025	Change
From transactions that only involve the raising of finance						
Interest on long-term debt, excluding lease liabilities and other (secured) – gross	**327**	306	7%	**655**	590	11%
Interest on long-term debt, excluding lease liabilities and other (secured) – capitalized	**(3)**	—	n/m	**(6)**	(9)	(33)%
Interest on short-term borrowings and other	**17**	12	42%	**30**	29	3%
Long-term debt prepayment premium	**51**	—	n/m	**51**	—	n/m
	392	318	23%	**730**	610	20%
From transactions that do not only involve the raising of finance						
Interest on long-term debt – lease liabilities	**41**	42	(2)%	**84**	83	1%
Interest on long-term debt – other (secured)	**6**	8	(25)%	**11**	14	(21)%
Employee defined benefit plans net interest	**4**	3	33%	**7**	6	17%
Interest accretion on provisions	**5**	7	(29)%	**13**	14	(7)%
	56	60	(7)%	**115**	117	(2)%
Interest expense	**448**	378	19%	**845**	727	16%
Foreign exchange (gains) losses	**(7)**	12	n/m	**(44)**	12	n/m
Interest income	**(21)**	(17)	24%	**(46)**	(22)	n/m
Financing costs	**420**	373	13%	**755**	717	5%

Financing costs increased by $47 million in the second quarter of 2026 and $38 million in the first six months of 2026, mainly due to the following factors:

- **Interest expense** increased by $70 million in the second quarter of 2026 and $118 million in the first six months of 2026, largely resulting from:
  - An increase of $21 million in gross interest expense on long-term debt, excluding lease liabilities and other (secured) in the second quarter of 2026 and $65 million in the first six months of 2026. This was largely a reflection of an increase in average long-term debt in addition to an increase in the effective interest rate. Our weighted average interest rate on long-term debt (excluding commercial paper, TELUS bank credit facilities, the revolving components of the repaid TELUS International (Cda) Inc. credit facility, lease liabilities and other long-term debt) was 4.81% at June 30, 2026, compared to 4.71% one year earlier. (See *Long-term debt issued and Redemptions and repayment of long-term debt* in *Section 7.4*.)
  - Long-term debt prepayment premium relates to the promissory note issued by a wholly owned subsidiary to a private equity investor which was repaid during the second quarter of 2026. See *Note 26(e)* of the interim consolidated financial statements for further details.
- **Foreign exchange gains** were $19 million higher in the second quarter of 2026 and $56 million higher in the first six months of 2026, primarily reflecting changes in the value of the U.S. dollar relative to the Canadian dollar and the European euro relative to the Canadian dollar.
- **Interest income** increased by $4 million in the second quarter of 2026 and $24 million in the first six months of 2026, primarily as a result of higher interest on income tax refunds.

Income taxes

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions, except tax rates)	**2026**	2025	Change	**2026**	2025	Change
Income taxes computed at applicable statutory rates (%)	**25.3**	27.8	(2.5) pts.	**25.1**	21.9	3.2 pts.
Adjustments recognized in the current period for income taxes of prior periods (%)	**0.8**	9.1	(8.3) pts.	**0.8**	(11.0)	11.8 pts.
Pillar Two global minimum tax (%)	**(0.1)**	—	(0.1) pts.	**(0.1)**	0.5	(0.6) pts.
Impairment of intangible assets and goodwill (%)	**(11.6)**	(53.9)	42.3 pts.	**(12.8)**	51.0	(63.8) pts.
Write down of deferred tax asset (%)	**(4.5)**	—	(4.5) pts.	**(5.0)**	—	(5.0) pts.
(Non-taxable) non-deductible amounts, net (%)	**0.3**	(2.0)	2.3 pts.	**0.7**	1.4	(0.7) pts.
Withholding and other taxes (%)	**(0.3)**	(5.1)	4.8 pts.	**(0.7)**	9.0	(9.7) pts.
Losses not recognized (%)	**(1.9)**	(1.0)	(0.9) pts.	**(2.1)**	1.4	(3.5) pts.
Foreign tax differential (%)	**0.1**	1.0	(0.9) pts.	**0.1**	(1.4)	1.5 pts.
Other (%)	**—**	0.4	(0.4) pts.	**—**	0.5	(0.5) pts.
Effective tax rate (%)	**8.1**	(23.7)	31.8 pts.	**6.0**	73.3	(67.3) pts.
Income taxes computed at applicable statutory rates	**(503)**	(55)	n/m	**(450)**	46	n/m
Adjustments recognized in the current period for income taxes of prior periods	**(15)**	(18)	(17)%	**(15)**	(23)	(35)%
Pillar Two global minimum tax	**1**	—	n/m	**1**	1	—%
Impairment of intangible assets and goodwill	**229**	107	n/m	**229**	107	n/m
Write down of deferred tax asset	**89**	—	n/m	**89**	—	n/m
(Non-taxable) non-deductible amounts, net	**(5)**	4	n/m	**(12)**	3	n/m
Withholding and other taxes	**5**	10	(50)%	**13**	19	(32)%
Losses not recognized	**38**	2	n/m	**39**	3	n/m
Foreign tax differential	**(1)**	(2)	(50)%	**(1)**	(3)	(67)%
Other	**—**	(1)	(100)%	**—**	1	(100)%
Income taxes	**(162)**	47	n/m	**(107)**	154	n/m

Total income tax expense decreased by $209 million in the second quarter of 2026 and $261 million in the first six months of 2026. The effective tax rate increased from (23.7%) to 8.1% in the second quarter of 2026, while the effective tax rate decreased from 73.3% to 6.0% in the first six months of 2026. These changes were primarily attributable to the impairment of intangible assets and goodwill in the respective periods.

Comprehensive income

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions)	**2026**	2025	Change	**2026**	2025	Change
Net income (loss)	**(1,830)**	(245)	n/m	**(1,686)**	56	n/m
Other comprehensive income (net of income taxes):						
Items that may be subsequently reclassified to income	**(50)**	(81)	(38)%	**(9)**	(32)	(72)%
Items never subsequently reclassified to income	**(3)**	30	n/m	**5**	33	(85)%
Comprehensive income (loss)	**(1,883)**	(296)	n/m	**(1,690)**	57	n/m

Comprehensive income decreased by $1.6 billion in the second quarter of 2026 and $1.7 billion in the first six months of 2026, both primarily due to a decrease in Net income. Items that may subsequently be reclassified to income include changes in the unrealized fair value of derivatives designated as cash flow hedges and foreign currency translation adjustments arising from translating financial statements of foreign operations. Items never subsequently reclassified to income include changes in the measurement of investment financial assets and employee defined benefit plans re-measurement amounts.

5.4 TELUS technology solutions segment

TTech trends and seasonality

The historical trend over the past eight quarters in mobile network revenue primarily reflects a recovery in growth, attributable to continued expansion in our mobile phone subscriber base and an increase in Internet of Things (IoT) connections. This subscriber momentum was supported by strong customer retention, which offsets the impact of slowing population growth from reduced immigration. Furthermore, while larger data allotments and declining retail prices impact domestic ARPU, overall declines have continued to moderate, reflecting our ongoing efforts to restore ARPU growth. Roaming revenues continued to decline, reflecting the uptake of North America-wide plans and competitive roaming packages in the market, as well as lower travel-related roaming volumes.

Mobile equipment revenues have been declining, largely attributable to lower contracted volumes, partially offset by the impact of higher-value smartphones in the sales mix. Higher device costs from manufacturers are also prompting customers to defer upgrades, driving increased adoption of bring-your-own-device (BYOD) plans, reducing the number of customer contracts. We continue to offer certified pre-owned devices and our Bring-It-Back® program, providing customers with alternative options for handset upgrades while also supporting a circular economy.

Our spectrum investments and capital expenditures for improvements to our network are enhancing its capacity, coverage and reliability, enabling us to drive revenue growth through net additions of new mobile phone and connected device subscribers. Growth in our mobile phone subscriber base is attributable to: (i) industry-leading product offerings with continuous improvements in the speed, performance and reliability of our network, coupled with our enhanced digital capabilities; (ii) the success of our bundling of mobility and home services; (iii) our ability to attract a large share of the Canadian population, with growth that is being driven by immigration (albeit slowing) and changing demographics, as well as ongoing growth in the number of customers with multiple devices; and (iv) our relatively low churn rate, which reflects our Customers First priority and upgrade volume programs.

Our connected device subscriber base has been growing, primarily in response to our expanded IoT offerings across various industries, including transportation, security, healthcare, smart buildings and smart cities, energy, retail and agriculture. Our investments in network infrastructure and the expansion of our IoT product portfolio have also equipped us to deliver reliable and scalable IoT solutions to our customers.

Growth in our internet subscriber base has continued, supported by our ongoing investments in building out our fibre-optic footprint. Bundling of mobility and home services, including our diverse and flexible suite of additional products and services including but not limited to internet, entertainment, security and automation, health, and voice, supports growth in the number of our offerings per home to better meet demand for multiple services, with a positive impact on churn.

The trend of growth in our fixed products and services revenue reflects the growth of our internet and security and automation subscriber bases, including our expansion into non-ILEC communities in Ontario and Quebec. This growth is bolstered by sustained demand for faster internet speeds and larger bandwidth which are supported by investments in our fibre-optic footprint. The trends of declining TV revenues and fixed voice revenues are a result of technological substitution. However, the success of our bundled offerings and product diversification and the effectiveness of our customer retention efforts have helped mitigate these trends. The migration of business product and service offerings to IP platforms and the entry of new competitors have resulted in inherently lower margins compared to some of our legacy business product and service offerings. Nonetheless, we are continuing to refine and diversify our portfolio of innovative business offerings.

Previous trends in agriculture and consumer goods services were attributable to customer churn, which hampered subscription growth, in addition to declines from the planned divestiture of non-core assets. As of the second quarter of 2026, year-over-year results are organic, revealing a trend of sustained organic growth, driven by ongoing momentum in animal agriculture. With our global team and cloud-based solutions, we are able to serve a diverse client base, including growers, producers, agronomists, advisors, processors and retailers, by enabling more effective and agile decision-making that can address changing consumer demands, improve profitability and generate a better flow of information across the value chain. This improves the safety and sustainability of our outputs and drives efficiencies in the way we produce, distribute and consume food and consumer goods.

TTech operating indicators[1]

At June 30				**2026**	2025	Change
Subscriber connections (thousands):						
Mobile phone[2]				**10,335**	10,192	1%
Connected device[3]				**4,783**	3,989	20%
Internet[4]				**2,828**	2,742	3%
Total telecom subscriber connections				**17,946**	16,923	6%
LTE population coverage[5] (millions)				**36.7**	36.7	—%
5G population coverage[5] (millions)				**34.2**	32.6	5%
Fibre optic cable population coverage (millions)				**3.8**	3.5	9%
	Three-month periods ended June 30			Six-month periods ended June 30		
	2026	2025	Change	**2026**	2025	Change
Mobile phone gross additions (thousands)	**348**	376	(7)%	**776**	715	9%
Subscriber connection net additions (thousands):						
Mobile phone	**17**	55	(69)%	**29**	75	(61)%
Connected device	**187**	112	67%	**416**	260	60%
Internet	**20**	27	(26)%	**41**	48	(15)%
Total telecom subscriber connection net additions	**224**	194	15%	**486**	383	27%
Mobile phone ARPU, per month[2,6] ($)	**56.36**	56.58	(0.4)%	**56.46**	56.85	(0.7)%
Mobile phone churn, per month[2,7] (%)	**1.08**	1.06	0.02 pts.	**1.21**	1.06	0.15 pts.

1 Effective January 1, 2026 with retrospective application to January 1, 2025, we have revised our subscriber reporting to apply a product-intensive focus on our core bundling foundation of mobility and internet and thus will no longer report TV, security and automation and residential voice subscribers. This change concentrates our disclosure on our core bundling foundation and enables us to better serve our customers, while supporting the migration from legacy products and services to integrated IP streaming, mobile-first connectivity, and smart home solutions.

2 Effective January 1, 2026, on a prospective basis, we reduced our mobile phone subscriber base by 18,000 subscribers to remove a subset of our public services customers that are now subject to dynamic pricing auction models. We believe adjusting our base for these low-margin customers provides a more meaningful reflection of the underlying performance of our mobile phone business and our focus on profitable growth. As a result of this change, associated operating statistics (ARPU and churn) have also been adjusted.

3 Effective January 1, 2026, on a prospective basis, we adjusted our connected device subscriber base to remove 78,000 subscribers, due to a review of our subscriber base.

4 Effective January 1, 2026, we removed 30,000 internet subscribers from our base, primarily consisting of low-margin subscribers associated with temporary work camps and similar facilities. This adjustment also reflects a minor change in our internet subscriber count following a subscriber base review.

5 Including network access agreements with other Canadian carriers.

6 This is a specified financial measure. See *Section 11.1 Non-GAAP and other specified financial measures*. This is an industry measure useful in assessing operating performance of a mobile products and services company, but is not a measure defined under IFRS Accounting Standards.

7 See *Section 11.2 Operating indicators*.

- **Mobile phone gross additions** were 348,000 in the second quarter of 2026, a decrease of 28,000, driven by a greater emphasis on premium and profitable loading. Mobile phone gross additions were 776,000 in the first six months of 2026, an increase 61,000, due to the same factors as the second quarter, combined with heightened promotional activity that led to elevated customer switching.

- Our **mobile phone churn rate** was 1.08% in the second quarter of 2026 and 1.21% in the first six months of 2026, compared to 1.06% in both the second quarter and first six months of 2025. The increase in churn rate for the first six months of 2026 was largely a result of customer switching decisions in response to marketing and promotional price competition in the first quarter of 2026.

- **Mobile phone net additions** were 17,000 in the second quarter of 2026, a decrease of 38,000, driven by lower gross additions, prioritizing value-accretive customer growth. Mobile phone net additions were 29,000 in the first six months of 2026, a decrease of 46,000, attributable to a higher mobile phone churn rate, partially offset by an increase in gross additions.

- **Mobile phone ARPU** was $56.36 in the second quarter of 2026 and $56.46 in the first six months of 2026, reflecting decreases of $0.22 or 0.4% for the quarter and $0.39 or 0.7% for the six-month period. These decreases were attributable to the adoption of base rate plans with lower prices in response to continuing competitive promotional pricing targeting both new and existing customers, a decline in roaming revenues, and the commoditization of telecommunications services in the public sector, partially offset by the positive impact of ongoing efforts to moderate ARPU declines. We have noted sustained growth in the adoption of unlimited data and Canada-U.S.-Mexico plans, which generate higher and more stable ARPU on a monthly basis while also offering customers greater cost certainty in lower roaming fees to the U.S. and Mexico, and lower data overage fees, respectively.

- **Connected device net additions** were 187,000 in the second quarter of 2026, an increase of 75,000, driven by lower deactivations in the transportation and connectivity industries. Connected device net additions were 416,000 in the first six months of 2026, an increase of 156,000, driven by growth in gross additions from customers in the transportation and connectivity industries.
- **Internet net additions** were 20,000 in the second quarter of 2026, a decrease of 7,000, primarily driven by higher internet churn, and lower gross loading. Internet net additions were 41,000 in the first six months of 2026, a decrease of 7,000, driven by higher churn, partially offset by higher gross additions.

Operating revenues and other income – TTech segment

($ in millions)	Three-month periods ended June 30			Six-month periods ended June 30		
	2026	2025 (restated)	Change	**2026**	2025 (restated)	Change
Mobile network revenue	**1,743**	1,723	1%	**3,493**	3,455	1%
Mobile equipment and other service revenues	**433**	498	(13)%	**907**	1,022	(11)%
Fixed data services[1]	**1,175**	1,170	—%	**2,350**	2,338	1%
Fixed voice services	**157**	170	(8)%	**318**	340	(6)%
Fixed equipment and other service revenues	**135**	141	(4)%	**259**	284	(9)%
Agriculture and consumer goods services	**90**	85	6%	**178**	183	(3)%
Operating revenues (arising from contracts with customers)	**3,733**	3,787	(1)%	**7,505**	7,622	(2)%
Other income	**8**	50	(84)%	**20**	89	(78)%
External Operating revenues and other income	**3,741**	3,837	(3)%	**7,525**	7,711	(2)%
Intersegment revenues	**5**	5	—%	**11**	11	—%
TTech Operating revenues and other income	**3,746**	3,842	(2)%	**7,536**	7,722	(2)%

1 Excludes agriculture and consumer goods services.

TTech Operating revenues and other income decreased by $96 million in the second quarter of 2026 and $186 million in the first six months of 2026.

Mobile network revenue increased by $20 million or 1% in the second quarter of 2026 and $38 million or 1% in the first six months of 2026, largely due to growth in our mobile phone subscriber base, supported by ARPU declining at a decelerating rate.

Mobile equipment and other service revenues decreased by $65 million in the second quarter of 2026 and $115 million in the first six months of 2026, due to a reduction in contracted volumes, partially offset by the impact of higher-value smartphones in the sales mix.

Fixed data services revenues increased by $5 million in the second quarter of 2026 and $12 million in the first six months of 2026, driven by growth in our internet subscriber base, and TV and security and automation revenues. This was partially offset by lower B2B data services revenue, and lower residential internet revenue per customer.

Fixed voice services revenues decreased by $13 million in the second quarter of 2026 and $22 million in the first six months of 2026, reflecting the ongoing decline in legacy voice revenues. This was partially mitigated by the effects of our successful customer retention efforts.

Fixed equipment and other service revenues decreased by $6 million in the second quarter of 2026 and $25 million in the first six months of 2026, driven primarily by lower premises equipment sales.

Agriculture and consumer goods services revenues increased by $5 million in the second quarter of 2026, largely as a result of growth in animal agriculture revenues. Agriculture and consumer goods services revenues decreased by $5 million in the first six months of 2026, primarily reflecting first quarter 2026 headwinds from the planned divestiture of non-core assets, alongside unfavourable foreign exchange rate effects from a stronger Canadian dollar. These factors were partially offset by the same factors as the second quarter.

Other income decreased by $42 million in the second quarter of 2026, largely due to the non-recurrence of lease and other sublease revenue in the comparative period. Other income decreased by $69 million in the first six months of 2026, due to the same factors as the second quarter, in addition to the non-recurrence of net gains from the divestiture of non-core assets and net reversals of provisions related to business combinations in the prior year.

Intersegment revenues represent services provided to the TELUS health and TELUS digital experience segments. These revenues are eliminated upon consolidation, together with the associated TELUS health and TELUS digital experience segment expenses.

Direct contribution – TTech segment

Three-month periods ended June 30 ($ in millions)	Mobile products and services			Fixed products and services[1]			Total TTech		
	2026	2025	Change	**2026**	2025 (restated)	Change	**2026**	2025 (restated)	Change
Revenues									
Service	**1,766**	1,755	1%	**1,490**	1,494	—%	**3,256**	3,249	—%
Equipment	**410**	466	(12)%	**67**	72	(7)%	**477**	538	(11)%
Operating revenues (arising from contracts with customers)	**2,176**	2,221	(2)%	**1,557**	1,566	(1)%	**3,733**	3,787	(1)%
Expenses									
Direct expenses	**642**	708	(9)%	**481**	486	(1)%	**1,123**	1,194	(6)%
Direct contribution	**1,534**	1,513	1%	**1,076**	1,080	—%	**2,610**	2,593	1%

Direct contribution – TTech segment

Six-month periods ended June 30 ($ in millions)	Mobile products and services			Fixed products and services[1]			Total TTech		
	2026	2025	Change	**2026**	2025 (restated)	Change	**2026**	2025 (restated)	Change
Revenues									
Service	**3,544**	3,512	1%	**2,980**	2,998	(1)%	**6,524**	6,510	—%
Equipment	**856**	965	(11)%	**125**	147	(15)%	**981**	1,112	(12)%
Operating revenues (arising from contracts with customers)	**4,400**	4,477	(2)%	**3,105**	3,145	(1)%	**7,505**	7,622	(2)%
Expenses									
Direct expenses	**1,333**	1,445	(8)%	**956**	960	—%	**2,289**	2,405	(5)%
Direct contribution	**3,067**	3,032	1%	**2,149**	2,185	(2)%	**5,216**	5,217	—%

1 Includes agriculture and consumer goods services.

The direct expenses included in the direct contribution calculations in the preceding tables represent components of the Goods and services purchased and Employee benefits expense totals included in the table below and have been calculated in accordance with the accounting policies used to prepare the totals presented in the financial statements. TTech direct contribution increased by $17 million or 1% in the second quarter of 2026 and was relatively unchanged in the first six months of 2026.

The direct contribution from TTech mobile products and services increased by $21 million in the second quarter of 2026 and $35 million in the first six months of 2026, reflecting stronger mobile network revenue and subscriber base growth. These factors were partially offset by a decline in mobile equipment margin from lower contracted volumes, in addition to mobile phone ARPU declining at a decelerating rate.

The direct contribution from TTech fixed products and services decreased by $4 million in the second quarter of 2026 and $36 million in the first six months of 2026, primarily driven by fixed legacy voice decline, lower B2B data services revenue, and lower residential internet revenue per customer. These factors were partially offset by continued growth in internet subscribers, security and automation, and TV from programming savings and higher revenue. Agriculture and consumer goods margin growth partially offset the second quarter decline, but remained a driver of the decline in the first six months of 2026 due to the planned divestiture of non-core assets in the first quarter of 2025.

Operating expenses – TTech segment

($ in millions)	Three-month periods ended June 30 2026	2025 (restated)	Change	Six-month periods ended June 30 2026	2025 (restated)	Change
Goods and services purchased[1]	**1,597**	1,620	(1)%	**3,206**	3,236	(1)%
Employee benefits expense[1]	**586**	637	(8)%	**1,344**	1,290	4%
TTech operating expenses	**2,183**	2,257	(3)%	**4,550**	4,526	1%

1 Includes restructuring and other costs.

TTech operating expenses decreased by $74 million in the second quarter of 2026 and increased by $24 million in the first six months of 2026. See *TTech Adjusted EBITDA* below for further details.

EBITDA – TTech segment

($ in millions, except margins)	Three-month periods ended June 30 2026	2025 (restated)	Change	Six-month periods ended June 30 2026	2025 (restated)	Change
EBITDA	**1,563**	1,585	(1)%	**2,986**	3,196	(7)%
Add restructuring and other costs included in EBITDA	**76**	55	n/m	**335**	134	n/m
Adjusted EBITDA	**1,639**	1,640	—%	**3,321**	3,330	—%
EBITDA margin[1] (%)	**41.7**	41.3	0.4 pts.	**39.6**	41.4	(1.8) pts.
Adjusted EBITDA margin[1] (%)	**43.8**	42.7	1.1 pts.	**44.1**	43.1	1.0 pt.

1 These are non-GAAP and other specified financial measures. See *Section 11.1 Non-GAAP and other specified financial measures*.

TTech EBITDA decreased by $22 million or 1% in the second quarter of 2026 and $210 million or 7% in the first six months of 2026. In addition to the drivers discussed within *TTech Adjusted EBITDA* below, EBITDA also reflected an increase in restructuring and other costs of $21 million in the second quarter of 2026, resulting from cost efficiency and effectiveness programs. In the first six months of 2026, restructuring and other costs increased by $201 million, due to the same factors as the second quarter, as well as costs associated with the privatization of TELUS Digital.

TTech Adjusted EBITDA was unchanged in the second quarter of 2026. Activity in the quarter included: (i) lower Other income, largely due to the non-recurrence of lease and other sublease revenue in the comparative period; (ii) mobile phone ARPU declining at a decelerating rate; (iii) lower B2B data services revenue; (iv) fixed legacy voice decline; (v) lower mobile equipment margins; (vi) increased costs of subscription-based licences and cloud usage; and (vii) lower residential internet revenue per customer. These factors were largely offset by: (i) subscriber base growth across mobile and internet; (ii) cost reduction efforts, including workforce reductions and synergies achieved from the privatization of TELUS Digital; (iii) security and automation growth; (iv) TV growth; (v) lower bad debt expense; and (vi) increased agriculture and consumer goods margin as a result of growth in animal agriculture revenue. TTech Adjusted EBITDA decreased by $9 million in the first six months of 2026, due to the same factors as the second quarter, with the exception of lower agriculture and consumer goods margins as a result of the planned divestiture of non-core assets.

TTech Adjusted EBITDA margin increased by 1.1 percentage points in the second quarter of 2026 and 1.0 percentage points in the first six months of 2026. These improvements were largely the result of our cost efficiency and effectiveness programs, as described above.

Adjusted EBITDA less capital expenditures – TTech segment

($ in millions)	Three-month periods ended June 30 2026	2025 (restated)	Change	Six-month periods ended June 30 2026	2025 (restated)	Change
Adjusted EBITDA	**1,639**	1,640	—%	**3,321**	3,330	—%
Capital expenditures	**(633)**	(591)	7%	**(1,213)**	(1,106)	10%
Adjusted EBITDA less capital expenditures[1]	**1,006**	1,049	(4)%	**2,108**	2,224	(5)%

1 See *Section 11.1 Non-GAAP and other specified financial measures*.

TTech Adjusted EBITDA less capital expenditures decreased by $43 million in the second quarter of 2026 and $116 million in the first six months of 2026. See *Section 7.3* for further discussion of capital expenditures.

EBIT – TTech segment

($ in millions)	Three-month periods ended June 30 2026	2025 (restated)	Change	Six-month periods ended June 30 2026	2025 (restated)	Change
EBITDA	**1,563**	1,585	(1)%	**2,986**	3,196	(7)%
Depreciation	**(526)**	(535)	(2)%	**(1,043)**	(1,064)	(2)%
Amortization of intangible assets	**(273)**	(238)	15%	**(514)**	(478)	8%
EBIT[1]	**764**	812	(6)%	**1,429**	1,654	(14)%

1 See *Section 11.1 Non-GAAP and other specified financial measures*.

TTech EBIT decreased by $48 million in the second quarter of 2026 and $225 million in the first six months of 2026, in line with the decreases in EBITDA. TTech depreciation decreased by $9 million in the second quarter of 2026 and $21 million in the first six months of 2026, largely attributable to lower asset retirement activity. TTech amortization increased by $35 million in the second quarter of 2026 and $36 million in the first six months of 2026, primarily due to business acquisitions.

5.5 TELUS health segment

TELUS Health trends

The trend of growth in health services revenues has been driven by growth in our offerings of employee and family assistance programs (EFAP), pension plan and benefits administration, which have been augmented by a number of targeted acquisitions globally in 2024, as well as Workplace Options® and other business acquisitions in 2025. The trend also reflects organic growth in some of our existing health offerings driven by increased adoption and expansion of our digital health solutions and the growing member base across our health services, which include: (i) employer solutions: offers physical, mental and financial well-being solutions focused on the global employer segment, including EFAP, total mental health, consulting and TELUS Health Wellbeing; (ii) payor and provider solutions: the payor business encompasses both the public and private sectors (health benefits management, e-claims, patient health records and public health managed services) and the provider business includes pharmacy software solutions, collaborative health medical records and virtual pharmacy services; (iii) retirement and benefits solutions: enhancing the financial health and well-being of organizations and individuals with sustainable and flexible pensions and benefits administration and retirement solutions; (iv) TELUS Health care centres: oversees clinic operations and transformation, as well as medical and mental health clinical delivery; and (v) consumer health: offers market leading solutions for primary care, pet care, aging in place and chronic disease management. On May 1, 2025, we acquired Workplace Options, which furthers TELUS Health's practice of partnering with providers, digital health organizations, health plans and employers to create a more robust and localized offering executed at a global scale, which now covers more than 200 countries and territories. Growth in the number of lives covered largely reflects the expansion of our EFAP offerings, which includes the acquisition of Workplace Options and their associated healthcare lives covered.

TELUS Health operating indicator

At June 30	2026	2025	Change
Healthcare lives covered (millions)	**158.9**	157.1	1%

- **Healthcare lives covered** were 158.9 million as of the end of the second quarter of 2026, an increase of 1.8 million, net of churn over the past

12 months, mainly reflecting growth in our EFAP across all of our operating regions, in addition to the ongoing demand for virtual solutions.

Operating revenues and other income – TELUS health segment

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions)	**2026**	2025	Change	**2026**	2025	Change
Health services	**533**	514	4%	**1,055**	984	7%
Health equipment	**1**	2	(50)%	**2**	3	(33)%
Operating revenues (arising from contracts with customers)	**534**	516	3%	**1,057**	987	7%
Other income	**—**	1	(100)%	**1**	1	—%
External Operating revenues and other income	**534**	517	3%	**1,058**	988	7%
Intersegment revenues	**2**	2	—%	**4**	4	—%
TELUS Health Operating revenues and other income	**536**	519	3%	**1,062**	992	7%

TELUS Health Operating revenues and other income increased by $17 million in the second quarter of 2026 and $70 million in the first six months of 2026.

Across TELUS Health, the reported rate of revenue growth was negatively impacted by the strengthening of the Canadian dollar against the U.S. dollar compared to the first half of the prior year. The reported rate of revenue growth was positively impacted by the strengthening of the European euro in the second quarter of 2026.

Our **health services** revenues increased by $19 million in the second quarter of 2026 and $71 million in the first six months of 2026, driven by: (i) global business acquisitions in employer solutions and retirement and benefits solutions, including the acquisition of Workplace Options in May 2025; and (ii) growth in payor and provider solutions, with strong performance in collaborative health records and an increase in recurring revenue related to our electronic medical records solutions, increased patient health records and health benefits management, and virtual pharmacy solutions. These factors were offset by an organic decline in employer solutions driven by the continued impact of prior year churn and pricing pressure.

Health equipment revenues decreased by $1 million in both the second quarter and first six months of 2026.

Other income decreased by $1 million in the second quarter of 2026 and was unchanged in in the first six months of 2026.

Intersegment revenues represent services provided to the TTech segment. These revenues are eliminated upon consolidation, together with the associated TTech expenses.

Direct contribution – TELUS health segment

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions)	**2026**	2025 (restated)	Change	**2026**	2025 (restated)	Change
Revenues						
Service	**533**	514	4%	**1,055**	984	7%
Equipment	**1**	2	(50)%	**2**	3	(33)%
Operating revenues (arising from contracts with customers)	**534**	516	3%	**1,057**	987	7%
Expenses						
Direct expenses	**245**	235	4%	**482**	449	7%
Direct contribution	**289**	281	3%	**575**	538	7%

The direct expenses included in the direct contribution calculations in the preceding table represent components of the Goods and services purchased and Employee benefits expense totals included in the table below and have been calculated in accordance with the accounting policies used to prepare the totals presented in the financial statements. The nature of the direct expenses are mainly counsellor network costs, clinicians, implementation and support costs.

TELUS Health direct contribution increased by $8 million in the second quarter of 2026 and $37 million in the first six months of 2026, reflecting revenue growth, as discussed in the health services revenues section.

Operating expenses – TELUS health segment

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions)	**2026**	2025 (restated)	Change	**2026**	2025 (restated)	Change
Goods and services purchased[1]	**184**	163	13%	**353**	328	8%
Employee benefits expense[1]	**277**	265	5%	**566**	498	14%
TELUS Health operating expenses	**461**	428	8%	**919**	826	11%

1 Includes restructuring and other costs.

TELUS Health operating expenses increased by $33 million in the second quarter of 2026 and $93 million in the first six months of 2026. See *TELUS Health direct contribution* above and *TELUS Health Adjusted EBITDA* below for further details.

EBITDA – TELUS health segment

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions, except margins)	**2026**	2025 (restated)	Change	**2026**	2025 (restated)	Change
EBITDA	**75**	91	(17)%	**143**	166	(14)%
Add restructuring and other costs included in EBITDA	**24**	7	n/m	**49**	16	n/m
Adjusted EBITDA	**99**	98	1%	**192**	182	5%
EBITDA margin[1] (%)	**14.0**	17.5	(3.5) pts.	**13.5**	16.7	(3.2) pts.
Adjusted EBITDA margin[1] (%)	**18.4**	18.9	(0.5) pts.	**18.0**	18.4	(0.4) pts.

1 These are non-GAAP and other specified financial measures. See *Section 11.1 Non-GAAP and other specified financial measures*.

TELUS Health EBITDA decreased by $16 million or 17% in the second quarter of 2026 and $23 million or 14% in the first six months of 2026. TELUS Health Adjusted EBITDA increased by $1 million or 1% in the second quarter of 2026 and $10 million or 5% in the first six months of 2026, reflecting revenue growth, as well as the ongoing realization of acquisition integration synergies. These factors were partially offset by higher indirect costs related to: (i) global business acquisitions; (ii) the scaling of our digital and security capabilities, inclusive of digital transformation; and (iii) higher regional marketing costs. The difference between the growth rates of EBITDA and Adjusted EBITDA is attributable to higher restructuring and other costs in the second quarter and first six months of 2026 related to cost efficiency and effectiveness programs.

TELUS Health Adjusted EBITDA margin decreased by 0.5 percentage points in the second quarter of 2026 and 0.4 percentage points in the first six months of 2026. These changes were driven by lower margin from our acquisitions and higher acquisition integration spend.

Adjusted EBITDA less capital expenditures – TELUS health segment

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions)	**2026**	2025 (restated)	Change	**2026**	2025 (restated)	Change
Adjusted EBITDA	**99**	98	1%	**192**	182	5%
Capital expenditures	**(44)**	(59)	(25)%	**(97)**	(103)	(6)%
Adjusted EBITDA less capital expenditures[1]	**55**	39	41%	**95**	79	20%

1 See *Section 11.1 Non-GAAP and other specified financial measures*.

TELUS Health Adjusted EBITDA less capital expenditures increased by $16 million in both the second quarter and first six months of 2026. See *Section 7.3* for further discussion of capital expenditures.

EBIT – TELUS health segment

($ in millions)	Three-month periods ended June 30 **2026**	2025 (restated)	Change	Six-month periods ended June 30 **2026**	2025 (restated)	Change
EBITDA	**75**	91	(17)%	**143**	166	(14)%
Depreciation	**(15)**	(10)	50%	**(31)**	(23)	35%
Amortization of intangible assets	**(95)**	(100)	(5)%	**(194)**	(194)	—%
EBIT[1]	**(35)**	(19)	84%	**(82)**	(51)	61%

1 See *Section 11.1 Non-GAAP and other specified financial measures*.

TELUS Health EBIT decreased by $16 million in the second quarter of 2026 and $31 million in the first six months of 2026. TELUS Health depreciation increased by $5 million in the second quarter of 2026 and $8 million in the first six months of 2026, driven by depreciation of real estate from our 2025 business acquisitions. TELUS Health amortization decreased by $5 million in the second quarter of 2026 and was unchanged in the first six months of 2026. The decrease in the second quarter of 2026 was primarily from certain software that fully amortized in the comparative period.

5.6 TELUS digital experience segment

TELUS Digital trends

The historical trend over the past eight quarters in TELUS Digital revenues reflects changes in service volume demand from our existing clients and services provided to new clients, as well as a shift in the mix of services that has been evolving over the eight quarters. Revenue growth from new client wins and service expansion with certain clients was offset by lower service volumes from some of our key existing clients, reflecting ongoing cost rationalization measures within the existing client base. Intersegment revenues have continued to increase year-over-year, comprising approximately 15% of total TELUS Digital revenues.

The trend in net goods and services purchased and employee benefits expense increased in 2025; however it has been relatively flat in 2026. The increase in goods and services purchased was primarily attributable to: (i) higher restructuring and other costs associated with cost efficiency programs, including client ramp-downs in certain regions and certain other non-recurring items; and (ii) increased data processing, maintenance and software licensing costs supporting our service delivery. The decrease in employee benefits expense primarily reflected a lower base salary cost consistent with a reduced team member base.

Depreciation and amortization remained stable, as the impact of ongoing capital investments in facilities and costs to maintain our existing operations was largely offset by the timing of assets reaching full depreciation or amortization.

Operating revenues and other income – TELUS digital experience segment

($ in millions)	Three-month periods ended June 30 **2026**	2025 (restated)	Change	Six-month periods ended June 30 **2026**	2025 (restated)	Change
Operating revenues (arising from contracts with customers)	**653**	728	(10)%	**1,347**	1,440	(6)%
Other income	**1**	—	n/m	**12**	—	n/m
External Operating revenues and other income	**654**	728	(10)%	**1,359**	1,440	(6)%
Intersegment revenues	**120**	99	21%	**228**	201	13%
TELUS Digital Operating revenues and other income	**774**	827	(6)%	**1,587**	1,641	(3)%

TELUS Digital Operating revenues and other income decreased by $53 million in the second quarter of 2026 and $54 million in the first six months of 2026.

Our **Operating revenues (arising from contracts with customers)** decreased by $75 million in the second quarter of 2026 and $93 million in the first six months of 2026, primarily attributable to: (i) client ramp-downs in our trust and safety service line, coupled with a one-time receipt in the comparative period resulting from a client's change in contractual scope; (ii) client ramp-downs in our AI and data solutions service line; and (iii) an overall unfavourable foreign currency impact on our operating results, primarily due to the strengthening of the Canadian dollar against the U.S. dollar. These decreases were partially offset by an increase in service volume within our customer experience management service line.

Other income increased by $1 million in the second quarter of 2026. In the first six months of 2026, Other income increased by $12 million, primarily due to a reversal of a provision related to a business combination.

Intersegment revenues represent services provided to the TTech and TELUS health segments, which include capital expenditures for software that are deferred and amortized. These revenues are eliminated upon consolidation, together with the associated expenses, as well as the TELUS digital experience segment margin on costs capitalized within the TTech segment.

The increase in intersegment revenues in both the second quarter and first six months of 2026 reflects the competitive benefits TELUS derives from the lower cost structure in the TELUS digital experience segment, while maintaining control over the quality of the associated services delivered and, on a consolidated basis, retaining the margin that a third-party vendor would otherwise earn.

Operating expenses – TELUS digital experience segment

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions)	**2026**	2025 (restated)	Change	**2026**	2025 (restated)	Change
Goods and services purchased[1]	**182**	166	10%	**357**	329	9%
Employee benefits expense[1]	**609**	643	(5)%	**1,197**	1,223	(2)%
TELUS Digital operating expenses	**791**	809	(2)%	**1,554**	1,552	—%

1 Includes restructuring and other costs.

TELUS Digital operating expenses decreased by $18 million in the second quarter of 2026 and increased by $2 million in the first six months of 2026. See *TELUS Digital Adjusted EBITDA* below for further details.

EBITDA – TELUS digital experience segment

	Three-month periods ended June 30			Six-month periods ended June 30		
($ in millions, except margins)	**2026**	2025 (restated)	Change	**2026**	2025 (restated)	Change
EBITDA	**(17)**	18	n/m	**33**	89	(63)%
Add restructuring and other costs included in EBITDA	**89**	71	n/m	**120**	80	n/m
Adjusted EBITDA	**72**	89	(20)%	**153**	169	(10)%
EBITDA margin[1] (%)	**(2.2)**	2.3	(4.5) pts.	**2.1**	5.5	(3.4) pts.
Adjusted EBITDA margin[1] (%)	**9.2**	10.8	(1.6) pts.	**9.6**	10.3	(0.7) pts.

1 These are non-GAAP and other specified financial measures. See *Section 11.1 Non-GAAP and other specified financial measures*.

TELUS Digital EBITDA decreased by $35 million in the second quarter of 2026 and $56 million or 63% in the first six months of 2026. TELUS Digital Adjusted EBITDA decreased by $17 million or 20% in the second quarter of 2026 and $16 million or 10% in the first six months of 2026, while Adjusted EBITDA margin decreased by 1.6 percentage points in the second quarter of 2026 and 0.7 percentage points in the first six months of 2026, reflecting a stabilization of operating expenses. The decrease in EBITDA in both the second quarter and first six months of 2026, was primarily due to: (i) lower Operating revenues, partially offset by higher Other income in the first six months of 2026 due to a reversal of a provision related to a business combination; and (ii) increased restructuring and other costs related to cost efficiency programs associated with client ramp-down from service delivery centres out of Europe.

Adjusted EBITDA less capital expenditures – TELUS digital experience segment

($ in millions)	Three-month periods ended June 30 2026	2025 (restated)	Change	Six-month periods ended June 30 2026	2025 (restated)	Change
Adjusted EBITDA	**72**	89	(20)%	**153**	169	(10)%
Capital expenditures	**(34)**	(43)	(21)%	**(71)**	(84)	(15)%
Adjusted EBITDA less capital expenditures[1]	**38**	46	(17)%	**82**	85	(4)%

1 See *Section 11.1 Non-GAAP and other specified financial measures*.

TELUS Digital Adjusted EBITDA less capital expenditures decreased by $8 million in the second quarter of 2026 and $3 million in the first six months of 2026, primarily due to lower real estate expenditures and site expansions in Europe. See *Section 7.3* for further discussion of capital expenditures.

EBIT – TELUS digital experience segment

($ in millions)	Three-month periods ended June 30 2026	2025 (restated)	Change	Six-month periods ended June 30 2026	2025 (restated)	Change
EBITDA	**(17)**	18	n/m	**33**	89	(63)%
Depreciation	**(50)**	(56)	(11)%	**(100)**	(106)	(6)%
Amortization of intangible assets	**(66)**	(65)	2%	**(131)**	(131)	—%
Impairment of intangible assets and goodwill	**(2,135)**	(500)	n/m	**(2,135)**	(500)	n/m
EBIT[1]	**(2,268)**	(603)	n/m	**(2,333)**	(648)	n/m

1 See *Section 11.1 Non-GAAP and other specified financial measures*.

TELUS Digital EBIT decreased by $1.7 billion in both the second quarter and first six months of 2026. The decrease was primarily attributable to an impairment of intangible assets and goodwill impairment charge recorded in the second quarter of 2026. Excluding this impairment, the decrease in EBIT was in line with the decrease in EBITDA.

6. Changes in financial position

Financial position at: ($ millions)	June 30 2026	Dec. 31 2025	Change	Change includes:
Current assets				
Cash and temporary investments, net	**1,387**	2,621	(1,234)	See *Section 7 Liquidity and capital resources*
Accounts receivable	**3,519**	3,797	(278)	A decrease primarily driven by lower mobility customer receivables and TELUS Digital receivables
Income and other taxes receivable	**227**	173	54	Instalments to date are more than the expense
Inventories	**461**	482	(21)	A decrease primarily driven by a reduction in inventories at our dealer and retail channels, partially offset by an increase in new handsets
Contract assets	**433**	457	(24)	Refer to description in non-current contract assets
Costs incurred to obtain or fulfill contracts with customers	**335**	413	(78)	A decrease driven by lower commissions
Prepaid maintenance and other	**601**	421	180	An increase primarily driven by the prepayment of maintenance contracts and statutory employee benefits
Current derivative assets	**142**	8	134	An increase in the notional amount of hedging items.
Current liabilities				
Short-term borrowings	**1,225**	920	305	See *Note 22* of the interim consolidated financial statements
Accounts payable and accrued liabilities	**3,459**	3,494	(35)	A decrease primarily reflecting a reduction in interest payable and accrued liabilities, partially offset by an increase in trade accounts payable. See *Note 23* of the interim consolidated financial statements
Income and other taxes payable	**140**	141	(1)	Instalments to date are less than the expense
Dividends payable	**659**	649	10	Effect of an increase in the number of shares outstanding
Advance billings and customer deposits	**980**	1,053	(73)	A decrease primarily due to lower inventories across our dealer and retail channels. See *Note 24* of the interim consolidated financial statements
Provisions	**393**	300	93	An increase primarily resulting from the reclassification of long-term written put options
Current maturities of long-term debt	**3,802**	3,102	700	An increase driven by higher commercial paper outstanding, and the reclassification from non-current to current of US$600 million 2.80% U.S. Dollar Notes; partially offset by the redemption of $600 million Notes, Series CV, the early redemption of $500 million Notes, Series CZ, and a decrease in lease liabilities
Current derivative liabilities	**21**	30	(9)	A decrease primarily due to a smaller spread between hedged foreign exchange rates and actual foreign exchange rates at the end of the period.
Working capital (Current assets subtracting Current liabilities)	**(3,574)**	(1,317)	(2,257)	TELUS normally has a negative working capital position. See *Financing and capital structure management plans* in *Section 4.3* and *Note 4(b)* of the interim consolidated financial statements.

Financial position at: ($ millions)	June 30 2026	Dec. 31 2025	Change	Change includes:
Non-current assets				
Property, plant and equipment, net	**17,819**	17,503	316	See *Capital expenditures* in *Section 7.3 Cash used by investing activities* and *Depreciation* in *Section 5.3 Consolidated operations*
Intangible assets, net	**19,928**	20,328	(400)	See *Capital expenditures* in *Section 7.3 Cash used by investing activities* and *Amortization of intangible assets* in *Section 5.3 Consolidated operations*
Goodwill, net	**8,897**	10,460	(1,563)	A decrease due to an impairment of goodwill. See *Note 18* of the interim consolidated financial statements
Contract assets	**263**	274	(11)	A decrease reflecting a lower volume of subsidized devices
Other long-term assets	**2,800**	2,676	124	An increase primarily driven by portfolio investments and derivative assets.
Non-current liabilities				
Provisions	**572**	661	(89)	A decrease primarily resulting from the reclassification of long-term written put options
Long-term debt	**26,429**	27,437	(1,008)	See *Section 7.4 Cash provided (used) by financing activities*
Other long-term liabilities	**975**	955	20	An increase primarily driven by deferred revenues and pension benefit liabilities, partially offset by a reduction in derivative liabilities arising from a weakening of the Canadian Dollar relative to the U.S. Dollar at spot rates. See *Note 27* of the interim consolidated financial statements
Deferred income taxes	**4,068**	4,292	(224)	An overall decrease in temporary differences between the accounting and tax basis of assets and liabilities.
Owners' equity				
Common equity	**13,281**	15,775	(2,494)	See *Consolidated statements of changes in owners' equity* in the interim consolidated financial statements
Non-controlling interests	**808**	804	4	See *Consolidated statements of changes in owners' equity* in the interim consolidated financial statements.

7. Liquidity and capital resources

This section contains forward-looking statements, including those in respect of our TELUS Corporation Common Share dividend payout ratio and net debt to EBITDA – excluding restructuring and other costs ratio. See *Caution regarding forward-looking statements* at the beginning of this MD&A.

7.1 Overview

Our capital structure financial policies and financing and capital structure management plans are described in *Section 4.3*.

Cash flows

	Three-month periods ended June 30			Six-month periods ended June 30		
($ millions)	**2026**	2025	Change	**2026**	2025	Change
Cash provided by operating activities	**1,342**	1,166	176	**2,392**	2,243	149
Cash used by investing activities	**(672)**	(1,093)	421	**(1,816)**	(1,695)	(121)
Cash provided (used) by financing activities	**(585)**	2,595	(3,180)	**(1,810)**	2,265	(4,075)
Increase (decrease) in Cash and temporary investments, net	**85**	2,668	(2,583)	**(1,234)**	2,813	(4,047)
Cash and temporary investments, net, beginning of period	**1,302**	1,014	288	**2,621**	869	1,752
Cash and temporary investments, net, end of period	**1,387**	3,682	(2,295)	**1,387**	3,682	(2,295)

7.2 Cash provided by operating activities

Analysis of changes in cash provided by operating activities

	Three-month periods ended June 30			Six-month periods ended June 30		
($ millions)	**2026**	2025	Change	**2026**	2025	Change
Operating revenues and other income (see *Section 5.3*)	**4,929**	5,082	(153)	**9,942**	10,139	(197)
Goods and services purchased (see *Section 5.3*)	**(1,869)**	(1,858)	(11)	**(3,725)**	(3,705)	(20)
Employee benefits expense (see *Section 5.3*)	**(1,472)**	(1,545)	73	**(3,107)**	(3,011)	(96)
Restructuring and other costs, net of disbursements	**57**	28	29	**222**	(8)	230
Share-based compensation expense, net of payments	**52**	37	15	**83**	79	4
Net employee defined benefit plans expense	**18**	14	4	**31**	29	2
Employer contributions to employee defined benefit plans	**(4)**	(5)	1	**(9)**	(10)	1
Gain on contributions of real estate to joint ventures	**(10)**	—	(10)	**(15)**	(8)	(7)
(Income) loss from equity accounted investments	**—**	(2)	2	**(1)**	(2)	1
Interest paid	**(450)**	(308)	(142)	**(880)**	(679)	(201)
Interest received	**20**	17	3	**45**	22	23
Income taxes paid, net of recoveries received	**(12)**	(143)	131	**(128)**	(297)	169
Other operating working capital changes	**83**	(151)	234	**(66)**	(306)	240
Cash provided by operating activities	**1,342**	1,166	176	**2,392**	2,243	149

Cash provided by operating activities increased by $176 million in the second quarter of 2026 and $149 million in the first six months of 2026.

- Restructuring and other costs, net of disbursements, represented a net change of $29 million in the second quarter of 2026, as we incurred lower restructuring and other costs disbursements related to improving our overall cost structure and operational effectiveness. In the first six months of 2026, restructuring and other costs, net of disbursements represented a net change of $230 million, due to the same factors as the second quarter, in addition to recording $130 million of non-cash restructuring and other costs related to the privatization of TELUS Digital.
- Interest paid increased by $142 million in the second quarter of 2026 and $201 million in the first six months of 2026, largely due to: (i) interest paid on the issuance of fixed-to-fixed rate junior subordinated notes issued in 2025; and (ii) interest paid on the promissory note issued in connection with the May 2025 acquisition of Workplace Options and the second quarter 2026 prepayment premium (see *Note 26(e)* of the interim consolidated financial statements); partially offset by: (i) interest paid in the comparative periods from notes that were repurchased during the 2025 tender offer processes; and (ii) interest paid on the TELUS International (Cda) Inc. credit facility in the comparative periods, which was repaid in the third quarter of 2025.
- Income taxes paid, net of recoveries received, decreased by $131 million in the second quarter of 2026 and $169 million in the first six months of 2026, primarily due to lower required income tax instalments attributable to lower income before income taxes, in addition to greater refunds from the completion of prior years' tax audits.
- For a discussion of other operating working capital changes, see *Section 6 Changes in financial position* and *Note 31(a)* of the interim consolidated financial statements.

7.3 Cash used by investing activities

Analysis of changes in cash used by investing activities

	Three-month periods ended June 30			Six-month periods ended June 30		
($ millions)	**2026**	2025	Change	**2026**	2025	Change
Cash payments for capital assets, excluding spectrum licences	**(597)**	(598)	1	**(1,354)**	(1,252)	(102)
Cash payments for spectrum licences	**(55)**	—	(55)	**(373)**	—	(373)
Cash payments for acquisitions, net	**—**	(450)	450	**—**	(461)	461
Advances to, and investment in, real estate joint ventures and associates	**(1)**	—	(1)	**(1)**	—	(1)
Real estate joint venture receipts	**—**	—	—	**6**	1	5
Proceeds on disposition	**—**	7	(7)	**9**	73	(64)
Investment in portfolio investments and other	**(19)**	(52)	33	**(103)**	(56)	(47)
Cash used by investing activities	**(672)**	(1,093)	421	**(1,816)**	(1,695)	(121)

Cash used by investing activities decreased by $421 million in the second quarter of 2026 and increased by $121 million in the first six months of 2026.

- Cash payments for capital assets, excluding spectrum licences was relatively flat in the second quarter of 2026. The increase in Cash payments for capital assets, excluding spectrum licences in the first six months of 2026 was composed of:
  - An increase in capital expenditures of $64 million (see *Capital expenditure measures* table and discussion below).
  - Higher capital expenditure payments of $38 million with respect to payment timing differences.
- Cash payments for spectrum licences increased by $55 million in the second quarter of 2026, related to the acquisition of 2500 MHz band spectrum and 3500 MHz band spectrum. Cash payments for spectrum licences increased by $373 million in the first six months of 2026, due to the same factors as the second quarter, in addition to the acquisition of 3800 MHz licences during Innovation, Science and Economic Development Canada’s (ISED) residual auction that concluded in January 2026. We acquired 40 MHz of spectrum on average in markets where we successfully bid, at an average price of $1.23 per MHz-pop (where pop refers to the population in a licence area).
- Cash payments for acquisitions, net, were $450 million lower in the second quarter of 2026 and $461 million lower in the first six months of 2026, primarily due to the impact of the Workplace Options acquisition in May 2025.
- Proceeds on disposition were $7 million lower in the second quarter of 2026 and $64 million lower in the first six months of 2026, reflecting greater divestitures of non-core assets in the first half of 2025.
- Investment in portfolio investments and other decreased by $33 million in the second quarter of 2026, largely due to investments in a smaller number of portfolio investments. Investment in portfolio investments and other increased by $47 million in the first six months of 2026, primarily as a result of investments in a larger number of portfolio investments.

Capital expenditure measures

	Three-month periods ended June 30			Six-month periods ended June 30		
($ millions, except capital expenditure intensity)	**2026**	2025	Change	**2026**	2025	Change
Capital expenditures[1]						
TELUS technology solutions segment (TTech)						
TTech operations	**614**	570	8%	**1,178**	1,077	9%
TTech real estate development	**19**	21	(10)%	**35**	29	21%
	633	591	7%	**1,213**	1,106	10%
TELUS health segment (TELUS Health)	**44**	59	(25)%	**97**	103	(6)%
TELUS digital experience segment (TELUS Digital)	**34**	43	(21)%	**71**	84	(15)%
Eliminations	**(33)**	(15)	n/m	**(52)**	(28)	86%
Consolidated	**678**	678	—%	**1,329**	1,265	5%
TTech capital expenditure intensity[2] (%)	**16**	15	1 pt.	**16**	14	2 pts.
TELUS Health capital expenditure intensity[2] (%)	**8**	11	(3) pts.	**9**	10	(1) pt.
TELUS Digital capital expenditure intensity[2,3] (%)	**4**	5	(1) pt.	**4**	5	(1) pt.
Consolidated capital expenditure intensity[2] (%)	**13**	13	— pts.	**13**	12	1 pt.

1 Capital expenditures include assets purchased, excluding right-of-use lease assets, but not yet paid for. Consequently, capital expenditures differ from Cash payments for capital assets, excluding spectrum licences, as reported in the interim consolidated statements of cash flows. Refer to *Note 31* of the interim consolidated financial statements for further information.

2 See *Section 11.1 Non-GAAP and other specified financial measures*.

3 2025 restated.

Consolidated capital expenditures were unchanged in the second quarter of 2026 and increased by $64 million in the first six months of 2026.

Capital expenditures in support of TTech operations were $44 million higher in the second quarter of 2026 and $101 million higher in the first six months of 2026. These increases primarily resulted from greater capital investments in developing new facilities to meet growing industry demand. Our capital investments in TTech operations have enabled: (i) ongoing growth in our internet, TV and security and automation subscriber bases, as well as the connection of more premises to our fibre network; (ii) the extended coverage of our 5G network; and (iii) enhancement of our product and digital development to improve system capacity and reliability. By June 30, 2026, our 5G network covered approximately 34.2 million Canadians, representing over 92% of the population.

Capital expenditures in support of TTech real estate development decreased by $2 million in the second quarter of 2026, driven by the completion of one of our commercial buildings. Capital expenditures in support of TTech real estate development increased by $6 million in the first six months of 2026, driven by greater capital investments to support the construction phase of multi-year development projects, including TELUS Ocean™ and TELUS Living projects in B.C.

TELUS Health capital expenditures decreased by $15 million in the second quarter of 2026 and $6 million in the first six months of 2026, largely driven by decreased investments in clinic expansions and business acquisitions. Our TELUS Health capital expenditures continue to invest in the expansion of our digital health product offerings and capabilities, as well as support for business integration, enabling AI-powered experiences, embedded care pathways and differentiated capabilities such as GenAI self-serve and advanced diagnostics. The investments in our product offerings and foundational platforms position TELUS Health for scalable growth and operational resilience.

TELUS Digital capital expenditures decreased by $9 million in the second quarter of 2026 and $13 million in the first six months of 2026, mainly driven by prior year software license investment, coupled with decreased site expansions in Europe.

7.4 Cash provided (used) by financing activities

Analysis of changes in cash provided (used) by financing activities

	Three-month periods ended June 30			Six-month periods ended June 30		
($ millions)	**2026**	2025	Change	**2026**	2025	Change
Dividends paid to holders of Common Shares	**(434)**	(405)	(29)	**(864)**	(807)	(57)
Issue (repayment) of short-term borrowings, net	**309**	(390)	699	**312**	9	303
Long-term debt issued	**1,351**	6,469	(5,118)	**2,711**	8,132	(5,421)
Redemptions and repayment of long-term debt	**(1,802)**	(3,048)	1,246	**(3,955)**	(5,038)	1,083
Partnership distributions to non-controlling interest	**(9)**	—	(9)	**(14)**	—	(14)
Financing activity transaction costs and other	**—**	(31)	31	**—**	(31)	31
Cash provided (used) by financing activities	**(585)**	2,595	(3,180)	**(1,810)**	2,265	(4,075)

Cash used by financing activities increased by $3.2 billion in the second quarter of 2026 and $4.1 billion in the first six months of 2026.

Dividends paid to holders of Common Shares

Our dividend reinvestment and share purchase (DRISP) plan trustee may acquire Common Shares from Treasury, at our option, for the DRISP plan, rather than acquiring shares in the stock market. For the dividends paid on April 1, 2026, the DRISP participation rate for these dividends, calculated as the DRISP investment of $219 million (including the employee share purchase plan) as a percentage of gross dividends, was approximately 34%. By comparison, for the dividends paid on April 1, 2025, the DRISP participation rate was approximately 34%. Cash payments for dividends increased by $29 million in the second quarter of 2026 and $57 million in the first six months of 2026, which reflected higher dividend rates and an increase in the number of shares outstanding.

In July 2026, we paid dividends of $444 million to the holders of Common Shares and the trustee acquired dividend reinvestment Common Shares from Treasury for $215 million, totalling $659 million. For these dividends, the DRISP participation rate was approximately 33%.

Issue (repayment) of short-term borrowings, net

During the second quarter of 2026, we drew $0.3 billion under our bank credit facility (see *Section 7.7 Short-term borrowings*). By comparison, during the first quarter of 2025, we drew $0.4 billion under an arm's-length securitization trust and during the second quarter of 2025, we repaid $0.4 billion, including the effect of net-settled derivatives.

Long-term debt issued and Redemptions and repayment of long-term debt

In the second quarter of 2026, long-term debt issued decreased by $5.1 billion, while redemptions and repayment of long-term debt decreased by $1.2 billion. These changes were primarily composed of:

- A net increase in commercial paper outstanding, including foreign exchange effects, of $450 million to a balance of $2.1 billion (US$1.5 billion) at June 30, 2026, from a balance of $1.6 billion (US$1.2 billion) at March 31, 2026. Our commercial paper program provides funds at a lower cost than our revolving credit facility and is fully backstopped by the revolving credit facility (see *Section 7.6 Credit facilities*).
- The repayment of a promissory note issued by a wholly owned subsidiary to a private equity investor, as further described in *Note 26(e)* of the interim consolidated financial statements.
- The partial redemption of $500 million 2.75% Notes, Series CZ, due July 8, 2026, of which there was $800 million aggregate principal amount outstanding. The partial redemption was funded through proceeds from our December 2025 offering of fixed-to-fixed rate junior subordinated notes. Subsequent to June 30, 2026, the remaining $300 million was paid upon maturity in the normal course.

For the first six months of 2026, long-term debt issued decreased by $5.4 billion, while redemptions and repayment of long-term debt decreased by $1.1 billion. In addition to some activity from the second quarter of 2026, the change in balance for the first six months of 2026 was primarily composed of:

- A net increase in commercial paper outstanding, including foreign exchange effects, of $1.1 billion from a balance of $1.0 billion (US$0.7 billion) at December 31, 2025.
- The full redemption of our outstanding $600 million 3.75% Notes, Series CV due March 10, 2026. The redemption was funded through proceeds from our December 2025 offering of fixed-to-fixed rate junior subordinated notes.

The average term to maturity of our long-term debt (excluding commercial paper, TELUS bank credit facilities, the revolving components of the repaid TELUS International (Cda) Inc. credit facility, lease liabilities and other long-term debt) was 14.8 years at June 30, 2026, an increase from 14.7 years at December 31, 2025 and from 13.6 years at June 30, 2025. In addition, the weighted average cost of our long-term debt (excluding commercial paper, TELUS bank credit facilities, the revolving components of the repaid TELUS International (Cda) Inc. credit facility, lease liabilities and other long-term debt) was 4.81% at June 30, 2026, an increase from 4.75% at December 31, 2025 and from 4.71% at June 30, 2025.

Partnership distributions to non-controlling interest
Our Terrion subsidiary paid distributions of $9 million in the second quarter of 2026 and $14 million in the first six months of 2026.

Financing activity transaction costs and other
In the second quarter of 2025, we incurred debt issuance costs in connection with the issuances of our Series CAR, Series CAS, Series A and Series B notes.

7.5 Liquidity and capital resource measures

Net debt was $26.0 billion at June 30, 2026, a decrease of $1.3 billion compared to one year earlier, largely as a result of: (i) the junior subordinated notes equity credit for fixed-to-fixed junior subordinated notes issued in the fourth quarter of 2025; for purposes of calculating leverage ratios, only one-half of the principal of our junior subordinated notes is included as debt in the initial post-issuance decade; (ii) equity issued by our Terrion subsidiary to a non-controlling interest in the third quarter of 2025; (iii) the notes purchased during the 2025 tender offer processes; (iv) the repayment of the TELUS International (Cda) Inc. credit facility in the third quarter of 2025; (v) the full redemption of 3.75% Notes, Series CV, in the first quarter of 2026 and the partial redemption of 2.75% Notes, Series CZ, in the second quarter of 2026; (vi) the repayment of a promissory note issued by a wholly owned subsidiary to a private equity investor in the second quarter of 2026; and (vii) the repayment upon maturity of the TELUS Communications Inc. debentures in the third quarter of 2025. These factors were partially offset by: (i) the note issuances in the fourth quarter of 2025, as described in our 2025 annual MD&A; (ii) lower Cash and temporary investments; (iii) increased commercial paper outstanding; and (iv) increased short-term borrowings.

Fixed-rate debt as a proportion of total indebtedness, which excludes lease liabilities and other long-term debt, was 88% as at June 30, 2026, down from 90% one year earlier. The decrease was primarily a result of: (i) increased commercial paper outstanding, which is classified as floating-rate debt in this calculation; (ii) increased short-term borrowings; (iii) the notes purchased during the 2025 tender offer processes; (iv) the repayment upon maturity of the TELUS Communications Inc. debentures in the third quarter of 2025; and (v) the full redemption of 3.75% Notes, Series CV, in the first quarter of 2026 and the partial redemption of 2.75% Notes, Series CZ, in the second quarter of 2026. These factors were partially offset by: (i) the note issuances in the fourth quarter of 2025, as described in our 2025 annual MD&A; and (ii) the repayment of the TELUS International (Cda) Inc. credit facility in the third quarter of 2025.

Our **Net debt to EBITDA – excluding restructuring and other costs** ratio supports our financial objective of maintaining investment-grade credit ratings, which facilitates reasonable access to capital. This ratio was 3.5 times, as measured at June 30, 2026, down from 3.7 times one year earlier. The decrease was largely due to the effect of the decrease in net debt levels, primarily due to the junior subordinated notes equity credit for fixed-to-fixed junior subordinated notes issued in the fourth quarter of 2025 and the equity issued by our Terrion subsidiary to a non-controlling interest in the third quarter of 2025, partially offset by spectrum acquisitions and business acquisitions; net debt levels were already elevated in the current and comparative periods due to our spectrum acquisitions and business acquisitions. As at June 30, 2026, the acquisition of spectrum licences increased the ratio by approximately 0.6, while the junior subordinated notes equity credit decreased the ratio by 0.5 and equity issued by our Terrion subsidiary to a non-controlling interest decreased the ratio by approximately 0.2. Our recent acquisitions of spectrum licences have increased our national spectrum holdings and represent an investment in building greater network capacity to support the ongoing growth in demand for data, as well as growth in our mobile subscriber base. Given the cash demands of the 600 MHz auction held in 2019, the 3500 MHz auction held in 2021, the 3800 MHz auction held in 2023 (payments made in fiscal 2024) and the upcoming auction for millimetre wave spectrum, the assessment of the objective and timing of return to the objective range remains to be determined. We have an objective of achieving a ratio of circa 3.0 in 2028. While this ratio exceeds our long-term objective range, we are well in compliance with the leverage ratio covenant in our credit facilities, which states that we may not permit our leverage ratio to exceed 4.25 to 1.00 at June 30, 2026 (see *Section 7.6 Credit facilities*).

Liquidity and capital resource measures

As at, or for the 12-month periods ended, June 30	2026	2025	Change
Components of debt and coverage ratios ($ millions)			
Long-term debt	**30,231**	32,194	(1,963)
Net debt[1]	**25,963**	27,293	(1,330)
Net income (loss)	**(965)**	633	(1,598)
EBITDA – excluding restructuring and other costs[1]	**7,315**	7,333	(18)
Financing costs	**1,199**	1,517	(318)
Net interest cost[1]	**1,497**	1,404	93
Debt ratios			
Fixed-rate debt as a proportion of total indebtedness (excluding lease liabilities and other long-term debt) (%)	**88**	90	(2) pts.
Average term to maturity of long-term debt (excluding commercial paper, TELUS bank credit facilities, the revolving components of the repaid TELUS International (Cda) Inc. credit facility, lease liabilities and other long-term debt) (years)	**14.8**	13.6	1.2
Weighted average interest rate on long-term debt (excluding commercial paper, TELUS bank credit facilities, the revolving components of the repaid TELUS International (Cda) Inc. credit facility, lease liabilities and other long-term debt) (%)	**4.81**	4.71	0.10 pts.
Net debt to EBITDA – excluding restructuring and other costs[1] (times)	**3.5**	3.7	(0.2)
Coverage ratios[1] (times)			
Earnings coverage	**0.5**	2.0	(1.5)
EBITDA – excluding restructuring and other costs interest coverage	**4.9**	5.2	(0.3)
Other measures[1] (%)			
Determined using most comparable IFRS Accounting Standards measures			
Ratio of Common Share dividends declared to cash provided by operating activities – less capital expenditures	**109**	107	2 pts.
Determined using management measures			
Common Share dividend payout ratio – net of dividend reinvestment plan effects	**74**	75	(1) pt.

1 See *Section 11.1 Non-GAAP and other specified financial measures.*

Earnings coverage ratio for the 12-month period ended June 30, 2026 was 0.5 times, down from 2.0 times one year earlier. A decrease in income before borrowing costs and income taxes lowered the ratio by 1.3, while an increase in borrowing costs lowered the ratio by 0.2. Excluding restructuring and other costs and impairment of intangible assets and goodwill, the earnings coverage ratio was 2.1 times.

EBITDA – excluding restructuring and other costs interest coverage ratio for the 12-month period ended June 30, 2026 was 4.9 times, down from 5.2 times one year earlier. An increase of $93 million in net interest costs lowered the ratio by 0.3.

Common Share dividend payout ratios: Actual Common Share dividend payout decisions will continue to be subject to our Board's assessment of our financial position and outlook, as well as our long-term Common Share dividend payout objective range of 45 to 60% of free cash flow on a trailing 12-months basis, reflecting a shift from 60 to 75% of free cash flow on a prospective basis. The reset of the dividend payout ratio, as announced on July 31, 2026, is expected to generate cumulative cash savings that will be directed towards deleveraging. So as to be consistent with the way we manage our business, our Common Share dividend payout ratio is presented as a historical measure calculated as the sum of the dividends declared in the most recent four quarters for Common Shares, as recorded in the financial statements, net of dividend reinvestment plan effects, divided by the sum of the most recent four quarters' free cash flow amounts for interim reporting periods. For fiscal years, the denominator is annual free cash flow.

7.6 Credit facilities

At June 30, 2026, we had $657 million of liquidity available from the TELUS revolving credit facility.

TELUS credit facilities

We have a $2.75 billion (or U.S. dollar equivalent) unsecured revolving credit facility with a syndicate of financial institutions, expiring August 21, 2030. The revolving credit facility is used for general corporate purposes, including the backstop of commercial paper, as required.

TELUS revolving credit facility at June 30, 2026

($ millions)	Expiry	Size	Drawn	Outstanding undrawn letters of credit	Backstop for commercial paper program	Available liquidity
Revolving credit facility[1]	Aug. 21, 2030	2,750	—	—	(2,093)	657

1 Canadian dollars or U.S. dollar equivalent.

Our credit facilities contain customary covenants, including a requirement that we not permit our consolidated leverage ratio to exceed 4.25 to 1.00 and that we not permit our consolidated coverage ratio to be less than 2.00 to 1.00 at the end of any financial quarter. As at June 30, 2026, our consolidated leverage ratio was 3.5 to 1.00 and our consolidated coverage ratio was 4.9 to 1.00. These ratios are expected to remain well within the covenants. There are certain minor differences in the calculation of the leverage ratio and coverage ratio under the revolving credit facility, as compared with the calculation of Net debt to EBITDA – excluding restructuring and other costs and EBITDA – excluding restructuring and other costs interest coverage. Historically, the calculations are substantially similar. The covenants are not impacted by revaluation, if any, of Property, plant and equipment, Intangible assets or Goodwill for accounting purposes. Continued access to our credit facilities is not contingent on maintaining a specific credit rating.

Commercial paper

TELUS Corporation has an unsecured commercial paper program, which is backstopped by our revolving credit facility, allowing us to issue commercial paper up to a maximum aggregate equivalent amount at any one time of $2.1 billion (US$1.5 billion maximum) as at June 30, 2026. We use foreign currency forward contracts to manage currency risk arising from U.S. dollar-denominated commercial paper. The commercial paper program is used for general corporate purposes, including, but not limited to, capital expenditures and investments. Our ability to reasonably access the commercial paper market in the United States is dependent on our credit ratings (see *Section 7.8 Credit ratings*).

Other unsecured long-term debt

In 2025, a wholly owned subsidiary issued preferred shares for US$200 million to a private equity investor, in connection with the acquisition of Workplace Options. In the first quarter of 2026, the preferred shares were exchanged with the private equity investor for a US$200 million promissory note issued by the wholly owned subsidiary.

During the three-month period ended June 30, 2026, at our option, the promissory note was repaid and a prepayment premium of $51 million was recorded.

Junior subordinated notes

The notes are direct unsecured obligations, are subordinated to all existing and future senior indebtedness, and are effectively subordinated to all existing and future indebtedness and obligations of, or guaranteed by, our subsidiaries. For purposes of calculating leverage ratios, only one-half of the principal is included as debt in the initial post-issuance decade. See *Note 26(f)* of the interim consolidated financial statements for additional details.

Other letter of credit facilities

At June 30, 2026, we had $61 million of letters of credit outstanding issued under various uncommitted facilities. These letter of credit facilities are in addition to our ability to provide letters of credit under our committed revolving bank credit facility. Available liquidity under various uncommitted letter of credit facilities was $124 million at June 30, 2026.

Other secured long-term debt

Other liabilities incur interest at 4.4%, are secured by the AWS-4 spectrum licences associated with these other liabilities, and are subject to amortization schedules, so that the principal is repaid over the periods to maturity, the last period ending March 31, 2035.

Lease liabilities

Lease liabilities are subject to amortization schedules, so that the principal is repaid over various periods, which include reasonably expected renewals. The weighted average interest rate on lease liabilities was approximately 5.2% as at June 30, 2026.

7.7 Short-term borrowings

On May 22, 2024, we entered into an agreement with an arm's-length securitization trust associated with a major Schedule I bank allowing us to borrow up to a maximum of $1.6 billion, secured by certain trade receivables and unbilled customer finance receivables; the term of this revolving-period securitization agreement ends May 22, 2027, and requires minimum cash advances of approximately $920 million. Funding under the agreement may be provided in either Canadian dollars or U.S. dollars. Currency risk associated with funding denominated in U.S. dollars is managed through the use of foreign currency forward contracts. Available liquidity under this agreement was $680 million as at June 30, 2026. (See *Note 22* of the interim consolidated financial statements.)

As at June 30, 2026, TELUS Corporation has an unsecured non-revolving $650 million (or U.S. dollar equivalent) bank credit facility, maturing June 2027, with a syndicate of financial institutions, which is to be used for general corporate purposes. Currency risk associated with funding denominated in U.S. dollars is managed through the use of foreign currency forward contracts. Available liquidity under this agreement was $344 million as at June 30, 2026.

7.8 Credit ratings

We continued to have investment-grade ratings in the second quarter of 2026 and as at July 31, 2026. We believe adherence to most of our stated financial policies (see *Section 4.3*), coupled with our efforts to maintain constructive relationships with banks, investors and credit rating agencies, continues to provide reasonable access to capital markets.

7.9 Financial instruments and contingent liabilities

Financial instruments

Our financial instruments, their accounting classification and the nature of certain risks to which they may be exposed were described in *Section 7.9* in our 2025 annual MD&A.

Liquidity risk

As a component of our capital structure financial policies, discussed in *Section 4.3 Liquidity and capital resources*, we manage liquidity risk by: maintaining a daily cash pooling process that enables us to manage our available liquidity and our liquidity requirements according to our actual needs; maintaining a short-term borrowing agreement associated with trade receivables and unbilled customer finance receivables; maintaining a non-revolving syndicated credit facility; maintaining bilateral bank facilities and syndicated credit facilities; maintaining a supply chain financing program; maintaining a commercial paper program; maintaining an in-effect shelf prospectus; continuously monitoring forecast and actual cash flows; and managing maturity profiles of financial assets and financial liabilities.

As at June 30, 2026, TELUS Corporation could offer an unlimited amount of securities in Canada, and $1.9 billion of securities in the United States, qualified pursuant to a Canadian shelf prospectus in effect until January 2029.

As at June 30, 2026, we had $657 million of liquidity available from the TELUS revolving credit facility and $680 million available under our trade receivables and unbilled customer finance receivables securitization program (see *Section 7.7 Short-term borrowings*). Including cash and temporary investments of $1.4 billion, we had over $2.7 billion of liquidity available at June 30, 2026 (see *Section 11.1 Non-GAAP and other specified financial measures*). This aligns with our objective of generally maintaining at least $1 billion of available liquidity. We believe our investment-grade credit ratings contribute to reasonable access to capital markets.

Contingent liabilities

Claims and lawsuits

A number of claims and lawsuits (including class actions and intellectual property infringement claims) seeking damages and other relief are pending against us and, in some cases, other mobile carriers and telecommunications service providers. As well, we have received notice of, or are aware of, certain possible claims (including intellectual property infringement claims) against us and, in some cases, other mobile carriers and telecommunications service providers.

It is not currently possible for us to predict the outcome of such claims, possible claims and lawsuits due to various factors, including: the preliminary nature of some claims; uncertain damage theories and demands; an incomplete factual record; uncertainty concerning legal theories and procedures and their resolution by the courts, at both the trial and the appeal levels; and the unpredictable nature of opposing parties and their demands.

However, subject to the foregoing limitations, management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would have a material effect on our financial position and the results of our operations, including cash flows, with the exception of the items disclosed in *Note 29* of the interim consolidated financial statements.

7.10 Outstanding share information

Outstanding shares (millions)	June 30, 2026	July 31, 2026
Common Shares	1,575	1,589
Common Share options	4	4
Restricted share units and deferred share units – equity-settled	24	24

7.11 Transactions between related parties

Transactions with key management personnel

Our key management personnel, consisting of our Board of Directors and our Executive Team, have authority and responsibility for overseeing, planning, directing and controlling our activities. Total compensation expense for key management personnel was $41 million in the second quarter of 2026 and $59 million in the first six months of 2026, compared to $25 million and $44 million in the respective periods in 2025. The increase in compensation expense for key management personnel was primarily due to greater share-based compensation and post-employment pension and other benefits. See *Note 30(a)* of the interim consolidated financial statements for additional details.

Transactions with defined benefit pension plans

We provided our defined benefit pension plans with management and administrative services on a cost recovery basis and actuarial services on an arm's-length basis. Charges for these services were immaterial.

8. Accounting matters

8.1 Critical accounting estimates and judgments

Our significant accounting policies are described in *Note 1* of the Consolidated financial statements for the year ended December 31, 2025. The preparation of financial statements in conformity with GAAP requires management to make estimates, assumptions and judgments that affect: the reported amounts of assets and liabilities at the date of the financial statements; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts and classification of income and expense during the reporting period. Actual results could differ from those estimates. Our critical accounting estimates and significant judgments are generally discussed with the Audit Committee each quarter and are described in *Section 8.1* in our 2025 annual MD&A, which is hereby incorporated by reference.

8.2 Accounting policy developments

Our accounting policy developments were discussed in *Section 8.2 Accounting policy developments* in our 2025 annual MD&A. See *Note 2* of the interim consolidated financial statements for additional details.

9. Update to general trends, outlook and assumptions, and regulatory developments and proceedings

This section contains forward-looking statements, which should be read together with the *Caution regarding forward-looking statements* at the beginning of this MD&A.

The assumptions for our 2026 outlook, as described in *Section 9* in our 2025 annual MD&A, remain the same, except for the following:

- For our revised estimated economic growth rates, inflation rates, annual unemployment rates and annual rates of housing starts on an unadjusted basis, see *Section 1.2*. The extent to which these economic estimates affect us and the timing of their impact will depend upon the actual experience of specific sectors of the Canadian economy.
- We anticipated growth in TELUS Digital to be supported by our differentiated digital customer experience solutions and continued optimization of the cost structure to mitigate declining industry trends in traditional business process outsourcing. Further, while we anticipated continued scaling of AI-enabling services in TELUS Digital, albeit at a slower pace and scale, this is not expected to offset demand ramp-downs and more pronounced churn in legacy services provided to certain hyperscale customers as these services are being automated faster than anticipated.
- Our restructuring and other costs assumption has been revised to approximately $900 million, from approximately $500 million. The increase is a result of expanded operational effectiveness programs to support EBITDA and cash flow growth. We estimate total cash restructuring and other disbursements of approximately $650 million, from approximately $450 million.
- Our cash income tax payments assumption has been revised downward to a range of approximately $240 million to $340 million from a range of approximately $540 million to $620 million. This decrease was primarily due to higher refunds received, Canadian Bill C-15 receiving royal assent on March 26, 2026, and lower required income tax instalments attributable to lower income before income taxes.

9.1 Communications industry regulatory developments and proceedings*

Our telecommunications, broadcasting and radiocommunication services are regulated under federal laws by various authorities, including the Canadian Radio-television and Telecommunications Commission (CRTC), ISED, Canadian Heritage and the Competition Bureau. See *Section 10.3 Regulatory matters* in our 2025 annual MD&A.

The following is a summary of certain significant communications industry regulatory developments and proceedings that are relevant to our telecommunications and broadcasting business and our industry. This summary is not intended to be a comprehensive legal analysis or description of all of the specific issues described. Although we have indicated those issues for which we do not currently expect the outcome of a development or proceeding to be material for us, there can be no assurance that the expected outcome will occur or that our current assessment of its likely impact on us will be accurate. See *Section 10.3 Regulatory matters* in our 2025 annual MD&A.

Radiocommunication licences and spectrum-related matters

Millimetre wave (mmWave) spectrum auction

On May 14, 2026, ISED released its *Policy and Licensing Framework for Spectrum in the 26 GHz and 38 GHz Bands*. This decision established the mmWave auction framework rules in the 26 GHz and 38 GHz bands that is set to take place in October 2027. A total of 4,800 MHz will be auctioned, 2,400 MHz in each of the 26 GHz and 38 GHz bands (25.1-27.5 GHz and 37.6-40.0 GHz). There will be a cross-band 1,200 MHz cap, with no set-asides. The deadline for receipt of applications and financial deposits for participation in the auction is July 6, 2027. Auction bidding starts October 19, 2027.

Preliminary consultation on mobile satellite service

On May 13, 2026, ISED launched *Preliminary consultation on Mobile Satellite Service (MSS) Developments and the Use of L and S Band Spectrum* with comments due July 13, 2026. Alongside this consultation, a moratorium was placed on new MSS licensing in the L and S bands. The consultation emerged during a period of major international regulatory transitions and the rise of direct-to-device (D2D) services for smartphones. It raises important policy and technical matters regarding MSS and the S band, which Terrestar currently sublicenses AWS-4 spectrum to TELUS

* The operations of our health business are also subject to various health laws and regulations internationally, as well as policies, guidelines and directives issued by regulatory and administrative bodies. See *Section 10.3 Regulatory matters* in our 2025 annual MD&A.

for use on our network. There is a concern that a revised MSS framework could restrict our future use of its AWS-4 spectrum licences.

Regulatory and federal government reviews

The CRTC and the federal government have initiated public proceedings to review various matters. A number of key proceedings are discussed below.

Review of the wholesale high-speed access service framework

On August 13, 2024, the CRTC issued Telecom Regulatory Policy CRTC 2024-180 (TRP 2024-180), Competition in Canada's Internet service markets. TRP 2024-180 is the CRTC's final decision further to its consultation on the wholesale high-speed access framework in Canada, which has been ongoing since March 2023. In the March 2023 consultation document, the CRTC sought comment on a number of issues, including whether wholesale access to fibre-to-the-premises (FTTP) service should be offered on an aggregated basis and whether any further regulation, including retail regulation, is warranted.

In TRP 2024-180, the CRTC ruled that TELUS, Bell and SaskTel must provide aggregated wholesale access to their FTTP networks, effective February 13, 2025. As a result, all companies, including TELUS, are permitted to obtain wholesale FTTP access effective February 13, 2025, with two notable restrictions. First, incumbent telephone and cable companies will not be able to access the wholesale framework within their traditional wireline serving territories, but may access it outside those territories. Second, any new FTTP deployed by TELUS, Bell or SaskTel after August 13, 2024 will not be eligible for wholesale access until August 13, 2029. On October 25, 2024, the CRTC set out interim rates for the wholesale aggregated FTTP service. On April 24, 2026, the CRTC approved final rates for wholesale FTTP access services.

On September 12, 2024, SaskTel brought two court challenges to TRP 2024-180: an application for leave to appeal the decision pursuant to the *Telecommunications Act*, and an application for judicial review pursuant to the *Federal Courts Act*. The Federal Court of Appeal granted SaskTel's motion for leave to appeal on October 31, 2025. The appeal and judicial review will be heard together, likely in late 2026 or early 2027.

In November 2024, multiple parties brought applications to the CRTC to review and vary TRP 2024-180. Among other things, the applications ask the CRTC to prohibit TELUS, Bell and Rogers from accessing wholesale FTTP service pursuant to TRP 2024-180. Bragg Communications Inc., Cogeco Communications Inc., SaskTel, and the Competitive Network Operators of Canada also brought a petition to Cabinet asking them to vary TRP 2024-180 in a similar manner should the CRTC fail to do so. On June 20, 2025, the CRTC dismissed the applications to review and vary TRP 2024-180 (the Review and Vary Decision). On August 6, 2025, Cabinet issued a press release stating that it would not grant the relief sought in the petition.

In July 2025, Bragg Communications Inc. and Cogeco Communications Inc. brought an application to the Federal Court of Appeal for leave to appeal the Review and Vary Decision. Leave to appeal was granted in September 2025 and the matter is now proceeding before the Federal Court of Appeal. Bragg Communications Inc. and Cogeco Communications Inc. also brought an application in Federal Court for judicial review of Cabinet's decision not to allow the petition. The Federal Court struck the judicial review on January 7, 2026.

Further, in September 2025, Rogers Communications Canada Inc., a coalition of Bragg Communications Inc. and Cogeco Communications Inc., and a coalition of TekSavvy Solutions Inc and Competitive Network Operators of Canada brought three separate petitions to Cabinet seeking to overturn the Review and Vary Decision. On April 20, 2026, the Governor in Council declined to vary, rescind, or refer back the Review and Vary Decision further to these petitions.

Application by Every-Day Computers seeking MVNO access

In January 2026, Every-Day Computers Inc., a company located in Terrace, B.C., filed an application with the CRTC alleging that we have refused to provide it with mandated MVNO access, contrary to the CRTC's rules. On February 26, 2026, we filed our answer to the application, denying the allegations because Every-Day Computers Inc. is not eligible to obtain MVNO access under the CRTC's MVNO framework. On July 7, 2026, the CRTC released its decision in which it found that Every-Day Computers does not meet all the eligibility criteria for the mandated MVNO access service. Accordingly, the Commission ruled that we are not obligated to negotiate or enter into an agreement with Every-Day Computers for mandated MVNO access.

Amendments to the Telecommunications Act

In June 2024, Parliament passed Bill C-69, the *Budget Implementation Act, 2024, No. 1*. The Bill makes a number of amendments to the *Telecommunications Act*, including requirements for providers to offer a self-service option to modify or cancel plans and to provide certain notices in advance of contract expiry. The Bill also prohibits providers from charging activation fees or certain other fees and requires the CRTC to set out details on how providers should comply with these amendments. In November 2024, the CRTC issued Notices of Consultation CRTC 2024-293, 2024-294, and 2024-295, through which it will create regulatory frameworks to implement these amendments. The CRTC entertained submissions in February and March 2025 and the provisions came into force on October 30, 2025 by way of an Order in Council.

On March 12, 2026, the Commission issued Telecom Regulatory Policy CRTC 2026-43, *Prohibition of fees that are a barrier to switching cellphone and Internet plans*. In the decision, the CRTC amended the Wireless Code and Internet Code by adding a definition for activation or modification fee, which includes any fee incurred as a result of activating a new retail telecommunications service plan or modifying an existing one, except for reasonable fees related to the physical installation of a telecommunications service at a customer's premises and fees related to additional products or services the customer has explicitly chosen to purchase. The Commission also amended the Wireless Code to prohibit providers from charging an early cancellation fee when a subsidized device is not provided as part of the contract. The Commission began enforcing the amendments starting on June 12, 2026, and will monitor industry compliance through existing CCTS complaint reporting.

On June 30, 2026, the Commission issued Telecom Notice of Consultation CRTC 2026-155, *Show cause and call for comments – Compliance with the prohibition of fees that are a barrier to switching cellphone and Internet plans.* In May 2026, Bell Canada introduced a device handling charge and in June 2026, Rogers Communications Canada Inc. introduced a device setup charge, a shipping charge and a SIM fee. We continued our previous practice of charging for SIM cards, including beyond June 12, 2026. The Commission launched a proceeding requiring each of TELUS, Bell and Rogers to show cause why the companies' respective charges are not in violation of the prohibition established under the *Telecommunications Act* and Telecom Regulatory Policy CRTC 2026-43. Parties are also asked to comment on enforcement measures, including fines, if a violation is found to have been committed. We are participating fully in this proceeding. Until the CRTC issues a decision in this proceeding, it is too early to determine its impact on us.

On April 13, 2026, the Commission issued Telecom Regulatory Policy CRTC 2026-67, *Enhancing customer notifications*. The decision gives effect to the statutory requirement to provide certain notices in advance of contract expiry. The Commission's decision applies to services covered by the *Wireless Code* and *Internet Code*. The decision will supplement existing notices sent to customers 90 days before the expiry of their commitment period, with new requirements to include: (i) a hyperlink to the list of plans available for purchase and their features; (ii) information about the device rental plan (for customers who have a device rental plan), including their options to either return the device or pay the final amount if they want to keep it; and (iii) information on where customers can find the self-service mechanism and how they can use it. The decision will also require service providers to provide notice in advance of the expiry of certain time-limited discounts or promotions. Finally, the decision adds to existing notice requirements regarding international roaming, and will modify the *Wireless Code*'s cap on international roaming charges to include any fee charged to a customer for data roaming, including daily fixed-rate options and plans that allow a customer to use their device in another country the same way they would at home in Canada. These changes will go into effect on April 13, 2027. We are assessing the decision to determine its impact on us.

On April 24, 2026, the Commission issued Telecom Regulatory Policy CRTC 2024-78, *Enhancing self-service mechanisms*. The decision gives effect to the statutory requirement to offer a self-service option to modify or cancel plans. The Commission defined the requirements flexibly, to include any mechanism that is easy to use and enables a customer to perform actions in relation to their telecommunications service plan, including modifying (e.g., upgrading or downgrading) and cancelling it, without interacting with a live customer service representative, for example, through an app, a website, or by email. Self-service mechanisms matching this description must be made available by April 26, 2027. We are assessing the decision to determine its impact on us.

Parliament also passed Bill C-288, a private member's bill, which amended the *Telecommunications Act* to require Canadian carriers to make certain information available in respect of the fixed broadband services that they offer, and obligates the CRTC to hold a public hearing to determine how carriers should comply with these amendments. In December 2024, the CRTC issued Notice of Consultation CRTC 2024-318, through which it will create the regulatory framework to implement these amendments. As required by the amendments, the CRTC held an oral hearing on the matter in June 2025, at which we appeared. A decision is expected in 2026. Until the CRTC issues determinations in this proceeding, it is too early to determine its impact on us.

Review of international roaming options

On October 7, 2024, the CRTC sent a letter to TELUS, Bell and Rogers stating that it had conducted a review of roaming fees that Canadians pay when travelling internationally. The letter states that the CRTC found that Canadians lack choice when traveling internationally and that roaming rates are too high. The CRTC directed TELUS, Bell and Rogers to report back to the CRTC on November 4, 2024, on the steps they were taking to address the CRTC's concerns. Accordingly, TELUS, Bell and Rogers, filed their respective reports on November 4, 2024. On March 7, 2025, the CRTC determined that it will not launch a formal proceeding but called on TELUS, Bell and Rogers to ensure that they continue to make progress on reducing roaming fees. The CRTC also required TELUS, Bell and Rogers to file reports in May 2025 and November 2025. Each report has set out a list of new international roaming offerings that have been launched since the CRTC's October 2024 letter, along with other specified information. On May 5, 2025, we submitted our first international roaming progress report, highlighting new international roaming offers launched since October 2024. We submitted our second progress report on November 5, 2025. In a letter dated February 5, 2026, the CRTC subsequently requested supplemental information and detailed data for the 2025 calendar year from TELUS, Bell and Rogers as part of the Commission's ongoing monitoring of roaming fees. The Commission sought information on metrics for roaming subscriptions, usage, and revenues across bundled plans, add-ons, travel passes, and pay-per-use services. We submitted our responses to the CRTC on March 19, 2026.

Cybersecurity and lawful access legislation

On June 15, 2026, Bill C-8, *An Act respecting cyber security, amending the Telecommunications Act and making consequential amendments to other Acts* received Royal Assent. The legislation amends the *Telecommunications Act* to allow the Governor in Council or the Minister of Industry to prohibit telecommunications service providers from using equipment from designated companies in their networks or providing service to specified customers. This allows the federal government to ban the use of Huawei and ZTE equipment in our network and impose penalties for non-compliance. The former Minister of Innovation, Science and Industry stated that the government intends to use its powers under Bill C-8, if passed, to require the removal of existing Huawei and ZTE 5G equipment. If we are ultimately subject to an order requiring us to remove a significant amount of equipment from our network, the effect could be material. The legislation also creates a new statute, the *Critical Cyber Systems Protection Act* (CCSPA). The CCSPA requires designated federally regulated corporations to maintain cybersecurity plans, impose reporting requirements and impose penalties for non-compliance. Many of the measures in the CCSPA reflect our existing processes. The effect of CCSPA is unknown at this time as many of the material provisions are left to regulation-making. In addition, on March 12, 2026, the government tabled Bill C-22, *An Act respecting lawful access,* which proposes to expand the Governor in Council's ability to mandate standards and capabilities for lawful access. Until the law is passed and an order is issued under these powers with application to us, it is too early to determine the impact. Bill C-22 is currently at Second Reading in the Senate.

CRTC proceedings to examine network resiliency

On September 4, 2025, the CRTC issued Telecom Decision 2025-225 where it set out its final requirements for telecommunications carriers, including TELUS, to notify the CRTC and various government agencies about network outages on their respective networks. The CRTC expanded the type of outages that carriers must report to the CRTC in comparison to the interim regime that had been in place since March 8, 2023. The CRTC ordered carriers to implement the new reporting requirements by November 4, 2025. TELUS and other major telecom carriers filed an application to the CRTC on October 7, 2025, asking the Commission to review and vary certain elements of the decision to reduce the volume of reporting that the decision currently requires. The carriers also asked for a delay in the decision's implementation timeline. On October 31, 2025, the CRTC suspended the implementation deadline pending consideration of the review and vary application. On March 11, 2026, the CRTC issued requests for information to the carriers to gather further information as part of its review of the application.

The CRTC also released two new notices of consultation related to network resiliency on September 4, 2025. In *Call for comments – Development of a regulatory policy on measures to improve the resiliency of telecommunications networks and the reliability of telecommunications services*, the CRTC initiated a comprehensive consultation with a view to develop a regulatory policy relating to network reliability and resiliency for telecommunications service providers. The CRTC has posed a variety of questions to telecommunications service providers to find out their respective views on potential regulatory rules. We are participating fully in this proceeding and we filed our intervention on December 3, 2025, and filed our responses to CRTC requests for information on July 9, 2026. A decision is not expected until late 2026, at the earliest.

In *Call for comments – Consumer protections in the event of a service outage or disruption*, Telecom and Broadcasting Notice of Consultation 2025-227, the Commission is investigating whether it needs to mandate protections for consumers at the time of network or service outages for telecom or television services. These consumer protections measures include what sort of communications customers should receive at a time of outage and what policies should apply to potential refunds for lost services. We participated fully in this proceeding. The record closed in December 2025 and we anticipate a decision in late 2026 or 2027.

Development of a network-level blocking framework to limit botnet traffic

On June 13, 2025, following a consultation that commenced in 2022, the CRTC released *Development of a framework to limit botnet traffic*, Compliance and Enforcement and Telecom Decision CRTC 2025-142 pursuant to which it developed a blocking framework to allow Canadian carriers, including TELUS, to block botnets and other harmful activities within their networks before reaching Canadian devices. The framework was limited to the use of third-party and in-house blocklists.

On June 13, 2025, the Commission also released *Call for comments – Proposed modifications to the framework to limit botnet traffic*, Compliance and Enforcement and Telecom Notice of Consultation CRTC 2025-143 to gather views on whether the blocking framework should be expanded to include blocking methods other than blocklists. We participated in this consultation and on June 18, 2026, the CRTC released its decision expanding its earlier network-level blocking framework. Under the decision, Canadian carriers are permitted to use other blocking methods to block potential malware on their networks, in compliance with the CRTC's blocking framework. Carriers must report annually to the CRTC on their blocking activities. The impact of this expanded framework is not material.

Bill C-34, the Safe Social Media Act

On June 10, 2026, the government introduced the *Safe Social Media Act*. The first part of the Bill, the *Digital Safety Act*, seeks to promote the safety of persons in Canada, particularly children, reduce harms caused to them as a result of harmful content online and ensure that the operators of regulated social media services, regulated chatbot services and other regulated online services are transparent and accountable with respect to their duties under that Act. The Bill also introduces the *Digital Safety Commission of Canada Act*, creating a regulator to administer the *Digital Safety Act* and hear complaints under that Act. Telecommunications service providers' connectivity services are exempted from the Bill. If enacted, the Bill could impact our content and chatbot-related activities, particularly in relation to health service offerings and content moderation services. The Bill's impact on us cannot be assessed in detail at this early stage. The Bill is currently at Second Reading in the House of Commons.

Federal and provincial privacy regulators conclude OpenAI's investigation

In May 2026, Canadian privacy authorities (federal and provincial) concluded their joint investigation into OpenAI's ChatGPT, determining the company was not compliant with Canadian privacy laws during the platform's initial development. The regulators identified deficiencies in valid user consent, transparency regarding data use for AI training, and the scale of personal data collection. This investigation underscores heightened regulatory oversight of AI safety, consent mechanisms, and data protection practices, signaling the evolving compliance landscape for AI-powered services operating in Canada.

Bill C-36: Privacy law modernization

Bill C-36 was introduced in June 2026. The proposed legislation represents a fundamental modernization of Canada's 25-year-old privacy framework. If passed, the legislation will increase compliance obligations and penalties for us and our clients. Key shifts include transitioning from a recommendation-based ombudsman model to an orders-based enforcement regime with significant penalties (up to $10 million or 3% of global revenue). The law expands the scope of personal information to include inferred data, such as algorithms, predictive profiles, and behavioural scores, bringing more AI-generated insights under regulatory oversight. New requirements mandate transparency, explainability, and human intervention rights for automated decision-making systems. The legislation is currently at Second Reading in the House of Commons.

As regulatory frameworks converge across jurisdictions, including the EU General Data Protection Regulation, U.K. Data Protection Act, and emerging U.S. state-level laws, organizations face increasingly complex and overlapping obligations. Our integrated approach to data privacy and responsible AI positions us well to navigate this evolving global landscape efficiently while maintaining a competitive advantage.

CRTC proceeding on harmonizing consumer protection codes

On June 12, 2026, the CRTC issued Broadcasting and Telecom Notice of Consultation 2026-134, *Harmonizing the consumer protection codes*. In this proceeding, the CRTC intends to combine the Wireless Code, Television Service Provider Code, Internet Code, and Deposit and Disconnection Code into one combined consumer protection code. The CRTC launched the proceeding to ensure existing consumer protections apply in a consistent and reasonable manner, ensure consumer protections are easy and simple to understand and interpret, and to reduce the administrative burden of compliance on providers, as well as the Commissioner for Complaints for Telecom-television Services (CCTS). A first round of submissions are due to the CRTC on August 11, 2026, and the proceeding will culminate with an oral hearing on November 30, 2026. We will participate fully in this proceeding.

Part 1 Application seeking changes to the Wireless Code's device unlocking rules

On July 8, 2026, the CRTC posted our application to the CRTC seeking changes to the Wireless Code's requirement to sell wireless devices that are unlocked to a wireless network. We have asked that wireless service providers be permitted to lock a newly purchased wireless device to a wireless service provider's wireless network for 60 days. Locking devices in this manner would assist to prevent device theft and wireless services subscription fraud. Interventions on our application were due on July 28, 2026, and our reply is due on August 4, 2026. A decision on whether the Wireless Code's unlocking rule should be removed is not expected until a decision on the harmonized consumer codes is released.

CRTC proceeding on CCTS awareness

On April 23, 2026, the CRTC re-instated Broadcasting and Telecom Notice of Consultation CRTC 2025-274-2 *Improving customer awareness of the Commission for Complaints for Telecom-television Services Inc*. In this proceeding, the CRTC has taken the preliminary view that consumers need greater awareness of the CCTS and that service providers should inform consumers of the option of taking their complaint to the CCTS earlier in the service provider's complaint process. This proceeding could result in the CRTC mandating changes to service providers' CCTS awareness obligations that could drive increased costs in dealing with in-scope and out of scope complaints. The CRTC set a July 23, 2026 deadline for submission of awareness proposals by parties wishing to do so. Interventions are due by August 24, 2026, and replies are due by September 8, 2026. We will participate fully in this proceeding.

Broadcasting and content-related issues

Regulatory plan to modernize Canada's broadcasting system

Parliament amended the *Broadcasting Act* in April 2023 to include online streaming services, and as a response, the CRTC has begun to update its regulatory framework through a multi-phase consultation process and has issued its first decisions on this matter. In September 2023, the CRTC determined that the large streaming companies, as well as traditional broadcasting undertakings like TELUS, must register their online services with the CRTC. In March 2024, the CRTC issued a decision requiring online streaming services to pay a portion of the broadcasting fees collected from the industry to cover the CRTC's operational expenditures. As the regulations expand the pool of payors, our share of overall contributions has decreased. On June 4, 2024, the CRTC determined that online undertakings that are not affiliated with traditional Canadian broadcasting undertakings (generally the large streaming companies) will be required to contribute 5% of their Canadian revenues to support the domestic broadcasting system. Online streaming services operated by TELUS and other traditional Canadian services are not subject to this requirement. Large foreign streamers are challenging this decision with the Federal Court of Appeal, and a stay of payments has been granted pending the outcome of that appeal.

In November 2024, the CRTC launched a consultation to modernize the definition of Canadian content for television and online programming, and to review the contribution framework that will support the creation of Canadian content. A hearing on the matter was held in May 2025, and on November 18, 2025, the CRTC released the first of two determinations on the matter, modernizing the definition of "Canadian program", while the matter of determining the contribution framework to support the creation of Canadian content remains under reserve.

In June 2025, the CRTC held an oral hearing as part of its consultation on the market dynamics between small, medium, and large programming, distribution, and online services, and the tools available to ensure the sustainability and growth of Canada's broadcasting system. Among other things, the CRTC considered the effectiveness of current regulations in light of evolving market dynamics, and in particular, the increasing prevalence of online streaming services. We participated in this consultation and appeared at the oral hearing.

On May 21, 2026, the CRTC released Broadcasting Regulatory Policies CRTC 2026-95 and 2026-96, which represent the first major decision to be issued further to the June 2025 market dynamics hearings, and the second decision stemming from the CRTC's consultation on supporting the creation and distribution of Canadian programming, respectively. These decisions address a number of issues around the discoverability of Canadian programming and its funding. The most notable development for Broadcasting Distribution Undertakings (BDUs) in these decisions comes from CRTC Policy 2026-95, where the CRTC announced that it would create a Service of Exceptional Importance Fund. Services of Exceptional Importance (SEIs) include news, Indigenous programming, and minority language programming. At present, SEIs are funded largely through wholesale fees paid by BDUs based on the number of subscribers they have. The SEI Fund will replace this model with a dedicated fund, to which not only BDUs but also online undertakings, including foreign streaming companies, will be required to contribute. However, on June 3, 2026, the Minister of Heritage announced that he would direct the CRTC to review this decision out of a concern that it would ultimately raise prices for consumers. To this effect, the Minister will develop a new policy direction under the *Broadcasting Act*. The draft policy direction has not yet been released, but we intend to provide comments once it is released.

10. Risks and risk management

The principal risks and uncertainties that could affect our future business results and associated risk mitigation activities were described in our 2025 annual MD&A and have not materially changed since December 31, 2025. Reference is made as well to the summary of risks and uncertainties in the *Caution regarding forward-looking statements* at the beginning of this MD&A.

11. Definitions and reconciliations

11.1 Non-GAAP and other specified financial measures

We issue guidance on and report certain non-GAAP measures that are used to evaluate the performance of TELUS, as well as to determine compliance with debt covenants and to manage our capital structure. As non-GAAP measures generally do not have standardized meanings, they might not be comparable to similar measures disclosed by other issuers. Securities regulations require that such measures be clearly defined, qualified and reconciled with their nearest GAAP measure. Certain of the metrics do not have generally accepted industry definitions.

Adjusted Net income and adjusted basic earnings per share (EPS): These are non-GAAP measures that do not have any standardized meanings prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted Net income excludes the effects of restructuring and other costs, real estate rationalization-related restructuring impairments, income tax-related adjustments, long-term debt prepayment premium, and other adjustments (identified in the following tables). Adjusted basic EPS is calculated as adjusted Net income divided by the basic weighted-average number of Common Shares outstanding. These measures are used to evaluate performance at a consolidated level and exclude items that, in management's view, may obscure underlying trends in business performance or items of an unusual nature that do not reflect our ongoing operations. They should not be considered as alternatives to Net income and basic EPS in measuring TELUS' performance.

Reconciliation of adjusted Net income

	Three-month periods ended June 30		Six-month periods ended June 30	
($ millions)	**2026**	2025	**2026**	2025
Net income (loss) attributable to Common Shares	**(1,840)**	7	**(1,704)**	328
Add (deduct) amounts net of amount attributable to non-controlling interests:				
Restructuring and other costs	**189**	104	**504**	197
Tax effect of restructuring and other costs	**(23)**	(25)	**(110)**	(49)
Real estate rationalization-related restructuring impairments	**—**	1	**4**	4
Tax effect of real estate rationalization-related restructuring impairments	**—**	—	**(1)**	(1)
Long-term debt prepayment premium	**51**	—	**51**	—
Tax effect of long-term debt prepayment premium	**(14)**	—	**(14)**	—
Impairment of intangible assets and goodwill	**2,135**	285	**2,135**	285
Tax effect of impairment of intangible assets and goodwill	**(219)**	(13)	**(219)**	(13)
Income tax-related adjustments	**(25)**	(17)	**(36)**	(21)
Adjusted Net income	**254**	342	**610**	730

Reconciliation of adjusted basic EPS

	Three-month periods ended June 30		Six-month periods ended June 30	
($)	**2026**	2025	**2026**	2025
Basic EPS	**(1.17)**	—	**(1.09)**	0.22
Add (deduct) amounts net of amount attributable to non-controlling interests:				
Restructuring and other costs, per share	**0.12**	0.07	**0.32**	0.12
Tax effect of restructuring and other costs, per share	**(0.02)**	(0.02)	**(0.06)**	(0.03)
Long-term debt prepayment premium, per share	**0.03**	—	**0.03**	—
Tax effect of long-term debt prepayment premium, per share	**(0.01)**	—	**(0.01)**	—
Impairment of intangible assets and goodwill, per share	**1.36**	0.19	**1.36**	0.19
Tax effect of impairment of intangible assets and goodwill, per share	**(0.14)**	(0.01)	**(0.14)**	(0.01)
Income tax-related adjustments, per share	**(0.01)**	(0.01)	**(0.02)**	(0.01)
Adjusted basic EPS	**0.16**	0.22	**0.39**	0.48

Available liquidity: This is a non-GAAP measure that does not have any standardized meaning prescribed by IFRS Accounting Standards and is therefore unlikely to be comparable to similar measures presented by other issuers. Available liquidity is calculated as the sum of Cash and temporary investments, net, amounts available from the revolving credit facility, and amounts available under our trade receivables and unbilled customer finance receivables securitization program, measured at the end of the period. We believe this to be a useful measure because it allows us to monitor compliance with our financial objectives. It should not be considered as an alternative to Cash and temporary investments, net, in measuring TELUS' performance.

Available liquidity reconciliation

As at June 30 ($ millions)	**2026**	2025
Cash and temporary investments, net	**1,387**	3,682
Net amounts available from the TELUS Corporation revolving credit facility	**657**	1,759
Amounts available under trade receivables and unbilled customer finance receivables securitization program	**680**	680
Available liquidity[1]	**2,724**	6,121

1 Excludes available liquidity from the unsecured non-revolving $650 bank credit facility.

Capital expenditure intensity: This measure is calculated as capital expenditures excluding real estate development divided by Operating revenues and other income. It provides a basis for comparing the level of capital expenditures at TELUS to those of other companies of varying size within the same industry.

Calculation of Capital expenditure intensity

Three-month periods ended June 30 ($ millions, except ratio)	TTech 2026	TTech 2025 (restated)	TELUS Health 2026	TELUS Health 2025	TELUS Digital 2026	TELUS Digital 2025 (restated)	Eliminations 2026	Eliminations 2025 (restated)	Total 2026	Total 2025
Numerator – Capital expenditures excluding real estate development	**614**	570	**44**	59	**34**	43	**(33)**	(15)	**659**	657
Denominator – Operating revenues and other income	**3,746**	3,842	**536**	519	**774**	827	**(127)**	(106)	**4,929**	5,082
Capital expenditure intensity (%)	**16**	15	**8**	11	**4**	5	**n/m**	n/m	**13**	13

Calculation of Capital expenditure intensity

Six-month periods ended June 30 ($ millions, except ratio)	TTech 2026	TTech 2025 (restated)	TELUS Health 2026	TELUS Health 2025	TELUS Digital 2026	TELUS Digital 2025 (restated)	Eliminations 2026	Eliminations 2025 (restated)	Total 2026	Total 2025
Numerator – Capital expenditures excluding real estate development	**1,178**	1,077	**97**	103	**71**	84	**(52)**	(28)	**1,294**	1,236
Denominator – Operating revenues and other income	**7,536**	7,722	**1,062**	992	**1,587**	1,641	**(243)**	(216)	**9,942**	10,139
Capital expenditure intensity (%)	**16**	14	**9**	10	**4**	5	**n/m**	n/m	**13**	12

TELUS Corporation Common Share dividend payout ratio: This is a historical measure calculated as the sum of the most recent four quarterly dividends declared, as recorded in the financial statements, net of dividend reinvestment plan effects, divided by the sum of free cash flow amounts for the most recent four quarters for interim reporting periods. For fiscal years, the denominator is annual free cash flow. Our objective range for the annual TELUS Corporation Common Share dividend payout ratio is on a trailing 12-month basis. (See *Section 4.3 Liquidity and capital resources* and *Section 7.5 Liquidity and capital resource measures.*)

Calculation of ratio of Common Share dividends declared to cash provided by operating activities less capital expenditures

Determined using most comparable IFRS Accounting Standards measures

For the 12-month periods ended June 30 ($ millions, except ratio)	2026	2025
Numerator – Sum of the most recent four quarterly dividends declared	**2,600**	2,427
Cash provided by operating activities	**5,015**	4,752
Less:		
Capital expenditures	**(2,630)**	(2,484)
Denominator – Cash provided by operating activities less capital expenditures	**2,385**	2,268
Ratio (%)	**109**	107

Calculation of Common Share dividend payout ratio, net of dividend reinvestment plan effects

Determined using management measures

For the 12-month periods ended June 30 ($ millions, except ratio)	2026	2025
Sum of the most recent four quarterly dividends declared	**2,600**	2,427
Sum of the amounts of the most recent four quarterly dividends declared reinvested in Common Shares	**(879)**	(824)
Numerator – Sum of the most recent four quarterly dividends declared, net of dividend reinvestment plan effects	**1,721**	1,603
Denominator – Free cash flow	**2,313**	2,125
Ratio (%)	**74**	75

Earnings coverage: This measure is defined in the Canadian Securities Administrators' National Instrument 41-101 and related instruments, and is calculated as follows:

Calculation of Earnings coverage

For the 12-month periods ended June 30 ($ millions, except ratio)	2026	2025
Net income (loss) attributable to Common Shares	**(919)**	966
Income taxes (attributable to Common Shares)	**165**	331
Borrowing costs (attributable to Common Shares)[1]	**1,601**	1,355
Numerator	**847**	2,652
Denominator – Borrowing costs	**1,601**	1,355
Ratio (times)	**0.5**	2.0

1 Interest on Long-term debt (including dividend obligations on preferred shares that are required to be accounted for as financial liabilities) plus Interest on short-term borrowings and other plus long-term debt prepayment premium, adding capitalized interest and deducting borrowing costs attributable to non-controlling interests.

EBITDA (earnings before interest, income taxes, depreciation and amortization): We issue guidance on and report EBITDA because it is a key measure used to evaluate performance at a consolidated level. EBITDA is commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. EBITDA should not be considered as an alternative to Net income in measuring TELUS' performance, nor should it be used as a measure of cash flow. EBITDA as calculated by TELUS is equivalent to Operating revenues and other income less the total of Goods and services purchased expense and Employee benefits expense.

We calculate EBITDA – excluding restructuring and other costs, as it is a component of the **EBITDA – excluding restructuring and other costs interest coverage** ratio and the **Net debt to EBITDA – excluding restructuring and other costs** ratio.

We calculate **Adjusted EBITDA** by excluding items of an unusual nature that do not reflect our ongoing operations and should not, in our opinion, be considered in a long-term valuation metric or should not be included in an assessment of our ability to service or incur debt.

EBIT (earnings (loss) before interest and income taxes) is calculated for our reportable segments because we believe it is a meaningful indicator of our operating performance, as it represents our earnings (loss) from operations before costs of capital structure and income taxes.

EBITDA and Adjusted EBITDA reconciliations

	TTech		TELUS Health		TELUS Digital		Eliminations		Total	
Three-month periods ended June 30 ($ millions)	2026	2025 (restated)	2026	2025 (restated)	2026	2025 (restated)	2026	2025	2026	2025
Net income (loss)									**(1,830)**	(245)
Financing costs									**420**	373
Income taxes									**(162)**	47
EBIT	**764**	812	**(35)**	(19)	**(2,268)**	(603)	**(33)**	(15)	**(1,572)**	175
Depreciation	**526**	535	**15**	10	**50**	56	**—**	—	**591**	601
Amortization of intangible assets	**273**	238	**95**	100	**66**	65	**—**	—	**434**	403
Impairment of intangible assets and goodwill	**—**	—	**—**	—	**2,135**	500	**—**	—	**2,135**	500
EBITDA	**1,563**	1,585	**75**	91	**(17)**	18	**(33)**	(15)	**1,588**	1,679
Add restructuring and other costs included in EBITDA	**76**	55	**24**	7	**89**	71	**—**	—	**189**	133
EBITDA – excluding restructuring and other costs and **Adjusted EBITDA**	**1,639**	1,640	**99**	98	**72**	89	**(33)**	(15)	**1,777**	1,812

EBITDA and Adjusted EBITDA reconciliations

	TTech		TELUS Health		TELUS Digital		Eliminations		Total	
Six-month periods ended June 30 ($ millions)	**2026**	2025 (restated)	**2026**	2025 (restated)	**2026**	2025 (restated)	**2026**	2025	**2026**	2025
Net income (loss)									**(1,686)**	56
Financing costs									**755**	717
Income taxes									**(107)**	154
EBIT	**1,429**	1,654	**(82)**	(51)	**(2,333)**	(648)	**(52)**	(28)	**(1,038)**	927
Depreciation	**1,043**	1,064	**31**	23	**100**	106	**—**	—	**1,174**	1,193
Amortization of intangible assets	**514**	478	**194**	194	**131**	131	**—**	—	**839**	803
Impairment of intangible assets and goodwill	**—**	—	**—**	—	**2,135**	500	**—**	—	**2,135**	500
EBITDA	**2,986**	3,196	**143**	166	**33**	89	**(52)**	(28)	**3,110**	3,423
Add restructuring and other costs included in EBITDA	**335**	134	**49**	16	**120**	80	**—**	—	**504**	230
EBITDA – excluding restructuring and other costs and **Adjusted EBITDA**	**3,321**	3,330	**192**	182	**153**	169	**(52)**	(28)	**3,614**	3,653

Adjusted EBITDA less capital expenditures is calculated for our reportable segments, as it represents a TELUS performance measure that may be more comparable to similar measures presented by other issuers.

Adjusted EBITDA less capital expenditures reconciliation

	TTech		TELUS Health		TELUS Digital		Eliminations		Total	
Three-month periods ended June 30 ($ millions)	**2026**	2025 (restated)	**2026**	2025 (restated)	**2026**	2025 (restated)	**2026**	2025	**2026**	2025
Adjusted EBITDA	**1,639**	1,640	**99**	98	**72**	89	**(33)**	(15)	**1,777**	1,812
Capital expenditures	**(633)**	(591)	**(44)**	(59)	**(34)**	(43)	**33**	15	**(678)**	(678)
Adjusted EBITDA less capital expenditures	**1,006**	1,049	**55**	39	**38**	46	**—**	—	**1,099**	1,134

Adjusted EBITDA less capital expenditures reconciliation

	TTech		TELUS Health		TELUS Digital		Eliminations		Total	
Six-month periods ended June 30 ($ millions)	**2026**	2025 (restated)	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
Adjusted EBITDA	**3,321**	3,330	**192**	182	**153**	169	**(52)**	(28)	**3,614**	3,653
Capital expenditures	**(1,213)**	(1,106)	**(97)**	(103)	**(71)**	(84)	**52**	28	**(1,329)**	(1,265)
Adjusted EBITDA less capital expenditures	**2,108**	2,224	**95**	79	**82**	85	**—**	—	**2,285**	2,388

We calculate **EBITDA margin** and **Adjusted EBITDA margin** to evaluate the performance of our operating segments and we believe these measures are also used by investors as indicators of a company's operating performance. We calculate EBITDA margin as EBITDA divided by Operating revenues and other income. Adjusted EBITDA margin is a non-GAAP ratio that does not have any standardized meaning prescribed by IFRS Accounting Standards and is therefore unlikely to be comparable to similar measures presented by other issuers. We calculate Adjusted EBITDA margin as Adjusted EBITDA divided by adjusted Operating revenues and other income.

Calculation of EBITDA margin

	TTech		TELUS Health		TELUS Digital		Eliminations		Total	
Three-month periods ended June 30 ($ millions, except margin)	**2026**	2025 (restated)	**2026**	2025 (restated)	**2026**	2025 (restated)	**2026**	2025 (restated)	**2026**	2025
Numerator – EBITDA	**1,563**	1,585	**75**	91	**(17)**	18	**(33)**	(15)	**1,588**	1,679
Denominator – Operating revenues and other income	**3,746**	3,842	**536**	519	**774**	827	**(127)**	(106)	**4,929**	5,082
EBITDA margin (%)	**41.7**	41.3	**14.0**	17.5	**(2.2)**	2.3	**n/m**	n/m	**32.2**	33.1

Calculation of EBITDA margin

Six-month periods ended June 30 ($ millions, except margin)	TTech 2026	TTech 2025 (restated)	TELUS Health 2026	TELUS Health 2025 (restated)	TELUS Digital 2026	TELUS Digital 2025 (restated)	Eliminations 2026	Eliminations 2025 (restated)	Total 2026	Total 2025
Numerator – EBITDA	**2,986**	3,196	**143**	166	**33**	89	**(52)**	(28)	**3,110**	3,423
Denominator – Operating revenues and other income	**7,536**	7,722	**1,062**	992	**1,587**	1,641	**(243)**	(216)	**9,942**	10,139
EBITDA margin (%)	**39.6**	41.4	**13.5**	16.7	**2.1**	5.5	**n/m**	n/m	**31.3**	33.8

Calculation of Adjusted EBITDA margin

Three-month periods ended June 30 ($ millions, except margin)	TTech 2026	TTech 2025 (restated)	TELUS Health 2026	TELUS Health 2025 (restated)	TELUS Digital 2026	TELUS Digital 2025 (restated)	Eliminations 2026	Eliminations 2025 (restated)	Total 2026	Total 2025
Numerator – Adjusted EBITDA	**1,639**	1,640	**99**	98	**72**	89	**(33)**	(15)	**1,777**	1,812
Denominator – Operating revenues and other income	**3,746**	3,842	**536**	519	**774**	827	**(127)**	(106)	**4,929**	5,082
Adjusted EBITDA margin (%)	**43.8**	42.7	**18.4**	18.9	**9.2**	10.8	**n/m**	n/m	**36.0**	35.7

Calculation of Adjusted EBITDA margin

Six-month periods ended June 30 ($ millions, except margin)	TTech 2026	TTech 2025 (restated)	TELUS Health 2026	TELUS Health 2025 (restated)	TELUS Digital 2026	TELUS Digital 2025 (restated)	Eliminations 2026	Eliminations 2025 (restated)	Total 2026	Total 2025
Numerator – Adjusted EBITDA	**3,321**	3,330	**192**	182	**153**	169	**(52)**	(28)	**3,614**	3,653
Denominator – Operating revenues and other income	**7,536**	7,722	**1,062**	992	**1,587**	1,641	**(243)**	(216)	**9,942**	10,139
Adjusted EBITDA margin (%)	**44.1**	43.1	**18.0**	18.4	**9.6**	10.3	**n/m**	n/m	**36.3**	36.0

EBITDA – excluding restructuring and other costs interest coverage: This measure is defined as EBITDA – excluding restructuring and other costs, divided by net interest cost, calculated on a 12-month trailing basis. It is similar to the coverage ratio covenant in our credit facilities, as described in *Section 7.6 Credit facilities*.

Calculation of EBITDA – excluding restructuring and other costs interest coverage

For the 12-month periods ended June 30 ($ millions, except ratio)	2026	2025
Numerator – EBITDA – excluding restructuring and other costs	**7,315**	7,333
Denominator – Net interest cost	**1,497**	1,404
Ratio (times)	**4.9**	5.2

Free cash flow: We report this measure as a supplementary indicator of our operating performance, and there is no generally accepted industry definition of free cash flow. It should not be considered as an alternative to the measures in the condensed interim consolidated statements of cash flows. Free cash flow excludes certain working capital changes (such as trade receivables and trade payables), proceeds from divested assets and other sources and uses of cash, as reported in the condensed interim consolidated statements of cash flows. It provides an indication of the amount of cash generated by operations that is available after capital expenditures and may be used for discretionary purposes, among other things, to pay dividends, repay debt, purchase shares or make other investments. Free cash flow may be supplemented from time to time by proceeds from divested assets or financing activities.

Free cash flow calculation

	Three-month period ended June 30, 2026			Three-month period ended June 30, 2025		
($ millions)	Cash provided by operating activities	Difference	**Free cash flow**	Cash provided by operating activities	Difference	Free cash flow
EBITDA	**1,588**	**—**	**1,588**	1,679	—	1,679
Restructuring and other costs, net of disbursements	**57**	**—**	**57**	28	—	28
Effects of contract asset, acquisition and fulfilment and TELUS Easy Payment® mobile device financing	**54**	**—**	**54**	67	—	67
Effect of non-discretionary lease principal	**—**	**(100)**	**(100)**	—	(176)	(176)
Items from the condensed interim consolidated statements of cash flows:						
Share-based compensation, net of employee share purchase plan cash outflows	**52**	**—**	**52**	37	5	42
Net employee defined benefit plans expense	**18**	**—**	**18**	14	—	14
Employer contributions to employee defined benefit plans	**(4)**	**—**	**(4)**	(5)	—	(5)
Gain on contributions of real estate to joint ventures	**(10)**	**10**	**—**	—	—	—
(Income) loss from equity accounted investments	**—**	**—**	**—**	(2)	—	(2)
Interest paid	**(450)**	**—**	**(450)**	(308)	—	(308)
Interest received	**20**	**—**	**20**	17	—	17
Other	**(30)**	**30**	**—**	(23)	23	—
Other working capital items	**59**	**(59)**	**—**	(195)	195	—
Capital expenditures	**—**	**(678)**	**(678)**	—	(678)	(678)
	1,354	**(797)**	**557**	1,309	(631)	678
Income taxes paid, net of refunds	**(12)**	**—**	**(12)**	(143)	—	(143)
	1,342	**(797)**	**545**	1,166	(631)	535

Free cash flow calculation

($ millions)	**Six-month period ended June 30, 2026** Cash provided by operating activities	Difference	**Free cash flow**	Six-month period ended June 30, 2025 Cash provided by operating activities	Difference	Free cash flow
EBITDA	**3,110**	**—**	**3,110**	3,423	—	3,423
Restructuring and other costs, net of disbursements	**222**	**—**	**222**	(8)	—	(8)
Effects of contract asset, acquisition and fulfilment and TELUS Easy Payment mobile device financing	**81**	**—**	**81**	95	—	95
Effect of non-discretionary lease principal[1]	**—**	**(213)**	**(213)**	—	(369)	(369)
Items from the condensed interim consolidated statements of cash flows:						
Share-based compensation, net of employee share purchase plan cash outflows	**83**	**—**	**83**	79	5	84
Net employee defined benefit plans expense	**31**	**—**	**31**	29	—	29
Employer contributions to employee defined benefit plans	**(9)**	**—**	**(9)**	(10)	—	(10)
Gain on contributions of real estate to joint ventures	**(15)**	**15**	**—**	(8)	8	—
(Income) loss from equity accounted investments	**(1)**	**—**	**(1)**	(2)	—	(2)
Interest paid	**(880)**	**—**	**(880)**	(679)	—	(679)
Interest received	**45**	**—**	**45**	22	—	22
Other	**(45)**	**45**	**—**	(34)	34	—
Other working capital items	**(102)**	**102**	**—**	(367)	367	—
Capital expenditures	**—**	**(1,329)**	**(1,329)**	—	(1,265)	(1,265)
	2,520	**(1,380)**	**1,140**	2,540	(1,220)	1,320
Income taxes paid, net of refunds[2]	**(128)**	**116**	**(12)**	(297)	—	(297)
	2,392	**(1,264)**	**1,128**	2,243	(1,220)	1,023

1 As set out in *Note 3* of the interim consolidated financial statements, we may issue new debt to replace existing debt with different characteristics. As part of managing our capital structure, we chose to replace lease principal of $732 through discretionary repayment.

2 As set out in *Note 3* of the interim consolidated financial statements, as part of managing our capital structure, we paid incremental income taxes in connection with issuing subsidiary equity and such amount has been excluded from the free cash flow amount shown in this table.

Mobile phone average revenue per subscriber per month (ARPU) is calculated as network revenue derived from monthly service plan, roaming and usage charges; divided by the average number of mobile phone subscribers on the network during the period, and is expressed as a rate per month.

Net debt: We believe that net debt is a useful measure because it represents the amount of Short-term borrowings and long-term debt obligations that are not covered by available Cash and temporary investments. The nearest IFRS Accounting Standards measure to net debt is Long-term debt, including Current maturities of Long-term debt. Net debt is a component of the **Net debt to EBITDA – excluding restructuring and other costs** ratio.

Net debt to EBITDA – excluding restructuring and other costs: This measure is defined as net debt at the end of the period divided by 12-month trailing EBITDA – excluding restructuring and other costs. (See discussion in *Section 7.5 Liquidity and capital resource measures.*) This measure is similar to the leverage ratio covenant in our credit facilities, as described in *Section 7.6 Credit facilities*.

Calculation of Net debt to EBITDA – excluding restructuring and other costs

For the 12-month periods ended June 30 ($ millions, except ratio)	**2026**	2025
Numerator – Net debt	**25,963**	27,293
Denominator – EBITDA – excluding restructuring and other costs	**7,315**	7,333
Ratio (times)	**3.5**	3.7

Net interest cost: This measure is the denominator in the calculation of **EBITDA – excluding restructuring and other costs interest coverage**. Net interest cost is defined as financing costs, excluding capitalized long-term debt interest, employee defined benefit plans net interest, unrealized changes in virtual power purchase agreements forward element when accounted for as held for trading, and recoveries on redemption and repayment of debt, calculated on a 12-month trailing basis. Expenses recorded for the long-term debt prepayment premium, if any, are included in net interest cost.

Calculation of net interest cost

For the 12-month periods ended June 30 ($ millions)	**2026**	2025
Financing costs	**1,199**	1,517
Add (deduct):		
Employee defined benefit plans net interest	**(13)**	(11)
Interest on long-term debt, excluding lease liabilities and other – capitalized	**8**	26
Gain on purchase of long-term debt	**303**	—
Unrealized changes in virtual power purchase agreements forward element	**—**	(128)
Net interest cost	**1,497**	1,404

11.2 Operating indicators

The following measures are industry metrics that are useful in assessing the operating performance of a mobile and fixed telecommunications entity, but do not have standardized meanings.

Churn is calculated as the number of subscribers deactivated during a given period divided by the average number of subscribers on the network during the period, and is expressed as a rate per month. Mobile phone churn refers to the aggregate average of both prepaid and postpaid mobile phone churn. A TELUS, Koodo® or Public Mobile® brand prepaid mobile phone subscriber is deactivated when the subscriber has no usage for 90 days following expiry of the prepaid credits.

Connected device subscriber means a subscriber on an active TELUS service plan with a recurring revenue-generating portable unit (e.g. tablets, internet keys, Internet of Things, wearables and connected cars) that is supported by TELUS and is intended for limited or no cellular voice capability.

Mobile phone subscriber means a subscriber on an active TELUS service plan with a recurring revenue-generating portable unit (e.g. feature phones and smartphones) where TELUS provides voice, text and/or data connectivity.

Internet subscriber means a subscriber on an active TELUS internet plan with a recurring revenue-generating unit where TELUS provides internet connectivity.

Healthcare lives covered means the number of users (primary members and their dependents) enrolled in various health programs supported by TELUS Health services (e.g. virtual care, health benefits management, preventive care, personal health security, and employee and family assistance programs). This count includes clients who utilize TELUS Health services either directly or indirectly. It is probable that some members and their dependents will be a user of multiple TELUS Health services.

TELUS CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2026

condensed interim consolidated statements of income and other comprehensive income (unaudited)

Periods ended June 30 (millions except per share amounts)	Note	Three months 2026	Three months 2025	Six months 2026	Six months 2025
OPERATING REVENUES					
Service		**$ 4,442**	$ 4,491	**$ 8,926**	$ 8,934
Equipment		**478**	540	**983**	1,115
Operating revenues (arising from contracts with customers)	*6*	**4,920**	5,031	**9,909**	10,049
Other income	*7*	**9**	51	**33**	90
Operating revenues and other income		**4,929**	5,082	**9,942**	10,139
OPERATING EXPENSES					
Goods and services purchased	*16*	**1,869**	1,858	**3,725**	3,705
Employee benefits expense	*8, 16*	**1,472**	1,545	**3,107**	3,011
Depreciation	*17*	**591**	601	**1,174**	1,193
Amortization of intangible assets	*18*	**434**	403	**839**	803
Impairment of intangible assets and goodwill	*18*	**2,135**	500	**2,135**	500
		6,501	4,907	**10,980**	9,212
OPERATING INCOME (LOSS)		**(1,572)**	175	**(1,038)**	927
Financing costs	*9*	**420**	373	**755**	717
INCOME (LOSS) BEFORE INCOME TAXES		**(1,992)**	(198)	**(1,793)**	210
Income taxes	*10*	**(162)**	47	**(107)**	154
NET INCOME (LOSS)		**(1,830)**	(245)	**(1,686)**	56
OTHER COMPREHENSIVE INCOME	*11*				
Items that may subsequently be reclassified to income					
Change in unrealized fair value of derivatives designated as cash flow hedges		**(112)**	(3)	**(112)**	(14)
Foreign currency translation adjustment arising from translating financial statements of foreign operations		**62**	(78)	**103**	(18)
		(50)	(81)	**(9)**	(32)
Items never subsequently reclassified to income					
Change in measurement of investment financial assets		**(2)**	3	**(7)**	7
Employee defined benefit plan re-measurements		**(1)**	27	**12**	26
		(3)	30	**5**	33
		(53)	(51)	**(4)**	1
COMPREHENSIVE INCOME (LOSS)		**$ (1,883)**	$ (296)	**$ (1,690)**	$ 57
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Common Shares		**$ (1,840)**	$ 7	**$ (1,704)**	$ 328
Non-controlling interests		**10**	(252)	**18**	(272)
		$ (1,830)	$ (245)	**$ (1,686)**	$ 56
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Common Shares		**$ (1,893)**	$ 10	**$ (1,708)**	$ 374
Non-controlling interests		**10**	(306)	**18**	(317)
		$ (1,883)	$ (296)	**$ (1,690)**	$ 57
NET INCOME (LOSS) PER COMMON SHARE	*12*				
Basic		**$ (1.17)**	$ —	**$ (1.09)**	$ 0.22
Diluted		**$ (1.17)**	$ —	**$ (1.09)**	$ 0.22
TOTAL WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic		**1,574**	1,525	**1,568**	1,519
Diluted		**1,574**	1,530	**1,568**	1,524

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

TELUS

As at (millions)	Note	June 30, 2026	December 31, 2025
ASSETS			
Current assets			
Cash and temporary investments, net		**$ 1,387**	$ 2,621
Accounts receivable	*6(b)*	**3,519**	3,797
Income and other taxes receivable		**227**	173
Inventories	*1(b)*	**461**	482
Contract assets	*6(c)*	**433**	457
Costs incurred to obtain or fulfill contracts with customers	*20*	**335**	413
Prepaid maintenance and other		**601**	421
Current derivative assets	*4(d)*	**142**	8
		7,105	8,372
Non-current assets			
Property, plant and equipment, net	*17*	**17,819**	17,503
Intangible assets, net	*18*	**19,928**	20,328
Goodwill, net	*18*	**8,897**	10,460
Contract assets	*6(c)*	**263**	274
Other long-term assets	*20*	**2,800**	2,676
		49,707	51,241
		$ 56,812	$ 59,613

As at (millions)	Note	June 30, 2026	December 31, 2025
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings	*22*	**$ 1,225**	$ 920
Accounts payable and accrued liabilities	*23*	**3,459**	3,494
Income and other taxes payable		**140**	141
Dividends payable	*13*	**659**	649
Advance billings and customer deposits	*24*	**980**	1,053
Provisions	*25*	**393**	300
Current maturities of long-term debt	*26*	**3,802**	3,102
Current derivative liabilities	*4(d)*	**21**	30
		10,679	9,689
Non-current liabilities			
Provisions	*25*	**572**	661
Long-term debt	*26*	**26,429**	27,437
Other long-term liabilities	*27*	**975**	955
Deferred income taxes		**4,068**	4,292
		32,044	33,345
Liabilities		**42,723**	43,034
Owners' equity			
Common equity	*28*	**13,281**	15,775
Non-controlling interests		**808**	804
		14,089	16,579
		$ 56,812	$ 59,613

Contingent liabilities *29*

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

		Common equity							
		Equity contributed							
		Common Shares *(Note 28)*							
(millions)	*Note*	Number of shares	Share capital	Contributed surplus	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total	Non-controlling interests (*Note 28(b)*)	Total
Balance as at January 1, 2025		1,504	$ 13,124	$ 1,081	$ 1,520	$ (105)	$ 15,620	$ 1,178	$ 16,798
Net income (loss)		—	—	—	328	—	328	(272)	56
Other comprehensive income	*11*	—	—	—	26	20	46	(45)	1
Dividends	*13*	—	—	—	(1,244)	—	(1,244)	—	(1,244)
Dividends reinvested and optional cash payments	*13(b), 14(c)*	21	409	—	—	—	409	—	409
Equity accounted share-based compensation		—	—	70	—	—	70	(4)	66
Change in ownership interests of subsidiaries	*28(b)*	—	—	(9)	—	—	(9)	25	16
Balance as at June 30, 2025		1,525	$ 13,533	$ 1,142	$ 630	$ (85)	$ 15,220	$ 882	$ 16,102
Balance as at January 1, 2026		1,549	$ 14,096	$ 1,577	$ 98	$ 4	$ 15,775	$ 804	$ 16,579
Net income (loss)		**—**	**—**	**—**	**(1,704)**	**—**	**(1,704)**	**18**	**(1,686)**
Other comprehensive income	*11*	**—**	**—**	**—**	**12**	**(16)**	**(4)**	**—**	**(4)**
Dividends	*13*	**—**	**—**	**—**	**(1,312)**	**—**	**(1,312)**	**—**	**(1,312)**
Dividends reinvested and optional cash payments	*13(b), 14(c)*	**25**	**438**	**—**	**—**	**—**	**438**	**—**	**438**
Equity accounted share-based compensation	*14(b)*	**1**	**21**	**64**	**—**	**—**	**85**	**—**	**85**
Partnership distributions to non-controlling interest		**—**	**—**	**—**	**—**	**—**	**—**	**(14)**	**(14)**
Issue of shares in business combination	*25*	**—**	**3**	**—**	**—**	**—**	**3**	**—**	**3**
Balance as at June 30, 2026		**1,575**	**$ 14,558**	**$ 1,641**	**$ (2,906)**	**$ (12)**	**$ 13,281**	**$ 808**	**$ 14,089**

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

Periods ended June 30 (millions)	Three months 2026	Three months 2025	Six months 2026	Six months 2025
OPERATING ACTIVITIES				
Net income (loss)	**$ (1,830)**	$ (245)	**$ (1,686)**	$ 56
Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	**1,025**	1,004	**2,013**	1,996
Impairment of intangible assets and goodwill (*Note 18*)	**2,135**	500	**2,135**	500
Income tax expense (recovery) (*Note 10*)	**(162)**	47	**(107)**	154
Income taxes paid, net	**(12)**	(143)	**(128)**	(297)
Investment tax credits and tax other	**(7)**	(15)	**(15)**	(27)
Share-based compensation expense, net (*Note 14(a)*)	**52**	37	**83**	79
Net employee defined benefit plans expense (*Note 15(a)*)	**18**	14	**31**	29
Employer contributions to employee defined benefit plans (*Note 15(a)*)	**(4)**	(5)	**(9)**	(10)
Gain on contributions of real estate to joint ventures (*Notes 7, 21*)	**(10)**	—	**(15)**	(8)
(Income) loss from equity accounted investments, net (*Notes 7, 21*)	**—**	(2)	**(1)**	(2)
Other	**(30)**	(23)	**(45)**	(34)
Net change in non-cash operating working capital (*Note 31(a)*)	**167**	(3)	**136**	(193)
Cash provided by operating activities	**1,342**	1,166	**2,392**	2,243

Periods ended June 30 (millions)	Three months 2026	Three months 2025	Six months 2026	Six months 2025
INVESTING ACTIVITIES				
Cash payments for capital assets, excluding spectrum licences (*Note 31(a)*)	**(597)**	(598)	**(1,354)**	(1,252)
Cash payments for spectrum licences (*Note 18(a)*)	**(55)**	—	**(373)**	—
Cash payments for acquisitions, net	**—**	(450)	**—**	(461)
Advances to, and investment in, real estate joint ventures and associates (*Note 21*)	**(1)**	—	**(1)**	—
Real estate joint venture receipts (*Note 21*)	**—**	—	**6**	1
Proceeds on disposition	**—**	7	**9**	73
Investment in portfolio investments and other	**(19)**	(52)	**(103)**	(56)
Cash used by investing activities	**(672)**	(1,093)	**(1,816)**	(1,695)
FINANCING ACTIVITIES (Note *31(b)*)				
Dividends paid to holders of Common Shares (*Note 13(a)*)	**(434)**	(405)	**(864)**	(807)
Issue (repayment) of short-term borrowings, net	**309**	(390)	**312**	9
Long-term debt issued	**1,351**	6,469	**2,711**	8,132
Redemptions and repayment of long-term debt (*Note 26*)	**(1,802)**	(3,048)	**(3,955)**	(5,038)
Partnership distributions to non-controlling interest (*Note 28(b)*)	**(9)**	—	**(14)**	—
Financing activity transaction costs and other	**—**	(31)	**—**	(31)
Cash provided (used) by financing activities	**(585)**	2,595	**(1,810)**	2,265
CASH POSITION				
Increase (decrease) in cash and temporary investments, net	**85**	2,668	**(1,234)**	2,813
Cash and temporary investments, net, beginning of period	**1,302**	1,014	**2,621**	869
Cash and temporary investments, net, end of period	**$ 1,387**	$ 3,682	**$ 1,387**	$ 3,682
SUPPLEMENTAL DISCLOSURE OF OPERATING CASH FLOWS				
Interest paid	**$ (450)**	$ (308)	**$ (880)**	$ (679)
Interest received	**$ 20**	$ 17	**$ 45**	$ 22

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

TELUS

notes to condensed interim consolidated financial statements (unaudited)

JUNE 30, 2026

TELUS Corporation is one of Canada's largest telecommunications companies, providing a wide range of technology solutions, which include: mobile and fixed voice and data telecommunications services and products; healthcare services, software and technology solutions (including employee and family assistance programs and benefits administration); agriculture and consumer goods services (software, data management and data analytics-driven smart-food chain and consumer goods technologies); and digital experiences. Data services include: internet protocol; television; hosting, managed information technology and cloud-based services; and home and business security and automation.

TELUS Corporation was incorporated under the *Company Act* (British Columbia) on October 26, 1998, under the name BCT.TELUS Communications Inc. (BCT). On January 31, 1999, pursuant to a court-approved plan of arrangement under the *Canada Business Corporations Act* among BCT, BC TELECOM Inc. and the former Alberta-based TELUS Corporation (TC), BCT acquired all of the shares of BC TELECOM Inc. and TC in exchange for Common Shares and Non-Voting Shares of BCT, and BC TELECOM Inc. was dissolved. On May 3, 2000, BCT changed its name to TELUS Corporation and in February 2005, TELUS Corporation transitioned under the *Business Corporations Act* (British Columbia), successor to the *Company Act* (British Columbia). TELUS Corporation maintains its registered office at Floor 5, 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3.

The terms "TELUS", "we", "us", "our" or "ourselves" refer to TELUS Corporation and, where the context of the narrative permits or requires, its subsidiaries. Our principal subsidiaries, which were wholly owned as at June 30, 2026, are TELUS Communications Inc. and TELUS Health Inc.

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 condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2025.

Our condensed interim consolidated financial statements are expressed in Canadian dollars and follow the same accounting policies and methods of their application as set out in our consolidated financial statements for the year ended December 31, 2025. The generally accepted accounting principles that we use are International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and Canadian generally accepted accounting principles. 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 consolidated financial statements for the three-month and six-month periods ended June 30, 2026, were authorized by our Board of Directors for issue on July 31, 2026.

(b) Inventories

Inventories primarily consist of mobile handsets, parts and accessories, which totalled $362 million as at June 30, 2026 (December 31, 2025 – $376 million), and communications equipment held for resale. These inventories are valued at the lower of cost and net realizable value, with cost being determined on an average cost basis. Costs of goods sold for the three-month and six-month period ended June 30, 2026, totalled $0.6 billion (2025 – $0.5 billion) and $1.1 billion (2025 – $1.1 billion), respectively.

2 accounting policy developments

(a) Initial application of standards, interpretations and amendments to standards and interpretations in the reporting period

- In May 2024, the International Accounting Standards Board issued *Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*. The narrow-scope amendments are to address diversity in accounting practice in respect of: the classification of financial assets with environmental, social and corporate governance and similar features; and to clarify the date on which a financial asset or financial liability is to be de-recognized when using electronic payment systems. The new standard is effective for annual reporting periods beginning on or after January 1, 2026, and earlier adoption was permitted. Our existing practices were compliant with the amendments.

(b) Standards, interpretations and amendments to standards and interpretations not yet effective and not yet applied

- In April 2024, the International Accounting Standards Board issued IFRS 18, *Presentation and Disclosure in the Financial Statements*, which sets out the overall requirements for presentation and disclosures in the financial statements and does not affect the recognition and measurement requirements of IFRS Accounting Standards. The new standard will replace IAS 1, *Presentation of Financial Statements*.

  Although much of the substance of IAS 1, *Presentation of Financial Statements*, will carry over into the new standard:

The new standard incrementally will	Current assessment of the new standard's requirements on our future presentation and disclosure
With a view to improving comparability amongst entities, require presentation in the statement of operations of a subtotal for operating profit and a subtotal for profit before financing and income taxes (both subtotals as defined in the new standard)	The presentation of certain immaterial amounts will shift among operating*, investing (new) and financing* categories of the statement of operations (as discussed further below)

* As presented prior to the application of the new standard.

The new standard incrementally will	Current assessment of the new standard's requirements on our future presentation and disclosure
With a view to improving comparability amongst entities, require limited changes to the statement of cash flows, including elimination of options for the classification of interest and dividend cash flows	The classification of interest paid and interest received will shift from being within operating activities (applying the indirect method) * to within financing activities and within investing activities, respectively; our existing dividend cash flow classification is compliant with the new standard
Require disclosure and reconciliation, within a single financial statement note, of management-defined performance measures which are used in public communications to share management's views of various aspects of an entity's performance and are derived from the statement of income and other comprehensive income**	The incremental disclosure, which may be partially duplicative of non-GAAP and other financial measures disclosures, including reconciliations, not contained within the financial statements (including disclosures and reconciliations made in management's discussion and analysis), will be presented with other non-standardized financial measures in our segment information note (as discussed further below)
Enhance the requirements for aggregation and disaggregation of financial statement amounts	Our existing aggregation and disaggregation practices are compliant with the new standard

The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with earlier adoption permitted. We are continuing to assess the impacts of the new standard and, other than as set out above, do not expect the totality of our financial disclosure to be materially affected by the application of the new standard.

Statement of income and other comprehensive income presentation
Of most significance, relative to our historical practice, IFRS 18, *Presentation and Disclosure in Financial Statements*, will newly define what income and expenses are to be classified in the operating and financing categories of, and will newly introduce an investing category to, our statement of income and other comprehensive income.

The income and expenses arising from investments in associates and joint ventures accounted for applying the equity method will be classified in the newly introduced investing category of the statement of income and other comprehensive income. Relative to our historical practice (see *Note 7*), the possible effect of applying the new standard for primary financial statement purposes will be reclassifying equal and offsetting amounts between operating income* and investing income; such possible effect is not currently expected to be material.

Irrespective of an entity's capital structure financial policies' approach to cash management, the new standard prescribes that an entity such as ourselves classify any income generated from cash and cash equivalents as investing income. We manage our financing expense on a net basis by offsetting income on cash and cash equivalents against such expense and thus, historically, have not separately recognized such income as a revenue. Relative to our historical practice (see *Note 9*), the possible effect of applying the new standard for primary financial statement purposes will be to increase the investing income and financing expense* by equal and offsetting amounts; such possible effect is not currently expected to be material.

The new standard requires that the income and expenses from other assets, such as investment properties (as defined by IFRS Accounting Standards), which do not comprise a specified main business activity and which generate a return individually and largely independently of our other resources, be classified in the newly introduced investing category of our statement of income and other comprehensive income. Relative to our historical practice, the possible effect of applying the new standard for primary financial statement purposes will be reclassifying equal and offsetting amounts between

* As presented prior to the application of the new standard.

** Although there is no requirement for entities to use the same terminology, the new standard references this primary financial statement as the "statement of financial performance".

operating income* and investing income; such possible effect is not currently expected to be material.

Foreign exchange differences arise due to fluctuations in foreign exchange rates between the time of a foreign currency-denominated transaction and its settlement. We manage such differences as a part of our financing management. As such, we establish hedging relationships and apply hedge accounting for a significant portion of our U.S. dollar-denominated transactions. However, it is not practicable to establish hedging relationships and apply hedge accounting for all foreign currency-denominated transactions. In our instance, primarily in respect of unhedged foreign exchange exposures (or not accounted for as a foreign currency translation adjustments arising from translating financial statements of foreign operations), the new standard prescribes that the default classification for foreign exchange differences is to be operating activities, irrespective of an entity's financing management. Relative to our historical practice (see *Note 9*), the possible effect of applying the new standard for primary financial statement purposes will be reclassifying any such equal and offsetting default foreign exchange differences between Goods and services purchased within operating activities* and financing expense*; such possible effect is not currently expected to be material.

Management-defined performance measures

IFRS 18, *Presentation and Disclosure in Financial Statements* will require financial statement disclosure of management-defined performance measures (which the new standard restricts to subtotals of income and expense and, among other requirements, which are used in public communications outside of the financial statements) and their reconciliation to the most directly comparable listed or required IFRS Accounting Standard totals or subtotals. Management-defined performance measures present management's view of only limited aspects of management-defined financial performance as a whole*** and are not necessarily comparable with measures sharing similar labels or descriptions provided by other entities.

Judgment is required in identifying which of our measures may be management-defined performance measures. Due consideration must be given to the view that differing opinions may reasonably exist regarding what constitutes a performance measure and/or a management-defined performance measure, particularly so when a measure is multi-faceted and serves multiple purposes. On a continuing basis, as we continue to develop and evolve our business, we review and evolve our measures, including total of reportable segments measures and capital management measures, to identify those which may have become possible management-defined performance measures, and we review our possible management-defined performance measures to assess whether they may have ceased to be such.

Our management-defined performance measures possibly include, among others, adjusted net income attributable to Common Shares (the numerator of adjusted net income per basic share). Adjusted net income excludes the effects of (if, and as, applicable):

- Restructuring and other costs;
- Real estate rationalization-related restructuring impairments;
- Impairment of intangible assets and goodwill;
- Gain on purchase of long-term debt;
- Long-term debt prepayment premium; and
- Income tax-related adjustments.

Adjusted net income attributable to Common Shares is a measure used to evaluate performance at a consolidated level and excludes items that, in management's view, may obscure underlying trends in business performance or are atypical items that do not reflect our ongoing operations. It should not be considered an alternative to Net income (loss) in measuring our performance.

* As presented prior to the application of the new standard.

*** Free cash flow is not a standardized financial measure under IFRS Accounting Standards and might not be comparable to similar measures disclosed by other issuers (see *Note 3*).

	Three-month period ended June 30, 2026					Six-month period ended June 30, 2026				
	Unattributed amounts		Attributable to			Unattributed amounts		Attributable to		
			Common Shares [1]					Common Shares [1]		
(millions except per share amounts)	Total	Income tax effect	Total	Per basic share	Non-controlling interests	Total	Income tax effect	Total	Per basic share	Non-controlling interests
Reconciiation of net income (loss) with possible management-defined performance measure										
Net income (loss)	$ (1,830)		$ (1,840)	$ (1.17)	$ 10	$ (1,686)		$ (1,704)	$ (1.09)	$ 18
Add (deduct):										
Restructuring and other costs (*Note 16(a)*)	189	$ (23)	189	0.12	—	504	$ (110)	504	0.32	—
Real estate rationalization-related restructuring impairments included in depreciation (*Note 16(a)*)	—	$ —	—	—	—	4	$ (1)	4	—	—
Impairment of intangible assets and goodwill (*Note 18(b)*)	2,135	$ (219)	2,135	1.36	—	2,135	$ (219)	2,135	1.36	—
Long-term debt prepayment premium (*Note 9*)	51	$ (14)	51	0.03	—	51	$ (14)	51	0.03	—
Income-tax related adjustments	(25)		(25)	(0.01)	—	(36)		(36)	(0.02)	—
Income tax on the above adjustments	(256)		(256)	(0.17)	—	(344)		(344)	(0.21)	—
Adjusted net income	$ 264		**$ 254**	**$ 0.16**	$ 10	$ 628		**$ 610**	**$ 0.39**	$ 18
			Possible management-defined performance measure					**Possible management-defined performance measure**		

1 The amounts presented as being attributable to Common Shares are consistent with those that are disclosed and reconciled (as required by securities regulation) in *Section 11.1* of the management's discussion and analysis corresponding to these condensed interim consolidated financial statements.

3 capital structure financial policies

General

Our objective when managing financial capital is to maintain a flexible capital structure that optimizes the cost and availability of capital at an acceptable level of risk. In our definition of financial capital, we include:

- Common equity (excluding accumulated other comprehensive income);
- Non-controlling interests;
- Long-term debt (including long-term credit facilities, commercial paper backstopped by 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);
- Cash and temporary investments;
- Short-term borrowings (including those arising from securitized trade receivables and unbilled customer finance receivables and any hedging assets or liabilities associated with short-term borrowings, net of amounts recognized in accumulated other comprehensive income); and
- Other long-term debt.

We manage our financial 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 financial capital structure, we may:

- Adjust the amount of dividends paid to holders of Common Shares;
- Adjust the discount at which Common Shares are offered under the Dividend Reinvestment and Share Purchase Plan;
- Purchase Common Shares for cancellation pursuant to normal course issuer bids;

- Issue new equity (including Common Shares and subsidiary equity);
- Issue new debt, issue new debt to replace existing debt with different characteristics; and/or
- Increase or decrease the amount of short-term borrowings arising from securitized trade receivables and unbilled customer finance receivables.

During 2026, our financial objectives, which are reviewed annually, were unchanged from 2025. We believe that our financial objectives support our long-term strategy.

We monitor financial capital utilizing a number of measures, including: net debt to earnings before interest, income taxes, depreciation and amortization (EBITDA*) – excluding restructuring and other costs ratio; coverage ratios; and dividend payout ratios.

Debt and coverage ratios

Net debt to EBITDA – excluding restructuring and other costs is calculated as net debt at the end of the period, divided by 12-month trailing EBITDA – excluding restructuring and other costs. Historically, this measure is substantially similar to the leverage ratio covenant in our credit facilities. Net debt and EBITDA – excluding restructuring and other costs are measures that do not have any standardized meanings prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures disclosed by other issuers. The calculation of these measures is set out in the following table. Net debt is one component of a ratio used to determine compliance with certain debt covenants.

As at, or for the 12-month periods ended, June 30 ($ in millions)	Objective	2026	2025
Components of debt and coverage ratios			
Net debt [1]		**$ 25,963**	$ 27,293
EBITDA – excluding restructuring and other costs [2]		**$ 7,315**	$ 7,333
Net interest cost [3] (*Note 9*)		**$ 1,497**	$ 1,404
Debt ratio			
Net debt to EBITDA – excluding restructuring and other costs	2.5 – 3.0 [4]	**3.5**	3.7
Coverage ratios			
Earnings coverage [5]		**0.5**	2.0
EBITDA – excluding restructuring and other costs interest coverage [6]		**4.9**	5.2

* EBITDA is not a standardized financial measure under IFRS Accounting Standards and might not be comparable to similar measures disclosed by other issuers (upon application of IFRS 18, *Presentation and Disclosure in Financial Statements* (see *Note 2(b)*), EBITDA possibly may not be a management-defined performance measure); we define EBITDA as operating revenues and other income less goods and services purchased and employee benefits expense. We report EBITDA because it is a key measure that management uses to evaluate the performance of our business, and it is also utilized to determine compliance with certain debt covenants.

1 Net debt and total managed capitalization are calculated as follows:

As at June 30	Note	2026	2025
Long-term debt	*26*	**$ 30,231**	$ 32,194
TELUS Corporation junior subordinated notes equity credit deducted in calculating net debt	*26(f)*	**(3,702)**	(2,207)
Debt issuance costs netted against long-term debt		**159**	172
Derivative (assets) liabilities used to manage interest rate and currency risks associated with U.S. dollar-denominated debt, net		**(155)**	220
Accumulated other comprehensive income (loss) amounts arising from financial instruments used to manage interest rate and currency risks associated with U.S. dollar-denominated debt – excluding tax effects		**(408)**	(326)
Cash and temporary investments, net		**(1,387)**	(3,682)
Short-term borrowings	*22*	**1,225**	922
Net debt		**25,963**	27,293
Common equity		**13,281**	15,220
Non-controlling interests		**808**	882
Add: TELUS Corporation junior subordinated notes equity credit deducted in calculating net debt		**3,702**	2,207
Less: accumulated other comprehensive (income) loss amounts included above in common equity and non-controlling interests		**12**	59
Total managed capitalization		**$ 43,766**	$ 45,661

2 EBITDA – excluding restructuring and other costs is calculated as follows:

	EBITDA (*Note 5*)	Restructuring and other costs (*Note 16*)	EBITDA – excluding restructuring and other costs
Add			
Six-month period ended June 30, 2026	$ 3,110	$ 504	$ 3,614
Year ended December 31, 2025	6,922	432	7,354
Deduct			
Six-month period ended June 30, 2025	(3,423)	(230)	(3,653)
EBITDA – excluding restructuring and other costs	$ 6,609	$ 706	$ 7,315

3 Net interest cost is defined as financing costs, excluding employee defined benefit plans net interest, unrealized changes in virtual power purchase agreements forward element when accounted for as held for trading, recoveries on long-term debt prepayment premium and recoveries on repayment of debt, calculated on a 12-month trailing basis (expenses recorded for long-term debt prepayment premium, if any, are included in net interest cost) (see *Note 9*).

4 Our long-term objective range for this ratio is 2.5 – 3.0 times, reflecting a shift of 0.3 in the range, as announced on July 31, 2026, to better align with our long-term optimal leverage range. The ratio as at June 30, 2026, is outside the long-term objective range. We may permit, and have permitted, this ratio to go outside the objective range (for long-term investment opportunities). We have an objective of achieving a ratio of circa 3.0 times in 2028. We are in compliance with the leverage ratio covenant in our credit facilities, which states that we may not permit our net debt to operating cash flow ratio to exceed 4.25:1.00 (see *Note 26(d)*); the calculation of the debt ratio is substantially similar to the calculation of the leverage ratio covenant in our credit facilities.

5 Earnings coverage is defined in Canadian Securities Administrators National Instrument 41-101 as net income before borrowing costs and income tax expense, divided by borrowing costs (interest on long-term debt (including dividend obligations on preferred shares that are required to be accounted for as financial liabilities); interest on short-term borrowings and other; and long-term debt prepayment premium), and adding back capitalized interest, all such amounts excluding those attributable to non-controlling interests.

6 EBITDA – excluding restructuring and other costs interest coverage is defined as EBITDA – excluding restructuring and other costs, divided by net interest cost. This measure is substantially similar to the coverage ratio covenant in our credit facilities.

Net debt to EBITDA – excluding restructuring and other costs was 3.5 times as at June 30, 2026, compared to 3.7 times one year earlier. The decrease was largely due to the effect of the decrease in net debt levels, primarily due to the junior subordinated notes equity credit and the equity issued by our Terrion subsidiary to a non-controlling interest, partially offset by spectrum acquisitions and business acquisitions; net debt levels were already elevated in the current and comparative periods due to our spectrum acquisitions and business acquisitions.

The earnings coverage ratio for the twelve-month period ended June 30, 2026, was 0.5 times, down from 2.0 times one year earlier. A decrease in income before borrowing costs and income taxes lowered the ratio by 1.3 and an increase in borrowing costs lowered the ratio by 0.2. The EBITDA – excluding restructuring and other costs interest coverage ratio for the twelve-month period ended June 30, 2026, was 4.9 times, down from 5.2 times one year earlier. An increase of $93 million in net interest costs lowered the ratio by 0.3.

TELUS Corporation Common Share dividend payout ratio

So as to be consistent with the way we manage our business, our TELUS Corporation Common Share dividend payout ratio is presented as a historical measure calculated as the sum of the dividends declared in the most recent four quarters for TELUS Corporation Common Shares, as recorded in the financial statements, net of dividend reinvestment plan effects (see *Note 13*), divided by the sum of free cash flow* amounts for the most recent four quarters for interim reporting periods (divided by annual free cash flow if the reported amount is in respect of a fiscal year).

For the 12-month periods ended June 30	Objective	**2026**	2025
Determined using most comparable IFRS Accounting Standards measures			
Ratio of TELUS Corporation Common Share dividends declared to cash provided by operating activities (*Note 2(b)*) – less capital expenditures		**109%**	107%
Determined using management measures			
TELUS Corporation Common Share dividend payout ratio – net of dividend reinvestment plan effects	45%–60% [1]	**74%**	75%

1 Our objective range for the TELUS Corporation Common Share dividend payout ratio is 45%-60% of free cash flow on a trailing 12-months basis, reflecting a shift from 60-75% of free cash flow on a prospective basis. The reset of the dividend payout ratio, as announced on July 31, 2026, is expected to generate cumulative cash savings that will be directed towards deleveraging.

Our calculation of TELUS Corporation Common Share dividends declared, net of dividend reinvestment plan effects, is as follows:

For the 12-month periods ended June 30 (millions)	**2026**	2025
TELUS Corporation Common Share dividends declared	**$ 2,600**	$ 2,427
Amount of TELUS Corporation Common Share dividends declared reinvested in TELUS Corporation Common Shares	**(879)**	(824)
TELUS Corporation Common Share dividends declared – net of dividend reinvestment plan effects	**$ 1,721**	$ 1,603

Our calculation of free cash flow, and its reconciliation to cash provided by operating activities, is as follows:

* Free cash flow is not a standardized financial measure under IFRS Accounting Standards and might not be comparable to similar measures presented by other issuers; we define free cash flow as EBITDA (operating revenues and other income less goods and services purchased and employee benefits expense) excluding items that we consider to be of limited predictive value, including certain working capital changes (such as trade receivables and trade payables), proceeds from divested assets, and other sources and uses of cash, as presented in the consolidated statements of cash flows. We have issued guidance on, and report, free cash flow because it is a key financial performance measure that management and investors use to evaluate the financial performance of our business.

For the 12-month periods ended June 30 (millions)		**2026**			2025		
	Note	Cash provided by operating activities (*Note 2(b)*)	Difference	Free cash flow	Cash provided by operating activities (*Note 2(b)*)	Difference	Free cash flow
EBITDA	*5*	**$ 6,609**	**$ —**	**$ 6,609**	$ 6,949	$ —	$ 6,949
Restructuring and other costs, net of disbursements		**273**	**—**	**273**	(26)	—	(26)
Effects of contract asset, acquisition and fulfilment and TELUS Easy Payment mobile device financing		**19**	**—**	**19**	(157)	—	(157)
Effect of non-discretionary lease principal (a)	*31(b)*	**—**	**(473)**	**(473)**	—	(698)	(698)
Items from the Consolidated statements of cash flows:							
Share-based compensation, net of employee share purchase plan cash outflows	*14*	**148**	**5**	**153**	164	13	177
Net employee defined benefit plans expense	*15*	**62**	**—**	**62**	68	—	68
Employer contributions to employee defined benefit plans		**(22)**	**—**	**(22)**	(18)	—	(18)
Gain on contributions of real estate to joint ventures	*7, 21*	**(51)**	**51**	**—**	(65)	65	—
(Income) loss from equity accounted investments, net		**—**	**—**	**—**	6	—	6
Gain on purchase of long-term debt		**(303)**	**303**	**—**	—	—	—
Interest paid		**(1,585)**	**—**	**(1,585)**	(1,360)	—	(1,360)
Interest received		**76**	**—**	**76**	34	—	34
Other		**(137)**	**137**	**—**	(133)	133	—
Other working capital items		**237**	**(237)**	**—**	(250)	250	—
Capital expenditures (excluding acquisition from related party)	*5*	**—**	**(2,630)**	**(2,630)**	—	(2,391)	(2,391)
Capital expenditure for acquisition from related party		**—**	**—**	**—**	—	(93)	(93)
Related party construction credit facility repayment made concurrent with capital expenditure for acquisition from related party and similar		**—**	**26**	**26**	—	94	94
		5,326	**(2,818)**	**2,508**	5,212	(2,627)	2,585
Income taxes paid, net of refunds (b)		**(311)**	**116**	**(195)**	(460)	—	(460)
		$ 5,015	**$ (2,702)**	**$ 2,313**	$ 4,752	$ (2,627)	$ 2,125

(a) As set out in this note, we may issue new debt to replace existing debt with different characteristics. As a part of managing our capital structure, we chose to replace lease principal of $849 (2025 – $NIL) through discretionary prepayment.

(b) As part of managing our capital structure, we paid incremental income taxes in connection with issuing subsidiary equity and such amount has been excluded from the free cash flow amount shown in this table.

4 financial instruments

(a) Credit risk

Excluding credit risk, if any, arising from currency swaps settled on a gross basis, the best representation of our maximum exposure (excluding income tax effects) to credit risk, which is a worst-case scenario and does not reflect results we expect, is set out in the following table.

As at (millions)	**June 30, 2026**	December 31, 2025
Cash and temporary investments, net	**$ 1,387**	$ 2,621
Accounts receivable	**4,071**	4,383
Contract assets	**696**	731
Derivative assets	**229**	48
	$ 6,383	$ 7,783

Cash and temporary investments, net

Credit risk associated with cash and temporary investments is managed by ensuring that these financial assets are placed with: governments; major financial institutions that have been accorded strong investment grade ratings by a primary rating agency; and/or other creditworthy counterparties. An ongoing review evaluates changes in the status of counterparties.

Accounts receivable

Credit risk associated with accounts receivable is inherently managed through the size and diversity of our large customer base, which encompasses substantially all consumer and business sectors in Canada. A program of credit evaluations of customers is followed and the amount of credit extended is limited when we deem it to be necessary. Accounts are considered to be past due (in default) when customers have failed to make contractually required payments when due, which is generally within 30 days of the billing date. Any late payment charges are levied at an industry-based market rate or a negotiated rate on outstanding non-current customer account balances.

Customer accounts receivable, net of allowance for doubtful accounts

As at (millions)	*Note*	Gross	Allowance	Net [1]
June 30, 2026				
Less than 30 days past billing date		**$ 1,131**	**$ (18)**	**$ 1,113**
30-60 days past billing date		**336**	**(17)**	**319**
61-90 days past billing date		**96**	**(21)**	**75**
More than 90 days past billing date		**177**	**(46)**	**131**
Unbilled customer finance receivables		**1,494**	**(37)**	**1,457**
		$ 3,234	**$ (139)**	**$ 3,095**
Current [2]	*6(b)*	**$ 2,669**	**$ (126)**	**$ 2,543**
Non-current [3]	*20*	**565**	**(13)**	**552**
		$ 3,234	**$ (139)**	**$ 3,095**
December 31, 2025				
Less than 30 days past billing date		$ 1,002	$ (23)	$ 979
30-60 days past billing date		466	(19)	447
61-90 days past billing date		146	(21)	125
More than 90 days past billing date		206	(45)	161
Unbilled customer finance receivables		1,588	(35)	1,553
		$ 3,408	$ (143)	$ 3,265
Current [2]	*6(b)*	$ 2,809	$ (130)	$ 2,679
Non-current [3]	*20*	599	(13)	586
		$ 3,408	$ (143)	$ 3,265

1 Net amounts represent customer accounts receivable for which an allowance had not been made as at the dates of the Consolidated statements of financial position (see *Note 6(b)*).
2 Presented in the Consolidated statements of financial position as Accounts receivable.
3 Presented in the Consolidated statements of financial position as Other long-term assets.

We maintain allowances for lifetime expected credit losses related to doubtful accounts. Factors considered when determining allowances for past-due accounts include: current economic conditions (including forward-looking macroeconomic data); historical information (including credit agency reports, if available); reasons for the accounts being past due; and the line of business from which the customer accounts receivable originated. These factors are also considered when determining whether to write off amounts charged to the allowance for doubtful accounts against customer accounts receivable. The doubtful accounts expense is calculated on a specific-identification basis for customer accounts receivable balances above a specific threshold and on a statistically derived allowance basis for the remainder. No customer accounts receivable are written off directly to the doubtful accounts expense; doubtful accounts expense is included in the

Consolidated statements of income and other comprehensive income as a part of Goods and services purchased.

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

Periods ended June 30 (millions)	Three months 2026	2025	Six months 2026	2025
Balance, beginning of period	**$ 145**	$ 139	**$ 143**	$ 134
Additions (doubtful accounts expense)	**35**	38	**63**	87
Accounts written off[1] less than recoveries	**(43)**	(37)	**(72)**	(85)
Other	**2**	(1)	**5**	3
Balance, end of period	**$ 139**	$ 139	**$ 139**	$ 139

1 For the three-month and six-month periods ended June 30, 2026, accounts that were written off but were still subject to enforcement activity totalled $60 (2025 – $66) and $118 (2025 – $131), respectively

Contract assets

Credit risk associated with contract assets is inherently managed through the size and diversity of our large customer base, which encompasses substantially all consumer and business sectors in Canada. A program of credit evaluations of customers is followed and the amount of credit extended is limited when we deem it to be necessary.

Contract assets, net of impairment allowance As at (millions)	Gross	Allowance	Net (*Note 6(c)*)
June 30, 2026			
To be billed and thus reclassified to accounts receivable during:			
The 12-month period ending one year hence	**$ 576**	**$ (22)**	**$ 554**
The 12-month period ending two years hence	**231**	**(9)**	**222**
Thereafter	**43**	**(2)**	**41**
	$ 850	**$ (33)**	**$ 817**
December 31, 2025			
To be billed and thus reclassified to accounts receivable during:			
The 12-month period ending one year hence	$ 612	$ (22)	$ 590
The 12-month period ending two years hence	240	(9)	231
Thereafter	44	(1)	43
	$ 896	$ (32)	$ 864

We maintain allowances for lifetime expected credit losses related to contract assets. Factors considered when determining the amounts of these allowances include: current economic conditions; historical information (including credit agency reports, if available); and the line of business from which the contract assets originated. These same factors are considered when determining whether to write off amounts charged to the impairment allowance for contract assets against contract assets.

Derivative assets (and derivative liabilities)

Counterparties to our material foreign exchange derivatives are major financial institutions that have been accorded investment grade ratings by a primary credit rating agency. Credit exposure to any single financial institution is limited and counterparties' credit ratings are monitored. We do not give or receive collateral on swap agreements and hedging items due to our credit rating and those of our counterparties. While we are exposed to the risk of credit losses due to the potential non-performance of our counterparties, we consider this risk remote. Our derivative liabilities do not have credit risk-related contingent features.

(b) Liquidity risk

As a component of our capital structure financial policies, discussed further in *Note 3*, we manage liquidity risk by:

- maintaining a daily cash pooling process that enables us to manage our available liquidity and our liquidity requirements according to our actual needs;
- maintaining a short-term borrowing agreement associated with trade receivables and unbilled customer finance receivables (*Note 22*), a non-revolving syndicated credit facility (*Note 22*), bilateral bank facilities (*Note 22*), a supply chain financing program (*Note 23*), a commercial paper program (*Note 26(c)*) and syndicated credit facilities (*Note 26(d)*);
- maintaining an in-effect shelf prospectus;
- continuously monitoring forecast and actual cash flows; and
- managing maturity profiles of financial assets and financial liabilities.

Our debt maturities in future years are disclosed in *Note 26(i)*. As at June 30, 2026, unchanged from December 31, 2025, TELUS Corporation could offer an unlimited amount of securities in Canada, and $1.9 billion of securities in the United States, qualified pursuant to a Canadian shelf prospectus in effect until January 2029 (December 31, 2025 – January 2029). We believe our investment grade credit ratings contribute to reasonable access to capital markets.

We closely match the contractual maturities of our derivative financial liabilities with those of the risk exposures they are being used to manage.

The expected maturities of our undiscounted financial liabilities do not differ significantly from the contractual maturities, other than as noted in the accompanying tables. The contractual maturities of our undiscounted financial liabilities, including interest thereon (where applicable), are set out in the accompanying tables.

	Non-derivative							Derivative		
			Composite long-term debt							
					Currency swap agreement amounts to be exchanged			Currency swap agreement amounts to be exchanged[3]		
(millions)	Non-interest bearing financial liabilities	Short-term borrowings[1]	Long-term debt, excluding leases[1] (*Note 26*)	Leases (*Note 26*)	(Receive)[2]	Pay	Other	(Receive)	Pay	**Total**
As at June 30, 2026										
2026 (remainder of year)	**$ 3,000**	**$ 22**	**$ 3,067**	**$ 331**	**$ (2,350)**	**$ 2,257**	**$ 2**	**$ (468)**	**$ 453**	**$ 6,314**
2027	**259**	**1,252**	**2,830**	**603**	**(1,988)**	**1,841**	**4**	**(454)**	**430**	**4,777**
2028	**64**	**—**	**3,111**	**528**	**(387)**	**347**	**3**	**(486)**	**510**	**3,690**
2029	**8**	**—**	**2,493**	**434**	**(387)**	**347**	**3**	**—**	**—**	**2,898**
2030	**6**	**—**	**2,695**	**356**	**(1,381)**	**1,309**	**3**	**—**	**—**	**2,988**
2031 - 2035	**6**	**—**	**10,596**	**789**	**(4,678)**	**4,379**	**15**	**—**	**—**	**11,107**
Thereafter	**—**	**—**	**24,289**	**805**	**(3,134)**	**2,937**	**16**	**—**	**—**	**24,913**
Total	**$ 3,343**	**$ 1,274**	**$ 49,081**	**$ 3,846**	**$ (14,305)**	**$ 13,417**	**$ 46**	**$ (1,408)**	**$ 1,393**	**$ 56,687**
			Total (*Note 26(i)*)			**$ 52,039**				
As at December 31, 2025										
2026	$ 3,106	$ 37	$ 3,754	$ 837	$ (1,373)	$ 1,356	$ 3	$ (845)	$ 841	$ 7,716
2027	108	939	2,799	739	(1,917)	1,841	3	(52)	47	4,507
2028	62	—	3,137	589	(373)	347	3	(469)	505	3,801
2029	8	—	2,519	422	(373)	347	3	—	—	2,926
2030	6	—	2,977	276	(1,332)	1,309	3	—	—	3,239
2031 - 2035	7	—	10,500	648	(4,512)	4,379	11	—	—	11,033
Thereafter	—	—	23,842	646	(3,023)	2,937	3	—	—	24,405
Total	$ 3,297	$ 976	$ 49,528	$ 4,157	$ (12,903)	$ 12,516	$ 29	$ (1,366)	$ 1,393	$ 57,627
			Total			$ 53,298				

1 Cash outflows in respect of interest payments on our short-term borrowings, sustainability-linked notes, commercial paper, amounts drawn under our credit facilities (if any), other (unsecured) and junior subordinated notes have been calculated based upon the interest rates and, if applicable, foreign exchange rates, in effect as at the relevant statement of financial position date.

2 The amounts included in undiscounted non-derivative long-term debt in respect of U.S. dollar-denominated long-term debt, and the corresponding amounts in the long-term debt currency swap receive column, have been determined based upon the foreign exchange rates in effect as at the relevant statement of financial position date. The contractual amounts of hedged U.S. dollar-denominated long-term debt at maturity, in effect, are reflected in the long-term debt currency swap pay column as gross cash flows are exchanged pursuant to the currency swap agreements; however, the maturities and gross cash flows for the TELUS Corporation junior subordinated notes reflect the initial fixed-rate reset date.

3 The amounts included in undiscounted short-term borrowings in respect of U.S. dollar-denominated short-term borrowings, and the corresponding derivative liability amounts, if any, included in the currency swap pay column amounts, have been determined based upon the foreign exchange rates in effect as at the relevant statement of financial position date. The derivative liability hedging amounts, if any, for the contractual amounts of hedged U.S. dollar-denominated short-term borrowings are included in the currency swap pay column amounts as net cash flows are exchanged pursuant to the currency swap agreements. Gross cash flows are exchanged pursuant to European euro – U.S. dollar currency swaps and have been calculated based upon the interest rates and foreign exchange rates in effect as at the relevant statement of financial position date.

(c) Market risks

Net income and other comprehensive income for the six-month periods ended June 30, 2026 and 2025, could have varied if the Canadian dollar: U.S. dollar exchange rate, the U.S. dollar: European euro exchange rate, market interest rates and virtual power purchase agreement forward element valuation varied by reasonably possible amounts from their actual statement of financial position date amounts.

The sensitivity analysis of our exposure to currency risk has been determined based upon a hypothetical change taking place at the relevant statement of financial position date. We used the U.S. dollar-denominated and European euro-denominated balances and the notional amounts of our derivative financial instruments as at the relevant statement of financial position dates in these calculations.

The sensitivity analysis of our exposure to interest rate risk has been determined based upon a hypothetical change taking place at the beginning of the relevant fiscal year and being held constant through to the statement of financial position date. We used the principal and notional amounts as at the relevant statement of financial position dates in these calculations.

The sensitivity analysis of our exposure to wind discount risk and solar premium risk is based upon a hypothetical change taking place at the relevant statement of financial position date. The notional amounts of the virtual power purchase agreements as at the relevant statement of financial position dates have been used in these calculations.

Six-month periods ended June 30 (increase (decrease) in millions)	Net income		Other comprehensive income		Comprehensive income	
	2026	2025	**2026**	2025	**2026**	2025
Reasonably possible changes in market risks[1]						
10% change in C$: US$ exchange rate						
Canadian dollar appreciates	**$ —**	$ (6)	**$ (57)**	$ 47	**$ (57)**	$ 41
Canadian dollar depreciates	**$ —**	$ 6	**$ 57**	$ (39)	**$ 57**	$ (33)
10% change in US$: € exchange rate						
U.S. dollar appreciates	**$ (40)**	$ 14	**$ (13)**	$ (73)	**$ (53)**	$ (59)
U.S. dollar depreciates	**$ 40**	$ (14)	**$ 13**	$ 73	**$ 53**	$ 59
25 basis point change in interest rates						
Interest rates increase						
Canadian interest rate	**$ (4)**	$ (3)	**$ 102**	$ 72	**$ 98**	$ 69
U.S. interest rate	**$ (2)**	$ —	**$ (98)**	$ (86)	**$ (100)**	$ (86)
Combined	**$ (6)**	$ (3)	**$ 4**	$ (14)	**$ (2)**	$ (17)
Interest rates decrease						
Canadian interest rate	**$ 4**	$ 3	**$ (106)**	$ (75)	**$ (102)**	$ (72)
U.S. interest rate	**$ 1**	$ —	**$ 102**	$ 89	**$ 103**	$ 89
Combined	**$ 5**	$ 3	**$ (4)**	$ 14	**$ 1**	$ 17
20 basis point change in wind discount						
Wind discount increases	**$ —**	$ —	**$ (24)**	$ (22)	**$ (24)**	$ (22)
Wind discount decreases	**$ —**	$ —	**$ 25**	$ 22	**$ 25**	$ 22
20 basis point change in solar premium						
Solar premium increases	**$ —**	$ —	**$ 13**	$ 12	**$ 13**	$ 12
Solar premium decreases	**$ —**	$ —	**$ (14)**	$ (12)	**$ (14)**	$ (12)

1 These sensitivities are hypothetical and should be used with caution. Changes in net income and/or other comprehensive income generally cannot be extrapolated because the relationship of the change in assumption to the change in net income and/or other comprehensive income may not be linear. In this table, the effect of a variation in a particular assumption on the amount of net income and/or other comprehensive income is calculated without changing any other factors; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.
The sensitivity analysis assumes that we would realize the changes in exchange rates, market interest rates, wind discount and solar premium; in reality, the competitive marketplaces in which we operate would have an effect on this assumption.

In the sensitivity analysis, income tax expense is presented on a net basis, using the applicable statutory income tax rates for the reporting periods.

(d) Fair values

General

The carrying values of cash and temporary investments, accounts receivable, short-term obligations, short-term borrowings, accounts payable and certain provisions (including restructuring provisions) approximate their fair values due to their immediate or short-term maturity. The fair values are determined directly by reference to quoted market prices in active markets.

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The fair values of our investment financial assets are based on quoted market prices in active markets or other clear and objective evidence of fair value.

The fair value of our long-term debt, excluding leases, is based on quoted market prices in active markets.

For derivative financial instruments used to manage our exposure to currency risk, we estimated their fair values based on either quoted market prices in active markets for the same or similar financial instruments or 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 of similar maturities subject to similar risks (such fair value estimates being largely based on the Canadian dollar: U.S. dollar forward exchange rate as at the statements of financial position dates). The fair values of the derivative financial instruments we use to manage our exposure to price risk associated with the purchase of nature-dependent electricity are currently estimated using a discounted cash flow approach and are based on industry-standard forecasts from EDC Associates Ltd. utilizing observable market data. The significant unobservable inputs used in the fair value measurement of the Level 3 derivative financial instruments were wind discount, reflecting 55% (December 31, 2025 – 76%) of the Alberta Interconnected Electrical System pool price, and solar premium, reflecting 82% (December 31, 2025 – 82%) of the Alberta Interconnected Electrical System pool price.

Derivative

The derivative financial instruments that we measure at fair value on a recurring basis subsequent to initial recognition are set out in the following table.

As at ($ in millions except price or rate)		**June 30, 2026**				December 31, 2025			
	Designation	Maximum maturity date	Notional amount	Fair value [1] and carrying value	Price or rate	Maximum maturity date	Notional amount	Fair value [1] and carrying value	Price or rate
Current derivative assets [2]									
Derivatives used to manage ***currency risk*** *associated with*									
U.S. dollar-denominated transactions	HFT [4]	2027	**$ 26**	**$ —**	US$1.00: ₱66	2026	$ 30	$ —	US$1.00: ₱59
U.S. dollar-denominated transactions	HFH [3]	2027	**$ 528**	**18**	US$1.00: C$1.36	2026	$ 134	1	US$1.00: C$1.35
U.S. dollar-denominated debt (*Notes 22, 26(b)-(c)*)	HFH [3]	2027	**$ 3,184**	**114**	US$1.00: C$1.36	2026	$ 1,170	1	US$1.00: C$1.37
European euro-denominated transactions swapped to U.S. dollar-denominated transactions	HFT [4]	2028	**$ 48**	**10**	€1.00: US$1.09	2028	$ 33	6	€1.00: US$1.09
				$ 142				$ 8	
Other long-term assets [2] (*Note 20*)									
Derivatives used to manage ***currency risk*** *associated with*									
U.S. dollar-denominated long-term debt [5] (*Note 26(b)*)	HFH [3]	2055	**$ 6,550**	**$ 87**	US$1.00: C$1.31	2055	$ 4,219	$ 40	US$1.00: C$1.32
Current derivative liabilities [2]									
Derivatives used to manage ***currency risk*** *associated with*									
U.S. dollar-denominated transactions	HFT [4]	2027	**$ 257**	**$ 11**	US$1.00: ₱59	2026	$ 254	$ 6	US$1.00: ₱58
U.S. dollar-denominated transactions	HFH [3]	—	**$ —**	**—**	—	2026	$ 374	7	US$1.00: C$1.39
U.S. dollar-denominated debt (*Notes 22, 26(c)*)	HFH [3]	2026	**$ 923**	**—**	US$1.00: C$1.42	2026	$ 733	10	US$1.00: C$1.39
Derivatives used to manage ***other price risk*** *associated with*									
Purchase of electrical power	HFH [3]	2047	**0.3 TWh** [6]	**10**	$26.51/MWh [6]	2047	0.3 TWh [6]	7	$32.41/MWh [6]
				$ 21				$ 30	

As at ($ in millions except price or rate)	Designation	June 30, 2026 Maximum maturity date	Notional amount	Fair value [1] and carrying value	Price or rate	December 31, 2025 Maximum maturity date	Notional amount	Fair value [1] and carrying value	Price or rate
Other long-term liabilities [2] (*Note 27*)									
*Derivatives used to manage **currency risk** associated with* U.S. dollar-denominated long-term debt [5] (*Note 26(c)*)	HFH [3]	2056	**$ 3,990**	**$ 46**	US$1.00: C$1.35	2056	$ 7,332	$ 102	US$1.00: C$1.33
European euro-denominated transactions swapped to U.S. dollar-denominated transactions	HFT [4]	2028	**$ 533**	**30**	€1.00: US$1.09	2028	$ 568	44	€1.00: US$1.09
*Derivatives used to manage **other price risk** associated with* Purchase of electrical power	HFH [3]	2047	**4.7 TWh [6]**	**36**	$41.63/MWh [6]	2047	4.9 TWh [6]	21	$40.92/MWh [6]
				$ 112				$ 167	

1 Fair value measured at the reporting date using significant other observable inputs (Level 2), except the fair value of virtual power purchase agreements (which we use to manage the price risk associated with the purchase of electrical power), which is measured at the reporting date using significant unobservable inputs (Level 3). Changes in the fair value of derivative financial instruments classified as Level 3 in the fair value hierarchy were as follows:

Periods ended June 30	Six months 2026	2025
Unrealized changes in virtual power purchase agreements forward element		
Included in net income, excluding income taxes (see *(e)*)	**$ 3**	$ 2
Included in other comprehensive income, excluding income taxes (see *(e)*)	**(21)**	17
Balance, beginning of period – asset (liability)	**(28)**	(38)
Balance, end of period – asset (liability)	**$ (46)**	$ (19)

2 Caption reflects line item in which derivative financial instruments are presented in the Consolidated statements of financial position. Derivative financial assets and liabilities are not set off.

3 Designated as held for hedging (HFH) upon initial recognition (cash flow hedging item), except for derivatives used to manage other price risk associated with the purchase of electrical power which were entered into prior to fiscal 2025 and were designated as HFH on January 1, 2025; 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 (variable notional amounts of hedging items and variable notional amounts of associated hedged items in respect of virtual power purchase agreements).

4 Designated as held for trading (HFT) and classified as fair value through net income upon initial recognition; hedge accounting is not applied.

5 We designate only the spot element as the hedging item. As at June 30, 2026, the foreign currency basis spread included in the fair value of the derivative instruments, which is used for purposes of assessing hedge ineffectiveness, was $(24) (December 31, 2025 – $(22)).

6 Terawatt hours (TWh) are 1×10^9 kilowatt hours and megawatt hours (MWh) are 1×10^3 kilowatt hours.

Non-derivative

Our long-term debt, which is measured at amortized cost, and the fair value thereof, are set out in the following table.

As at (millions)	June 30, 2026 Carrying value	Fair value	December 31, 2025 Carrying value	Fair value
Long-term debt, excluding leases (*Note 26*)	**$ 27,256**	**$ 27,412**	$ 27,225	$ 27,507

(e) Recognition of derivative gains and losses

The following table sets out the gains and losses, excluding income tax effects, arising from derivative instruments that are classified as cash flow hedging items and their location within the Consolidated statements of income and other comprehensive income.

Credit risk associated with such derivative instruments, as discussed further in *(b)*, would be the primary source of hedge ineffectiveness. With the exception of the virtual power purchase agreement derivatives, there was no ineffective portion of derivative instruments classified as cash flow hedging items for the periods presented. The ineffective portion of the virtual power purchase agreements arises because they are considered off-market hedging instruments by the transition rules of the amendments to IFRS Accounting Standards in respect of nature-dependent electricity.

Periods ended June 30 (millions)	Amount of gain (loss) recognized in other comprehensive income (effective portion) (*Note 11*) 2026	2025	Gain (loss) reclassified from other comprehensive income to income (effective portion) (*Note 11*) Location	Amount 2026	Amount 2025
THREE-MONTH					
Derivatives used to manage ***currency risk*** *associated with*					
U.S. dollar-denominated purchases	**$ 10**	$ (24)	Goods and services purchased	**$ 3**	$ 1
U.S. dollar-denominated debt [1] (*Notes 22, 26(b)-(c)*)	**57**	(268)	Financing costs	**217**	(328)
Net investment in a foreign operation	**—**	(51)	Financing costs	**—**	1
	67	(343)		**220**	(326)
Derivatives used to manage ***other market risks***					
Purchase of electrical power	**8**	35	Goods and services purchased	**2**	—
Other	**—**	—	Financing costs	**—**	1
	8	35		**2**	1
	$ 75	$ (308)		**$ 222**	$ (325)

Periods ended June 30 (millions)	Amount of gain (loss) recognized in other comprehensive income (effective portion) (*Note 11*) 2026	2025	Gain (loss) reclassified from other comprehensive income to income (effective portion) (*Note 11*) Location	Amount 2026	Amount 2025
SIX-MONTH					
Derivatives used to manage ***currency risk*** *associated with*					
U.S. dollar-denominated purchases	**$ 21**	$ (23)	Goods and services purchased	**$ —**	$ 7
U.S. dollar-denominated debt [1] (*Notes 22,26(b)-(c)*)	**247**	(228)	Financing costs	**394**	(333)
Net investment in a foreign operation	**—**	(72)	Financing costs	**—**	6
	268	(323)		**394**	(320)
Derivatives used to manage ***other market risks***					
Purchase of electrical power	**(18)**	19	Goods and services purchased	**3**	2
Other	**—**	(2)	Financing costs	**—**	1
	(18)	17		**3**	3
	$ 250	$ (306)		**$ 397**	$ (317)

1 Amounts recognized in other comprehensive income are net of the change in the foreign currency basis spread (which is used for purposes of assessing hedge ineffectiveness) included in the fair value of the derivative instruments; such amounts for the three-month and six-month periods ended June 30, 2026, totalled $10 (2025 – $8) and $15 (2025 – $(8)), respectively.

The following table sets out the ineffectiveness gains and losses included in Goods and services purchased in the Consolidated statements of income and other comprehensive income that arise from derivative instruments classified as held for hedging and designated as being in a hedging relationship.

Periods ended June 30 (millions)	Gain (loss) on derivatives recognized in income: Three months 2026	Three months 2025	Six months 2026	Six months 2025
Derivatives used to manage other market risks (purchase of electrical power)	**$ (1)**	$ 2	**$ —**	$ 3

The following table sets out the gains and losses included in Financing costs in the Consolidated statements of income and other comprehensive income that arise from derivative instruments classified as held for trading and not designated as being in a hedging relationship.

Periods ended June 30 (millions)	Gain (loss) on derivatives recognized in income Three months 2026	2025	Six months 2026	2025
Derivatives used to manage currency risk	**$ (7)**	$ (1)	**$ (8)**	$ (6)

5 segment information

Operating segments are components of an entity that engage in business activities from which they earn revenues and incur expenses (including revenues and expenses related to transactions with the other component(s)), the operations of which can be clearly distinguished and for which the operating results are regularly reviewed by a chief operating decision-maker to make resource allocation decisions and to assess performance.

The TELUS technology solutions segment includes: network revenues and equipment sales arising from mobile technologies; data revenues (which include internet protocol; television; hosting, managed information technology and cloud-based services; and home and business security and automation); agriculture and consumer goods services (software, data management and data analytics-driven smart-food chain and consumer goods technologies); voice and other telecommunications services revenues; and equipment sales.

The TELUS health segment includes: healthcare services, software and technology solutions (including employee and family assistance programs and benefits administration).

The TELUS digital experience segment, which has the U.S. dollar as its primary functional currency, includes key service lines: digital solutions; artificial intelligence and data solutions; trust and safety; and customer experience management. Subsequent to TELUS Corporation's acquisition of the TELUS International (Cda) Inc. non-controlling interests in fiscal 2025, our internal and external reporting processes, systems and internal controls were transitioned to match the post-privatization operational realignment; commencing with the three-month period ended March 31, 2026, our segmented reporting structure was correspondingly transitioned and comparative amounts have been restated on a comparable basis.

Intersegment sales are recorded at the exchange value, which is the amount agreed to by the parties.

The segment information regularly reported to our Chief Executive Officer (our chief operating decision-maker), and the reconciliation thereof to our products and services view of revenues, other revenues and income before income taxes, are set out in the following table.

	TELUS technology solutions													
	Mobile		Fixed		Segment total		TELUS health		TELUS digital experience		Eliminations		Total	
Three-month periods ended June 30 (millions)	**2026**	2025	**2026**	2025 (restated*)	**2026**	2025 (restated*)	**2026**	2025 (restated*)	**2026**	2025 (restated*)	**2026**	2025 (restated*)	**2026**	2025
Operating revenues														
External revenues														
Service	**$ 1,766**	$ 1,755	**$ 1,490**	$ 1,494	**$ 3,256**	$ 3,249	**$ 533**	**$** 514	**$ 653**	$ 728	**$ —**	$ —	**$ 4,442**	$ 4,491
Equipment	**410**	466	**67**	72	**477**	538	**1**	2	**—**	—	**—**	—	**478**	540
Revenues arising from contracts with customers	**$ 2,176**	$ 2,221	**$ 1,557**	$ 1,566	**3,733**	3,787	**534**	516	**653**	728	**—**	—	**4,920**	5,031
Other income (*Note 7*)					**8**	50	**—**	1	**1**	—	**—**	—	**9**	51
					3,741	3,837	**534**	517	**654**	728	**—**	—	**4,929**	5,082
Intersegment revenues					**5**	5	**2**	2	**120**	99	**(127)**	(106)	**—**	—
					$ 3,746	$ 3,842	**$ 536**	**$** 519	**$ 774**	$ 827	**$ (127)**	$ (106)	**$ 4,929**	$ 5,082
EBITDA [1]	**$ 1,563**					$ 1,585	**$ 75**	$ 91	**$ (17)**	$ 18	**$ (33)**	$ (15)	**$ 1,588**	$ 1,679
Restructuring and other costs included in EBITDA (*Note 16*)					**76**	55	**24**	7	**89**	71	**—**	—	**189**	133
Adjusted EBITDA [1]					**$ 1,639**	$ 1,640	**$ 99**	$ 98	**$ 72**	$ 89	**$ (33)**	$ (15)	**$ 1,777**	$ 1,812
Capital expenditures [2]					**$ 633**	$ 591	**$ 44**	$ 59	**$ 34**	$ 43	**$ (33)**	$ (15)	**$ 678**	$ 678
Adjusted EBITDA less capital expenditures [1]					**$ 1,006**	$ 1,049	**$ 55**	$ 39	**$ 38**	$ 46	**$ —**	$ —	**$ 1,099**	$ 1,134
Operating revenues – external, other income and intersegment (above)					**$ 3,746**	$ 3,842	**$ 536**	**$** 519	**$ 774**	$ 827	**$ (127)**	$ (106)	**$ 4,929**	$ 5,082
Goods and services purchased					**1,597**	1,620	**184**	163	**182**	166	**(94)**	(91)	**1,869**	1,858
Employee benefits expense					**586**	637	**277**	265	**609**	643	**—**	—	**1,472**	1,545
EBITDA (above)					**1,563**	1,585	**75**	91	**(17)**	18	**(33)**	(15)	**1,588**	1,679
Depreciation					**526**	535	**15**	10	**50**	56	**—**	—	**591**	601
Amortization of intangible assets					**273**	238	**95**	100	**66**	65	**—**	—	**434**	403
Impairment of intangible assets and goodwill					**—**	—	**—**	—	**2,135**	500	**—**	—	**2,135**	500
Operating income (loss)					**$ 764**	$ 812	**$ (35)**	$ (19)	**$ (2,268)**	$ (603)	**$ (33)**	$ (15)	**(1,572)**	175
Financing costs													**420**	373
Income (loss) before income taxes													**$ (1,992)**	$ (198)

Six-month periods ended June 30 (millions)	TELUS technology solutions – Mobile 2026	Mobile 2025	Fixed 2026	Fixed 2025 (restated*)	Segment total 2026	Segment total 2025 (restated*)	TELUS health 2026	TELUS health 2025 (restated*)	TELUS digital experience 2026	TELUS digital experience 2025 (restated*)	Eliminations 2026	Eliminations 2025 (restated*)	Total 2026	Total 2025
Operating revenues														
External revenues														
Service	**$ 3,544**	$ 3,512	**$ 2,980**	$ 2,998	**$ 6,524**	$ 6,510	**$ 1,055**	$ 984	**$ 1,347**	$ 1,440	**$ —**	$ —	**$ 8,926**	$ 8,934
Equipment	**856**	965	**125**	147	**981**	1,112	**2**	3	**—**	—	**—**	—	**983**	1,115
Revenues arising from contracts with customers	**$ 4,400**	$ 4,477	**$ 3,105**	$ 3,145	**7,505**	7,622	**1,057**	987	**1,347**	1,440	**—**	—	**9,909**	10,049
Other income (*Note 7*)					**20**	89	**1**	1	**12**	—	**—**	—	**33**	90
					7,525	7,711	**1,058**	988	**1,359**	1,440	**—**	—	**9,942**	10,139
Intersegment					**11**	11	**4**	4	**228**	201	**(243)**	(216)	**—**	—
					$ 7,536	$ 7,722	**$ 1,062**	$ 992	**$ 1,587**	$ 1,641	**$ (243)**	$ (216)	**$ 9,942**	$ 10,139
EBITDA [1]					**$ 2,986**	$ 3,196	**$ 143**	$ 166	**$ 33**	$ 89	**$ (52)**	$ (28)	**$ 3,110**	$ 3,423
Restructuring and other costs included in EBITDA (*Note 16*)					**335**	134	**49**	16	**120**	80	**—**	—	**504**	230
Adjusted EBITDA [1]					**$ 3,321**	$ 3,330	**$ 192**	$ 182	**$ 153**	$ 169	**$ (52)**	$ (28)	**$ 3,614**	$ 3,653
Capital expenditures [2]					**$ 1,213**	$ 1,106	**$ 97**	$ 103	**$ 71**	$ 84	**$ (52)**	$ (28)	**$ 1,329**	$ 1,265
Adjusted EBITDA less capital expenditures [1]					**$ 2,108**	$ 2,224	**$ 95**	$ 79	**$ 82**	$ 85	**$ —**	$ —	**$ 2,285**	$ 2,388
Operating revenues – external, other income and intersegment (above)					**$ 7,536**	$ 7,722	**$ 1,062**	$ 992	**$ 1,587**	$ 1,641	**$ (243)**	$ (216)	**$ 9,942**	$ 10,139
Goods and services purchased					**3,206**	3,236	**353**	328	**357**	329	**(191)**	(188)	**3,725**	3,705
Employee benefits expense					**1,344**	1,290	**566**	498	**1,197**	1,223	**—**	—	**3,107**	3,011
EBITDA (above)					**2,986**	3,196	**143**	166	**33**	89	**(52)**	(28)	**3,110**	3,423
Depreciation					**1,043**	1,064	**31**	23	**100**	106	**—**	—	**1,174**	1,193
Amortization of intangible assets					**514**	478	**194**	194	**131**	131	**—**	—	**839**	803
Impairment of intangible assets and goodwill					**—**	—	**—**	—	**2,135**	500	**—**	—	**2,135**	500
Operating income (loss)					**$ 1,429**	$ 1,654	**$ (82)**	$ (51)	**$ (2,333)**	$ (648)	**$ (52)**	$ (28)	**(1,038)**	927
Financing costs													**755**	717
Income (loss) before income taxes													**$ (1,793)**	$ 210

* As required by IFRS Accounting Standards, comparative amounts have been restated to conform with the reportable segments presented in the current period.

1 Earnings before interest, income taxes, depreciation and amortization (EBITDA), both unadjusted and adjusted, are not standardized financial measures under IFRS Accounting Standards and may not be comparable to similar measures disclosed by other issuers; we define EBITDA as operating revenues and other income less goods

and services purchased and employee benefits expense. We calculate adjusted EBITDA to exclude items that do not reflect our ongoing operations and, in our opinion, should not be considered in a long-term valuation metric or included in an assessment of our ability to service or incur debt. We report EBITDA, adjusted EBITDA and adjusted EBITDA less capital expenditures because they are key measures that management uses to evaluate the performance of our business, and EBITDA is also utilized in determining compliance with certain debt covenants.

2 See *Note 31(a)* for a reconciliation of capital asset additions, excluding spectrum licences, to cash payments for capital assets, excluding spectrum licences, reported in the consolidated statements of cash flows.

For the three-month and six-month periods ended June 30, 2026,TELUS technology solutions capital expenditures include real estate development amounts of $19 (2025 – $21) and $35 (2025 – $29), respectively. Real estate development capital expenditures are not a standardized financial measure under IFRS Accounting Standards and may not be comparable to similar measures disclosed by other issuers; we define real estate capital expenditures as including amounts for both investment properties and certain owner-occupied properties.

6 revenue from contracts with customers

(a) Revenues

In the determination of the minimum transaction prices in contracts with customers, amounts are allocated to fulfilling, or the completion of fulfilling, future contracted performance obligations, which are largely in respect of services to be provided over the duration of the contract. The following table sets out our aggregate estimated minimum transaction prices allocated to remaining unfulfilled, or partially unfulfilled, future contracted performance obligations and the timing of when we might expect to recognize the associated revenues; actual amounts could differ from these estimates due to a variety of factors, including the unpredictable nature of: customer behaviour; industry regulation; the economic environments in which we operate; and competitor behaviour.

As at (millions)	**June 30, 2026**	December 31, 2025
Estimated minimum transaction price allocated to remaining unfulfilled, or partially unfulfilled, performance obligations to be recognized as revenue in a future period [1, 2]		
During the 12-month period ending one year hence	**$ 2,318**	$ 2,399
During the 12-month period ending two years hence	**913**	972
Thereafter	**121**	127
	$ 3,352	$ 3,498

1 Excludes constrained variable consideration amounts, amounts arising from contracts originally expected to have a duration of one year or less and, as a permitted practical expedient, amounts arising from contracts that are not affected by revenue recognition timing differences arising from transaction price allocation **or** from contracts under which we may recognize and bill revenue in an amount that corresponds directly with our completed performance obligations.

2 IFRS Accounting Standards require the explanation of when we might expect to recognize as revenue the amounts disclosed as the estimated minimum transaction price allocated to remaining unfulfilled, or partially unfulfilled, performance obligations. The estimated amounts disclosed are based upon contractual terms and maturities. Actual minimum transaction price revenues recognized, and the timing thereof, will differ from these estimates primarily due to the frequency with which the actual duration of contracts with customers does not match their contractual maturities.

(b) Accounts receivable

As at (millions)	Note	**June 30, 2026**	December 31, 2025
Customer accounts receivable		**$ 2,669**	$ 2,809
Allowance for doubtful accounts	*4(a)*	**(126)**	(130)
Billed customer accounts receivable, net of allowance for doubtful accounts		**2,543**	2,679
Accrued receivables – customer		**568**	658
Billed and unbilled customer accounts receivable, net of allowance for doubtful accounts		**3,111**	3,337
Accrued receivables – other		**408**	460
Accounts receivable – current		**$ 3,519**	$ 3,797

(c) Contract assets

Periods ended June 30 (millions)	Three months **2026**	Three months 2025	Six months **2026**	Six months 2025
Balance, beginning of period	**$ 849**	$ 913	**$ 864**	$ 939
Net additions arising from operations	**433**	370	**865**	748
Amounts billed in the period and thus reclassified to accounts receivable	**(464)**	(421)	**(913)**	(830)
Change in impairment allowance, net (*Note 4(a)*)	**(1)**	(1)	**(1)**	4
Other	**—**	1	**2**	1
Balance, end of period [1]	**$ 817**	$ 862	**$ 817**	$ 862

Periods ended June 30 (millions)	Three months 2026	2025	Six months 2026	2025
Reconciliation of contract assets presented in the Consolidated statements of financial position – current				
Gross contract assets			**$ 554**	$ 589
Reclassification to contract liabilities of contracts with contract assets less than contract liabilities (*Note 24*)			**(13)**	(17)
Reclassification from contract liabilities of contracts with contract liabilities less than contract assets (*Note 24*)			**(108)**	(119)
			$ 433	$ 453

1 Timing of amounts to be billed and thus reclassified to accounts receivable is set out in *Note 4(b)*.

7 other income

Periods ended June 30 (millions)	Three months 2026	2025	Six months 2026	2025
Government assistance	**$ —**	$ 2	**$ —**	$ 2
Lease and other sublease revenue	**3**	45	**7**	49
Gain on contributions of real estate to joint ventures (*Note 21(a)*)	**10**	—	**15**	8
Income (loss) from equity accounted investments, net	**—**	2	**1**	2
Investment income (loss), gain (loss) on disposal of assets and other	**(2)**	2	**2**	19
Changes in provisions related to business combinations (*Note 25)*	**(2)**	—	**8**	10
	$ 9	$ 51	**$ 33**	$ 90

8 employee benefits expense

Periods ended June 30 (millions)	Three months 2026	2025	Six months 2026	2025
Employee benefits expense – gross				
Wages and salaries	**$ 1,399**	$ 1,469	**$ 2,839**	$ 2,887
Share-based compensation [1] (*Note 14*)	**38**	47	**68**	97
Pensions – defined benefit (*Note 15(a)*)	**18**	14	**31**	29
Pensions – defined contribution (*Note 15(b)*)	**31**	32	**62**	63
Restructuring costs (*Note 16(a)*)	**97**	87	**212**	144
Employee health and other benefits	**61**	67	**121**	136
	1,644	1,716	**3,333**	3,356
Capitalized internal labour costs, net				
Contract acquisition costs (*Note 20*)				
Capitalized	**(41)**	(30)	**(89)**	(65)
Amortized [2]	**31**	25	**190**	49
Contract fulfilment costs (*Note 20*)				
Capitalized	**(9)**	(7)	**(16)**	(13)
Amortized	**3**	3	**5**	5
Property, plant and equipment	**(83)**	(81)	**(163)**	(161)
Intangible assets subject to amortization	**(73)**	(81)	**(153)**	(160)
	(172)	(171)	**(226)**	(345)
	$ 1,472	$ 1,545	**$ 3,107**	$ 3,011

1 For the three-month and six-month periods ended June 30, 2026, $16 (2025 – $NIL) and $18 (2025 – $NIL), respectively, of share-based compensation in the TELUS technology solutions segment was included in restructuring costs.

2 For the three-month and six-month periods ended June 30, 2026, $NIL (2025 – $NIL) and $130 (2025 – $NIL), respectively, of amortization of costs incurred to obtain contracts with customers was included in restructuring and other costs (see *Note 16*).

9 financing costs

Periods ended June 30 (millions)	Three months 2026	2025	Six months 2026	2025
Interest expense				
From transactions that only involve the raising of finance				
Long-term debt, excluding lease liabilities and other (secured)				
Gross	**$ 327**	$ 306	**$ 655**	$ 590
Capitalized[1] (*Notes 17, 18(a)*)	**(3)**	—	**(6)**	(9)
Net	**324**	306	**649**	581
Short-term borrowings and other	**17**	12	**30**	29
Long-term debt prepayment premium (*Note 26(e)*)	**51**	—	**51**	—
	392	318	**730**	610
From transactions that do not only involve the raising of finance				
Long-term debt – lease liabilities (*Notes 19, 26(h)*)	**41**	42	**84**	83
Long-term debt – other (secured) (*Note 26(g)*)	**6**	8	**11**	14
Employee defined benefit plans net interest (*Note 15*)	**4**	3	**7**	6
Accretion on provisions (*Note 25*)	**5**	7	**13**	14
	56	60	**115**	117
	448	378	**845**	727
Other				
Foreign exchange	**(7)**	12	**(44)**	12
	441	390	**801**	739
Interest income	**(21)**	(17)	**(46)**	(22)
	$ 420	$ 373	**$ 755**	$ 717

Net interest cost			**$ 754**	$ 720
Interest expense on long-term debt, excluding lease liabilities and other – capitalized[1]			**(6)**	(9)
Employee defined benefit plans net interest			**7**	6
			$ 755	$ 717

1 Interest on long-term debt, excluding lease liabilities, at a composite rate of 5.3% (2025 – 5.3%) was capitalized to property, plant and equipment assets under construction and to intangible assets with indefinite lives during the period.

10 income taxes

Expense composition and rate reconciliation

Periods ended June 30 (millions)	Three months 2026	2025	Six months 2026	2025
Current income tax expense				
For the current reporting period	**$ 25**	$ 148	**$ 114**	$ 265
Adjustments recognized in the current period for income taxes of prior periods	**(27)**	(18)	**(27)**	(23)
Pillar Two global minimum tax	**1**	—	**1**	1
	(1)	130	**88**	243
Deferred income tax expense				
Arising from the origination and reversal of temporary differences	**(262)**	(83)	**(296)**	(89)
Adjustments recognized in the current period for income taxes of prior periods	**12**	—	**12**	—
Arising from write-down of deferred tax asset	**89**	—	**89**	—
	(161)	(83)	**(195)**	(89)
	$ (162)	$ 47	**$ (107)**	$ 154

TELUS

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

Three-month periods ended June 30 ($ in millions)	**2026**		2025	
Income taxes computed at applicable statutory rates	**$ (503)**	**25.3%**	$ (55)	27.8%
Adjustments recognized in the current period for income taxes of prior periods	**(15)**	**0.8**	(18)	9.1
Pillar Two global minimum tax	**1**	**(0.1)**	—	—
Impairment of intangible assets and goodwill	**229**	**(11.6)**	107	(53.9)
Write down of deferred tax asset	**89**	**(4.5)**	—	—
(Non-taxable) non-deductible amounts, net	**(5)**	**0.3**	4	(2.0)
Withholding and other taxes	**5**	**(0.3)**	10	(5.1)
Losses not recognized	**38**	**(1.9)**	2	(1.0)
Foreign tax differential	**(1)**	**0.1**	(2)	1.0
Other	**—**	**—**	(1)	0.4
Income tax expense (recovery) per Consolidated statements of income and other comprehensive income	**$ (162)**	**8.1%**	$ 47	(23.7%)

Six-month periods ended June 30 ($ in millions)	**2026**		2025	
Income taxes computed at applicable statutory rates	**$ (450)**	**25.1%**	$ 46	21.9%
Adjustments recognized in the current period for income taxes of prior periods	**(15)**	**0.8**	(23)	(11.0)
Pillar Two global minimum tax	**1**	**(0.1)**	1	0.5
Impairment of intangible assets and goodwill	**229**	**(12.8)**	107	51.0
Write down of deferred tax asset	**89**	**(5.0)**	—	—
(Non-taxable) non-deductible amounts, net	**(12)**	**0.7**	3	1.4
Withholding and other taxes	**13**	**(0.7)**	19	9.0
Losses not recognized	**39**	**(2.1)**	3	1.4
Foreign tax differential	**(1)**	**0.1**	(3)	(1.4)
Other	**—**	**—**	1	0.5
Income tax expense (recovery) per Consolidated statements of income and other comprehensive income	**$ (107)**	**6.0%**	$ 154	73.3%

11 other comprehensive income

(millions)	Note	Three-month period ended June 30, 2025					Three-month period ended June 30, 2026				
		Accumulated balance, beginning of period	Amount arising	Income taxes	Net	Accumulated balance, end of period	Accumulated balance, beginning of period	Amount arising	Income taxes	Net	Accumulated balance, end of period
Items that may subsequently be reclassified to income											
Change in unrealized fair value of derivatives designated as cash flow hedges	*4(e)*										
Derivatives used to manage ***currency risk***											
Unrealized gains (losses) arising			$ (343)	$ (41)				**$ 67**	**$ (4)**		
Realized (gains) losses reclassified to net income			326	52				**(220)**	**(33)**		
		$ (256)	(17)	11	$ (28)	$ (284)	$ (194)	**(153)**	**(37)**	**$ (116)**	**$ (310)**
Derivatives used to manage ***other market risks***	*2(a)*										
Unrealized gains (losses) arising			35	9				**8**	**3**		
Realized (gains) losses reclassified to net income			(1)	—				**(2)**	**(1)**		
		(16)	34	9	25	9	(16)	**6**	**2**	**4**	**(12)**
Total		(272)	17	20	(3)	(275)	(210)	**(147)**	**(35)**	**(112)**	**(322)**
Cumulative foreign currency translation adjustment		229	(78)	—	(78)	151	191	**62**	**—**	**62**	**253**
Item never reclassified to income											
Change in measurement of investment financial assets											
Unrealized gains (losses) arising			1	—				**(3)**	**—**		
Realized gains (losses)			3	1				**1**	**—**		
		62	4	1	3	65	59	**(2)**	**—**	**(2)**	**57**
Accumulated other comprehensive income (loss)		$ 19	(57)	21	(78)	$ (59)	$ 40	**(87)**	**(35)**	**(52)**	**$ (12)**
Attributable to:											
Common Shares		$ (61)				$ (85)	$ 40				**$ (12)**
Non-controlling interests		80				26	—				**—**
		$ 19				$ (59)	$ 40				**$ (12)**
Item never reclassified to income											
Employee defined benefit plan re-measurements	*15(a)*		36	9	27			**(1)**	**—**	**(1)**	
Other comprehensive income			$ (21)	$ 30	$ (51)			**$ (88)**	**$ (35)**	**$ (53)**	

(millions)	Note	Six-month period ended June 30, 2025 Accumulated balance, beginning of period	Amount arising	Income taxes	Net	Accumulated balance, end of period	**Six-month period ended June 30, 2026** Accumulated balance, beginning of period	Amount arising	Income taxes	Net	Accumulated balance, end of period
Items that may subsequently be reclassified to income											
Change in unrealized fair value of derivatives designated as cash flow hedges	*4(e)*										
*Derivatives used to manage **currency risk***											
Unrealized gains (losses) arising			$ (323)	$ (30)				**$ 268**	**$ 29**		
Realized (gains) losses reclassified to net income			320	51				**(394)**	**(59)**		
		$ (260)	(3)	21	$ (24)	$ (284)	$ (214)	**(126)**	**(30)**	**$ (96)**	**$ (310)**
*Derivatives used to manage **other market risks***											
Unrealized gains (losses) arising			17	5				**(18)**	**(4)**		
Realized (gains) losses reclassified to net income			(3)	(1)				**(3)**	**(1)**		
		(1)	14	4	10	9	4	**(21)**	**(5)**	**(16)**	**(12)**
Total		(261)	11	25	(14)	(275)	(210)	**(147)**	**(35)**	**(112)**	**(322)**
Cumulative foreign currency translation adjustment		169	(18)	—	(18)	151	150	**103**	**—**	**103**	**253**
Item never reclassified to income											
Change in measurement of investment financial assets											
Unrealized gains (losses) arising			3	—				**(3)**	**—**		
Realized gains (losses)			6	2				**(5)**	**(1)**		
		58	9	2	7	65	64	**(8)**	**(1)**	**(7)**	**57**
Accumulated other comprehensive income (loss)		$ (34)	2	27	(25)	$ (59)	$ 4	**(52)**	**(36)**	**(16)**	**$ (12)**
Attributable to:											
Common Shares		$ (105)				$ (85)	$ 4				**$ (12)**
Non-controlling interests		71				26	—				**—**
		$ (34)				$ (59)	$ 4				**$ (12)**
Item never reclassified to income											
Employee defined benefit plan re-measurements	*15(a)*		35	9	26			**16**	**4**	**12**	
Other comprehensive income			$ 37	$ 36	$ 1			**$ (36)**	**$ (32)**	**$ (4)**	

12 per share amounts

Basic net income (loss) per Common Share is calculated by dividing net income (loss) attributable to Common Shares by the total weighted average number of Common Shares outstanding during the period. Diluted net income (loss) per Common Share is calculated to give effect to share option awards and restricted share unit awards.

The following table presents reconciliations of the denominators of the basic and diluted per share computations. Net income (loss) was equal to diluted net income (loss) for all periods presented.

Periods ended June 30 (millions)	Three months 2026	Three months 2025	Six months 2026	Six months 2025
Basic total weighted average number of Common Shares outstanding	**1,574**	1,525	**1,568**	1,519
Effect of dilutive securities – Restricted share units	**—**	5	**—**	5
Diluted total weighted average number of Common Shares outstanding	**1,574**	1,530	**1,568**	1,524

For the three-month and six-month periods ended June 30, 2026 and 2025, all and no, respectively, outstanding equity-settled restricted share unit awards were excluded in the calculation of diluted income per Common Share. For the three-month and six-month periods ended June 30, 2026, all (2025 – approximately 1 million) and all (2025 – all), respectively, TELUS Corporation share option awards were excluded in the calculation of diluted income per Common Share.

13 dividends per share

(a) TELUS Corporation Common Share dividends declared

Six-month periods ended June 30 (millions except per share amounts)

TELUS Corporation Common Share dividends	Declared Effective	Declared Per share	Paid to shareholders	Total
2026				
Quarter 1 dividend	**Mar. 11, 2026**	**$ 0.4184**	**Apr. 1, 2026**	**$ 653**
Quarter 2 dividend	**Jun. 10, 2026**	**0.4184**	**July 2, 2026**	**659**
		$ 0.8368		**$ 1,312**
2025				
Quarter 1 dividend	Mar. 11, 2025	$ 0.4023	Apr. 1, 2025	$ 610
Quarter 2 dividend	Jun. 10, 2025	0.4163	July 2, 2025	634
		$ 0.8186		$ 1,244

On July 30, 2026, our Board of Directors declared a quarterly dividend of $0.1875 per share on issued and outstanding TELUS Corporation Common Shares payable on October 1, 2026, to holders of record at the close of business on September 10, 2026. The final amount of the dividend payment depends upon the number of TELUS Corporation Common Shares issued and outstanding at the close of business on September 10, 2026.

(b) Dividend Reinvestment and Share Purchase Plan

We have a Dividend Reinvestment and Share Purchase Plan under which eligible holders of TELUS Corporation Common Shares may acquire additional TELUS Corporation Common Shares by reinvesting dividends and by making additional optional cash payments to the trustee. Under this plan, we have the option of offering TELUS Corporation Common Shares from Treasury or having the trustee acquire TELUS Corporation Common Shares in the stock market. At our discretion, under the plan, we may offer TELUS Corporation Common Shares at a discount of up to 5% from the market price. During the three-month and six-month periods ended June 30, 2026, eligible shareholders who participated in the plan elected to reinvest dividends declared of $201 million (2025 –$212 million) and $405 million (2025 – $403 million), respectively.

14 share-based compensation

(a) Details of share-based compensation expense

Included in Employee benefits expense in the Consolidated statements of income and other comprehensive income, and in Cash provided by operating activities in the Consolidated statements of cash flows, are the share-based compensation amounts set out in the accompanying table.

Periods ended June 30 (millions)		2026			2025		
	Note	Employee benefits expense [1]	Associated operating cash outflows	Statement of cash flows adjustment	Employee benefits expense	Associated operating cash outflows	Statement of cash flows adjustment
THREE-MONTH							
Restricted share units	*(b)*	**$ 52**	**$ —**	**$ 52**	$ 42	$ (5)	$ 37
Employee share purchase plan	*(c)*	**2**	**(2)**	**—**	5	(5)	—
		$ 54	**$ (2)**	**$ 52**	$ 47	$ (10)	$ 37
SIX-MONTH							
Restricted share units	*(b)*	**$ 83**	**$ —**	**$ 83**	$ 83	$ (5)	$ 78
Employee share purchase plan	*(c)*	**3**	**(3)**	**—**	13	(13)	—
Share option awards	*(d)*	**—**	**—**	**—**	1	—	1
		$ 86	**$ (3)**	**$ 83**	$ 97	$ (18)	$ 79

1 Within employee benefits expense (see *Note 8*) for the three-month and six-month periods ended June 30, 2026, restricted share units expense of $16 (2025 – $NIL) and $18 (2025 – $NIL), respectively, is included in restructuring costs (see *Note 16*) of the TELUS technology solutions segment and the balance is presented as share-based compensation.

(b) Restricted share units

TELUS Corporation restricted share units

We also award restricted share units that largely have the same features as our general restricted share units, but have a variable payout (0% – 200%) that depends upon the achievement of: our total customer connections performance condition (with a weighting of 33-1/3%; 2024 and prior awards, 25%); our free cash flow* performance condition (with a weighting of 33-1/3%; 2024 and prior awards, NIL%); and the total shareholder return on TELUS Corporation Common Shares relative to international peer groups of telecommunications companies (with a weighting of 33-1/3%; 2024 and prior awards, 75%). The grant-date fair values of the notional subsets of our restricted share units affected by the total customer connections performance condition and the free cash flow performance condition equal the fair market value of the corresponding TELUS Corporation Common Shares at the grant date; we include these notional subsets in the presentation of our restricted share units with only service conditions. For the notional subset of restricted share units affected by the relative total shareholder return performance condition, we estimate fair value using a Monte Carlo simulation due to their variable payout. Restricted share units granted in 2026 and 2025 are accounted for as equity-settled, based on their expected settlement method when granted.

The following table presents a summary of outstanding TELUS Corporation non-vested restricted share units.

As at	June 30, 2026	December 31, 2025
Restricted share units without market performance conditions		
Restricted share units with service conditions only	**18,985,982**	12,212,381
Notional subset affected by non-market performance conditions	**2,607,868**	1,148,939
	21,593,850	13,361,320
Restricted share units with market performance conditions		
Notional subset affected by relative total shareholder return performance condition	**2,166,643**	1,330,323
Number of non-vested restricted share units	**23,760,493**	14,691,643

The following table presents a summary of the activity related to TELUS Corporation restricted share units without market performance conditions.

* Free cash flow is not a standardized financial measure under IFRS Accounting Standards and might not be comparable to similar measures disclosed by other issuers (see *Note 3*).

	Number of restricted share units[1] Non-vested	Vested	Weighted average grant-date fair value
THREE-MONTH PERIOD			
Outstanding, April 1, 2026			
Non-vested	14,205,590	—	$ 21.48
Vested	—	52,480	$ 23.58
Granted			
Initial award	**8,518,223**	**—**	**$ 17.91**
In lieu of dividends	**325,622**	**1,229**	**$ 17.92**
Vested	**(967,416)**	**967,416**	**$ 20.44**
Settled			
In equity	**—**	**(966,424)**	**$ 20.63**
In cash	**—**	**(1,737)**	**$ 22.62**
Forfeited	**(488,169)**	**—**	**$ 20.97**
Outstanding, June 30, 2026			
Non-vested	**21,593,850**	**—**	**$ 18.48**
Vested	**—**	**52,964**	**$ 23.52**
SIX-MONTH PERIOD			
Outstanding, January 1, 2026			
Non-vested	13,361,320	—	$ 21.88
Vested	—	53,519	$ 23.69
Granted			
Initial award	**9,498,320**	**—**	**$ 17.96**
In lieu of dividends	**639,597**	**2,460**	**$ 17.80**
Vested	**(1,039,080)**	**1,039,080**	**$ 20.57**
Settled			
In equity	**—**	**(1,026,557)**	**$ 20.74**
In cash	**—**	**(15,538)**	**$ 22.62**
Forfeited	**(866,307)**	**—**	**$ 21.21**
Outstanding, June 30, 2026			
Non-vested	**21,593,850**	**—**	**$ 18.48**
Vested	**—**	**52,964**	**$ 23.52**

1 Excluding the notional subset of restricted share units affected by the relative total shareholder return performance condition.

(c) TELUS Corporation employee share purchase plan

We have an employee share purchase plan under which eligible employees can purchase TELUS Corporation Common Shares through regular payroll deductions. In respect of TELUS Corporation Common Shares held within the employee share purchase plan, dividends declared thereon during the three-month and six-month period ended June 30, 2026, of $14 million (2025 – $14 million) and $29 million (2025 – $28 million), respectively, were to be reinvested in TELUS Corporation Common Shares acquired by the trustee from Treasury, with a discount applicable, as set out in *Note 13(b)*.

(d) Share option awards

TELUS Corporation share option awards

Employees may be granted share option awards to purchase TELUS Corporation Common Shares at an exercise price equal to the fair market value at the time of grant. Share option awards granted under the plan may be exercised over specific periods not to exceed, generally, seven years from the date of grant.

These share option awards have a net-equity settlement feature. The optionee does not have the choice of exercising the net-equity settlement feature; it is at our option whether the exercise of a share option award is settled as a share option or settled using the net-equity settlement feature.

The following table presents a summary of the activity related to the TELUS Corporation share option plan.

Periods ended June 30, 2026	Three months		Six months	
	Number of share options	Weighted average share option price[1]	Number of share options	Weighted average share option price[1]
Outstanding, beginning of period	3,716,234	$ 20.71	2,087,608	$ 22.48
Granted	**—**	**$ -**	**1,000,000**	**$ 18.48**
Forfeited and other	**(155,946)**	**$ 21.04**	**472,680**	**$ 20.35**
Outstanding, end of period	**3,560,288**	**$ 20.70**	**3,560,288**	**$ 20.70**
Exercisable, end of period			**1,989,235**	**$ 21.85**

1 The weighted average remaining contractual life is 3.8 years.

The weighted average fair value of share option awards granted, and the weighted average assumptions used in the fair value estimation at time of grant, calculated using the Black-Scholes model (a close-form option pricing model) are as follows:

Periods ended June 30, 2026	Three months	Six months
Share option award fair value (per share option)	—	$ 0.85
Risk-free interest rate	—	2.9%
Expected lives[1] (years)	—	4.9
Expected volatility	—	18.9%
Dividend yield	—	9.1%

1 The maximum contractual term of the share option awards granted in 2026 was 10 years.

15 employee future benefits

(a) Defined benefit pension plans – summary

Amounts in the primary financial statements related to defined benefit pension plans

Three-month periods ended June 30		2026			2025		
($ in millions)	Note	Plan assets	Defined benefit obligations accrued[1]	Net	Plan assets	Defined benefit obligations accrued[1]	Net
Employee benefits expense	8						
Benefits earned for current service		**$ —**	**$ (18)**		$ —	$ (18)	
Benefits earned for past service		**—**	**(4)**		—	—	
Employees' contributions		**5**	**—**		5	—	
Administrative fees		**(1)**	**—**		(1)	—	
		4	**(22)**	**$ (18)**	4	(18)	$ (14)
Financing costs	9						
Notional income on plan assets[2] and interest on defined benefit obligations accrued		**114**	**(102)**		108	(96)	
Interest effect on asset ceiling limit		**(16)**	**—**		(15)	—	
		98	**(102)**	**(4)**	93	(96)	(3)
DEFINED BENEFIT (COST) INCLUDED IN NET INCOME[3]				**(22)**			(17)
Other comprehensive income	11						
Difference between actual results and estimated plan assumptions[4]		**216**	**—**		(15)	—	
Changes in plan financial assumptions[5]		**—**	**(185)**		—	150	
Changes in the effect of limiting net defined benefit plan assets to the asset ceiling		**(32)**	**—**		(99)	—	
		184	**(185)**	**(1)**	(114)	150	36
DEFINED BENEFIT (COST) INCLUDED IN COMPREHENSIVE INCOME[3]				**$ (23)**			$ 19

Six-month periods ended June 30		2026			2025		
($ in millions)	*Note*	Plan assets	Defined benefit obligations accrued [1]	Net	Plan assets	Defined benefit obligations accrued [1]	Net
Employee benefits expense	*8*						
Benefits earned for current service		**$ —**	**$ (34)**		$ —	$ (36)	
Benefits earned for past service		**—**	**(4)**		—	—	
Employees' contributions		**9**	**—**		9	—	
Administrative fees		**(2)**	**—**		(2)	—	
		7	**(38)**	**$ (31)**	7	(36)	$ (29)
Financing costs	*9*						
Notional income on plan assets [2] and interest on defined benefit obligations accrued		**229**	**(203)**		215	(192)	
Interest effect on asset ceiling limit		**(33)**	**—**		(29)	—	
		196	**(203)**	**(7)**	186	(192)	(6)
DEFINED BENEFIT (COST) INCLUDED IN NET INCOME [3]				**(38)**			(35)
Other comprehensive income	*11*						
Difference between actual results and estimated plan assumptions [4]		**153**	**—**		38	—	
Changes in plan financial assumptions [5]		**—**	**(58)**		—	100	
Changes in the effect of limiting net defined benefit plan assets to the asset ceiling		**(79)**	**—**		(103)	—	
		74	**(58)**	**16**	(65)	100	35
DEFINED BENEFIT (COST) INCLUDED IN COMPREHENSIVE INCOME [3]				**(22)**			—
AMOUNTS INCLUDED IN OPERATING ACTIVITIES CASH FLOWS							
Employer contributions		**9**	**—**	**9**	10	—	10
BENEFITS PAID BY PLANS		**(234)**	**234**	**—**	(234)	234	—
PLAN ACCOUNT BALANCES [6]							
Change in period		**52**	**(65)**	**(13)**	(96)	106	10
Balance, beginning of period		**8,258**	**(8,476)**	**(218)**	8,262	(8,452)	(190)
Balance, end of period		**$ 8,310**	**$ (8,541)**	**$ (231)**	$ 8,166	$ (8,346)	$ (180)
FUNDED STATUS – PLAN SURPLUS (DEFICIT)							
Pension plans that have plan assets in excess of defined benefit obligations accrued [7]	*20*	**$ 8,301**	**$ (8,067)**	**$ 234**	$ 8,157	$ (7,896)	$ 261
Pension plans that have defined benefit obligations accrued in excess of plan assets [8]							
Funded		**9**	**(254)**	**(245)**	9	(226)	(217)
Unfunded		**—**	**(220)**	**(220)**	—	(224)	(224)
	27	**9**	**(474)**	**(465)**	9	(450)	(441)
		$ 8,310	**$ (8,541)**	**$ (231)**	$ 8,166	$ (8,346)	$ (180)

1 Defined benefit obligations accrued are the actuarial present values of benefits attributed to employee services rendered to a particular date.
2 The interest income on the plan assets portion of the employee defined benefit plans net interest amount included in Financing costs reflects a rate of return on plan assets equal to the discount rate used in determining the defined benefit obligations accrued, as at the end of the immediately preceding fiscal year.
3 Excluding income taxes.
4 Financial assumptions in respect of plan assets (interest income on plan assets included in Financing costs reflects a rate of return on plan assets equal to the discount rate used in determining the defined benefit obligations accrued) and demographic assumptions in respect of the actuarial present values of the defined benefit obligations accrued, as at the end of the immediately preceding fiscal year for both.
5 The discount rate used to measure the defined benefit obligations accrued at June 30, 2026, was 5.03% (December 31, 2025 – 4.90%).

6 Effect of asset ceiling limit at June 30, 2026, was $1,463 (December 31, 2025 – $1,351). Subsequent to June 30, 2026, the *TELUS Defined Contribution Pension Plan* was merged into both the *TELUS Corporation Pension Plan* (as amended) and the *Pension Plan for Management and Professional Employees of TELUS Corporation* (as amended); such amendments do not affect the defined benefit obligations accrued. The amendments to these defined benefit pension plans allow for the plans' surpluses, not previously recognized for accounting purposes (due to the asset ceiling limits), to be used to make future employer contributions for the defined contribution components, should sufficient surpluses be available to do so.
7 Presented in the Consolidated statements of financial position as Other long-term assets.
8 Presented in the Consolidated statements of financial position as Other long-term liabilities

(b) Defined contribution plans – expense

Our total defined contribution pension plan costs included as Employee benefits expense in the Consolidated statements of income and other comprehensive income are as follows:

Periods ended June 30 (millions)	Three months 2026	Three months 2025	Six months 2026	Six months 2025
Union pension plan contributions	**$ 3**	$ 3	**$ 6**	$ 6
Other defined contribution pension plans	**28**	29	**56**	57
	$ 31	$ 32	**$ 62**	$ 63

16 restructuring and other costs

(a) Details of restructuring and other costs

With the objective of reducing ongoing costs, we incur associated incremental non-recurring restructuring costs, as further discussed in *(b)* following. We may also incur atypical charges when undertaking major or transformational changes to our business or operating models or during post-acquisition business integration. In other costs, we include incremental atypical external costs incurred in connection with business acquisition or disposition activity; significant litigation costs in respect of losses or settlements; and adverse retrospective regulatory decisions.

Restructuring and other costs presented in the Consolidated statements of income and other comprehensive income are as follows:

Periods ended June 30 (millions)	Three months 2026	Three months 2025	Six months 2026	Six months 2025
Restructuring [1] *(b)*				
Goods and services purchased	**$ 56**	$ 42	**$ 113**	$ 76
Employee benefits expense	**97**	87	**212**	144
	153	129	**325**	220
Other *(c)*				
Goods and services purchased	**17**	4	**30**	10
Employee benefits expense	**19**	—	**149**	—
	36	4	**179**	10
Total				
Goods and services purchased	**73**	46	**143**	86
Employee benefits expense	**116**	87	**361**	144
	$ 189	$ 133	**$ 504**	$ 230

1 For the three-month and six-month periods ended June 30, 2026, excludes real estate rationalization-related restructuring net impairments of property, plant and equipment of $NIL (2025 – $1) and $4 (2025 – $4), respectively, which are included in depreciation.

(b) Restructuring provisions

Employee-related provisions and other provisions, as presented in *Note 25,* include amounts for restructuring activities. In 2026, restructuring activities included ongoing and incremental efficiency initiatives, some involving employee-related costs and real estate rationalization. These initiatives were intended to enhance our long-term operating productivity and competitiveness.

(c) Other

During the three-month and six-month periods ended June 30, 2026 and 2025, we incurred incremental external costs in connection with business combinations. Non-recurring atypical business integration expenditures associated with these business acquisitions, which qualify as neither restructuring costs nor part of the fair value of the net assets acquired, have been included as a part of other costs.

17 property, plant and equipment

	Owned assets							Right-of-use lease assets (*Note 19*)				
(millions)	Network assets	Buildings and leasehold improvements	Computer hardware and other	Land	Investment property	Assets under construction	Total	Network assets	Real estate	Other	Total	Total
AT COST												
Balance as at January 1, 2026	$ 38,005	$ 4,018	$ 1,898	$ 85	$ 46	$ 721	$ 44,773	$ 2,150	$ 2,818	$ 80	$ 5,048	$ 49,821
Additions	388	11	22	—	—	409	830	372	189	31	592	1,422
Assets under construction put into service	5	96	36	—	—	(137)	—	—	—	—	—	—
Transfers	1,082	—	24	—	—	—	1,106	(1,106)	—	—	(1,106)	—
Dispositions, retirements and other	(315)	(33)	(28)	(3)	—	—	(379)	—	(76)	(4)	(80)	(459)
Net foreign exchange differences	3	6	11	—	—	6	26	—	18	—	18	44
Balance as at June 30, 2026	**$ 39,168**	**$ 4,098**	**$ 1,963**	**$ 82**	**$ 46**	**$ 999**	**$ 46,356**	**$ 1,416**	**$ 2,949**	**$ 107**	**$ 4,472**	**$ 50,828**
ACCUMULATED DEPRECIATION												
Balance as at January 1, 2026	$ 26,410	$ 2,556	$ 1,392	$ —	$ 1	$ —	$ 30,359	$ 374	$ 1,565	$ 20	$ 1,959	$ 32,318
Depreciation [1]	793	80	87	—	1	—	961	59	137	17	213	1,174
Transfers	324	—	11	—	—	—	335	(335)	—	—	(335)	—
Dispositions, retirements and other	(338)	(34)	(35)	—	—	—	(407)	(1)	(97)	(4)	(102)	(509)
Net foreign exchange differences	2	4	8	—	—	—	14	—	12	—	12	26
Balance as at June 30, 2026	**$ 27,191**	**$ 2,606**	**$ 1,463**	**$ —**	**$ 2**	**$ —**	**$ 31,262**	**$ 97**	**$ 1,617**	**$ 33**	**$ 1,747**	**$ 33,009**
NET BOOK VALUE												
Balance as at December 31, 2025	$ 11,595	$ 1,462	$ 506	$ 85	$ 45	$ 721	$ 14,414	$ 1,776	$ 1,253	$ 60	$ 3,089	$ 17,503
Balance as at June 30, 2026	**$ 11,977**	**$ 1,492**	**$ 500**	**$ 82**	**$ 44**	**$ 999**	**$ 15,094**	**$ 1,319**	**$ 1,332**	**$ 74**	**$ 2,725**	**$ 17,819**

1 For the six-month periods ended June 30, 2026, depreciation includes $3 in respect of impairment of real estate right-of-use lease assets.

As at June 30, 2026, our contractual commitments for the property, plant and equipment acquisitions totalled $211 million over a period ending December 31, 2028 (December 31, 2025 – $184 million over a period ending December 31, 2027).

18 intangible assets and goodwill

(a) Intangible assets and goodwill, net

(millions)	Note	Customer contracts, related customer relationships and subscriber base	Software	Access to rights-of-way, crowdsource assets and other	Assets under construction	Total	Spectrum licences	Total intangible assets	Goodwill [1]	Total intangible assets and goodwill
		Intangible assets subject to amortization					Intangible assets with indefinite lives			
AT COST										
Balance as at January 1, 2026		$ 5,962	$ 9,396	$ 585	$ 517	$ 16,460	$ 13,217	$ 29,677	$ 11,325	$ 41,002
Additions		**—**	**55**	**30**	**439**	**524**	**373**	**897**	**—**	**897**
Assets under construction put into service		**20**	**384**	**—**	**(404)**	**—**	**—**	**—**	**—**	**—**
Dispositions, retirements and other (including capitalized interest)	*9*	**(249)**	**(249)**	**(21)**	**—**	**(519)**	**—**	**(519)**	**—**	**(519)**
Net foreign exchange differences		**70**	**5**	**10**	**3**	**88**	**—**	**88**	**103**	**191**
Balance as at June 30, 2026		**$ 5,803**	**$ 9,591**	**$ 604**	**$ 555**	**$ 16,553**	**$ 13,590**	**$ 30,143**	**$ 11,428**	**$ 41,571**
ACCUMULATED AMORTIZATION AND IMPAIRMENT										
Balance as at January 1, 2026		$ 2,503	$ 6,533	$ 313	$ —	$ 9,349	$ —	$ 9,349	$ 865	$ 10,214
Amortization		**313**	**498**	**28**	**—**	**839**	**—**	**839**	**—**	**839**
Impairment	*(b)*	**500**	**—**	**—**	**—**	**500**	**—**	**500**	**1,635**	**2,135**
Dispositions, retirements and other		**(260)**	**(247)**	**(4)**	**—**	**(511)**	**—**	**(511)**	**—**	**(511)**
Net foreign exchange differences		**30**	**2**	**6**	**—**	**38**	**—**	**38**	**31**	**69**
Balance as at June 30, 2026		**$ 3,086**	**$ 6,786**	**$ 343**	**$ —**	**$ 10,215**	**$ —**	**$ 10,215**	**$ 2,531**	**$ 12,746**
NET BOOK VALUE										
Balance as at December 31, 2025		$ 3,459	$ 2,863	$ 272	$ 517	$ 7,111	$ 13,217	$ 20,328	$ 10,460	$ 30,788
Balance as at June 30, 2026		**$ 2,717**	**$ 2,805**	**$ 261**	**$ 555**	**$ 6,338**	**$ 13,590**	**$ 19,928**	**$ 8,897**	**$ 28,825**

1 Accumulated amortization and impairment of goodwill of $364 is amortization recorded before 2002 and impairments (inclusive of net foreign exchange differences) recorded subsequently.

As at June 30, 2026, our contractual commitments for intangible asset acquisitions totalled $125 million over a period ending December 31, 2031 (December 31, 2025 – $70 million over a period ending December 31, 2031).

The Innovation, Science and Economic Development Canada 2026 auction of residual spectrum licences occurred during January 2026. We were the successful auction participant for 103 spectrum licences with a total purchase price of $318 million, all of which was paid during the three-month period ended March 31, 2026. We may not commercially use the licences until such time as Innovation, Science and Economic Development Canada determines that we qualify as a radio communications carrier and comply with the *Canadian Ownership and Control* rules.

During the three-month period ended June 30, 2026, we obtained the use of 2500 MHz band spectrum and 3500 MHz band spectrum from the previous licensee for $55 million; such subordination of licences has been approved by Innovation, Science and Economic Development Canada.

(b) Impairment testing

The cash-generating units' goodwill carrying amounts are as follows:

As at (millions)	**June 30, 2026**	December 31, 2025
TELUS technology solutions	**$ 7,691**	$ 7,024
TELUS health	**1,206**	935
TELUS digital experience	**—**	2,501
	$ 8,897	$ 10,460

As at June 30, 2026, the relevant circumstances of the TELUS digital experience cash-generating unit were not consistent with those existing at the time of the December 2025 test, including due to structural changes in our operations, as referenced in *Note 5*, which arose in 2026 associated with the privatization of TELUS International (Cda) Inc. in fiscal 2025. These structural changes necessitated the reallocation of $0.9 billion of goodwill that had previously been attributed to the TELUS digital experience cash-generating unit. Specifically, $0.7 billion was reallocated to the TELUS technology solutions cash-generating unit and $0.2 billion was reallocated to the TELUS health cash-generating unit. Due to these structural changes and resulting goodwill reallocation, IFRS Accounting Standards required us to concurrently test the carrying values of the affected cash-generating units' goodwill amounts. As at March 31, 2026, the recoverable amount of the TELUS digital experience cash-generating unit was slightly in excess of its carrying amount. Had growth projections in the projection period been lower by more than trivial amounts, or had the discount rate been greater by more than a trivial amount, the March 31, 2026, estimate of the recoverable amount of the TELUS digital cash-generating unit would have been less; we believed that any *reasonably possible* change in other key assumptions on which our calculation of the recoverable amount of the TELUS digital experience cash-generating unit was based would not have caused its carrying value to exceed its recoverable amount.

On a multi-year basis, the TELUS digital experience cash-generating unit's competitive industry continues to experience, and be increasingly challenged by, competitors and customers both actively building scale on an accelerated basis and, increasingly, technological innovation. These dynamics adversely affected both the level, timing and nature of customer demand in legacy services, specifically for content moderation and ad-relevancy, search-related services as these are being automated by the transition to AI. The customer demand dynamic is further affected by contract durations that vary by service line and have termination rights for our customers with limited notice and without penalty or termination fees, allowing them to make adjustments to service levels that can adversely, and relatively quickly, impact our revenue.

In the context of this multi-year experience for the TELUS digital experience cash-generating unit, during the three-month period ended June 30, 2024, we determined that updated growth projections had resulted in its estimated recoverable amount to be slightly in excess of its carrying amount; and, during the three-month period ended June 30, 2025, we determined that updated growth projections had resulted in its estimated recoverable amount being exceeded by its carrying amount and thus recorded a $0.5 billion goodwill impairment.

As part of our ongoing consideration of trends, commitments, events and uncertainties informing our significant estimates and assumptions, in the context of cash-generating unit impairment testing, we determine if, and how, it is necessary to adjust growth projections in the projection period. During the three-month period ended June 30, 2026, we experienced demand ramp-downs and more pronounced churn in legacy services provided to certain hyperscale customers as these services are being automated faster than anticipated. We have also reassessed our AI-enabling services growth trajectory and, while these services are expected to grow: customer adoption is slower than we previously anticipated, notably for certain larger customers; sales cycles have become further extended, both for existing and new customers; and, deal sizes have compressed. The extended sales cycles affect and challenge the entirety of the projection period. During the three-month period ended June 30, 2026, we determined it necessary to further downward adjust the growth projections in the projection period used for our impairment testing so as to reflect current economic conditions and updated historical information.

The June 30, 2026, test, using an estimated recoverable amount of $1.8 billion, resulted in an impairment of $2.1 billion, of which $1.6 billion was an irreversible goodwill impairment (which reduced the carrying value of the TELUS digital experience cash-generating unit's goodwill to $NIL) and the remainder of $0.5 billion was allocated to related customer relationships. Such recoverable amount was determined based on a fair value less costs of disposal method (such method categorized as a Level 3 fair value measure) and used a discount rate of 9.6% (December 31, 2025 – 9.6%), a perpetual growth rate of 2.5% (December 31, 2025 – 2.5%) and cash flow projections through the end of 2030 (December 31, 2025 – 2029). We validated the results of the recoverable amount through a market-comparable approach and an analytical review of industry facts and facts that are specific to us.

The fair value less costs of disposal method uses discounted cash flow projections that employ the following key assumptions: future cash flows and growth projections; associated economic risk assumptions and estimates of the likelihood of achieving key operating metrics and drivers; and the future weighted average cost of capital. Had growth projections declined in the projection period by more than trivial amounts, or had the discount rate increased by more than a trivial amount, the June 30, 2026, estimate of the recoverable amount of the TELUS digital experience cash-generating unit would be less; we believe that any *reasonably possible* change in other key assumptions on which our calculation of the recoverable amount of the TELUS digital experience cash-generating unit is based would not cause its carrying value to further exceed its recoverable amount. If the future were to adversely differ from management's best estimates for the key assumptions and associated cash flows were to be materially adversely affected, we could potentially experience future material impairment charges in respect of the TELUS digital experience cash-generating unit. Conversely, if management's future best estimates were to favourably differ from management's current best estimates of key assumptions and associated cash flows were to be materially positively affected, we could potentially experience future *limited* reversals of previously recorded impairment charges in respect of the TELUS digital experience cash-generating unit's related customer relationships.

(c) TELUS Health partnership and monetisation strategy

Subsequent to March 31, 2026, we had initiated an active programme to identify potential strategic partners for our TELUS Health business. The monetisation strategy is part of our capital allocation framework and long-term orientation consistent with our approach to value creation.

If the active programme were to result in cash flows arising principally from disposal rather than continuing use, IFRS Accounting Standards would require us to treat such a disposal group as a separate cash-generating unit. This would necessitate a partial reallocation of goodwill that had previously been attributed to the TELUS health cash-generating unit to the disposal group cash-generating unit. Due to this goodwill reallocation, IFRS Accounting Standards would require us to concurrently test the carrying values of the newly-defined cash-generating units' goodwill amounts and such test could result in the recording of an irreversible goodwill impairment.

19 leases

Maturity analyses of lease liabilities are set out in *Note 4(b)* and *Note 26(i)*; the period interest expense in respect thereof is set out in *Note 9*. The additions to, depreciation charges for, and carrying amounts of, right-of-use lease assets are set out in *Note 17*. We have not currently elected to exclude low-value and short-term leases from lease accounting.

Periods ended June 30 (millions)	Three months **2026**	Three months 2025	Six months **2026**	Six months 2025
Income from subleasing right-of-use lease assets				
Co-location sublease revenue included in Operating revenues – service	**$ 6**	$ 12	**$ 12**	$ 16
Other sublease revenue included in Other income (*Note 7*)	**$ 1**	$ 2	**$ 3**	$ 3
Lease payments [1]	**$ 140**	$ 218	**$ 1,029**	$ 451

1 In the Consolidated statements of cash flows, the principal component of lease payments is included in Cash provided (used) by financing activities (see *Note 31(b)*) and the interest component of lease payments is included in Interest paid.

20 other long-term assets

As at (millions)	Note	**June 30, 2026**	December 31, 2025
Pension assets	*15*	**$ 234**	$ 235
Unbilled customer finance receivables	*4(a)*	**552**	586
Derivative assets	*4(d)*	**87**	40
Deferred income taxes		**77**	74
Costs incurred to obtain or fulfill contracts with customers		**372**	370
Investments in real estate joint ventures	*21(a)*	**254**	240
Investments in associates	*21(b)*	**207**	198
Portfolio investments [1]			
At fair value through net income		**88**	78
At fair value through other comprehensive income		**702**	648
Prepaid maintenance		**57**	38
Refundable security deposits and other		**170**	169
		$ 2,800	$ 2,676

1 Fair value measured at reporting date using significant other observable inputs (Level 2).

The costs incurred to obtain and fulfill contracts with customers are as follows:

(millions)	Costs incurred to: Obtain contracts with customers	Costs incurred to: Fulfill contracts with customers	Total
Balance as at April 1, 2026	$ 595	$ 87	$ 682
Additions	**125**	**8**	**133**
Amortization	**(106)**	**(2)**	**(108)**
Balance as at June 30, 2026	**$ 614**	**$ 93**	**$ 707**
Balance as at January 1, 2026	$ 701	$ 82	$ 783
Additions	**261**	**16**	**277**
Amortization[1]	**(348)**	**(5)**	**(353)**
Balance as at June 30, 2026	**$ 614**	**$ 93**	**$ 707**
Current	**$ 301**	**$ 34**	**$ 335**
Non-current	**313**	**59**	**372**
	$ 614	**$ 93**	**$ 707**

1 For the three-month and six-month periods ended June 30, 2026, $NIL (2025 – $NIL) and $130 (2025 – $NIL), respectively of amortization of costs incurred to obtain contracts with customers was included in restructuring and other costs.

21 real estate joint ventures and investments in associates

(a) Real estate joint ventures

During 2026 and 2025, we partnered, as equals, with arm's-length parties in real estate redevelopment projects in Alberta and British Columbia.

Summarized financial information

As at (millions)	**June 30, 2026**	December 31, 2025
ASSETS		
Current assets		
Cash and temporary investments, net	**$ 7**	$ 6
Other	**2**	2
	9	8
Non-current assets		
Investment property under development	**512**	466
Promissory notes[1]	**432**	411
	944	877
	$ 953	$ 885
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 5**	$ 5
Non-current liabilities		
Long-term debt	**29**	21
Liabilities	**34**	26
Owners' equity		
TELUS[2]	**460**	430
Other partners[1]	**459**	429
	919	859
	$ 953	$ 885

1 Other partners' equity is gross of $432 (December 31, 2025 – $411) promissory notes issued to the joint ventures by the arm's-length parties in the real estate redevelopment projects in British Columbia; in the event of dissolution or other wind-up of the partnerships, the other partner's equity will first be reduced by any amounts of the promissory notes outstanding when determining the equity of the joint ventures. The primary intended method of repayment of the promissory notes is through contribution of in-kind development costs, but may optionally include cash payments.

2 The equity amounts recorded by the real estate joint ventures differ from those recorded by us by the amount of the deferred gains on our real estate contributed and the valuation provision we have recorded in excess of that recorded by the real estate joint ventures.

Our real estate joint ventures activity

Our real estate joint ventures investment activity is set out in the following table.

Periods ended June 30 (millions) [1]	Three months **2026**	2025	Six months **2026**	2025
Balance, beginning of period	**$ 242**	$ 189	**$ 237**	$ 178
Valuation provision reversal	**—**	—	**—**	3
Related to real estate joint ventures' statements of financial position				
Items not affecting currently reported cash flows				
Our real estate contributed	**19**	—	**35**	17
Deferred gains on our remaining interests in our real estate contributed	**(9)**	—	**(14)**	(8)
Cash flows in the current reporting period				
Funds we advanced or contributed	**1**	—	**1**	—
Funds repaid to us and earnings distributed	**—**	—	**(6)**	(1)
Balance, end of period	**$ 253**	$ 189	**$ 253**	$ 189

1 We account for our interests in the real estate joint ventures using the equity method of accounting and such interests are included in our Consolidated statements of financial position as Other long-term assets (see *Note 20*).

(b) Investments in associates

As set out in *Note 20*, we include our investments in associates in our Consolidated statements of financial position as Other long-term assets. As at June 30, 2026, and December 31, 2025, we held an equity interest in Miovision Technologies Incorporated, a Canadian incorporated entity that is complementary to, and is viewed to grow, our existing Internet of Things business; our judgment is that we obtained significant influence over the associate when we acquired our initial equity interest. Miovision Technologies Incorporated is developing a suite of hardware and cloud-based solutions that provide cities with the data and tools they need to reduce traffic congestion, make better urban planning decisions and improve safety on their roads. Our aggregate interests in other individually immaterial associates as at June 30, 2026, totalled $36 million (December 31, 2025 – $29 million).

Miovision Technologies Incorporated

As at, or for the periods ended, ($ in millions)	**June 30, 2026**	June 30, 2025	December 31, 2025
Statement of financial position [1]			
Current assets	**$ 116**		$ 82
Non-current assets	**$ 394**		$ 411
Current liabilities	**$ 46**		$ 74
Non-current liabilities	**$ 56**		$ 31
Net assets	**$ 408**		$ 388
Statement of income and other comprehensive income [1]			
THREE-MONTH			
Revenue and other income	**$ 58**	$ 41	
Net income (loss)	**$ (6)**	$ (2)	
Comprehensive income (loss)	**$ 3**	$ (4)	
SIX-MONTH			
Revenue and other income	**$ 99**	$ 85	
Net income (loss)	**$ (4)**	$ (13)	
Comprehensive income (loss)	**$ (2)**	$ (15)	
Reconciliation of statement of financial position summarized financial information to carrying amounts			
Net assets (above)	**$ 408**		$ 388
Our interest	**41.9%**		43.4%
Our interest in net assets (our carrying amounts)	**$ 171**		$ 169

1 As required by IFRS Accounting Standards, this summarized financial information is not just our share of these amounts.

22 short-term borrowings

On May 22, 2024, we entered into an agreement with an arm's-length securitization trust associated with a major Schedule I bank allowing us to borrow up to $1.6 billion, secured by certain trade receivables and unbilled customer finance receivables; the term of this revolving-period securitization agreement ends May 22, 2027, and requires minimum cash advances of $920 million. Funding under the agreement may be provided in either Canadian dollars or U.S. dollars. Currency risk associated with funding denominated in U.S. dollars is managed through the use of foreign currency forward contracts.

As at June 30, 2026, TELUS Corporation has an unsecured non-revolving $650 million (or US$ equivalent) bank credit facility, maturing June 2027, with a syndicate of financial institutions, which is to be used for general corporate purposes. Currency risk associated with funding denominated in U.S. dollars is managed through the use of foreign currency forward contracts.

Short-term borrowings of $1.2 billion (December 31, 2025 – $0.9 billion) are comprised of amounts advanced to us by the arm's-length securitization trust ($0.9 billion; December 31, 2025 – $0.9 billion) and the non-revolving $650 million bank credit facility ($0.3 billion; December 31, 2025 – $NIL); all amounts advanced were denominated in U.S. dollars.

The balance of short-term borrowings (if any) is comprised of amounts drawn on bilateral bank facilities and/or other.

23 accounts payable and accrued liabilities

As at (millions)	**June 30, 2026**	December 31, 2025
Trade accounts payable [1]		
Supply chain financing – arm's-length third party has paid supplier	**$ 20**	$ 16
Supply chain financing – eligible payable [2]	**15**	11
Amounts that are part of supply chain financing	**35**	27
Amounts that are not part of supply chain financing	**1,113**	955
	1,148	982
Accrued liabilities	**1,187**	1,246
Payroll and other employee-related liabilities	**622**	651
Interest payable	**320**	389
Indirect taxes payable and other	**182**	226
	$ 3,459	$ 3,494

1 The composition of trade accounts payable fluctuates due to various factors, including suppliers' invoice timing, our data processing cycle timing and the seasonal nature of certain business activities, as well as whether the statement of financial position date falls on a business day. Trade accounts payable represent future payments for invoices received in respect of both operating and capital activities, and may include amounts for assessed and self-assessed government remittances.

2 Amounts eligible for suppliers to choose to be paid in advance of industry-standard payment terms.

In 2023, we introduced a supply chain financing program that allows suppliers with qualifying trade accounts payable to opt for early payment from an arm's-length third party, in advance of industry-standard payment terms; in turn, we reimburse the arm's-length third party for those payments when the trade accounts payable would originally have been due.

The weighted average due dates for trade accounts payable are largely similar, within and outside the supply chain financing program, and generally payment is due within one quarter.

24 advance billings and customer deposits

As at (millions)	**June 30, 2026**	December 31, 2025
Advance billings	**$ 825**	$ 877
Deferred customer activation and connection fees	**4**	3
Customer deposits	**15**	13
Contract liabilities	**844**	893
Other	**136**	160
	$ 980	$ 1,053

Contract liabilities represent our future performance obligations to customers for services and/or equipment for which we have already received consideration or for which an amount is due from the customer. Our contract liability balances, and the changes in those balances, are as follows:

Periods ended June 30 (millions)	Three months **2026**	Three months 2025	Six months **2026**	Six months 2025
Balance, beginning of period	**$ 1,182**	$ 1,135	**$ 1,161**	$ 1,102
Revenue deferred in previous period and recognized in current period	**(725)**	(636)	**(649)**	(631)
Net additions arising from operations	**667**	654	**612**	682
Additions arising from business acquisitions	**—**	23	**—**	23
Balance, end of period	**$ 1,124**	$ 1,176	**$ 1,124**	$ 1,176
Current			**$ 965**	$ 1,026
Non-current (*Note 27*)				
Deferred revenues			**158**	147
Deferred customer activation and connection fees			**1**	3
			$ 1,124	$ 1,176
Reconciliation of contract liabilities presented in the Consolidated statements of financial position – current				
Gross contract liabilities			**$ 965**	$ 1,026
Reclassification to contract assets of contracts with contract liabilities less than contract assets (*Note 6(c)*)			**(108)**	(119)
Reclassification from contract assets of contracts with contract assets less than contract liabilities (*Note 6(c)*)			**(13)**	(17)
			$ 844	$ 890

25 provisions

(millions)	Note	Asset retirement obligations [1]	Employee-related [2]	Written put options and contingent consideration [3]	Regulatory [2]	Other [2]	Total
Balance as at April 1, 2026		$ 304	$ 105	$ 240	$ 146	$ 170	$ 965
Additions		**—**	**98**	**1**	**11**	**34**	**144**
Reversals		**—**	**(1)**	**(1)**	**—**	**(2)**	**(4)**
Uses		**(2)**	**(75)**	**(9)**	**(18)**	**(46)**	**(150)**
Interest effects [4]	*9*	**3**	**—**	**2**	**—**	**—**	**5**
Effects of foreign exchange, net [4]		**—**	**1**	**4**	**—**	**—**	**5**
Balance as at June 30, 2026		**$ 305**	**$ 128**	**$ 237**	**$ 139**	**$ 156**	**$ 965**
Balance as at January 1, 2026		$ 301	$ 110	$ 233	$ 142	$ 175	$ 961
Additions		**—**	**208**	**3**	**19**	**95**	**325**
Reversals		**—**	**(1)**	**(2)**	**—**	**(15)**	**(18)**
Uses		**(3)**	**(190)**	**(9)**	**(23)**	**(99)**	**(324)**
Interest effects [4]	*9*	**7**	**—**	**5**	**1**	**—**	**13**
Effects of foreign exchange, net [4]		**—**	**1**	**7**	**—**	**—**	**8**
Balance as at June 30, 2026		**$ 305**	**$ 128**	**$ 237**	**$ 139**	**$ 156**	**$ 965**
Current		**$ 12**	**$ 124**	**$ 171**	**$ 29**	**$ 57**	**$ 393**
Non-current		**293**	**4**	**66**	**110**	**99**	**572**
Balance as at June 30, 2026		**$ 305**	**$ 128**	**$ 237**	**$ 139**	**$ 156**	**$ 965**

1 Additions and reversals for Asset retirement obligations are included in the Consolidated statements of financial position as Property, plant and equipment, net. Uses, to the extent that such items include a flow of cash, are included net in Cash used by investing activities in the Consolidated statements of cash flows (see *Note 31(a)*).

2 Additions and reversals for Employee-related, Regulatory and Other are generally included in the Consolidated statements of income and other comprehensive income as Employee benefits expense, Goods and services purchased and Goods and services purchased, respectively. Uses, to the extent that such items include a flow of cash, are generally included net in Cash provided by operating activities in the Consolidated statements of cash flows.

3 Additions and reversals for Written put options and contingent consideration are included in the Consolidated statements of financial position as Goodwill, net, and in the Consolidated statements of income and other comprehensive income as Other income, respectively. Uses, to the extent that such items include a flow of cash, are included in Cash used by investing activities in the Consolidated statements of cash flows.

4 Interest effects, excepting those arising from provision re-measurement due to change in discount rates, and Effects of foreign exchange, net, are included in the Consolidated statements of income and other comprehensive income as Financing costs.

Asset retirement obligations
We establish provisions for liabilities associated with the retirement of property, plant and equipment when these obligations result from the acquisition, construction, development and/or normal operation of the assets. We expect that the associated cash outflows in respect of the balance accrued as at the financial statement date will occur proximate to the retirement dates of these assets.

Employee-related
Our employee-related provisions are largely in respect of restructuring activities (as discussed further in *Note 16(b)*). The timing of the associated cash outflows in respect of the balance accrued as at the financial statement date is substantially short-term in nature.

Written put options and contingent consideration
In connection with certain business acquisitions, we have established provisions for written put options in respect of non-controlling interests. Some of these provisions are determined based on the net present value of estimated future earnings, requiring us to make key economic assumptions about the future. We have also established provisions for contingent consideration. We do not expect cash outflows in respect of the written put options to occur before their initial exercisability, nor do we expect cash outflows in respect of contingent consideration to occur before completion of the related earning periods; in some instances, we may settle the provision for written put options using equity instruments. During the three-month and six-month periods ended June 30, 2026, $3 million of provisions for written put options and contingent consideration were settled using equity instruments.

Regulatory
The regulatory regime under which we operate as a telecommunications carrier in Canada sets out, among other matters, rates, terms and conditions for the provision of telecommunications services, and in turn, we may need to record associated provisions. We cannot reasonably determine the timing of cash outflows in respect of regulatory accounts.

Other

The provisions for other include: legal claims; real estate rationalization and other non-employee-related restructuring activities; and contract termination costs and onerous contracts (including those related to business acquisitions). Except as noted below, we expect the cash outflows associated with the balance accrued as at the financial statement date to occur over an indeterminate multi-year period.

As discussed further in *Note 29(a)*, we are involved in a number of legal claims and we are aware of certain other possible legal claims. We establish provisions for legal claims when warranted, considering legal assessments, current information, and the expected availability of recourse. We cannot reasonably determine the timing of cash outflows in respect of legal claims.

In connection with business acquisitions, we have established provisions for contract termination costs and onerous contracts acquired.

26 long-term debt

(a) Details of long-term debt

As at (millions)	Note	**June 30, 2026**	December 31, 2025
Senior unsecured			
TELUS Corporation senior notes	*(b)*	**$ 17,247**	$ 18,191
TELUS Corporation commercial paper	*(c)*	**2,093**	952
Other	*(e)*	**34**	295
Junior unsecured			
TELUS Corporation junior subordinated notes	*(f)*	**7,403**	7,250
Secured			
Other	*(g)*	**479**	537
		27,256	27,225
Lease liabilities	*(h)*	**2,975**	3,314
Long-term debt		**$ 30,231**	$ 30,539
Current		**$ 3,802**	$ 3,102
Non-current		**26,429**	27,437
Long-term debt		**$ 30,231**	$ 30,539

(b) TELUS Corporation senior notes

The notes are senior unsecured and unsubordinated obligations, ranking equally with all of our existing and future unsecured unsubordinated obligations, are senior in right of payment to all of our existing and future subordinated indebtedness, and are effectively subordinated to all existing and future obligations of, or guaranteed by, our subsidiaries. The notes' indentures contain covenants that, among other things, limit our ability, and that of certain of our subsidiaries, to: grant security in respect of indebtedness; enter into sale-leaseback transactions; and incur new indebtedness.

Interest is payable semi-annually. Upon a change in control triggering event, as defined in the supplemental trust indenture, we must offer to repurchase the notes at a price equal to 101% of their principal amount plus accrued and unpaid interest to the repurchase date.

Notes issued before September 2023 are redeemable at our option, in whole at any time, or in part from time to time, on not fewer than 30 days' and not more than 60 days' prior notice before their respective maturity dates; for notes issued subsequent to August 2023, the notice period is not fewer than 10 days' and not more than 60 days' prior notice. On or after the respective redemption present value spread cessation dates set out in the table below, notes issued before September 2023 are redeemable at our option, in whole but not in part, on not fewer than 30 days' and not more than 60 days' prior notice, at redemption prices equal to 100% of their principal amounts; for notes issued subsequent to August 2023, the notice period is not fewer than 10 days' and not more than 60 days' prior notice. Accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

TELUS Corporation senior note series	Issued	Maturity	Issue price	Effective interest rate [1]	Principal face amount: Originally issued	Principal face amount: Outstanding at financial statement date	Redemption present value spread: Basis points [2]	Redemption present value spread: Cessation date
3.75% Notes, Series CV	December 2015	March 2026 [3]	$992.14	3.84%	$600 million	$NIL	53.5	Dec. 10, 2025
2.75% Notes, Series CZ	July 2019	July 2026 [4]	$998.73	2.77%	$800 million	$300 million [4]	33	May 8, 2026
2.80% U.S. Dollar Notes [5]	September 2016	February 2027	US$991.89	2.89%	US$600 million	US$600 million	20	Nov. 16, 2026
3.70% U.S. Dollar Notes [5]	March 2017	September 2027	US$998.95	3.71%	US$500 million	US$500 million	20	June 15, 2027
2.35% Notes, Series CAC	May 2020	January 2028	$997.25	2.39%	$600 million	$600 million	48	Nov. 27, 2027
3.625% Notes, Series CX	March 2018	March 2028	$989.49	3.75%	$600 million	$600 million	37	Dec. 1, 2027
4.80% Notes, Series CAO	February 2024	December 2028	$998.95	4.83%	$700 million	$700 million	28	Nov. 15, 2028
3.30% Notes, Series CY	April 2019	May 2029	$991.75	3.40%	$1.0 billion	$1.0 billion	43.5	Feb. 2, 2029
5.00% Notes, Series CAI	September 2022	September 2029	$995.69	5.07%	$350 million	$350 million	46.5	July 13, 2029
3.15% Notes, Series CAA	December 2019	February 2030	$996.49	3.19%	$600 million	$600 million	39.5	Nov. 19, 2029
5.60% Notes, Series CAM	September 2023	September 2030	$998.85	5.62%	$500 million	$500 million	46	July 9, 2030
2.05% Notes, Series CAD	October 2020	October 2030	$997.93	2.07%	$500 million	$500 million	38	July 7, 2030
4.95% Notes, Series CAP	February 2024	February 2031	$997.07	5.00%	$600 million	$600 million	34.5	Dec. 18, 2030
4.65% Notes, Series CAQ	August 2024	August 2031	$999.11	4.66%	$700 million	$700 million	38.5	June 13, 2031
2.85% Sustainability-Linked Notes, Series CAF	June 2021	November 2031	$997.52	2.88% [6]	$750 million	$750 million	34	Aug. 13, 2031
3.40% U.S. Dollar Sustainability-Linked Notes [5]	February 2022	May 2032	US$997.13	3.43% [6]	US$900 million	US$900 million	25	Feb. 13, 2032
5.25% Sustainability-Linked Notes, Series CAG	September 2022	November 2032	$996.73	5.29% [6]	$1.1 billion	$1.1 billion	51.5	Aug. 15, 2032
4.95% Sustainability-Linked Notes, Series CAJ	March 2023	March 2033	$998.28	4.97% [6]	$500 million	$500 million	54.5	Dec. 28, 2032
5.75% Sustainability-Linked Notes, Series CAK	September 2023	September 2033	$997.82	5.78% [6]	$850 million	$850 million	52	June 8, 2033
5.10% Sustainability-Linked Notes, Series CAN	February 2024	February 2034	$996.44	5.15% [6]	$500 million	$500 million	38.5	Nov. 15, 2033
4.40% Notes, Series CL	April 2013	April 2043	$997.68	4.41%	$600 million	$129 million [7]	47	Oct. 1, 2042
5.15% Notes, Series CN	November 2013	November 2043	$995.00	5.18%	$400 million	$400 million	50	May 26, 2043
4.85% Notes, Series CP	Multiple [8]	April 2044	$987.91 [8]	4.93% [8]	$500 million [8]	$900 million [8]	46	Oct. 5, 2043
4.75% Notes, Series CR	September 2014	January 2045	$992.91	4.80%	$400 million	$400 million	51.5	July 17, 2044
4.40% Notes, Series CU	March 2015	January 2046	$999.72	4.40%	$500 million	$60 million [7]	60.5	July 29, 2045
4.70% Notes, Series CW	Multiple [9]	March 2048	$998.06 [9]	4.71% [9]	$325 million [9]	$89 million [7, 9]	58.5	Sept. 6, 2047
4.60% U.S. Dollar Notes [5]	June 2018	November 2048	US$987.60	4.68%	US$750 million	US$561 million [7]	25	May 16, 2048
4.30% U.S. Dollar Notes [5]	May 2019	June 2049	US$990.48	4.36%	US$500 million	US$371 million [7]	25	Dec. 15, 2048
3.95% Notes, Series CAB	Multiple [10]	February 2050	$997.54 [10]	3.97% [10]	$400 million [10]	$73 million [7, 10]	57.5	Aug. 16, 2049
4.10% Notes, Series CAE	April 2021	April 2051	$994.70	4.13%	$500 million	$49 million [7]	53	Oct. 5, 2050
5.65% Notes, Series CAH	September 2022	September 2052	$996.13	5.68%	$550 million	$550 million	61.5	Mar. 13, 2052
5.95% Notes, Series CAL	September 2023	September 2053	$992.67	6.00%	$400 million	$400 million	61.5	Mar. 8, 2053

1 The effective interest rate represents the yield the notes would provide to an initial debt holder if held to maturity and, in respect of sustainability-linked notes, if no trigger events or MFN step-ups occur.

2 For Canadian dollar-denominated notes, the redemption price is the greater of (i) the present value of the notes discounted at the Government of Canada yield plus the redemption present value spread calculated over the period to the cessation date, or (ii) 100% of the principal amount thereof.

For U.S. dollar-denominated notes, the redemption price is the greater of (i) the present value of the notes discounted at the U.S. Adjusted Treasury Rate (at the U.S. Treasury Rate for the 3.40% U.S. Dollar Sustainability-Linked Notes) plus the redemption present value spread calculated over the period to the cessation date, or (ii) 100% of the principal amount thereof.

3 On December 16, 2025, we exercised our right to, and did, early redeem, on January 16, 2026, all of our 3.75% Notes, Series CV.

4 On March 9, 2026, we exercised our right to, and did, early redeem, on May 8, 2026, $500 million of our 2.75% Notes, Series CZ.

5 We have entered into foreign exchange derivatives (cross currency interest rate exchange agreements) that effectively convert the principal payments and interest obligations to Canadian dollar obligations as follows:

TELUS Corporation senior note series	Interest rate fixed at	Canadian dollar equivalent principal	Exchange rate
2.80% U.S. Dollar Notes	2.95%	$792 million	$1.3205
3.70% U.S. Dollar Notes	3.41%	$667 million	$1.3348
3.40% U.S. Dollar Sustainability-Linked Notes	3.89%	$1.1 billion	$1.2753
4.60% U.S. Dollar Notes	4.41%	$728 million	$1.2985
4.30% U.S. Dollar Notes	4.27%	$498 million	$1.3435

6 If we have not obtained a sustainability performance target verification assurance certificate for the fiscal year ending December 31, 2030, the sustainability-linked notes will incur increased interest rates from the trigger date through to their individual maturities. The interest rate on certain sustainability-linked notes may also increase (MFN step-up) if we fail to meet additional sustainability and/or environmental, social or governance targets specified in a sustainability-linked bond; the interest rate on these notes, however, in no event can exceed the initial rate by more than the combined MFN step-up and trigger event limit, whether as a result of not obtaining a sustainability performance target verification assurance certificate and/or any targets provided for in one or more future sustainability-linked bonds. Similarly, if we redeem any sustainability-linked notes without having obtained a sustainability performance target verification assurance certificate at the end of the fiscal year immediately preceding the redemption date, any interest accrued will be determined using the following rates:

	Sustainability performance target verification assurance certificate				
TELUS Corporation senior note series	Fiscal year	Trigger date	Post-trigger event interest rate	Aggregate MFN step-up and trigger event limit	Redemption interest accrual rate if certificate not obtained
2.85% Sustainability-Linked Notes, Series CAF	2030	Nov. 14, 2030	3.85%	N/A	3.85%
3.40% U.S. Dollar Sustainability-Linked Notes	2030	Nov. 14, 2030	4.40%	1.50%	4.40%
5.25% Sustainability-Linked Notes, Series CAG	2030	Nov. 15, 2030	6.00%	1.50%	6.00%
4.95% Sustainability-Linked Notes, Series CAJ	2030	Mar. 28, 2031	5.70%	1.50%	5.70%
5.75% Sustainability-Linked Notes, Series CAK	2030	Apr. 30, 2031	6.35%	1.20%	6.35%
5.10% Sustainability-Linked Notes, Series CAN	2030	Feb. 15, 2031	5.60%	1.00%	5.60%

7 In the year ended December 31, 2025, we acquired TELUS Corporation senior notes pursuant to our tender offers, as set out in the following table.

TELUS Corporation senior note series	Maturity	Tender offer principal face amount acquired (millions) June 2025	Dec. 2025	Total
4.40% Notes, Series CL	April 2043	—	$471	$471
4.40% Notes, Series CU	Jan. 2046	$267	$173	$440
4.70% Notes, Series CW	Mar. 2048	—	$386	$386
4.60% U.S. Dollar Notes	Nov. 2048	US$189	—	US$189
4.30% U.S. Dollar Notes	June 2049	US$129	—	US$129
3.95% Notes, Series CAB	Feb. 2050	$695	$32	$727
4.10% Notes, Series CAE	April 2051	$422	$29	$451

8 $500 million of 4.85% Notes, Series CP were issued in April 2014 at an issue price of $998.74 and an effective interest rate of 4.86%. This series of notes was reopened in December 2015 and a further $400 million of notes were issued at an issue price of $974.38 and an effective interest rate of 5.02%.

9 $325 million of 4.70% Notes, Series CW were issued in March 2017 at an issue price of $990.65 and an effective interest rate of 4.76%. This series of notes was reopened in February 2018 and a further $150 million of notes were issued in March 2018 at an issue price of $1,014.11 and an effective interest rate of 4.61%.

10 $400 million of 3.95% Notes, Series CAB were issued in December 2019 at an issue price of $991.54 and an effective interest rate of 4.00%. This series of notes was reopened in May 2020 and a further $400 million of notes were issued at an issue price of $1,003.53 and an effective interest rate of 3.93%.

(c) TELUS Corporation commercial paper

TELUS Corporation has an unsecured commercial paper program, backstopped by our $2.75 billion revolving syndicated credit facility (see *(d)*), which is used for general corporate purposes, including capital expenditures and investments. Subject to conditions related to debt ratings, this program allows us to issue commercial paper up to a maximum aggregate equivalent amount at any one time of $2.1 billion (US$1.5 billion maximum). We use foreign currency forward contracts to manage currency risk arising from U.S. dollar-denominated commercial paper. Although commercial paper debt matures within one year, we classify it as a current portion of long-term debt as these amounts are supported by the revolving credit facility and we expect that they will continue to be supported by the revolving credit facility, which has no repayment requirements within the next year. As at June 30, 2026, we had $2.1 billion (December 31, 2025 – $1.0 billion) of commercial paper outstanding, all of which was denominated in U.S. dollars (US$1.5 billion; December 31, 2025 – US$0.7 billion), with an effective average interest rate of 4.4%, maturing through December 2026.

(d) TELUS Corporation credit facilities

As at June 30, 2026, TELUS Corporation had a $2.75 billion unsecured revolving syndicated bank credit facility, expiring on August 21, 2030 (December 31, 2025 – August 21, 2030), with a syndicate of financial institutions, which is used for general corporate purposes, including the backstopping of commercial paper.

The TELUS Corporation credit facilities incur interest at prime rate, U.S. Dollar Base Rate, Canadian Overnight Repo Rate Average (CORRA) or term secured overnight financing rate (SOFR) (as such terms are used or defined in the credit facilities), plus applicable margins. The credit facilities include customary representations, warranties and covenants, including two financial quarter-end ratio tests: our leverage ratio must not exceed 4.25:1.00; and our operating cash flow to interest expense ratio must not be less than 2.00:1.00, all as defined in the credit facilities.

TELUS Corporation's continued access to these credit facilities does not depend upon TELUS Corporation maintaining a specific credit rating.

As at (millions)	**June 30, 2026**	December 31, 2025
Net available	**$ 657**	$ 1,798
Backstop of commercial paper	**2,093**	952
Gross available revolving $2.75 billion bank credit facility	**$ 2,750**	$ 2,750

As at June 30, 2026, we had letters of credit outstanding of $61 million (December 31, 2025 – $67 million), issued under various uncommitted facilities. These letter of credit facilities are in addition to our ability to provide letters of credit under our committed revolving bank credit facility.

(e) Other (unsecured)

In 2025, a wholly owned subsidiary issued preferred shares for US$200 million to a private equity investor, in connection with the acquisition of Workplace Options; IFRS Accounting Standards required that the preferred shares be accounted for as financial liabilities. In the first quarter of 2026, the preferred shares were exchanged with the private equity investor for a US$200 million promissory note issued by the wholly owned subsidiary. The promissory note, and previously the preferred shares, were similarly featured in that they were: unsubordinated obligations, senior in right of payment to all of our existing and future subordinated indebtedness, and effectively subordinated to all existing and future obligations of, or guaranteed by, our subsidiaries; redeemable, in whole but not in part, at our option and, after May 13, 2030, also at the holder's option; change in control events, as defined in the preferred investment agreement, may also have required redemption of the preferred shares; the redemption price was generally equal to a multiple of invested capital; and any accrued and un-reinvested interest would have been included in determining the redemption amount.

During the three-month period ended June 30, 2026, at our option, the promissory note was repaid and a prepayment premium of $51 million was recorded.

(f) TELUS Corporation junior subordinated notes

The notes are direct unsecured obligations, are subordinated to all existing and future senior indebtedness, and are effectively subordinated to all existing and future indebtedness and obligations of, or guaranteed by, our subsidiaries. For purposes of calculating leverage ratios, only one-half of the principal is included as debt in the initial post-issuance decade.

Interest is payable semi-annually and has a fixed rate reset at the interest payment date coinciding with the cessation date of the no-call period and every five years thereafter. Upon a rating event, as defined in the supplemental trust indenture, we must offer to repurchase the notes at a price equal to 102% of their principal amount plus accrued and unpaid interest to the repurchase date.

After the initial no-call period, the notes are redeemable at our option, in whole at any time, or in part from time to time, on not fewer than 10 days' and not more than 60 days' prior notice, on any interest payment date (prior to elapsing of the initial no-call periods, the notes are redeemable, on not fewer than 10 days' and not more than 90 days' prior notice, on each note's unique first rate reset date) at redemption prices equal to 100% of their principal amounts. Accrued and unpaid interest, if any, will be paid to the date fixed for redemption.

TELUS Corporation junior subordinated note series	Issued	Maturity	Issue price	Initial effective interest rate [1]	Principal face amount: Originally issued	Principal face amount: Outstanding at financial statement date	No-call period cessation date	Rate reset minimum [2]
6.25% Fixed-to-Fixed Rate, Series CAR	Multiple [3]	July 2055	$1,006.41 [3]	6.09% [3]	$1.1 billion [3]	$1.5 billion [3]	July 21, 2030	6.25%
6.75% Fixed-to-Fixed Rate, Series CAS	Multiple [4]	July 2055	$1,020.45 [4]	6.46% [4]	$500 million [4]	$925 million [4]	July 21, 2035	6.75%
U.S. Dollar 6.625% Fixed-to-Fixed Rate, Series A [5]	June 2025	Oct. 2055	US$1,000.00	6.625%	US$700 million	US$700 million	Oct. 15, 2030	6.625%
U.S. Dollar 7.000% Fixed-to-Fixed Rate, Series B [5]	June 2025	Oct. 2055	US$1,000.00	7.000%	US$800 million	US$800 million	Oct. 15, 2035	7.000%
U.S. Dollar 6.375% Fixed-to-Fixed Rate, Series C [5]	Dec. 2025	June 2056	US$1,000.00	6.375%	US$800 million	US$800 million	June 9, 2031	6.375%
U.S. Dollar 6.625% Fixed-to-Fixed Rate, Series D [5]	Dec. 2025	June 2056	US$1,000.00	6.625%	US$700 million	US$700 million	June 9, 2036	6.625%
5.375% Fixed-to-Fixed Rate, Series CAT	Dec. 2025	June 2056	$1,000.00	5.375%	$400 million	$400 million	June 9, 2031	5.375%
5.875% Fixed-to-Fixed Rate, Series CAU	Dec. 2025	June 2056	$1,000.00	5.875%	$400 million	$400 million	June 9, 2036	5.875%

1 The effective interest rate represents the minimum yield the notes would provide to an initial debt holder if held to maturity.

2 For the Canadian dollar-denominated notes, the rate reset is based upon a spread to the Five Year Government of Canada Bond Yield at the rate reset date, but is subject to a rate reset minimum.
For the U.S. Dollar-denominated notes the rate reset is based upon a spread to Five-Year U.S. Treasury Rate at the rate reset date, but is subject to a reset minimum.

3 $1.1 billion of 6.25% Fixed-to-Fixed Rate, Series CAR Notes were issued in April 2025 at an issue price of $999.65 and an initial effective interest rate of 6.25%. This series of notes was reopened in June 2025 and a further $375 million of notes were issued at an issue price of $1,026.25 and an initial effective interest rate of 5.61%.

4 $500 million of 6.75% Fixed-to-Fixed Rate, Series CAS Notes were issued in April 2025 at an issue price of $999.59 and an initial effective interest rate of 6.75%. This series of notes was reopened in June 2025 and a further $425 million of notes were issued at an issue price of $1,045.00 and an initial effective interest rate of 6.13%.

5 We have entered into foreign exchange derivatives (cross currency interest rate exchange agreements) that, during the first no-call periods, effectively convert the principal payments and interest obligations to Canadian dollar obligations as follows:

TELUS Corporation junior subordinated note series	First no-call period interest rate fixed at	Canadian dollar equivalent principal	Exchange rate
U.S. Dollar 6.625% Fixed-to-Fixed Rate, Series A	5.79%	$1.0 billion	$1.3743
U.S. Dollar 7.000% Fixed-to-Fixed Rate, Series B	6.42%	$1.1 billion	$1.3743
U.S. Dollar 6.375% Fixed-to-Fixed Rate, Series C	5.64%	$1.1 billion	$1.3957
U.S. Dollar 6.625% Fixed-to-Fixed Rate, Series D	6.07%	$1.0 billion	$1.3955

(g) Other (secured)

Other liabilities incur interest at 4.4%, are secured by the AWS-4 spectrum licences associated with these other liabilities, and are subject to amortization schedules, so that the principal is repaid over the periods to maturity, the last period ending March 31, 2035.

(h) Lease liabilities

Lease liabilities are subject to amortization schedules, so that the principal is repaid over various periods, which include reasonably expected renewals. The weighted average interest rate on lease liabilities was approximately 5.2% as at June 30, 2026.

(i) Long-term debt maturities

Anticipated requirements for long-term debt repayments, calculated for long-term debt owed as at June 30, 2026, are as follows:

Composite long-term debt denominated in	Canadian dollars			U.S. dollars					Other currencies	
						Currency swap agreement amounts to be exchanged				
Years ending December 31 (millions)	Long-term debt, excluding leases	Leases [1] (*Note 19*)	Total	Long-term debt, excluding leases	Leases (*Note 19*)	(Receive) [2]	Pay	Total	Leases (*Note 19*)	Total
2026 (remainder of year)	**$ 321**	**$ 201**	**$ 522**	**$ 2,094**	**$ 21**	**$ (2,094)**	**$ 2,038**	**$ 2,059**	**$ 32**	**$ 2,613**
2027	**50**	**374**	**424**	**1,563**	**34**	**(1,564)**	**1,459**	**1,492**	**57**	**1,973**
2028	**1,952**	**334**	**2,286**	**—**	**33**	**—**	**—**	**33**	**47**	**2,366**
2029	**1,404**	**265**	**1,669**	**—**	**37**	**—**	**—**	**37**	**39**	**1,745**
2030	**1,652**	**219**	**1,871**	**—**	**39**	**(995)**	**962**	**6**	**28**	**1,905**
2031 - 2035	**5,251**	**463**	**5,714**	**1,279**	**32**	**(3,553)**	**3,364**	**1,122**	**72**	**6,908**
Thereafter	**6,283**	**609**	**6,892**	**5,587**	**—**	**(2,713)**	**2,204**	**5,078**	**3**	**11,973**
Future cash outflows in respect of composite long-term debt principal repayments	**16,913**	**2,465**	**19,378**	**10,523**	**196**	**(10,919)**	**10,027**	**9,827**	**278**	**29,483**
Future cash outflows in respect of associated interest and like carrying costs [3]	**11,500**	**750**	**12,250**	**10,145**	**68**	**(3,386)**	**3,390**	**10,217**	**89**	**22,556**
Undiscounted contractual maturities (*Note 4(b)*)	**$ 28,413**	**$ 3,215**	**$ 31,628**	**$ 20,668**	**$ 264**	**$ (14,305)**	**$ 13,417**	**$ 20,044**	**$ 367**	**$ 52,039**

1 Where applicable, cash flows reflect foreign exchange rates as at June 30, 2026. Maturities and gross cash flows for the TELUS Corporation junior subordinated notes reflect the initial fixed rate reset date.

2 Future cash outflows in respect of associated interest and like carrying costs for sustainability-linked notes, commercial paper, amounts drawn under our credit facilities (if any), other (unsecured) and junior subordinated notes have been calculated based upon the rates in effect as at June 30, 2026.

27 other long-term liabilities

As at (millions)	Note	June 30, 2026	December 31, 2025
Contract liabilities	*24*	**$ 158**	$ 132
Other		**—**	2
Deferred revenues		**158**	134
Pension benefit liabilities	*15*	**465**	453
Other post-employment benefit liabilities		**94**	98
Derivative liabilities	*4(d)*	**112**	167
Deferred capital expenditure government grants		**66**	66
Other		**79**	34
		974	952
Deferred customer activation and connection fees	*24*	**1**	3
		$ 975	$ 955

28 owners' equity

(a) TELUS Corporation Common Share capital – general

Our authorized share capital is as follows:

As at	June 30, 2026	December 31, 2025
First Preferred Shares	**1 billion**	1 billion
Second Preferred Shares	**1 billion**	1 billion
Common Shares	**4 billion**	4 billion

Only holders of Common Shares may vote at our general meetings, with each holder entitled to one vote per Common Share held, provided that no less than 66-2/3% of the issued and outstanding Common Shares are owned by Canadians. With respect to priority in the payment of dividends and in the distribution of assets in the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of our assets among our shareholders for the purpose of winding up our affairs, preferences are as follows: First Preferred Shares; Second Preferred Shares; and finally Common Shares.

As at June 30, 2026, we had reserved for issuance from Treasury: approximately 95 million Common Shares under a dividend reinvestment and share purchase plan (see *Note 13(b)*); approximately 66 million Common Shares under restricted share unit plans (see *Note 14(b)*); and approximately 12 million Common Shares under share option plans (see *Note 14(d)*).

(b) Subsidiaries with significant non-controlling interests

TELUS International (Cda) Inc.

Our TELUS International (Cda) Inc. subsidiary was incorporated under the *Business Corporations Act* (British Columbia) and had geographically dispersed operations, with its principal places of business located in Asia, Central America, Europe and North America.

Summarized financial information

Summarized financial information for our TELUS International (Cda) Inc. subsidiary is set out in the accompanying table.

For the periods ended June 30, 2025 (millions)	
Statement of income and other comprehensive income [1, 2]	
THREE-MONTH	
Revenue and other income	$ 966
Net income (loss)	$ (376)
Comprehensive income (loss)	$ (504)
Net income (loss) allocated to non-controlling interest	$ (252)
Other comprehensive income allocated to non-controlling interest	$ (54)
Comprehensive income (loss) allocated to non-controlling interest	$ (306)
SIX-MONTH	
Revenue and other income	$ 1,928
Net income (loss)	$ (411)
Comprehensive income (loss)	$ (516)
Net income (loss) allocated to non-controlling interest	$ (272)
Other comprehensive income allocated to non-controlling interest	$ (45)
Comprehensive income (loss) allocated to non-controlling interest	$ (317)
Statement of cash flows [1, 2]	
THREE-MONTH	
Cash provided by operating activities	$ 43
Cash used by investing activities	$ (43)
Cash provided by financing activities	$ 8
SIX-MONTH	
Cash provided by operating activities	$ 102
Cash used by investing activities	$ (82)
Cash used by financing activities	$ (68)

1 As required by IFRS Accounting Standards, this summarized financial information excludes inter-company eliminations.

2 Amounts for periods in the year ended December 31, 2025, are prior to privatization on October 31, 2025.

Terrion

Our Terrion subsidiary was established under the *Partnership Act* (Ontario) on July 24, 2025, and its principal place of business is Canada. Terrion is a wireless tower infrastructure operator enabling wholesale access and co-location.

During the 160-day period (hereinafter referred to as "the year") from the date of establishment of the partnership through December 31, 2025, Terrion capitalization activity included issuing equity in Terrion to a non-controlling interest. Subsequent to the capitalization activity, TELUS Corporation retained a 50.1% voting and economic interest in Terrion. TELUS has a call option, exercisable in whole but not in part, in respect of the non-controlling interest either in September 2027 (if there is a dispute among the partners) or after September 2057. The call option price is generally the greater of fair value and a multiple of invested capital.

Summarized financial information

Summarized financial information for Terrion is set out in the accompanying table.

As at, or for the periods [1] ended, (millions)	June 30, 2026	December 31, 2025
Statement of financial position [2]		
Current assets	**$ 55**	$ 33
Non-current assets	**$ 776**	$ 658
Current liabilities	**$ 47**	$ 37
Non-current liabilities	**$ 420**	$ 314
Accumulated non-controlling interest in Terrion in Consolidated statement of changes in owners' equity	**$ 801**	$ 799
Statement of income and other comprehensive income [2]		
THREE-MONTH		
Revenue and other income	**$ 46**	
Net income [3]	**$ 16**	
Comprehensive income [3]	**$ 16**	
Net income and comprehensive income allocated to non-controlling interest	**$ 8**	
SIX-MONTH		
Revenue and other income	**$ 92**	
Net income [3]	**$ 32**	
Comprehensive income [3]	**$ 32**	
Net income and comprehensive income allocated to non-controlling interest	**$ 16**	

As at, or for the periods [1] ended, (millions)	June 30, 2026	December 31, 2025
Statement of cash flows [1]		
THREE-MONTH		
Cash provided by operating activities	**$ 36**	
Cash used by investing activities [4]	**$ (23)**	
Cash used by financing activities	**$ (12)**	
Partnership distributions to non-controlling interest (included as a use of cash in financing activities)	**$ 9**	
SIX-MONTH		
Cash provided by operating activities	**$ 69**	
Cash used by investing activities [4]	**$ (33)**	
Cash used by financing activities	**$ (28)**	
Partnership distributions to non-controlling interest (included as a use of cash in financing activities)	**$ 14**	

1 Amounts for periods in the year ended December 31, 2025, are for the 160-day period from the date of establishment, July 24, 2025, through December 31, 2025, inclusive.
2 As required by IFRS Accounting Standards, this summarized financial information excludes inter-company eliminations.
3 As Terrion is a partnership, no provision is made for income taxes in respect of the partners in determining Terrion's net income and comprehensive income.
4 For the three-month period ended June 30, 2026, Includes additions (excluding additions from leases) to property, plant and equipment of $19 and change in associated non-cash investing working capital of $(4). For the six-month period ended June 30, 2026, Includes additions (excluding additions from leases) to property, plant and equipment of $28 and change in associated non-cash investing working capital of $(9).

(c) Purchase of Common Shares for cancellation pursuant to normal course issuer bid

As referred to in *Note 3*, we may purchase a portion of our Common Shares for cancellation pursuant to normal course issuer bids in order to maintain or adjust our capital structure.

On December 15, 2025, we announced that we had received approval for a normal course issuer bid to purchase and cancel up to 28 million of our Common Shares (up to a maximum of $500 million) from December 17, 2025, to December 16, 2026, through the facilities of the Toronto Stock Exchange, the New York Stock Exchange and/or alternative trading platforms or otherwise as may be permitted by applicable securities laws and regulations, including privately negotiated block purchases. Additionally, we are able to enter into an automatic share purchase plan with a broker for the purpose of permitting us to purchase our Common Shares under the normal course issuer bid at times we would not otherwise be permitted to trade in our own Common Shares, including during regularly scheduled quarterly internal blackout periods. Such purchases will be determined by the broker in its sole discretion based on parameters we have established. We record a liability and charge share capital and retained earnings for purchases that may occur during such blackout periods based upon the parameters of the normal course issuer bid as at the statement of financial position date.

The excess of the purchase price over the average stated value of Common Shares purchased for cancellation is charged to retained earnings. We cease to consider the Common Shares to be outstanding on the date of our purchase of the Common Shares, although the actual cancellation of the Common Shares by the transfer agent and registrar occurs on a timely basis on a date shortly thereafter.

29 contingent liabilities

Claims and lawsuits

General

A number of claims and lawsuits (including class actions and intellectual property infringement claims) seeking damages and other relief are pending against us and, in some cases, other mobile carriers and telecommunications service providers. As well, we have received notice of, or are aware of, certain possible claims (including intellectual property infringement claims) against us and, in some cases, other mobile carriers and telecommunications service providers.

It is not currently possible for us to predict the outcome of such claims, possible claims and lawsuits due to various factors, including: the preliminary nature of some claims; uncertain damage theories and demands; an incomplete factual record; uncertainty concerning legal theories and procedures and their resolution by the courts, at both the trial and the appeal levels; and the unpredictable nature of opposing parties and their demands.

However, subject to the foregoing limitations, management is of the opinion, based upon legal assessments and information presently available, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would have a material effect on our financial position and the results of our operations, including cash flows, with the exception of the following items.

Certified class actions

Certified class actions against us include the following:

System access fee class action

In 2004, a class action was brought in Saskatchewan against a number of past and present wireless service providers, including us, which alleged breach of contract, misrepresentation, unjust enrichment and violation of competition, trade practices and consumer protection legislation across Canada in connection with the collection of system access fees. In September 2007, a national opt-in class was certified by the Saskatchewan Court of Queen's Bench in relation to the unjust enrichment claim only. In February 2008, the Saskatchewan Court of Queen's Bench granted an order amending the certification order so as to exclude from the class of plaintiffs any customer bound by an arbitration clause with us. After a long period of dormancy, the Plaintiff sought, in 2024, to advance the class action. The defendants have applied to dismiss the class action for want of prosecution.

Per minute billing class action

In 2008, a class action was brought in Ontario against us alleging breach of contract, breach of the Ontario *Consumer Protection Act*, breach of the *Competition Act* and unjust enrichment, in connection with our practice of "rounding up" mobile airtime to the nearest minute and charging for the full minute. The action sought certification of a national class. In November 2014, an Ontario class only was certified by the Ontario Superior Court of Justice in relation to the breach of contract, breach of *Consumer Protection Act*, and unjust enrichment claims; all appeals of the certification decision have now been exhausted. At the same time, the Ontario Superior Court of Justice declined to stay the claims of our business customers, notwithstanding an arbitration clause in our customer service agreements with those customers. This latter decision was appealed and on May 31, 2017, the Ontario Court of Appeal dismissed our appeal. The Supreme Court of Canada granted us leave to appeal this decision and on April 4, 2019, granted our appeal and stayed the claims of business customers. Notice of this certified class action was provided to potential class members in 2022. A summary judgment hearing has been set for February 1 to 19, 2027.

Uncertified class actions
Uncertified class actions against us include:

9-1-1 class actions
In 2008, a class action was brought in Saskatchewan against us and other Canadian telecommunications carriers alleging that, among other matters, we failed to provide proper notice of 9-1-1 charges to the public, have been deceitfully passing them off as government charges, and have charged 9-1-1 fees to customers who reside in areas where 9-1-1 service is not available. The plaintiffs advance causes of action in breach of contract, misrepresentation and false advertising and seek certification of a national class. A virtually identical class action was filed in Alberta at the same time, but the Alberta Court of Queen's Bench declared that class action expired against us as of 2009. No steps have been taken in this proceeding since 2016.

Public Mobile class actions
In 2014, class actions were brought against us in Quebec and Ontario on behalf of Public Mobile's customers, alleging that changes to the technology, services and rate plans made by us contravene our statutory and common law obligations. In particular, the Quebec action alleges that our actions constitute a breach of the Quebec *Consumer Protection Act*, the Quebec *Civil Code*, and the Ontario *Consumer Protection Act*. On June 28, 2021, the Quebec Superior Court approved the discontinuance of this claim against TELUS. The Ontario class action alleges negligence, breach of express and implied warranty, breach of the *Competition Act*, unjust enrichment, and waiver of tort. No steps have been taken in this proceeding since it was filed and served.

Summary
We believe that we have good defences to the above matters. Should the ultimate resolution of these matters differ from management's assessments and assumptions, a material adjustment to our financial position and the results of our operations, including cash flows, could result. Management's assessments and assumptions include that reliable estimates of any such exposure cannot be made considering the continued uncertainty about: the nature of the damages that may be sought by the plaintiffs; the causes of action that are being, or may ultimately be, pursued; and, in the case of the uncertified class actions, the causes of action that may ultimately be certified.

30 related party transactions

(a) Transactions with key management personnel

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

Total compensation expense for key management personnel and its composition, included in the Consolidated statements of income and other comprehensive income as Employee benefits expense, is as follows:

Periods ended June 30 (millions)	Three month **2026**	Three month 2025	Six months **2026**	Six months 2025
Short-term benefits	**$ 5**	$ 4	**$ 9**	$ 8
Post-employment pension[1] and other benefits	**6**	2	**8**	4
Share-based compensation[2]	**30**	19	**42**	32
	$ 41	$ 25	**$ 59**	$ 44

1 The members of our Executive Team are members of our *Pension Plan for Management and Professional Employees of TELUS Corporation* and certain other non-registered, non-contributory supplementary defined benefit and defined contribution pension plans.
2 We accrue an expense for the notional subset of our restricted share units with market performance conditions using a fair value determined by a Monte Carlo simulation. Restricted share units with an equity settlement feature are accounted for as equity instruments. The expense in respect of restricted share units that do not ultimately vest is reversed against the expense that was previously recorded in their respect.

As disclosed in *Note 14*, we made awards of share-based compensation in 2026 and 2025 to our key management personnel, as set out in the following table. As most of these awards are cliff-vesting or graded-vesting with multi-year requisite service periods, the related expense is being recognized rateably over a period of years and thus only a portion of the 2026 and 2025 initial awards is included in the amounts in the table above.

Six-month periods ended June 30 ($ in millions)	Number of units	Notional value[1]	Grant-date fair value[1]
2026			
TELUS Corporation			
Restricted share units	**3,673,007**	**$ 62**	**$ 52**
Share options	**1,000,000**	**1**	**1**
		$ 63	**$ 53**

Six-month periods ended June 30 ($ in millions)	Number of units	Notional value [1]	Grant-date fair value [1]
2025			
TELUS Corporation			
Restricted share units	1,601,848	$ 35	$ 43
TELUS International (Cda) Inc.			
Restricted share units	1,229,346	5	5
		$ 40	$ 48

1 The notional value of restricted share units is determined by multiplying the equity share price at the time of award by the number of units awarded; the grant-date fair value differs from the notional value because the fair values of some awards have been determined using a Monte Carlo simulation (see *Note 14(b)*). The notional value of share options is determined using a Black-Scholes model (a closed-form option pricing model).

Our *Directors' Deferred Share Unit Plan* provides that, in addition to his or her annual equity grant of deferred share units, a director may elect to receive his or her annual retainer and meeting fees in deferred share units, TELUS Corporation Common Shares or cash. Deferred share units entitle directors to a specified number of TELUS Corporation Common Shares. Deferred share units are settled when a director ceases to be a director, for any reason, at a time elected by the director in accordance with the *Directors' Deferred Share Unit Plan*. As at June 30, 2026 and December 31, 2025, no share-based compensation awards accounted for as liabilities were outstanding.

Executive Team members' employment agreements typically provide for severance payments if an executive's employment is terminated without cause: generally, 18 months of base salary, benefits and accrual of pension service in lieu of notice, and 50% of base salary in lieu of an annual cash bonus. In the event of a change in control, Executive Team members are not entitled to treatment any different than that given to our other employees with respect to non-vested share-based compensation.

(b) Transactions with defined benefit pension plans

During the three-month and six-month periods ended June 30, 2026, we provided our defined benefit pension plans with management and administrative services on a cost recovery basis and actuarial services on an arm's-length basis; the charges for these services amounted to $3 million (2025 – $3 million) and $6 million (2025 – $6 million), respectively, and are included net in the Consolidated statements of income and other comprehensive income as Goods and services purchased.

31 additional statement of cash flow information

(a) Statements of cash flows – operating activities and investing activities

Periods ended June 30 (millions)	Three months **2026**	Three months 2025	Six months **2026**	Six months 2025
OPERATING ACTIVITIES				
Net change in non-cash operating working capital				
Current				
Accounts receivable	**$ 239**	$ 34	**$ 278**	$ 225
Inventories	**(3)**	81	**21**	144
Contract assets	**17**	16	**24**	12
Costs incurred to obtain or fulfill contracts with customers (*Note 20*)	**(7)**	(4)	**78**	(21)
Prepaid maintenance and other	**(36)**	(65)	**(180)**	(171)
Unrealized change in held for trading derivatives	**(5)**	(1)	**1**	(3)
Accounts payable and accrued liabilities (*Note 24*)	**(25)**	(70)	**(71)**	(319)
Advance billings and customer deposits (*Note 25*)	**(56)**	(29)	**(73)**	(41)
Provisions	**(20)**	(5)	**17**	1
	104	(43)	**95**	(173)

Periods ended June 30 (millions)	Three months **2026**	Three months 2025	Six months **2026**	Six months 2025
Non-current				
Contract assets	**10**	31	**11**	52
Unbilled customer finance receivables	**16**	20	**34**	22
Unrealized change in held for trading derivatives	**(3)**	—	**(14)**	—
Costs incurred to obtain or fulfill contracts with customers (*Note 20*)	**(18)**	(14)	**(2)**	(28)
Prepaid maintenance	**(3)**	3	**(19)**	8
Refundable security deposits and other	**3**	(5)	**(1)**	(5)
Provisions (*Note 25*)	**13**	(26)	**(31)**	(110)
Contract liabilities (*Note 24, 27*)	**9**	25	**22**	35
Other post-employment benefit liabilities	**(1)**	1	**(4)**	6
Other long-term liabilities	**37**	5	**45**	—
	63	40	**41**	(20)
	$ 167	$ (3)	**$ 136**	$ (193)

Periods ended June 30 (millions)	Three months **2026**	Three months 2025	Six months **2026**	Six months 2025
INVESTING ACTIVITIES				
Cash payments for capital assets, excluding spectrum licences				
Capital asset additions				
Gross capital expenditures				
Property, plant and equipment (*Note 17*)	**$ (775)**	$ (796)	**$ (1,422)**	$ (1,397)
Intangible assets subject to amortization (*Note 18*)	**(259)**	(248)	**(524)**	(449)
	(1,034)	(1,044)	**(1,946)**	(1,846)
Additions arising from leases (*Note 17*)	**356**	349	**592**	564
Additions arising from non-monetary transactions	**—**	17	**25**	17
Capital expenditures (*Note 5*)	**(678)**	(678)	**(1,329)**	(1,265)
Other non-cash items included above				
Change in associated non-cash investing working capital	**81**	80	**(25)**	13
	$ (597)	$ (598)	**$ (1,354)**	$ (1,252)

1 For the three-month period ended June 30, 2026, includes capital expenditures of $19 (2025 – $NIL) and for the six-month period ended June 30, 2026, includes capital expenditures of $28 (2025 – $NIL) in respect of our Terrion subsidiary (see *Note 28(b)*).

(b) Changes in liabilities arising from financing activities

	Three-month period ended June 30, 2025						Three-month period ended June 30, 2026					
		Statement of cash flows		Non-cash changes				Statement of cash flows		Non-cash changes		
(millions)	Beginning of period	Issued or received	Redemptions, repayments or payments	Foreign exchange movement (*Note 4(e)*)	Other	End of period	Beginning of period	Issued or received	Redemptions, repayments or payments	Foreign exchange movement (*Note 4(e)*)	Other	End of period
Dividends payable to holders of Common Shares	$ 610	$ —	$ (610)	$ —	$ 634	$ 634	$ 653	$ —	$ (653)	$ —	$ 659	$ 659
Dividends reinvested in shares from Treasury	—	—	205	—	(205)	—	—	—	219	—	(219)	—
	$ 610	$ —	$ (405)	$ —	$ 429	$ 634	$ 653	$ —	$ (434)	$ —	$ 440	$ 659
Short-term borrowings	$ 1,325	$ 19	$ (349)	$ (73)	$ —	$ 922	$ 920	$ 475	$ (188)	$ 18	$ —	$ 1,225
Net-settled derivatives used to manage currency risk arising from U.S. dollar-denominated short-term borrowings – liability (asset)	(6)	—	(60)	67	—	1	—	41	(19)	(23)	—	(1)
	$ 1,319	$ 19	$ (409)	$ (6)	$ —	$ 923	$ 920	$ 516	$ (207)	$ (5)	$ —	$ 1,224

TELUS

Three-month period ended June 30, 2025

(millions)	Beginning of period	Statement of cash flows: Issued or received	Statement of cash flows: Redemptions, repayments or payments	Non-cash changes: Foreign exchange movement (*Note 4(e)*)	Non-cash changes: Other	End of period
Long-term debt						
TELUS Corporation senior notes	$ 21,277	$ —	$ —	$ (238)	$ 6	$ 21,045
TELUS Corporation commercial paper	2,116	662	(1,690)	(97)	—	991
TELUS Corporation credit facilities	—	770	(764)	(6)	—	—
Other (unsecured)	—	280	—	(7)	—	273
TELUS Corporation junior subordinated notes	—	4,451	—	(5)	(32)	4,414
Other (secured)	580	—	(129)	—	117	568
Lease liabilities	2,902	—	(176)	7	360	3,093
Derivatives used to manage currency risk arising from U.S. dollar-denominated long-term debt – liability (asset)	(65)	1,709	(1,742)	382	(65)	219
TELUS Communications Inc. debentures	200	—	—	—	—	200
TELUS International (Cda) Inc. credit facility	1,649	306	(256)	(91)	2	1,610
	28,659	8,178	(4,757)	(55)	388	32,413
To eliminate effect of gross settlement of derivatives used to manage currency risk arising from U.S. dollar-denominated long-term debt	—	(1,709)	1,709	—	—	—
	$ 28,659	$ 6,469	$ (3,048)	$ (55)	$ 388	$ 32,413
Partnership distributions payable to non-controlling interests	$ —	$ —	$ —	$ —	$ —	$ —

Three-month period ended June 30, 2026

(millions)	Beginning of period	Statement of cash flows: Issued or received	Statement of cash flows: Redemptions, repayments or payments	Non-cash changes: Foreign exchange movement (*Note 4(e)*)	Non-cash changes: Other	End of period
Long-term debt						
TELUS Corporation senior notes	$ 17,664	**$ —**	**$ (500)**	**$ 80**	**$ 3**	**$ 17,247**
TELUS Corporation commercial paper	1,643	**1,338**	**(933)**	**45**	**—**	**2,093**
TELUS Corporation credit facilities	—	**—**	**—**	**—**	**—**	**—**
Other (unsecured)	299	**13**	**(273)**	**(5)**	**—**	**34**
TELUS Corporation junior subordinated notes	7,322	**—**	**—**	**81**	**—**	**7,403**
Other (secured)	489	**—**	**(10)**	**—**	**—**	**479**
Lease liabilities	2,714	**—**	**(100)**	**3**	**358**	**2,975**
Derivatives used to manage currency risk arising from U.S. dollar-denominated long-term debt – liability (asset)	(112)	**933**	**(919)**	**(206)**	**150**	**(154)**
TELUS Communications Inc. debentures						
TELUS International (Cda) Inc. credit facility						
	30,019	**2,284**	**(2,735)**	**(2)**	**511**	**30,077**
To eliminate effect of gross settlement of derivatives used to manage currency risk arising from U.S. dollar-denominated long-term debt	—	**(933)**	**933**	**—**	**—**	**—**
	$ 30,019	**$ 1,351**	**$ (1,802)**	**$ (2)**	**$ 511**	**$ 30,077**
Partnership distributions payable to non-controlling interests	**$ —**	**$ —**	**$ (9)**	**$ —**	**$ 9**	**$ —**

	Six-month period ended June 30, 2025						**Six-month period ended June 30, 2026**					
		Statement of cash flows		Non-cash changes				Statement of cash flows		Non-cash changes		
(millions)	Beginning of period	Issued or received	Redemptions, repayments or payments	Foreign exchange movement (*Note 4(e)*)	Other	End of period	Beginning of period	Issued or received	Redemptions, repayments or payments	Foreign exchange movement (*Note 4(e)*)	Other	End of period
Dividends payable to holders of Common Shares	$ 605	$ —	$ (1,215)	$ —	$ 1,244	$ 634	$ 649	**$ —**	**$ (1,302)**	**$ —**	**$ 1,312**	**$ 659**
Dividends reinvested in shares from Treasury	—	—	408	—	(408)	—	—	**—**	**438**	**—**	**(438)**	**—**
	$ 605	$ —	$ (807)	$ —	$ 836	$ 634	$ 649	**$ —**	**$ (864)**	**$ —**	**$ 874**	**$ 659**
Short-term borrowings	$ 922	$ 413	$ (351)	$ (62)	$ —	$ 922	$ 920	**$ 485**	**$ (209)**	**$ 29**	**$ —**	**$ 1,225**
Net-settled derivatives used to manage currency risk arising from U.S. dollar-denominated short-term borrowings – liability (asset)	2	9	(62)	52	—	1	—	**64**	**(28)**	**(37)**	**—**	**(1)**
	$ 924	$ 422	$ (413)	$ (10)	$ —	$ 923	$ 920	**$ 549**	**$ (237)**	**$ (8)**	**$ —**	**$ 1,224**

	Six-month period ended June 30, 2025						**Six-month period ended June 30, 2026**					
		Statement of cash flows		Non-cash changes				Statement of cash flows		Non-cash changes		
(millions)	Beginning of period	Issued or received	Redemptions, repayments or payments	Foreign exchange movement (*Note 4(e)*)	Other	End of period	Beginning of period	Issued or received	Redemptions, repayments or payments	Foreign exchange movement (*Note 4(e)*)	Other	End of period
Long-term debt												
TELUS Corporation senior notes	$ 22,077	$ —	$ (800)	$ (242)	$ 10	$ 21,045	$ 18,191	**$ —**	**$ (1,100)**	**$ 148**	**$ 8**	**$ 17,247**
TELUS Corporation commercial paper	1,404	2,124	(2,440)	(97)	—	991	952	**2,698**	**(1,630)**	**73**	**—**	**2,093**
TELUS Corporation credit facilities	—	770	(764)	(6)	—	—	—	**—**	**—**	**—**	**—**	**—**
Other (unsecured)	—	280	—	(7)	—	273	295	**13**	**(273)**	**(1)**	**—**	**34**
TELUS Corporation junior subordinated notes	—	4,451	—	(5)	(32)	4,414	7,250	**—**	**—**	**151**	**2**	**7,403**
Other (secured)	588	—	(137)	—	117	568	537	**—**	**(21)**	**—**	**(37)**	**479**
Lease liabilities	2,882	—	(369)	19	561	3,093	3,314	**—**	**(945)**	**4**	**602**	**2,975**
Derivatives used to manage currency risk arising from U.S. dollar-denominated long-term debt – liability (asset)	(68)	2,479	(2,498)	410	(104)	219	71	**1,630**	**(1,616)**	**(372)**	**133**	**(154)**
TELUS Communications Inc. debentures	200	—	—	—	—	200						
TELUS International (Cda) Inc. credit facility	1,703	507	(509)	(93)	2	1,610						
	28,786	10,611	(7,517)	(21)	554	32,413	30,610	**4,341**	**(5,585)**	**3**	**708**	**30,077**
To eliminate effect of gross settlement of derivatives used to manage currency risk arising from U.S. dollar-denominated long-term debt	—	(2,479)	2,479	—	—	—	—	**(1,630)**	**1,630**	**—**	**—**	**—**
	$ 28,786	$ 8,132	$ (5,038)	$ (21)	$ 554	$ 32,413	$ 30,610	**$ 2,711**	**$ (3,955)**	**$ 3**	**$ 708**	**$ 30,077**
Partnership distributions payable to non-controlling interests	$ —	$ —	$ —	$ —	$ —	$ —	$ —	**$ —**	**$ (14)**	**$ —**	**$ 14**	**$ —**