

First Quarter Report

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**Saskatchewan Telecommunications
Holding Corporation**

First Quarter Report 2025-26
For the Period Ended June 30, 2025

Saskatchewan Telecommunications Holding Corporation (the “Corporation”, or “SaskTel”) is a Saskatchewan Crown corporation. The Corporation’s wholly-owned subsidiaries (Saskatchewan Telecommunications and Saskatchewan Telecommunications International Inc.) offer a wide array of products, services, and solutions to customers in Saskatchewan and around the world. The Corporation has a workforce of approximately 3,200 full-time equivalent employees (FTEs), making the Corporation one of Saskatchewan’s largest employers.

Our purpose: “*We enrich everyday life. We empower people, organizations, and communities to reach their full potential.*”

Consolidated Highlights

FINANCIAL

Net Income

\$13.3M

(32.1%) vs. Q1 2024/25

Revenue

\$334.3M

+1.3% vs. Q1 2024/25

Return on Equity

7.3%

+0.1 percentage points vs. Q1 2024/25

Capital Expenditures

\$112.3M

+1.9% vs. Q1 2024/25

CUSTOMER CONNECTIONS

Broadband Internet

+2.6%

Subscriber Growth yr/yr

June 2025	930,494
June 2024	906,822
March 2025	923,514

maxTV Service

(3.3%)

Subscriber Decline yr/yr

June 2025	107,592
June 2024	111,283
March 2025	107,554

Wireless

+2.6%

Subscriber Growth yr/yr

June 2025	686,751
June 2024	669,606
March 2025	682,563

Fibre

+11.3%

Subscriber Growth yr/yr

June 2025	221,275
June 2024	198,796
March 2025	215,982

Wireline Voice

(5.7%)

Subscriber Decline yr/yr

June 2025	224,458
June 2024	237,964
March 2025	228,113

Consolidated Net Income

Millions of dollars	Three months ended			
	June 30,			
	2025	2024	Change	% Change
Revenue	\$334.3	\$330.1	\$4.2	1.3
Other loss	(0.6)	(0.2)	(0.4)	200.0
Total revenue and other loss	333.7	329.9	3.8	1.2
Expenses	309.6	299.7	9.9	3.3
Results from operating activities	24.1	30.2	(6.1)	(20.2)
Net finance expense	10.8	10.6	0.2	1.9
Net income	\$13.3	\$19.6	\$(6.3)	(32.1)

Net income for the three months ended June 30, 2025, was \$13.3 million, a decrease of \$6.3 million (32.1%) from the same period in 2024-25.

Revenue for the three months ended June 30, 2025, was \$334.3 million, an increase of \$4.2 million (1.3%) from the same period in 2024-25 primarily due to growth in wireless network services and equipment, fixed broadband and data services, and maxTV service, partially offset by reduced wireline communication services and customer premise equipment.

Expenses for the three months ended June 30, 2025, were \$309.6 million, an increase of \$9.9 million (3.3%) from the same period in 2024-25. This increase was primarily due to increased depreciation and amortization, and salaries, wages and benefits.

Net finance expense for the three months ended June 30, 2025, was \$10.8 million, an increase of \$0.2 million (1.9%) over the same period in 2024-25.

Management's Discussion and Analysis

August 14, 2025

Forward-Looking Information

The following discussion focuses on the consolidated financial position and results of the operations of SaskTel for the three-month period ended June 30, 2025. This discussion and analysis should be read in conjunction with SaskTel's June 30, 2025 Interim Consolidated Financial Statements. Some sections of this discussion include forward-looking statements about SaskTel's corporate direction and financial objectives. A statement is forward-looking when it uses information known today to make an assertion about the future. Since these forward-looking statements reflect expectations and intentions at the time of writing, actual results could differ materially from those anticipated if known or unknown risks and uncertainties impact the business, or if estimates or assumptions turn out to be inaccurate. As a result, SaskTel cannot guarantee that any of the

predictions forecasted by forward-looking statements will occur. As well, forward-looking statements do not take into consideration the effect of transactions or non-recurring items announced or occurring subsequently. Therefore, SaskTel disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. For a full discussion of risk factors, please refer to Management's Discussion and Analysis in SaskTel's 2024-25 Annual Report.

These interim statements have been prepared in accordance with the International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

These interim statements have been approved by the SaskTel Board of Directors on August 14, 2025.

Results of Operations

Revenue

Millions of dollars	2025	2024	Change	% Change
Three months ended June 30,	\$334.3	\$330.1	\$4.2	1.3

Revenue for the first quarter of 2025-26 was \$334.3 million, a \$4.2 million (1.3%) increase from the same period in 2024-25. The increase was due to increased wireless network services primarily due to higher wholesale revenues within wireless network services. The increase was supplemented by growth in fixed broadband and data services comprised of continued customer demand for higher bandwidth services and increased fibre accesses and growth in maxTV service due to plan restructuring. These were partially offset by lower wireline communication services due to the ongoing erosion of legacy voice revenues and decreased customer premise equipment.

Results of operations, continued

Expenses

Millions of dollars	2025	2024	Change	% Change
Three months ended June 30,	\$309.6	\$299.7	\$9.9	3.3

Expenses for the first quarter of 2025-26 were \$309.6 million, a \$9.9 million (3.3%) increase from the same period in 2024-25. Depreciation and amortization increased \$4.4 million due to increased wireless assets in service and investment in capital projects. Salaries and wages increased \$4.1 million due to economic increases and salary progression.

Net finance expense

Millions of dollars	2025	2024	Change	% Change
Three months ended June 30,	\$10.8	\$10.6	\$0.2	1.9

Net finance expense for the first quarter of 2025-26 was \$10.8 million, a \$0.2 million (1.9%) increase from the same period in 2024-25. Finance expenses increased by \$1.1 million due to higher net debt. This was partially offset by increased finance income of \$0.9 million due to higher sinking fund earnings and increased interest income.

Financial Condition

Changes in the Corporation's assets, liabilities, and equity from March 31, 2025 to June 30, 2025, are discussed below:

Millions of dollars	Increase (decrease)	Explanation
Assets		
Cash	\$(8.1)	See Interim Condensed Consolidated Statement of Cash Flows
Trade and other receivables	(14.6)	Timing of non-customer related receivables
Inventories	(6.6)	Timing of receipt of devices and device sales
Prepaid expenses	(2.5)	No significant change
Contract assets	(6.1)	New contracts offset by amortization of existing contracts
Contract costs	(1.7)	No significant change
Property, plant and equipment	49.3	Capital spending primarily on wireless and fibre projects partially offset by depreciation, retirements, and disposals
Right-of-use assets	2.4	No significant change
Intangible assets	1.8	No significant change
Sinking funds	12.8	Installments and earnings partially offset by redemptions
Other assets	(0.9)	No significant change
Liabilities and Province's Equity		
Trade and other payables	5.4	Timing of payments for operations and capital spending
Accrued interest	(9.7)	Timing of interest payments
Dividend payable	4.2	No significant change
Notes payable	(90.8)	Repayment of notes payable due to issuance of long-term debt
Contract liabilities	1.0	No significant change
Lease liabilities	2.5	No significant change
Other liabilities	1.0	No significant change
Deferred income – government funding	13.3	Increased funding received for Northern broadband projects
Long-term debt	99.3	New debt issuance
Employee benefit obligations	(0.3)	No significant change
Provisions	0.0	No significant change
Accumulated other comprehensive income	(3.4)	See Interim Condensed Consolidated Statement of Income and Other Comprehensive Income (Loss)
Retained earnings	3.3	Net income less dividends declared

Cash Flows

Cash provided by operating activities

Millions of dollars	2025	2024	Change	% Change
Three months ended June 30,	\$98.9	\$130.7	\$(31.8)	(24.3)

Cash provided by operating activities for the three months ended June 30, 2025, was \$98.9 million, a decrease of \$31.8 million (24.3%) compared to the same period in 2024-25, primarily due to increased working capital requirements partially offset by decreased net income.

Cash used in investing activities

Millions of dollars	2025	2024	Change	% Change
Three months ended June 30,	\$94.1	\$108.9	\$(14.8)	(13.6)

Cash used in investing activities for the three months ended June 30, 2025, was \$94.1 million, a decrease of \$14.8 million (13.6%) from the same period in 2024-25 due to increased government funding partially offset by timing of cash payments.

Cash used in financing activities

Millions of dollars	2025	2024	Change	% Change
Three months ended June 30,	\$12.9	\$24.4	\$(11.5)	(47.1)

Cash used in financing activities for the three months ended June 30, 2025 was \$12.9 million, a decrease of \$11.5 million (47.1%) from the same period in 2024-25 primarily due to repayment of notes payable.

Capital Resource Ratio

Debt ratio

	June 30, 2025	March 31, 2025	Change
Debt ratio	56.6%	56.5%	0.1

The debt ratio increased to 56.6%, an increase of 0.1 percentage points from March 31, 2025. The overall level of net debt increased by \$3.9 million during the period due to new debt issuances offset by decreased notes payable and increased sinking funds.

Equity decreased \$0.1 million for the three months ending June 30, 2025, after recording a net income of \$13.3 million, other comprehensive loss of (\$3.4) million, and declared dividends of \$10.1 million.

The debt ratio is calculated as net debt divided by end-of-period capitalization. Net debt is defined as total debt, including total long-term debt, notes payable, and bank indebtedness, excluding lease liabilities, less sinking funds, and cash. Capitalization includes net debt, equity advances, accumulated other comprehensive income and retained earnings at the period end.

Capital Expenditures

Millions of dollars	2025	2024	Change	% Change
Property, plant and equipment	\$104.3	\$95.7	\$8.6	9.0
Intangible assets	8.0	14.5	(6.5)	(44.8)
Three months ended June 30,	\$112.3	\$110.2	\$2.1	1.9

Total capital expenditures for the three months ended June 30, 2025, were \$112.3 million, an increase of \$2.1 million (1.9%) from the same period in 2024-25.

Spending on property, plant and equipment for the three months ended June 30, 2025, was \$104.3 million, an increase of \$8.6 million (9.0%) from the same period in 2024-25. The increase was due to ongoing investment in the Corporation's fibre infrastructure, partially offset by lower spending on the 5G network build. Spending on intangible assets was \$8.0 million, a decrease of \$6.5 million (44.8%) from the same period in 2024-25 due to decreased spending on spectrum licenses partially offset by increased spending on assets under development.

In the first quarter of the fiscal year, SaskTel invested in enhanced network infrastructure, adding 53 new 5G sites, expanding northern broadband with Universal Broadband Fund support, and continued to grow SaskTel's fibre footprint through its Fibre-to-the-X program. These upgrades ensure access to advanced technologies such as 5G and fibre optic internet across Saskatchewan, supporting economic growth in both urban and remote areas.

2025-26 Outlook

SaskTel had a consolidated net income target for the fiscal year ended March 31, 2026 of \$100.6 million. At this time, SaskTel believes it will meet its target.

Risk Assessment

SaskTel's 2025-26 Strategic Plan outlines the key strategic and core business risks and uncertainties which may inhibit SaskTel from achieving the Strategic Themes within the plan including – deliver valuable customer experiences, insights and outcomes, drive sustainable growth through innovation, engage and invest in our people and communities, build and expand network capabilities and simplify and automate the business.

The Key Strategic Risks associated with the company's business environment include the following areas: competitiveness, regulatory considerations, and alliances and partnerships. Core Business Risks are risks associated with the execution of SaskTel's business functions including the following areas: networks, systems, physical infrastructure, and cybersecurity.

A strong governance process for enterprise risk management is in place. This is an iterative process designed to identify, evaluate, mitigate and control, report, monitor, and assess key corporate risks. As of June 30, 2025, SaskTel's key risk profile remains unchanged from that disclosed in its annual report dated March 31, 2025.

Condensed Consolidated Interim Financial Statements

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

		(Unaudited)	
		Three months ended June 30,	
		2025	2024
Thousands of dollars	Note		(adjusted - Note 2)
Revenue	3	\$334,337	\$330,057
Other loss		(567)	(200)
Total revenue and other loss		333,770	329,857
Expenses			
Goods and services purchased		147,439	146,309
Salaries, wages and benefits		90,528	86,433
Depreciation - property, plant & equipment	5	52,405	47,874
Depreciation - right-of-use assets		2,137	1,702
Amortization	6	6,288	6,818
Saskatchewan taxes		10,816	10,551
Total expenses		309,613	299,687
Results from operating activities		24,157	30,170
Net finance expense	4	10,827	10,576
Net income		13,330	19,594
Other comprehensive income (loss)			
Items that will be reclassified to net income			
Unrealized gains (losses) on sinking funds		(2,237)	93
Items that will never be reclassified to net income			
Net actuarial losses on employee benefit obligations	8	(1,133)	(1,209)
Total other comprehensive income (loss)		(3,370)	(1,116)
Total comprehensive income		\$9,960	\$18,478

All net income and total comprehensive income are attributable to Crown Investments Corporation of Saskatchewan (CIC).

See Accompanying Notes

Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited)				
Thousands of dollars	Equity advances	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at April 1, 2025	\$237,000	\$86,473	\$1,028,317	\$1,351,790
Net income	-	-	13,330	13,330
Other comprehensive loss	-	(3,370)	-	(3,370)
Total comprehensive income (loss)	-	(3,370)	13,330	9,960
Dividends declared	-	-	(10,060)	(10,060)
Balance at June 30, 2025	\$237,000	\$83,103	\$1,031,587	\$1,351,690

Balance at April 1, 2024	\$237,000	\$86,863	\$978,992	\$1,302,855
Net income	-	-	19,594	19,594
Other comprehensive loss	-	(1,116)	-	(1,116)
Total comprehensive income (loss)	-	(1,116)	19,594	18,478
Dividends declared	-	-	(9,600)	(9,600)
Balance at June 30, 2024	\$237,000	\$85,747	\$988,986	\$1,311,733

See Accompanying Notes

Condensed Consolidated Interim Statement of Financial Position

(Unaudited)

As at		June 30,	March 31,
Thousands of dollars	Note	2025	2025
Assets			
Current assets			
Cash		\$13,518	\$21,641
Trade and other receivables		194,142	208,725
Inventories		37,573	44,194
Prepaid expenses		57,552	60,049
Contract assets		71,623	74,670
Contract costs		21,256	21,734
Current portion of sinking funds		8,155	8,193
Total current assets		403,819	439,206
Contract assets		24,815	27,855
Contract costs		42,538	43,744
Property, plant and equipment	5	2,552,684	2,503,359
Right-of-use assets		46,834	44,474
Intangible assets	6	392,727	390,947
Sinking funds		170,439	157,624
Other assets		11,099	11,950
Total assets		\$3,644,955	\$3,619,159
Liabilities and Province's equity			
Current liabilities			
Trade and other payables		\$165,751	\$160,318
Accrued interest		8,145	17,889
Dividend payable		10,060	5,883
Notes payable		123,200	213,972
Contract liabilities		57,458	56,486
Current portion of long-term debt		50,000	50,000
Lease liabilities		8,326	7,932
Other liabilities		3,760	2,770
Total current liabilities		426,700	515,250
Contract liabilities		232	179
Deferred income – government funding		31,065	17,782
Long-term debt	7	1,780,175	1,680,869
Lease liabilities		41,086	39,023
Employee benefit obligations		7,784	8,070
Provisions		6,223	6,196
Total liabilities		2,293,265	2,267,369
Province of Saskatchewan's equity			
Equity advance		237,000	237,000
Accumulated other comprehensive income		83,103	86,473
Retained earnings		1,031,587	1,028,317
Total equity		1,351,690	1,351,790
Total liabilities and equity		\$3,644,955	\$3,619,159

See Accompanying Notes

Condensed Consolidated Interim Statement of Cash Flows

		(Unaudited)	
		Three months ended June 30,	
		2025	2024
Thousands of dollars	Note		(adjusted - Note 2)
Operating activities			
Net income		\$13,330	\$19,594
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	5, 6	60,830	56,394
Net finance expense	4	10,827	10,576
Interest paid		(26,858)	(25,084)
Interest received		1,930	1,652
Amortization of government funding		(1,291)	(365)
Other		4,316	4,129
Net change in non-cash working capital	10	35,789	63,827
Cash flows provided by operating activities		98,873	130,723
Investing activities			
Property, plant and equipment expenditures		(105,612)	(97,151)
Intangible assets expenditures		(7,979)	(12,517)
Net proceeds on disposal of assets		519	728
Government funding		18,989	-
Cash flows used in investing activities		(94,083)	(108,940)
Financing activities			
Proceeds from long-term debt	7	99,329	98,011
Repayment of long-term debt		-	(50,004)
Repayment of notes payable		(90,772)	(52,431)
Payment of lease liabilities		(2,037)	(1,610)
Sinking fund redemptions		-	4,634
Sinking fund instalments		(13,550)	(13,550)
Dividends paid		(5,883)	(9,449)
Cash flows used in financing activities		(12,913)	(24,399)
Decrease in cash		(8,123)	(2,616)
Cash (bank indebtedness), beginning of period		21,641	(2,469)
Cash (bank indebtedness), end of period		\$13,518	\$ (5,085)

See Accompanying Notes

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

As at and for the three months ended June 30, 2025

Note 1 – General information

Saskatchewan Telecommunications Holding Corporation (the “Corporation”) is a corporation located in Canada. The address of the Corporation’s registered office is 2121 Saskatchewan Drive, Regina, SK, S4P 3Y2. The Corporation is a Saskatchewan Provincial Crown corporation operating under the authority of *The Saskatchewan Telecommunications Holding Corporation Act* and, as such, the Corporation and its wholly owned subsidiaries are not subject to Federal or Provincial income taxes in Canada.

By virtue of *The Crown Corporations Act, 1993*, the Corporation has been designated as a subsidiary of Crown Investments Corporation of Saskatchewan (“CIC”). Accordingly, the financial results of the Corporation are included in the consolidated financial statements of CIC, a Provincial Crown corporation.

One of the Corporation’s subsidiaries, Saskatchewan Telecommunications is regulated by the Canadian Radio-television and Telecommunications Commission (“CRTC”) under the *Telecommunications Act* (Canada).

The Corporation markets and supplies a range of wireless, voice, entertainment, internet, data, equipment, marketing, security, software products, and consulting services.

Note 2 – Basis of presentation

Statement of compliance

These unaudited condensed consolidated financial statements (the interim financial statements) have been prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting*. These interim financial statements do not include all of the disclosures included in the Corporation’s annual consolidated financial statements. The accounting policies used in the preparation of these interim financial statements conform with those used in the Corporation’s most recent annual consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with the Corporation’s most recent annual consolidated financial statements.

These interim financial statements were approved by the Corporation’s Board of Directors on August 14, 2025.

Functional and presentation currency

These interim financial statements are presented in Canadian dollars, which is the Corporation’s functional currency.

Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for the following:

- Fair value through other comprehensive income financial instruments and fair value through profit and loss financial instruments are measured at fair value, and
- Employee benefit obligations are recognized as the fair value of the plan assets less the present value of the accrued benefit obligation.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

As at and for the three months ended June 30, 2025

Note 2 – Basis of presentation, continued

Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS Accounting Standards (IFRS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. These estimates and assumptions are based on several factors, including historical experience, current events, and actions that the Corporation may undertake in the future, and other assumptions that the Corporation believes are reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the interim financial statements includes the following:

- Revenue recognition,
- Classification of intangible assets – indefinite life, and
- Classification of financial instruments.

Assumptions and estimation uncertainties that have a risk of resulting in a material adjustment within the next financial year includes the following:

- Revenue recognition,
- Useful lives and depreciation rates for property, plant and equipment and right-of-use assets,
- Useful lives and amortization rates for intangible assets, and
- The measurement of employee benefit obligations.

Comparative information

The Corporation reclassified comparative figures for the quarter ended June 30, 2024 to correct an immaterial statement of cash flows misstatement resulting in an increase in cash flows used in investing activities and an increase in cash flows provided by operating activities of \$0.8 million. The reclassification had no impact on the ending balance of bank indebtedness as at June 30, 2024.

The Corporation reclassified comparative figures for the quarter ended June 30, 2024 to correct an immaterial statement of income and other comprehensive loss misstatement resulting in a decrease in revenue and goods and services purchased of \$1.5 million. The reclassification had no impact on equity or net income as at and for the quarter ended June 30, 2024.

Application of new IFRS Standards, and amendments to standards and interpretations

The Corporation adopted the following accounting amendment that was effective for our interim and annual consolidated financial statements commencing April 1, 2025. The adoption of this standard has not had a material impact on the Corporation's financial results and financial position.

- Lack of exchangeability (Amendments to IAS 21, *The Effect of Changes in Foreign Exchange Rates*).

Notes to Condensed Consolidated Interim Financial Statements (Unaudited) **As at and for the three months ended June 30, 2025**

Note 2 – Basis of presentation, continued

New standards and interpretations not yet adopted

Certain new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC). These include:

IFRS 9, Financial Instruments

Amendments to IFRS 9 clarify when to recognize or derecognize a financial asset or a financial liability. Amendments are expected to improve consistent application, making financial information more comparable between companies.

This standard will be effective for the Corporation's fiscal year beginning April 1, 2026.

The Corporation is currently evaluating the impact of the amendments to IFRS 9 on the financial statements.

IFRS 18, Presentation and Disclosure of Financial Statements

IFRS 18 will replace IAS 1, Presentation of Financial Statements. The new standard introduces the following new key requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

This standard will be effective for the Corporation's fiscal year beginning April 1, 2027.

The Corporation is currently evaluating the impact of IFRS 18 on the financial statements.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
As at and for the three months ended June 30, 2025

Note 3 – Revenue from contracts with customers

	Three months ended June 30,	
	2025	2024
Thousands of dollars		(adjusted - Note 2)
Revenue		
Wireless network services and equipment	\$162,565	\$157,371
Fixed broadband and data services	82,087	78,727
Wireline communication services	34,745	37,265
maxTV services	26,125	24,123
Security monitoring services	8,788	8,573
Marketing services	4,891	5,062
IT solutions services	4,692	4,652
Other services	4,305	4,892
Customer premise equipment	3,254	5,591
International software and consulting services	2,885	3,801
Total revenue	\$334,337	\$330,057

Note 4 – Net finance expense

	Three months ended June 30,	
	2025	2024
Thousands of dollars		
Net finance expense		
Interest on long-term debt	\$16,016	\$13,985
Interest on short-term debt	642	1,665
Interest capitalized	(1,752)	(1,782)
Interest on lease liabilities	434	334
Accretion expense	54	59
Finance expense	15,394	14,261
Sinking fund earnings	(1,463)	(791)
Net interest on defined benefit liability	(1,174)	(1,242)
Interest income	(1,930)	(1,652)
Finance income	(4,567)	(3,685)
Total net finance expense	\$10,827	\$10,576
Interest capitalization rate	3.22%	3.46%

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
As at and for the three months ended June 30, 2025

Note 5 – Property, plant and equipment

Thousands of dollars	Plant and equipment	Buildings and improvements	Office furniture and equipment	Plant under construction	Land	Total
Cost						
Balance at April 1, 2025	\$4,228,472	\$717,470	\$132,596	\$196,468	\$42,147	\$5,317,153
Additions	20,264	-	3,633	80,363	8	104,268
Transfers	87,559	13,697	175	(101,384)	(47)	-
Retirements, disposals and adjustment	(39,982)	(2,857)	(4,608)	-	-	(47,447)
Balance at June 30, 2025	\$4,296,313	\$728,310	\$131,796	\$175,447	\$42,108	\$5,373,974
Balance at April 1, 2024	\$4,158,191	\$694,464	\$125,470	\$124,739	\$41,956	\$5,144,820
Additions	69,325	-	30,308	263,140	191	362,964
Transfers	164,968	26,186	257	(191,411)	-	-
Retirements, disposals and adjustment	(164,012)	(3,180)	(23,439)	-	-	(190,631)
Balance at March 31, 2025	\$4,228,472	\$717,470	\$132,596	\$196,468	\$42,147	\$5,317,153
Accumulated depreciation						
Balance at April 1, 2025	\$2,478,649	\$272,557	\$62,588	\$ -	\$ -	\$2,813,794
Depreciation	41,684	4,715	6,006	-	-	52,405
Retirements, disposals and adjustment	(38,879)	(1,547)	(4,483)	-	-	(44,909)
Balance at June 30, 2025	\$2,481,454	\$275,725	\$64,111	\$ -	\$ -	\$2,821,290
Balance at April 1, 2024	\$2,478,980	\$256,137	\$62,227	\$ -	\$ -	\$2,797,344
Depreciation	156,251	18,509	23,769	-	-	198,529
Retirements, disposals and adjustment	(156,582)	(2,089)	(23,408)	-	-	(182,079)
Balance at March 31, 2025	\$2,478,649	\$272,557	\$62,588	\$ -	\$ -	\$2,813,794
Carrying amounts						
At April 1, 2025	\$1,749,823	\$444,913	\$70,008	\$196,468	\$42,147	\$2,503,359
At June 30, 2025	\$1,814,859	\$452,585	\$67,685	\$175,447	\$42,108	\$2,552,684
At April 1, 2024	\$1,679,211	\$438,327	\$63,243	\$124,739	\$41,956	\$2,347,476
At March 31, 2025	\$1,749,823	\$444,913	\$70,008	\$196,468	\$42,147	\$2,503,359

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

As at and for the three months ended June 30, 2025

Note 6 – Intangible assets

Thousands of dollars	Software	Spectrum licences	Under development	Total
Cost				
Balance at April 1, 2025	\$180,621	\$287,249	\$30,233	\$498,103
Acquisitions	1,953	136	5,147	7,236
Acquisitions – internally developed	559	-	273	832
Transfers	471	-	(471)	-
Retirements, disposals and adjustments	(6,714)	-	-	(6,714)
Balance at June 30, 2025	\$176,890	\$287,385	\$35,182	\$499,457
Balance at April 1, 2024	\$219,992	\$274,374	\$26,825	\$521,191
Acquisitions	11,356	12,875	7,864	32,095
Acquisitions – internally developed	2,288	-	1,195	3,483
Transfers	3,311	-	(3,311)	-
Retirements, disposals and adjustments	(56,326)	-	(2,340)	(58,666)
Balance at March 31, 2025	\$180,621	\$287,249	\$30,233	\$498,103
Accumulated amortization				
Balance at April 1, 2025	\$107,156	\$ -	\$ -	\$107,156
Amortization	6,288	-	-	6,288
Retirements, disposals and adjustments	(6,714)	-	-	(6,714)
Balance at June 30, 2025	\$106,730	\$ -	\$ -	\$106,730
Balance at April 1, 2024	\$134,819	\$ -	\$ -	\$134,819
Amortization	28,022	-	-	28,022
Retirements, disposals and adjustments	(55,685)	-	-	(55,685)
Balance at March 31, 2025	\$107,156	\$ -	\$ -	\$107,156
Carrying amounts				
At April 1, 2025	\$73,465	\$287,249	\$30,233	\$390,947
At June 30, 2025	\$70,160	\$287,385	\$35,182	\$392,727
At April 1, 2024	\$85,173	\$274,374	\$26,825	\$386,372
At March 31, 2025	\$73,465	\$287,249	\$30,233	\$390,947

Note 7 – Long-term debt

On April 1, 2025, the Corporation issued \$100.0 million of long-term debt at a discount of \$0.7 million through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 3.80%, an effective interest rate of 3.88%, and matures on June 2, 2060.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

As at and for the three months ended June 30, 2025

Note 8 – Employee benefit obligations

Other comprehensive income (loss) results, in part, from changes to actuarial assumptions related to the assets and liabilities of the Corporation's employee benefit plan, specifically the discount rate used to calculate the liabilities of the employee defined benefit plan and changes in the fair value of the employee benefit defined plan assets resulting from differences in the actual versus estimated return on these assets. The discount rates used are as follows:

	2025/2026	2024/2025
June 30	4.60%	5.00%
September 30	n/a	4.50%
December 31	n/a	4.60%
March 31	n/a	4.50%

In addition to the other comprehensive loss impact detailed below, these assumption changes, combined with pension income and benefits paid for the period, have resulted in a net decrease in the employee benefit obligations for the period which has been partially offset by the impact of the asset ceiling limit.

	Three months ended June 30,	
Thousands of dollars	2025	2024
Actuarial gain on accrued benefit obligation	\$6,403	\$12,923
Actuarial gain on plan assets	(16,006)	12,720
Effect of asset ceiling limit	8,470	(26,852)
Net actuarial losses on employee benefit obligations	\$(1,133)	\$(1,209)

Note 9 – Capital management

The Corporation does not have share capital. However, the Corporation has received advances from CIC to form its equity capitalization. The advances are an equity investment in the Corporation by CIC.

Due to its ownership structure, the Corporation has no access to capital markets for internal equity. Equity advances in the Corporation are determined by the shareholder on an annual basis. Dividends to CIC are determined through the Saskatchewan Provincial budget process on an annual basis.

The Corporation closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a corporation's capital structure. The Corporation uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility. Too high a ratio relative to target indicates an excessive debt burden that may impair the Corporation's ability to withstand downturns in revenue and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

The Corporation reviews the debt ratio targets of all its subsidiaries on an annual basis to ensure consistency with industry standards. This review includes subsidiary corporations' plans for capital expenditures. The target debt ratios for subsidiaries are approved by their Boards. The Corporation uses targeted debt ratios to compile a weighted average debt to equity ratio for the consolidated entity. The budgeted ratio for 2025-26 is 55.6%.

The Corporation raises most of its capital requirements through internal operating activities, short-term debt, and long-term debt through the Saskatchewan Ministry of Finance. This type of borrowing allows the Corporation to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

As at and for the three months ended June 30, 2025

Note 9 – Capital management, continued

The Corporation made no changes to its approach to capital management during the period.

The Corporation is not subject to any externally imposed capital requirements.

The debt ratio is as follows:

As at	June 30,	March 31,
Thousands of dollars	2025	2025
Long-term debt	\$1,830,175	\$1,730,869
Notes payable	123,200	213,972
Less: Sinking funds	178,594	165,817
Cash	13,518	21,641
Net debt	1,761,263	1,757,383
Province of Saskatchewan's equity	1,351,690	1,351,790
Capitalization	\$3,112,953	\$3,109,173
Debt ratio	56.6%	56.5%

Note 10 – Non-cash working capital changes

	Three months ended June 30,	
	2025	2024
Thousands of dollars		(adjusted - Note 2)
Net change in non-cash working capital balances related to operations		
Trade and other receivables	\$14,583	\$43,598
Inventories	6,621	12,594
Prepaid expenses	2,497	(1,996)
Contract assets	6,087	4,935
Contract costs	1,684	1,432
Trade and other payables	6,687	5,185
Contract liabilities	1,025	(1,817)
Other liabilities	(3,429)	(61)
Other	34	(43)
Total net change in non-cash working capital balances related to operations	\$35,789	\$63,827

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

As at and for the three months ended June 30, 2025

Note 11 – Financial risk management

The Corporation is exposed to fluctuations in foreign exchange rates and interest rates, as well as credit and liquidity risk. The Corporation utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board. The Corporation does not actively trade financial instruments.

Market risks

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates, and equity prices. These risks have not changed significantly from the prior period.

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Corporation does not have material concentrations of credit risk. Current credit risk relates to trade and other receivables, including device financing receivables, unbilled revenue, and interest receivable, as well as contract assets and sinking funds.

Fair value

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal, and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgment and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

As at			Fair value hierarchy	June 30, 2025		March 31, 2025	
				Carrying amount	Fair value	Carrying amount	Fair value
Thousands of dollars							
Financial assets							
Sinking funds	FVOCI (a)	Level 2		\$ 178,594	\$ 178,594	\$ 165,817	\$ 165,817
Financial liabilities							
Long-term debt	Amortized cost	Level 2		\$ 1,830,175	\$ 1,607,774	\$ 1,730,869	\$ 1,552,353
Derivative financial instruments							
Foreign exchange derivative asset	FVTPL (b)	Level 2		\$ -	\$ -	\$ 783	\$ 783

(a) FVOCI – fair value through other comprehensive income

(b) FVTPL – fair value through profit or loss

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

As at and for the three months ended June 30, 2025

Note 11 – Financial risk management, continued

Fair value hierarchy

For financial instruments, fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. Accordingly, the determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – Where quoted prices are readily available from an active market.

Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates.

Level 3 – Where valuation is based on unobservable inputs.

Financial instruments measured at amortized cost

The carrying values of cash, trade and other receivables, trade and other payables, accrued interest, and notes payable approximate their fair values due to the short-term maturity of these financial instruments.

The fair value of long-term debt is determined by the present value of future cash flows, discounted at the market rate of interest for the equivalent Province of Saskatchewan debt instruments.

Financial instruments measured at fair value through other comprehensive income

The fair value of sinking funds, classified as fair value through OCI, is determined by management using information provided by the Saskatchewan Ministry of Finance. To the extent possible, valuations reflect secondary pricing for these securities. There were no financial instruments measured at fair value using Level 3 inputs and no items transferred between levels in either the current year or the prior year.

Financial instruments measured at fair value through profit and loss

The fair value of foreign exchange derivative asset, classified as fair value through profit and loss, is determined using independent pricing information from external market providers. The contracted cash flows are discounted using observable yield curves.