BUILDING TO CONNECT AND GROW SASKATCHEWAN

Annual Report 2022/2023

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Highlights

FINANCIALS

Net Income	Revenue	Return on Equity	Capital Investment
$104.1M	$1,330.1M	8.5%	$354.3M

CUSTOMER CONNECTIONS

	Broadband Internet*	maxTV Service	Wireless	Fibre	Wireline Voice
	+2.1%	+0.9%	+1.1%	+7.1%	(6.0%)
	Subscriber Growth	Subscriber Growth	Subscriber Growth	Subscriber Growth	Subscriber Decline
2022/23	**881,281**	**111,200**	**654,674**	**179,656**	**257,396**
2021/22	863,358	110,192	647,765	167,678	273,856

*includes Data and Rural Broadband Partnerships

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sponsorships

$2.9M

850 Non-profit & charitable organizations
214 Community partnerships

SaskTel Pioneers

$1.2M

Donations & over 31,860 volunteer hours

SaskTel TelCare Contributions

$0.2M

44 Saskatchewan organizations

Supporting Saskatchewan

73.8%

Suppliers located in Saskatchewan

INFRASTRUCTURE

50 Mbps Fixed Broadband

86%

SK Coverage

Fibre Footprint

68%

SK Coverage

Fibre Growth in Homes and Businesses Passed

+4.3%

Total Passed Growth

5G Coverage

54%

SK Coverage

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Strategic Goals

Deliver an Exceptional Customer Experience

Our customers are at the centre of everything we do. We will deliver an exceptional customer experience at every touchpoint along their journey with SaskTel.

Lead the Market in Broadband Services

Broadband is essential to the lives of our customers, stimulates economic growth, and enhances the quality of life in Saskatchewan. We will provide access to fast and reliable internet at any location – at home, work, and on the go.

Reinvigorate SaskTel through Digital Transformation

We will think digitally and use technology to build new business capabilities, making it easier for our customers to do business with us and easier for employees to serve customers.

Empower a High-Performance Workforce

Together, our skilled workforce is committed to transforming SaskTel for the future and ensuring we deliver to our customers' expectations.

Maximize Long-Term Financial Sustainability

We will find creative solutions to position SaskTel for financial success, securing our ability to serve customers throughout the province of Saskatchewan for many years to come.

Letter of Transmittal

Regina, Saskatchewan
June 29, 2023

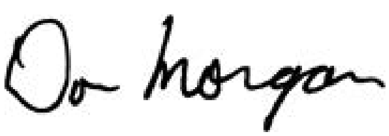
To His Honour
The Honourable Russ Mirasty, S.O.M., M.S.M.
Lieutenant Governor of Saskatchewan
Province of Saskatchewan

May it please Your Honour:

I have the honour to submit herewith the Annual Report of SaskTel for the fiscal year ending March 31, 2023, in accordance with *The Saskatchewan Telecommunications Holding Corporation Act*.

The Financial Statements included in this annual report are in the form approved by Crown Investments Corporation of Saskatchewan as required by *The Financial Administration Act, 1993* and have been reported on by the auditors.

Respectfully submitted,



Honourable Don Morgan, K.C.
Minister Responsible for Saskatchewan Telecommunications

President's Message

At SaskTel, the end of another fiscal year provides us with the opportunity to assess how we've done in meeting our goals, and to think about the exciting things that lie ahead. Fulfilling our purpose of keeping Saskatchewan people connected will continue to be based on strengthening and investing into our world-class networks.

Travelling through Saskatchewan, it's easy to see the way SaskTel has transformed this province. Along our highways, towers dot the landscape as landmarks of connectivity, and ribbon-like waves of lines bring service to our towns and cities.

Throughout SaskTel's history, we have tirelessly worked to build, connect and grow Saskatchewan. This past year was no different. Over the past twelve months, we have ambitiously expanded our 5G wireless network and SaskTel *infiNET*™ service and ensured more people than ever could benefit from these advanced services. We have also taken great strides in further supporting Saskatchewan business and building partnerships to foster tech talent and the growing agri-tech industry in the province.

As we work together to advance and improve connectivity in this province we live in, I am proud that SaskTel continues to keep the communities we serve at the heart of what we do. Our networks weave together our communities, and the services and solutions we offer bring Saskatchewan to the world.

In 2022/23, SaskTel invested approximately $354.3 million in capital spending to strengthen and enhance our networks and operations. This investment shows our ongoing commitment to improving the customer experience, but also to preparing our networks for the opportunities and innovations of tomorrow.

With life settling into a new normal, SaskTel's clear strategic priorities and focus on investing in network infrastructure is helping thousands of Saskatchewan households and businesses take hold of new opportunities and contribute to the momentum of Saskatchewan's strong economic recovery. Our investments will continue to help communities pursue growth and a positive, connected future.

BUILDING OUR WIRELESS FUTURE

This past year, Saskatchewan people and businesses increasingly chose wireless as the main, or only, way they connect. In addition to the obvious mobile advantages of wireless service, the higher bandwidth, lower network latency, and improved connectivity now being offered through our Samsung-powered 5G network are helping families stay better connected while giving businesses the ability to stay ahead of the curve.

After initially launching 5G in Regina and Saskatoon starting in 2021, we spent much of the 2022/23 fiscal year expanding the reach of the network into Swift Current, the Battlefords, Moose Jaw, as well as numerous other communities and rural areas. By March 31, 2023, we had increased the number of towers converted to the new network to nearly 180. While the benefits of 5G seem incremental at this point, as a network it will have tremendous potential to support new use cases across healthcare, agriculture, energy, transportation, as well as education which is all great news for our province.

In 2022/23, SaskTel also expanded 4G LTE data capacity across towers that serve 30 rural communities using Samsung's robust LTE equipment. With demand for data not slowing down, investments into our previous generation network will ensure residents continue to receive better service experiences even as they await 5G.

EXTENDING INFINET FURTHER

While growth in 5G is set to surge and reshape the wireless landscape in Saskatchewan, our Fibre-to-the-X (FTTx) program continued the ongoing evolution of our wireline business.

Delivering our fibre-optic *infiNET* service to more communities in the province was a key goal this year and the Rural Fibre Initiative (RFI) continues to be one of our biggest and most complex expansion programs yet as a provider. Originally announced in 2020, the multi-phase program has allowed thousands more Saskatchewan homes and businesses to enjoy the additional connectivity and opportunities made available through the network.

Our announcement this year to double our investment to $200 million and expand the initiative to over 130 towns and villages throughout the province has truly raised the bar within the industry and is helping to push back on past notions on what's possible for rural broadband. Once we've completed all phases of the initiative, SaskTel's *infiNET* network, which is already the largest fibre optic broadband network in the province, will reach approximately 80% of all Saskatchewan households.

Overall, on the fibre front, we are grateful for a successful year. The RFI's Phase 1 communities of Balgonie, Biggar, Langham, and Pilot Butte are now vastly completed, and construction is underway across many Phase 2, 3, and 4 communities. While each year is a journey and presents its own challenges, FTTx preparations are on track to allow full-scale construction to start soon on Phases 5 and 6, impacting 82 communities.

All of these achievements are underpinned by our FTTx team's unwavering commitment to innovation, learning, and embracing new challenges, especially as we roll out the technology beyond the province's densely populated urban centres. In total, our crews passed and connected 36,244 homes and businesses across several Saskatchewan communities over the course of the past year.

In 2022/23, we were also pleased to announce the launch of *infiNET* service for the City of Lloydminster and initiate an exciting new partnership with South Saskatchewan Ready (SSR) to bring SaskTel *infiNET* to four south central communities. In other developments, the launch of our *infiNET* 1 Gig plan has been a game-changer for internet users who need extremely fast upload speeds. Looking ahead, SaskTel will continue to look at introducing even faster speed options as the multi-gig future waits for us around the corner.

EMPOWERING INNOVATION ACROSS SASKATCHEWAN

Innovation is key to helping Saskatchewan reach its full potential and, at SaskTel, we recognize our unique role and ability to bring difference-makers together.

To help shape the future of connectivity in Saskatchewan's Indigenous communities, we announced an exciting partnership with Beaver River Broadband, a new majority Indigenous-owned internet service provider (ISP). Made possible through SaskTel's Rural Broadband Partnership Program (RBPP), the strategic partnership is enabling new fixed-wireless internet services to be delivered to Cowessess First Nation as well other Indigenous communities across the province. During the past year, new collaborations and partnerships also helped us to foster investment in last mile access and promote exciting new solutions that will improve connectivity in some of the province's most underserved areas.

Through a pilot project forged with the Whitecap Dakota First Nation, SaskTel's LoRaWAN network supported the deployment of a new smart metering system that shows great potential to help other Indigenous communities manage water usage and conserve other vital resources. Backed by our Saskatchewan first mindset, we also cemented partnerships with other emerging and disruptive providers such as Stafford Communications to bring more advanced broadband solutions to difficult-to-serve rural communities and areas. On top of this, the last fiscal year also saw the formation of new partnerships with Kvale and Axiom Exploration Group, which speaks to the strength of our core and next-generation infrastructure.

Meeting business and community needs has always been at the centre of SaskTel's innovation strategy. In all, these efforts will allow Saskatchewan to grow more homegrown solutions to challenges spanning multiple industries and sectors while moving our smart economy forward.

CARING AND CONTRIBUTING TO SASKATCHEWAN

It is clear that SaskTel's community-focused culture powers us to do more. Across the province, our networks, diverse and inclusive workforce, and forward-thinking helps to set us apart and meet increasingly complex customer expectations.

SaskTel is consistently recognized as one of Canada's best employers, as well as one of the greenest and one of the most youth-friendly employers in the country. In the past year, we have been proud to build on that leadership by implementing new and strengthened initiatives to bolster Indigenous engagement and representation, mental health awareness, and better online career resources for our employees.

The passion our employees share for the communities we serve also infuses their efforts supporting local events and causes. Through the SaskTel Pioneers, current employees, retirees, friends and families contributed an impressive 31,860 hours of volunteer service in 2022 to numerous community activities and causes. During the year, much like years past, SaskTel employees also gave generously to dozens of Saskatchewan non-profit and charitable organizations, all to our province's betterment.

I consider it a particular moment of pride that our SaskTel family so quickly came together to contribute $50,000 to the Ukrainian Canadian Congress of Saskatchewan as part of our annual Connecting with Community Challenge. As more displaced Ukrainians make our province their home, I know that Saskatchewan people will continue opening their hearts and uplifting those impacted by this conflict in Ukraine.

SaskTel TelCare, our employee-based giving program, also built goodwill in the community providing an outstanding $193,000 in total funding toward 44 local charities and provincial non-profits in 2022.

This year was a remarkable one in terms of our commitment towards creating a more connected future for Saskatchewan. On behalf of everyone at SaskTel, thank you for your continued support and confidence in the work we do.

We will ensure we keep on bringing people together and doing our part to grow Saskatchewan.

Sincerely,
Doug Burnett,
President and Chief Executive Officer

Sharing Our Stories

THE FUTURE OF FARMING

SaskTel Collaboration an Example of Limitless Innovation Driven Opportunities

At SaskTel, we know the future is now and our farmers need solutions that make it easier to get the job done. Smart farming solutions make agriculture not only more resource-efficient and sustainable, but also allow farmers to produce better yields that support the success of their business.

Following a Memorandum of Understanding (MOU) with Alberta's Olds College of Agriculture & Technology, a new 800-acre Smart Farm was established west of Craik earlier in 2022 and started operations in time for the growing season.

In addition to supporting enhanced training opportunities for the next generation of agricultural producers through collaborative activities with Saskatchewan Polytechnic, the Olds College Saskatchewan Smart Farm provides a cutting-edge environment to test and validate budding agtech.

This latest collaboration is an example of the possibilities that exist for SaskTel in our efforts to drive innovation. The MOU will also support creative research to solve some of the most challenging agriculture and rural connectivity issues within Saskatchewan.

"We think the role for SaskTel in helping with greater agtech adoption is to play the role of enabler," said Mike Stefaniuk, Director – Business Development (IoT and Digital Transformation). "We have networks and the ability to do creative things with networks in rural Saskatchewan. We also have an ecosystem of local agtech partners that we are working with that can be featured at the Smart Farm. That was important for Olds College."

Saskatchewan farmers and agricultural professionals have a long history of driving technological advancement that is fundamental to our provincial economy and the world's well-being. This MOU, along with similar partnerships previously established with companies like Australia's Smart Paddock (which specializes in livestock monitoring and GPS tracking solutions) and the University of Saskatchewan Livestock and Forage Centre of Excellence will ensure this trend continues by providing excellent opportunities to test new applications that push agricultural technology forward. "SaskTel works directly with our customers in the creation of effective solutions," said Mike. "We will continue to seek opportunities where SaskTel can use partnerships to capture growth beyond network connectivity and provide complete solutions for customers."

When it comes to technological advances, Saskatchewan is a SMART province that will get even 'smarter' with the support of SaskTel!

STANDING IN SOLIDARITY

SaskTel Connecting with Community Challenge Raises Funds for Displaced Ukrainians in Saskatchewan

The conflict in Ukraine and the resulting humanitarian crisis has captured the hearts and minds of people across Saskatchewan, many of whom have strong ancestral roots to the country. With devastating stories of families being torn apart and innocent lives put in danger everywhere across the news, SaskTel employees - much like others in the province - felt compelled to act as quickly as possible to make a difference.

For most of the year, SaskTel waived a number of fees for customers attempting to keep in touch with loved ones in Ukraine. To help displaced Ukrainians arriving in Saskatchewan, a Connecting with Community corporate challenge was also held across SaskTel to raise funds for the Ukrainian Canadian Congress (UCC) of Saskatchewan and their resettlement efforts.

Much like previous Connecting with Community challenges, employees went above and beyond in their fundraising efforts. In all, the company-wide challenge raised an impressive $50,000 for the UCC to help newly arrived Ukrainians connect with the information, services and support required to establish a new life in Saskatchewan. The funds have also gone to support other UCC priorities such as assisting newcomers with obtaining groceries as well as necessities such as hygiene products and diapers. “We are just very grateful to SaskTel for including us in its initiative this year,” said Danylo Puderak, Executive Director of UCC Saskatchewan.

Since the sunflower is the national flower of Ukraine, all employees were also given a package of sunflower seeds and encouraged to ‘Plant a Seed for Peace’ at home or in their garden to show support for the millions who have been forced to flee their homes. Much like the Ukrainian flag has become a symbol of hope for a peaceful future, each flower planted could also help to demonstrate support for, and solidarity with, Ukrainian people.

“The Connecting with Community challenge supports a worthy cause every year,” said Amy Richardson, SaskTel Human Resources Manager – Strategic Workforce Planning. “Our employees go above and beyond to give back to the communities where we live and work. The challenge is about bringing us together as one SaskTel team and rallying around a common cause.”

While Ukraine may be thousands of miles away, the heart of SaskTel is with the people of Ukraine. As a community focused provider, we will keep on doing what we can to create a better future for all those Ukrainians who now call our province home.

At SaskTel, our community culture is driven by a strong, locally focused workforce who recognize the power of giving. While we never know what the future will hold, we know that our employees and Saskatchewan will continue to do what we do best: help each other in times of need.

MAKING CULTURAL CONNECTIONS

SaskTel Sponsors the Saskatchewan Indian Institute of Technologies (SIIT) Mobile MakerLodge

As an industry leader, we know how important it is to support and encourage young people getting into trades and learning about the skills and on-the-spot problem solving that goes into building and growing our communities.

So, when it came to deciding whether to support the Saskatchewan Indian Institute of Technologies (SIIT) newly created Pawâcikêwikamik Mobile MakerLodge, it was an easy decision.

The program, which is an outreach extension of SIIT's Saskatoon-based MakerLodge, helps to increase exposure and access to technology for Indigenous communities across the province. The initiative was launched in June 2022 and is working to offer its programming in 40 Saskatchewan Indigenous communities over the next two academic years – with opportunity for potential renewal.

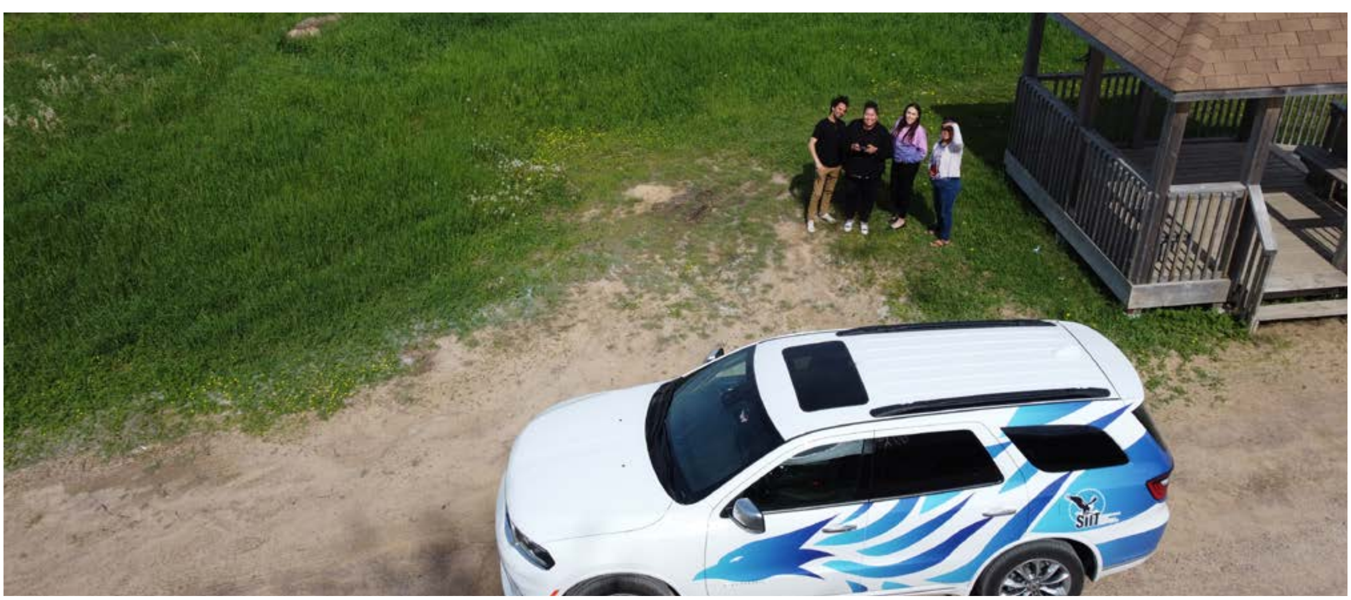
"Indigenous peoples have always embraced innovation and tradition," said Tia Larocque-Graham, Program Coordinator, Outreach & Engagement with SIIT. "Our goal through the Mobile MakerLodge is to support, educate, and mentor Indigenous people, while cultivating a culture of innovation so that Indigenous people can be part of the dialogue."

Acting as a critical component of SIIT's Innovation ecosystem development, the MakerLodge's focus is on helping to increase students' exposure to innovative technologies through activities like workshops, student showcases, student challenges and work-integrated learning opportunities. Communities can register for one of six themed technology kits, including: Textiles & Tech, Hydroponics, 3D printing, Storytelling, VR/AR development, and Manufacturing.

"We believe that by making technology, tools, equipment, and mentorship accessible, it will build confidence in Indigenous learners to pursue or advance careers in trades, STEM, innovation, and business development," said Tia. MakerLodge staff are also fully outfitted to both deliver equipment and train on how to use the technologies.

So far, the response to the Mobile MakerLodge has been extremely positive. Communities have been enjoying learning about new technologies and have been appreciative of the opportunities it creates for them to engage with their culture and support community initiatives.

"We are proud to partner with such a community-minded institution to help improve access to educational opportunities for the Indigenous residents of our province, especially youth," said Lindsay Mazenc, Corporate Communications Manager. "This sponsorship elevates SaskTel's commitment to supporting programs related to information and communications technology, and we are excited to contribute to such a fantastic program."



BRIDGING THE DIGITAL DIVIDE

SaskTel Works to Bring Advanced Services to First Nations Communities

From left: the Honourable Don Morgan, Minister Responsible for SaskTel; John de Grauw, President, Beaver River Broadband; MLTC Tribal Chief Richard Ben and Doug Burnett, SaskTel President & CEO at the announcement of SaskTel's partnership with Beaver River Broadband.

Photo Credit: CP Images

When your province is big – as in over 650,000 square kilometres big – it's not surprising that offering SaskTel service to some areas can be a challenge!

Despite that, SaskTel is committed to providing advanced communications solutions to all residents of the province and to finding innovative solutions to help close the digital divide that persists in some parts of the province.

As part of these efforts, SaskTel formed an innovative new partnership with Beaver River Broadband through our Rural Broadband Partnership Program (RBPP). Beaver River Broadband is a newly launched Internet Service Provider (ISP) in Saskatchewan that was formed through a partnership between the Meadow Lake Tribal Council (MLTC) and Wood River Controls (WRC) and is the first majority Indigenous-owned ISP to sign onto SaskTel's RBPP.

The partnership with Beaver River Broadband is focused on expanding broadband services that meet or exceed the CRTC's 50 Mbps download and 10 Mbps upload (50/10) benchmark to Indigenous communities in the province including the nine member nations of MLTC. The work that will be done as a result of the partnership is described as "a once in a generation opportunity for Indigenous ownership and economic participation by the nine MLTC First Nations in the internet service provider industry" by MLTC Tribal Chief Richard Ben.

The first community to be connected to Beaver River's service was the Cowessess First Nation in September 2022. For this deployment, a fixed-wireless solution was applied.

As part of its Indigenous engagement strategy, SaskTel continues to work collaboratively with Indigenous communities across the province to provide the communications services, tools and resources needed to help residents access public services, pursue educational and economic opportunities, and stay in touch with what matters most.

"At SaskTel, we recognize that Saskatchewan's strong and diversified broadband sector has the tools, resources, and innovation needed to empower communities of all sizes to carve their own path to better connectivity and we are proud to continue growing our partnership program to bring more transformative projects to fruition," said Doug Burnett, SaskTel President and CEO. "This partnership with Beaver River Broadband is a natural next step in ensuring SaskTel continues to deliver on our commitment to support a more connected Saskatchewan."

DEEP DIVE

Submarine Fibre Cable Laid from La Loche to Black Point

Working on the submarine fibre cable project were (from left): Tyson Bertsch (Facilities Technician); Ron Clarke (Operations Manager); Greg Highton (Facilities Technician); Brandon Whitt (Facilities Technician); Randal Tracz (Trunking & Switching Technician); Ryan Knelsen (Facilities Technician); and Curtis Williams (Facilities Technician) along with four representatives of the Canadian Dewatering barge/dive team. (Missing: Facilities Technician Ritchie Youst).

Providing high-speed broadband to unserved and underserved Saskatchewan communities creates jobs, unlocks new opportunities for local business, and helps to improve the quality of life of individuals and families. To connect even more residents in communities across northern Saskatchewan, our skilled employees have shown they will do whatever it takes.

Back in 2021, the announcement of a joint investment of $37.7 million from SaskTel and the Government of Canada, to connect the communities of Jeannette Lake, Michel Village, Black Point, and Timber Bay to 50/10 DSL service was certainly great news for all involved.

While three of the communities were connected with relative ease by the end of Fall 2021, providing improvements for the community of Black Point would involve a bit of a 'deep dive'.

"Originally, Black Point was also to receive 50/10 DSL service," said Brett McLaughlin, Senior Planner - Network. "SaskTel brought in a broadband solution which was originally DSL, but we could not plough along the highway due to bad conditions, flooding, and the terrain was just not conducive to ploughing."

Black Point is a picturesque northern hamlet located along the southern shore of Lac La Loche. Since the nearby community of La Loche was scheduled to get upgrades to the *infiNET* network via the Rural Fibre Initiative, it was suggested that a submarine fibre cable be laid from La Loche to Black Point.

While unique, the submarine cable idea was not a new one. Similar projects had been completed by SaskTel twice before in the area more than 30 years ago.

"We started looking at how we could get from La Loche down to Black Point, a distance of 12 – 14 kilometres, depending on the route we took," said Brent Degenstein, Operations Manager - North Battleford. "We discussed it with our Engineering crew, and they designed the project."

To complete the project, a barge company from Calgary was hired. A crane was also secured from Saskatoon that would help to unload all the sections of the barge and then after it was built, to load SaskTel equipment on to the 30 by 70 foot long barge.

The project began on July 18, 2022, as all those involved made their way to La Loche.

Once the barge was built and loaded, divers and barge crew worked together to hook the cable to a directional bore machine and helped lay the fibre cable along the bottom of Lac La Loche. The cable was laid along the bottom at a depth of approximately 10 to 30 feet.

An impressive crew of SaskTel employees worked to splice and feed the cable into the water while a special boat pulled the barge. Another employee was in the lead boat directing the barge.

On the ground, other busy employees ensured Black Point's residents and new fibre distribution hub were ready for when the network was ready to turn on.

While windy weather caused some delays, it only took a couple of days for the submarine cable and all the splicing to be dropped into the lake. By July 22, 2022, the barge was at Black Point and the cable was pulled ashore.

While Brent has worked on plenty of big projects in his career, this one stands out for its complexity and timing.

"Everything had to come together all at once – the barge crew, the crane company, the environmental aspects, the boat – everything just had to gel all at once, so the timing of it made it a bit more demanding or pressure packed than most projects," said Brent. "But when you have the right people in place to do a job, things tend to work out well."

It's clear the ingenuity and creativity of SaskTel employees result in great things for our communities. Today, Black Point residents enjoy the same ultra-fast network that serves Saskatchewan's biggest centres.

2022/23 Environmental, Social, and Governance (ESG) Highlights

At SaskTel, we are committed to operating in an environmentally conscious way, keeping customer safeguards strong, and supporting our people and communities. Working together, our people drove leadership and celebrated new milestones throughout 2022/23 across our ESG priorities.

Since SaskTel transitioned to ESG reporting in 2020/21, we've taken important steps to streamline our reporting process while still ensuring each year's results are presented with the rigor and transparency expected of a leading telecommunications company and proven industry leader in Western Canada.

In 2022/23, SaskTel invested approximately $354 million delivering better experiences, improving customer service, and extending new network infrastructure to communities of all sizes with identified connectivity needs. As part of these efforts, we completed hundreds of wireless projects including 4G/LTE capacity additions for rural and resort communities as well as the introduction of 5G on an additional 143 towers within our network.

As we track further progress of our 5G expansion in the years ahead, the enhanced wireless speeds and capacity our investments provide will ensure more Saskatchewan people are enjoying the best mobile experience possible as they work, learn, socialize, and connect with the world around them.

The expansion of our Rural Fibre Initiative was another highlight for 2022/23 that represents a significant down payment into improved digital equity and inclusion in Saskatchewan. Now encompassing 130 rural communities, the multi-phase initiative is now set to bring the power of SaskTel's *infiNET* network to over 110,000 residents and businesses through an investment totalling $200 million. Throughout 2022/23, we extended fibre to 17,906 new customer locations.

Connectivity alone, however, is not enough as we prepare our province for the future. With the growth of our 5G and *infiNET* networks gaining momentum, SaskTel also maintained an active role empowering Saskatchewan youth with the tools and knowledge they need to succeed and safely navigate online spaces through our YOUTHnetwork and Be Kind Online programs.

In terms of other ESG highlights from 2022/23, we:

- Committed over $2.9 million to 850 Saskatchewan-based community associations, non-profit and charitable organizations, venues, events, and partnerships in 214 communities through our Community Investment Program.
- Distributed nearly 600 cell phones and over $14,000 worth of phone cards to the Provincial Association of Transition Houses and Services Saskatchewan and Ministry of Social Services as part of the Phones for a Fresh Start program. The program uses the proceeds from recycled phones to provide wireless phones and calling cards to people fleeing domestic abuse and youth leaving the foster care system.
- Bolstered cybersecurity measures across our networks and business operations to better safeguard customer information from cyberattacks and other security risks. SaskTel remains committed to following the best customer privacy and data protection practices in Canada.
- Celebrated employee-directed giving and over $193,000 in total SaskTel TelCare donations for 2022. Employees who enroll into TelCare contribute to the fund through a payroll deduction and SaskTel makes an additional donation of 50 cents for every employee dollar donated. In 2022, 44 locally operated charities and non-profit organizations were selected by TelCare members for support.
- Secured over 73% of outside procurement needs from 2,405 Saskatchewan suppliers and vendors. As part of the commitments made as a Signatory to the Indigenous Engagement Charter, we also enabled Indigenous business growth by purchasing over $3.7 million in products and services alone from businesses included as part of our Indigenous vendor database.
- Counted 31,860 volunteer hours by employees and retirees involved with the SaskTel Pioneers. In 2022/23, the SaskTel Pioneers contributed $273,973 in financial donations and $902,116 of in-kind donations to several Saskatchewan charitable causes including Computers for Schools.

The full publication of the ESG report greatly expands on the topics mentioned in this highlights section. This report contains more information about SaskTel's ESG journey and efforts to do what's right for our employees, communities, and the environment.

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Management's Discussion and Analysis

INTRODUCTION

The following management's discussion and analysis (MD&A) focuses on the strategies, business operations, consolidated financial position and results of operations of Saskatchewan Telecommunications Holding Corporation (SaskTel or the Corporation), including its major strategic business units and its subsidiaries. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes on pages 58 to 107 of this report and includes information available to the Corporation up to June 1, 2023, unless otherwise stated.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Many sections of this discussion include forward-looking statements about SaskTel, its business outlook, objectives, plans and strategic priorities, the sources of liquidity we expect to use to meet our anticipated 2023/24 cash requirements, and our network deployment plans. A statement is forward-looking when it uses information known today to make an assertion about the future. Forward-looking statements typically include words such as anticipate, believe, could, expect, intend, may, should, will, although not all forward-looking information includes them. 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.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions, and assumptions. Factors that can influence performance include but are not limited to general economic and political conditions, interest and exchange rates, competition, and regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

OUR BUSINESS

SaskTel is the leading provider of Information and Communications Technology (ICT) products, services, and solutions in Saskatchewan. We are building the most extensive and advanced broadband networks throughout the province for the benefit of our customers – the people and businesses of Saskatchewan. With over $1.3 billion in annual revenue and approximately 1.4 million customer connections, SaskTel is a major contributor to Saskatchewan's economy.

Saskatchewan Telecommunications Holding Corporation

Saskatchewan Telecommunications Holding Corporation is a Saskatchewan Crown corporation that oversees three subsidiaries – Saskatchewan Telecommunications, SaskTel International, and SecurTek. The Corporation has a workforce of approximately 3,300 full-time equivalents (FTEs), making it one of Saskatchewan's largest employers.

The Corporation's subsidiary companies offer the following extensive offerings of ICT products, services, and solutions:

- Wireless services delivered on world-class fifth-generation (5G), fourth-generation (4G), and Long-Term Evolution (LTE) wireless networks providing high-quality and reliable voice and high-speed data services in Saskatchewan.
- SaskTel *infiNET* service, Saskatchewan's largest fibre optic broadband network, delivers blazing fast internet speeds of up to 1 gigabyte per second (Gbps) in Regina, Saskatoon, Balgonie, Battleford, Biggar, Emerald Park, Estevan, Humboldt, Kindersley, Langham, Lloydminster, Martensville, Melfort, Melville, Moose Jaw, Nipawin, North Battleford, Pilot Butte, Prince Albert, Rosthern, Swift Current, Tisdale, Warman, Weyburn, White City, Whitecap Dakota First Nation, Yorkton as well as parts of Dundurn and Meadow Lake.
- DSL-based SaskTel interNET 50 service in over 335 communities.
- SaskTel fusion Internet is a comprehensive fixed wireless rural broadband access network in 106 sites serving over 700 communities throughout Saskatchewan.
- SaskTel selectWI-FI network at over 2,200 locations throughout the province.
- Optimum In-home Wi-Fi providing the latest technology for the best in-home Wi-Fi experience.
- maxTV service with an extensive footprint throughout the province.
- maxTV Stream is a streaming service allowing customers to watch live TV or on demand content on the go using the maxTV app.
- Local access network throughout urban and rural Saskatchewan.
- Lüm Mobile™ service is a self-serve digital only wireless offering.
- Expansive data centre footprint and service capabilities.
- Complementary portfolio of cloud-based communications and information technology services.
- Internet of Things (IoT) Services including Connectivity Management, LoRaWAN, Data Analytics and Asset Management, Smart Community Solutions, and Smart Ag Solutions.
- Professional services.
- Directwest digital marketing services.
- SaskTel International Operational Support Systems (OSS)/Business Support Systems (BSS) software solutions.
- SecurTek commercial and residential security monitoring, including access control, SaskTel smartHOME and interactive services, as well as medical alert and lone worker services.

SaskTel is highly competitive, with more than 654,000 wireless accesses, 257,000 wireline network accesses, 295,000 internet and data accesses, 111,000 maxTV service subscribers, and 77,000 security monitoring customers.

INDUSTRY

ICT Industry Overview

The Canadian ICT industry is a major contributor to the country's economy. It plays a critical role in the country's innovation and the day-to-day operations of businesses and the lives of consumers. The industry is made up of the following four key segments: telecommunication services, hardware and infrastructure as a service (IaaS), Information Technology (IT) services, and software.

Business Environment and Industry Trends

After having successfully addressed the challenges of the COVID-19 pandemic, the ICT industry is now facing significant challenges in the form of inflation, the ongoing global semiconductor shortage, a shortage of skilled labor, and a focus on capital retention by businesses. Despite all these challenges, the ICT sector is still well positioned to benefit from an economywide recovery as demand is expected to reflect accelerating adoption of many technology solutions and private and public investments in digital infrastructure.[1]

[1] IDC, *Canadian ICT Forecast, 2022-2026*, January 2023, pg. 2.

The current ICT business environment is characterized by:

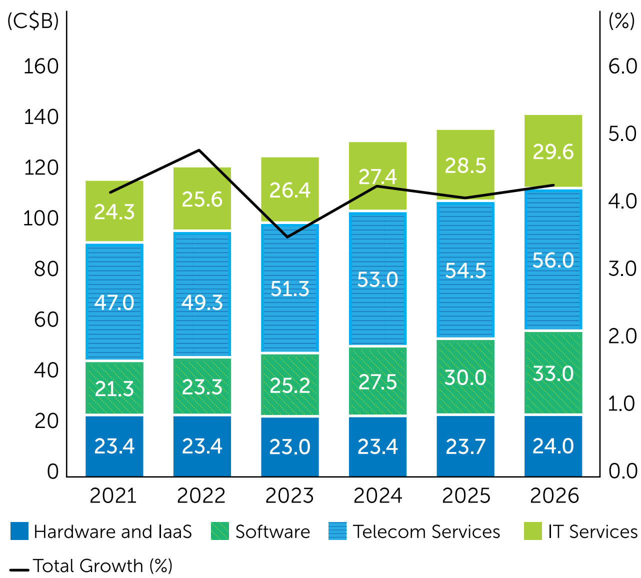
- Economic uncertainty driven by an increase in inflation not seen in the last thirty years coupled with the geopolitical and economic uncertainties.
- Accelerating business and consumer adoption of technology solutions and accelerated private and public investment in digital infrastructure.
- Growth in areas such as cloud computing, cyber security, digital transformation, artificial intelligence (AI), automation solutions, and new 5G services including edge computing and IoT.
- Intensifying government and regulatory interventions for the delivery of faster broadband speeds, increased coverage, and lower rates.
- Growth in the digital economy that is driving growth in and intense competition for digital skill sets and experience that are in short supply.
- Greater numbers of remote workers throughout the industry, creating a broader and more competitive market for talent.
- Continued spending on and demand for higher broadband speeds in both rural and remote areas.
- Infrastructure spending that remains strong as capital investment continues to be made in both fibre and 5G network builds.
- Mobile Private Networks (MPN) that are becoming more popular, and competition is intensifying as 5G rolls out.
- A continuing global semiconductor shortage that is negatively impacting the supply of devices and network equipment.
- Increasing cybersecurity and data privacy risks as attacks become more sophisticated, the number of connected devices multiply, and geopolitical uncertainties motivate state-sponsored actors.
- Demand for high-speed Internet access services remains solid while that for traditional TV services continues to decline, leading traditional TV providers to move into streaming services.
- Continued decline in wireline voice subscribers and related revenue.
- Industry players are expanding their product and service offerings to enter adjacent market segments and industries, creating new opportunities and increased competition.
- Increasing concentration of large players in the telecommunications segment of the industry with Bell Canada (Bell/BCE), TELUS Corporation (TELUS), and Rogers Communications Inc. (Rogers) accounting for the majority of total revenue.
- The launch of Mobile Virtual Network Operator (MVNO) services which is likely to result in increased competition for mobile services throughout Canada.
- Low Earth Orbit (LEO) satellite operators are disrupting the market for rural broadband access services.
- Ongoing technological innovation, change, and disruption, making it necessary for firms within the industry to seek partnerships with each other as it is now impossible for one company to offer everything that customers are demanding.
- Hyperscalers (Microsoft, Google, Amazon, etc.) and telecom firms are partnering and competing with each other for the effective delivery of advanced applications and services, especially in the areas of cloud and edge computing.

Technological change, economic uncertainty, and changes in consumer behaviour and demands are resulting in an ongoing need for ICT companies to continually adopt new ways of working and delivering new products and services. Those companies that can effectively leverage new technologies to facilitate faster decision making and implement new digital solutions are positioned for success. In the face of these ongoing changes, incumbent firms within the industry will need to continue to transform their internal operations and how they serve customers.

ICT Spending Growth Forecast

Given the high likelihood that in the future all organizations will continue to look to digital technologies to enable business resiliency as they adapt to new customer demands, ongoing remote work models, automation of operations, and shifting industry ecosystems, there will be continued growth within the overall ICT industry over the next three to four years[2]. Industry research firm International Data Corporation (IDC) is forecasting a total Compound Annual Growth Rate (CAGR) of 4.2% in the Canadian ICT industry for 2021–2026[3]. The telecom services market will continue to be the largest segment by spend within the ICT industry[4].

2021-2026 Canadian ICT Spending with Growth



Selected Segment Growth Rate

- ▲ Telecom CAGR 3.6%
- ▲ Software CAGR 9.2%
- ▲ IT services CAGR 4.0%
- ▲ Hardware and IaaS CAGR 0.5%

Total Market CAGR 4.2%

Source: IDC Canada Market Model, October 2022

Telecommunications Services

The Telecom Services segment remains highly concentrated. The Canadian Radio-television and Telecommunications Commission (CRTC) notes that the five largest providers of services (including affiliates) accounted for 86.9% of total industry revenues in 2021. Of these, the top three providers – Bell, Rogers, and TELUS – are especially dominant as demonstrated by the large annual revenue gap between them and Shaw, the industry's fourth largest firm[5]. Rogers' acquisition of Shaw Communications would increase the level of industry concentration even further and make the combined Rogers/Shaw the second largest provider in Canada. Canadian telecom also remains highly regulated and protected from international competition, which has an impact on the earnings of the largest players.

Top Companies by Revenue[6]

($ billions)	2022
Bell	24.2
TELUS	18.3
Rogers	15.4
Shaw Communications	5.4
Quebecor	4.5
Cogeco	2.9
SaskTel	1.3

While the telecom segment has been delivering stable average industry revenue growth of between 3% - 4% within a low interest rate environment the last several years, the industry appears to be approaching a major structural crossroad in the future with the Rogers-Shaw-Videotron transactions, 5G implementation, and higher interest rates putting competitive structure and growth to the test[7]. For 2023, average industry revenue is expected to once again be at 3%, driven by wireless and modest wireline revenue growth offset by a decline in media revenues due to cyclical headwinds[8]. Underpinning wireless revenue growth is modest average revenue per user (ARPU) increases (due to roaming recovery,

[2] IDC, *Canadian ICT Forecast, 2022-2026*, January 2023, pg. 2.
[3] Ibid., pg. 2.
[4] Ibid., pg. 1.
[5] Conference Board of Canada, *Industry Lens: Major Challenges and Big Opportunities for Telecommunications*, October 4, 2022.
[6] Companies listed have different fiscal year ends.
[7] RBC Capital Markets, *Canadian Telecommunications Services 2023 Outlook: Constructive but More Cautious*, Jan. 9, 2023, pg. 3.
[8] Ibid., pg. 7.

less overage headwind, up-tiering, 5G) and postpaid wireless market expansion (due to immigration, international workers/students, device proliferation, younger demographics, prepaid conversion). Underpinning wireline revenue growth is continued increases in internet subscribers (due to penetration, broadband footprint expansion) and internet ARPU (due to up-tiering, price increases) offset by steady telephony and television substitution [9].

While there is a risk that Canada will fall into recession at some point in 2023, it is unlikely that such a recession will have a significant impact on overall telecom sector revenue and earnings. This is due in part to the fact that, relative to most parts of the Canadian economy, telecom services are essential to both individuals and households [10]. As such, telecom revenues are expected to remain reasonably resilient should the Canadian economy enter recession. It is expected that revenues from wireless and internet will be the most resilient of the telecom services given continued robust demand for data as well as the greater percentage of the workforce post-COVID that is working from home [11]. If recessionary impacts do create unexpected pressures on telecom firms, it is believed that Canadian operators still have the ability to realize additional cost efficiencies [12].

It is expected that total telecom expenditures will begin to soften somewhat in 2023 [13]. While the rollout of 5G technology continues to be expensive, with an investment in related infrastructure potentially totaling $26 billion over the next few years [14], expenditures are expected to decline 1.1% in 2023. This is consistent with the build-out of 5G nearing completion until spending begins to ramp up around 2028 when the standards for 6G are planned to be released.

Information Technology, Hardware and Infrastructure as a Service and Software

The IT services segment is on the front line of helping customers adapt and change their business operations to remain competitive and enhance productivity. IT services recovered well post-pandemic. IDC is now predicting a five-year CAGR for IT services spending of 4% for 2021-2026 [15]. This represents a solid growth rate considering ongoing concerns regarding IT skills shortages, price inflation, and a potential recession in Canada in 2023. Despite these challenges, Canadian businesses are expected to work with external IT and business services firms to execute business transformation and innovation projects that will continue to drive spending within the sector [16].

Investment in hardware in 2022 was driven by a surge in demand for personal computers due to remote working. Increased demand for cloud services drove up spending on network infrastructure. Hardware sector spending is expected to decline in 2023 and will likely remain flat out to 2026 [17]. This will largely be due to the impact of inflation on the purchase of infrastructure components for hardware, software, and services coupled with a decline in personal computer sales after their peak during the pandemic. However, the IaaS sub-segment is expected to see increased spending due to businesses continuing to shift their compute and storage capacity to the cloud.

The Canadian software market end-user spend is expected to grow at a CAGR of 9.2% by 2026 [18]. This forecast includes spending by businesses for on-premises and cloud software offerings. The trend of Canadian organizations allocating a greater percentage of their IT budget toward cloud services continues as they attempt to innovate, become more agile, and reduce their capital expenditures.

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[9] Ibid., pg. 7.
[10] Ibid., pg. 24.
[11] RBC Capital Markets, Canadian Telecommunications Services 2023 Outlook: Constructive but More Cautious, Jan. 9, 2023, pg. 24.
[12] Ibid., pg. 27.
[13] Conference Board of Canada, Industry Lens: Major Challenges and Big Opportunities for Telecommunications, October 4, 2022.
[14] Ibid.
[15] IDC, Canadian ICT Forecast, 2022-2026, January 2023, pg. 5.
[16] Ibid., pg. 5.
[17] Ibid., pg. 5.
[18] Ibid., pg. 5.

Regulatory Environment

Telecommunications and Broadcasting are federally regulated industries. Federal government entities such as the CRTC, Innovation, Science and Economic Development Canada (ISED), and others have significant regulatory oversight over the industry. Regulatory decisions can impact the operations and financial performance of service providers.

The Government of Canada has issued a new policy direction to the CRTC which replaces two previous policy directions which had been in effect. In addition, the Government has appointed a new CRTC chairperson with a mandate to implement the new policy direction. The new chair has appointed new vice-chairs of Broadcasting and Telecommunications. The new policy direction replaces a requirement to rely on market forces wherever possible to achieve objectives set out in The Telecommunications Act with explicit directives to increase competition in both the mobile wireless and broadband access markets, increase affordability of retail services, increase regulatory transparency, increase speed of decision-making, improve consumer protections, increase network resilience, and maintain investment in network technology and expansion. It is expected that the CRTC will be more active in mandating desired market outcomes and that they will take steps to speed up the process of policy determination and implementation. The CRTC is demonstrably acting in accordance with the new policy direction by initiating a consultation and ordering a price reduction upon issuing the notice of consultation – well in advance of receipt of evidence and submissions.

The CRTC released a decision requiring major wireless service providers, including SaskTel, to introduce a new service providing wholesale access to MVNOs. The finalized tariff for this service has not yet been approved. Once approved, rates are to be negotiated, with final offer arbitration in place if negotiations prove unsuccessful.

In another directive, the CRTC established measures to protect Canadians from nuisance calls. The Commission is requiring service providers to implement additional technologies to further address these calls. SaskTel has implemented changes that address nuisance calls made using IP-based voice technology within our secured network. SaskTel continues to increase our ability to manage other forms of nuisance calls.

The CRTC is also requiring ISPs to protect Canadians against botnets, which spread malicious information on the internet. SaskTel has protection mechanisms in place, but this decision may result in incremental implementation costs for SaskTel. An industry group is currently studying the matter.

Various mandate letters from the Prime Minister to successive Ministers of Innovation, Science, and Industry (ISED) established expectations that included reducing the average cost of cellular phone bills by 25%. While this target has been achieved, the focus on consumer prices continues and is expanding to other market segments.

The Federal Government is adopting Bill C-11, the *Online Streaming Act*, to amend the *Broadcasting Act* to include online streamers. The goal of the *Online Streaming Act* is to level the playing field of online broadcasters with that of traditional Broadcast Distribution Undertakings such as SaskTel. Today, SaskTel offers maxTV in a heavily regulated industry with mandatory payments for the creation of Canadian content whereas online broadcasters have no such mandated obligations to contribute funding to the development of Canadian content. Also introduced is Bill C-18, the *Online News Act*, which aims to make online platforms compensate news organizations for the traffic the news organizations generate on those platforms. While neither of these initiatives are likely to directly affect SaskTel, to the extent network intervention may be required in order to enforce desired outcomes, SaskTel may be affected.

The Federal Government also re-introduced new Federal Privacy Legislation as part of Bill C-27, *An Act to enact the Consumer Privacy Protection Act, the Personal Information and Data Protection Tribunal Act and the Artificial Intelligence and Data Act* and to make consequential and related amendments to other Acts. The Bill modernizes and provides new protections for consumers regarding their personal information, enhances the Federal Privacy Commissioner powers of oversight, implements a tribunal to administer a penalty regime and establishes measures to regulate international and interprovincial business in artificial intelligence systems to mitigate risks of harm and biased outputs.

The Federal Government announced the Rural Strategy and the Rural High Speed Internet Strategy for Canada in June 2019, setting a target of 95% of Canadian homes and businesses having access to internet speeds of at least 50 Mbps download and 10 Mbps upload by 2026, and to the hardest to reach Canadians by 2030. Various funds have been created to achieve these objectives, with different funds being overseen by the CRTC and ISED. The Federal Government has expressed a desire to support a number of different service providers in the expansion of these networks. It is possible that SaskTel's competitors will receive funding from the Federal Government to build facilities to compete with SaskTel.

An auction will begin in Fall 2023 for licenses in 3800-megahertz (MHz) spectrum. This spectrum is important to future 5G networks.

The acquisition of Shaw by Rogers is a $26 billion deal that will give Rogers a national cable footprint in addition to its existing national wireless network, while Videotron receives Shaw's Freedom Mobile assets. The deal has the potential to reshape the competitive landscape in Western Canada.

As a federally regulated entity, SaskTel is now subject to the *Accessible Canada Act*, which seeks to remove barriers for persons with disabilities by 2040. The Act requires entities to publish accessibility plans after consultations with persons with disabilities, that outline the entities' plans to remove barriers that have been identified, in addition to establishing new feedback processes.

The Minister of ISED and the CRTC are requiring the industry to identify and implement changes to improve the reliability and resiliency of telecommunications networks, and to report on major outages (the definition of 'major outage' is not yet resolved). The initial focus of the initiative is on reporting outages, but the CRTC has indicated that in subsequent consultations it will explore network resiliency principles, 9-1-1, public alerting, consumer communication, consumer compensation, accessibility, technical measures, and the imposition of administrative monetary penalties.

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OUR STRATEGIC DIRECTION

Vision

Be the best at connecting people to their world

Mission

To provide an exceptional customer experience

Values

Honesty, Integrity, Respect

Our North Star: Broadband

Broadband is SaskTel's North Star. It is our core service and critical to sustainable long-term growth. Our mission to provide an exceptional customer experience begins with delivering fast and reliable broadband throughout Saskatchewan, at any location – at home, work, and on the go.

Strategic Goals

- **Deliver an Exceptional Customer Experience**
- **Lead the Market in Broadband Services**
- **Reinvigorate SaskTel through Digital Transformation**
- **Empower a High-Performance Workforce**
- **Maximize Long-Term Financial Sustainability**

Alignment with Our Shareholder

SaskTel is a provincial Crown corporation, owned by the people of Saskatchewan. Our strategic goals have been developed to ensure the company continues to transform, achieve shareholder expectations, and provide our customers with an exceptional customer experience today and in the future.

Shareholder direction is established for the Crown sector by Crown Investments Corporation (CIC) of Saskatchewan. CIC's Board of Directors develops Crown Sector Strategic Priorities to articulate shareholder expectations and broad policy direction to SaskTel and the CIC Crown sector.

Five Crown Sector Strategic Priorities were established for 2022/23:

- **C**ustomer
- **R**esource optimization
- **I**nnovation and technology
- **S**ustainability
- **P**rivate sector engagement

SaskTel's strategic plan is also influenced by *Saskatchewan's Growth Plan: The Next Decade of Growth 2020-2030*. The Growth Plan serves as a roadmap to building a strong economy and a better life for the people of Saskatchewan. This includes SaskTel continuing to invest, grow, and improve the province's ICT infrastructure. To achieve this, SaskTel will further expand our broadband networks (including our fibre and 5G networks) throughout the province as we move toward our North Star goal of achieving one million broadband accesses by 2025.

SaskTel's Board of Directors and Executive Team strive to ensure the development of our strategic plans maintain alignment with shareholder expectations, along with the competitive situation and constant change occurring within our industry. The CIC Board of Directors provides final approval of SaskTel's annual strategic plan, including balanced scorecard measures and targets.

Performance Management

As a competitive Crown corporation, SaskTel is responsible to the people of Saskatchewan to provide exceptional products, services, and support in a competitive market at fair prices while delivering solid financial results. SaskTel continuously monitors performance against its strategic goals through the company's balanced scorecard.

BALANCED SCORECARD

SaskTel uses a balanced scorecard to measure and monitor performance. It is a widely accepted performance measurement system that is used throughout the provincial Crown sector.

The targets included in the scorecard are the foundation on which progress toward our strategic goals are measured. A rigorous process is used to develop these measures and targets, ensuring that they are aligned with the direction provided by CIC and the shareholder. Targets are set annually to challenge the company and drive high performance.

The measures are monitored throughout the year, allowing us to make operational adjustments when required. Results are reported to the SaskTel and CIC Boards on a quarterly basis.

Deliver an Exceptional Customer Experience

Our customers are at the centre of everything we do. We will deliver an exceptional customer experience at every touchpoint along their journey with SaskTel.

Keeping customers at the centre of everything we do ensures that we can deliver exceptional customer experiences. We are focused on better understanding key points in the customer journey – the "moments that matter" to improve customer satisfaction. We strive to provide engaging and memorable experiences by improving our understanding of our customers through enhanced business intelligence.

We will serve our customers where and when they want and that means that we are evolving our channels, including accelerating and promoting customer self-serve. We are also accelerating self-installs as a standard practice, enabling customers to enable their services on their own timelines. We are automating simple interactions with customers and enabling service bots to provide customers easy access to answers with a quick response time.

PATH TO SUCCESS

- Strengthen customer experience
- Use business intelligence (BI) to create customer value
- Accelerate customer self-serve as our future primary channel
- Accelerate self-installs as a standard practice

BALANCED SCORECARD

Measure	2021/22 Result	2022/23 Target	2022/23 Result
Customer Satisfaction			
Customer experience – consumer	8.4	8.5	8.5
Customer experience – business	8.4	8.5	8.5

CUSTOMER SATISFACTION PERFORMANCE

Both the consumer and business customer experience targets of 8.5 were achieved. Consumer Sales, Tech Support, Service Technicians, and the SaskTel Stores met or exceeded their targets. Business Inbound Queue, Business Sales, and Service Technicians all met their targets.

ACHIEVEMENTS IN 2022/23

- Maintained industry-leading wireless market share and churn.
- Improved user experience through the evolution of mySASKTEL.
- Rolled out Visual Remote Assistance tool to address customer needs quickly which received overwhelmingly positive customer feedback.
- Customer Hub became operational offering a 360-degree view of our customers allowing targeted campaigns and offers.
- Waived all international text message fees and long-distance charges for SaskTel wireless (postpaid and prepaid), landline and business calls and text messages made from Canada to Ukraine, Iran, Syria, and Turkey in the face of ongoing crises.

Lead the Market in Broadband Services

Broadband is essential to the lives of our customers, stimulates economic growth, and enhances the quality of life in Saskatchewan. We will provide access to fast and reliable internet at any location – at home, work, and on the go.

Broadband is key to SaskTel's future success. It is our core service and North Star. Whether fixed or mobile, broadband is indispensable to our customers' lives and a critical enabler of Saskatchewan's economy. SaskTel will continue to invest heavily to improve and expand our network using the most appropriate technology solutions, whether it be fibre, 5G, LTE, DSL, fixed wireless, or Wi-Fi. There is a strong focus on investing in underserved and unserved areas of the province such as rural and Indigenous communities to enable all Saskatchewan people to participate in the digital economy. Accelerating the deployment of 5G provides customers access to faster wireless speeds, higher reliability and reduced latency and it offers a solution for rural communities where fibre is not feasible.

PATH TO SUCCESS

- Build fixed and mobile broadband networks
- Enable broadband in rural and remote Saskatchewan
- Monetize the broadband network
- Broadband process transformation

BALANCED SCORECARD

Measure	2021/22 Result	2022/23 Target	2022/23 Result
Broadband Connections			
Total broadband accesses	857,432	907,801	875,524
Fibre Connections			
Consumer internet accesses on fibre	N/A	66%	64%
Business internet accesses on fibre	N/A	27%	30%
Network Advancements			
SK homes and businesses with access to at least 50 Mbps fixed broadband	86%	89%	86%
SK homes and businesses with access to at least 300 Mbps fixed broadband	63%	69%	68%

The shortfall in broadband accesses is driven primarily by a shortfall in IoT and fibre connections, partially offset by strong wireless and DSL accesses. An additional 17,906 homes have access to fibre in 2022/23.

ACHIEVEMENTS IN 2022/23

- Launched 5G on 143 towers in Regina, Saskatoon, and the following new communities:

Assiniboia	Crooked River	Ituna	Norquay
Baildon	Cut Knife	Kipabiskau Regional Park	North Battleford
Battleford	Dalmeny	Little Black Bear First Nation	Oxbow
Bethune	Davidson	Lake Alma	Quill Lake
Big River First Nation	Denholm	Langham	Radisson
Blaine Lake	Ernfold	Leader	Swift Current
Bruno	Glaslyn	Lestock	Turtleford
Canwood	Hafford	Lumsden	Warmley
Choiceland	Hanley	Montmartre	White City
Craik	Herbert	Moose Jaw	Witchekan Lake First Nation
Craven	Hodgeville	Nakaneet First Nation	Wollaston Lake

- maxTV Stream launched in Pelican Narrows, Sturgeon Lake, Pelican Narrows 184B of the Peter Ballantyne Cree Nation.
- Launched Cloud PVR for maxTV Stream.
- Launched *infiNET* in Meadow Lake, Rosetown, Shaunavon, Lloydminster, and Maple Creek.
- Continued working with University of Saskatchewan Livestock and Forage Centre of Excellence to deploy a variety of solutions enabling agtech using primarily local companies.
- Partnered with Olds College of Agriculture and Technology to expand their Smart Farm applied research on land they received west of Craik.
- Established IoT partnerships with City of Melfort (asset management capabilities and geospatial analytics), City of Meadow Lake (smart meters) and Dakota Whitecap First Nation (water resource management).
- Named as a Leader in the IDC MarketScape: 'Canadian Datacenter colocation and Interconnection Services 2022 Vendor Assessment', November 2022.
- Rural Broadband Partners launched internet service in:

Christopher Lake	Fergusson Bay	Rural Martensville
Cowessess First Nation	Jackfish Lake	Turtle Lake/Brightsand Lake
Emma Lake	Rural Clavet	Yellow Creek

Reinvigorate SaskTel through Digital Transformation

We will think digitally and use technology to build new business capabilities, making it easier for our customers to do business with us and easier for employees to serve customers.

The world is digitally transforming at an incredible speed as more people work, attend school, shop, and enjoy entertainment all from home and these trends will only continue to accelerate in the post-COVID world. SaskTel continues to evolve the business to meet these changing customer's needs, adopting new technologies, updating processes, and modernizing the work environment. A focus on simplifying and rationalizing products, processes, systems and business rules and then automating operations and products where possible will create efficiencies, gain new capabilities, and enhance the customer experience.

PATH TO SUCCESS

- Simplify
- Automate
- Expand the digital-only operating model

BALANCED SCORECARD

Measure	2021/22 Result	2022/23 Target	2022/23 Result
Efficiency			
EBITDA margin	28.5%	28.4%	28.1%
Transformation			
Benefits realized from transformation initiatives ($ millions)	$27.0	$32.0	$37.5

EFFICIENCY PERFORMANCE

The EBITDA margin was below our 2022/23 target by 30 basis points due to increased expenses driven from inflationary pressures partially offset by revenue growth.

TRANSFORMATION PERFORMANCE

In 2022/23 SaskTel realized $37.5 million in transformational benefits, exceeding the $32.0 million annual target. This represents a combination of net new benefits realized in 2022/23 and carry forward from 2021/22.

ACHIEVEMENTS IN 2022/23

- Expanded the Digital Workforce Transformation program (ELEVATE) to include robotic process automation, upskilling over 100 employees in six business units: creating nearly 40 bots and identifying further automation opportunities.
- Lüm Mobile brand awareness is higher than competitors.
- Creation of an integrated Customer Relationship Management (CRM) system to consolidate capabilities from disparate CRM systems, beginning with wireline services.
- Completed the Contact Centre consumer migration to the cloud and launched new bots to serve customers more efficiently.

Empower a High-Performance Workforce

Together, our skilled workforce is committed to transforming SaskTel for the future and ensuring we deliver to our customers' expectations.

SaskTel's strength is its people. An engaged, skilled, and inclusive workforce is critical to future success. Creating a culture where people feel safe, valued, invested in, and engaged translates to providing a great customer experience. Evolving to a more flexible work environment, and remaining focused on diversity, equity and inclusion are essential in fostering innovation and meeting the diverse needs of our province.

PATH TO SUCCESS

- Improve employee engagement
- Living our culture
- Lead SaskTel through digital transformation
- Diversity, equity, and inclusion

BALANCED SCORECARD

Measure	2021/22 Result	2022/23 Target	2022/23 Result
Employee Engagement			
Employee engagement score	72.0%	73.0%	72.0%
Learning and Growth			
Employee perception of skill evolution	82.5%	83.5%	84.0%

EMPLOYEE ENGAGEMENT PERFORMANCE

Employee Engagement was 72.0% which is just below the target of 73.0% but is on par with the overall engagement benchmark.

ACHIEVEMENTS IN 2022/23

- Recognized by Mediacorp Canada Inc. as one of:
  - Saskatchewan's Top Employers
  - Canada's Top Employers for Young People
  - Canada's Best Diversity Employers
  - Canada's Greenest Employers
- Donated over $193,000 to local non-profits through TelCare.
- Provided employees with learning opportunities in a variety of areas including:
  - Cybersecurity
  - Accessibility
  - Telco Cloud
  - 5G
  - Privacy
  - Psychological safety/wellness
  - Data automation

Maximize Long-Term Financial Sustainability

We will find creative solutions to position SaskTel for financial success, securing our ability to serve customers throughout the province of Saskatchewan for many years to come.

SaskTel is facing challenges to find new revenue to replace a declining legacy business and keep up with the fast pace of technological change. Retaining customers is key as well as finding new customers and expanding into new markets. Improving operational efficiencies is equally important to ensure SaskTel's long-term financial sustainability is achieved.

In addition to revenue growth and operational efficiencies, SaskTel is committed to contributing to the economic growth of Saskatchewan. A one-team approach to Crown and public sector collaboration, innovative business models as well as establishing partnerships with private enterprise businesses helps create a strong Saskatchewan.

PATH TO SUCCESS

- Grow revenue and gross margin
- Improve operating model
- Contribute to provincial economic growth

BALANCED SCORECARD

Measure	2021/22 Result	2022/23 Target	2022/23 Result
Shareholder Value			
Return on equity (including AOCI impacts)	8.8%	8.8%	8.5%
Debt ratio (including AOCI impacts)	54.6%	54.3%	54.5%
Revenue			
Total revenue ($ millions)	$1,300.9	$1,317.2	$1,330.1
Net Income			
Net income ($ millions)	$104.4	$106.5	$104.1
Capital Investment			
Capital intensity (excluding spectrum)	24.5%	25.6%	26.3%
Environment			
Energy intensity (GJ/m2)	1.23	1.30	1.27
Crown Collaboration			
Crown Collaboration savings ($ millions)	$48.9	$55.0	$53.1
Red tape reductions/customer service enhancements	N/A	8 new initiatives	8 new initiatives
Investment attractions ($ billions)	N/A	$1.0	$1.9

SHAREHOLDER VALUE PERFORMANCE

SaskTel's Return on Equity (ROE) of 8.5% was below the annual target of 8.8%. SaskTel's debt ratio of 54.5% was above the 54.3% year-end target due to increased debt.

REVENUE PERFORMANCE

Revenue is above target reflecting strong customer and ARPU growth in broadband and higher than anticipated international software and consulting services revenue. These increases more than offset declines in maxTV service revenue and ongoing declines in legacy wireline services.

NET INCOME PERFORMANCE

Net income was below expectations due to higher-than-expected goods and services purchased driven from increased inflation and higher depreciation and amortization from increased capital investment. These are partly offset by revenue growth.

CAPITAL INVESTMENT PERFORMANCE

Capital investment came in higher than targeted due to significant investment in SaskTel's wireless and fibre networks, partially offset by higher-than-expected operating revenues.

CROWN COLLABORATION

The Crown Collaboration targets are set by CIC. The targets for 2022/23 are for the Crown sector as a whole and not SaskTel specifically.

ACHIEVEMENTS IN 2022/23

- Added Beaver River Broadband and Stafford Communications to the Rural Broadband Partnership Program (RBPP).
- Expanded the National Sales team in Calgary and Winnipeg.
- Connecting with Community Challenge raised $50,000 to support Ukrainian citizens resettling in Saskatchewan.
- Completed Directwest transition and initiated SecurTek transition.

Rationale for the Selection of Balanced Scorecard Performance Measures

Measures	Purpose
Customer Satisfaction Customer experience – consumer Customer experience – business	Delivering an exceptional customer experience at all touchpoints is a key strategic goal for SaskTel. Our industry is highly competitive, and customers have more choices than ever. Delivering high levels of satisfaction to all our customers is critical to our success. This measure allows SaskTel to evaluate the level of customer experience being provided and identify areas of opportunity.
Broadband Connections Total broadband accesses	Broadband is SaskTel's North Star and leading the market in broadband services is a key strategic goal. Broadband is our core service and critical to sustainable long-term growth. SaskTel aims to be the best broadband provider in Saskatchewan, providing reliable internet to as many customers as possible.
Fibre Connections Consumer internet accesses on fibre Business internet accesses on fibre	Broadband is SaskTel's North Star and leading the market in broadband services is a key strategic goal. Where SaskTel provides faster speeds, we experience reduced churn, higher subscriber rates, and increased average revenue per user. This measure captures the impact of our fibre capital projects and sales and retention efforts.
Network Advancements SK homes and businesses with access to: At least 50 Mbps fixed broadband At least 300 Mbps fixed broadband	Leading the market in broadband services is one of our key strategic goals. SaskTel is committed to delivering higher broadband speeds to customers throughout Saskatchewan. A download speed of 50 Mbps was the CRTC target speed for 90% of Canadians by the end of 2021. Access to at least 300 Mbps is reflective of customers' increasing speed requirements. It is aligned with the expansion of our fibre optic network infrastructure in the province, which is included in *Saskatchewan's Growth Plan: The Next Decade of Growth 2020–2030*.
Efficiency EBITDA margin	The EBITDA margin is used to monitor our improvements to operating efficiency and profitability. Digital transformation is a key strategy for SaskTel and as our initiatives are implemented, the financial impacts are reflected by this measure. It is a commonly used financial ratio that can be compared to industry standards.
Transformation Benefits realized from transformation initiatives	Reinvigorating SaskTel through digital transformation is one of our key strategic goals. This measure captures incremental benefits resulting from transformation initiatives that generate new revenue and/or improve our operational efficiency.
Employee Engagement Employee engagement score	Empowering a high-performance workforce is a key strategy for SaskTel. We measure employee engagement as an indicator of employees' connection and dedication to the organization and their role within it. An engaged team of employees leads to better customer experiences and improved overall corporate performance.

Measures	Purpose
Learning and Growth Employee perception of skill evolution	Our industry is experiencing rapid technology change, elevating the importance of employee learning and growth. Skill evolution is a key component of employee enablement and a requirement for empowering a high-performance workforce. We use this measure to monitor our employees' confidence that they have the skills necessary to perform successfully.
Shareholder Value ROE Debt ratio	As a provincial Crown corporation, SaskTel has a responsibility to provide value to our shareholder, the Government, and people of Saskatchewan. We use these two measures to evaluate our performance generating the financial return (return on equity) expected by our shareholder within a prescribed capital structure (debt ratio). ROE and debt ratio are widely used financial ratios, allowing comparisons to other companies.
Revenue Generation Total revenue	Revenue generation is an important indicator of our growth and financial sustainability. Total revenue is a common financial measure that can be compared to other companies.
Net Income	Net income is the primary measure of a competitive company's profitability and financial health. SaskTel's net income contributes to Saskatchewan's financial health as it is consolidated into the Province's financial statements.
Capital Capital intensity	SaskTel operates in an industry where significant capital investments are necessary to remain competitive. Capital intensity is used to measure how effectively SaskTel's capital investments are being utilized to generate revenue. Effective management of capital intensity will contribute to a healthy net income.
Environment Energy intensity (GJ/m^2)	Environmental progress is important to both shareholders and customers. This metric is used to measure how effectively SaskTel is managing our environmental impact.
Crown Collaboration	Crown Collaboration is a key focus of the Government of Saskatchewan and Crown Investments Corporation (CIC). The Crown Collaboration metric is made up of 1. Cost savings; 2. Customer service enhancements; and 3. Investment attraction.

Enterprise Risk Management

SaskTel, like all organizations, is subject to uncertainty and risk that may have a material impact on its ability to achieve business objectives. Alternatively, risks may also create opportunities. The company manages risks to achieve a proper balance between risks and potential returns. A Governance, Risk, and Compliance (GRC) framework is in place to manage risk exposures in relation to business priorities and risk tolerance. It is an enterprise-wide approach aligning strategic planning, enterprise risk management (ERM), operations, and internal audit.

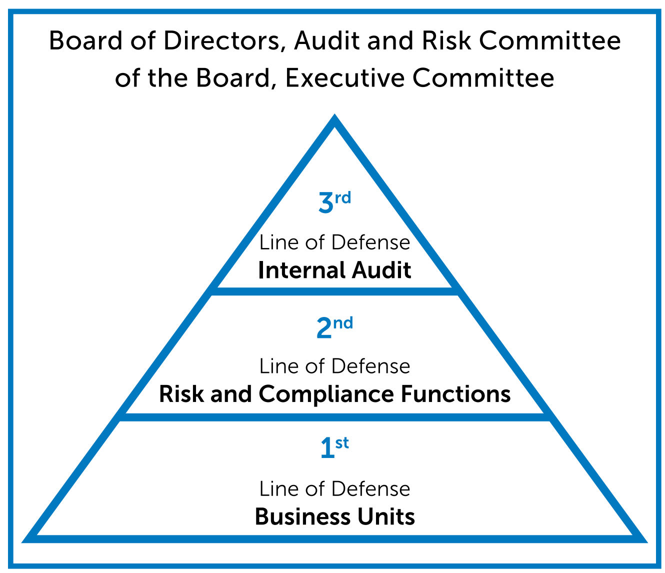
The ERM process (shown below) within the GRC framework is applied to identify and respond to key risks. Risks are identified through multiple ways and at different levels within the company. An approved risk assessment guide and heat maps serve as tools for evaluating risk vis-à-vis SaskTel's risk appetite. Appropriate risk responses may include any or all of the following: avoid, accept, transfer, or reduce through mitigations. Key corporate and divisional risks are regularly monitored and reported on. SaskTel's Internal Audit group uses an industry standard approach to audit the effectiveness of governance, risk management, and control processes.

Enterprise Risk Management Framework

GOVERNANCE AND RESPONSIBILITIES

SaskTel uses the Institute of Internal Auditor's Three Lines Model to facilitate strong governance and apply an integrated approach that places accountability for effective risk management and internal control across the organization. Governance and oversight are provided by SaskTel's Board of Directors, Audit & Risk Committee of the Board, and Executive Committee. All employees play a role in understanding and managing risk within the scope of their responsibilities. Management and operational leaders, including risk and compliance functions, perform the first and second-line roles while independent assurance is provided through internal audit (third line). External assurance providers give additional assurance to satisfy legislative and regulatory expectations and complement internal sources of assurance.

Governance



KEY RISKS

The following risks are key strategic and core business risks (operational, financial, and compliance and legal) and uncertainties facing SaskTel that may have a material effect on the business. Additional risks and uncertainties deemed to be lower risk or risks that are currently unknown may also impact the business. Any discussion about risks should be considered in conjunction with "Caution Regarding Forward-looking Information" on page 17.

STRATEGIC RISKS

Strategic risks are determined based on the ability to achieve strategic goals and financial targets outlined in the strategic plan. Manifestation of one or more of these risks may require SaskTel to modify its strategic direction.

COMPETITIVENESS

SaskTel has a complex operating environment built up over many years, which could restrict the company's ability to deliver a competitive customer experience. In addition, competitor intensity, including non-traditional competitors, industry consolidation, and disruptive technology could impact revenue and market share.

SaskTel has roadmaps and initiatives in place to evolve the operating environment and simplify and automate the business including a focus on self-serve and transforming and modernizing systems and processes. This helps SaskTel stay competitive and offer a great customer experience. In addition, the company continuously evolves its products and services, looks for new market opportunities, deploys new technologies such as 5G and fibre, collaborates with partners, and leverages business intelligence to identify customer needs.

REGULATORY

The Federal Government and CRTC continually make pronouncements and issue regulatory interventions that interfere with SaskTel's ability to conduct business and increases costs and complexity, impacting profitability and market share.

SaskTel actively participates in CRTC and other proceedings to ensure SaskTel's unique position is understood including its differences from other players within the Canadian telecom industry with respect to size and geography.

ALLIANCES AND PARTNERSHIPS

SaskTel relies on agreements with other companies and suppliers throughout the industry in the provisioning of our products and services and business operations. If factors emerge that negatively impact or end the relationship or contract, the ability to offer services or operate the business is at risk.

SaskTel works to ensure contractual obligations are met and future expectations are addressed to maintain mutually beneficial relationships. For example, other telecom carriers rely on SaskTel networks and vice-versa. As such, it is important to ensure our networks and our partners networks continue to meet all stakeholders' needs.

OPERATIONAL RISKS

Operational risks are focused on areas such as business interruption, security, infrastructure, supply chain, resources, customer service, and safety and environment.

NETWORKS

SaskTel's networks are core to delivering SaskTel's services and if they are unavailable for an extended period, this could cause significant customer disruption.

Networks are designed and built to be highly available. Regular updates and maintenance, alarming of key components, redundancy, sparing of hardware, and testing in labs prior to implementation help reduce the occurrence, duration, and severity of outages. Networks are continuously evolving with legacy and end of life equipment and technology being replaced.

SYSTEMS

SaskTel relies on systems to conduct business such as billing, provisioning, and service delivery. If a key system is unavailable for an extended period, this could impact services and revenue.

Similar to networks, systems are built and designed to be highly available. Alarming of key components, redundancy, regular upgrades, maintenance and support contracts, extra hardware on site, testing in labs, disaster recovery protection, and change control processes help reduce the occurrence, duration, and severity of outages. A multi-year system architecture strategy and roadmap helps plan for future system needs.

PHYSICAL INFRASTRUCTURE

Losing physical access or experiencing damage to critical infrastructure or buildings can occur from a variety of events including weather, fire, or vandalism, which could disrupt services and impact revenue.

Preventive measures are in place, such as ongoing maintenance routines, automated control systems, sprinklers, fire detection systems, site hardening and loss control techniques, security, temperature-controlled facilities, and infrastructure upgrades. If a risk event occurs, business continuity plans, and disaster recovery protocols come into effect.

CYBER SECURITY

SaskTel is subject to cyber-attacks or data breaches that could compromise information or disrupt service. With cybercrimes becoming more frequent and sophisticated, the threat continues to increase. A significant event could impact reputation and finances.

SaskTel regularly assesses its environment and implements extensive controls and measures to protect data and mitigate against service disruption. Examples of controls include cyber security standards, monitoring, processes, policies, governance, secure configurations, training, and anti-malware systems. An evolving multi-year roadmap and program is in place to increase maturity and address any vulnerabilities.

FINANCIAL RISKS

Areas focused on in this category include interest rate, foreign exchange, credit, financial misstatement, pension plan solvency, investments, public reporting, revenue assurance, fraud, and cash flow. No significant financial risks are reported at this time. Notes to the Consolidated Financial Statements, *Note 29 – Financial instruments* and related risk management, highlights some financial exposures and mitigations.

COMPLIANCE AND LEGAL RISKS

Areas focused on in this category include SaskTel's need to comply with laws and regulations: contractual, professional, third party, statutory, environmental, governance, intellectual property, litigation, regulatory, and privacy.

LITIGATION

SaskTel is subject to lawsuits due to the various activities undertaken, employees interacting with thousands of stakeholders daily, and our numerous assets being highly visible. Exposures include contractual, professional, statutory, and third-party liability, which could negatively impact SaskTel's operating results and reputation.

Contracts, tariffs, in-house counsel, and due diligence contribute to mitigating the risk.

OPERATING RESULTS

Financial Summary

CONSOLIDATED NET INCOME

For the year ended March 31, ($ millions)	2023	2022	Change	%
Revenue	$ 1,330.1	$ 1,300.9	$ 29.2	2.2
Other income (loss)	(1.8)	0.8	(2.6)	*nmf*
Total revenue and other income (loss)	1,328.3	1,301.7	26.6	2.0
Expenses				
Goods and services purchased	597.8	570.4	27.4	4.8
Salaries, wages, and benefits	353.0	352.1	0.9	0.3
Internal labour capitalized	(24.4)	(21.5)	(2.9)	13.5
Depreciation - property, plant and equipment	198.0	199.9	(1.9)	(1.0)
Depreciation - right-of-use assets	7.6	6.3	1.3	20.6
Amortization	33.3	33.7	(0.4)	(1.2)
Saskatchewan taxes	29.4	29.0	0.4	1.4
Total expenses	1,194.7	1,169.9	24.8	2.1
Results from operating activities	133.6	131.8	1.8	1.4
Net finance expense	29.5	27.4	2.1	7.7
Net income	$ 104.1	$ 104.4	$ (0.3)	(0.3)
Other comprehensive loss	(5.0)	(5.2)	0.2	(3.8)
Total comprehensive income	$ 99.1	$ 99.2	$ (0.1)	(0.1)

1 nmf - no meaningful figure

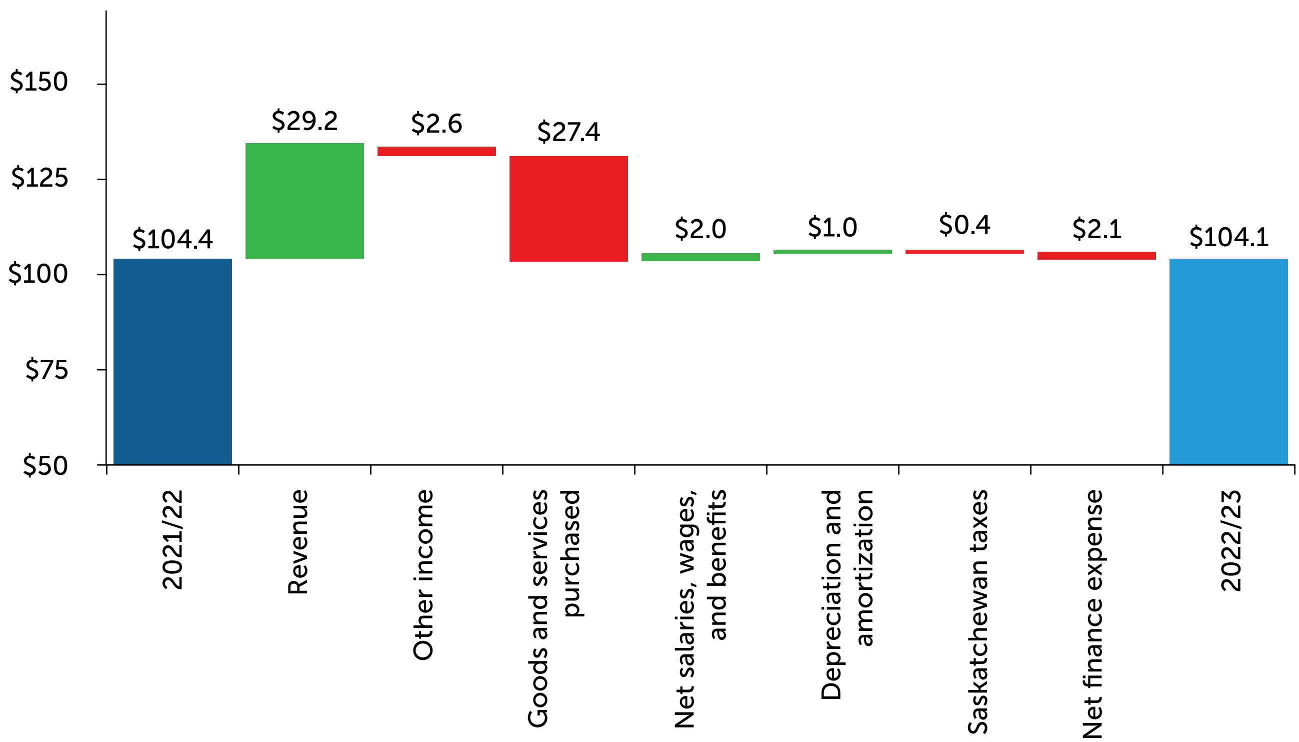
CONSOLIDATED REVENUE

For the year ended March 31, ($ millions)	2023	2022	Change	%
Wireless network services and equipment	$ 640.7	$ 613.4	$ 27.3	4.5
Fixed broadband and data services	298.3	284.0	14.3	5.0
Wireline communication services	166.1	177.4	(11.3)	(6.4)
maxTV service	95.7	100.6	(4.9)	(4.9)
Security monitoring services	34.7	35.4	(0.7)	(2.0)
Marketing services	22.5	24.3	(1.8)	(7.4)
Customer premise equipment	18.7	20.0	(1.3)	(6.5)
IT solutions services	15.7	13.4	2.3	17.2
International software and consulting services	15.0	10.4	4.6	44.2
Other services	22.7	22.0	0.7	3.2
Total revenue	$ 1,330.1	$ 1,300.9	$ 29.2	2.2

Net Income

SaskTel provides strong returns to the Province of Saskatchewan by introducing competitive services and providing revenue growth in key business segments, including wireless, fixed broadband and data, and by managing its costs and optimizing its legacy services. Net income was $104.1 million, a decrease of $0.3 million from the same period in 2021/22. Net income was impacted through increased goods and services purchased of $27.4 million and decreased other income of $2.6 million, partially offset by increased revenue of $29.2 million.

Net Income ($ millions)



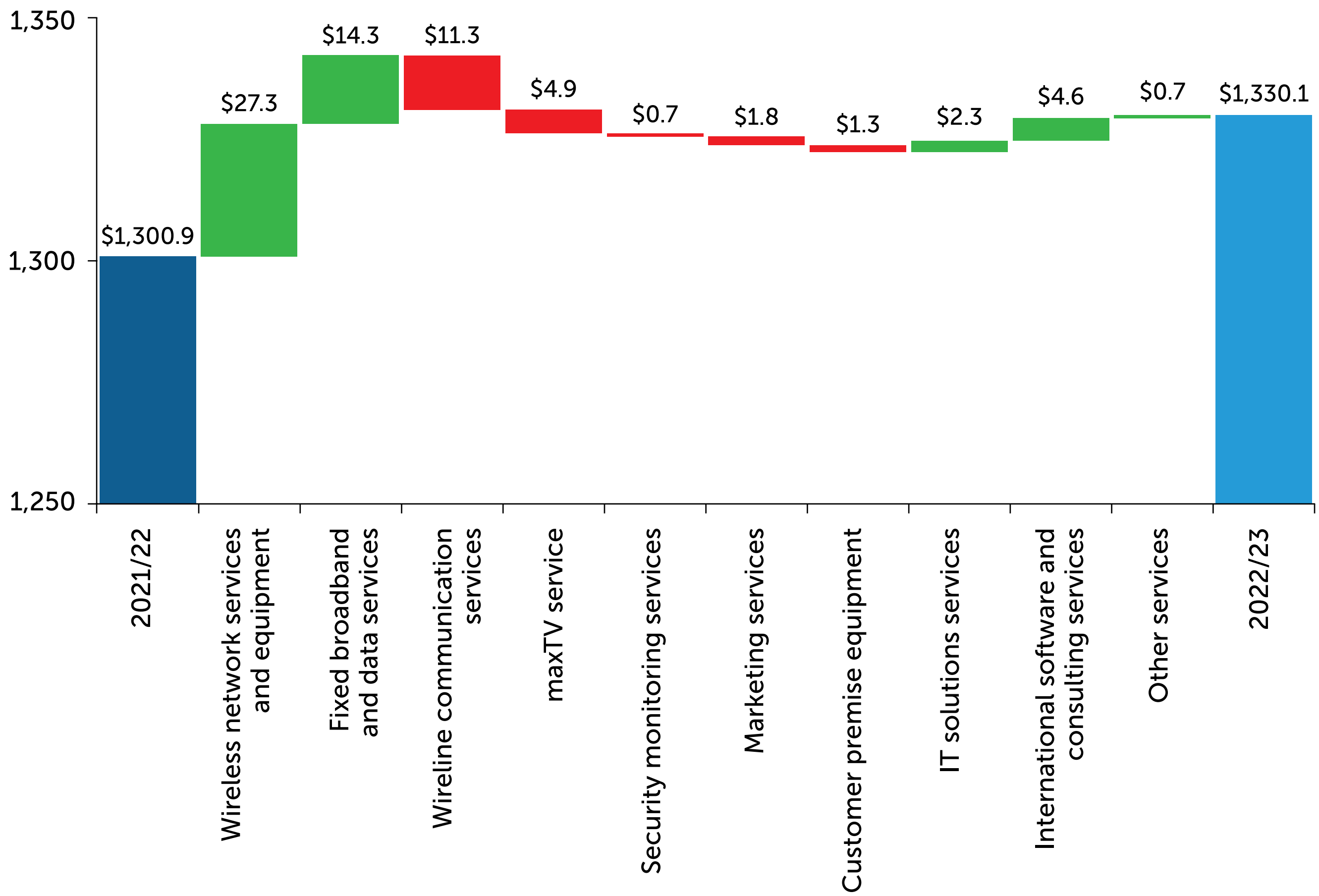
Net Income Highlights

Revenue	Net Income	Return on Equity	EBITDA Margin	Debt Ratio
$1,330.1M	$104.1M	8.5%	28.1%	54.5%

Revenue

Revenue for the fiscal year ending March 31, 2023, was $1,330.1 million, an increase of $29.2 million, reflecting growth in key business segments including wireless network services and equipment and fixed broadband and data. Growth in wireless network services and equipment revenue reflected a growing subscriber base and increased demand for premium wireless devices. The growth in fixed broadband and data is a result of higher ARPU as customers opt for higher internet speeds and more services delivered over SaskTel's fibre network. This growth is partially offset by declines in legacy wireline and in maxTV service revenues.

Revenue ($ millions)



SaskTel's revenue is composed primarily of wireless network services and equipment revenue (48.2%), fixed broadband and data (22.4%), wireline communication (12.5%), and maxTV service (7.2%). The decline of legacy wireline communication revenue was partially offset by continued growth in broadband and wireless revenue. Broadband revenue growth was driven by rising customer demand for increased internet bandwidth delivered through SaskTel's improvements to its network infrastructure, including FTTx, fixed wireless and mobile broadband, and expansions of DSL and fibre internet to rural communities. SaskTel continues to expand its IT solutions services portfolio by offering innovative ICT solutions, including smart services, managed cloud, Tier III Data Centre services, and remote network monitoring services to its customers.

Customer Connections

Broadband Internet*	maxTV Service	Wireless	Fibre	Wireline Voice
+2.1%	+0.9%	+1.1%	+7.1%	(6.0%)
+17,923 vs 2021/22	+1,008 vs 2021/22	+6,909 vs 2021/22	+11,978 vs 2021/22	(16,460) vs 2021/22

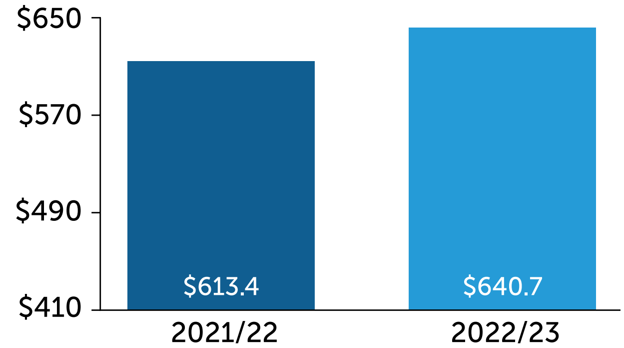
*includes data and rural broadband partnerships

WIRELESS NETWORK SERVICES AND EQUIPMENT

Wireless network services and equipment revenue increased $27.3 million (4.5%) in 2022/23, reflecting growth in our wireless retail subscriber base, increased wholesale revenues, and a greater proportion of premium handsets in the sales mix.

Our focus on customer-first initiatives and our leading network quality and coverage resulted in an increase in year-over-year net subscriber additions of 6,909 or 1.1%.

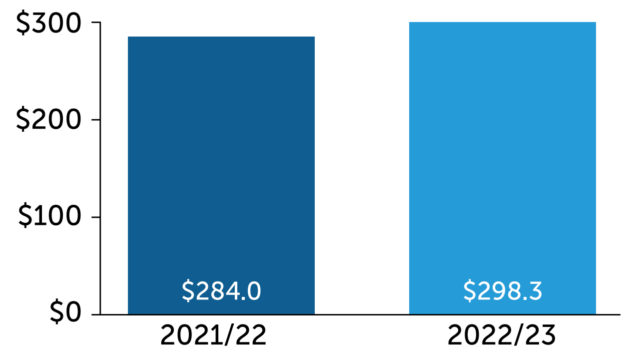
Wireless Network Services and Equipment Revenue
($ Millions)



FIXED BROADBAND AND DATA SERVICES

Fixed broadband and data services revenue increased by $14.3 million (5.0%). This was driven by increased customer connections on our expanded FTTx footprint, enhanced retail offerings, and increased customer demand for our high-speed internet service. SaskTel's *infiNET* fibre accesses grew 7.1% and has addressed the demand for higher speeds, which has contributed to ARPU growth.

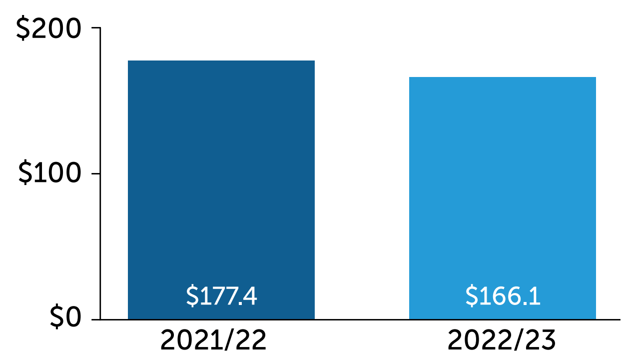
Fixed Broadband and Data Revenue
($ Millions)



WIRELINE COMMUNICATION SERVICES

Wireline communication services revenue declined by $11.3 million (6.4%) from 2021/22. Continued migrations to wireless and internet-based services have resulted in new growth in Internet Protocol (IP) based services which are being offset by legacy access declines. Integrated Business Communications, an IP-based service, enables a remote workforce with the ability to connect, communicate, and collaborate anywhere and with any device.

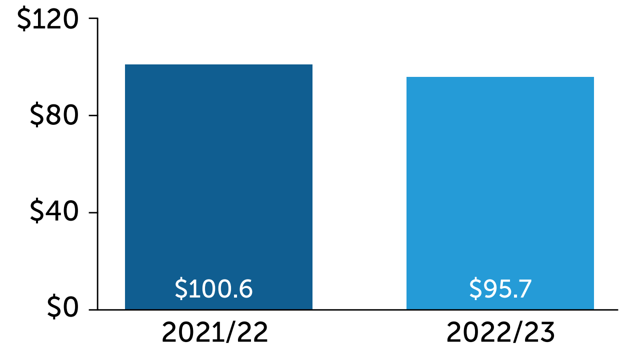
Wireline Communication Revenue
($ Millions)



MAXTV SERVICE

maxTV service revenue decreased by $4.9 million (4.9%). This decline was driven by fewer traditional maxTV subscribers as households are reducing TV services in the face of inflationary pressures and an overall shift in the industry to over-the-top video services. This has been partially offset by continued growth of maxTV Stream service that allows customers an affordable solution to watch live TV or on demand content anywhere in Canada. The maxTV Stream service was further enhanced this year with the introduction of Cloud PVR.

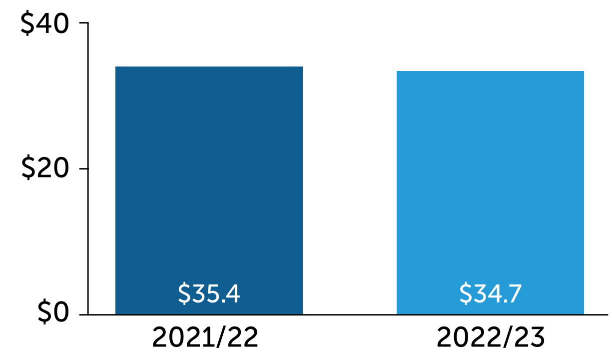
maxTV Revenue
($ Millions)



SECURITY MONITORING SERVICES

Security monitoring services revenue decreased $0.7 million to $34.7 million in 2022/23, due to the completion of larger one-time projects in the prior year and a lower number of organic customer accounts added in the current year. SaskTel offers enhanced value-added services such as smartHOME security that provides interactive security, safety, cameras, and automation technology for residential and business consumers. SaskTel continues to actively seek out business growth both organically and through customer account acquisitions.

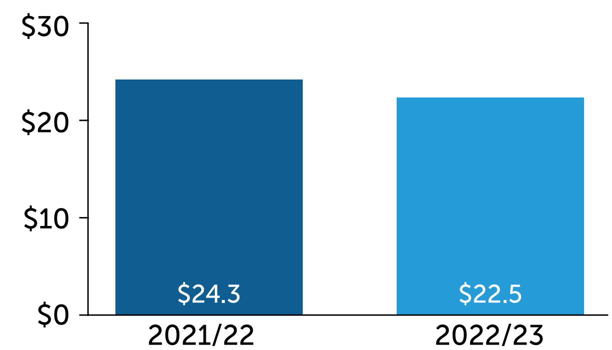
Security Monitoring Revenue
($ Millions)



MARKETING SERVICES

Marketing services revenue decreased to $22.5 million in 2021/22, from $24.3 million in 2021/22, a decrease of $1.8 million (7.4%) as the traditional directory industry continued to contract, partially offset by incremental growth in new investment areas. The company offers digital marketing services and Digital Out-of-Home billboard media to meet customers' evolving marketing needs.

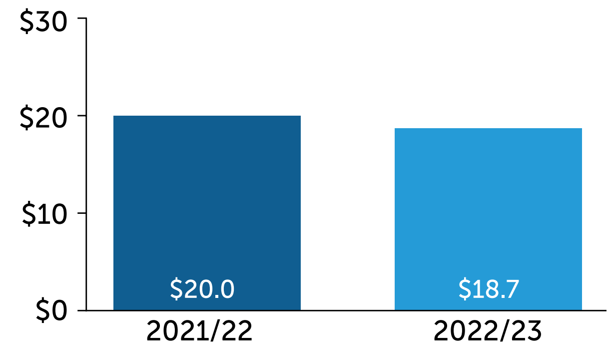
Marketing Revenue
($ Millions)



CUSTOMER PREMISE EQUIPMENT

Customer premise equipment revenue decreased by $1.3 million due to decreased sales of business-grade communications systems.

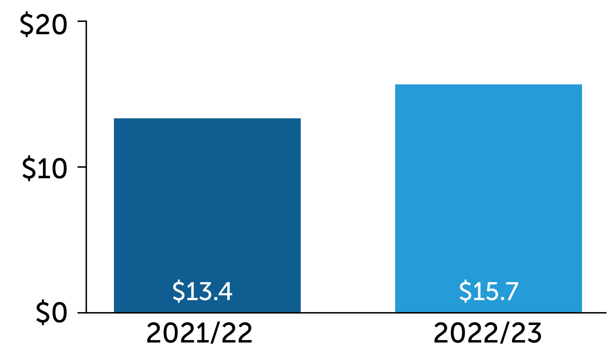
Customer Premise Equipment Revenue
($ Millions)



IT SOLUTIONS SERVICES

IT solutions services revenue increased $2.3 million (17.2%), reflecting growth in our business customer segment and increased adoption of our data centre offerings and managed IT services such as cloud hosting, cloud computing, cloud service, backup, and disaster recovery to business customers across Saskatchewan.

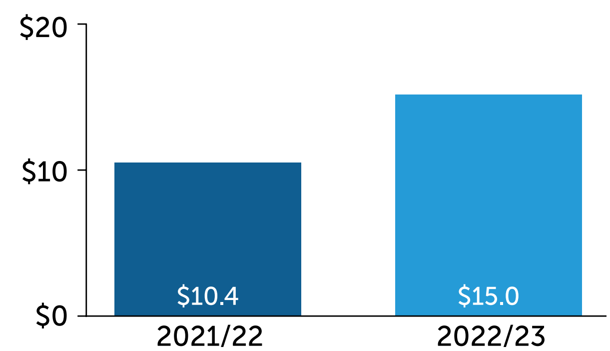
IT Solutions Revenue
($ Millions)



INTERNATIONAL SOFTWARE AND CONSULTING SERVICES

International software and consulting services revenue increased to $15.0 million in 2022/23, an increase of $4.6 million from the prior year, primarily due to higher implementation and professional services from contracts for the suite of network management services.

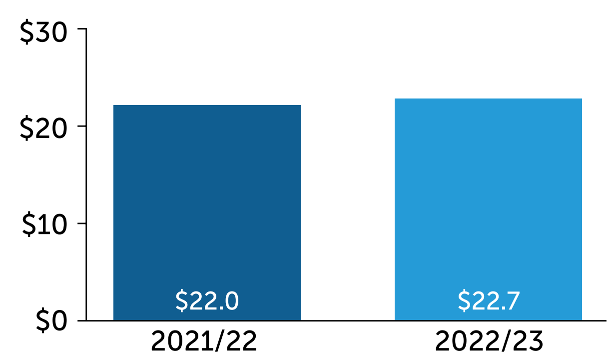
International Software and Consulting Revenue
($ Millions)



OTHER SERVICES

Other services revenue increased $0.7 million from 2021/22. In 2022/23, this portfolio saw increased customer project work and increased professional services revenue.

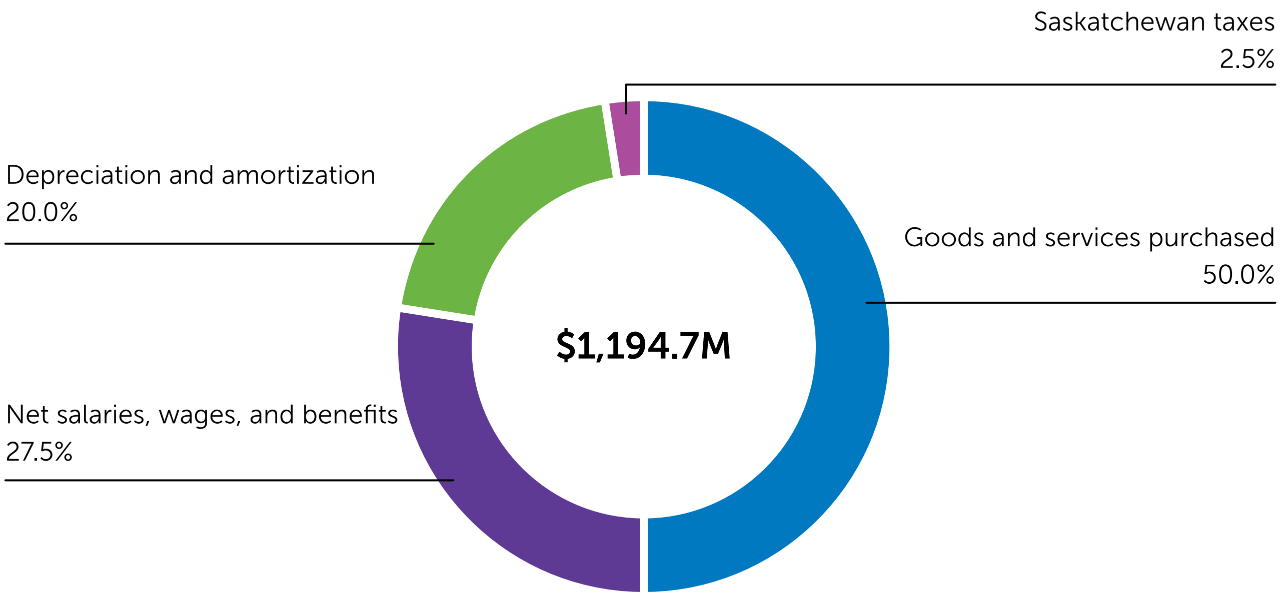
Other Revenue ($ Millions)



Expenses

Expenses increased $24.8 million from the previous year to $1,194.7 million. Inflationary pressures have resulted in increased expense for goods and services purchased. Increased wireless device sales volume and a demand for higher cost premium devices further contributed to a rise in expenses. These were partly offset by decreased net salaries, wages, and benefits of $2.0 million.

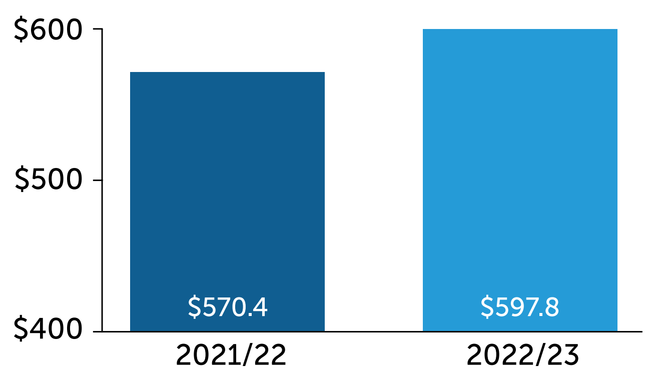
2022/23 Expense Profile



GOODS AND SERVICES PURCHASED

Goods and services purchased increased by $27.4 million (4.8%) to $597.8 million, driven by: higher cost of goods sold resulting from increased wireless device sales and an increased proportion of higher cost premium devices; and increased rates for maxTV service content. Bad debt expense increased as defaults returned to pre-pandemic levels with the completion of Crown Utility Payment Deferral Program in 2021/22 which allowed customers to defer their payments interest free.

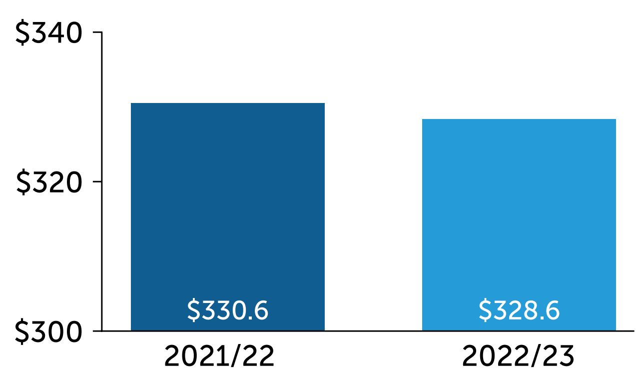
Goods and Services Purchased ($ Millions)



NET SALARIES, WAGES, AND BENEFITS (NET OF INTERNALLY CAPITALIZED LABOUR)

Net salaries, wages, and benefits decreased to $328.6 million, down $2.0 million due to increased internal capitalized labour driven by work on the 5G Network Modernization Program.

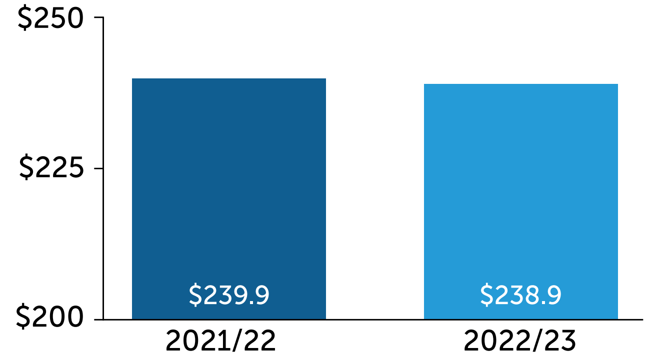
Net Salaries, Wages, and Benefits ($ Millions)



DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense decreased to $238.9 million down $1.0 million. Depreciation decreased mainly due to asset retirements, partially offset by useful life changes and new investment in our fixed and wireless networks. SaskTel has increased investment in our fixed and wireless broadband networks to increase wireless capacity, coverage, and speeds across the province, including large investments in the 5G network, and expanding our fibre footprint through the Rural Fibre Initiative.

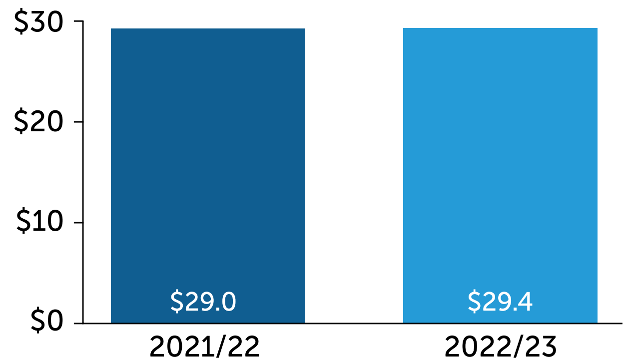
Depreciation and Amortization ($ Millions)



SASKATCHEWAN TAXES

Taxes represent the payment of corporate capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to cities, towns, villages, rural municipalities, and northern sites in Saskatchewan. Saskatchewan taxes were $29.4 million in 2022/23, an increase of $0.4 million from the prior year.

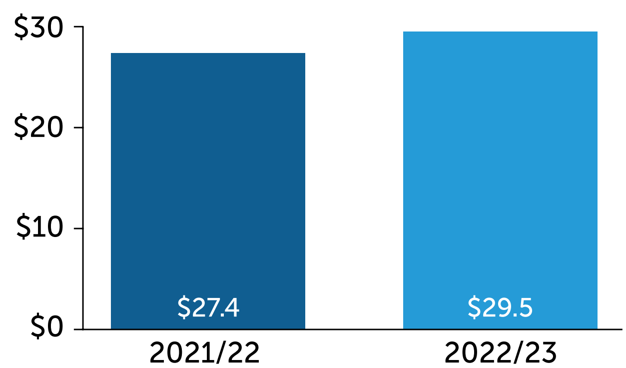
Saskatchewan Taxes ($ Millions)



NET FINANCE EXPENSE

Net finance expense increased $2.1 million year-over-year. The increase is mainly due to increased long-term debt that was issued last year to acquire 3500 MHz spectrum and a higher average interest rate on short-term borrowing from an increased Bank of Canada (BoC) target overnight rate. These are partially offset by increased interest income on defined employee benefit assets and increased capitalized interest during construction.

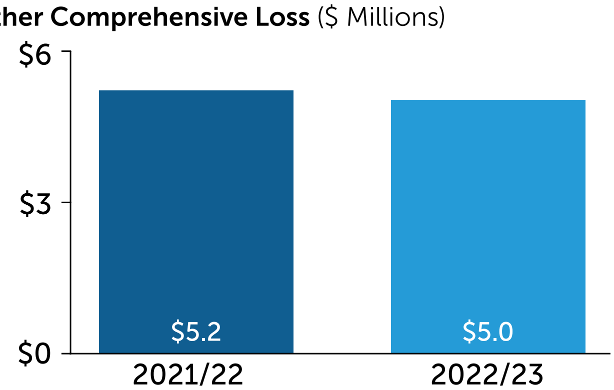
Net Finance Expense ($ Millions)



OTHER COMPREHENSIVE LOSS

Other comprehensive loss of $5.0 million is $0.2 million less than the loss recognized in the previous year. This is a result of lower unrealized sinking fund losses partially offset by lower actuarial losses than the prior year on the defined employee benefit liability due to a change in discount rate assumptions. The assumptions are disclosed in *Note 25 – Employee Benefits* of the consolidated financial statements.

Other Comprehensive Loss ($ Millions)



Liquidity and Capital Resources

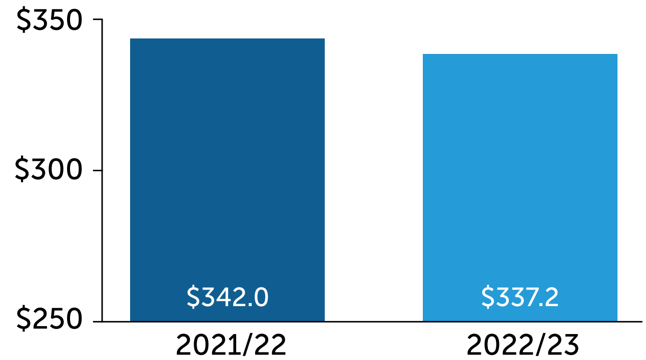
Dividends Declared	Debt Ratio	Investment in Broadband
$41.6M	**54.5%**	**$292.2M**
40% of Net Income		

Cash Provided by Operating Activities	Cash Used in Investing Activities	Cash Used in Financing Activities
($4.8M)	**($121.8M)**	**$116.3M**
Year-over-year	Year-over-year	Year-over-year

CASH PROVIDED BY OPERATING ACTIVITIES

Cash provided by operating activities was $337.2 million for the fiscal year ended March 31, 2023, a decrease of $4.8 million from the previous year primarily due to higher interest paid due to increased costs of borrowing as a result of increases to the BoC target overnight rate partially offset by decreased working capital requirements.

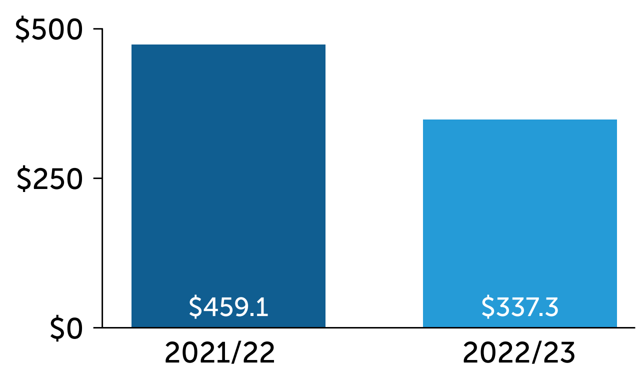
Cash Provided by Operating Activities ($ Millions)



CASH USED IN INVESTING ACTIVITIES

Cash used in investing activities was $337.3 million for the fiscal year ended March 31, 2023, a decrease of $121.8 million from the previous year. The decrease was primarily due to the $145.2 million acquisition of 3500 MHz spectrum licenses during the fiscal year ended March 31, 2022, partially offset by increased spending on capital assets to enhance our fibre and 5G networks. Additional details of the 2022/23 capital program are included in "Capital Investment" on page 49.

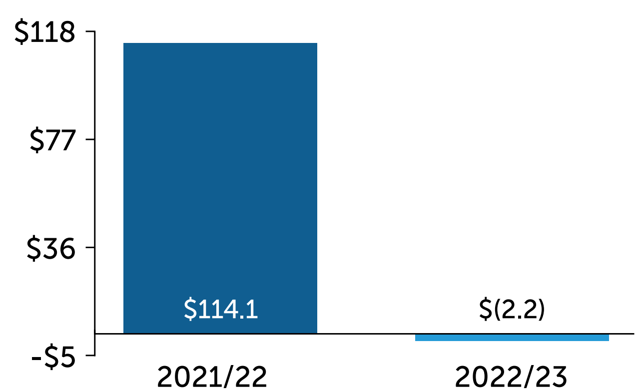
Cash Used in Investing Activities ($ Millions)



CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

Cash used in financing activities was $2.2 million for the year ended March 31, 2023, a change of $116.3 million. This is primarily due to decreased net borrowings as a result of additional debt aquired in the prior year to purchase 3500 MHz spectrum licenses, partially offset by decreased dividends paid during the period. During the last five fiscal years, SaskTel paid a total of $492.7 million in dividends while maintaining a debt ratio within industry standards.

Cash Provided by (Used In) Financing Activities ($ Millions)



Capital Management

($ millions)		2023		2022		Change	%
Long-term debt[1]	$	1,435.9	$	1,347.6	$	88.3	6.6
Short-term debt[1]		196.7		202.5		(5.8)	(2.9)
Less: Sinking funds		113.7		95.5		18.2	19.1
Cash		18.3		20.6		(2.3)	(11.2)
Net Debt		1,500.6		1,434.0		66.6	4.6
Equity[2]		1,251.2		1,193.7		57.5	4.8
Capitalization	$	2,751.8	$	2,627.7	$	124.1	4.7
Debt Ratio		54.5%		54.6%		(0.1)	N/A

[1] Long-term and short-term debt exclude lease liabilities.
[2] Equity for the purposes of calculating the debt ratio is defined as equity advances, accumulated other comprehensive income and retained earnings at the end of the period.

SaskTel's debt ratio decreased 10 basis points to 54.5% at March 31, 2023. The overall level of net debt increased $66.6 million, primarily to fund continued investment in our fibre and 5G networks through investment in property, plant and equipment, and intangible assets. Equity increased $57.5 million after recording net income of $104.1 million, other comprehensive loss of $5.0 million and declaring dividends of $41.6 million.

DEBT INSTRUMENTS

SaskTel's debt portfolio consists of short-term and long-term debt. Both are issued through, and guaranteed by, the Province of Saskatchewan. Short-term debt is issued at market rates in effect on the issue date. Long-term debt is at fixed interest rates. The weighted average interest rate on SaskTel's fixed-rate debt at March 31, 2023 was 3.34% (2021/22 – 3.34%). The weighted average interest rate of the short-term debt outstanding at March 31, 2023 was 4.32% (2021/22 – 0.63%). The interest rate on SaskTel's debt depends on the risk-free rate, derived from BoC target overnight rate, and the credit rating of the Province of Saskatchewan, which issues debt on SaskTel's behalf. The following table lists the credit ratings of the Province at March 31, 2023.

	S&P	DBRS	Moody's
Long-term debt	AA	AA (low)	Aa1
Short-term debt	A-1+	R-1 (mid)	Not rated

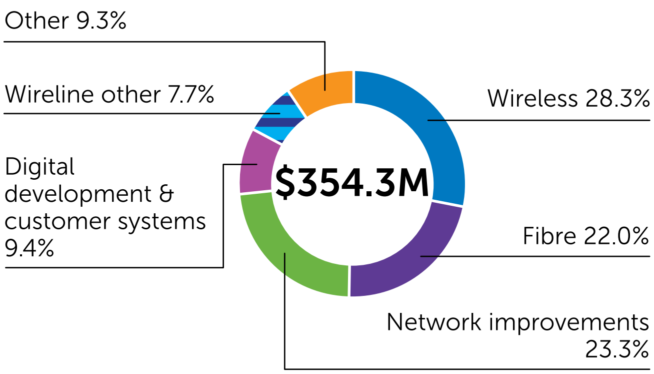
ACCESS TO CAPITAL

As outlined in our strategic plan for 2023/24, our primary cash outflows will be directed towards property, plant and equipment, intangible asset expenditures, growth initiatives, and dividend payments. To support these activities, we anticipate funding from our operational cash flows supplemented by additional financing through the issuance of short-term notes and long-term debt via the Province of Saskatchewan to meet our capital needs. We believe this approach will enable us to effectively manage our cash resources while supporting our strategic objectives. Credit facilities consist of up to $500 million in combined lines of credit with financial institutions and advances from the Province of Saskatchewan. At March 31, 2023, SaskTel had accessed $196.7 million of these facilities. Besides this credit facility, SaskTel has authority to issue up to $1.8 billion in combined short-term and long-term debt. Total outstanding debt at March 31, 2023 was $1,632.6 million (2021/22 – $1,550.1 million).

Capital Investment

SaskTel's invested $354.3 million in capital during 2022/23 (2021/22 – $465.1 million) delivering the fastest internet, Wi-Fi, and 5G mobile technologies in Saskatchewan. This investment will continue to improve the coverage, capacity, reliability, and speed of our networks while creating opportunities to provide additional enhancements and capabilities in the future.

Capital Investment 2022/23



SaskTel's investment of $354.3 million in fibre and wireless networks ensured that Saskatchewan families, businesses, and communities have access to advanced broadband and wireless technologies that are critical to build a more prosperous future for our province. Investments in software have improved our customer's experience and access to self-serve capabilities. These significant investments in 2022/23 have strengthened SaskTel's systems and networks, and our provincial economy, while also ensuring that Saskatchewan is well-positioned to continue to compete and succeed in the emerging smart economy.

WIRELESS - 5G, LTE & WI-FI
(2022/23 - $100.3 million)

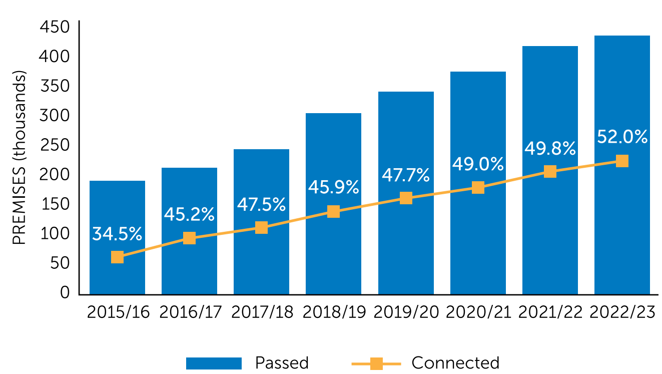
Saskatchewan has the best wireless coverage in Western Canada, with over 99% of the population and 98% of the major roadways and highways being covered with LTE wireless service. SaskTel selectWI-FI provides SaskTel customers unlimited free data in over 2,200 locations spread across 50+ communities in the province, making it the largest Wi-Fi network available in Saskatchewan. Our 5G network, the next generation of wireless technology, is available across approximately 54% of the province with 178 wireless sites enabled with further deployment in Saskatchewan over the next few years. Our existing wireless infrastructure will be used as the backbone of our 5G network as it expands across Saskatchewan.

These investments provide increased data speeds and improved wireless coverage that enhance customer experience and provide the speeds and capabilities to explore the internet, watch and listen to multimedia content, and access cloud-based services on their smartphone devices without delay. SaskTel selectWI-FI network is available at over 2,200 locations throughout the province and SaskTel's wireless network includes more than 1,000 cell towers, over 700 of which are located in rural parts of the province.

FIBRE-TO-THE-X
(2022/23 - $77.8 million)

The FTTx program is an ongoing program to upgrade broadband facilities and bring *infiNET*, SaskTel's fibre optic network, right to our customers' doors in the 9 major Saskatchewan centres and 29 communities outside the 9 majors. Powered by SaskTel's fibre optic network, *infiNET* service delivers gigabit per second speeds, allowing subscribers to surf, stream, and share more content faster than ever before. SaskTel's fibre program has passed 432,363 homes and connected 224,684 homes (2021/22 – 414,457 passed, 206,346 connected).

Fibre-to-the-X (Consumer and Business)



NETWORK IMPROVEMENTS *(2022/23 - $82.7 million)*

SaskTel has invested in other areas of its network to increase capacity and modernize key components so that it may support Saskatchewan's growing economy and meet the needs of its residents and businesses. These improvements include capacity improvements to our wireline and wireless networks including adding infrastructure to new neighbourhoods and capacity increases in existing neighbourhoods; improvements to rural transport infrastructure to accommodate rural growth of fixed and mobile voice, video and data services, and expansion of northern fibre facilities which will bring high-speed bandwidth services to northern residents and businesses.

DIGITAL DEVELOPMENT AND CUSTOMER SYSTEMS *(2022/23 - $33.3 million)*

Information Technology and Information Systems play an important role in serving SaskTel's customers by keeping them connected. Investments in digital development and customer systems support customer growth and enhance customer experiences by delivering seamless interactions across all channels while providing customers with self-serve options.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

SaskTel's discussion and analysis of our financial position and results of operations are based on the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Significant accounting policies, estimates, and judgments are contained in the consolidated financial statements. See *Note 2 – Basis of presentation* to the consolidated financial statements for accounting policies, estimates, and judgments applicable to the financial statements as a whole, as well as specific notes for more information about the accounting principles, estimates, and judgments that SaskTel uses for each applicable account in preparing its financial statements. Certain components of these policies could have a significant impact on financial results, including: the amount and timing of revenue from contracts with customers; determination of costs to obtain contracts; capitalization and depreciation or amortization of property, plant and equipment and intangible assets; determination of right-of-use assets; determination of lease liabilities; impairment of assets and cash-generating units; assumptions related to pension obligations; estimation of the future liabilities for decommissioning and environmental remediation; and the fair value of financial instruments.

APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Corporation adopted the following IFRS amendments during the year ended March 31, 2023. They did not have a material effect on its results and financial position.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 *Property, Plant and Equipment*) – Prohibiting reducing the cost of property, plant and equipment by proceeds while bringing an asset to capable operations.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*) – Specifying costs an entity should include in determining the "cost of fulfilling" a potential onerous contract.

NEW STANDARDS, AMENDMENTS TO 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) that are mandatory for annual accounting periods beginning after April 1, 2023, or later periods. The Corporation does not expect these pronouncements to have significant impact on its results and financial position.

- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 (January 1, 2023).
- Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2*) (January 1, 2023).
- Definition of Accounting Estimate (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*) (January 1, 2023).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 *Income Taxes* (January 1, 2023).
- Classification of liabilities as current or non-current (Amendments to IAS 1) (January 1, 2024).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*) (January 1, 2024).
- Non-current Liabilities with Covenants (Amendments to IAS 1) (January 1, 2024).

FIVE-YEAR RECORD OF SERVICE

Consolidated Statement of Income and Other Comprehensive Income (Loss)

	March 31,				
($ millions)	2023	2022	2021	2020	2019*
Revenue	$ 1,330.1	$1,300.9	$ 1,317.7	$ 1,283.7	$ 1,277.9
Other income (loss)	(1.8)	0.8	6.3	3.3	5.1
Total revenue and other income (loss)	1,328.3	1,301.7	1,324.0	1,287.0	1,283.0
Expenses					
Goods and services purchased	597.8	570.4	584.9	543.4	553.1
Salaries, wages, and benefits	353.0	352.1	355.7	359.0	370.3
Internal labour capitalized	(24.4)	(21.5)	(21.9)	(21.2)	(23.7)
Depreciation - property, plant, and equipment	198.0	199.9	183.0	173.0	163.5
Depreciation - right-of-use assets	7.6	6.3	6.2	6.6	-
Amortization	33.3	33.7	31.8	33.4	34.4
Impairment loss	-	-	-	10.7	-
Saskatchewan taxes	29.4	29.0	27.9	27.2	27.1
Total expenses	1,194.7	1,169.9	1,167.6	1,132.1	1,124.7
Results from operating activities	133.6	131.8	156.4	154.9	158.3
Net finance expense	(29.5)	(27.4)	(25.6)	(35.1)	(30.9)
Net income	$ 104.1	$ 104.4	$ 130.8	$ 119.8	$ 127.4
Other comprehensive income (loss)	(5.0)	(5.2)	(6.5)	4.8	4.2
Total comprehensive income	$ 99.1	$ 99.2	$ 124.3	$ 124.6	$ 131.6

Consolidated Statement of Financial Position

As at	March 31,				
($ millions)	2023	2022	2021	2020	2019*
Current assets	$ 336.9	$ 364.3	$ 365.4	$ 423.3	$ 278.1
Property, plant and equipment	2,207.8	2,087.8	2,000.4	1,904.7	1,854.7
Other long-term assets	640.0	631.4	490.7	479.3	529.3
Total assets	$ 3,184.7	$3,083.5	$2,856.5	$ 2,807.3	$ 2,662.1
Current liabilities	$ 433.3	$ 471.5	$ 497.3	$ 712.2	$ 446.2
Long-term debt	1,435.9	1,347.6	1,096.6	833.1	1,003.3
Other long-term liabilities	64.3	70.7	74.1	80.0	47.4
Province of Saskatchewan's equity	1,251.2	1,193.7	1,188.5	1,182.0	1,165.2
Total liabilities and equity	$ 3,184.7	$3,083.5	$2,856.5	$ 2,807.3	$ 2,662.1

*Results exluding the adoption of IFRS 16

Consolidated Statement of Cash Flows

($ millions)	March 31, 2023	2022	2021	2020	2019*
Cash, beginning of year	$ 20.6	$ 23.7	$ 17.2	$ 5.1	$ 17.3
Cash provided by operating activities	337.2	343.2	288.0	292.6	292.3
Cash used in investing activities	(337.3)	(460.4)	(302.7)	(256.0)	(262.4)
Cash provided by (used in) financing activities	(2.2)	114.1	21.2	(24.5)	(42.1)
Increase (decrease) in cash from continuing ops	(2.3)	(3.1)	6.5	12.1	(12.2)
Cash, end of year	$ 18.3	$ 20.6	$ 23.7	$ 17.2	$ 5.1

Financial Indicators

For the year ended March 31, ($ millions)	2023	2022	2021	2020	2019*
Return on equity	8.5%	8.8%	11.0%	10.2%	11.0%
Debt ratio	54.5%	54.6%	50.4%	47.8%	46.6%
Dividends declared	$ 41.6	$ 94.0	$ 117.7	$ 107.8	$ 114.7
Dividends paid	$ 58.4	$ 100.2	$ 110.5	$ 107.2	$ 116.3
Capital investment	$ 354.3	$ 465.1	$ 308.2	$ 262.9	$ 268.2

*Results exluding the adoption of IFRS 16

Consolidated Statement of Income and Other Comprehensive Income (Loss)

($ millions)	Q4 2022/23	Q3 2022/23	Q2 2022/23	Q1 2022/23	Q4 2021/22	Q3 2021/22	Q2 2021/22	Q1 2021/22
Revenue	$ 330.0	$ 354.5	$ 329.2	$ 316.4	$ 325.9	$ 341.7	$ 322.1	$ 311.2
Other income (loss)	(2.0)	(1.4)	(0.2)	1.8	(1.9)	1.8	0.7	0.2
Total revenue and other income (loss)	328.0	353.1	329.0	318.2	324.0	343.5	322.8	311.4
Expenses								
Goods and services purchased	152.3	167.0	145.0	133.5	145.6	161.2	135.3	128.3
Salaries, wages, and benefits	91.0	87.2	83.6	91.2	90.6	85.8	84.4	91.3
Internal labour capitalized	(6.1)	(6.6)	(5.9)	(5.8)	(5.2)	(6.3)	(4.9)	(5.1)
Depreciation - property, plant, and equipment	48.4	50.5	49.7	49.4	49.7	50.4	51.5	48.3
Depreciation - right-of-use assets	3.1	1.2	1.7	1.6	1.6	1.7	1.5	1.5
Amortization	8.2	8.2	8.3	8.6	8.5	8.5	8.5	8.2
Saskatchewan taxes	5.1	6.9	7.1	10.3	6.2	6.5	6.8	9.5
Total expenses	302.0	314.4	289.5	288.8	297.0	307.8	283.1	282.0
Results from operating activities	26.0	38.7	39.5	29.4	27.0	35.7	39.7	29.4
Net finance expense	(6.8)	(8.0)	(7.1)	(7.6)	(7.1)	(7.3)	(6.6)	(6.4)
Net income	$ 19.2	$ 30.7	$ 32.4	$ 21.8	$ 19.9	$ 28.4	$ 33.1	$ 23.0
Other comprehensive income (loss)	2.3	(1.5)	(1.0)	(4.8)	(5.7)	0.7	(0.7)	0.5
Total comprehensive income	$ 21.5	$ 29.2	$ 31.4	$ 17.0	$ 14.2	$ 29.1	$ 32.4	$ 23.5

Annual Operating Statistics

Customer accesses*

As at	March 31, 2023	2022	2021	2020	2019
Wireless	654,674	647,765	639,707	624,679	615,471
Wireline	257,396	273,856	289,934	308,719	333,643
Internet and Data^	294,951	293,221	289,188	276,460	277,244
maxTV subscribers	111,200	110,192	114,120	111,382	112,583
Security monitoring subscribers	77,665	78,707	81,554	85,948	76,692
Total accesses	1,395,886	1,403,741	1,414,503	1,407,188	1,415,633

* Does not include wholesale or SaskTel internal use
^ Includes Rural Broadband Partnerships

Employees and payroll

	March 31, 2023	2022	2021	2020	2019
FTEs	3,274	3,333	3,422	3,415	3,719
Salaries earned (000's)	$ 300,876	$ 300,136	$ 305,188	$ 308,003	$ 317,096

GLOSSARY

4G (fourth-generation): The generation of wireless technologies that includes HSPA+, LTE, and LTE advanced, as defined by the International Telecommunications Union.

4.5G (enhanced fourth-generation wireless): Upgrades to 4G services that enable two to three times the download speeds of 4G technology. 4.5G technology has been designed to support virtual and augmented reality, 4K streaming, and other emerging services.

4K—Ultra-High Definition Video: Denotes a specific television display resolution of 4096x2160 pixels. 1920x1080 resolution full-HD televisions present an image of around 2 megapixels, while the 4K generation of screens displays an 8 megapixel image.

5G (fifth-generation wireless): The proposed next generation of wireless telecommunications standards. We expect 5G technology to result in significantly reduced latency compared to LTE, improvements in signaling efficiency and coverage, and the ability to connect to more devices at once than ever before.

ARPU (average revenue per user): This business performance measure, expressed as a dollar rate per month, is predominantly used in the wireless and cable industries to describe the revenue generated per customer per month. ARPU is an indicator of a wireless or cable business' operating performance.

Bandwidth: Bandwidth can have two different meanings: (1) a band or block of radio frequencies measured in cycles per second, or Hertz; or (2) an amount or unit of capacity in a telecommunications transmission network. In general, bandwidth is the available space to carry a signal. The greater the bandwidth, the greater the information-carrying capacity.

Bps (bits per second): A measurement of data transmission speed used for measuring the amount of data that is transferred in a second between two telecommunications points or within network devices.

Kbps (kilobits per second) is thousands of bps; **Mbps (megabits per second)** is millions of bps; **Gbps (gigabits per second)** is billions of bps; and **Tbps (terabits per second)** is trillions of bps.

Broadband: Telecommunications services that allow the simultaneous high-speed transmission of voice, data, and video at speeds of 5 Mbps and above on fixed and wireless networks.

CGU (cash-generating unit): The smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

CAGR (Compound Annual Growth Rate): The annualized average rate of revenue growth between two given years, assuming the growth takes place at an exponentially compounded rate.

Churn: This business performance measure is used to describe the disconnect rate of customers to a telecommunications service. It is a measure of customer turnover and is often at least partially reflective of service quality and competitive intensity. It is usually expressed as a percentage and calculated as the number of subscriber units disconnecting in a period divided by the average number of units on the network in the same period.

CPE (Customer Premise Equipment): Telecommunications hardware, such as a modem or set-top box, that is located at the home or business of a customer.

CRTC (Canadian Radio-television and Telecommunications Commission): The federal regulator for radio and television broadcasters, and cable TV and telecommunications companies in Canada.

Data centre: A facility for hosted applications and data storage and management.

Digital Transformation: The integration of digital technology into all areas of a business, fundamentally changing how that business operates and delivers value to customers.

Fibre network: Hair-thin glass fibres along which light pulses are transmitted. Optical fibre networks are used to transmit large amounts of data between locations.

FTTx (Fibre-to-the-X): A collective term for any broadband network architecture using optical fibre to replace all or part of the existing copper local loops. FTTH denotes fibre to the home, FTTP denotes fibre to the premises, and FTTN denotes fibre to the node or neighbourhood.

Hertz: A unit of frequency defined as one cycle per second. It is commonly used to describe the speeds at which electronics are driven in the radio industry. MHz (megahertz) is millions of hertz; GHz (gigahertz) is billions of hertz; and THz (terahertz) is trillions of hertz.

Hosting (Web Hosting): The business of housing, serving, and maintaining files for one or more websites or e-mail accounts. Using a hosting service allows many companies to share the cost of a high-speed internet connection for serving files, as well as other internet infrastructure and management costs.

HSPA+ (high speed packet access plus): A 4G technology capable of delivering manufacturer-rated wireless data download speeds of up to 21 Mbps (typical speeds of 4 to 6 Mbps expected). HSPA+ dual-cell technology can double those download speeds.

Hyperscaler: Hyperscalers are massive companies like Google, Facebook, and Amazon that are making efforts to not only dominate the public cloud and cloud services industries, but to expand their business into numerous related verticals.

Internet of Things (IoT): A network of uniquely identifiable end points (or things) that interact without human intervention, most commonly over a wireless network. These systems collect, analyze, and act on information in real time and can be deployed to enable the creation of smart-connected businesses, homes, cars, and cities.

IP (Internet Protocol): A packet-based protocol for delivering data across networks.

IP-based network: A network designed using IP and quality of service technology to reliably and efficiently support all types of customer traffic, including voice, data, and video. An IP-based network allows a variety of IP devices and advanced applications to communicate over a single common network.

ISP (Internet Service Provider): A company that provides Internet connections and services to individuals and organizations.

IPTV (Internet Protocol television): A television service that uses a two-way digital broadcast signal sent through a network by way of a streamed broadband connection to a dedicated set-top box.

LTE (long-term evolution): A standard for wireless broadband communication for mobile devices and data terminals.

Metaverse: A virtual-reality space in which users can interact with a computer-generated environment and other users.

MPN (Mobile Private Network): A dedicated business network that allows businesses to interconnect people and things using 4G or 5G technology.

MVNO (mobile virtual network operator): A wireless communications service provider that does not own the wireless network infrastructure through which it provides services to its customers.

Over-the-top (OTT): Content, services, and applications in a video environment where the delivery occurs through a medium other than the established video delivery infrastructure.

Postpaid: A conventional method of payment for services where a subscriber is billed and pays for a significant portion of services and usage in arrears, after consuming the services.

Prepaid: A method of payment that allows a customer to prepay for a set amount of airtime and/or data in advance of actual usage.

Roaming: A service offered by wireless network operators that allows subscribers to use their mobile phones while in the service area of another operator.

Spectrum: The range of electromagnetic radio frequencies used in the transmission of voice, data, and video. The capacity of a wireless network is in part a function of the amount of spectrum licensed and used by the carrier.

Telco Cloud: A software-defined, highly resilient cloud infrastructure that allows telecommunications service providers to add services more quickly, respond faster to charges in network demand, and manage central and decentralized resources more efficiently.

Voice over LTE (VoLTE): A platform to provide voice services to wireless customers over LTE wireless networks.

Wi-Fi (wireless fidelity): Networking technology that allows any user with a Wi-Fi-enabled device to connect to a wireless access point or hot spot in high-traffic public locations.

NON-GAAP AND OTHER FINANCIAL MEASURES

Capital intensity: This measure provides a basis for comparing the level of capital expenditures to those of other companies of varying size within the same industry.

This measure is calculated as gross capital expenditures (excluding spectrum licenses and non-monetary transactions) divided by total operating revenue.

Debt ratio: The debt ratio measures the capitalization of the Corporation. This measure allows for capital structure comparison with other companies in the same industry. It is defined as net debt divided by total capitalization. Net debt is defined as long-term and short-term debt minus cash and sinking funds. Total capitalization is defined as net debt plus period-end equity, including accumulated other comprehensive income (AOCI).

EBITDA (earnings before interest, taxes, depreciation, amortization and impairment): EBITDA is used as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric.

EBITDA is defined as operating revenue minus operating expenses. Operating revenue is defined as total revenue exclusive of other income. Operating expenses are defined as the sum of goods and services purchased, salaries, wages and benefits, and Saskatchewan taxes less internal labour capitalized.

EBITDA margin: EBITDA margin is the percentage of operating revenue available for debt coverage, capital investment, and return to the shareholder.

EBITDA margin is defined as EBITDA divided by operating revenue.

ROE (return on equity): ROE measures the return to the shareholder based on the equity, including AOCI, retained by the Corporation. The calculation is defined as net income divided by average equity for the fiscal period.

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements, included in the annual report of Saskatchewan Telecommunications Holding Corporation for the fiscal year ended March 31, 2023, are the responsibility of Management and have been approved by the Board of Directors. Management has prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. The policies set out have been consistently applied to all the periods presented unless otherwise noted. The financial information presented elsewhere in this annual report is consistent with that in the consolidated financial statements.

To ensure the integrity and objectivity of the financial data, Management maintains a comprehensive system of internal controls, including written policies and procedures, an organizational structure that segregates duties, and a comprehensive internal audit program. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, assets are properly safeguarded, and reliable financial records are maintained.

The Board of Directors fulfills its responsibility with regard to the consolidated financial statements principally through its Audit and Risk Committee, consisting of outside directors, which meets periodically with Management as well as with the internal and external auditors. The Audit and Risk Committee is responsible for engaging or reappointing the services of the external auditor. Both the internal and external auditors have free access to this committee to discuss their audit work, their opinion on the adequacy of internal controls, and the quality of financial reporting. The Audit and Risk Committee has met with Management and the external auditor to review the Corporation's annual consolidated financial statements prior to submission to the Board of Directors for final approval.

The consolidated financial statements have been audited by the independent firm of KPMG LLP Chartered Professional Accountants, as appointed by the Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan.

Doug Burnett
President and Chief Executive Officer
June 1, 2023

Charlene Gavel
Chief Financial Officer

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

I, Doug Burnett, the President and Chief Executive Officer of Saskatchewan Telecommunications Holding Corporation (SaskTel), and I, Charlene Gavel, the Chief Financial Officer of SaskTel, certify the following:

a. That we have reviewed the financial statements included in the annual report of SaskTel. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2023, and for the periods presented in the financial statements.

b. That based on our knowledge, having exercised reasonable diligence, the financial statements included in the annual report of SaskTel do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.

c. That SaskTel is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and SaskTel has designed internal controls over financial reporting that are appropriate to the circumstances of SaskTel.

d. That SaskTel conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, SaskTel can provide reasonable assurance that internal controls over financial reporting as of March 31, 2023, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Doug Burnett
President and Chief Executive Officer
June 1, 2023

Charlene Gavel
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the consolidated financial statements of Saskatchewan Telecommunications Holding Corporation ("the Corporation") which comprise:

- the consolidated statement of financial position as at March 31, 2023
- the consolidated statement of income and other comprehensive loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
Regina, Canada
June 1, 2023

CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE LOSS

For the year ended March 31, Thousands of dollars	Note	2023	2022
Revenue	3	$ 1,330,107	$ 1,300,887
Other income (loss)	4	(1,881)	857
Total revenue and other income (loss)		1,328,226	1,301,744
Expenses			
Goods and services purchased		597,809	570,439
Salaries, wages and benefits		352,997	352,118
Internal labour capitalized		(24,427)	(21,522)
Depreciation - property, plant and equipment	13	197,973	199,838
Depreciation - right-of-use assets	14	7,637	6,304
Amortization	15	33,286	33,673
Saskatchewan taxes	5	29,388	29,022
Total expenses		1,194,663	1,169,872
Results from operating activities		133,563	131,872
Net finance expense	6	29,510	27,438
Net income		104,053	104,434
Other comprehensive loss			
Items that will be reclassified to net income			
Unrealized losses on sinking funds	16	(2,067)	(4,925)
Items that will never be reclassified to net income			
Net actuarial losses on employee benefit plans	25	(2,924)	(327)
Total other comprehensive loss		(4,991)	(5,252)
Total comprehensive income		$ 99,062	$ 99,182

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

See Accompanying Notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Thousands of dollars	Equity advance	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at April 1, 2022	$ 237,000	$ 97,414	$ 859,310	$ 1,193,724
Net income	-	-	104,053	104,053
Other comprehensive loss	-	(4,991)	-	(4,991)
Total comprehensive income	-	(4,991)	104,053	99,062
Dividends declared	-	-	(41,621)	(41,621)
Balance at March 31, 2023	$ 237,000	$ 92,423	$ 921,742	$ 1,251,165
Balance at April 1, 2021	$ 237,000	$ 102,666	$ 848,866	$ 1,188,532
Net income	-	-	104,434	104,434
Other comprehensive loss	-	(5,252)	-	(5,252)
Total comprehensive income	-	(5,252)	104,434	99,182
Dividends declared	-	-	(93,990)	(93,990)
Balance at March 31, 2022	$ 237,000	$ 97,414	$ 859,310	$ 1,193,724

See Accompanying Notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended March 31, Thousands of dollars	Note	2023	2022
Assets			
Current assets			
Cash		$ 18,347	$ 20,628
Trade and other receivables	8	140,556	174,697
Inventories	9	34,106	23,531
Prepaid expenses	10	51,181	49,054
Contract assets	11	72,727	76,257
Contract costs	12	19,991	20,111
Total current assets		336,908	364,278
Contract assets	11	28,559	28,316
Contract costs	12	53,173	55,292
Property, plant and equipment	13	2,207,754	2,087,832
Right-of-use assets	14	39,135	43,225
Intangible assets	15	394,243	399,879
Sinking funds	16	113,667	95,447
Other assets	17	11,207	9,261
Total assets		$ 3,184,646	$ 3,083,530
Liabilities and Province's equity			
Current liabilities			
Trade and other payables	18	$ 143,819	$ 160,556
Accrued interest		13,969	12,110
Dividend payable		9,663	26,467
Notes payable	19	196,672	202,468
Contract liabilities	20	59,482	58,291
Lease liabilities	24	6,338	6,578
Other liabilities	21	3,324	5,064
Total current liabilities		433,267	471,534
Contract liabilities	20	188	249
Deferred income – government funding	22	14,859	15,057
Long-term debt	23	1,435,948	1,347,583
Lease liabilities	24	34,341	38,433
Employee benefit obligations	25	9,200	10,665
Provisions	26	5,678	6,285
Total liabilities		1,933,481	1,889,806
Commitments and contingencies	31		
Province of Saskatchewan's equity			
Equity advance	27	237,000	237,000
Accumulated other comprehensive income		92,423	97,414
Retained earnings		921,742	859,310
Total equity		1,251,165	1,193,724
Total liabilities and equity		$ 3,184,646	$ 3,083,530

See Accompanying Notes

On behalf of the Board

Grant Kook

June 1, 2023

Alan Migneault

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, Thousands of dollars	Note	2023	2022
Operating activities			
Net income		$ 104,053	$ 104,434
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	13, 14, 15	238,896	239,815
Net finance expense	6	29,510	27,438
Interest paid		(48,668)	(40,300)
Interest received		6,971	7,197
Amortization of government funding	22	(2,086)	(5,843)
Impairment loss		-	-
Other		(2,013)	5,054
Net change in non-cash working capital	28a	10,528	4,209
Cash flows provided by operating activities		337,191	342,004
Investing activities			
Property, plant and equipment expenditures		(311,202)	(290,923)
Intangible asset expenditures - finite life		(28,024)	(24,258)
Intangible asset expenditures - indefinite life		-	(145,205)
Net proceeds on disposal of assets		817	1,244
Government funding	22	1,147	-
Cash flows used in investing activities		(337,262)	(459,142)
Financing activities			
Proceeds from long-term debt	23, 28b	88,816	251,527
Repayment of long-term debt	23, 28b	-	-
Net repayment of notes payable	28b	(5,796)	(17,424)
Sinking fund redemptions	16, 28b	-	-
Payment of lease liabilities	24, 28b	(7,877)	(5,670)
Sinking fund instalments	16, 28b	(18,928)	(14,150)
Repayment of equity advance		-	-
Dividends paid	28b	(58,425)	(100,211)
Cash flows used in (provided by) financing activities		(2,210)	114,072
Decrease in cash		(2,281)	(3,066)
Cash, beginning of year		20,628	23,694
Cash, end of year		$ 18,347	$ 20,628

See Accompanying Notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 (SaskTel) 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.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Note 2 – Significant accounting policies

BASIS OF PRESENTATION

Certain of the Corporation's accounting policies that relate to the consolidated financial statements as well as estimates and judgments the Corporation has made and how they impact amounts reported in the consolidated financial statements, are incorporated in this section. Where an accounting policy, estimate or judgment is applicable to a specific note to the accounts, the policy is described within that note. This note also describes new standards that were either effective and applied by the Corporation during the current year, or that were not yet effective.

The consolidated financial statements have been prepared on the historical cost basis, except for certain items that are not carried at historical cost as noted in specific accounting policies.

ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

The accounting policies, estimates, and judgments included in this section relate to the consolidated financial statements as a whole. Estimates and judgments may impact reported amounts of revenue and expenses, reported amounts of assets and liabilities, and disclosure of contingencies.

Accounting policies have been applied consistently by the Corporation and its subsidiaries throughout all periods presented unless otherwise indicated.

FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

BASIS OF CONSOLIDATION

ACCOUNTING POLICIES

Business combinations

For acquisitions, the Corporation measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net income.

The Corporation elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Corporation incurs in connection with a business combination are expensed as incurred.

Subsidiaries

The consolidated financial statements include the financial statements of the Corporation and its subsidiaries.

A subsidiary is an entity that is controlled by another entity, known as the parent. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Separate audited financial statements for each of the undernoted wholly owned corporations, which are consolidated in these financial statements, are prepared and released publicly:

Subsidiary	Principal Activity
Saskatchewan Telecommunications (SaskTel)[1]	Telecommunications
Saskatchewan Telecommunications International, Inc. (SaskTel International)	Telecommunications software solutions and consulting
SecurTek Monitoring Solutions Inc. (SecurTek)[2]	Security monitoring

[1] *Directwest transferred its operations and net assets to SaskTel on April 1, 2022.*
[2] *SecurTek transferred its operations and net assets to SaskTel on April 1, 2023.*

Transactions eliminated on consolidation

Inter-company balances and transactions, and any income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

ACCOUNTING ESTIMATES AND JUDGMENTS

Judgment involves assessing control, which entails determining whether the Corporation has the power to direct the relevant activities of the investee. Consideration is given to: voting rights; the relative size and dispersion of the voting rights held by other shareholders; the extent of participation by those shareholders in appointing key management personnel or board members; the right to direct the investee to enter into transactions for the Corporation's benefit; and the exposure, or rights, to variability of returns from the Corporation's involvement with the investee.

IMPAIRMENT TESTING

ACCOUNTING POLICIES

Assets that have an indefinite useful life (i.e., spectrum licences) or intangible assets that are not yet ready for use are not subject to amortization and are tested at least annually for impairment (typically in the third quarter), or more frequently if events or circumstances indicate there may be an impairment. At the end of each reporting period, the Corporation reviews the carrying amounts of its assets in use, including property, plant and equipment, right-of-use assets and identifiable intangible assets with finite lives, to determine whether there is any indication that they have suffered an impairment loss.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit or the CGU). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized as a reduction in net income and a reduction in the carrying amounts of the assets in the unit (group of units) to which they pertain, on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

ACCOUNTING ESTIMATES AND JUDGMENTS

Judgment involves identifying the appropriate asset or CGU; determining the appropriate discount rate for assessing value in use; and making assumptions about future cash flows and market conditions over the long-term life of the assets or CGUs.

The Corporation cannot predict if specific events that potentially trigger impairment will occur, when they may occur, or how they may affect reported asset amounts. Unexpected declines in future cash flow potential or significant unanticipated technology changes could impact carrying values and the potential for impairment.

FAIR VALUE

ACCOUNTING POLICY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs. The Corporation's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy are:

Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 - Values based on prices or valuation techniques that require inputs, which are both unobservable and significant to the overall fair value measurement.

ACCOUNTING ESTIMATES AND JUDGMENTS

Fair value estimates are at a point-in-time and may change in subsequent reporting periods due to market conditions or other factors. Estimates can be determined using multiple methods, which can cause values (or a range of reasonable values) to differ. In addition, estimates may require assumptions about future price, volatility, liquidity, discount and inflation rates, defaults and other relevant variables. The estimates of fair value may not accurately reflect the amounts that could be realized. Determination of the hierarchy level is based on the Corporation's assessment of inputs that are significant to the fair value measurement and is subject to estimation and judgment.

FOREIGN CURRENCY TRANSACTIONS

ACCOUNTING POLICIES

Transactions in foreign currencies are translated to the functional currency of the Corporation at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

RECLASSIFICATIONS

Certain elements of the 2021/22 comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

ADDITIONAL ACCOUNTING POLICIES

Additional significant accounting policies, estimates, and judgments are disclosed throughout the following notes with the related financial disclosures.

Note	Accounting Policies	Accounting Estimates and Judgments	Page
Note 3 – Revenue from contracts with customers	X	X	70
Note 4 – Other income			73
Note 5 – Saskatchewan taxes			73
Note 6 – Net finance expense	X		73
Note 7 – Cash	X		74
Note 8 – Trade and other receivables	X	X	74
Note 9 – Inventories	X	X	75
Note 10 – Prepaid expenses			76
Note 11 – Contract assets	X	X	76
Note 12 – Contract costs	X	X	77
Note 13 – Property, plant and equipment	X	X	78
Note 14 – Right-of-use assets	X	X	80
Note 15 – Intangible assets	X	X	81
Note 16 – Sinking funds	X		83
Note 17 – Other assets			84
Note 18 – Trade and other payables	X		84

Note	Accounting Policies	Accounting Estimates and Judgments	Page
Note 19 – Notes payable	X		85
Note 20 – Contract liabilities	X	X	85
Note 21 – Other liabilities			86
Note 22 – Deferred income – government funding	X	X	86
Note 23 – Long-term debt	X		87
Note 24 – Lease liabilities	X	X	89
Note 25 – Employee benefits	X	X	90
Note 26 – Provisions	X	X	95
Note 27 – Equity advance and capital disclosures		X	97
Note 28 – Consolidated statement of cash flows – supporting information			99
Note 29 – Financial instruments and related risk management	X		101
Note 30 – Related party transactions			106
Note 31 – Commitments and contingencies		X	107

APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Corporation adopted the following IFRS amendments during the year ended March 31, 2023. They did not have a material effect on its results and financial position.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) – Prohibiting reducing the cost of property, plant and equipment by proceeds while bringing an asset to capable operations.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) – Specifying costs an entity should include in determining the "cost of fulfilling" a potential onerous contract.

NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new standards, interpretations and amendments to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for annual accounting periods beginning after April 1, 2023, or later periods. The Corporation does not expect these pronouncements significant impact on its results and financial position.

- IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts* (January 1, 2023).
- Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements and IFRS Practice Statement 2)* (January 1, 2023).
- Definition of Accounting Estimate (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*) (January 1, 2023).
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 *Income Taxes* (January 1, 2023)
- Classification of liabilities as current or non-current (Amendments to IAS 1) (January 1, 2024).
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 *Leases*) (January 1, 2024).
- Non-current Liabilities with Covenants (Amendments to IAS 1) (January 1, 2024).

Note 3 – Revenue from contracts with customers

ACCOUNTING POLICIES

Revenue is measured based on the value of the expected consideration in a contract with a customer and excludes sales taxes and other amounts collected on behalf of third parties. Revenue is recognized when control of a product or service is transferred to a customer. When the Corporation's right to consideration from a customer corresponds directly with the value to the customer of the products and services transferred to date, the Corporation recognizes revenue in the amount to which the Corporation has a right to invoice.

For multiple element arrangements, the Corporation accounts for individual products and services when they are separately identifiable, and the customer can benefit from the product or service on its own. The total arrangement consideration is allocated to each product or service included in the contract with the customer based on its stand-alone selling price. Stand-alone selling prices are generally determined based on the observable prices at which the Corporation sells products separately without a service contract and prices for non-bundled service offerings with the same range of services, adjusted for market conditions and other factors, as appropriate. When similar products and services are not sold separately, the Corporation uses the expected cost plus margin approach to determine stand-alone selling prices. Products and services purchased by a customer in excess of those included in the bundled arrangement are accounted for separately.

A contract asset is recognized when the Corporation's right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are transferred to trade receivables when the right to consideration becomes conditional only as to the passage of time. A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

The Corporation may enter into arrangements with subcontractors and others who provide services to customers. When the Corporation acts as the principal in these arrangements, the Corporation recognizes revenue based on the total contracted amount. Otherwise, the Corporation recognizes the net amount that the Corporation retains as revenue.

Incremental costs of obtaining a contract with a customer, principally comprised of sales commissions and prepaid contract fulfillment costs, are recognized in the consolidated statement of financial position. Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services.

Wireless revenue is principally generated from providing integrated digital wireless voice and data communications products and services to consumer and business customers.

Equipment revenue from the sale of wireless handsets and devices is recognized when a customer takes possession of the product. Wireless service revenue is recognized over time, as the services are provided. For multiple element arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate.

For wireless products and services that are sold separately, customers usually pay in full at the point of sale for products and on a monthly basis for services. For wireless products and services sold in multiple element arrangements, including device financing, customers pay monthly over a contract term of up to 24 months for consumer customers and up to 36 months for business customers.

Revenue is also generated from providing data, including internet access and internet protocol television (IPTV), local, long distance, and security services as well as other communications services and products to consumer and business customers. Revenue also includes amounts from the Corporation's wholesale business, which sells telecommunication services from or to resellers and other carriers. Revenue is recognized in the period earned, as services are provided, based on access to the Corporation's facilities. Services are paid on a monthly basis except where a billing schedule has been established. Payments received in advance are recorded as contract liabilities and recognized as revenue upon satisfaction of the related performance obligation.

Revenue from the sale of equipment is recognized when a customer takes possession of the product. Service revenue is recognized over time, as the services are provided. Revenue on certain long-term contracts is recognized using output methods based on products delivered, performance completed to date, time elapsed, or milestones met. For multiple element arrangements, stand-alone selling prices are determined using observable prices adjusted for market conditions and other factors, as appropriate, or the expected cost plus margin approach for customized business arrangements.

For wireline customers, products are usually paid in full at the point of sale and services are paid on a monthly basis except where a billing schedule has been established with certain customers under long-term contracts that can generally extend up to five years.

Marketing revenue is generated from conventional, digital media, and out-of-home advertising. Revenue is earned through the sale of print, online, and out-of-home marketing services. Marketing service revenue is generally recognized, in accordance with the contractual terms with the advertisers, on a monthly basis over the life of the services, commencing with the display date. Amounts billed in advance for marketing services are deferred and recognized over the term of the contract. Customer payments are due monthly as the services are provided.

Revenue for perpetual licences is recognized on delivery or according to the terms of the licence agreement. Where the arrangement includes multiple elements, the elements are assessed to determine which elements are integral to the perpetual licence and which are separate performance obligations. Revenue is recognized in accordance with the assessment of performance obligations to be delivered. Fees for professional services, other than in the context of multiple element arrangements, are recognized as services are rendered. Support and maintenance fees are recognized over the term of the contract. Revenue for customized software projects and consulting services is recognized using the percentage-of-completion method. Amounts billed or paid in advance of services provided are recorded as contract liabilities. Customer payments are due in accordance with the terms of the contract with the customer: for perpetual licences, typically upon delivery of the related product or service; and for professional service contracts and multiple element contracts, either upon completion of the contract or based on specified deliverables within the contract.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, including estimates and judgments related to; determining the transaction price of products and services, determining the stand-alone selling prices of products and services, identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. The determination of costs to obtain a contract, including the identification of incremental costs, requires judgment. This includes determining whether the costs meet the deferral criteria and whether the costs will be recoverable.

SUPPORTING INFORMATION

DISAGGREGATION OF REVENUE:

For the year ended March 31, Thousands of dollars	2023	2022
Revenue		
Wireless network services and equipment	$ 640,736	$ 613,401
Fixed broadband and data services	298,297	284,052
Wireline communication services	166,067	177,383
maxTV services	95,709	100,560
Security monitoring services	34,682	35,383
Marketing services	22,538	24,315
Customer premise equipment	18,695	19,965
IT solutions services	15,713	13,442
International software and consulting services	14,971	10,389
Other services	22,699	21,997
Total revenue	$ 1,330,107	$ 1,300,887

FUTURE PERFORMANCE OBLIGATIONS

The table below shows the revenue that the Corporation expects to recognize in the future, related to unsatisfied or partially satisfied performance obligations as at March 31, 2023. The unsatisfied portion of the transaction price of the performance obligations relates to monthly services, which is expected to be recognized as follows:

As of March 31, Thousands of dollars	2023	2022
1 year or less	$ 185,485	$ 170,709
Between 1 and 3 years	83,400	70,042
Greater than 3 years	1,883	3,002
Total future performance obligations	$ 270,768	$ 243,753

The Corporation has elected to utilize the following practical expedients and not disclose:

- the unsatisfied portions of performance obligations related to contracts with a duration of one year or less; or
- the unsatisfied portions of performance obligations where the revenue the Corporation recognizes corresponds with the amount invoiced to the customer.

Note 4 – Other income

For year ended March 31, Thousands of dollars	Note		2023		2022
Net loss on the retirement or disposal of property, plant and equipment		$	(7,170)	$	(6,502)
Amortization of government funding	22		2,086		5,843
Other			3,203		1,516
Total other income		$	(1,881)	$	857

Note 5 – Saskatchewan taxes

For year ended March 31, Thousands of dollars		2023		2022
Saskatchewan corporate capital tax	$	21,856	$	21,794
Grants-in-lieu of taxes		7,532		7,228
Total Saskatchewan taxes	$	29,388	$	29,022

Note 6 – Net finance expense

ACCOUNTING POLICIES

Finance income is composed of interest income on funds invested, changes in fair value of financial assets classified as fair value through profit or loss, and net interest income on the net defined benefit liability.

Finance expenses are composed of interest expense on financial liabilities and lease liabilities measured at amortized cost, changes in the fair value of financial assets classified as fair value through profit or loss, the net interest expense on the net defined benefit liability, and accretion expense on provisions, less amounts capitalized. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense.

Note 6 – Net finance expense, continued

SUPPORTING INFORMATION

For year ended March 31, Thousands of dollars	Note	2023	2022
Finance expense			
Interest on long-term debt		$ 45,392	$ 40,676
Interest on short-term debt		5,297	364
Interest capitalized		(9,027)	(5,106)
Interest (recovery) on lease liabilities	24	(614)	1,034
Accretion expense	26	211	166
Total finance expense		41,259	37,134
Finance income			
Sinking fund earnings			
Realized earnings	16	(1,359)	(1,603)
Net interest on defined benefit plans	25	(3,421)	(887)
Interest income		(6,969)	(7,206)
Total finance income		(11,749)	(9,696)
Total net finance expense		$ 29,510	$ 27,438
Interest capitalization rate		3.13%	2.94%

Note 7 – Cash

ACCOUNTING POLICIES

The Corporation classifies cash at amortized cost using the effective interest method.

Note 8 – Trade and other receivables

ACCOUNTING POLICIES

The Corporation initially recognizes trade and other receivables at fair value on the date that they are originated. Subsequent to initial recognition, trade and other receivables are measured at amortized cost using the effective interest method, less any provision for impairment losses of trade accounts receivable.

The allowance for doubtful accounts on trade and other receivables are always recorded at lifetime expected credit losses (ECL). When estimating lifetime ECL, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. The Corporation considers accounts receivable to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full. It is assumed that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

ACCOUNTING ESTIMATES AND JUDGMENTS

Determining when amounts are deemed uncollectible requires judgment. Estimates of the allowance for doubtful accounts are based on the likelihood of collecting accounts receivable based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the allowance for doubtful accounts will be increased by recording an additional expense.

SUPPORTING INFORMATION

As at March 31, Thousands of dollars	Note		2023		2022
Customer financing receivables[1]	29	$	38,037	$	33,367
Trade receivables					
Customer accounts receivable			74,620		84,896
Accrued receivables – customer	29		2,371		2,265
Allowance for doubtful accounts	29		(3,833)		(3,975)
Other	29		40,328		67,025
Total trade and other receivables			151,523		183,578
Current portion			140,556		174,697
Long-term portion - disclosed within other assets	17		10,967		8,881
Total trade and other receivables	29	$	151,523	$	183,578

[1]Customer financing receivables are amounts owed by customers under financing agreements that are yet to be billed.

Note 9 – Inventories

ACCOUNTING POLICIES

Inventories for resale are valued at the lower of weighted average cost and net realizable value. Other materials and supplies inventories are valued at the lower of average cost and replacement cost.

In establishing the appropriate provision for supplies inventory obsolescence, management estimates the likelihood that supplies inventory on hand will become obsolete due to changes in technology. Other supplies are charged to inventory when purchased and expensed or capitalized when used.

ACCOUNTING ESTIMATES AND JUDGMENTS

Judgment involves determining the appropriate measure of net realizable value.

SUPPORTING INFORMATION

As at March 31, Thousands of dollars		2023		2022
Inventories for resale	$	29,743	$	19,880
Materials and supplies		4,363		3,651
Total inventories	$	34,106	$	23,531

For the year ended March 31, 2023, inventories of $71.7 million (2021/22 – $71.1 million) were recognized as an expense.

For the year ended March 31, 2023, write-downs of inventory to net realizable value amounted to $0.3 million (2021/22 – $0.5 million).

Note 10 – Prepaid expenses

As at March 31, Thousands of dollars	2023	2022
Prepaid expenses	$ 50,069	$ 47,231
Short-term customer incentives	764	1,823
Other	348	-
Total prepaid expenses	$ 51,181	$ 49,054

Note 11 – Contract assets

ACCOUNTING POLICIES

A contract asset is recognized when the Corporation's right to consideration from the transfer of products or services to a customer is conditional on the obligation to transfer other products or services. Contract assets are reclassified as trade receivables when the right to consideration becomes conditional only as to the passage of time, typically consistent with the pattern of delivery of the related goods or services. A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis.

Amortization is recognized in net income consistent with the pattern of delivery of the related goods and services, ranging from two to four years.

The allowance for impairment losses on contract assets is always recorded at lifetime expected credit losses (ECL). When estimating ECL, the Corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and informed credit assessment, including forward-looking information. The Corporation considers accounts receivable to be in default when the borrower is unlikely to pay its credit obligations to the Corporation in full. It is assumed that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract assets and the amortization of these assets. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. In addition, determining when amounts are deemed uncollectible requires judgment.

If economic conditions or specific industry trends become worse than anticipated, the impairment allowance will be increased by recording an additional expense.

Note 11 – Contract assets, continued

SUPPORTING INFORMATION

As at March 31, Thousands of dollars	Note	2023	2022
Balance at April 1,		$ 105,954	$ 101,116
Additions from new contracts with customers, net of terminations		90,145	90,956
Amortization of contract assets		(93,352)	(86,118)
Total contract asset		102,747	105,954
Impairment allowance	29	(1,461)	(1,381)
Total net contract asset		101,286	104,573
Current portion		72,727	76,257
Long-term portion		28,559	28,316
Balance at March 31,	29	$ 101,286	$ 104,573

Note 12 – Contract costs

ACCOUNTING POLICIES

Incremental costs of obtaining a contract with a customer are recognized in the consolidated statement of financial position when the costs meet the criteria for deferral and it has been determined that the costs will be recoverable. The costs are principally composed of sales commissions and prepaid contract fulfillment costs.

Capitalized costs are amortized on a systematic basis that is consistent with the period and pattern of transfer to the customer of the related products or services which is typically between 2 and 10 years.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Corporation is required to make judgments and estimates that affect the amount and timing of costs to obtain a contract. The determination of costs to obtain a contract including the identification of incremental costs also requires judgment. This includes determining whether the costs meet the deferral criteria, whether the costs will be recoverable and the timing of satisfaction of performance obligations under related contracts.

SUPPORTING INFORMATION

As at March 31, Thousands of dollars	2023	2022
Balance at April 1,	$ 75,403	$ 76,334
Additions from new contracts with customers, net of terminations	20,466	20,944
Amortization included in goods and services purchased	(22,705)	(21,875)
Total contract costs	73,164	75,403
Current portion	19,991	20,111
Long-term portion	53,173	55,292
Balance at March 31,	$ 73,164	$ 75,403

Note 13 – Property, plant and equipment

ACCOUNTING POLICIES

Property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the assets to a working condition for their intended use. The cost of self-constructed assets includes materials, services, direct labour, and directly attributable costs. Borrowing costs associated with major capital and development projects are capitalized during the construction period. Assets under construction are recorded as in progress until they are operational and available for use, at which time they are transferred to the appropriate class of asset.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in net income as incurred.

When property, plant and equipment is disposed of or retired, the related cost and accumulated depreciation is eliminated from the accounts. Any resulting gain or loss, determined as the difference between the sale proceeds and the carrying amount of the asset, is reflected in net income for the year.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in net income on the straight-line basis over the estimated useful life of each part of an item of property, plant and equipment as follows:

Asset	Estimated useful life
Buildings and improvements	20 – 75 years
Plant and equipment	3 – 50 years
Office furniture and equipment	3 – 17 years

Depreciation methods, useful lives, and residual values are reviewed at each financial reporting date and adjusted if appropriate.

ACCOUNTING ESTIMATES AND JUDGMENTS

Judgment involves determining: which costs are directly attributable (e.g., labour and related costs); appropriate timing for cessation of cost capitalization, considering the circumstances in which the asset is to be operated, normally predetermined by management with reference to functionality; the appropriate level of componentization (for individual components for which different depreciation methods or rates are appropriate); which repairs and maintenance constitute betterments, resulting in extended asset life or functionality; the estimated useful life over which such costs should be depreciated; and the method of depreciation.

Asset residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the depreciation period or method as appropriate, and are treated as changes in accounting estimates.

The Corporation assesses its existing assets and their useful lives in connection with the review of network operating plans at the end of each reporting period. When it is determined that assigned asset lives do not reflect the expected remaining period of benefit, prospective changes are made to their remaining useful lives.

Uncertainties are inherent in estimating the impact of future technologies. Changes in these assumptions could result in material adjustments to estimates, which could result in impairments or changes to depreciation expense in future periods, particularly if useful lives are significantly reduced.

Thousands of dollars	Plant and equipment	Buildings and improvements	Office furniture and equipment	Plant under construction	Land	Total
Cost						
Balance at April 1, 2022	$ 3,924,905	$ 652,415	$ 130,688	$ 141,940	$ 41,717	$ 4,891,665
Additions	90,828	-	21,056	214,276	82	326,242
Transfers	181,618	18,437	2,983	(203,038)	-	-
Retirements, disposals and adjustments	(213,837)	(3,732)	(22,025)	-	-	(239,594)
Balance at March 31, 2023	$ 3,983,514	$ 667,120	$ 132,702	$ 153,178	$ 41,799	$ 4,978,313
Balance at April 1, 2021	$ 3,704,946	$ 613,989	$ 133,101	$ 199,286	$ 41,275	$ 4,692,597
Additions	82,062	-	28,833	183,712	577	295,184
Transfers	198,817	42,153	88	(241,058)	-	-
Retirements, disposals and adjustments	(60,920)	(3,727)	(31,334)	-	(135)	(96,116)
Balance at March 31, 2022	$ 3,924,905	$ 652,415	$ 130,688	$ 141,940	$ 41,717	$ 4,891,665
Accumulated depreciation						
Balance at April 1, 2022	$ 2,516,266	$ 226,013	$ 61,554	$ -	$ -	$ 2,803,833
Depreciation	154,730	18,629	24,614	-	-	197,973
Retirements, disposals and adjustments	(209,402)	(2,074)	(19,771)	-	-	(231,247)
Balance at March 31, 2023	2,461,594	242,568	66,397	-	-	2,770,559
Balance at April 1, 2021	2,412,628	210,683	68,895	-	-	2,692,206
Depreciation	160,049	16,621	23,168	-	-	199,838
Retirements, disposals and adjustments	(56,411)	(1,291)	(30,509)	-	-	(88,211)
Balance at March 31, 2022	$ 2,516,266	$ 226,013	$ 61,554	$ -	$ -	$ 2,803,833
Carrying amounts						
At April 1, 2022	$ 1,408,639	$ 426,402	$ 69,134	$ 141,940	$ 41,717	$ 2,087,832
At March 31, 2023	$ 1,521,920	$ 424,552	$ 66,305	$ 153,178	$ 41,799	$ 2,207,754
At April 1, 2021	$ 1,292,318	$ 403,306	$ 64,206	$ 199,286	$ 41,275	$ 2,000,391
At March 31, 2022	$ 1,408,639	$ 426,402	$ 69,134	$ 141,940	$ 41,717	$ 2,087,832

Note 13 – Property, plant and equipment, continued

CHANGE IN ESTIMATES

The Corporation conducted a depreciation study on property, plant and equipment, which resulted in changes in the expected useful lives of various pieces of equipment effective July 1, 2022. The effect of these changes on expected depreciation expense is as follows:

	Fiscal year ending March 31,				
Thousands of dollars	2023	2024	2025	2026	2027
Increase (decrease) in depreciation expense	$ 1,929	$ 2,021	$ 493	$ 149	$ (1,169)

Note 14 – Right-of-use assets

ACCOUNTING POLICIES

At the inception of a contract, the Corporation assesses whether the contract is, or contains a lease, based on the Corporation's right to control the use of an identified asset for a specified period of time. Lease components within a contract are accounted for as a lease separately from the non-lease components of the contract. For contracts that contain one or more additional lease or non-lease components, the consideration is allocated to each component based on the stand-alone price of the lease and non-lease components.

Right-of-use assets are initially measured at cost. The cost of the right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- lease payments made at or before the commencement date, less any lease incentives received;
- initial direct costs incurred by the Corporation; and
- an estimate of costs to be incurred by the Corporation in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Corporation incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After the initial recognition, the Corporation measures the right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses; adjusted for any remeasurement of the lease liability due to lease modifications or revised in-substance fixed lease payments.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term, unless the Corporation expects to obtain ownership of the asset at the end of the lease term. The lease term consists of the non-cancellable lease term, renewal options that are reasonably expected to be exercised and termination options that are not reasonably expected to be exercised.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Corporation is required to make estimates and judgments that affect or impact the determination of right-of-use assets and the related depreciation.

Judgments include determining whether a contract contains an identifiable asset, assessing control of assets in a contract, determining the lease term including the assessment of renewal and cancellation terms, and determining whether lease modifications result in changes to existing leases or new leases.

Estimation involves determination of lease payments to be included in the lease liability; the incremental borrowing rate or implicit lease rate as appropriate; additional amounts to be included in the calculation of the right-of-use asset; and the useful lives of right-of-use assets.

SUPPORTING INFORMATION

Thousands of dollars	Plant and equipment	Buildings and improvements	Land	Total
Cost				
Balance at April 1, 2022	**$ 18,347**	**$ 30,457**	**$ 12,919**	**$ 61,723**
Additions	6,044	3,331	1,004	10,379
Retirements and adjustments	(797)	(8,972)	(274)	(10,043)
Balance at March 31, 2023	**$ 23,594**	**$ 24,816**	**$ 13,649**	**$ 62,059**
Balance at April 1, 2021	$ 16,223	$ 29,264	$ 8,789	$ 54,276
Additions	2,531	1,256	3,828	7,615
Retirements and adjustments	(407)	(63)	302	(168)
Balance at March 31, 2022	$ 18,347	$ 30,457	$ 12,919	$ 61,723
Accumulated depreciation				
Balance at April 1, 2022	**$ 9,038**	**$ 7,423**	**$ 2,037**	**$ 18,498**
Depreciation	4,868	1,966	803	7,637
Retirements and adjustments	(729)	(2,343)	(139)	(3,211)
Balance at March 31, 2023	**$ 13,177**	**$ 7,046**	**$ 2,701**	**$ 22,924**
Balance at April 1, 2021	$ 6,302	$ 4,965	$ 1,303	$ 12,570
Depreciation	3,057	2,514	733	6,304
Retirements and adjustments	(321)	(56)	1	(376)
Balance at March 31, 2022	$ 9,038	$ 7,423	$ 2,037	$ 18,498
Carrying amounts				
At April 1, 2022	**$ 9,309**	**$ 23,034**	**$ 10,882**	**$ 43,225**
At March 31, 2023	**$ 10,417**	**$ 17,770**	**$ 10,948**	**$ 39,135**
At April 1, 2021	$ 9,921	$ 24,299	$ 7,486	$ 41,706
At March 31, 2022	$ 9,309	$ 23,034	$ 10,882	$ 43,225

Note 15 – Intangible assets

ACCOUNTING POLICIES

Intangible assets are defined as being identifiable, able to bring future economic benefits to the Corporation, and controlled by the Corporation. An asset meets the identifiability criterion when it is separable or arises from contractual rights.

Intangible assets are recorded initially at cost of acquisition or development and relate primarily to software and spectrum licences. Internally generated intangible assets relate primarily to software. An intangible asset is recognized when it is probable that the expected future economic benefits attributable to the asset will flow to the Corporation and the cost of the asset can be measured reliably.

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized include the cost of materials, direct labour, and related costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are capitalized. Other development expenditures are recognized in net income as incurred.

Capitalized software is measured at cost less accumulated amortization and any accumulated impairment losses.

Costs associated with maintaining software as well as expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred.

Amortization is recognized in net income on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Estimated useful life
Software	1 – 10 years

ACCOUNTING ESTIMATES AND JUDGMENTS

Judgment is applied to determine expenditures eligible for capitalization, the method of amortization, the appropriate timing for cessation of cost capitalization, and classification of certain intangible assets as indefinite-life intangible assets.

Spectrum licences have been classified as indefinite-life intangible assets due to the current licencing terms, the most significant of which are minimal renewal fees and no regulatory precedent of material licence revocation. Should these factors change, the classification of indefinite-life will be reassessed. Spectrum licences have been recorded at directly attributable cost less any accumulated impairment losses.

Estimation is applied to determine expected useful lives used in the amortization of intangible assets with finite lives. Changes in accounting estimates can result from changes in useful life or the expected pattern of consumption of an asset (taken into account by changing the amortization period or method, as appropriate).

Note 15 – Intangible assets, continued

SUPPORTING INFORMATION

Thousands of dollars	Software	Spectrum licences	Under development	Total
Cost				
Balance at April 1, 2022	$ 299,194	$ 267,280	$ 9,383	$ 575,857
Acquisitions	3,572	3,869	15,220	22,661
Acquisitions – internally developed	4,521	-	904	5,425
Transfers	2,073	-	(2,073)	-
Retirements, disposals and adjustments	(45,642)	-	-	(45,642)
Balance at March 31, 2023	$ 263,718	$ 271,149	$ 23,434	$ 558,301
Balance at April 1, 2021	$ 304,612	$ 120,905	$ 8,750	$ 434,267
Acquisitions	5,300	146,375	13,739	165,414
Acquisitions – internally developed	4,070	-	434	4,504
Transfers	13,540	-	(13,540)	-
Retirements, disposals and adjustments	(28,328)	-	-	(28,328)
Balance at March 31, 2022	$ 299,194	$ 267,280	$ 9,383	$ 575,857
Accumulated amortization				
Balance at April 1, 2022	$ 175,978	$ -	$ -	$ 175,978
Amortization	33,286	-	-	33,286
Retirements, disposals and adjustments	(45,206)	-	-	(45,206)
Balance at March 31, 2023	$ 164,058	$ -	$ -	$ 164,058
Balance at April 1, 2021	$ 170,255	$ -	$ -	$ 170,255
Amortization	33,673	-	-	33,673
Retirements, disposals and adjustments	(27,950)	-	-	(27,950)
Balance at March 31, 2022	$ 175,978	$ -	$ -	$ 175,978
Carrying amounts				
At April 1, 2022	$ 123,216	$ 267,280	$ 9,383	$ 399,879
At March 31, 2023	$ 99,660	$ 271,149	$ 23,434	$ 394,243
At April 1, 2021	$ 134,357	$ 120,905	$ 8,750	$ 264,012
At March 31, 2022	$ 123,216	$ 267,280	$ 9,383	$ 399,879

Impairment testing indicated no impairment for the year ended March 31, 2023.

Note 16 – Sinking funds

ACCOUNTING POLICIES

Sinking funds have been classified as fair value through other comprehensive income (OCI) because the Corporation intends to match the duration of the financial assets to the duration of the debt that the assets are funding and therefore the business model is both hold to collect and sell. The investments are managed through the Saskatchewan Ministry of Finance who makes purchase and sale decisions based on their fair value in accordance with the Corporation's documented risk management and investment strategy. Subsequent to initial recognition, financial assets at fair value through OCI are measured at fair value. Realized gains or losses are recorded in net income and unrealized gains and losses are recorded in OCI.

Note 16 – Sinking funds, continued

SUPPORTING INFORMATION

Under conditions attached to the long-term debt, the Corporation is required to pay annually into sinking funds, administered by the Saskatchewan Ministry of Finance, amounts representing 1% to 2% of the debt outstanding.

The fund includes the Corporation's required contributions, its proportional share of earnings and its proportional share of revaluation gains or losses.

The changes in the carrying amount of sinking funds are as follows:

Thousands of dollars	Note	2023	2022
Balance at April 1,		$ 95,447	$ 84,619
Instalments	28b	18,928	14,150
Realized earnings	6, 28b	1,359	1,603
Net valuation adjustment	28b	(2,067)	(4,925)
Balance at March 31,		$ 113,667	$ 95,447

Sinking fund instalments due in each of the next five years are as follows:

Years ending March 31,	Thousands of dollars
2024	$ 20,428
2025	19,928
2026	19,428
2027	19,428
2028	18,553

Note 17 – Other assets

As at March 31, Thousands of dollars	Note	2023	2022
Long-term customer financing receivables	8	$ 10,967	$ 8,881
Long-term customer incentives		176	350
Other		64	30
Total other assets		$ 11,207	$ 9,261

Note 18 – Trade and other payables

ACCOUNTING POLICIES

The Corporation initially recognizes trade and other payables on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

Note 18 – Trade and other payables, continued

SUPPORTING INFORMATION

As at March 31, Thousands of dollars	2023	2022
Trade payables and accrued liabilities	$ 104,499	$ 120,820
Payroll and other employee-related liabilities	28,684	29,343
Other	10,636	10,393
Total trade and other payables	$ 143,819	$ 160,556

Note 19 – Notes payable

ACCOUNTING POLICIES

The Corporation initially recognizes notes payable issued on the date that they are originated. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

SUPPORTING INFORMATION

Notes payable are due to the Province of Saskatchewan's General Revenue Fund (GRF). These notes have varying maturities from April 4, 2023, to November 28, 2023, and have a weighted average interest rate of 4.32% (2021/22 – 0.63%).

Note 20 – Contract liabilities

ACCOUNTING POLICIES

A contract liability is recognized when consideration is received in advance of the transfer of products or services to the customer. Contract assets and liabilities relating to the same contract are presented on a net basis. Contract liabilities are recognized in revenue upon satisfaction of the related performance obligations.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract liabilities and the timing of recognition of contract liabilities as revenue. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts.

Note 20 – Contract liabilities, continued

SUPPORTING INFORMATION

As at March 31, Thousands of dollars	2023	2022
Balance at April 1,	$ 58,540	$ 57,118
Additions from new contracts with customers, net of terminations	378,397	343,566
Recognized in revenue	(377,267)	(342,144)
Total contract liability	59,670	58,540
Current portion	59,482	58,291
Long-term portion	188	249
Balance at March 31,	$ 59,670	$ 58,540

Note 21 – Other liabilities

As at March 31, Thousands of dollars	Note	2023	2022
Customer deposits		$ 1,839	$ 2,341
Current portion of deferred income - government funding	22	1,435	2,176
Other		50	547
Total other liabilities		$ 3,324	$ 5,064

Note 22 – Deferred income – government funding

ACCOUNTING POLICIES

Government grants are recognized initially as deferred income when there is reasonable assurance that they will be received, and the Corporation will comply with the conditions associated with the grant. Grants that compensate the Corporation for expenses incurred are recognized in the consolidated statement of income and other comprehensive income on a systematic basis in the same period in which the expenses are recognized. Grants that compensate the Corporation for the cost of an asset are recognized in the consolidated statement of income and other comprehensive income on a systematic basis over the useful life of the asset.

ACCOUNTING ESTIMATES AND JUDGMENTS

Judgment is required in determining whether certain funding is a transaction with the shareholder acting in their capacity as a shareholder or whether the funding would be available to other parties for a specific purpose (i.e., is the government acting in its capacity as shareholder or as a government).

SUPPORTING INFORMATION

The Corporation has received funding from the Province of Saskatchewan through CIC and the Ministry of Education, as well as the Government of Canada through Aboriginal Affairs and Northern Development Canada (AANDC), and Innovation, Science and Economic Development Canada (ISED), as full or partial funding of various programs including; the Rural Infrastructure Program, the transfer of the satellite distribution and communication assets to the Corporation, internet service to selected First Nations schools and health facilities in Saskatchewan, the First Nations Service Improvement Project, the Connecting Canadians program for the provision of access to high speed internet in rural and remote parts of Saskatchewan, and provision of dedicated internet service to specific First Nations offices and Tribal Council offices. The Corporation has fulfilled all obligations with respect to these programs.

Note 22 – Deferred income – government funding, continued

The Corporation has an agreement with ISED through the Connect to Innovate program to receive $6.5 million to partially fund provision of high-capacity broadband infrastructure in rural and remote communities. To date, the Corporation has received funding of $4.3 million (2021/22 - $3.2 million) which has been applied to capital. Additional spending will be conducted in the next fiscal year.

	2023			2022
As at March 31, Thousands of dollars	Fully funded programs with all obligations fulfilled	Connect to Innovate	Total	Total
Balance at April 1,	$ 14,380	$ 2,853	$ 17,233	$ 23,076
Funding received	-	1,147	1,147	-
Total government funding	14,380	4,000	18,380	23,076
Amortization	1,953	133	2,086	5,843
Total net government funding	12,427	3,867	16,294	17,233
Current portion - disclosed within other liabilities	1,265	170	1,435	2,176
Long-term portion	11,162	3,697	14,859	15,057
Balance at March 31,	$ 12,427	$ 3,867	$ 16,294	$ 17,233

Note 23 – Long-term debt

ACCOUNTING POLICIES

The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. These financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

SUPPORTING INFORMATION

As at March 31, Thousands of dollars	2023	2022
Balance at April 1,	$ 1,347,583	$ 1,096,606
Long-term debt issuances	88,816	251,527
Amortization of net premiums	(451)	(550)
Balance at March 31,	$ 1,435,948	$ 1,347,583

Note 23 – Long-term debt, continued

Thousands of dollars						Outstanding amount March 31,	
Issue date	**Maturity date**	**Effective interest rate (%)**	**Coupon rate (%)**	**Par value**	**Unamortized premiums (discounts)**	2023	2022
May 2014	June 2024	3.11	3.20	$ 50,000	$ 47	$ 50,047	$ 50,088
December 2010	December 2025	4.15	4.15	50,000	-	50,000	50,000
December 2017	June 2027	2.56	2.65	50,000	178	50,178	50,218
March 1999	March 2029	5.97	5.75	75,000	(808)	74,192	74,084
March 1999	March 2029	5.18	5.60	35,000	-	35,000	35,000
February 2021	June 2030	1.51	2.20	50,000	2,343	52,343	52,651
February 2023	June 2031	3.95	3.95	50,000	-	50,000	-
February 2012	February 2042	3.49	3.40	150,000	(1,745)	148,255	148,190
December 2013	June 2045	4.09	3.90	150,000	(4,220)	145,780	145,665
December 2016	June 2048	3.35	3.30	75,000	(626)	74,374	74,359
May 2017	June 2048	3.22	3.30	50,000	655	50,655	50,672
April 2019	June 2050	2.81	3.10	100,000	5,409	105,409	105,542
April 2020	June 2050	2.57	3.10	100,000	10,370	110,370	110,634
September 2021	December 2052	2.67	2.80	245,000	6,315	251,315	251,451
May 2022	December 2052	4.09	2.80	50,000	(11,016)	38,984	-
June 2018	June 2058	3.01	2.95	50,000	(593)	49,407	49,397
June 2020	June 2060	2.37	2.35	100,000	(361)	99,639	99,632
Total due to Province of Saskatchewan				$ 1,430,000	$ 5,948	$ 1,435,948	$ 1,347,583

On May 12, 2022, the Corporation issued $50.0 million of long-term debt at a discount of $11.0 million through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 2.80%, an effective interest rate of 4.09%, and matures on December 2, 2052.

On February 17, 2023, the Corporation issued $50.0 million of long-term debt at par value through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 3.95%, an effective interest rate of 3.95%, and matures on June 2, 2031.

The Corporation's long-term debt is unsecured. As at March 31, 2023, principal repayments due in each of the next five years were as follows:

	Years ending March 31,				
Thousands of dollars	2024	2025	2026	2027	2028
Principal repayments	$ -	$ 50,000	$ 50,000	$ -	$ 50,000

There is a requirement attached to above advances to make annual payments into sinking funds in amounts representing 1% to 2% of the original issue. The cumulative annual payments plus interest earned are used for the retirement of debt issues upon maturity, on a net basis (see *Note 16 – Sinking funds*).

Note 24 – Lease liabilities

ACCOUNTING POLICIES

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if readily determinable, otherwise, the Corporation uses its incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability include the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Corporation under residual value guarantees;
- the exercise price of a purchase option if the Corporation is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising an option to terminate the lease.

After initial recognition, the lease liability is measured by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is calculated using the effective interest method resulting in a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the initial discount rate or, if applicable, a revised discount rate.

Amounts recognized in net income, unless the costs are included in the carrying amount of another asset applying other applicable standards, include:

- interest on the lease liability; and
- variable lease payments not included in the measurement of the lease liability in the period in which the event or condition that triggers those payments occurs.

The Corporation has not elected to utilize the recognition exemption for short-term or low-value leases.

ACCOUNTING ESTIMATES AND JUDGMENTS

The Corporation is required to make estimates and judgments that affect or impact the determination of lease liabilities and the related interest expense.

Judgments include determining whether a contract contains an identifiable asset, assessing control of assets in a contract, determining the lease term including the assessment of renewal and cancellation terms, and determining whether lease modifications result in changes to existing leases or new leases.

Estimation involves determination of the lease payments to be included in the lease liability and estimation of the incremental borrowing rate or implicit lease rate as appropriate.

Note 24 – Lease liabilities, continued

SUPPORTING INFORMATION

As at March 31, Thousands of dollars	2023	2022
Maturity analysis - contractual undiscounted cash flows		
Less than one year	$ 6,694	$ 6,672
One to five years	19,566	20,106
More than five years	22,874	25,407
Total undiscounted lease liabilities at March 31,	$ 49,134	$ 52,185

Discounted lease liabilities included in the consolidated statement of financial position at March 31, Thousands of dollars	2023	2022
Current portion	$ 6,338	$ 6,578
Long-term portion	34,341	38,433
Total discounted lease liabilities at March 31,	$ 40,679	$ 45,011

Amounts recognized in the consolidated statement of income and other comprehensive loss Thousands of dollars	Note	2023	2022
Interest (recovery) on lease liabilities	6	$ (614)	$ 1,034

Amounts recognized in the consolidated statement of cash flows Thousands of dollars	Note	2023	2022
Interest paid on lease liabilities	6	$ (614)	$ 1,034
Lease liability principal payments		7,877	5,670
Total cash outflow for leases		$ 7,263	$ 6,704

Note 25 – Employee benefits

The Corporation has a defined benefit pension plan (Plan A), a service recognition defined benefit plan (Plan B), and a defined contribution pension plan (Plan C).

ACCOUNTING POLICIES

DEFINED BENEFIT PLANS (PLANS A AND B)

The Corporation's net obligation in respect of Plan A is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of plan assets.

The calculation of the net defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Corporation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan (i.e., the asset ceiling limit).
To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Corporation determines the net interest expense (income) on the net defined liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plan are recognized in net income.

When the benefits of the plan are changed or when the plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in net income. The Corporation recognizes gains and losses on the settlement of the defined benefit plan when the settlement occurs.

The Corporation's net obligation in respect of Plan B is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods and discounting that amount. The calculation of the defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method.

DEFINED CONTRIBUTION PLANS (PLAN C)

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to the defined contribution pension plan are recognized as an employee benefit expense in the consolidated statement of income and other comprehensive income in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

SHORT-TERM BENEFITS AND TERMINATION BENEFITS

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligations can be estimated.

Termination benefits are expensed at the earlier of when the Corporation can no longer withdraw the offer of those benefits and when the Corporation recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted to their present value.

ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are required to determine discount rates, indexing assumptions, retirement age, and mortality rates. These assumptions are determined by management and are reviewed at least annually by the Corporation's independent actuaries.

The most significant assumptions used to calculate the net employee benefit plan's obligation include: the discount rate, the indexing assumption, and the mortality rate. The discount rate is the interest rate used to determine the present value of the future cash flows that the Corporation expects will be required to settle employee benefit obligations. It is based on the yield of long-term, high-quality, corporate fixed income investments (AA credit-rated bonds) with terms reflecting the profile of the plan members. The indexing assumption is the estimate of the future inflation rate which impacts the future liabilities of the plan. The mortality rate impacts the future liability based on the estimated life expectancy of plan members.

The Corporation determines the appropriate discount rates at the end of each reporting period and the indexing assumptions and mortality rates at least at each actuarial study date. Changes in these assumptions could have an effect on the Corporation's cash flows through an effect on the projected benefit obligation. Lower discount rates and mortality rates result in a higher obligation while lower indexing assumptions result in a lower obligation. The combined impact of the assumptions could, at some point, require additional contributions to the plan.

SUPPORTING INFORMATION

DEFINED BENEFIT PLANS (PLANS A AND B)

Plan A, the defined benefit pension plan, is governed by SaskTel and has been closed to new membership since 1977. The SaskTel defined benefit pension plan is registered under The Pension and Benefit Act, 1992, Saskatchewan, the Income Tax Act, Canada, and regulated by the Financial and Consumer Affairs Authority of Saskatchewan – Pensions Division. Separate audited financial statements for the defined benefit plan are prepared and released publicly.

The SaskTel defined benefit pension plan provides a full pension at age 65, at age 60 with at least 20 years of service or upon completion of 35 years of service. The pension is calculated to be 2% times the average of the highest three years of pensionable earnings times the number of years of service up to a maximum of 35 years of service. A reduced pension may be opted for if certain age and years of service criteria are met.

For employees who retire before the age of 65, but meet other age plus service requirements, either a reduced or unreduced pension may be payable. Pensions are subject to annual indexing with the Consumer Price Index (CPI) up to a maximum of 2% per year.

The defined benefit pension plan is administered by a five-member board (SaskTel Pension Board), consisting of two employer representatives, two union representatives and an independent chair. The SaskTel Pension Board is required by law to act in the best interests of the defined benefit pension plan participants and is responsible for setting certain policies (e.g., investment, contribution, and indexation policies) of the defined benefit pension plan.

Plan B, the service recognition defined benefit plan provided a retiring allowance of two days' salary per year of service, which is payable on retirement. Based on the Collective Agreement between the Corporation and Unifor, ratified April 22, 2005, the service recognition defined benefit program was curtailed effective March 19, 2005.

FUNDING

The Corporation is responsible for adequately funding Plan A. Contributions are determined by actuarial valuations. The contributions reflect actuarial assumptions about future investment returns, salary projections, and future service benefits. An actuarial valuation for accounting purposes was performed at March 31, 2020. The latest valuation for funding purposes was performed as of March 31, 2020. Under current Canada Revenue Agency guidelines, an actuarial valuation for funding purposes is to be completed, at a minimum, every three years.

All plan members have reached the maximum years of pensionable service and are no longer required to contribute to the plan. As a result, employer current service contributions have also ceased. A valuation is performed at least every three years to determine the actuarial present value of the accrued pension benefit.

The plan is in a surplus position, and therefore, under the going concern actuarial valuation, contributions are not required.

Plan B is unfunded. The Corporation expects to pay $1.4 million in the next year related to Plan B.

Note 25 – Employee benefits, continued

DEFINED BENEFIT OBLIGATION

Actuarial assumptions

The accounting actuarial valuation includes a provision for uncommitted and ad hoc benefit increases, and uses management's best estimates based on assumptions that reflect the most probable set of economic circumstances and planned courses of action. The actuarial assumptions are based on management's expectations, independent actuarial advice, and guidance provided by IFRS. The estimate, therefore, involves risks that the actual amount may differ materially from the estimate. The major assumptions used in the valuations are as follows:

As at March 31,	2023		2022	
	Plan A	Plan B	Plan A	Plan B
Discount rate - end of year	4.80%	4.80%	3.90%	3.80%
Inflation rate	2.25%	-	2.25%	-
Expected salary increase	-	In Scope: 2.0% per annum thereafter Management: 2.0% per annu"	-	In Scope: 2.0% per annum thereafter Management: 2.0% per annum
Post-retirement index	1.60%	-	1.60%	-
Future mortality	CPM 2014 Private (Adjusted 100% for males and 110% for females) with Improvement Scale MI-2017	-	CPM 2014 Private (Adjusted 100% for males and 110% for females) with Improvement Scale MI-2017	-
Estimated average remaining employee service life	-	7.0 years	-	7.3 years

At March 31, 2023, the weighted average duration of the defined benefit obligation was 10.0 years (2021/22 – 10.0 years).

Sensitivity analysis

The following illustrates the effect on the obligations of the plans of changing certain actuarial assumptions while holding other assumptions constant:

	Defined benefit obligation			
As at March 31,	Plan A		Plan B	
Thousands of dollars	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	$ (71,015)	$ 84,059	$ (376)	$ 413
Inflation (1% movement)	(43,490)	(10,010)	-	-
Future indexing (0.4% increase and 1% decrease)	32,233	(80,575)	-	-
Salary increase (1% movement)	-	-	$ 419	$ (387)

Note 25 – Employee benefits, continued

Movement in the present value of the defined benefit obligation

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components:

For year ended March 31,	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
Thousands of dollars	2023	2022	2023	2022	2023	2022
Balance at April 1,	$ 894,360	$ 1,005,110	$ (883,695)	$ (992,773)	$ 10,665	$ 12,337
Included in net income						
Current service cost	16	323	426	380	442	703
Interest expense (income)	33,632	30,087	(37,053)	(30,974)	(3,421)	(887)
Total included in net income	$ 33,648	$ 30,410	$ (36,627)	$ (30,594)	$ (2,979)	$ (184)
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	18	237	-	-	18	237
Financial assumptions	(69,985)	(76,216)	-	-	(69,985)	(76,216)
Return on plan assets excluding interest income	-	-	55,910	17,041	55,910	17,041
Effect of asset ceiling limit	-	-	16,981	59,265	16,981	59,265
Total included in OCI	$ (69,967)	$ (75,979)	$ 72,891	$ 76,306	$ 2,924	$ 327
Benefits paid	(63,344)	(65,181)	61,934	63,366	(1,410)	(1,815)
Balance at March 31,	$ 794,697	$ 894,360	$ (785,497)	$ (883,695)	$ 9,200	$ 10,665
Represented by:						
Net defined benefit liability (Plan A)					$ -	$ -
Net defined benefit liability (Plan B)					8,910	10,342
Other					290	323
Balance at March 31,					$ 9,200	$ 10,665

Plan assets

The asset allocation of the defined benefit pension plan is as follows:

Asset Category	2023	2022
Pooled bond funds	64.6%	43.0%
Pooled real estate	19.3%	17.5%
Pooled mortgage fund	13.7%	13.2%
Short-term investments	2.4%	1.6%
Non-North American pooled equity funds	-	11.1%
U.S. pooled equity fund	-	6.8%
Canadian equities	-	6.3%
Canadian pooled equity funds	-	0.5%
Total	100.0%	100.0%

Note 25 – Employee benefits, continued

The defined benefit pension plan's permissible investments include Canadian equities (including rights, warrants, instalment receipts, and capital shares), U.S. and international equities, bonds of Canadian issuers, short-term securities, mortgages, real estate, and pooled funds. Any other type of investment is not permitted without prior approval of the SaskTel Pension Board.

Taking into consideration the investment and risk philosophy of the defined benefit pension plan, the following range and target asset mix has been established:

Asset category	Range	Target	Actual
Equities	0 - 10%	4%	0%
Fixed income	73 - 89%	86%	81%
Real estate	0 - 20%	10%	19%

The defined benefit pension plan's investment policy provides a framework for the prudent investment and administration of the Pension Fund for the purpose of managing capital assets. The policy provides the investment managers with a written statement of specific quality, quantity and rate of return standards. The policy is revisited annually to ensure it is meeting the objectives of the defined benefit pension plan's capital management to ultimately meet all pension obligations.

The SaskTel Pension Board employs a pension risk management strategy that addresses continued capital market volatility and the overall demographic trends for the plan. This approach strives to ensure the assets of the defined benefit pension plan evolve to match the liabilities of the plan.

DEFINED CONTRIBUTION PLANS (PLAN C)

Plan C, the defined contribution pension plan, requires the Corporation to contribute 7.45% of employees' pensionable earnings, and employees to contribute a minimum of 4.45% of pensionable earnings. The total cost for the defined contribution plan is equal to the Corporation's required contribution. For the year ended March 31, 2023, the Corporation's pension cost and employer contributions for the Public Employees Pension Plan were $21.1 million (2021/22 – $20.4 million).

Note 26 – Provisions

ACCOUNTING POLICIES

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation, or at the best estimate to settle the obligation at the end of the reporting period. The unwinding of the discount on provisions is recognized as finance expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

DECOMMISSIONING PROVISIONS

A decommissioning provision is a legal or constructive obligation associated with the decommissioning of property, plant and equipment. The Corporation recognizes decommissioning provisions in the period incurred if a reasonable estimate of fair value (net present value) can be determined. The Corporation recognizes provisions to decommission towers, antennae, and fuel storage tanks in the period in which the facility is ready for service. The fair value of estimated decommissioning cost is recorded as a provision with an offsetting amount capitalized and included as part of property, plant and equipment and right-of-use assets. Decommissioning provisions are increased periodically for the passage of time by calculating accretion expense on the provision. The offsetting capitalized costs are depreciated over the estimated useful life of the related asset.

The calculations of fair value are based on detailed studies that take into account various assumptions regarding the anticipated future cash flows, including the method and timing of decommissioning and an estimate of future inflation. Decommissioning provisions are periodically reviewed and any changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized as an increase or decrease in the carrying amount of the liability and the related asset. If the asset is fully depreciated, the changes are recognized in net income immediately.

ENVIRONMENTAL REMEDIATION

A provision for environmental remediation is accrued when the occurrence of an environmental expenditure, related to present or past activities of the Corporation, is considered probable and the costs of remedial activities can be reasonably estimated. These estimates include costs for investigations and remediation at identified sites. These provisions are based on management's best estimate considering current environmental laws and regulations and are recorded at fair value in net income. The Corporation reviews its estimates of future environmental expenditures on an ongoing basis. Changes in the estimated timing and amount of future cash flows, as well as changes in the discount rate, are recognized in net income immediately.

LEGAL CLAIMS

The Corporation is involved in various legal claims and is aware of certain other possible claims. In respect of the legal claims, the Corporation establishes provisions, when warranted, after taking into account legal assessments, information presently available, and the expected availability of recourse. The timing of cash outflows associated with legal claims cannot be reasonably determined.

ACCOUNTING ESTIMATES AND JUDGMENTS

Judgment is involved in the estimation of the future liabilities for decommissioning and environmental remediation, the determination of the expected period until decommissioning, as well as inflation factors and discount rates to determine the present value of the provisions.

The Corporation estimates the amount of a provision by analyzing potential outcomes and assuming various litigation and settlement strategies, based on information that is available at the time. The determination of whether a loss is probable from claims and legal proceedings and whether an outflow of resources is likely requires judgment.

SUPPORTING INFORMATION

Thousands of dollars	Decommissioning provisions	Environmental provisions	Total
Balance at April 1, 2022	$ 6,006	$ 279	$ 6,285
Provisions made	31	68	99
Change in assumptions	(766)	-	(766)
Accretion expense	211	-	211
Settled during the period	(62)	(89)	(151)
Balance at March 31, 2023	$ 5,420	$ 258	$ 5,678

Note 26 – Provisions, continued

ASSUMPTIONS

As at March 31,	2023
Discount rate, end of period	3.82% - 4.51%
Long-term inflation rate	2.00%
Undiscounted cash flows (thousands)	$12,749

Discount rates based on the Government of Saskatchewan bond yields were used to calculate the carrying values of the provisions. The costs of the decommissioning provisions will be incurred between 2024 and 2071. No funds have been set aside by the Corporation to settle the decommissioning provisions.

SENSITIVITY OF ASSUMPTIONS

Sensitivity of provisions to changes in the discount rate and inflation rate on the recorded liability as at March 31, 2023, is as follows:

Thousands of dollars	0.5% increase	0.5% decrease
Discount rate	$ (448)	$ 495
Inflation rate	642	(573)

Note 27 – Equity advance and capital disclosures

ACCOUNTING ESTIMATES AND JUDGMENTS

The Corporation periodically receives funding from its parent and sole equity holder, CIC. Funding is first analyzed to determine whether the funding is a transaction with the equity holder in their capacity as an equity holder, e.g., equity injection, or whether the funding would be available to other parties for a specific purpose. If there is no requirement to comply with certain conditions relating to the operating activities of the entity, the funding is recorded as an equity advance. If the Corporation must comply with certain past or future conditions relating to the operating activities of the Corporation, and the funding could be available to other parties for a specific purpose, the funding is recorded as a government grant *(see Note 22 – Deferred income – government funding.)*

SUPPORTING INFORMATION

The Corporation has received an equity advance from CIC to form its equity capitalization.

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, excluding lease liabilities, divided by capitalization at the end of the year.

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 spending. The target

Note 27 – Equity advance and capital disclosures, continued

debt ratios for subsidiaries are approved by the Board. The Corporation uses targeted debt ratios to compile a weighted average debt to equity ratio for the consolidated entity. The target ratio was 54.3% (2021/22 – 52.5%).

The Corporation raises most of its capital requirements through internal operating activities 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.

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

The debt ratio is as follows:

As at March 31, Thousands of dollars	Note	2023	2022
Long-term debt[1]	23	$ 1,435,948	$ 1,347,583
Notes payable[1]		196,672	202,468
Less: Sinking funds	16	113,667	95,447
Cash		18,347	20,628
Net debt		1,500,606	1,433,976
Province of Saskatchewan's equity[2]		1,251,165	1,193,724
Capitalization		$ 2,751,771	$ 2,627,700
Debt ratio		54.5%	54.6%

1 Net debt excludes lease liabilities.
2 Equity includes equity advances, accumulated other comprehensive income and retained earnings at the end of the period.

Note 28 – Consolidated statement of cash flows – supporting information

A) NET CHANGE IN NON-CASH WORKING CAPITAL

For year ended March 31, Thousands of dollars	2023	2022
Net change in non-cash working capital balances related to operations		
Trade and other receivables	$ 34,141	$ 8,497
Inventories	(10,575)	2,816
Prepaid expenses	(2,127)	(2,711)
Contract assets	3,287	(5,610)
Contract costs	2,239	931
Trade and other payables	(16,734)	(1,651)
Contract liabilities	1,130	1,422
Other liabilities	(833)	(167)
Other	-	682
Total net change in non-cash working capital balances related to operations	$ 10,528	$ 4,209

B) RECONCILIATION OF CHANGES IN LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Assets	Liabilities				
Thousands of dollars	Sinking funds	Long-term debt	Notes payable	Lease liabilities	Dividend payable	Total
Balance at April 1, 2022	$ (95,447)	$ 1,347,583	$ 202,468	$ 45,011	$ 26,467	$ 1,526,082
Changes from financing cash flows						
Proceeds from loans and borrowings	-	88,816	902,700	-	-	991,516
Repayment of borrowings	-	-	(908,496)	(7,877)	-	(916,373)
Instalments	(18,928)	-	-	-	-	(18,928)
Dividends paid	-	-	-	-	(58,425)	(58,425)
Total changes from financing cash flows	(18,928)	88,816	(5,796)	(7,877)	(58,425)	(2,210)
Other changes						
Dividend declared	-	-	-	-	41,621	41,621
Sinking fund earnings	(1,359)	-	-	-	-	(1,359)
Sinking fund valuation adjustments	2,067	-	-	-	-	2,067
New leases and assumption changes	-	-	-	3,545	-	3,545
Amortization of net premium on long-term debt	-	(451)	-	-	-	(451)
Total other changes	708	(451)	-	3,545	41,621	45,423
Balance at March 31, 2023	$ (113,667)	$ 1,435,948	$ 196,672	$ 40,679	$ 9,663	$ 1,569,295

	Assets	Liabilities				
Thousands of dollars	Sinking funds	Long-term debt	Notes payable	Lease liabilities	Dividend payable	Total
Balance at April 1, 2021	$ (84,619)	$1,096,606	$ 219,892	$ 42,861	$ 32,688	$ 1,307,428
Changes from financing cash flows						
Proceeds from loans and borrowings	-	251,527	1,083,123	-	-	1,334,650
Repayment of borrowings	-	-	(1,100,547)	(5,670)	-	(1,106,217)
Instalments	(14,150)	-	-	-	-	(14,150)
Dividends paid	-	-	-	-	(100,211)	(100,211)
Total changes from financing cash flows	(14,150)	251,527	(17,424)	(5,670)	(100,211)	114,072
Other changes						
Dividend declared	-	-	-	-	93,990	93,990
Sinking fund earnings	(1,603)	-	-	-	-	(1,603)
Sinking fund valuation adjustments	4,925	-	-	-	-	4,925
New leases and assumption changes	-	-	-	7,820	-	7,820
Amortization of net premium on long-term debt	-	(550)	-	-	-	(550)
Total other changes	3,322	(550)	-	7,820	93,990	104,582
Balance at March 31, 2022	$ (95,447)	$ 1,347,583	$ 202,468	$ 45,011	$ 26,467	$ 1,526,082

Note 29 – Financial instruments and related risk management

ACCOUNTING POLICIES

The Corporation initially recognizes financial assets and financial liabilities in the consolidated financial statements at fair value (normally the transaction price) adjusted for transaction costs. Transaction costs related to financial assets or financial liabilities at fair value through profit or loss are recognized immediately in net income. Regular way purchases and sales of financial assets are accounted for on the trade date.

Financial instruments recorded at fair value on an ongoing basis are remeasured at each reporting date and changes in the fair value are recorded in either net income or OCI.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Derivatives may be embedded in hybrid contracts that also include a non-derivative host. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9 Financial Instruments, the entire contract is classified as a financial asset. If a hybrid contract contains a host that is not an asset within the scope of IFRS 9, an embedded derivative is treated as a separate derivative when the economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not measured at fair value with changes in fair value recognized in profit or loss. These embedded derivatives are typically measured at fair value with subsequent changes recognized in net income.

SUPPORTING INFORMATION

The Corporation is exposed to fluctuations in foreign exchange rates and interest rates. The Corporation uses 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's financial risks have not changed significantly from the prior period.

MARKET RISK

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.

INTEREST RATE RISK

Interest rate risk represents the potential for loss from changes in the value of financial instruments related to interest rate movements. Interest rate risk primarily impacts the value of sinking fund investments and debt refinancing.

The Corporation has on deposit with the Province of Saskatchewan, under the administration of the Ministry of Finance, $113.7 million (2021/22 – $95.4 million) in sinking funds, which is required for certain long-term debt issues. At March 31, 2023, the General Revenue Fund (GRF) has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and they are managed based on this maturity profile and market conditions. Fluctuations in interest rates may have a material impact on other comprehensive income. Specifically, a 1% increase in interest rates could result in a

$9.6 million unfavourable effect to other comprehensive income while a 1% decrease in interest rates could result in a $9.6 million favourable effect to other comprehensive income.

The Corporation may be exposed to interest rate risk on the maturity of its long-term debt. These risks are considered low as long-term debt is shown at amortized cost and is not sensitive to interest rate changes. The Corporation may be exposed to interest rate risk on its short-term borrowing as these rates are variable and subject to market fluctuations. The risk on this debt is considered low and is managed through its treasury policies. As a result, the Corporation has no financial contracts in place to offset interest rate risk as of March 31, 2023 and has not provided a sensitivity analysis of the impact of interest rate changes on net income.

FOREIGN CURRENCY RISK

The Corporation is exposed to currency risk, primarily U.S. dollars, through outstanding account balances with foreign suppliers and short-term foreign commitments. These balances do not present a material exposure to foreign currency risk. The Corporation uses a combination of derivative financial instruments to manage these exposures when deemed appropriate. The Corporation does not actively trade derivative financial instruments. The Corporation does not have material exposure to foreign currency risk.

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, contract assets, sinking funds, and interest receivable.

The carrying amount of financial assets represents the maximum credit exposure as follows:

As at March 31, Thousands of dollars	Note	2023	2022
Trade and other receivables	8	$ 151,523	$ 183,578
Contract assets	11	101,286	104,573
Sinking funds	16	113,667	95,447
Total assets subject to credit risk		$ 366,476	$ 383,598

Trade and other receivables

The Corporation considers evidence of impairment for trade and other receivables at both a specific asset and collective level. Trade and other receivables and unbilled revenue are diversified among many residential, farm, and commercial customers primarily throughout Saskatchewan.

All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics, specifically based on business segment, an aging of the accounts within each segment, and default probabilities within each segment.

In assessing collective impairment, the Corporation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current or future economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Note 29 – Financial instruments and related risk management, continued

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed regularly based on an analysis of the aging of customer accounts receivable, an estimate of outstanding amounts that are considered to be uncollectible, and future collection policy and economic environment impacts:

As at March 31, Thousands of dollars	Note	2023	2022
Balance at April 1,		$ 3,975	$ 7,891
Less: accounts written off		(7,858)	(7,058)
Recoveries		1,279	1,372
Provisions for losses		6,437	1,770
Balance at March 31,	8	$ 3,833	$ 3,975

The aging of trade and other receivables is detailed as follows:

As at March 31, Thousands of dollars	Note	2023	2022
Customer financing receivables	8	$ 38,037	$ 33,367
Trade receivables not past due		55,538	61,771
Trade receivables past due			
30–60 Days		10,527	13,298
61–90 Days		2,159	3,205
Greater than 90 Days		6,396	6,622
Accrued receivables – customer	8	2,371	2,265
Other	8	40,328	67,025
Gross trade and other receivables		155,356	187,553
Allowance for doubtful accounts	8	(3,833)	(3,975)
Net customer accounts receivable		$ 151,523	$ 183,578

Contract assets

The Corporation considers evidence of impairment for contract assets based on the related assessment of the impairment of trade and other receivables at both a specific asset and collective level. Trade and other receivables, and therefore contract assets, are diversified among many residential, farm, and commercial customers primarily throughout Saskatchewan. Credit risk associated with contract assets is inherently managed by the size and diversity of our customer base. The Corporation also follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary.

The Corporation maintains allowances for lifetime ECL related to contract assets. Current economic conditions, historical information (including credit agency reports, if available), and the line of business from which the contract asset arose are all considered when determining impairment allowances. The same factors are considered when determining whether to write off amounts charged to the impairment allowance for contract assets.

Note 29 – Financial instruments and related risk management, continued

The allowance for contract asset credit losses of contract assets are detailed as follows:

As at March 31, Thousands of dollars	Note	2023	2022
Balance at April 1,		$ 1,381	$ 2,153
Provisions for losses		655	199
Transferred to accounts receivable allowance		(575)	(971)
Balance at March 31,	11	$ 1,461	$ 1,381

The contract assets balance is comprised of the following:

As at March 31, Thousands of dollars	Note	2023	2022
Amortization period			
Within 1 year		$ 73,782	$ 77,285
Greater than 1 year		28,965	28,669
Gross contract assets		102,747	105,954
Allowance for credit losses	11	(1,461)	(1,381)
Net contract assets	11	$ 101,286	$ 104,573

Sinking funds

The credit risk related to sinking funds is assessed based on the credit risk rating of the investments held in the sinking funds. The Corporation considers a debt security to have low credit risk when its credit risk rating is equivalent to the definition of "investment grade". The Corporation considers this to be AA or higher per DBRS or Aa or higher per Moody's. Investments held within the sinking funds consist primarily of Provincial and Federal government bonds, which are rated investment grade. In addition, there have been no defaults of assets held within the sinking fund. As a result, sinking funds are considered to have low credit risk and no loss allowance is deemed necessary.

In addition, the Corporation maintains credit policies and limits in respect to short-term investments and counterparties to financial transactions.

LIQUIDITY RISK

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. The Corporation is a Provincial Crown corporation and as such has access to capital markets through the Saskatchewan Ministry of Finance.

Sufficient operating cash flows are expected to be generated to fund the short-term contractual obligations and the Corporation anticipates it will be able to refinance long-term debt upon maturity.

Note 29 – Financial instruments and related risk management, continued

The following summarizes the contractual cash flows of the Corporation's financial liabilities:

As at March 31, 2023 Thousands of dollars	**Carrying amount**	**Total**	**Contractual cash flows** **0–6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**More than 5 years**
Long-term debt[1, 2]	$ 1,435,948	$ 2,336,260	$ 23,853	$ 23,853	$ 96,372	$ 232,371	$ 1,959,811
Notes payable	196,672	198,757	169,160	29,597	-	-	-
Trade and other payables	143,819	143,819	143,819	-	-	-	-
Total	$ 1,776,439	$ 2,678,836	$ 336,832	$ 53,450	$ 96,372	$ 232,371	$ 1,959,811
As at March 31, 2022							
Long-term debt[1, 2]	$ 1,347,583	$ 2,308,810	$ 22,204	$ 22,204	$ 44,408	$ 225,923	$ 1,994,071
Notes payable	202,468	202,871	177,894	24,977	-	-	-
Trade and other payables	172,666	172,666	172,666	-	-	-	-
Total	$ 1,722,717	$ 2,684,347	$ 372,764	$ 47,181	$ 44,408	$ 225,923	$ 1,994,071

1 Contractual cash flows for long-term debt include principal and interest payments but exclude sinking fund instalments.
2 Accrued interest is represented in the contractual cash flows of the associated financial liabilities.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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 March 31, Thousands of dollars	Note	Classification[1]	Fair value hierarchy[2]	2023 Carrying amount	2023 Fair value	2022 Carrying amount	2022 Fair value
Financial assets							
Cash	7	Amortized cost	Level 1	$ 18,347	$ 18,347	$ 20,628	$ 20,628
Trade and other receivables	8	Amortized cost	Level 2	151,523	151,523	183,578	183,578
Sinking funds	16	FVOCI	Level 2	113,667	113,667	95,447	95,447
Financial liabilities							
Trade and other payables	18	Amortized cost	Level 2	$ 143,819	$ 143,819	$ 160,556	$ 160,556
Accrued interest		Amortized cost	Level 2	13,969	13,969	12,110	12,110
Notes payable	19	Amortized cost	Level 2	196,672	196,672	202,468	202,468
Long-term debt	23	Amortized cost	Level 2	1,435,948	1,254,146	1,347,583	1,301,191
Derivative financial instruments							
Foreign exchange derivative asset		FVTPL	Level 2	348	348	-	-
Foreign exchange derivative liability		FVTPL	Level 2	-	-	499	499

1 Classification details are: FVOCI – fair value through OCI and FVTPL – fair value through profit and loss.
2 See *Note 2 – Basis of presentation* for discussion of the policies related to fair value measurements.

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 the Saskatchewan Ministry of Finance using information provided by investment dealers. 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.

Note 30 – Related party transactions

The Corporation is indirectly controlled by the Government of Saskatchewan through its ownership of the Corporation's parent, CIC. Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the Corporation by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "government-related entities"). The Corporation has elected to take a partial exemption under IAS 24 *Related Party Disclosures*, which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

Routine operating transactions with related parties were conducted in the normal course of business and were accounted for at the exchange amount. For the year ended March 31, 2023, the aggregate amount of the Corporation's transactions with other government-related entities are approximately 7.4% (2021/22 – 7.8%) of revenue, 7.2% (2021/22 – 12.6%) of operating expenses, and 0.1% (2021/22 – 1.4%) of property, plant and equipment expenditures.

In addition, for the year ended March 31, 2023, the Corporation provided management and administrative services to the Corporation's defined benefit pension plan in the amount of $0.3 million (2021/22 – $0.3 million) on a cost recovery basis.

KEY MANAGEMENT PERSONNEL COMPENSATION

In addition to their remuneration, the Corporation also provides non-cash benefits to directors and executive officers, either a defined benefit pension or a defined contribution pension, and a service recognition defined benefit pension.

Key management personnel compensation is composed of:

For year ended March 31, Thousands of dollars	2023	2022
Short-term employee benefits	$ 4,883	$ 5,280
Post-employment benefits - defined contribution plans	328	342
Total key management personnel compensation	$ 5,211	$ 5,622

Note 31 – Commitments and contingencies

COMMITMENTS

As at March 31, 2023, the Corporation has the following significant commitments:

- Operating activities $94.6 million (2021/22 – $113.8 million)
- Capital activities $102.4 million (2021/22 – $119.3 million).

CONTINGENCIES

ACCOUNTING ESTIMATES AND JUDGMENTS

The Corporation becomes involved in various litigation and regulatory matters in the ordinary course of business. Prediction of the outcome of such uncertain events (i.e., being virtually certain, probable, remote or undeterminable), determination of whether recognition or disclosure in the consolidated financial statements is required, and estimation of potential financial effects are matters for judgment. Where no amounts are recognized, such amounts are contingent, and disclosure may be appropriate, however, the potential for large liabilities exists and therefore these estimates could have a material impact on the Corporation's consolidated financial statements.

SUPPORTING INFORMATION

In the normal course of operations, the Corporation becomes involved in various claims and litigation. While the final outcome with respect to claims and litigation pending at March 31, 2023, cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Corporate Governance

AUTHORITY

SaskTel is a Crown corporation governed by *The Saskatchewan Telecommunications Holding Corporation Act*, and subject to the provisions of *The Crown Investments Corporation Act, 1993*. The Crown Investments Corporation of Saskatchewan (CIC), as the holding company for Saskatchewan's commercial Crown corporations, has authority to establish direction for SaskTel related to certain matters set out in legislation.

Through the Chair, who is an independent director, the Board of Directors is accountable to the Minister Responsible for SaskTel. The Minister Responsible is a key communications link among the Corporation, CIC, Cabinet, the Legislature, and the public.

BOARD APPOINTMENTS

The Lieutenant Governor in Council appoints members of the Board and designates the Chair and Vice Chair. Subject to applicable legislation, directors are appointed for a fixed term and their appointments can be renewed at expiry. There are twelve (12) members on the Board.

KEY ACCOUNTABILITIES

The Board of Directors is responsible for supervising the management and affairs of the Corporation. While focusing on the strategic leadership of the Corporation, the Board delegates day-to-day operations to management and holds them accountable for the Corporation's performance.

The Board discharges its responsibilities directly, by delegation to management and through Committees of the Board. There are four Committees of the Board: the Audit and Risk Committee; the Corporate Growth and Technology Committee; the Environment & Human Resources Committee; and the Governance Committee.

The full publication of SaskTel's Corporate Governance Statement provides more information on governance.

Board of Directors

SaskTel's Board of Directors is led by Board Chair Grant J. Kook.

Board member biographies and committee priorities can be viewed on SaskTel's website.

Grant J. Kook
Chair of the Board

Richard Ahenakew
Board Member

Fatima Coovadia
Board Member

Joel Friesen
Chair, Governance Committee

Rachel Heidecker
Chair,
Corporate Growth and Technology Committee

Jerri Hoback
Board Member

Darrell Kennedy
Board Member

Alan Migneault
Chair, Audit Committee

Matt Schroeder
Board Member

Eric Sylvestre
Board Member

Glenys Sylvestre
Chair, Environmental and Human Resources Committee

Julie Ann Wriston
Board Member

Executive Team

SaskTel has a nine-member Executive Team lead by President and CEO, Doug Burnett.

Executive biographies can be found on SaskTel's website.

Doug Burnett
President and Chief Executive Officer (CEO)

David Ekstrand
Vice President,
Business Sales and Solutions

Charlene Gavel
Chief Financial Officer

Keith Jeannot
Vice President,
Consumer Sales and Solutions

Nathan Kirkham
Chief Information Officer

Doug Kosloski
Vice President, Corporate Counsel and Regulatory Affairs

Shara McCormick
Vice President of Human Resources & Corporate Services

Greg Meister
Vice President, Operations

Chad Olson
Chief Technology Officer

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North Battleford SK S9A 3Z9

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Prince Albert SK S6V 1B3

Saskatoon
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Saskatoon SK S7N 1Y7

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