Statement of Loss and Other Comprehensive Loss

For the year ended March 31,		2020	2019
Thousands of dollars	Note		
Revenue - marketing services	3	$28,807	$31,453
Expenses			
Goods and services purchased		13,192	15,768
Salaries, wages and benefits		9,412	10,050
Depreciation - property, plant & equipment	7	739	596
Depreciation - right-of-use assets	8	322	-
Amortization	9	2,391	2,162
Impairment loss	9	4,906	-
		30,962	28,576
Results from operating activities		(2,155)	2,877
Net finance expense (income)	4	55	(51)
Net income (loss) and total comprehensive income (loss)		$(2,210)	$2,928

All net income (loss) and total comprehensive income (loss) are attributable to Saskatchewan Telecommunications Holding Corporation.

See Accompanying Notes

Statement of Changes in Equity

Thousands of dollars	Share capital	Contributed surplus	Retained earnings (deficit)	Total equity
Balance at April 1, 2019	$ -	$9,437	$5,201	$14,638
Net loss and total comprehensive loss	-	-	(2,210)	(2,210)
	-	9,437	2,991	12,428
Dividend declared	-	-	3,300	3,300
Balance at March 31, 2020	$ -	$9,437	$(309)	$9,128
Balance at April 1, 2018	$ -	$9,437	$2,273	$11,710
Net income and total comprehensive income	-	-	2,928	2,928
Balance at March 31, 2019	$ -	$9,437	$5,201	$14,638

See Accompanying Notes

DirectWest Corporation

Statement of Financial Position

As at March 31, Thousands of dollars	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents	5	$4,305	$1,000
Trade and other receivables	6	2,120	2,205
Prepaid expenses		1,858	2,058
		8,283	5,263
Property, plant and equipment	7	3,021	2,739
Right-of-use assets	8	3,694	-
Intangible assets	9	3,966	10,035
		$18,964	$18,037
Liabilities and Shareholder's equity			
Current liabilities			
Trade and other payables	10	$1,764	$2,200
Dividend payable		3,300	-
Contract liabilities	11	1,031	1,199
Current portion of lease liabilities	12	294	-
		6,389	3,399
Lease liabilities	12	3,447	-
Commitments	18		
Shareholder's equity			
Share capital	13	-	-
Contributed surplus	13	9,437	9,437
Retained earnings (deficit)		(309)	5,201
		9,128	14,638
		$18,964	$18,037

See Accompanying Notes

On behalf of the Board

Doug Burnett
April 28, 2020

Charlene Gavel

DirectWest Corporation

Statement of Cash Flows

For the year ended March 31,		**2020**	2019
Thousands of dollars	Note		
Operating activities			
Net income (loss)		**$(2,210)**	$2,928
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	7, 8, 9	**3,452**	2,758
Impairment loss	9	**4,906**	-
Net finance expense (income)	4	**55**	(51)
Interest paid		**(92)**	-
Interest received		**37**	51
Net change in non-cash working capital	15a	**(319)**	(3,134)
		5,829	2,552
Investing activities			
Property, plant and equipment expenditures	7	**(1,021)**	(1,147)
Intangible asset expenditures	9	**(1,228)**	(1,447)
		(2,249)	(2,594)
Financing activities			
Payment of lease liabilities	12, 15(b)	**(275)**	-
		(275)	-
Increase (decrease) in cash		**3,305**	(42)
Cash and cash equivalents, beginning of year		**1,000**	1,042
Cash and cash equivalents, end of year		**$4,305**	$1,000
Comprised of:			
Bank indebtedness		**$(589)**	$(129)
Short-term investments	5	**4,894**	1,129
		$4,305	$1,000

See Accompanying Notes

Notes to Financial Statements

Note 1 – General information

DirectWest Corporation (the Corporation) is a corporation located in Canada. The address of the Corporation's registered office is 2121 Saskatchewan Drive, Regina, SK, S4S 3Y2. The Corporation is incorporated under the Canada *Business Corporations Act* and is wholly owned by Saskatchewan Telecommunications Holding Corporation (Holdco) through its subsidiary SaskTel Investments Inc. The Corporation promotes and supplies marketing services in Saskatchewan.

The financial results of the Corporation are included in the consolidated financial statements of Holdco. As a wholly owned subsidiary of Holdco, a Saskatchewan Provincial Crown corporation, the Corporation is not subject to Federal or Provincial income taxes in Canada.

Note 2 – Basis of presentation

Certain of the Corporation's accounting policies that relate to the financial statements as well as estimates and judgments the Corporation has made and how they impact amounts reported in the 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, amendments or interpretations that were either effective and applied by the Corporation during the current year, or that were not yet effective.

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

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Corporation's functional currency.

Accounting policies, estimates, and judgments

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

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

COVID-19 impact assessment

The COVID-19 pandemic has caused material disruption to businesses and has resulted in an economic slowdown. The Corporation has assessed and continues to monitor the impact of COVID-19 on its operations. The magnitude and duration of COVID-19 is uncertain and, if it causes significant disruption for an extended period of time, the impacts to the Corporation will increase. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce leading to additional asset impairment.

Estimates of these impacts have been included where appropriate. Given the uncertainty of the magnitude and duration of COVID-19 it is not possible to determine if there are significant additional impacts on current operations or reported asset and liability values.

Impairment testing

Accounting policies

Assets that have an indefinite useful life (i.e. goodwill) 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

Note 2 – Basis of presentation, continued

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. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

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 in net income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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 policies

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.

Notes to Financial Statements

Note 2 – Basis of presentation, continued

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 level hierarchy 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.

Additional accounting policies

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

Note	Topic	Accounting Policies	Accounting Estimates, and Judgments	Page
3	Revenue from contracts with customers	X		9
4	Net finance income (expense)	X		10
5	Cash and cash equivalents	X		10
6	Trade and other receivables	X	X	10
7	Property, plant and equipment	X	X	11
8	Right-of-use assets	X	X	13
9	Intangible assets	X	X	15
10	Trade and other payables	X		17
11	Contract liabilities	X	X	17
12	Lease liabilities	X	X	18

Note	Topic	Accounting Policies	Accounting Estimates, and Judgments	Page
13	Share capital, contributed surplus and additional capital disclosures			20
14	Employee benefits	X		20
15	Statement of cash flows – supporting information			21
16	Financial instruments and related risk management	X		21
17	Related party transactions			24
18	Commitments and contingencies		X	25

Note 2 – Basis of presentation, continued

Application of new International Financial Reporting Standards
The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) issued the following standard that was applied by the Corporation.

Adoption of IFRS 16 *Leases*

The Corporation has adopted IFRS 16 *Leases* (IFRS 16) with a date of initial application of April 1, 2019. In accordance with the transitional provisions of IFRS 16, the Corporation has applied IFRS 16 using the modified retrospective approach. In accordance with the method of adoption:

a) the Corporation has not restated comparative information. Comparative information continues to be reported under IAS 17 *Leases* (IAS 17), IFRIC 4 *Determining whether an Arrangement contains a Lease* (IFRIC 4), SIC 15 *Operating Leases – Incentives*, and SIC 27 – *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*, the standards in effect at the time. The modified retrospective approach to adoption of IFRS 16 also requires that the cumulative effect of initially applying IFRS 16 be applied as an adjustment to the opening balance of retained earnings at the date of initial application, April 1, 2019, however, no adjustments to retained earnings were required;
b) the Corporation has recognized lease liabilities for leases previously classified as operating leases applying IAS 17, measured at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate at the date of initial application; and
c) the Corporation has recognized right-of-use assets at the date of initial application for leases previously classified as operating leases applying IAS 17, measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

In adopting IFRS 16, the Corporation has elected to apply the following expedients:

a) the Corporation has elected to grandfather the assessment of which transactions are leases. The Corporation has applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019,
b) the Corporation has elected to exclude initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
c) the Corporation has elected to use hindsight, most specifically in determining the lease term.

On transition, the Corporation has not elected the recognition exemption for short-term or low-value leases; however, these exemptions may be adopted in the future on a class-by-class basis for new asset classes which include short-term leases, and a lease-by-lease basis for low-value leases.

The application of IFRS 16 has had significant impacts on the statement of financial position, the treatment of lease payments in the statement of income and other comprehensive income, and the impact of lease payments on the statement of cash flows. The details of the significant changes and the quantitative impacts are set out below.

Leases where the Corporation is the lessee
Lease payments for leases previously classified as operating leases were recognized as an expense as incurred. IFRS 16 requires lessees to adopt a uniform approach to the presentation of leases. Assets are recognized for the right of use received and liabilities are recognized for the payment obligations entered into for all leases. Leases that had been classified as operating in accordance with IAS 17 are now recorded as a right-of-use asset and a related lease liability. The lease liabilities, upon transition to IFRS 16, have been recognized as the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate at the time the standard is first applied. Future lease liabilities will be determined based on the present value of the future lease payments discounted at either the interest rate implicit in the lease or the Corporation's incremental borrowing rate if the implicit lease rate is not determinable, adjusted, as appropriate, for residual guarantees, purchase options and termination penalties. The right-of-use assets upon transition, have been measured at the amount of the lease liability plus any payments made or accrued at transition. Future right-of-use assets will be

Note 2 – Basis of presentation, continued

determined based on the amount of the lease liability adjusted, as appropriate, for prepaid or accrued lease payments, lease incentives, initial direct costs and asset retirement obligations.

The adoption of IFRS 16 has also resulted in: a decrease to goods and services purchased for the removal of lease rent expense; an increase in depreciation due to depreciation of the right-of-use assets; and an increase to net finance expense due to recognition of additional interest expense related to the lease liabilities. The change in presentation of operating lease expense to depreciation of right-of-use assets and interest expense on lease liabilities also resulted in an improvement in cash flows from operations and a corresponding decline in cash flows from financing activities.

The impacts of adoption of IFRS 16 are as follows:

Impact on net income

For the year ended March 31, 2020

Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16	**As reported upon adoption of IFRS 16**
Revenue - marketing services	$28,807	-	**$28,807**
Expenses			
Goods and services purchased	13,559	(367)	**13,192**
Depreciation - right-of-use assets	-	322	**322**
All other expenses	17,448	-	**17,448**
	31,007	(45)	**30,962**
Results from operating activities	(2,200)	45	**(2,155)**
Net finance expense (income)	(37)	92	**55**
Net loss	$(2,163)	$(47)	**$(2,210)**

Impact on the statement of financial position

As at March 31, 2020

Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16 at date of adoption	Current period impact of IFRS 16	**As reported upon adoption of IFRS 16**
Assets				
Current assets	$8,283	$ -	$ -	**$8,283**
Right-of-use assets	-	3,790	(96)	**3,694**
Other assets	6,987	-	-	**6,987**
	$15,270	$3,790	$(96)	**$18,964**
Liabilities and Shareholder's equity				
Current liabilities				
Current liabilities not impacted	$6,095	$ -	$ -	**$6,095**
Current portion of lease liabilities	-	271	23	**294**
	6,095	271	23	**6,389**
Lease liabilities	-	3,519	(72)	**3,447**
Shareholder's equity	9,175	-	(47)	**9,128**
	$15,270	$3,790	$(96)	**$18,964**

Note 2 – Basis of presentation, continued

Impact on the statement of cash flows - selected lines

For the year ended March 31, 2020 Thousands of dollars	Excluding the impacts of IFRS 16	Impact of IFRS 16	**As reported upon adoption of IFRS 16**
Operating activities			
Net loss	$(2,163)	$(47)	**$(2,210)**
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	3,130	322	**3,452**
Net finance expense (income)	(37)	92	**55**
Interest paid	-	(92)	**(92)**
Other adjustments and net change in non-cash working capital	4,624	-	**4,624**
	5,554	275	**5,829**
Financing activities			
Payment of lease payments	-	(275)	**(275)**
Other financing activities	-	-	**-**
	-	(275)	**(275)**

Operating lease commitments at March 31, 2019 were $0.7 million. The difference between the operating lease commitments at March 31, 2019 and the lease liabilities of $3.8 million at April 1, 2019 is mainly due to an increase of $3.9 million related to renewal options reasonably certain to be exercised and a reduction of $0.8 million related to discounting of future lease payments based on a weighted average incremental borrowing rate on adoption of 2.52%.

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.

Revenue is earned through the sale of marketing services and is generally recognized in accordance with the contractual terms with the advertisers, on a monthly basis over the life of the advertising, commencing with the display date. Amounts billed in advance for marketing services are deferred as contract liabilities and recognized over the life of the contract. Customer payments are due monthly as the services are provided. Contracts are typically one year or less.

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 amounts billed to customers. Otherwise, the Corporation recognizes the net amount that the Corporation retains as revenue.

Notes to Financial Statements

Note 4 – Net finance expense (income)

Accounting policies
Finance income is comprised of interest income on funds invested.

Finance expenses are composed of interest expense on lease liabilities measured at amortized cost, changes in the fair value of financial assets classified as fair value through profit or loss, and impairment losses recognized on financial assets, 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.

Supporting information

For the year ended March 31, Thousands of dollars	**2020**	2019
Recognized in net income		
Interest on lease liabilities	**$92**	**$ -**
Interest income	**(37)**	(51)
Net finance expense (income)	**$55**	$(51)

Note 5 – Cash and cash equivalents

Accounting policies
Cash and cash equivalents include cash and short-term interest-bearing investments with Holdco that are due on demand and have a maturity date of ninety days or less.

Supporting information

Included in cash and cash equivalents at March 31, 2020 was $4.9 million (2018/19 – $1.1 million) in short-term investments with a weighted average interest rate of 1.67% (2018/19 – 1.81%).

Note 6 – 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 is always recorded at lifetime expected credit losses. When estimating lifetime expected credit loss (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.

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.

Note 6 – Trade and other receivables, continued

Supporting information

As at March 31, Thousands of dollars	Note	**2020**	2019
Customer accounts receivable	16	**$2,115**	$2,201
Other		**5**	4
		$2,120	$2,205

Note 7 – 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 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 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 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
Equipment, office furniture and leaseholds	1 – 10 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 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

Notes to Financial Statements

Note 7 – Property, plant and equipment, continued

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.

Supporting information

Thousands of dollars	**Equipment, office furniture, and leaseholds**
Cost	
Balance at April 1, 2019	**$5,186**
Additions	**1,021**
Retirements and disposals	**(597)**
Balance at March 31, 2020	**$5,610**
Balance at April 1, 2018	$4,261
Additions	1,147
Retirements and disposals	(222)
Balance at March 31, 2019	$5,186
Accumulated depreciation	
Balance at April 1, 2019	**$2,447**
Depreciation	**739**
Retirements and disposals	**(597)**
Balance at March 31, 2020	**$2,589**
Balance at April 1, 2018	$2,073
Depreciation	596
Retirements and disposals	(222)
Balance at March 31, 2019	$2,447
Carrying amounts	
At April 1, 2019	**$2,739**
At March 31, 2020	**$3,021**
At April 1, 2018	$2,188
At March 31, 2019	$2,739

Note 8 – 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 lessee; and
- an estimate of costs to be incurred by the lessee 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 lessee 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, in which case the right-of-use asset is depreciated from the commencement date to the end of the useful life of the asset. 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 the lease payments to be included in the lease liability, estimation of the incremental borrowing rate or implicit lease rate as appropriate, estimation of additional amounts to be included in the determination of the right-of-use asset, and estimation of the useful lives of right-of-use assets.

Notes to Financial Statements

Note 8 – Right-of-use assets, continued

Supporting information

Thousands of dollars	Plant and equipment	Buildings and improvements	Total
Cost			
Balance at April 1, 2019	$2,431	$1,359	$3,790
Additions	226	-	226
Balance at March 31, 2020	$2,657	$1,359	$4,016
Accumulated depreciation			
Balance at April 1, 2019	$ -	$ -	$ -
Depreciation	215	107	322
Balance at March 31, 2020	$215	$107	$322
Carrying amounts			
At April 1, 2019	$2,431	$1,359	$3,790
At March 31, 2020	$2,442	$1,252	$3,694

Note 9 – 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, contractual rights and goodwill. 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 development expenditures are 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.

Contractual rights related to marketing services that are expected to provide future economic benefits are initially recorded at cost less accumulated amortization and any accumulated impairment losses.

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. 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.

Goodwill is measured at cost less any accumulated impairment losses.

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

Asset	Estimated useful life
Software	1 – 10 years
Contractual rights	9 – 15 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.

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).

Goodwill is allocated to CGUs or groups of CGUs for the purpose of impairment testing based on the level at which it is monitored by management, and not at a level higher than an operating segment. The allocation is

Note 9 – Intangible assets, continued

made to those CGUs or groups of CGUs expected to benefit from the business combination in which the goodwill arose.

Supporting information

Thousands of dollars	Goodwill	Contractual rights	Software	Under development	Total
Cost					
Balance at April 1, 2019	$222	$2,758	$16,489	$400	$19,869
Acquisitions	-	-	20	363	383
Acquisitions - internally developed	-	-	-	845	845
Transfers	-	-	1,314	(1,314)	-
Impairment loss	(222)	-	-	-	(222)
Retirements and disposals	-	-	(21)	-	(21)
Balance at March 31, 2020	$ -	$2,758	$17,802	$294	$20,854
Balance at April 1, 2018	$222	$2,758	$14,362	$1,209	$18,551
Acquisitions	-	-	7	359	366
Acquisitions - internally developed	-	-	-	1,081	1,081
Transfers	-	-	2,249	(2,249)	-
Retirements, disposals and adjustments	-	-	(129)	-	(129)
Balance at March 31, 2019	$222	$2,758	$16,489	$400	$19,869
Amortization					
Balance at April 1, 2019	$ -	$216	$9,618	$ -	$9,834
Amortization	-	216	2,175	-	2,391
Impairment loss	-	-	4,684	-	4,684
Retirements and disposals	-	-	(21)	-	(21)
Balance at March 31, 2020	$ -	$432	$16,456	$ -	$16,888
Balance at April 1, 2018	$ -	$ -	$7,801	$ -	$7,801
Amortization	-	216	1,946	-	2,162
Retirements and disposals	-	-	(129)	-	(129)
Balance at March 31, 2019	$ -	$216	$9,618	$ -	$9,834
Carrying amounts					
At April 1, 2019	$222	$2,542	$6,871	$400	$10,035
At March 31, 2020	$ -	$2,326	$1,346	$294	$3,966
At April 1, 2018	$222	$2,758	$6,561	$1,209	$10,750
At March 31, 2019	$222	$2,542	$6,871	$400	$10,035

Impairment testing for the cash-generating unit containing goodwill and recoverability testing of finite-life intangible assets under development

For the purpose of impairment testing, goodwill, finite-life intangible assets under development, software and contractual rights are allocated to one CGU; DirectWest. This is the lowest level within the Corporation at which goodwill is monitored for internal management purposes, which is not higher than the Corporation's operating segments.

Management has applied a value-in-use discounted cash flows methodology using the Board-approved 2021 - 2025 financial plan as well as a terminal value capitalization. The expected risk to the CGU cash flows were

Note 9 – Intangible assets, continued

included in the cash flow projections. The resulting cash flows were then discounted to the present value using a rate reflecting the weighted average cost of capital of the Corporation.
The key material assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

Discount rate	8.85%
Terminal value capitalization	12.00%
Growth rate applied to terminal value period	-2.50%

The impairment test resulted in the recognition of an impairment loss of $4.9 million during the year ended March 31, 2020 primarily due to declining legacy marketing services revenue, accelerated by the impacts of COVID-19. The recoverable amount of the CGU is $18.0 million based on its value-in-use.

Note 10 – 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 or cancelled, or expire.

Supporting information

As at March 31,	**2020**	2019
Thousands of dollars		
Trade payables and accrued liabilities	**$425**	$1,051
Payroll and other employee-related liabilities	**1,339**	1,149
	$1,764	$2,200

Note 11 – 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 11 – Contract liabilities, continued

Supporting information

As at March 31, Thousands of dollars	**2020**	2019
Balance at April 1,	**$1,199**	$1,338
Contract liabilities recognized	**2,387**	2,657
	3,586	3,995
Recognized in revenue	**(2,555)**	(2,796)
	1,031	1,199
Current portion	**1,031**	1,199
Long-term portion	**$ -**	$ -

Note 12 – 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 that rate can be readily determined. If that rate cannot be readily determined, 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 lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee 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.

Notes to Financial Statements

Note 12 – Lease liabilities, continued

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.

Supporting information

As at March 31, Thousands of dollars	**2020**
Maturity analysis - contractual undiscounted cash flows	
Less than one year	$385
One to five years	1,631
More than five years	2,587
Total undiscounted lease liabilities at March 31,	$4,603
Discounted lease liabilities included in the statement of financial position at March 31,	$3,741
Current	294
Non-current	$3,447

Amounts recognized in net income

For the year ended March 31, Thousands of dollars	**2020**
Interest on lease liabilities	$92

Amounts recognized in the statement of cash flows

For the year ended March 31, Thousands of dollars	**2020**
Interest paid on lease liabilities	$92
Lease liability principal payments	275
Total cash outflow for leases	$367

Note 13 – Share capital and contributed surplus, and additional capital disclosures

Share capital and contributed surplus

As at March 31, Thousands of dollars	2020	2019
Share capital		
Authorized - unlimited number of class A common shares		
Issued - 100 shares	$ -	$ -
Contributed surplus	9,437	9,437
	$9,437	$9,437

Additional capital disclosures

The Corporation's objectives when managing capital are to ensure adequate capital to support the operations and growth strategies of the Corporation, and to ensure adequate returns to the shareholder.

The capital structure is determined in conjunction with the shareholder based on the approved business plans.

The Corporation monitors capital on the basis of approved budgets and forecasts, and required funding for the Corporation.

The Corporation's strategy, which is to maintain sufficient cash for the continued development of targeted markets, is unchanged from 2018/19.

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

Note 14 – Employee benefits

The Corporation has a defined contribution pension plan for its employees.

Accounting policies

Defined contribution plan

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 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

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.

Supporting information

The defined contribution pension plan requires the Corporation to contribute 6.25% of employees' pensionable earnings, and employees to contribute a minimum of 5.25% of pensionable earnings.

The total cost for the defined contribution plan is equal to the Corporation's required contribution. The Corporation's 2019/20 pension cost and employer contributions for the Public Employees Pension Plan were $0.5 million (2018/19 – $0.6 million).

Note 15 – Statement of cash flows – supporting information

a) Net change in non-cash working capital

For the year ended March 31,	**2020**	2019
Thousands of dollars		
Net change in non-cash working capital balances related to operations		
Trade and other receivables	**$85**	$458
Prepaid expenses	**200**	105
Trade and other payables	**(436)**	(3,558)
Contract liabilities	**(168)**	(139)
	$(319)	$(3,134)

b) Reconciliation of changes in liabilities to cash flows arising from financing activities

Thousands of dollars	**Lease liabilities**
Balance at April 1, 2019	**$3,790**
Changes from financing cash flows	
Lease liability principal repayments	**(275)**
Total changes from financing cash flows	**(275)**
Other changes	
New leases and assumption changes	**226**
Balance at March 31, 2020	**$3,741**

Note 16 – Financial instruments and related risk management

Accounting policies

The Corporation initially recognizes financial assets and financial liabilities in the 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 other comprehensive income.

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 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, 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

Note 16 – Financial instruments and related risk management, continued

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 utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board. The Corporation'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.

Foreign currency risk
The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign suppliers and short-term foreign commitments. 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 believe that the impact of fluctuations in foreign exchange rates on anticipated transactions will be material and therefore has not provided a sensitivity analysis of the impact on net income.

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. Credit risk related to short-term investments is minimized by dealing with institutions that have strong credit ratings. Credit risk related to customer accounts receivable is minimized because of the large and diverse customer base covering many business sectors. The Corporation evaluates customer credit risk and limits credit availability when necessary. In addition, pursuant to an agreement with Saskatchewan Telecommunications (SaskTel), the Corporation mitigates its credit risk from the Saskatchewan directories, by selling its receivables to SaskTel for a fee.

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

As at March 31, Thousands of dollars	**2020**	2019
Short-term investments	**$4,894**	$1,129
Trade and other receivables	**2,120**	2,205
	$7,014	$3,334

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 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

Note 16 – Financial instruments and related risk management, continued

grouping together receivables with similar risk characteristics and assessing collectability based on an aging of the accounts and default probabilities.

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 economic and credit conditions as well as future collection policy and economic environment impacts are such that the actual losses are likely to be greater or less than suggested by historical trends.

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed regularly based on the previously mentioned factors. Based on the current assessment, potential impairment losses are considered to be minimal and therefore no allowance for doubtful accounts is required.

The aging of customer accounts receivable is detailed as follows:

Customer accounts receivable

As at March 31, Thousands of dollars	**2020**	2019
Current	**$2,086**	$2,200
30–60 Days	**28**	1
61–90 Days	**-**	-
Greater than 90 Days	**1**	-
Customer accounts receivable	**$2,115**	$2,201

Liquidity risk
Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. As a wholly-owned subsidiary of Holdco, a Provincial Crown corporation, the Corporation 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.

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

Thousands of dollars		**Contractual Cash Flows**	
As at March 31, 2020	**Carrying amount**	**Total**	**0-6 months**
Trade and other payables	**$1,764**	**$1,764**	**$1,764**
As at March 31, 2019			
Trade and other payables	$2,200	$2,200	$2,200

Fair values
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.

Note 16 – Financial instruments and related risk management, continued

Fair value of financial assets and liabilities
When the carrying amount of a financial instrument is the most reasonable approximation of fair value, reference to market quotations and estimation techniques is not required. The carrying values of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair values due to the short-term maturity of these financial instruments.

Embedded derivatives
The Corporation had no contracts with embedded derivatives as at March 31, 2019 and March 31, 2020.

Note 17 – Related party transactions

The Corporation is indirectly controlled by the Government of Saskatchewan through its ownership of the Corporation's parent, Holdco. Included in these 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, 2020, the aggregate amount of the Corporation's transactions with other government-related entities are approximately 8% (2018/19 – 8%) of revenues, 20% (2018/19 – 31%) of expenses, and 16% (2018/19 – 8%) of property, plant and equipment expenditures.

Key management personnel compensation
In addition to their salaries, the Corporation also provides non-cash benefits to executive officers and a defined contribution pension.

Key management personnel compensation is comprised of:

For the year ended March 31, Thousands of dollars	**2020**	2019
Short-term employee benefits	**$865**	$829
Post-employment benefits - defined contribution	**53**	49
	$918	$878

Note 18 – Commitments and Contingencies

Commitments

As at March 31, 2020, the Corporation has the following significant commitments:

- Operating activities $0.8 million (2018/19 – $0.7 million).

Contingencies

Accounting estimates, and judgments

The Corporation becomes involved in various litigation 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 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, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's financial position or results of operations.