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## **Saskatchewan Telecommunications International Inc. (SaskTel International)**

[www.sasktelinternational.com](http://www.sasktelinternational.com)

SaskTel International (SI) is a full solution provider for the communication service provider industry, marketing leading-edge service fulfillment and assurance software solutions, information technology services and communications industry professional services. As a wholly-owned subsidiary of Saskatchewan Telecommunications Holding Corporation (Holdco), SI provides solutions from the perspective of an experienced operating service provider holding decades of expertise with the ability to staff and fulfill projects with highly skilled staff.

SI service engagements have supported service providers in over 30 countries and 6 continents to envision and deliver a more connected world. An emphasis on innovation and the proven experience of SaskTel ensures SI's software and service offering remains at the forefront of the highly competitive and dynamic Information Communication Technology (ICT) industry. SaskTel International's head office is located in Regina, Saskatchewan.

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### **President's Message**

SI had strong growth and performance in 2021/22. Revenues of \$19.4M are up \$1.7M year over year. Total comprehensive income of \$3.3M is down \$0.3M year over year. Margin for the year was impacted by a large conversion project that required heavy effort up front to clean data prior to converting from SI's legacy MARTENS product to its new state of the art Optius suite. The contract which will complete in the new fiscal year has created a timing issue for SI with significant costs recorded in 2021/2022 and the majority of the revenue to be recognized in the new fiscal year with the data conversion.

SI's customer and employee satisfaction results were excellent again in 2021/2022, with both scoring in the high 80's. SI has invested in additional resources in the Customer Service Support area to provide a higher level of dedicated support to its customers as they migrate to the new Optius suite of products. SI was successful attracting a new customer outside of North America for its software suite and is in the early stages of an implementation that will complete in the new fiscal year. SI continues to work with another of its largest customers to convert a number of its subsidiaries from MARTENS to Optius and anticipates that work will carry on for the foreseeable future. SI has also seen a number of successes in its non-software professional services with projects in North America, the Caribbean and Africa.

With all the growth that SI has enjoyed, it continues to invest in its resources to ensure it is meeting its customer expectations. It is through the dedication and hard work of its employees that SI continues to experience significant growth and high customer and employee satisfaction results. On behalf of the SI Board and the leadership team I want to thank all our customers and employees for their continued support and dedication.



Mike Anderson  
Acting President and Chief Financial Officer, SaskTel International  
May 18, 2022

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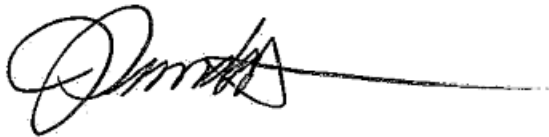
## Management's Responsibility for Financial Statements

The accompanying financial statements, included in the annual report of Saskatchewan Telecommunications International, Inc. for the fiscal year ended March 31, 2022, are the responsibility of management and have been approved by the Board of Directors. Management has prepared the 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. The financial information presented elsewhere in this annual report is consistent with that in the 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 financial statements through periodic meetings with management as well as with the internal and external auditors. Both the internal and external auditors have free access to the Board of Directors to discuss their audit work, their opinion on the adequacy of internal controls and the quality of financial reporting. The Board of Directors has met with management and the external auditor to review the Corporation's annual financial statements prior to approval by the Board of Directors.

The 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.



Jim Dundas  
Chief Executive Officer  
May 18, 2022



Mike Anderson  
Acting President and Chief Financial Officer



KPMG LLP  
Hill Centre Tower II  
1881 Scarth Street, 20th Floor  
Regina Saskatchewan S4P 4K9  
Canada  
Telephone (306) 791-1200  
Fax (306) 757-4703

## INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the financial statements of Saskatchewan Telecommunications International, Inc. (the "Corporation"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of changes in equity for the year then ended
- the statement of income and other comprehensive income for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, comprising 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 financial position of the Corporation as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

### *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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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 auditors' report thereon, included in President's 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.



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We obtained the information, other than the financial statements and the auditors' report thereon, included in President's Report as at the date of this auditors' 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 auditors' 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 International Financial Reporting Standards, 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.

*Auditors' 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 auditors' 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.



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- 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 auditors' 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 auditors' 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Regina, Canada  
May 18, 2022

## Statement of Income and Other Comprehensive Income

For the year ended March 31,		2022	2021
Thousands of dollars	Note		
<b>Revenue - software and professional services</b>	3	<b>\$19,444</b>	\$17,710
<b>Expenses</b>			
Goods and services purchased		8,427	6,627
Salaries, wages and benefits		7,620	7,387
Depreciation - property, plant and equipment		1	1
Depreciation - right-of-use assets	7	71	76
		<b>16,119</b>	14,091
<b>Results from operating activities</b>		<b>3,325</b>	3,619
<b>Net finance expense</b>	4	<b>66</b>	66
<b>Net income</b>		<b>3,259</b>	3,553
<b>Other comprehensive income (loss)</b>			
<b>Items that will never be reclassified to net income</b>			
Actuarial gain (loss) on employee benefit plan		12	(12)
<b>Total comprehensive income</b>		<b>\$3,271</b>	\$3,541

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

See Accompanying Notes

## Statement of Changes in Equity

Thousands of dollars	Share capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
<b>Balance at April 1, 2021</b>	<b>\$1,000</b>	<b>\$(4)</b>	<b>\$1,784</b>	<b>\$2,780</b>
<b>Net income</b>	-	-	<b>3,259</b>	<b>3,259</b>
<b>Other comprehensive income</b>	-	12	-	12
<b>Total comprehensive income</b>	-	12	<b>3,259</b>	<b>3,271</b>
<b>Dividend declared</b>	-	-	<b>5,763</b>	<b>5,763</b>
<b>Balance at March 31, 2022</b>	<b>\$1,000</b>	<b>\$8</b>	<b>\$(720)</b>	<b>\$288</b>
Balance at April 1, 2020	\$1,000	\$8	\$2,442	\$3,450
Net income	-	-	3,553	3,553
Other comprehensive loss	-	(12)	-	(12)
Total comprehensive income	-	(12)	3,553	3,541
Dividend declared	-	-	4,211	4,211
Balance at March 31, 2021	\$1,000	\$(4)	\$1,784	\$2,780

See Accompanying Notes

## Statement of Financial Position

As at March 31,		2022	2021
Thousands of dollars	Note		
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	\$11,129	\$10,960
Trade and other receivables	6	2,473	1,615
Prepaid expenses		234	243
Contract costs		336	279
		<b>14,172</b>	13,097
<b>Contract costs</b>		<b>2</b>	10
<b>Property, plant and equipment</b>		<b>1</b>	2
<b>Right-of-use assets</b>	7	<b>2,408</b>	2,430
		<b>\$16,583</b>	\$15,539
<b>Liabilities and Shareholder's equity</b>			
<b>Current liabilities</b>			
Trade and other payables	8	1,977	\$1,969
Dividend payable		5,763	4,211
Contract liabilities	9	6,013	4,012
Current portion of lease liabilities	10	43	45
		<b>13,796</b>	10,237
<b>Lease liabilities</b>	10	<b>2,439</b>	2,433
<b>Employee benefit obligations</b>		<b>60</b>	89
		<b>16,295</b>	12,759
<b>Shareholder's equity</b>			
Share capital	11	1,000	1,000
Accumulated other comprehensive income (loss)		8	(4)
Retained earnings (deficit)		(720)	1,784
		<b>288</b>	2,780
		<b>\$16,583</b>	\$15,539

See Accompanying Notes

On behalf of the Board



Doug Burnett  
May 18, 2022



Charlene Gavel

## Statement of Cash Flows

For the year ended March 31,		2022	2021
Thousands of dollars	Note		
<b>Operating activities</b>			
Net income		\$3,259	\$3,553
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation		72	77
Net finance expense	4	66	66
Interest paid	10	(70)	(70)
Interest received		11	12
Employee benefits paid		(24)	(15)
Net change in non-cash working capital	12(a)	1,111	4,546
		4,425	8,169
<b>Financing activities</b>			
Payment of lease liabilities	10, 12(b)	(45)	(48)
Dividends paid	12(b)	(4,211)	(4,481)
		(4,256)	(4,529)
<b>Increase in cash and cash equivalents</b>		<b>169</b>	<b>3,640</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>10,960</b>	<b>7,320</b>
<b>Cash and cash equivalents, end of year</b>		<b>\$11,129</b>	<b>\$10,960</b>

See Accompanying Notes



## **Saskatchewan Telecommunications International, Inc. – March 31, 2022**

### **Notes to Financial Statements**

#### **Note 1 – General information**

Saskatchewan Telecommunications International, Inc. (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 incorporated under the laws of the Province of Saskatchewan. The Corporation is a wholly owned subsidiary of Saskatchewan Telecommunications Holding Corporation (Holdco) with the mandate of pursuing core telecommunications business opportunities worldwide.

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, except for certain items that are not carried at historical cost as noted in specific accounting policies.

#### **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.

#### **Impairment testing Accounting policies**

At the end of each reporting period, the Corporation reviews the carrying amounts of its assets in use, including property, plant and equipment and right-of-use assets 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.

## **Notes to Financial Statements**

### *Note 2 – Basis of presentation, continued*

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 to reduce the carrying amounts of the other assets in the unit (group of units) 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; and making assumptions about future 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.

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.

## Notes to Financial Statements

### Note 2 – Basis of presentation, continued

#### 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 2020/21 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	Topic	Accounting policies	Accounting estimates and judgments	Page
3	Revenue from contracts with customers	X	X	7
4	Net finance expense	X		8
5	Cash and cash equivalents	X		8
6	Trade and other receivables	X	X	8
7	Right-of-use assets	X	X	9
8	Trade and other payables	X		11
9	Contract liabilities	X	X	11
10	Lease liabilities	X	X	12

Note	Topic	Accounting policies	Accounting estimates and judgments	Page
11	Share capital and additional capital disclosures			13
12	Statement of cash flows – supporting information			14
13	Financial instruments and related risk management	X		15
14	Related party transactions			17
15	Contingencies		X	18

#### Application of amendments to International Financial Reporting Standards

The Corporation did not adopt any amendments causing a material to impact the financial statements.

#### 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, 2022 or later periods. The Corporation does not expect a significant impact of these pronouncements on its results and financial position.

## **Notes to Financial Statements**

### **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 our customers. When the Corporation acts as the principal in these arrangements, the Corporation recognizes revenue based on the amounts billed to our customers. Otherwise, the Corporation recognizes the net amount that the Corporation retains as revenue.

Incremental costs of obtaining a contract with a customer, principally composed of sales commissions and prepaid contract fulfillment costs, are recognized in the 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.

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, based on specified deliverables within the contract, or based on progress billings.

## Saskatchewan Telecommunications International, Inc. – March 31, 2022

### Notes to Financial Statements

#### Note 3 – Revenue from contracts with customers, continued

##### 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 also requires judgment. This includes determining whether the costs meet the deferral criteria and whether the costs will be recoverable.

#### Note 4 – Net finance expense

##### Accounting policies

Finance income is comprised of interest income on interest bearing financial assets.

Finance expenses are composed of interest expense on lease liabilities measured at amortized cost.

##### Supporting information

For the year ended March 31, Thousands of dollars	Note	2022	2021
<b>Recognized in net income</b>			
Interest expense on lease liabilities	10	\$70	\$70
Interest income		(4)	(4)
<b>Net finance expense</b>		<b>\$66</b>	<b>\$66</b>

#### Note 5 – Cash and cash equivalents

##### Accounting policies

Cash and cash equivalents are composed of 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 are short-term investments with a weighted average interest rate of 0.22% (2020/21 – 0.15%).

#### 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.

## Notes to Financial Statements

### Note 6 – Trade and other receivables, continued

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.

#### 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	2022	2021
Trade receivables	13	\$1,619	\$350
Other receivables		854	1,265
	13	\$2,473	\$1,615

### Note 7 – 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.

Notes to Financial Statements

Note 7 – Right-of-use assets, continued

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.

Supporting information

Thousands of dollars	<b>Buildings and improvements</b>
<b>Cost</b>	
<b>Balance at April 1, 2021</b>	<b>\$2,575</b>
Retirements and adjustments	49
<b>Balance at March 31, 2022</b>	<b>\$2,624</b>
Balance at April 1, 2020	\$2,588
Retirements and adjustments	(13)
Balance at March 31, 2021	\$2,575
<b>Accumulated depreciation</b>	
<b>Balance at April 1, 2021</b>	<b>\$145</b>
Depreciation	71
<b>Balance at March 31, 2022</b>	<b>\$216</b>
Balance at April 1, 2020	\$69
Depreciation	76
Balance at March 31, 2021	\$145
<b>Carrying amounts</b>	
<b>At April 1, 2021</b>	<b>\$2,430</b>
<b>At March 31, 2022</b>	<b>\$2,408</b>
At April 1, 2020	\$2,519
At March 31, 2021	\$2,430

## Saskatchewan Telecommunications International, Inc. – March 31, 2022

### Notes to Financial Statements

#### Note 8 – 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.

##### Supporting information

<b>As at March 31,</b>	<b>2022</b>	2021
Thousands of dollars		
Trade payables and accrued liabilities	\$994	\$773
Payroll and other employee-related liabilities	983	1,196
	<b>\$1,977</b>	\$1,969

#### Note 9 – 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 amortization of these liabilities. 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.

##### Supporting information

<b>As at March 31,</b>	<b>2022</b>	2021
Thousands of dollars		
<b>Balance at April 1,</b>	<b>\$4,012</b>	\$3,097
Contract liabilities recognized in the current period	9,072	6,912
Recognized in revenue	(7,071)	(5,997)
<b>Balance at March 31,</b>	<b>\$6,013</b>	\$4,012



## **Notes to Financial Statements**

### **Note 10 – 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 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, 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.

## Saskatchewan Telecommunications International, Inc. – March 31, 2022

### Notes to Financial Statements

#### Note 10 – Lease liabilities, continued

##### Supporting information

As at March 31,	2022	2021
Thousands of dollars		
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	\$113	\$113
One to five years	508	510
More than five years	3,525	3,555
<b>Total undiscounted lease liabilities at March 31,</b>	<b>\$4,146</b>	<b>\$4,178</b>

Discounted lease liabilities included in the statement of financial position at March 31,	2022	2021
<b>Current</b>	<b>43</b>	<b>45</b>
<b>Non-current</b>	<b>2,439</b>	<b>2,433</b>
<b>Total discounted lease liabilities at March 31,</b>	<b>\$2,482</b>	<b>\$2,478</b>

##### Amounts recognized in net income

For the year ended March 31,	2022	2021
Thousands of dollars		
Note		
<b>Interest on lease liabilities</b>	<b>\$70</b>	<b>\$70</b>

##### Amounts recognized in the statement of cash flows

For the year ended March 31,	2022	2021
Thousands of dollars		
Note		
Interest paid on lease liabilities	\$70	\$70
Lease liability principal payments	45	48
<b>Total cash outflow for leases</b>	<b>\$115</b>	<b>\$118</b>

#### Note 11 – Share capital and additional capital disclosures

##### Share capital

As at March 31,	2022	2021
Thousands of dollars		
Authorized - unlimited number of class A common shares		
Issued - 1,000,000 shares	\$1,000	\$1,000

##### 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 and dividend policy.

The Corporation monitors capital on the basis of cash available for distribution. Balances in excess of operating requirements are distributed to the shareholder.

## Saskatchewan Telecommunications International, Inc. – March 31, 2022

### Notes to Financial Statements

#### Note 11 – Share capital and additional capital disclosures, continued

The Corporation's strategy, which is to maintain sufficient cash for the continued development of target markets, is unchanged from 2020/21.

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

#### Note 12 – Statement of cash flows – supporting information

##### a) Net change in non-cash working capital

For the year ended March 31,	2022	2021
Thousands of dollars		
<b>Net change in non-cash working capital balances related to operations</b>		
Trade and other receivables	\$(858)	\$3,063
Prepaid expenses	9	2
Trade and other payables	8	547
Contract costs	(49)	19
Contract liabilities	2,001	915
	<b>\$1,111</b>	<b>\$4,546</b>

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

Thousands of dollars	Lease liabilities	Dividend payable	Total
<b>Balance at April 1, 2021</b>	<b>\$2,478</b>	<b>\$4,211</b>	<b>\$6,689</b>
<b>Changes from financing cash flows</b>			
Repayment of borrowings	(45)	-	(45)
Dividend paid	-	(4,211)	(4,211)
<b>Total changes from financing cash flows</b>	<b>(45)</b>	<b>(4,211)</b>	<b>(4,256)</b>
<b>Other changes</b>			
Dividend declared	-	5,763	5,763
New leases and assumption changes	49	-	49
<b>Total other changes</b>	<b>49</b>	<b>5,763</b>	<b>5,812</b>
<b>Balance at March 31, 2022</b>	<b>\$2,482</b>	<b>\$5,763</b>	<b>\$8,245</b>

Thousands of dollars	Lease liabilities	Dividend payable	Total
Balance at April 1, 2020	\$2,540	\$4,481	\$7,021
<b>Changes from financing cash flows</b>			
Repayment of borrowings	(48)	-	(48)
Dividend paid	-	(4,481)	(4,481)
<b>Total changes from financing cash flows</b>	<b>(48)</b>	<b>(4,481)</b>	<b>(4,529)</b>
<b>Other changes</b>			
Dividend declared	-	4,211	4,211
New leases and assumption changes	(14)	-	(14)
<b>Total other changes</b>	<b>(14)</b>	<b>4,211</b>	<b>4,197</b>
Balance at March 31, 2021	\$2,478	\$4,211	\$6,689

### Notes to Financial Statements

#### Note 13 – 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. 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 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 when deemed appropriate. 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 customers. Assuming all other variables remain constant at March 31, 2022, currency fluctuations in excess of 5% would have a material impact on net income. Specifically, a 5% strengthening in the Canadian dollar versus the U.S. dollar exchange rate could have a 15.3% favorable effect on cash flow and net income while a 5% weakening could have a 15.3% unfavorable effect on cash flow and net income. 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.

## Saskatchewan Telecommunications International, Inc. – March 31, 2022

### Notes to Financial Statements

#### Note 13 – Financial instruments and related risk management, continued

##### 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 customer accounts receivable is minimized by evaluating customer credit risk and limiting credit availability when necessary.

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

<b>As at March 31,</b>		<b>2022</b>	2021
Thousands of dollars	Note		
Cash and cash equivalents	5	<b>\$11,129</b>	\$10,960
Trade and other receivables	6	<b>2,473</b>	1,615
<b>Balance at March 31,</b>		<b>\$13,602</b>	\$12,575

##### 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 are diversified among many commercial customers.

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, as well as an aging of the accounts and likelihood of default.

In assessing collective impairment, the Corporation uses historical trends of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions 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 an analysis of the aging of accounts receivable and an estimate of outstanding amounts that are considered to be uncollectible, and future collection policy and economic environment changes. Based on the current assessment, potential impairment losses are considered to be minimal and therefore no allowance for doubtful accounts is required.

##### Trade and other receivables

<b>As at March 31,</b>		<b>2022</b>	2021
Thousands of dollars	Note		
Current		<b>\$385</b>	\$297
30–60 Days		<b>1,005</b>	42
61–90 Days		<b>229</b>	5
Greater than 90 Days		<b>-</b>	6
<b>Total trade receivables</b>	<b>6</b>	<b>\$1,619</b>	\$350

## Saskatchewan Telecommunications International, Inc. – March 31, 2022

### Notes to Financial Statements

#### Note 13 – Financial instruments and related risk management, continued

##### Liquidity risk

Liquidity risk is the risk that the Corporation is unable to meet its financial commitments as they become due. The Corporation is wholly owned by 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.

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

Thousands of dollars	Contractual cash flows		
	Carrying amount	Total	0-6 months
<b>As at March 31, 2022</b>			
Trade and other payables	\$1,977	\$1,977	\$1,977
<b>As at March 31, 2021</b>			
Trade and other payables	\$1,969	\$1,969	\$1,969

##### Fair value

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

##### Fair value of financial assets and liabilities

When the carrying amount of a financial instrument is the most reasonable approximation of fair value, references to market quotations and estimation techniques are not required. The carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates the fair value of these financial instruments due to their short-term nature.

##### Embedded derivatives

The Corporation had no contracts with embedded derivatives in either the current year or the prior year.

#### Note 14 – Related party transactions

The Corporation is indirectly controlled by the Government of Saskatchewan through its ownership of the Corporation's parent, Saskatchewan Telecommunications Holding Corporation. 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 current period, the aggregate amounts of the Corporation's transactions with other government-related entities are approximately 46.6% (2020/21 – 46.7%) of revenues and 4.0% (2020/21 – 5.0%) of expenses.

## Saskatchewan Telecommunications International, Inc. – March 31, 2022

### Notes to Financial Statements

#### *Note 14 – Related party transactions, continued*

##### **Key management personnel compensation**

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

Key management personnel compensation is composed of:

<b>For the year ended March 31,</b>	<b>2022</b>	2021
Thousands of dollars		
Short-term employee benefits	<b>\$835</b>	\$828
Post-employment benefits - defined contribution	<b>71</b>	67
	<b>\$906</b>	\$895

#### **Note 15 – 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.