First Quarter Report

Saskatchewan Telecommunications Holding Corporation

First Quarter Report 2024/25

For the Period Ended June 30, 2024

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

Our vision is "*Be the best at connecting people to their world"* and our mission is *"To provide an exceptional customer experience."*

Consolidated Highlights

FINANCIAL

Net Income	Revenue	Return on Equity	Capital Expenditures
$19.6M	$331.5M	7.2%	$110.2M
(0.5%) vs. Q1 2023/24	+1.7% vs. Q1 2023/24	(0.3) percentage points vs. Q1 2023/24	+6.9% vs. Q1 2023/24

CUSTOMER CONNECTIONS

Broadband Internet	maxTV Service	Wireless	Fibre	Wireline Voice
+2.2%	+0.4%	+1.5%	+9.9%	(6.4%)
Subscriber Growth yr/yr	Subscriber Growth yr/yr	Subscriber Growth yr/yr	Subscriber Growth yr/yr	Subscriber Decline yr/yr

Broadband Internet		maxTV Service		Wireless		Fibre		Wireline Voice	
June 2024	**906,822**	**June 2024**	**111,283**	**June 2024**	**669,606**	**June 2024**	**198,796**	**June 2024**	**237,964**
June 2023	887,069	June 2023	110,871	June 2023	659,722	June 2023	180,909	June 2023	254,367
March 2024	899,518	March 2024	111,166	March 2024	666,046	March 2024	193,422	March 2024	242,221

Consolidated Net Income

	Three months ended June 30,			
Millions of dollars	**2024**	2023	Change	% Change
Revenue	**$331.5**	$326.0	$5.5	1.7
Other loss	**(0.2)**	(0.5)	0.3	60.0
Total revenue and other loss	**331.3**	325.5	5.8	1.8
Expenses	**301.1**	296.8	4.3	1.4
Results from operating activities	**30.2**	28.7	1.5	5.2
Net finance expense	**10.6**	9.0	1.6	17.8
Net income	**$19.6**	$19.7	$(0.1)	(0.5)

Net income for the three months ended June 30, 2024, was $19.6 million, a decrease of $0.1 million (0.5%) from the same period in 2023/24.

Revenue for the three months ended June 30, 2024, was $331.5 million, an increase of $5.5 million (1.7%) from the same period in 2023/24 primarily due to continued growth in fixed broadband and data services; wireless network services and equipment revenues; customer premise equipment sales; and other services. The increase was partially offset by reduced wireline communication services and marketing services.

Expenses for the three months ended June 30, 2024, were $301.1 million, an increase of $4.3 million (1.4%) from the same period in 2023/24. This increase was primarily due to increased goods and services purchased, and net salaries and wages partially offset by a decrease in depreciation and amortization.

Net finance expense for the three months ended June 30, 2024, was $10.6 million, an increase of $1.6 million (17.8%) over the same period in 2023/24.

Management’s Discussion and Analysis

August 15, 2024

Forward-Looking Information

The following discussion focuses on the consolidated financial position and results of the operations of SaskTel for the three-month period ended June 30, 2024. This discussion and analysis should be read in conjunction with SaskTel’s audited financial statements for the fiscal year ended March 31, 2024. Some sections of this discussion include forward-looking statements about SaskTel’s corporate direction and financial objectives. A statement is forward-looking when it uses information known today to make an assertion about the future. Since these forward-looking statements reflect expectations and intentions at the time of writing, actual results could differ materially from those anticipated if known or unknown risks and uncertainties impact the business, or if estimates or assumptions turn out to be inaccurate. As a result, SaskTel cannot guarantee that any of the predictions forecasted by forward-looking statements will occur. As well, forward-looking statements do not take into consideration the effect of transactions or non-recurring items announced or occurring subsequently. Therefore, SaskTel disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. For a full discussion of risk factors, please refer to Management’s Discussion and Analysis in SaskTel’s 2023/24 Annual Report.

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

These interim statements have been approved by the SaskTel Board of Directors on August 15, 2024.

Results of Operations

Revenue

Millions of dollars	2024	2023	Change	% Change
Three months ended June 30,	$331.5	$326.0	$5.5	1.7

Revenue for the first quarter of 2024/25 was $331.5 million, a $5.5 million (1.7%) increase from the same period in 2023/24. The increase was due to growth in fixed broadband and data services comprised of continued customer demand for higher bandwidth services and increased fibre accesses. The increase was supplemented by growth in other services revenue due to increased customer contributions, increased wireless network services primarily due to higher wholesale revenues, as well as increased non-recurring customer premise equipment sales. These were partially offset by lower wireline communication services due to the ongoing erosion of legacy voice revenues and reduced marketing services demands.

Results of operations, continued

Expenses

Millions of dollars	2024	2023	Change	% Change
Three months ended June 30,	**$301.1**	$296.8	$4.3	1.4

Expenses for the first quarter of 2024/25 were $301.1 million, a $4.3 million (1.4%) increase from the same period in 2023/24. Goods and services purchased increased $4.1 million due to higher software and maintenance costs, expenses required to support revenue growth and due to foreign exchange gains realized in 2023/24. Net salaries and wages increased $1.2 million due to economic increases and salary progression. The increase was partially offset by a decrease in depreciation and amortization of $1.1 million due to completion of amortization on various intangible assets.

Net finance expense

Millions of dollars	2024	2023	Change	% Change
Three months ended June 30,	**$10.6**	$9.0	$1.6	17.8

Net finance expense for the first quarter of 2024/25 was $10.6 million, a $1.6 million (17.8%) increase from the same period in 2023/24. Finance expenses increased by $1.8 million due to higher net debt and higher interest rates. This was partially offset by increased finance income of $0.2 million primarily due to higher sinking fund earnings.

Financial Condition

Changes in the Corporation's assets, liabilities, and equity from March 31, 2024 to June 30, 2024, are discussed below:

Millions of dollars	Increase (decrease)	Explanation
Assets		
Trade and other receivables	**(43.6)**	Timing of non-customer related receivables
Inventories	**(12.6)**	Timing of receipt of devices and device sales
Prepaid expenses and other assets	**2.0**	Timing of contracts received and amortization of existing contracts
Contract assets	**(4.9)**	New contracts offset by amortization of existing contracts
Contract costs	**(1.4)**	No significant change
Property, plant and equipment	**45.4**	Capital spending primarily on wireless and fibre projects partially offset by depreciation, retirements, and disposals
Right-of-use assets	**0.7**	Depreciation, retirements and adjustments of leased assets
Intangible assets	**7.7**	Capitalization of spectrum auction purchase
Sinking funds	**9.8**	Installments and earnings
Other assets	**(2.9)**	Classification of spectrum deposit to intangible assets as final payment was made
Liabilities and Province's Equity		
Bank indebtedness	**2.6**	See Interim Condensed Consolidated Statement of Cash Flows
Trade and other payables	**3.5**	Timing of payments for operations and capital spending
Accrued interest	**(9.1)**	Timing of interest payments
Dividend payable	**0.2**	No significant change
Notes payable	**(52.4)**	Repayment of notes payable due to issuance of long-term debt
Contract liabilities	**(1.8)**	Timing of revenue recognition related to contract liabilities
Lease liabilities	**0.8**	Net repayment of lease liabilities
Other liabilities	**(0.1)**	No significant change
Deferred income – government funding	**(0.4)**	No significant change
Long-term debt	**48.0**	New debt issuances offset by maturation of debt
Employee benefit obligations	**(0.1)**	No significant change
Accumulated other comprehensive income	**(1.1)**	See Interim Condensed Consolidated Statement of Income and Other Comprehensive Loss
Retained earnings	**10.0**	Total comprehensive income less dividends declared

Cash Flows

Cash provided by operating activities

Millions of dollars	2024	2023	Change	% Change
Three months ended June 30,	**$129.9**	$48.2	$81.7	169.5

Cash provided by operating activities for the three months ended June 30, 2024, was $129.9 million, an increase of $81.7 million (169.5%) compared to the same period in 2023/24, primarily due to decreased working capital requirements.

Cash used in investing activities

Millions of dollars	2024	2023	Change	% Change
Three months ended June 30,	**$108.1**	$95.0	$13.1	13.8

Cash used in investing activities for the three months ended June 30, 2024, was $108.1 million, an increase of $13.1 million (13.8%) from the same period in 2023/24 due to timing of cash payments related to capital expenditures.

Cash provided by (used in) financing activities

Millions of dollars	2024	2023	Change	% Change
Three months ended June 30,	**$(24.4)**	$38.2	$(62.6)	(163.9)

Cash used in financing activities for the three months ended June 30, 2024 was ($24.4) million, an increase of $62.6 million from the same period in 2023/24 primarily due to decreased debt issuances and increased repayment of long term debt.

Capital Resource Ratio

Debt ratio

	June 30, 2024	March 31, 2024	Change
Debt ratio	**55.7%**	56.0%	(0.3)

The debt ratio decreased to 55.7%, a decrease of 0.3 percentage points from March 31, 2024. The overall level of net debt decreased by $11.6 million during the period due to repayment of notes payable, maturation of long-term debt and sinking fund instalments partially offset by new debt issuances.

Equity increased $8.9 million for the three months ending June 30, 2024, after recording a net income of $19.6 million, other comprehensive loss of $1.1 million, and declared dividends of $9.6 million.

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

Capital Expenditures

Millions of dollars	2024	2023	Change	% Change
Property, plant and equipment	**$95.7**	$94.7	$1.0	1.1
Intangible assets	**14.5**	8.4	6.1	72.6
Three months ended June 30,	**$110.2**	$103.1	$7.1	6.9

Total capital expenditures for the three months ended June 30, 2024, were $110.2 million, an increase of $7.1 million (6.9%) from the same period in 2023/24.

Spending on property, plant and equipment for the three months ended June 30, 2024, was $95.7 million, an increase of $1.0 million (1.1%) from the same period in 2023/24. The increase was due to ongoing investment in our information systems hardware and fibre infrastructure. Spending on intangible assets was $14.5 million, an increase of $6.1 million (72.6%) from the same period in 2023/24, primarily due to decreased spending on software.

For the remainder of 2024/25, capital expenditures will focus on further investment in the core Saskatchewan network including 5G network build, northern rural broadband, Fibre-to-the-X (FTTx), wireless network enhancements and basic network demand. This core network investment will ensure increased internet access speeds; enhanced maxTV service; increased wireless bandwidth, resulting in increased roaming capacity and data speeds; as well as continued network growth and refurbishment. Expenditures will also enhance customer interface and expand service offerings to improve our customer's experience today and create opportunities to provide additional enhancements and capabilities in the future.

2024/25 Outlook

SaskTel has a consolidated net income target for the fiscal year ended March 31, 2025 of $96.0 million. At this time SaskTel believes it will meet its target.

Risk Assessment

The 2023/24 Annual Report discussed the key strategic and core business risks and uncertainties facing SaskTel that may inhibit SaskTel from achieving the strategic goals outlined in its Strategic Plan – exceptional customer experience, leading the market in broadband services, simplifying, automating, and transforming the business, empowering a high-performance workforce, and driving growth, financial sustainability, and innovation. Key Strategic Risks are risks associated with the company's business environment including the following areas: competitiveness, regulatory considerations, and alliances and partnerships. Core Business Risks are risks associated with the execution of SaskTel's business functions including the following areas: networks, systems, physical infrastructure, and cybersecurity.

A strong governance process for enterprise risk management is in place. This is an iterative process designed to identify, evaluate, mitigate and control, report, monitor, and assess key corporate risks. As of June 30, 2024, SaskTel's key risk profile remains unchanged from that disclosed in its annual report dated March 31, 2024.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Interim Statement of Income and Other Comprehensive Loss

		(Unaudited)	
		Three months ended June 30,	
Thousands of dollars	Note	**2024**	2023
Revenue	3	**$331,540**	$326,021
Other loss		**(200)**	(490)
Total revenue and other loss		**331,340**	325,531
Expenses			
Goods and services purchased		**147,792**	143,700
Salaries, wages and benefits		**94,945**	92,367
Internal labour capitalized		**(8,512)**	(7,174)
Depreciation - property, plant & equipment	5	**47,874**	47,887
Depreciation - right-of-use assets		**1,702**	1,555
Amortization	6	**6,818**	8,054
Saskatchewan taxes		**10,551**	10,437
Total expenses		**301,170**	296,826
Results from operating activities		**30,170**	28,705
Net finance expense	4	**10,576**	8,969
Net income		**19,594**	19,736
Other comprehensive loss			
Items that will be reclassified to net income			
Unrealized gains (losses) on sinking funds		**93**	(933)
Items that will never be reclassified to net income			
Net actuarial losses on employee benefit obligations	8	**(1,209)**	(1,265)
Total other comprehensive loss		**(1,116)**	(2,198)
Total comprehensive income		**$18,478**	$17,538

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

See Accompanying Notes

Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited)

Thousands of dollars	Equity advances	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at April 1, 2024	**$237,000**	**$86,863**	**$978,992**	**$1,302,855**
Net income	**-**	**-**	**19,594**	**19,594**
Other comprehensive loss	**-**	**(1,116)**	**-**	**(1,116)**
Total comprehensive income (loss)	**-**	**(1,116)**	**19,594**	**18,478**
Dividends declared	**-**	**-**	**(9,600)**	**(9,600)**
Balance at June 30, 2024	**$237,000**	**$85,747**	**$988,986**	**$1,311,733**

Balance at April 1, 2023	$237,000	$92,423	$921,742	$1,251,165
Net income	-	-	19,736	19,736
Other comprehensive loss	-	(2,198)	-	(2,198)
Total comprehensive income (loss)	-	(2,198)	19,736	17,538
Dividends declared	-	-	(9,573)	(9,573)
Balance at June 30, 2023	$237,000	$90,225	$931,905	$1,259,130

See Accompanying Notes

Condensed Consolidated Interim Statement of Financial Position

As at Thousands of dollars	Note	(Unaudited) June 30, 2024	March 31, 2024
Assets			
Current assets			
Trade and other receivables		$167,445	$211,043
Inventories		38,553	51,147
Prepaid expenses		59,218	57,222
Contract assets		74,266	76,220
Contract costs		22,123	22,418
Current portion of sinking funds		-	4,662
Total current assets		361,605	422,712
Contract assets		25,664	28,645
Contract costs		46,625	47,762
Property, plant and equipment	5	2,392,898	2,347,476
Right-of-use assets		41,712	41,024
Intangible assets	6	394,027	386,372
Sinking funds		145,991	131,530
Other assets		10,439	13,379
Total assets		$3,418,961	$3,418,900
Liabilities and Province's equity			
Current liabilities			
Bank indebtedness		$5,085	$2,469
Trade and other payables		162,618	159,154
Accrued interest		7,860	16,914
Dividend payable		9,600	9,449
Notes payable		107,328	159,759
Contract liabilities		59,942	61,727
Lease liabilities		6,891	7,131
Current portion of long-term debt		-	50,004
Other liabilities		2,970	3,031
Total current liabilities		362,294	469,638
Contract liabilities		43	75
Deferred income – government funding		13,549	13,913
Long-term debt	7	1,680,099	1,582,128
Lease liabilities		36,904	35,884
Employee benefit obligations	8	8,478	8,612
Provisions		5,861	5,795
Total liabilities		2,107,228	2,116,045
Province of Saskatchewan's equity			
Equity advance		237,000	237,000
Accumulated other comprehensive income		85,747	86,863
Retained earnings		988,986	978,992
Total equity		1,311,733	1,302,855
Total liabilities and equity		$3,418,961	$3,418,900

See Accompanying Notes

Condensed Consolidated Interim Statement of Cash Flows

		(Unaudited)	
		Three months ended June 30,	
Thousands of dollars	Note	**2024**	2023
Operating activities			
Net income		**$19,594**	$19,736
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization		**56,394**	57,496
Net finance expense	4	**10,576**	8,969
Interest paid		**(25,084)**	(19,527)
Interest received		**1,652**	1,717
Other		**3,764**	4,154
Net change in non-cash working capital	10	**63,011**	(24,312)
Cash flows provided by operating activities		**129,907**	48,233
Investing activities			
Property, plant and equipment expenditures		**(96,411)**	(86,566)
Intangible assets expenditures - finite life		**(12,441)**	(8,558)
Net proceeds on disposal of assets		**728**	165
Cash flows used in investing activities		**(108,124)**	(94,959)
Financing activities			
Proceeds from long-term debt	7	**98,011**	148,270
Repayment of long-term debt		**(50,004)**	-
Repayment of notes payable		**(52,431)**	(87,426)
Sinking fund redemptions		**4,634**	-
Payment of lease liabilities		**(1,610)**	(1,472)
Sinking fund instalments		**(13,550)**	(11,550)
Dividends paid		**(9,449)**	(9,663)
Cash flows provided by (used in) financing activities		**(24,399)**	38,159
Decrease in cash		**(2,616)**	(8,567)
Cash (bank indebtedness), beginning of period		**(2,469)**	18,347
Cash (bank indebtedness), end of period		**$(5,085)**	$9,780

See Accompanying Notes

Note 1 – General information

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

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

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

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

Note 2 – Basis of presentation

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

These interim financial statements were approved by the Corporation’s Board of Directors on August 15, 2024.

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

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

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

Note 2 – Basis of presentation, continued

Use of estimates and judgments

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

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

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

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

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

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

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

The Corporation adopted the following accounting amendments that were effective for our interim and annual consolidated financial statements commencing April 1, 2024. The adoption of these standards have not had a material impact on our financial results.

- Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to IAS 1, *Presentation of Financial Statements*);
- Lease liability in a sale and leaseback (Amendments to IFRS 16, *Leases*);
- Supplier finance arrangements (Amendment to IAS 7, *Statement of Cash flows* and IFRS 7, *Financial Instruments: Disclosures*).

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)
As at and for the three months ended June 30, 2024

Note 2 – Basis of presentation, continued

New standards and interpretations not yet adopted

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

Standard	Description	Impact	Effective Date
IFRS 18 Presentation and Disclosure in Financial Statements	Under the new standard the presentation of financial results on the face of the income statement and disclosure of information in the notes to the financial statements will change. A more structured income statement will introduce two formally defined and required subtotals on the face of the income statement, requirement to classify income and expenses into three new distinct categories and operating expenses are analyzed directly on the face of the income statement. As well, management-defined performance measures (MPMs) are now disclosed and subject to audit.	The Corporation is currently evaluating the impact of IFRS 18 on the financial statements.	Fiscal years beginning on or after January 1, 2027, applied retrospectively. Early adoption is permitted.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	This is a voluntary standard that applies to subsidiaries without public accountability, but whose parent corporations prepare consolidated financial statements under IFRS. The standard simplifies disclosures on various topics.	No material impact on the Holding Corporation. The Corporation is currently evaluating the impact of IFRS 19 on the subsidiary financial statements.	Fiscal years beginning on or after January 1, 2027. Adoption is optional. Early adoption is permitted.

Note 3 – Revenue from contracts with customers

	Three months ended June 30,	
Thousands of dollars	**2024**	2023
Revenue		
Wireless network services and equipment	**$157,371**	$156,118
Fixed broadband and data services	**78,727**	76,430
Wireline communication services	**37,265**	39,748
maxTV services	**24,123**	23,462
Security monitoring services	**8,573**	8,393
Customer premise equipment	**6,795**	5,458
Marketing services	**5,062**	5,276
Other services	**4,892**	3,347
IT solutions services	**4,931**	4,250
International software and consulting services	**3,801**	3,539
Total revenue	**$331,540**	$326,021

Note 4 – Net finance expense

	Three months ended June 30,	
Thousands of dollars	**2024**	2023
Net finance expense		
Interest on long-term debt	**$13,985**	$12,030
Interest on short-term debt	**1,665**	1,905
Interest capitalized	**(1,782)**	(1,822)
Interest on lease liabilities	**334**	284
Accretion expense	**59**	55
Finance expense	**14,261**	12,452
Sinking fund earnings	**(791)**	(493)
Net interest on defined benefit liability	**(1,242)**	(1,273)
Interest income	**(1,652)**	(1,717)
Finance income	**(3,685)**	(3,483)
Total net finance expense	**$10,576**	$8,969
Interest capitalization rate	3.46%	3.09%

Note 5 – Property, plant and equipment

Thousands of dollars	Plant and equipment	Buildings and improvements	Office furniture and equipment	Plant under construction	Land	Total
Cost						
Balance at April 1, 2024	**$4,158,191**	**$694,464**	**$125,470**	**$124,739**	**$41,956**	**$5,144,820**
Additions	**17,706**	**-**	**12,960**	**65,016**	**34**	**95,716**
Transfers	**39,366**	**12,703**	**-**	**(52,069)**	**-**	**-**
Retirements, disposals and adjustments	**(53,475)**	**(1,164)**	**(4,810)**	**-**	**-**	**(59,449)**
Balance at June 30, 2024	**$4,161,788**	**$706,003**	**$133,620**	**$137,686**	**$41,990**	**$5,181,087**
Balance at April 1, 2023	$3,983,514	$667,120	$132,702	$153,178	$41,799	$4,978,313
Additions	44,852	-	18,387	280,759	157	344,155
Transfers	268,310	38,056	2,832	(309,198)	-	-
Retirements, disposals and adjustments	(138,485)	(10,712)	(28,451)	-	-	(177,648)
Balance at March 31, 2024	$4,158,191	$694,464	$125,470	$124,739	$41,956	$5,144,820
Accumulated depreciation						
Balance at April 1, 2024	**$2,478,980**	**$256,137**	**$62,227**	**$ -**	**$ -**	**$2,797,344**
Depreciation	**37,521**	**4,528**	**5,825**	**-**	**-**	**47,874**
Retirements, disposals and adjustments	**(51,490)**	**(729)**	**(4,810)**	**-**	**-**	**(57,029)**
Balance at June 30, 2024	**$2,465,011**	**$259,936**	**$63,242**	**$ -**	**$ -**	**$2,788,189**
Balance at April 1, 2023	$2,461,594	$242,568	$66,397	$ -	$ -	$2,770,559
Depreciation	148,720	18,223	23,657	-	-	190,600
Retirements, disposals and adjustments	(131,334)	(4,654)	(27,827)	-	-	(163,815)
Balance at March 31, 2024	$2,478,980	$256,137	$62,227	$ -	$ -	$2,797,344
Carrying amounts						
At April 1, 2024	**$1,679,211**	**$438,327**	**$63,243**	**$124,739**	**$41,956**	**$2,347,476**
At June 30, 2024	**$1,696,777**	**$446,067**	**$70,378**	**$137,686**	**$41,990**	**$2,392,898**
At April 1, 2023	$1,521,920	$424,552	$66,305	$153,178	$41,799	$2,207,754
At March 31, 2024	$1,679,211	$438,327	$63,243	$124,739	$41,956	$2,347,476

Note 6 – Intangible assets

Thousands of dollars	Software	Spectrum licences	Under development	Total
Cost				
Balance at April 1, 2024	**$219,992**	**$274,374**	**$26,825**	**$521,191**
Acquisitions	**2,634**	**11,002**	**122**	**13,758**
Acquisitions – internally developed	**439**	**-**	**283**	**722**
Transfers	**-**	**-**	**-**	**-**
Retirements, disposals and adjustments	**(6,029)**	**-**	**-**	**(6,029)**
Balance at June 30, 2024	**$217,036**	**$285,376**	**$27,230**	**$529,642**
Balance at April 1, 2023	$263,718	$271,149	$23,434	$558,301
Acquisitions	9,501	3,225	8,271	20,997
Acquisitions – internally developed	2,565	-	777	3,342
Transfers	5,657	-	(5,657)	-
Retirements, disposals and adjustments	(61,449)	-	-	(61,449)
Balance at March 31, 2024	$219,992	$274,374	$26,825	$521,191
Accumulated amortization				
Balance at April 1, 2024	**$134,819**	**$ -**	**$ -**	**$134,819**
Amortization	**6,818**	**-**	**-**	**6,818**
Retirements, disposals and adjustments	**(6,022)**	**-**	**-**	**(6,022)**
Balance at June 30, 2024	**$135,615**	**$ -**	**$ -**	**$135,615**
Balance at April 1, 2023	$164,058	$ -	$ -	$164,058
Amortization	31,926	-	-	31,926
Retirements, disposals and adjustments	(61,165)	-	-	(61,165)
Balance at March 31, 2024	$134,819	$ -	$ -	$134,819
Carrying amounts				
At April 1, 2024	**$85,173**	**$274,374**	**$26,825**	**$386,372**
At June 30, 2024	**$81,421**	**$285,376**	**$27,230**	**$394,027**
At April 1, 2023	$99,660	$271,149	$23,434	$394,243
At March 31, 2024	$85,173	$274,374	$26,825	$386,372

Note 7 – Long-term debt

On June 11, 2024, the Corporation issued $100.0 million of long-term debt at a discount of $2.0 million through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 4.20%, an effective interest rate of 4.32%, and matures on December 2, 2054.

Note 8 – Employee benefit obligations

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

	2024/2025	2023/2024
June 30	**5.00%**	4.90%
September 30	**n/a**	5.70%
December 31	**n/a**	4.60%
March 31	**n/a**	4.80%

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

	Three months ended June 30,	
Thousands of dollars	**2024**	2023
Actuarial gain on accrued benefit obligation	**$12,923**	$7,020
Actuarial gain (loss) on plan assets	**12,720**	(6,619)
Effect of asset ceiling limit	**(26,852)**	(1,666)
Net actuarial losses on employee benefit obligations	**$(1,209)**	$(1,265)

Note 9 – Capital management

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

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

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

The Corporation reviews the debt ratio targets of all its subsidiaries on an annual basis to ensure consistency with industry standards. This review includes subsidiary corporations' plans for capital expenditures. The target debt ratios for subsidiaries are approved by their Boards. The Corporation uses targeted debt ratios to compile a weighted average debt to equity ratio for the consolidated entity. The budgeted ratio for 2024/25 is 56.7%.

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

Note 9 – Capital management, continued

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

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

The debt ratio is as follows:

As at Thousands of dollars	**June 30, 2024**	March 31, 2024
Long-term debt	**$1,680,099**	$1,632,132
Notes payable	**107,328**	159,759
Bank indebtedness	**5,085**	2,469
Less: Sinking funds	**145,991**	136,192
Net debt	**1,646,521**	1,658,168
Province of Saskatchewan's equity (a)	**1,311,733**	1,302,855
Capitalization	**$2,958,254**	$2,961,023
Debt ratio	**55.7%**	56.0%

a) Equity includes equity advances, accumulated other comprehensive income, and retained earnings at the end of the period.

Note 10 – Additional financial information

Non-cash working capital changes

	Three months ended June 30,	
Thousands of dollars	**2024**	2023
Net change in non-cash working capital balances related to operations		
Trade and other receivables	**$43,598**	$(29,537)
Inventories	**12,594**	610
Prepaid expenses	**(1,996)**	(5,380)
Contract assets	**4,935**	2,398
Contract costs	**1,432**	566
Trade and other payables	**4,371**	5,241
Contract liabilities	**(1,817)**	1,992
Other liabilities	**(61)**	(153)
Other	**(45)**	(49)
Total net change in non-cash working capital balances related to operations	**$63,011**	$(24,312)

Note 11 – Financial risk management

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

Market risks

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

Fair value

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

As at			**June 30, 2024**		March 31, 2024	
Thousands of dollars	Classification (a)	Fair value hierarchy	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Sinking funds	FVOCI	Level 2	**$ 145,991**	**$ 145,991**	$ 136,192	$ 136,192
Financial liabilities						
Long-term debt	Amortized cost	Level 2	**1,680,099**	**1,473,277**	1,632,132	1,485,221

(a) Classification details are:
- FVOCI – fair value through other comprehensive income

Fair value hierarchy

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

Note 11 – Financial risk management, continued

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

Level 1 – Where quoted prices are readily available from an active market.
Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates.
Level 3 – Where valuation is based on unobservable inputs.

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

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

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

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

Note 11 – Financial risk management, continued

Credit risk related to customer related financial instruments is primarily reflected in the allowance for expected credit losses.

Allowance for expected credit losses

	Three months ended	
Periods ended June 30, Thousands of dollars	**2024**	2023
Balance, beginning of period	**$3,171**	$3,621
Less: accounts written off	**(1,745)**	(1,810)
Recoveries	**511**	320
Provisions for losses	**1,079**	2,212
Balance, end of period	**$3,016**	$4,343