A YEAR FOR CARING...

2020/21
ANNUAL REPORT

SaskTel

Letter of Transmittal

Regina, Saskatchewan
June 29, 2021

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

Dear Sir:

I have the honour to submit herewith the Annual Report of SaskTel for the fiscal year ending March 31, 2021, in accordance with *The Saskatchewan Telecommunications Holding Corporation Act*.

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

Respectfully submitted,

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

"The technician arrived on Sunday afternoon, introduced himself as Pierce, checked out my Aunt's phone and extension phones and then left. Due to his full protective gear, she was unable to totally see his face, but she said he was such a nice polite young man."

"I'm sure there are not a lot of SaskTel Guys named Pierce who work in Regina."

"On behalf of my Aunt and our family, I would like to give Pierce a big hug and an even bigger Thank You for your thoughtfulness you showed Auntie on Easter Sunday. You have no idea what your kindness meant to her."

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Highlights

FINANCIALS

	2020/21	2019/20
Net Income ($ millions)	$130.8	$119.8
Revenue ($ millions)	$1,317.7	$1,283.7
Return on Equity (%)	11.0%	10.2%
Capital Investment ($ millions)	$308.2	$262.9

CUSTOMER CONNECTIONS

	Broadband Internet	maxTV Service	Wireless	Fibre	Wireline Voice
	+5.1%	+2.5%	+2.4%	+14.0%	(6.1%)
	Subscriber Growth	Subscriber Growth	Subscriber Growth	Subscriber Growth	Subscriber Decline
2020/21	831,807	114,120	639,239	149,867	289,934
2019/20	791,421	111,382	624,208	131,485	308,719

CORPORATE SOCIAL RESPONSIBILITY

Community Investment Program
$2.5M
308 Non-profit & Charitable Organizations

SaskTel Pioneers
$1.4M
$1.1M In-Kind/$0.3M Invested & Over 19,000 Volunteer Hours

SaskTel TelCare Contributions
$0.2M
65 Saskatchewan Organizations

Supporting Saskatchewan
73.0%
Suppliers Located in Saskatchewan

Customer Data Relief
24PB
Unlimited Wireless Data provided during the pandemic
PB = Petabyte

INFRASTRUCTURE

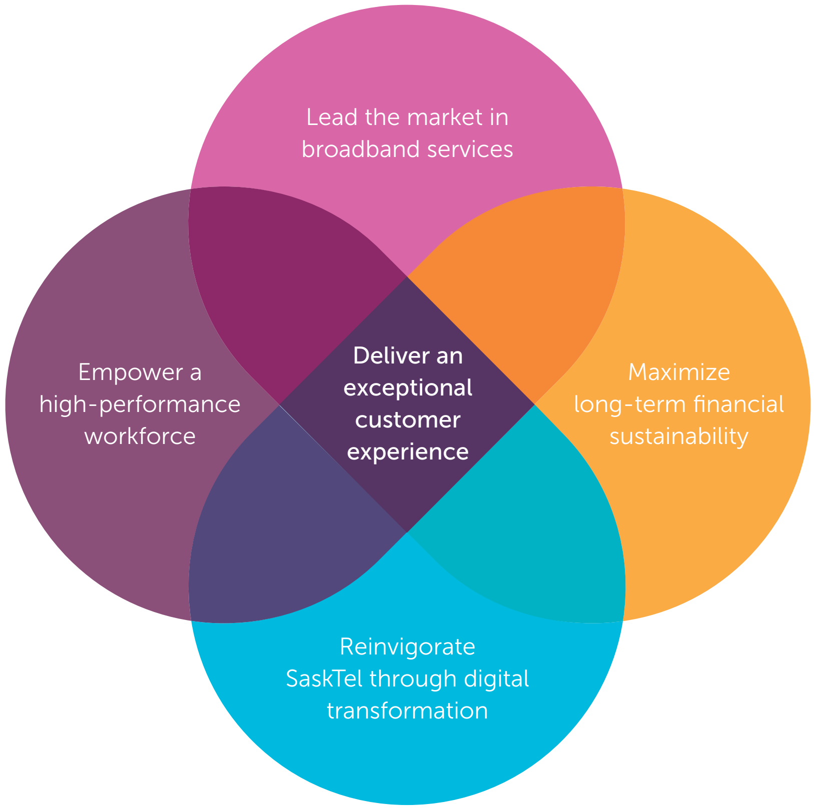
50 Mbps Fixed Broadband
85.0%
Across 350 Saskatchewan Communities

Fibre Footprint
60.0%
SK Coverage

Fibre to the Premises (Consumer and Business)
+10.0%
Total Passed Growth

Wireless Data Usage
+36.7%
Data Traffic Growth

Strategic Goals



Deliver an Exceptional Customer Experience

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

Lead the Market in Broadband Services

Broadband is essential to the lives of our customers. We will provide access to fast and reliable internet at any location—at home, work, and on the go.

Reinvigorate SaskTel through Digital Transformation

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

Empower a High-Performance Workforce

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

Maximize Long-Term Financial Sustainability

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

President's Message

At SaskTel, our customers are the central focus of everything we do. We are driven to build on our successes and achieve more in the communities we serve. As technology continues to keep the world connected, we will be there with a wide range of world-class services and a commitment to care for our local communities.

This past year was like no other. Across Saskatchewan, lives were disrupted, and families, businesses, and individuals alike adapted to new realities brought on by the COVID-19 pandemic. This invariably created challenges for us as a company, plus opportunities to build upon the steps we were already taking to keep Saskatchewan people connected to their world.

Having been in business for 113 years, we are certainly no stranger to tough situations. SaskTel has navigated its way through natural disasters, economic upsets, recessions, and even a previous pandemic.

While we cannot always predict the challenges that will confront us or the moments that will define us, we recognize how important it is to respond in a way that is responsible, transparent, and aligned with the greater good of the communities we serve. In this vein, I cannot overstate how proud I am of our province-wide team of employees and how they truly came through to help keep our customers and communities safe.

In what can only be called an unprecedented year, the resiliency of SaskTel's networks was brought into focus as the spring and summer months saw higher than anticipated growth in internet usage when people switched to their home connections to stay safe and connected with the office and classroom. Our networks performed well during this period. We have our incredible team of engineers and technicians to thank for their continuous work to maintain network performance.

SaskTel invested approximately $308.2 million of capital during this financial year, and the combination of an enhanced network experience, competitive pricing, expanded coverage footprint, and customer service improvements ensured that SaskTel rose above competitors as a locally owned provider Saskatchewan people could trust.

SaskTel cares. We remain committed to building on our achievements and to helping our customers stay connected while we navigate these uncertain times.

WIRELESS: SUPPORTING GROWTH AND INNOVATION

Keeping in mind our role and commitment to Saskatchewan communities, SaskTel continued to expand its wireless footprint in 2020/21 while still delivering highly competitive plans to customers. As a result of these thoughtful and strategic efforts, we recorded subscriber growth of more than 15,000 net additions as well as revenue growth of approximately 6.0%.

The year saw considerable progress with our Wireless Saskatchewan initiative, which is now being wrapped up in the province. As of September 2020, all 105 previously announced small cell sites were complete, improving service in some of our most underserved rural communities, and providing wireless service to some communities with a population as low as 50. We brought more robust coverage to numerous rural areas during the year with the addition of 15 macro towers.

To address higher traffic levels at some of Saskatchewan's resort communities, an issue that became more pronounced as people flocked to our lakes and beaches last summer, our wireless team added capacity to 11 towers serving these areas.

The final and perhaps most ambitious phase of Wireless Saskatchewan was announced on September 23, 2020, along with an associated capital investment of $72.2 million. The addition of 74 macro towers to our network will strengthen coverage along many busy highway corridors and will enable a more consistent wireless experience for additional rural residents. As of March 31, 2021, 55 of these towers are in service and we anticipate that all 74 towers will be in service by early summer 2021.

As the COVID-19 pandemic carried on, we never lost sight of our organization's purpose and vision: to be the best at connecting people to their world. Our wireless network now encompasses nearly 1,000 cell sites throughout the province, which is no small number, and Saskatchewan ranks third nationally in terms of LTE coverage for both rural (99.4%) and urban (99.9%) communities, behind only PEI and Nunavut. Saskatchewan also ranks third in terms of LTE coverage for major roadways and highways (98.8%); a clear indication of the importance we place on public safety.

We also had teams working tirelessly to deliver innovative business solutions to new and existing customers who were quickly adjusting to our changed reality. The challenges of the past year underscored the critical importance of digital transformation, not just for SaskTel, but for countless large and small Saskatchewan businesses. The launch of our enterprise-ready Long Range Wide Area Networks (LoRaWAN) in both Regina and Saskatoon is already increasing business agility and helping our local businesses more easily connect with and meet their customers' needs.

Supporting our wireless future, 2020/21 saw us take a critical step toward 5G enablement on our networks. After a rigorous selection process, SaskTel announced that Samsung Electronics Co., Ltd. equipment will drive our phased approach to building out 5G connectivity across our network. We look forward to seeing how the development of 5G will further support economic growth and progress in our province.

WIRELINE: DELIVERING ENHANCED EXPERIENCES

During the fiscal year 2020/21, competition increased for broadband services, as well as television and video-based entertainment, from both traditional and disruptive competitors. This landscape is always shifting due to changing customer preferences. However, SaskTel's consistent and strong performance in this market shows that our offerings still resonate well with consumers.

With social distancing measures in place and numerous people working from home this past year, our wireline broadband networks, Digital Subscriber Line (DSL) and *infiNET*™ service, stood strong. We expanded maxTV Stream from 358 to 388 communities, allowing customers to enjoy the benefits of both traditional cable and online streaming services while staying entertained at home.

But we know we must push forward, addressing service gaps and inequities where possible. The pandemic has highlighted just how essential technology is in our lives.

Increasing fibre penetration outside of urban centres will be part of the solution. Announced in December 2020, our multi-year Rural Fibre Initiative will see more than $50 million invested into bringing SaskTel *infiNET* service to approximately 30,000 households and businesses in more than 20 rural communities. Strengthening our widespread DSL network will also help to move us further in the right direction. A total of 27 DSL-served communities received speed upgrades during the year. To promote enhanced reception and superior user experiences, we launched our Optimum In-home Wi-Fi solution to both our interNET 25 and *infiNET* service customers.

As of March 31, 2021, SaskTel boasts a wireline broadband network that reaches nearly twice as many communities as our closest competitor, offering internet service in a total of 463 communities, with 345 communities having access to speeds of up to 50 Mbps or faster.

FOSTERING CONNECTION AND CARING WITHIN THE COMMUNITY

Giving back to the communities we serve is the most important thing we can do as an organization. As COVID-19 disrupted our lives, the SaskTel team continued to provide excellent service while also volunteering an array of talents and skills to strengthen our communities.

From March to September 2020, we helped customers stay connected during the first wave of COVID-19 through a range of initiatives. For customers unable to pay their bills due to job loss or other financial hardship, we temporarily suspended collections activities and late payment fees. We launched the Crown Utility Payment Deferral Program so customers could apply for relief when they resumed payments on their accounts. We also delivered unlimited data to SaskTel fusion Internet customers, as well as all wireless customers during the first wave, and again during the holidays.

We took steps to keep our technicians safe and on the road to ensure we could respond suitably in case of emergencies, such as the fire at our Spiritwood building in August. The devastating fire destroyed that office, resulting in the loss of all services within the community and surrounding area. One week later, our incredible employees had readied a new structure and re-established our services. It was a display of teamwork that showcased the true spirit of SaskTel.

It was very important that our company continued to support the non-profit and charitable organizations in the province that were stepping up to assist our most vulnerable and those struggling due to layoffs or other hardships. SaskTel donated $25,000 to the Food Banks of Saskatchewan Crisis Response Fund to help them meet growing demand for their services.

SaskTel's sponsorship of the massive Iceville skating rink at Mosaic Stadium provided a much-needed bright spot during a difficult and isolated winter for countless Saskatchewan families.

In addition, SaskTel TelCare, the company's employee-driven charitable donation program, contributed nearly $230,000 to 65 locally operated charities and non-profit organizations in 2020, their 70th year of giving back. SaskTel employees, retirees, and families maintained their support of our other employee-driven programs such as the SaskTel Pioneers and SaskTel EnviroCare.

Although many of our teams were kept apart because of the pandemic, this did not stop employees from coming together in other ways to harness their genuine care for our communities. SaskTel was proud to contribute $2.5 million to 308 charitable and non-profit organizations across the province.

LOOKING AHEAD

As we emerge from the worst of this crisis and adjust to a new normal, the culture and foundation we have built will support our competitive advantage, and not just in attracting the best talent. We know that working together and listening to diverse ideas is how we achieve our goals and strengthen the communities we serve.

Today, SaskTel is in a solid position with a strong awareness of the challenges our province, our economy, our customers, and our people face as we embark on economic recovery. I assure you that our Executive Team will continue to be guided by SaskTel's overarching mission and values. SaskTel's focus has been and always will be on our customers.

As Saskatchewan emerges from the challenges posed by COVID-19, in 2021 and onward, SaskTel and our innovative teams will ensure our customers can rely on networks that are expanding and improving to meet their changing needs.

In true Saskatchewan spirit, SaskTel and our customers will rise above this difficult period even more resilient and committed to building success in the communities where we live and work.

Sincerely,
Doug Burnett, SaskTel President and CEO

Sharing Our Stories

A YEAR FOR CREATING MEMORIES

Over the holiday season, establishing non-physical connections and keeping family traditions alive, even if they happened virtually, was important for everyone's happiness and well-being.

"SaskTel is pleased to help loved ones come together and stay safe over the holidays," said Doug Burnett, SaskTel President and CEO. "If this means sharing a meal or opening a gift is done over an app like FaceTime or Zoom, SaskTel can provide the connectivity to make that happen."

SaskTel provided unlimited wireless data to its customers from December 17, 2020 to January 11, 2021. Data overage charges were waived for business and consumer customers on SaskTel's postpaid wireless data plans, noSTRINGS Prepaid wireless plan, and SaskTel fusion Internet plans. Customers on unlimited wireless plans were not subject to speed reductions.

This wasn't the first time, nor would it be the last. To assist its customers with online learning and working remotely during the global COVID-19 pandemic, SaskTel waived data overage charges from March 17 to June 8, 2020.

"As the province's leading communications provider, SaskTel knows how important it is to stay connected. This is especially true during the holiday season as we know it won't look the same as previous years," said Don Morgan, Minister Responsible for SaskTel, at the announcement. "Waiving data overages is just one way SaskTel can help customers continue to create those special memories with loved ones near or far."

SaskTel also provided its maxTV service and maxTV Stream customers with access to additional news and entertainment channels to help keep them informed and their families entertained.

"Take care of yourself this holiday season," instructed Burnett. "Make that phone call to a long-lost friend or schedule a virtual coffee break with your grandma. SaskTel cares about its customers and we truly thank them for making us their provider of choice."

For several months in 2020/2021, SaskTel provided unlimited wireless data to assist with online learning, working remotely, and keeping family traditions alive.

A YEAR FOR PUTTING FOOD ON THE TABLE

Every month, Saskatchewan's 32 food banks support about 40,000 individuals, a number that is increasing rapidly.

"Economic pressures are leading to a surge in demand on our food bank unlike anything our community has experienced before," said John Bailey, CEO of Regina Food Bank. The food banks are anticipating they will need to collectively deliver hundreds of thousands of meals to people who would never have considered relying on a food bank.

There's no denying that the impacts of COVID-19 are changing the way we live and work. For many who were already living on the edge or even below the poverty line, this time in history is very challenging.

In response to the launch of a $6 million drive by the Food Banks of Saskatchewan, SaskTel employees–both past and present–doubled down on fundraising to help keep donations rolling in. SaskTel contributed $25,000, the Pioneers raised $28,500, and SaskTel employees donated $675. Additionally, SaskTel's Chief Technology Officer Daryl Godfrey raised $4,755 in employee donations for shaving his head.

The Food Banks of Saskatchewan estimate that for each $100 received they can feed two families for a week. "We're extremely grateful to SaskTel for rising to the occasion and generously donating these funds to assist us in our mission to ensure that Saskatchewan families are not left hungry," said Laurie O'Connor, Executive Director of Saskatoon Food Bank and Learning Centre. "Donations like these are needed now, more than ever before."

"Saskatchewan is our home and like any good neighbour we make it a priority to give back to our community when the need arises," said Doug Burnett, SaskTel President and CEO.

Daryl Godfrey, Chief Technology Officer at SaskTel, shaved his head to raise money for the $6 million drive by the Food Banks of Saskatchewan.

A YEAR FOR WORKING AS A TEAM

In the early morning hours of Sunday, August 23, 2020, a fire involving a SaskTel building broke out in the community of Spiritwood. The fire destroyed SaskTel's Central Office (CO) meaning all landline, internet, and cellular services in the community and surrounding area were completely lost.

The loss of services also meant 911 service was unavailable, and it affected the ability for local residents to pay for goods and services, since debit machines, ATMs and banks rely on telecommunications services. A cross-functional team was immediately dispatched to Spiritwood to assess the damage and begin restoration and remediation efforts.

The RCMP knocked on the door of Ryan Andersen, the CST in Spiritwood, to alert him of the fire. Then they crossed the street to knock on Jack Van Dyke's door. It was only natural since Van Dyke had retired from the CST position only a couple years earlier.

"As a CST, this is your worst nightmare," said Van Dyke. "The real credit goes to everyone at SaskTel, from those who were on hand immediately, those who worked with the community, and everyone who worked so diligently to get the services restored."

"An incredible amount of planning and work was completed within days of the fire by so many SaskTel people from so many different departments," said Jason Durant, Senior Director – Customer Services (Network Operations). "This was a very unfortunate circumstance, but in a situation like this, the true spirit of Team SaskTel was on full display."

"It was devastating. Everything happened very quickly, and it was up to our people to step up and work around the clock to ensure SaskTel service was restored properly and in a timely manner," said Doug Burnett, SaskTel President and CEO. "I'm very proud of our people and their swift and diligent response to the situation."

On August 23, 2020, a fire destroyed SaskTel's CO in Spiritwood and SaskTel rose to the challenge of restoring services in the community.

Employees from Central Install in Regina who readied the CO structures that were delivered to Spiritwood to replace the structure that was destroyed.

A YEAR FOR THINKING SMART

SaskTel is committed to delivering the advanced networks and services that businesses throughout the province need to compete and succeed. This forward-thinking investment strategy has given rise to many technological breakthroughs, the most recent being the launch of Long Range Wide Area Networks (LoRaWAN) in Regina and Saskatoon.

"LoRaWAN handles the specific data requirements of modern smart technologies that are transforming businesses around the world," said Randy Palazzo, Marketing Manager – Service Development. "The coverage LoRaWAN will provide in our two largest urban centres will create new, cost-effective opportunities for businesses of all sizes to enhance their operations."

LoRaWAN is different from traditional wireless networks that deliver a combination of services such as voice, messaging, and high capacity data services. It provides data connectivity for hardware that have specific small data needs, such as sensors used by machine-to-machine and Internet of Things (IoT)-enabled applications.

This includes things like utility monitoring sensors; water metres and power metres at residential or business locations can utilize a LoRaWAN to provide metre readings at regular intervals without any requirement of an on-site visit.

It can also include things like smart parking. Sensors placed in parkades or even embedded in the street can be leveraged to provide citizens a map view of available parking spots, reducing traffic congestion created by vehicles searching for available parking spots.

"Solution providers are utilizing LoRaWAN as the primary wireless connectivity choice due to the hardware being lower in cost and easier to certify compared to those on cellular networks," said Palazzo. "It's also designed to provide a long battery life, up to 10+ years, due to its ability to put the device in sleep mode until it's being used."

The launch of LoRaWAN was part of SaskTel's commitment to invest $324 million of capital in Saskatchewan in 2020/21 and over $1.4 billion over the next five years.

"We want to be the very best at connecting our customers," said Palazzo. "LoRaWAN will help businesses modernize their operations to meet the evolving demands of their respective industries."

LoRaWAN were launched in Regina and Saskatoon to handle the specific data requirements of modern smart technologies.

A YEAR FOR LOOKING TO THE FUTURE

As the world rapidly changes, agriculture remains a constant and important driver in the success of our province.

A new agreement between SaskTel and the University of Saskatchewan (USask) will help to accelerate transformation of the industry moving into the future and help to feed an ever-increasing population.

The two organizations have announced the launch of a living laboratory at the university's Livestock and Forage Centre of Excellence (LFCE), which is located just south of Clavet. The Centre will be used to test, develop, and demonstrate world-class agricultural technologies.

"We've signed a memorandum of understanding with the university, the focus of which will be building an ecosystem for smart farming," said Mike Stefaniuk, Director – Business Development (IoT and Digital Transformation).

Smart farming involves collecting and analyzing data so that producers can make informed and sustainable farm management decisions that improve productivity. The LFCE is the first research Smart Farm in Canada focused on maximizing efficiency in livestock operations through the latest IoT-based technology in an interconnected wireless environment.

The collaboration will promote joint research and development activities in the area of engineering for agriculture. In particular, research and development related to data acquisition, data transfer, data management, and decision support systems for agricultural producers.

"It's an opportunity to collaborate with the university and combine our strengths," said Stefaniuk. "Particular areas that could benefit from such collaboration include engineering, computer science, social science, policy, marketing, and many other disciplines to support the growing technical shift in agricultural production."

Initially, SaskTel is working with the LFCE to assist with their data collection and management practices, to put them on the path to becoming more of a Smart Farm. SaskTel and USask will also be reaching out to the AgTech startup community to begin identifying projects that could be good candidates for this living lab.

SaskTel signed a memorandum of understanding with the University of Saskatchewan to build an eco-system for smart farming.

2020/21 Corporate Social Responsibility Highlights

This past year proved to be an exceptional year at SaskTel, in more ways than one. Employees and customers alike were challenged in the ways they stayed connected, and how they worked, learned, and cared for others. As we enter the second year of a worldwide pandemic, SaskTel has stayed the course in giving back to our communities and serving the communications needs of the people of Saskatchewan.

Corporate Social Responsibility (CSR) has become a part of SaskTel's everyday business. We repeatedly integrate it into all aspects of our company, aligning it with our strategic goals of being a leader in broadband, empowering our employees, using digital transformation to deliver an exceptional customer experience, and maintaining our long-term financial sustainability.

SaskTel continues to be the leading information and communications technology provider in Saskatchewan, with approximately $1.3 billion in annual revenue and over 1.4 million customer connections, including more than 639,000 wireless accesses, 289,000 wireline network accesses, 289,000 internet accesses, 114,000 maxTV service subscribers, and 81,000 security monitoring customers.

All of this cannot be attained without our constant focus on customer experience, delivering on expectations to simplify business transactions for both external and internal customers. The acceleration of customer self-serve capabilities will allow for an immediate and flexible experience, and to keep up with changing customer preferences. And now more than ever, the increased use of self-installs as standard practice will permit us to safely maximize our broadband accesses.

SASKTEL CARES

2020/21 saw the introduction of SaskTel Cares, a campaign that gives SaskTel a cohesive approach when it comes to communicating our commitment to our CSR efforts in Saskatchewan. CSR is a major differentiator for SaskTel; we do more for the province than any other carrier does, or will ever do. We partake in a number of initiatives that breathe life into the province, but SaskTel Cares creates a stronger brand that amplifies the emotional connection we have with our customers.

SaskTel Cares represents all SaskTel CSR activities in our province. This includes the work of our SaskTel Pioneers, SaskTel TelCare, our Phones for a Fresh Start and Be Kind Online (BKO) initiatives, our commitment to building networks across the province, as well as our environmental work and numerous sponsorships.

Volunteer SaskTel Pioneers sewing Hug-A-Bears and heart pillows.

SaskTel Pioneers had a successful year, despite not being able to accumulate the usual volunteer hours due to restrictions on gathering size as a result of the pandemic. Their nearly 4,000 members contributed $281,313 in financial donations, and programs such Hug-A-Bears and Books for Literacy saw a huge increase in items donated. In response to COVID-19, the Pioneers made masks and distributed more than 3,900 across the province.

SaskTel TelCare was proud to celebrate its 70th anniversary by announcing this year's contribution of nearly $230,000, which included SaskTel's 50% match. 65 locally operated charities and non-profits received donations, including New Hope Dog Rescue, a Saskatoon-based non-profit and foster-based organization that rescues and rehomes dogs.

SaskTel's Phones for a Fresh Start program collects and recycles used wireless devices from customers across Saskatchewan. The proceeds from recycling support the Provincial Association of Transition Houses and Services of Saskatchewan (PATHS), aiding victims of domestic abuse. Since the launch of the program in 2009, nearly 125,000 cell phones have been kept from our landfills, aiding in SaskTel's environmental conservation efforts. To date, SaskTel has donated 4,070 cell phones and over $100,000 in prepaid phone cards to participating PATHS agencies throughout the province.

The BKO program was more important than ever in 2020/21. With an increased demand for online communications, the BKO program was uniquely positioned to remind everyone that kindness matters more than ever. BKO's focus on the prevention of bullying and cyberbullying took on a wider scope in uncertain times, offering different ways to cope with anxiety, and various initiatives and campaigns to promote caring, support, and connections online. For example, a partnership with the Ministry of Education resulted in a series of age-appropriate mental health videos focused on anxiety. BKO was also spotlighted through various sponsorships, including Trick or Treat at Mosaic Stadium, and a very successful BKO mask contest with the Saskatchewan Hockey Association.

This year also saw the introduction of several Kindness Ambassadors who supported the Pink Shirt Day campaign that ran throughout the month of February.

SaskTel and the Ministry of Education awarded 13 grants, resulting in a lifetime total of 114 grants and more than $100,000 being presented to youth for their various bullying prevention awareness and random acts of kindness.

SaskTel employees participated in what makes SaskTel Cares so special during the 12 Days of Caring in December. Employees were asked to show kindness by conducting an "act of care" and sharing it with the company, along with submitting their Saskatchewan non-profit or charitable organization of choice. Twenty-five employees were randomly drawn to make a one-time $500 donation to that organization; another great example of SaskTel's generosity.

GIVING BACK DURING A TRYING YEAR

In addition to our social causes, SaskTel continues to give back to community organizations province wide.

In 2020/21 SaskTel contributed $2,502,632 to 308 non-profit and charitable organizations, community associations, venues, events, and partnerships in 70 communities throughout the province. This was a very difficult year for

SaskTel celebrated another successful Pink Shirt Day in February this year.

many organizations, as their traditional ways of operating and raising funds were challenged.

One example of this was the sponsorship of 950 water bottles to students at community schools in Regina. Due to COVID-19 restrictions, water fountains were replaced with water bottle filling stations. Not every student has the means to purchase a water bottle, so SaskTel helped those who couldn't.

SaskTel was the presenting sponsor of the Saskatchewan Polytechnic Indigenous Honour Ceremony. Saskatchewan Polytechnic hosts this honour ceremony to celebrate the hard work, dedication, and achievements of its Indigenous students. This year's theme, Honouring Resilience, was a fitting tribute to recognize a year that further stretched students' abilities to adapt and succeed.

This year, SaskTel and SaskTel's Aboriginal Employee Network celebrated National Indigenous Peoples Day in a unique way. Together, through the company's membership in the Saskatchewan Diversity & Inclusion Network, they sponsored 4 Seasons of Reconciliation and hosted two powerful online videos.

SaskTel sponsored the Saskatoon Public Schools Foundation Cheer Crates. Cheer crates are designed to help students and their families maintain learning and wellness during COVID-19. They contained essential food items, games, books, and hygiene items for distribution to families in need.

SaskTel was presenting sponsor of Iceville, which saw Mosaic Stadium turn into Saskatchewan's largest outdoor skating rink. Skating was free to the public, and skaters were encouraged to bring a non-perishable food item for the Regina Food Bank.

These initiatives make SaskTel a frequent recipient of awards like Canada's Top 100 Employers, Saskatchewan's Top Employers, and Canada's Best Diversity Employers.

COVID-19 RESPONSE

There wasn't one person who didn't feel the impact of COVID-19 during 2020/21. As a Crown corporation, SaskTel did its part to try and alleviate some of the stress its customers were feeling during the transition to working or learning at home.

From March 17, 2020 until June 8, 2020, SaskTel waived data overage charges for business and consumer customers on SaskTel's postpaid wireless plans, noSTRINGS Prepaid wireless plans and fusion Internet plans. This offer was extended again from December 17, 2020 until January 11, 2021 when restrictions were placed on gathering size over the holiday season.

In addition to these measures, SaskTel provided relief to customers through zero-interest bill deferrals for up to six months, and a 12-month repayment plan. A two-month service credit was provided to all SaskTel customers currently signed up to the federal government's Connecting Families initiative for low-income families.

By the end of March 2020, a sizeable portion of SaskTel's workforce was equipped with the appropriate tools to work from home. At the end of the fiscal year, much of our workforce was still working from home. For front-line employees whose roles are critical to the operation of the company, we implemented additional health and safety measures to ensure a safe work environment.

With the health and well-being of our customers, associates, and communities a top priority, SaskTel Stores were open by appointment and curbside pickup only. Effective May 19, 2020, SaskTel Stores transitioned back to being fully open, while still offering appointment and curbside pickup options.

A new litter from New Hope Dog Rescue, one of the charities we support with SaskTel TelCare.

NETWORKS BUILT TO ENDURE

How we connect and interact with one another has drastically changed in a very short time frame, and the COVID-19 pandemic further underscored the critical importance of our network and communications technologies. Throughout 2020/21, SaskTel invested $308.2 million in capital expenditures to ensure our customers enjoy some of the most advanced wireless, internet, television, data, and IP-based technologies and services available.

During the pandemic, our networks saw a substantial increase in traffic flow, breaking an all-time data usage record in late December 2020. Thanks to our continual investments and enhancements, our robust networks continued to keep our customers connected to what mattered most to them.

Some of these investments and enhancements included:

- As part of the Wireless Saskatchewan initiative, SaskTel announced an additional 74 new macro towers at an estimated investment of $72.2 million. To date, 55 of these towers have been put into service; 85 cellular sites were completed; 221 carrier additions were made to increase capacity of cell sites.
- A continued expansion of maxTV Stream, along with interNET Extended 25 and 50. Dozens of rural communities saw their internet speeds increase and maxTV Stream is now available in 388 communities throughout Saskatchewan.
- Across the province, Wireline High Speed Internet is available in 463 communities and SaskTel fusion Internet service is available from 105 wireless towers serving more than 700 communities.
- In December 2020, SaskTel announced the launch of its Rural Fibre Initiative, a multiphase project that will see SaskTel bring *infiNET* service to approximately 30,000 households and businesses across more than 20 rural communities by the end of 2024. During the first phase of the initiative, SaskTel plans to bring *infiNET* service to Balgonie, Biggar, Langham, and Pilot Butte.

SaskTel selected Samsung Electronics Co., Ltd. as the sole vendor for our 5G network deployment. Samsung's 5G technology will further enhance our network capability and their end-to-end solution will help SaskTel prepare for future network demand and deliver an exceptional user experience.

ENVIRONMENTAL CONTRIBUTION

For the twelfth consecutive year, SaskTel was recognized as one of Canada's Greenest Employers by Mediacorp Canada Inc. One example of why we won this award was the work of our Energy Management Committee (EMC). The committee's mandate is to ensure efficient and effective use of energy throughout SaskTel's buildings. One of their action plans was the installation of energy-efficient lighting in SaskTel facilities, and they conducted wholesale retrofits over the last few years. This is just one of several ways the EMC has identified optimal energy usage at SaskTel.

Community partnerships have also strengthened SaskTel's contribution toward a healthier planet. SaskTel's employee-led network, EnviroCare, participates in multiple greening activities in the community. This year, EnviroCare recognized the dedicated Green Team of students at Douglas Park School in Regina by providing them with a compost/recycling/garbage bin to further enhance their greening efforts.

Management's Discussion and Analysis

Contents

INTRODUCTION

The following management's discussion and analysis (MD&A) focuses on the strategies, business operations, consolidated financial position, and results of operations of Saskatchewan Telecommunications Holding Corporation (SaskTel or the Corporation), including its major strategic business units and its subsidiaries. This discussion and analysis should be read in conjunction with the Corporation's audited consolidated financial statements and accompanying notes on pages 58 to 101 of this report and includes information available to the Corporation up to May 26, 2021, unless otherwise stated.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Many sections of this discussion include forward-looking statements about SaskTel, its business outlook, objectives, plans and strategic priorities, the sources of liquidity we expect to use to meet our anticipated 2021/22 cash requirements, and our network deployment plans. A statement is forward-looking when it uses information known today to make an assertion about the future. Forward-looking statements may include words such as anticipate, believe, could, expect, intend, may, should, will, and similar expressions. Since these forward-looking statements reflect expectations and intentions at the time of writing, actual results could differ materially from those anticipated if known or unknown risks and uncertainties impact the business, or if estimates or assumptions turn out to be inaccurate. As a result, SaskTel cannot guarantee that any of the predictions forecasted by forward-looking statements will occur. As well, forward-looking statements do not take into consideration the effect of transactions or non-recurring items announced or occurring subsequently.

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

COVID-19 IMPACT ASSESSMENT

The COVID-19 pandemic continues to cause significant disruption to the Canadian and world economies. Governments at all levels continue to implement measures to limit the impact of the pandemic, which are augmented by vaccination programs. While the current impact of these measures on the Corporation has been minimal, the Corporation continues to assess and monitor these impacts on its operations. The magnitude and duration of the pandemic continues to be uncertain and, if it continues to cause disruption for an extended period, the impacts to the Corporation will increase. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce, and potential asset impairment.

Estimates of these impacts have been included where appropriate. Given the uncertainty of the magnitude and duration of the pandemic, it is not possible to determine if there will be additional impacts on current operations or reported asset and liability values.

OUR BUSINESS

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

Saskatchewan Telecommunications Holding Corporation

Saskatchewan Telecommunications Holding Corporation is a Saskatchewan Crown corporation. The Holding Corporation's subsidiaries (SaskTel, Directwest, SecurTek, and SaskTel International) offer a wide array of products, services, and solutions to customers in Saskatchewan and around the world. The Holdco has a workforce of approximately 3,400 full-time equivalents (FTEs), making SaskTel one of Saskatchewan's largest employers.

SaskTel and its subsidiaries offer the following extensive collection of ICT services:

- Wireless services delivered on world-class Long-Term Evolution (LTE) and Fourth-Generation (4G) wireless networks providing high-quality and reliable voice and high speed data services in Saskatchewan
- SaskTel *infiNET* fibre optic network enabling speeds up to 900 Mbps in Biggar, Emerald Park, Estevan, Humboldt, Langham, Martensville, Melfort, Melville, Moose Jaw, Nipawin, Prince Albert, Regina, Rosthern, Saskatoon, Swift Current, The Battlefords, Tisdale, Warman, Weyburn, White City, and Yorkton

- SaskTel Internet 50 over DSL now offered in over 345 communities
- SaskTel fusion Internet – comprehensive fixed wireless rural broadband access network in 105 sites
- SaskTel selectWI-FI network with over 6,500 access points throughout the province
- SaskTel maxTV service–Internet Protocol television (IPTV) with extensive footprint throughout the province
- SaskTel maxTV Stream – streaming service allowing customers to watch live TV or on demand content anywhere in Canada
- Local access network throughout urban and rural Saskatchewan
- Expansive data centre footprint and service capabilities
- Complementary portfolio of cloud-based communications and information technology services
- Professional and consulting services
- Directwest digital marketing services
- SecurTek commercial and residential security monitoring, including access control, SaskTel smartHOME and interactive services, as well as medical alert and lone worker services
- SaskTel International software and consulting solutions for communications service providers worldwide

SaskTel is highly competitive, achieving annual revenue of approximately $1.3 billion with over 1.4 million customer connections, including more than 639,000 wireless accesses, 289,000 wireline network accesses, 289,000 internet accesses, 114,000 maxTV service subscribers, and 81,000 security monitoring customers.

INDUSTRY

The ICT industry in Saskatchewan (and around the world) plays an essential role in our society. The COVID-19 pandemic has illustrated how the ICT industry has helped keep people connected and businesses functioning during this difficult time. SaskTel is proud to be part of this vital industry and we are proud of the contributions we are making to keep Saskatchewan strong.

ICT Industry Overview

The Canadian ICT industry is a major contributor to Canada's economy and to the day-to-day lives of consumers and the operations of businesses. The industry is made up of the following four market segments[1]:

1. Telecommunications Services (made up of wireline voice, wireline data, internet, and wireless—both voice and data)
2. Hardware and Infrastructure as a Service (IaaS)
3. Software
4. IT Services

Business Environment and Industry Trends

The ICT industry continues to be dynamic, with 2020 proving to have been a tumultuous year for society, the economy, and the industry. The impact of the COVID-19 pandemic on the Canadian ICT industry was varied. In some areas, such as telecom and software, the rate of change within the industry increased dramatically[2]. The business environment is characterized by:

- Unprecedented acceleration of digital transformation initiatives, with changes that would normally take years being accomplished in months or weeks

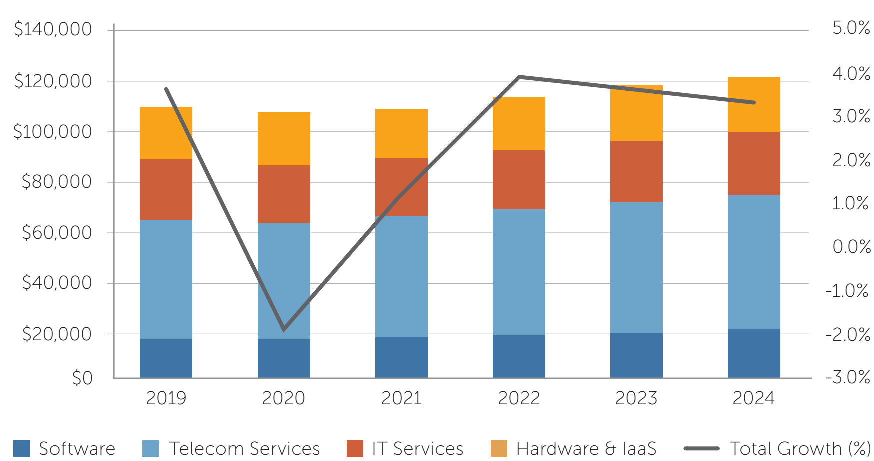
One of our SaskTel Pioneer volunteers fixes up a computer for our Computers for Schools program.

1 IDC Market Forecast: *Canadian ICT Forecast, 2020–2024*, December 2020, Pg. 2.
2 Ibid., Pg. 2.

- Market categories, including cloud, collaborative applications, and personal computers experienced strong growth, while others such as wireless services experienced year-over-year revenue decline, largely due to severe travel restrictions
- Massive spending undertaken to enable remote workforces, remote learning, new ecommerce and supply chain solutions, and new consumer services of all kinds, typically enabled by cloud
- Customers continue to consume greater amounts of data and demand faster speeds that facilitate remote work, remote education, streaming services, gaming, and increasing numbers of connected devices
- Broadband is now an essential service as consumers have pivoted to remote work and schooling coupled with increased entertainment at home
- Demand for access to fast and reliable broadband services in rural and remote areas continues to increase
- Government and regulatory pressures continue for the delivery of higher speeds, improved coverage, and lower rates
- Cable companies continue to invest in Data Over Cable Service Interface Specification (DOCSIS) technology, keeping them highly competitive on broadband speeds
- Capital investment continues to be made in fibre builds and 5G deployments are ramping up. 2021 is predicted to be a 5G transition year[3]
- Increased speeds and reduced latency on emerging 5G networks, which are expected to facilitate new applications, change how mobile devices are used, and result in considerably higher data traffic
- Customers expect the same exceptional experience and service they receive from the best companies in other industries
- Technological change and disruption (such as robotic process automation, artificial intelligence, IoT and edge computing) existed before the pandemic, but enterprises' response to changing consumption patterns, the necessary increase in digital channels, online self-service, and physically distanced operational adjustments means that automation is now a key enabler of business resilience
- Cord cutting by traditional television subscribers continues to accelerate, with consumption shifting to an increasing number of video streaming services
- Continued decline in wireline voice subscribers and related revenue
- Cybersecurity and data privacy risks are rising as attacks become more sophisticated and the number of connected devices increases
- The ability of companies to expand their product and service offerings and enter adjacent industries is creating new opportunities and competitors
- Low Earth Orbit satellite constellations have been deployed and commercialized, providing broadband access to remote and underserved areas
- Increasing expectations that companies will act in an ethical and environmentally friendly manner
- Some signs of carrier consolidation in Canada as evidenced by the proposed acquisition of Shaw Communications Inc. by Rogers Communications Inc.

Economic uncertainty, changes in consumer behaviour, and the need to continue to adapt to new ways of working and delivering products and services will keep carriers challenged throughout 2021 and beyond. Companies that can undertake faster decision making and continue to implement digital solutions will be positioned for success through the transformation of their internal operations and how they serve customers.

2019–2024 Canadian ICT Spending ($ millions) **with Growth** (%)



3 RBC Capital Markets: RBC Elements: *Canadian Telecommunications Services*, January 8, 2021, Pg. 6.

ICT Spending Growth Forecast

According to industry research firm IDC, spending on ICT products and services in Canada for 2020 is forecasted to be down by 1.8% and to rebound to 1.3% in 2021[4]. This forecasted return to growth is contingent on successful mass vaccination programs throughout the country. It is expected that consumers and businesses will continue to be impacted differently depending on lockdown conditions, resulting in economic conditions varying by geography and sector.

Looking ahead to the post-pandemic economy, IDC does not expect consumers and businesses to return to the old ways of conducting their lives or running their businesses[5]. Digital investments are expected to continue even as the pandemic eventually recedes—as there will be new economic and social disruptions to which consumers and businesses will need to adapt.

The chart on the previous page and the following table illustrate IDC's compound annual growth rate (CAGR) projections in the four ICT market segments: Telecom Services, Software, IT Services, and Hardware and IaaS[6].

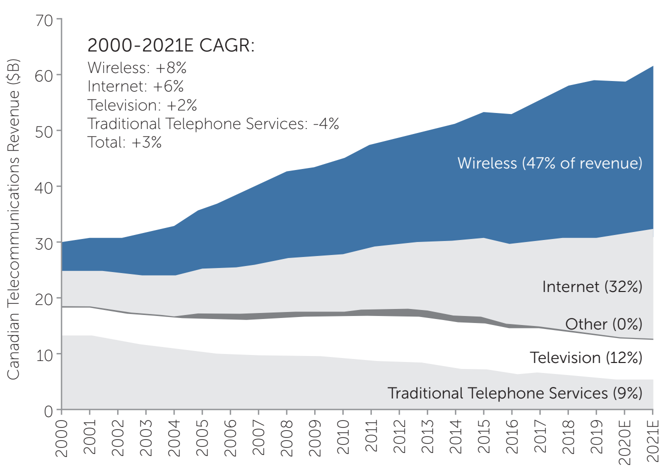
Telecommunications Services

Overall, firms within the Telecommunications Services market have performed well throughout the pandemic, supported by the essential nature of broadband services and their strong balance sheets. Wireless services continue to be the largest segment, generating around 47% of revenue, followed by internet (32%), television (12%), and traditional telephone (9%) services[7].

The top companies by revenue in Canada continue to be the three large national carriers, followed by several regional carriers throughout the country.

Canadian ICT Spending by Primary Markets, 2019–2024 ($ millions)							
	2019	2020	2021	2022	2023	2024	2019–2024 CAGR (%)
Software	17,782	17,649	18,279	19,285	20,456	21,850	4.2
Telecom Services	47,519	46,687	48,615	50,409	52,061	53,659	2.5
IT Services	24,864	23,424	23,479	24,091	24,736	25,410	0.4
Hardware and IaaS	20,289	20,722	19,569	20,558	21,332	21,322	0.8
Total Growth (%)	**3.7%**	**-1.8%**	**1.3%**	**4.0%**	**3.7%**	**3.4%**	
Total	**110,455**	**108,483**	**109,942**	**114,343**	**118,585**	**122,240**	**2.0**

Notes:
Telecom services exclude video/TV services and include wholesale services.
Data does not include all aspects of 3rd Platform technology spending.
Source: IDC, 2020



Source: RBC Capital Markets estimates, company reports

TOP COMPANIES BY REVENUE

(2020; $ billions)

BCE Inc.	22.9
TELUS Corporation	15.5
Rogers Communications Inc.	13.9
Shaw Communications Inc.	5.4
Quebecor (Videotron)	3.6
COGECO Inc.	2.4
SaskTel	1.3

4 IDC Market Forecast: *Canadian ICT Forecast, 2020–2024*, December 2020, Pg. 2.
5 Ibid., Pg. 4.
6 Ibid., Pg. 1, 5.
7 RBC Capital Markets: RBC Imagine: *United We Stand, Divided We Fall—An M&A Playbook for the Canadian Telecom Industry*, January 8, 2021, Pg. 7.

Despite the overall positive performance of carriers throughout the pandemic, 2020 proved to be a varied year across the various business segments.

The wireless segment was impacted by lockdown measures put in place by the federal and provincial governments. This resulted in the unprecedented collapse of both domestic and international travel, reducing roaming revenue. With restrictions still in place in early 2021, pending a mass vaccination rollout, 2021 appears to hold limited potential for a strong recovery in roaming revenue[8].

The internet segment performed well in 2020 due to the shift to remote work and schooling, combined with consumers seeking more home-based entertainment options (such as streaming video and gaming)[9]. This resulted in increased demand for broadband services and utilization of broadband networks. This is one area where carriers' investments in fibre networks over the past decade has begun to pay off. Continued growth in internet subscribers and internet average revenue per user (ARPU) is predicted heading into 2021[10].

Cord cutting and product substitution (primarily to streaming video services) continued to have an impact on the television segment. The same factors are impacting traditional telephone services as wireline voice subscribers continue to decline.

As a result of both the COVID-19 pandemic and challenges related to equipment suppliers, 2021 is likely to continue to be a 5G transition year, with the three national carriers launching geographically limited 5G networks in 2020 with the promise of future expansion. Development beyond Canada's largest cities and densest wireless corridors has proceeded more slowly than originally anticipated.

5G is still believed to hold tremendous promise for the industry given its potential as a general-purpose technology similar to the printing press, steam engine, electricity, telegraph, rail system, automobile, and internet[11]. Such general purpose technologies are characterized by pervasive use across industries, continuous improvement over time, and the ability to spawn new innovations. 5G therefore has the potential to not only offer consumers and businesses higher access speeds and reduced latency but could also redefine economic competitiveness and transform societies (e.g., autonomous vehicles, smart cities, and precision agriculture).

In 2021 and beyond, there will continue to be significant investments in and ongoing expansion of 5G networks in Canada. Performance and capabilities of 5G networks will improve as a result of the completion of the 3500 MHz spectrum auction in June 2021 and future millimetre wave auctions. Visibility into 5G monetization continues to be limited but it is believed that a growing wedge of 5G revenues will emerge in Canada beginning in 2022[12].

Software and Information Technology Services

Software and computer services continue to converge with telecommunications services as technologies become more integrated and less distinct. The result is carriers expanding product and service lines beyond their traditional offerings, creating new opportunities and competitors. Canadian carriers continue to make investments in new lines of business that build upon their core wireless and internet access services. Specifically, such investments have been made in the Information Technology (IT) consulting, health care, and agriculture markets.

Spending in the Canadian software market is expected to grow to approximately $21 billion by 2024 as a result of business spending for on-premise and cloud software offerings. Cloud and SaaS offerings continue to see growth in areas such as subscription billing tools, customer service, sales automation, supply chain, and procurement deployments[13].

The IT Services market is forecasted to experience slower spending growth. This is a result of the pandemic causing a reduction in consulting and integration engagements coupled with an absence of large transformational projects[14]. Outsourcing services are holding steady with some growth occurring as a result of growth in hosted and network services.

8 RBC Capital Markets: RBC Elements: *Canadian Telecommunications Services*, January 8, 2021, Pg. 4
9 IDC Market Forecast: *Canadian ICT Forecast, 2020–2024*, December 2020, Pg. 6
10 RBC Capital Markets: RBC Elements: *Canadian Telecommunications Services*, January 8, 2021, Pg. 7.
11 RBC Capital Markets: RBC Imagine: *United We Stand, Divided We Fall—An M&A Playbook for the Canadian Telecom Industry*, January 8, 2021, Pg. 6.
12 Ibid., Pg. 6.
13 IDC Market Forecast: *Canadian ICT Forecast, 2020–2024*, December 2020, Pg. 6.
14 Ibid., Pg. 6.

Regulatory Environment

Federal government entities such as the Canadian Radio-television and Telecommunications Commission (CRTC) and Innovation, Science and Economic Development Canada (ISED) have significant regulatory oversight over the industry. Regulatory decisions can impact the operations and financial performance of service providers.

The CRTC has reviewed the regulatory framework for mobile wireless services with focus areas, including the competitiveness of retail markets, wholesale access for mobile virtual network operators (MVNOs), and the future of services in Canada.

The CRTC established new measures that service providers must implement to better protect Canadians from nuisance calls. The CRTC has asked service providers to implement additional technologies to further address these calls. The technology is currently unproven, and implementation is taking longer than anticipated, but is still expected to occur in 2021.

The CRTC is also exploring its authority to have ISPs take action against botnets, which spread malicious information on the internet. This may result in implementation costs for SaskTel.

Various mandate letters from the Prime Minister to successive Ministers of Innovation, Science and Industry established expectations that included expanding MVNOs in the market, reserving spectrum space for new entrants, and reducing the average cost of cellular phone bills by 25%. This reduction is being measured by comparing the provincial rates of BCE, TELUS, and Rogers and the regional mobile service providers for three specific data buckets against the rates for those buckets in January 2020. Halfway through the measurement period, these rates have declined some 14%.

The federal government announced the Rural Strategy and the Rural High Speed Internet Strategy for Canada in June 2019, setting a target of 95% of Canadian homes and businesses having access to internet speeds of at least 50 Mbps download and 10 Mbps upload by 2026, and 100% by 2030. Various funds have been created to achieve these objectives, with different funds being overseen by the CRTC and ISED.

In January 2020, the Broadcasting and Telecommunications Legislative Review Panel presented their final report. The report made 97 recommendations on modernizing the legislative and regulatory framework governing the communications sector in Canada, including: bringing all entities providing media content services to Canadians (online and conventional, domestic and foreign providers) within the scope of the *Broadcasting Act* and under the jurisdiction of the CRTC; and accelerating the rollout of advanced wireline and wireless networks, including 5G. The federal government has begun to advance legislation related to some of these topics.

In summer 2021, ISED will auction wireless spectrum licences in the 3500 MHz band. ISED is consulting further on the millimetre wave spectrum licensing framework and the specific auction details and rules have not been finalized. These spectrums are important to future 5G networks.

Regulators will also need to determine whether or not to approve the proposed acquisition of Shaw by Rogers—a $26 billion deal that will give Rogers a national cable footprint in addition to its existing national wireless network. The deal has the potential to reshape the competitive landscape in Western Canada.

OUR STRATEGY

Our talented and dedicated teams continue to transform SaskTel using new technologies, skills, and approaches that keep the company competitive. While pursuing this, customers remain central to our strategic goals—from exceptional customer experience to leading in broadband services, we are committed to connecting people to their world.

VISION

Be the best at connecting people to their world

MISSION

To provide an exceptional customer experience

VALUES

Honesty, Integrity, Respect

OUR NORTH STAR: BROADBAND

Providing our customers with fast and reliable access to the internet at any location — at home, work, and on the go

STRATEGIC GOALS

Deliver an Exceptional Customer Experience

Lead the Market in Broadband Services

Reinvigorate SaskTel through Digital Transformation

Empower a High-Performance Workforce

Maximize Long-Term Financial Sustainability

Alignment with Our Shareholder

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

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

Seven Crown Sector Strategic Priorities were established for 2021/22:

- Customer Focus
- Skilled Labour Force
- Financial Sustainability
- Priority Investments
- Private Sector Engagement
- Technology and Innovation
- Crown Collaboration

SaskTel's strategic planning is also influenced by *Saskatchewan's Growth Plan: The Next Decade of Growth 2020–2030.* This document serves as a roadmap to building a strong economy and a better life for the people of Saskatchewan. This includes SaskTel continuing to invest, grow, and improve the province's ICT infrastructure. To achieve this, SaskTel will further expand our fibre optic network (targeting one million broadband accesses by 2025), rural cellular services will be enhanced via the Wireless Saskatchewan initiative, and our 5G network will become a reality in 2021.

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

Our North Star

SaskTel's mission to provide an exceptional customer experience begins with our North Star—broadband. We endeavour to deliver fast and reliable broadband services throughout Saskatchewan, at any location—at home, work, and on the go.

Broadband is an essential service to our customers and it is the core service we provide. It is the largest driver of sustainable long-term growth for SaskTel and has proven to be of vital importance to our customers throughout the COVID-19 pandemic.

Customers expect faster speeds, more bandwidth, and higher quality. We know this will continue with the emergence of new technologies, applications, and services (the adoption of which has, in some cases, been accelerated by the pandemic). At the same time, competition continues to be fierce in both fixed and mobile broadband sectors.

These forces are driving SaskTel to invest in enhancements to improve the coverage, capacity, reliability, and speed of our networks throughout the province. Fibre, DSL, mobile, fixed wireless, and 5G will contribute to SaskTel providing Saskatchewan's best broadband services.

PERFORMANCE MANAGEMENT

As a competitive Crown corporation, SaskTel is responsible to the people of Saskatchewan to provide exceptional products, services, and support, coupled with solid financial results. SaskTel continually monitors performance against our strategic goals through the company's balanced scorecard.

BALANCED SCORECARD

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

The measures included on the scorecard are fundamental to achieving our strategic goals and ensuring the overall success of the company. Measures and targets are developed through a rigorous internal process to ensure they are aligned with the direction provided by CIC and will drive us to achieve our goals. Targets are set annually that are challenging and reflect our expectations of high performance.

The measures are monitored throughout the year, allowing us to make operational adjustments as necessary. Results are monitored by the SaskTel and CIC Boards, quarterly.

For competitive reasons, certain measures included in our balanced scorecard are not reported in the annual report.

DELIVER AN EXCEPTIONAL CUSTOMER EXPERIENCE

OUR CUSTOMERS ARE AT THE CENTRE OF EVERYTHING WE DO. WE WILL DELIVER AN EXCEPTIONAL CUSTOMER EXPERIENCE AT EVERY TOUCHPOINT ALONG THEIR JOURNEY WITH SASKTEL.

Customer expectations and preferences are evolving. SaskTel is focused on changing with our customers and continuously improving customer interactions. We will serve customers how and where they want, making it easy to do business with us. To achieve this, it is important that we continue to modernize our channels to market and utilize business intelligence and data analytics to deliver proactive and personalized service. We strive to do things right the first time and deliver an exceptional customer experience from initial contact and beyond.

As employees of a local company with strong customer relationships, we take pride in knowing what our customers value. Residing in communities throughout Saskatchewan, SaskTel employees are proud to provide the communications, entertainment, and information technology services that our neighbours need, helping to make the province a better place for everyone.

Delivering an exceptional customer experience is aligned with the Customer Focus, and Technology and Innovation Crown Sector Strategic Priorities.

PATH TO SUCCESS

- Strengthen customer experience
- Use business intelligence to understand our customers
- Accelerate customer self-serve
- Accelerate self-installs

Balanced Scorecard

Our delivery of an exceptional customer experience is measured with a composite score of customer survey results taken at key touchpoints. Consumer and business customers are reported separately. A 10-point scale is used.

Measure	2019/20 Result	2020/21 Approved Target	2020/21 Result	2021/22 Target
Customer Satisfaction				
Customer experience – consumer	Maintained 2018/19 result	1% above 2019/20 result	1% below 2019/20 result	1% above 2020/21 result
Customer experience – business	Maintained 2018/19 result	1% above 2019/20 result	Maintained 2019/20 result	1% above 2020/21 result

Customer Satisfaction Performance

The customer experience score for the consumer market came in 1% below the 2019/20 result and 2% below the 2020/21 target. The result for the business market remained equal to the 2019/20 result but 1% below the 2020/21 targeted improvement. Targets were met or exceeded in the areas of stores, eCommerce, and business on-site install and repair services. SaskTel is focused on opportunities to reduce wait times in our Customer Contact and Technical Support Centres, which will result in improved customer experience levels.

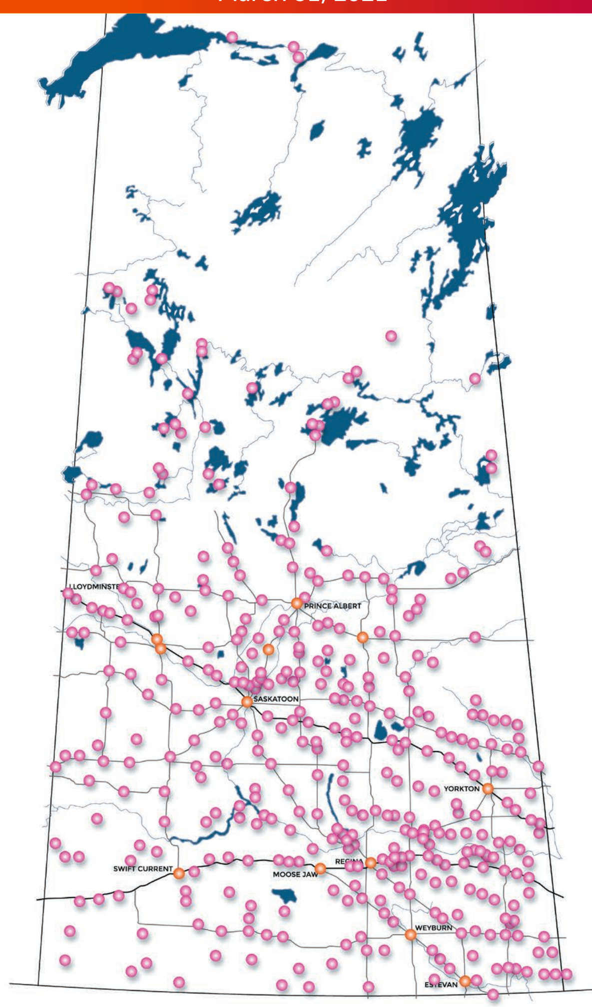
In December 2020, SaskTel was recognized as the most respected wireless service provider in Saskatchewan in the *Canada's Most Respected Telecom Companies* survey conducted by Maru/Blue. With respect to industry-wide performance on customer complaints, as measured by the Commission of Complaints for Telecom-television Services (CCTS) in November 2020, SaskTel achieved one of the lowest customer complaint ratios in the Canadian industry.

SaskTel remains committed to providing our customers with exceptional experiences.

Achievements in 2020/21

- Supported our customers and community throughout the COVID-19 pandemic:
  - » Leveraged our relationships with equipment manufacturers and other service providers to procure thousands of additional devices for health, protective services, First Nations, education, and government agencies
  - » For a limited time during the pandemic, waived data overage charges for wireless and fusion Internet customers, kept internet plans unlimited, and provided complimentary news and entertainment channels to maxTV service and maxTV Stream customers
  - » Stores and dealers remained open to provide essential services with additional steps taken to protect customers and employees
  - » Trained additional staff to take customer calls to reduce wait times
  - » Offered zero-interest bill deferrals for up to six months and a 12-month repayment plan to provide relief to customers
  - » Provided a two-month service credit to SaskTel customers currently signed up to the federal government's Connecting Families initiative for low-income families
  - » Extended the seasonal disconnect option for up to six additional months to support customers unable to open their seasonal properties
- Further implemented our Customer Experience First program:
  - » Accelerated the delivery of self-serve functionality as COVID-19 made self-serve more critical to customers
  - » Reduced in-home Wi-Fi trouble reports
  - » Reduced repeat truck rolls within 30 days of repairs
- Strengthened first contact resolution
- Launched the new Optimum In-home Wi-Fi service, providing customers a more robust Wi-Fi solution
- Simplified High Speed Internet rate plans
- Ranked second in the J.D. Power 2020 Wireless Network Quality Study (West Region)
- Improved our performance over the previous year on the 2020 CCTS report—SaskTel only received 0.1% of complaints in Saskatchewan
- Continued to have the lowest customer churn rate and highest lifetime revenue for wireless services in Canada
- The Wireless Saskatchewan project enhanced LTE cellular services in rural and remote communities throughout the province with the addition of 74 macro towers
- Expanded maxTV Stream to over 380 communities throughout Saskatchewan

maxTV STREAM AVAILABILITY
March 31, 2021



LEAD THE MARKET IN BROADBAND SERVICES

BROADBAND IS ESSENTIAL TO THE LIVES OF OUR CUSTOMERS, STIMULATES ECONOMIC GROWTH, AND ENHANCES QUALITY OF LIFE IN SASKATCHEWAN. WE WILL PROVIDE ACCESS TO FAST AND RELIABLE INTERNET AT ANY LOCATION—AT HOME, WORK, AND ON THE GO.

Broadband is SaskTel's core service. High-performance fixed and mobile broadband services are indispensable to our customers—no more so than throughout the pandemic—enabling them to work, do business, learn, connect with friends and family, and enjoy online entertainment. SaskTel understands how important broadband is to our customers and Saskatchewan's economy. We are continually focused on improving the coverage, capacity, reliability, and speed of our networks.

The broadband market is competitive. SaskTel will satisfy current and future customer broadband needs by expanding the reach of our fibre network, improving fibre and DSL speeds, expanding mobile and fixed wireless coverage, transforming our broadband delivery processes, and enabling broadband in rural and remote Saskatchewan.

Our key initiatives to lead the market in broadband services are aligned with six Crown Sector Strategic Priorities: Customer Focus; Skilled Labour Force; Financial Sustainability; Priority Investments; Private Sector Engagement; and Technology and Innovation.

PATH TO SUCCESS

- Build fixed and mobile broadband networks
- Enable broadband in rural and remote Saskatchewan
- Maximize broadband accesses
- Broadband Process Transformation

SaskTel is very proud to be building world-class broadband infrastructure in Saskatchewan, providing the people of the province with greater opportunities to connect to their world. The importance of this was never more evident than during 2020/21 and the increased need for connectivity that the pandemic created.

Balanced Scorecard

SaskTel's broadband services performance is measured through the progress toward our North Star—growth in the number of broadband accesses. We also measure performance through network advancements to provide Saskatchewan homes and businesses with access to higher broadband speeds. Our performance delivering higher broadband speeds throughout the province is demonstrated by measures capturing the percentage of homes and businesses that have access to at least 50 Mbps fixed broadband, and at least 300 Mbps fixed broadband.

Measure	2019/20 Result	2020/21 Approved Target	2020/21 Result	2021/22 Target
Broadband Connections				
Total broadband access*	791,942	811,761	832,490	847,805
Network Advancements				
SK homes and businesses with access to at least 50 Mbps fixed broadband	83.1%	84.0%	85.0%	87.0%
SK homes and businesses with access to at least 300 Mbps fixed broadband	New measure for 2020/21	60.0%	60.0%	66.0%

*Includes SaskTel internal use

Broadband Connections Performance

Given that broadband is SaskTel's North Star and critical to our future success, we are delighted to have exceeded the 2020/21 total broadband accesses target by nearly 21,000 connections. SaskTel is making significant progress toward our *road to a million* broadband accesses by 2025.

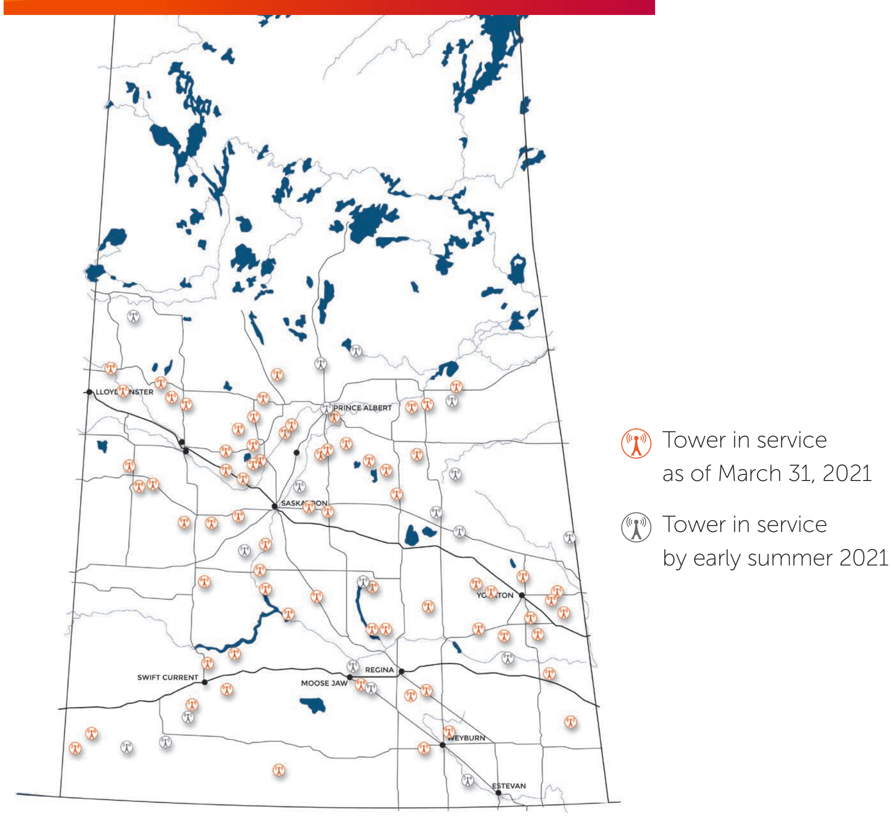
Network Advancement Performance

In 2020/21, SaskTel increased provincial coverage of homes and businesses with access to at least 50 Mbps fixed broadband download speeds from 83.1% to 85.0%, exceeding our approved target. We also exceeded our approved target for the provincial coverage of homes and businesses with access to at least 300 Mbps fixed broadband by seven percentage points. Keeping our DSL upgrades and fibre expansion programs on schedule contributed to these results.

Achievements in 2020/21

- Initiated SaskTel's Rural Fibre program, a multi-phase project to bring *infiNET* service to approximately 30,000 households and businesses in more than 20 rural communities over the next four years
- *infiNET* service was launched in some residential areas of Melfort in December 2020, enabling speeds of up to 300 Mbps
- interNET Extended 25 was launched in six additional rural communities, providing download speeds of up to 25 Mbps
- interNET Extended 50 was launched in 21 additional rural communities, providing download speeds of up to 50 Mbps
- Our Fibre to the Premises (FTTP) infrastructure build continued in the major centres and beyond, including Emerald Park, Humboldt, Martensville, Nipawin, Warman, and White City
- Launched SaskTel's first long-range wide area network (LoRaWAN) in Regina and Saskatoon. The LoRaWAN is purpose-built to provide businesses opportunities to enhance and evolve their operations through the deployment of machine-to-machine (M2M) technology and IoT-enabled devices
- Increased wireless data capacity by starting upgrades to 4.5G LTE service in the nine major centres; Regina, Saskatoon, and Moose Jaw were completed in 2020/21
- Selected Samsung Electronics Co., Ltd. as our partner to deliver equipment, software, and expertise for our 5G core network and our 4G/5G Radio Access Network (RAN)
- The Wireless Saskatchewan project continued to enhance LTE cellular services in rural Saskatchewan through the deployment of 55 new macro towers in 2020/21, complementing the existing 15 sites deployed in 2019/20, and an additional 19 sites by the early summer of 2021

MACRO TOWER SITES



MACRO TOWER SITES

In service as of March 31, 2021

Atwater (North)	Glamis	Muddy Lake
Beresina	Gledhow	Murphy Creek
Borden (Southeast)	Glen Harbour	Neudorf (East)
Broderick (Northeast)	Glentworth	Park Bluff
Burnham	Govan (East)	Parkerview (North)
Clayridge	Gray	Pasqua
Crescent Lake	Great Deer	Petaigan
Damour	Jedburgh	Petrofka
Danielson Provincial Park	Jumping Lake	Phippen
Davidson (West)	Juniata	Pontrilas
Davis	Keppel	Ranch Lake
Domremy (North)	Kessock	St. Denis
Douglas Provincial Park	Krydor	Sokal
Downie Lake	Lajord (South)	South Star
Duncairn	Leinan (North)	South Touchwood
Duperow (North)	Livelong	Spalding (East)
Ebenezer	Lorenzo	Speers
Fairlight	Lorlie (West)	Trossachs
Fielding	Main Centre	Vera (East)
Filion Lake	Marie Hill	Wandsworth
Fort Walsh	Maude Lake	Worcester
Frenchman Butte	Meacham (East)	Wroxton (North)
Garthland (South)	Minnehaha	
Gibbs	Mont Nebo	

In service late summer 2021

Aberdeen (Southwest)	Emma Lake – Murray Point	Shaunavon (Southeast)
Arlington Beach	Hendon (West)	Simmie
Arran	Kuroki	Swanson
Candle Lake	Makwa – Loon Lake	Torquay (North)
Carrot River (East)	Marean Lake	Turtle Lake – Indian Point
Drinkwater	Mount Pleasant	
East Fairwell	Prince Albert (East)	

REINVIGORATE SASKTEL THROUGH DIGITAL TRANSFORMATION

WE WILL USE TECHNOLOGY TO BUILD NEW BUSINESS CAPABILITIES, MAKING IT EASIER FOR OUR CUSTOMERS TO DO BUSINESS WITH US AND EASIER FOR OUR EMPLOYEES TO SERVE CUSTOMERS.

The world is becoming more digital and this is impacting every industry, creating new challenges and opportunities. Products and services are changing rapidly and new competitors are emerging from adjacent markets. SaskTel's customers have more choices than ever before.

Our digital transformation places the customer at the centre of everything we do. We are focused on finding more effective ways of doing business and making it easier for our employees to serve our customers. We are adopting new digital technologies, developing new skills in our employees, and simplifying processes. Business intelligence, automation, and customer self-serve opportunities will further our ability to provide an exceptional customer experience. This reinvigoration will make SaskTel more agile and responsive to the evolving needs of our customers.

SaskTel has aligned our strategic goal to reinvigorate our company through digital transformation with six Crown Sector Strategic Priorities: Customer Focus; Skilled Labour Force; Financial Sustainability; Priority Investments; Private Sector Engagement; and Technology and Innovation.

PATH TO SUCCESS

- Simplify
- Automate
- Implement a digital-only operating model
- Transformational initiatives from our exceptional customer experience goal

Balanced Scorecard

Success with SaskTel's digital transformation activities is critical to the company's future. A new measure for 2020/21 was introduced to capture our performance: Benefits Realized from Transformation Initiatives. Some of the benefits from digital transformation will be the result of new revenues while others will provide benefits from operational efficiencies as we streamline our work and make things easier for our customers. SaskTel set a target of $10 million in incremental benefits for 2020/21. With ongoing revenue losses from legacy services, these benefits will help maintain the company's financial sustainability over the long term.

EBITDA margin continues to be used to measure SaskTel's operational efficiency and profitability. It is a widely used financial ratio that measures operating profit (earnings before interest, taxes, depreciation, and amortization expense) as a percentage of revenue.

Measure	2019/20 Result	2020/21 Approved Target	2020/21 Result	2021/22 Target
Transformation				
Benefits realized from transformation initiatives ($ millions)	New measure for 2020/21	$10.0	$15.4	$20.0
Efficiency				
EBITDA margin	29.2%	27.2%	28.2%	28.0%

Transformation Performance

Transformation of how SaskTel does business is critical to the company's future performance and competitiveness. In 2020/21, we were able to realize benefits from transformation initiatives of over $15 million through a number of large and small initiatives, including simplifying the software application portfolio, CPE optimization, eBill adoption, enabling self-serve install, revenue assurance, and using robotic process automation.

Efficiency Performance

The EBITDA margin is a key measure for our overall operational efficiency. Once again, we have exceeded our 2020/21 target. Improvements in EBITDA margin performance continue to be a result of revenue growth, business simplification, and operational improvements.

Achievements in 2020/21

- Employees made extensive use of digital collaboration tools, keeping employees safe and SaskTel functioning throughout the pandemic
- Launched ELEVATE, SaskTel's Digital Workforce Transformation program. Numerous ELEVATE "sprints" have been completed, automating repetitive processes and creating efficiencies
- Opportunities have been identified and are being pursued in Broadband Process Transformation, including streamlining processes for sales, programming, installation and repair; removing the causes of extra effort and cost for employees to deliver broadband service to customers
- Partnered with the City of Melfort to launch a smart city initiative, establishing the city as a hub for smart city technology. This included working with Saskatchewan-based Greenwave Innovations, piloting an integrated platform for the city's environmental and resource monitoring
- Partnered with the University of Saskatchewan's Livestock and Forage Centre of Excellence to test, develop, and demonstrate smart farming technologies
- Completed simplifications to our Customer Relationship Management systems
- Completed enhancements to mySASKTEL.com, simplifying the customer account registration process
- Implemented a new pre-authorized payment process, allowing customers to set up pre-authorized debit payments online

EMPOWER A HIGH-PERFORMANCE WORKFORCE

TOGETHER, OUR SKILLED WORKFORCE IS COMMITTED TO TRANSFORMING SASKTEL FOR THE FUTURE AND ENSURING WE DELIVER TO OUR CUSTOMERS' EXPECTATIONS.

At SaskTel, we are a company that is proud, accountable, innovative, respectful, serious about health and safety, and centred on our customers. Our focus on health and safety has been elevated further by the COVID-19 pandemic.

Our industry continues to change rapidly. It is critical to our future success to have an enabled, engaged, empowered, and healthy team of employees. We are committed to continual learning. Acquiring new skills and knowledge through training and recruitment is crucial to remaining highly competitive and satisfying our customers' evolving needs.

We look to all employees to develop new ideas and business improvements. Continuing to enhance the adaptability and agility of our workforce is essential to our ability to collaborate effectively and allocate resources to areas of strategic importance.

Our strategic goal of empowering a high-performance workforce is aligned with the Crown Sector Strategic Priorities: Customer Focus; Skilled Labour Force; and Technology and Innovation.

PATH TO SUCCESS

- Improve employee engagement
- Living our culture
- Lead SaskTel through digital transformation

Balanced Scorecard

Measures focused on employee engagement, and learning and growth are used as key indicators of our progress on empowering a high-performance workforce. The results of these measures are determined by our annual employee survey. SaskTel uses an independent vendor to conduct and tabulate survey results.

Employee engagement is an indicator of employees' dedication and willingness to go above and beyond in their work.

The learning and growth measure of employee perception of skill evolution uses a subset of survey questions to indicate the level of employee confidence that they have the skills to successfully perform their duties in alignment with the company's changing business needs.

Measure	2019/20 Result	2020/21 Approved Target	2020/21 Result	2021/22 Target
Employee Engagement				
Employee engagement score	Eight percentage points below 2018/19 target	Two percentage points above 2019/20 result	Thirteen percentage points above 2019/20 result	Two percentage points above 2020/21 result
Learning and Growth				
Employee perception of skill evolution	One percentage point below 2018/19 target	One percentage point above 2019/20 result	6.5 percentage points above 2019/20 result	One percentage point above 2020/21 result

SaskTel conducted the annual employee survey in the fourth quarter. We once again appreciate the high response rate and feedback our employees offered through their participation in the survey.

Employee Engagement Performance

The employee engagement score increased considerably in 2020/21 by 11 percentage points above target. The company took several steps to address employee feedback, which resulted in improvements across all employee engagement survey factors. Employees are optimistic about the future of the organization and appreciated measures taken by SaskTel to keep customers and employees connected and safe. SaskTel is very proud of the extraordinary effort our employees made throughout 2020/21 to achieve this.

Learning and Growth Performance

Learning and professional growth is an important driver of both employee engagement and preparing the workforce with the skills, knowledge, and confidence needed for the continuing transformation of SaskTel's business. Employee perception of skill evolution results increased by 5.5 percentage points above the 2019/20 approved target. SaskTel's positive financial performance in 2020/21 made it possible to offer more opportunities for training and professional development than has been possible in recent years. Action plans have been developed in response to the survey in order to identify and keep offering new and required training and growth opportunities for employees.

Achievements in 2020/21

- Recognized by Mediacorp Canada Inc. as one of:
  - Canada's Top 100 Employers
  - Saskatchewan's Top Employers
  - Canada's Top Employers for Young People
  - Canada's Best Diversity Employers
  - Canada's Greenest Employers
- Named one of Forbes Canada's Best Employers in 2021
- Named one of Saskatchewan's Top 100 Companies by *Saskatchewan Business Magazine* in 2021
- Provided employees with learning opportunities and development in the areas of:
  - Digital transformation
  - Remote working
  - Change management
  - Mental health and wellness
  - Cybersecurity
- Introduced a new remote work policy in response to the COVID-19 pandemic, offering our employees a new way to balance work, family, and other responsibilities
- Enhanced our health and safety measures as part of SaskTel's ongoing response to the COVID-19 pandemic while keeping the people of Saskatchewan connected
- Provided mental health resources and confidential support services through SaskTel Employees' Personal Problem Program

MAXIMIZE LONG-TERM FINANCIAL SUSTAINABILITY

WE WILL FIND CREATIVE SOLUTIONS TO POSITION SASKTEL FOR FINANCIAL SUCCESS, SECURING OUR ABILITY TO SERVE CUSTOMERS THROUGHOUT THE PROVINCE OF SASKATCHEWAN FOR MANY YEARS TO COME.

A number of challenges are placing pressure on financial results in our industry. Technologies are changing rapidly. Customer needs are evolving. Legacy revenue sources are in decline. Barriers to market entry are falling and competition is increasing. There is a need to make significant capital investments to enhance networks and transform operations. Regulatory changes and economic conditions present further challenges.

We are focused on developing new products and services that will generate revenue into the future. Improving our business processes will contribute to a competitive cost structure, freeing up resources for strategic growth areas.

Our focus on customers, digital transformation improvements, effective investment prioritization, and skilled workforce work together to ensure we position SaskTel for long-term success and financial sustainability.

Maximizing our long-term financial sustainability is aligned with the Crown Sector Strategic Priorities: Financial Sustainability; Priority Investments; Private Sector Engagement; Customer Focus; and Technology and Innovation.

PATH TO SUCCESS

- Grow revenue and gross margin
- Create a competitive operating model

Balanced Scorecard

SaskTel's financial measures are focused on creating shareholder value, generating revenue and earnings, and effectively leveraging our capital investments. These measures provide important insight into our current financial performance and overall progress, enhancing our long-term financial sustainability.

Shareholder value is captured by the return on equity (ROE) and debt ratio measures. These track how we are meeting our shareholder's expectations to generate a financial return within a prescribed capital structure. ROE provides an indication of how effectively we are using our equity to generate profits. Debt ratio is an indicator of our capital structure. Both are commonly used financial ratios, allowing comparison to other companies and industry standards.

The revenue generation measure provides a view of our total revenue, as well as two key components: revenue from our broadband core services and revenue from the business market. In 2020/21 our balanced scorecard was focused exclusively on total revenue.

Net income is the primary measure of our profitability. Our net income allows us to return cash to our shareholder, funding important services for the people of Saskatchewan.

Building and maintaining competitive network infrastructure in our industry requires significant capital investment. The capital intensity measure indicates how effectively we are utilizing our capital investments to generate revenue.

Measure	2019/20 Result	2020/21 Approved Target	2020/21 Result	2021/22 Target
Shareholder Value				
ROE	10.2%	6.9%	11.0%	8.6%
Debt ratio	47.8%	51.6%	50.4%	52.5%
Revenue Generation				
Total revenue ($ millions)	$1,283.7	$1,256.8	$1,317.7	$1,298.6
Net Income				
Net income ($ millions)	$119.8	$81.8	$130.8	$100.0
Capital Investment				
Capital intensity	19.5%	27.4%	23.4%	24.9%
Crown Collaboration				
Crown Collaboration Savings ($ millions)		New measure for 2021/22		$50

Shareholder Value Performance

SaskTel's ROE is above the target of 6.9%, largely due to exceeding our targeted net income for the year.

Revenue Performance

Revenue is above target, reflecting strong customer growth in both wireline and wireless services. This customer growth, along with strong ARPU performance, delivered higher than expected revenue.

Net Income Performance

Net income exceeded expectations due to strong revenue growth and favourable finance expense, partly offset by higher operational expenses, depreciation expenses, and amortization expense.

Capital Investment Performance

Capital investment came in lower than targeted. This is due to prudent management of capital spending within the capital program and favourable revenue results.

Crown Collaboration

The Crown Collaboration target is set by CIC. The target of $50 million in savings for 2021/22 is for the Crown sector as a whole and not SaskTel specifically.

Achievements in 2020/21

- Increased growth in our business customer segment and increased adoption of our Data Centre offerings and managed IT services
- Continued growth of our wireless, broadband, and maxTV subscriber base by continuing to provide superior network quality, new service offerings, and enhanced customer experience
- Increased our broadband fibre spend to over $85 million to expand service to our customers and continued to focus on one million connections
- Invested in capacity enhancements to support increased demand for remote work, school, and at-home entertainment in response to the COVID-19 pandemic
- Implemented the use of digital transformation tools such as analytic process automation and robotic process automation to realize a fully connected business, resulting in costs savings and operational efficiencies

RATIONALE FOR THE SELECTION OF BALANCED SCORECARD PERFORMANCE MEASURES

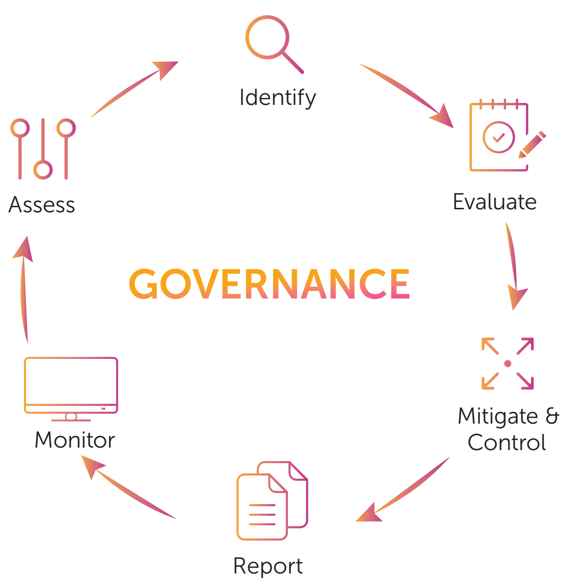
Measures	Purpose
Customer Satisfaction Customer experience – consumer Customer experience – business	Delivering an exceptional customer experience at all touchpoints is a key strategic goal for SaskTel. Our industry is highly competitive and customers have more choices than ever. Delivering high levels of satisfaction to all our customers is critical to our success. This measure allows SaskTel to evaluate the level of customer experience being provided and identify areas of opportunity.
Broadband Connections Total broadband accesses	Broadband is SaskTel's North Star and leading the market in broadband services is a key strategic goal. Broadband is our core service and critical to sustainable long-term growth. SaskTel aims to be the best broadband provider in Saskatchewan, providing reliable internet to as many customers as possible.
Network Advancements SK homes and businesses with access to: At least 50 Mbps fixed broadband At least 300 Mbps fixed broadband	Leading the market in broadband services is one of our key strategic goals. SaskTel is committed to delivering higher broadband speeds to customers throughout Saskatchewan. A download speed of 50 Mbps is the CRTC target speed for 90% of Canadians by the end of 2021. Access to at least 300 Mbps is reflective of customers' increasing speed requirements. It is aligned with the expansion of our fibre optic network infrastructure in the province, which is included in *Saskatchewan's Growth Plan: The Next Decade of Growth 2020–2030*.
Efficiency EBITDA margin	The EBITDA margin is used to monitor our improvements to operating efficiency and profitability. Digital transformation is a key strategy for SaskTel and as our initiatives are implemented, the financial impacts are reflected by this measure. It is a commonly used financial ratio that can be compared to industry standards.
Transformation Benefits realized from transformation initiatives	Reinvigorating SaskTel through digital transformation is one of our key strategic goals. This measure captures incremental benefits resulting from transformation initiatives that generate new revenue and/or improve our operational efficiency.
Employee Engagement Employee engagement score	Empowering a high-performance workforce is a key strategy for SaskTel. We measure employee engagement as an indicator of employees' connection and dedication to the organization and their role within it. An engaged team of employees leads to better customer experiences and improved overall corporate performance.
Learning and Growth Employee perception of skill evolution	Our industry is experiencing rapid technology change, elevating the importance of employee learning and growth. Skill evolution is a key component of employee enablement and a requirement for empowering a high-performance workforce. We use this measure to monitor our employees' confidence that they have the skills necessary to perform successfully.
Shareholder Value ROE Debt ratio	As a provincial Crown corporation, SaskTel has a responsibility to provide value to our shareholder, the Government and people of Saskatchewan. We use these two measures to evaluate our performance generating the financial return (ROE) expected by our shareholder within a prescribed capital structure (debt ratio). ROE and debt ratio are widely used financial ratios, allowing comparison to other companies.
Revenue Generation Total revenue	Revenue generation is an important indicator of our growth and financial sustainability. Total revenue is a common financial measure that can be compared to other companies.
Net Income	Net income is the primary measure of a competitive company's profitability and financial health. SaskTel's net income contributes to Saskatchewan's financial health as it is consolidated into the Province's financial statements.
Capital Capital intensity	SaskTel operates in an industry where significant capital investments are necessary to remain competitive. Capital intensity is used to measure how effectively SaskTel's capital investments are being utilized to generate revenue. Effective management of capital intensity will contribute to a healthy net income.

ENTERPRISE RISK MANAGEMENT

SaskTel, like any business, is subject to uncertainty and risk that may have a material effect on its ability to achieve business objectives. The company manages risk exposures in relation to business priorities and risk tolerance through its Governance, Risk and Compliance (GRC) framework; an enterprise-wide approach aligning strategic planning, enterprise risk management (ERM), operations, and internal audit.

The ERM process (shown below) within the GRC framework is applied to identify and respond to key risks. An approved risk matrix serves as a tool for assessing risks against SaskTel's risk appetite.

ENTERPRISE RISK MANAGEMENT FRAMEWORK



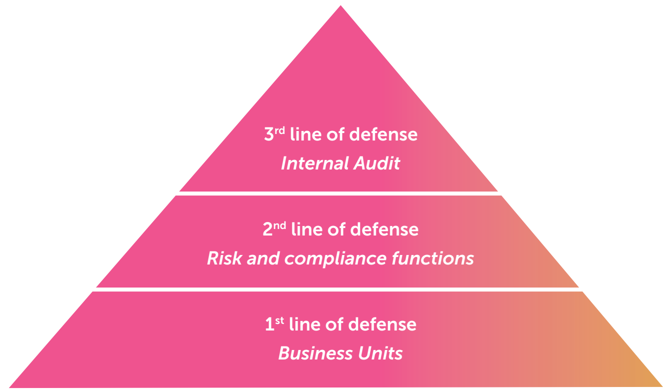
GOVERNANCE AND RESPONSIBILITIES

Governance is provided by SaskTel's Board of Directors, Audit and Risk Committee of the Board, and Executive Committee.

All areas of the business play a role in managing risk with a three lines of defense approach. All employees are expected to understand and manage risks within the scope of their responsibilities. Various risk, control, and compliance functions provide oversight to form the second line of defense and Internal Audit provides independent assurance of the effectiveness of the ERM policy, processes, mitigations, and controls.

GOVERNANCE

Board of Directors, Audit and Risk Committee of the Board, Executive Committee



KEY RISKS

The following risks are key strategic and core business risks and uncertainties facing SaskTel. Additional risks and uncertainties deemed to be lower risk or risks that are currently unknown may also have a material effect on the business. Any discussion about risks should be considered in conjunction with "Caution Regarding Forward-looking Information" on page 18.

STRATEGIC RISKS

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

OPERATING ENVIRONMENT
Competitive capabilities restricted by policies, processes, and systems

SaskTel's ability to deliver a competitive customer experience across the customer journey and respond quickly to market changes is challenged by a complex operating environment, including multiple systems, horizontal processes across several business units, reliance on manual interactions, and business rules built over 110 years.

SaskTel has roadmaps in place to guide the transformation of its operating environment and is continuously implementing projects to simplify and automate the business and enhance customer experience. Business intelligence and data analytics are used to proactively identify customer needs and revenue opportunities.

REVENUE GROWTH
Having competitive services that enable revenue growth and profit

Competitor intensity, including non-traditional competitors, industry consolidation, and disruptive technology makes it challenging to increase revenue and profit margins. SaskTel is facing declining legacy services, aggressive wireless competition, low-cost alternative technologies (over-the-top, cloud-based services) and the need for ever-increasing broadband speeds.

SaskTel is focused on evolving and expanding its broadband network (fixed and mobile), evolving its products, launching new services, establishing partnerships to offer non-core solutions, and pursuing new markets.

REGULATORY
Federal regulation and policies increase complexity and negatively impact profitability

The federal government and the CRTC continually make pronouncements and issue regulatory interventions that create challenges for SaskTel and its ability to conduct business. Treating all incumbents the same regardless of size and geography, regulators focus on increasing competition, competitor-friendly policies, and lower prices for consumers, resulting in increased costs, lower profitability, and added complexity to SaskTel's business.

SaskTel actively participates in CRTC and other proceedings to ensure its position is known.

ALLIANCES AND PARTNERS
Ability to maintain key alliances and partnerships

SaskTel has agreements with other companies in the industry to provide and purchase products and services needed to operate the business. When relying on third parties there is always a risk that factors will emerge that may change or end the relationship or contract.

SaskTel works to ensure contractual obligations are met and future expectations are addressed to maintain mutually beneficial business relationships. For example, other telecom carriers rely on SaskTel networks and as such, it is important to ensure our networks continue to meet their needs.

COVID-19 PANDEMIC
COVID-19 outbreak impacts customer spending and SaskTel's ability to serve customers

The COVID-19 pandemic has disrupted businesses and created economic uncertainty. Long-term impacts are still unknown and could result in revenue declines and reduced ability to serve customers.

Business continuity plans, including a work-from-home solution, an eChannel presence, and an extensive dealer network, help mitigate the risk of not being able to serve customers. In addition, SaskTel's network infrastructure is planned and built to be highly available, cybersecurity protocols are in place and actions are being taken to secure supplies and keep customers and employees safe. SaskTel continues to identify where the business needs to shift its priorities and accelerate the pursuit of new opportunities, including self-serve and self-enablement enhancements.

CORE BUSINESS RISKS

The following core business risks focus on the ability to execute business functions related to operational, financial, and compliance and legal risks.

Operational Risks

Operational risks consider areas such as business interruption, security, infrastructure, supply chain, resources, customer service, and safety and environment. The key operational risks facing SaskTel are listed on the following page.

NETWORK AND SYSTEMS RISKS
A significant network or system outage disrupts service

SaskTel's networks and systems are core to delivering services; if any of them become unavailable for an extended period, it could cause significant customer impacts.

Networks and systems are designed and built to be highly available. Regular updates and maintenance, replacement of legacy technology and end-of-life systems, alarming of key components, redundancy of network and system hardware, and change control processes help reduce the occurrence, duration, and severity of outages. Should an outage occur, business continuity and disaster recovery plans are in place to help minimize impacts.

PHYSICAL INFRASTRUCTURE
Significant loss of access or damage to critical buildings and infrastructure disrupts service

Any natural weather event, fire, or vandalism can damage physical assets, which could disrupt service. Aging infrastructure in critical buildings also poses a threat to service.

Preventative measures exist to reduce the chance of a significant event or loss, including automated control systems, fire detection systems, security measures, maintenance, and upgrades. If an event occurs, business continuity plans and disaster recovery protocols come into effect. Insurance is also in place to offset significant financial loss.

CYBERSECURITY
A security threat or data breach compromises information or disrupts service

SaskTel, like any company, is subject to cyberattacks or data breaches. This threat will only increase with the movement toward digitalization, automation, software-based products, and massive numbers of connected devices.

SaskTel regularly assesses its environment and continues to implement extensive controls and measures to protect customer, employee, and corporate information, and to mitigate against service disruption. Incident management processes and response plans are also in place should an event occur.

Financial Risks

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

Compliance and Legal Risks

Areas reviewed in this category focus on SaskTel's need to comply with laws and regulations, including contractual, professional, third party, statutory, environmental, governance, intellectual property, litigation, regulatory, and privacy. SaskTel's key risk is described below.

LITIGATION
A lawsuit with significant consequences

Every business is subject to lawsuits due to various activities undertaken. Employees interact with thousands of people daily and SaskTel's assets are numerous and visible. Exposures include contractual, professional, statutory, and third party liability, which could negatively impact SaskTel's results and reputation.

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

OPERATING RESULTS

FINANCIAL SUMMARY

Consolidated Net Income

For the year ended March 31, ($ millions)	2021	2020	Change	%
Revenue	$ 1,317.7	$ 1,283.7	$ 34.0	2.6
Other income	6.3	3.3	3.0	90.9
	1,324.0	1,287.0	37.0	2.9
Expenses				
Goods and services purchased	584.9	543.4	41.5	7.6
Salaries, wages, and benefits	355.7	359.0	(3.3)	(0.9)
Internal labour capitalized	(21.9)	(21.2)	(0.7)	3.3
Depreciation - property, plant and equipment	183.0	173.0	10.0	5.8
Depreciation - right-of-use assets	6.2	6.6	(0.4)	(6.1)
Amortization	31.8	33.4	(1.6)	(4.8)
Impairment loss	–	10.7	(10.7)	(100.0)
Saskatchewan taxes	27.9	27.2	0.7	2.6
	1,167.6	1,132.1	35.5	3.1
Results from operating activities	156.4	154.9	1.5	1.0
Net finance expense	25.6	35.1	(9.5)	(27.1)
Net income	130.8	119.8	11.0	9.2
Other comprehensive income (loss)	(6.5)	4.8	(11.3)	*nmf*[1]
Total comprehensive income	$ 124.3	$ 124.6	$ (0.3)	(0.2)

1 *nmf* – no meaningful figure

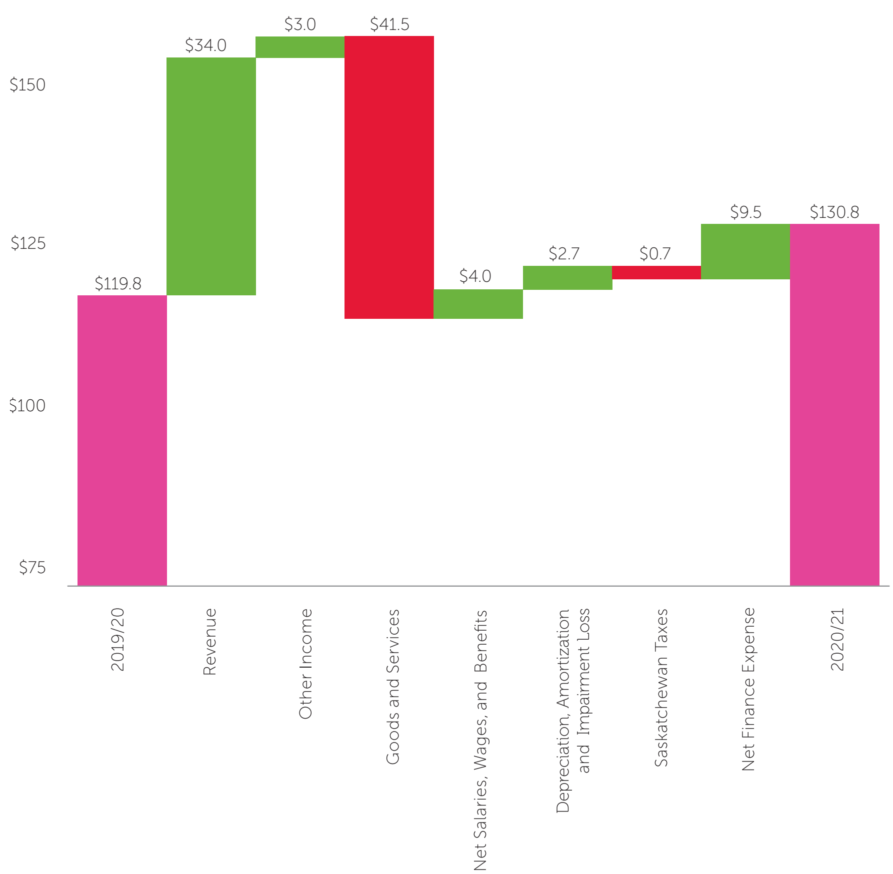
Consolidated Revenue

For the year ended March 31, ($ millions)	2021	2020	Change	%
Wireless network services and equipment	$ 610.4	$ 576.1	$ 34.3	6.0
Fixed broadband and data services	274.6	273.0	1.6	0.6
Wireline communication services	196.2	211.0	(14.8)	(7.0)
maxTV service	103.6	104.4	(0.8)	(0.8)
Security monitoring services	34.7	32.4	2.3	7.1
Customer premise equipment	26.1	18.3	7.8	42.6
Marketing services	25.2	27.8	(2.6)	(9.4)
IT solutions services	12.4	11.6	0.8	6.9
International software and consulting services	9.3	8.2	1.1	13.4
Other services	25.2	20.9	4.3	20.6
	$ 1,317.7	$ 1,283.7	$ 34.0	2.6

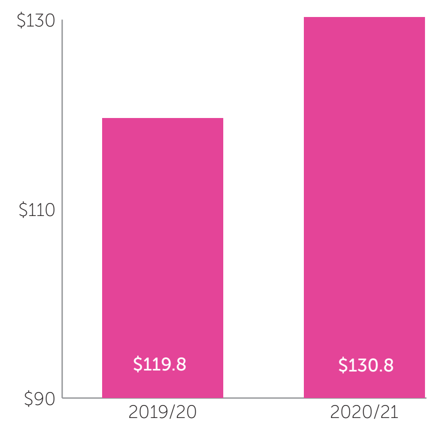
NET INCOME

SaskTel provides strong returns to the Province of Saskatchewan by introducing competitive services and providing revenue growth in key business segments, including wireless, and fixed broadband and data, and by managing its costs and optimizing its legacy services. Net income was $130.8 million, an increase of $11.0 million from the same period in 2019/20. Net income increased through revenue growth of $34.0 million, reduced net salaries and wages of $4.0 million, decreased depreciation, amortization, and impairment loss of $2.7 million, and lower net finance expense of $9.5 million.

Net Income ($ millions)



Net Income ($ millions)

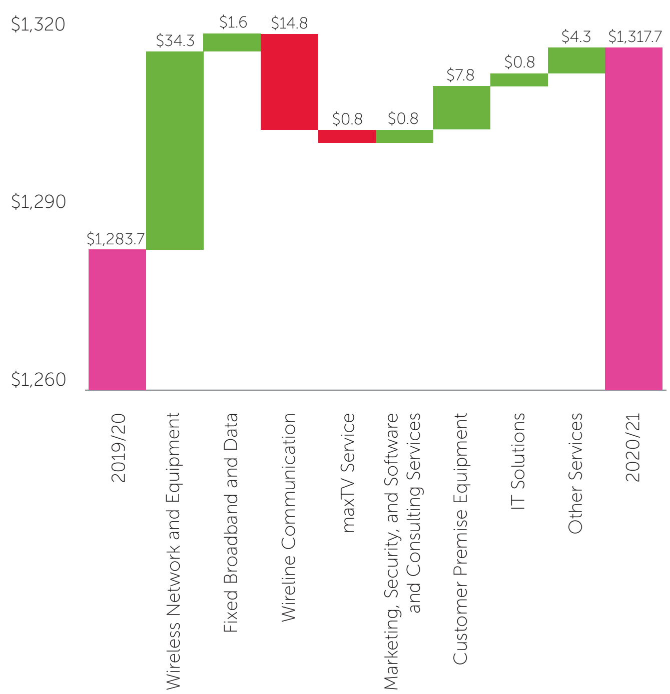


Operating Revenue	Net Income	Return on Equity	EBITDA Margin	Debt Ratio
$1,317.7M	$130.8M	11.0%	28.2%	50.4%
▲ Increased Wireless Revenue ▼ Decreased Wireline Legacy Revenue	▲ Increased Operating Revenue ▲ Decreasing Financing Costs ▲ Decreased Impairment ▼ Increased Depreciation ▼ Increased Operating Expenses	▲ Increased Net Income	▲ Increased Operating Revenue ▼ Increased Operating Expenses	▲ Increased Net Debt

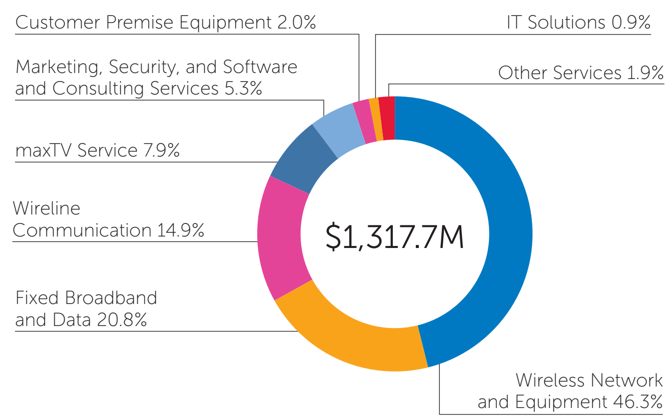
REVENUE

Revenue for the fiscal year ending March 31, 2021 was $1,317.7 million, an increase of $34.0 million, reflecting continued wireless adoption and increased revenue from wireline growth services. This growth was partially offset by ongoing declines in legacy wireline services and customer relief programs related to the COVID-19 pandemic. Growth in wireless revenue reflected a growing subscriber base where increased revenue in wireline growth services is a result of higher broadband and data services revenue per customer, as customers opt for higher internet speeds and more services delivered over SaskTel's fibre network. The remaining growth in wireline was a result of increased equipment sales to enterprise customers and strong expansion in our IT solutions portfolio.

Revenue ($ millions)



2020/21 Revenue Profile

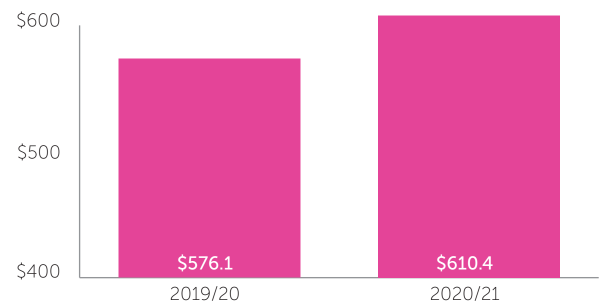


CUSTOMER CONNECTIONS

Broadband Internet	maxTV Service	Wireless	Fibre	Wireline Voice
+5.1%	+2.5%	+2.4%	+14.0%	(6.1%)
+40,386 vs 2019/20	+2,738 vs 2019/20	+15,031 vs 2019/20	+18,382 vs 2019/20	(18,785) vs 2019/20

SaskTel's revenue is composed primarily of wireless network services and equipment revenue (46.3%), fixed broadband and data (20.8%), wireline communication (14.9%), and maxTV service (7.9%). Wireless and broadband revenue continued growth was partially offset by the ongoing decline of wireline communication revenue. SaskTel offers its customers increasing internet bandwidth through improvements to its network infrastructure, including FTTP, fixed wireless and mobile broadband, and expansions of DSL internet to rural communities. SaskTel continues to expand its IT solutions services portfolio by offering innovative ICT solutions, including managed cloud, Tier III Data Centre services and remote network monitoring services to its customers.

Wireless Network and Equipment Revenue ($ millions)

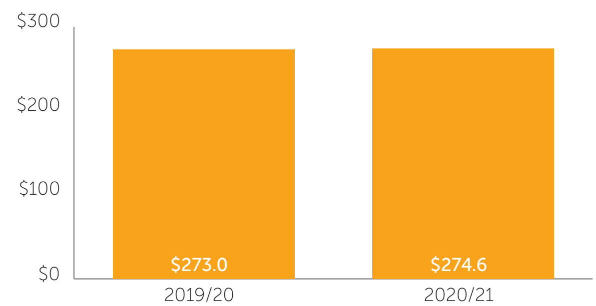


WIRELESS NETWORK SERVICE AND EQUIPMENT

Wireless revenue increased $34.3 million (6.0%) in 2020/21, reflecting growth in our wireless subscriber base and a greater volume of premium handsets in the sales mix. This growth was partially offset by COVID-19 pandemic impacts, including lower roaming revenue and temporarily waiving data overage charges.

Our focus on customer-first initiatives and our leading network quality and coverage resulted in decreased wireless churn and an increase in year-over-year net subscriber additions of 15,031 or 2.4%.

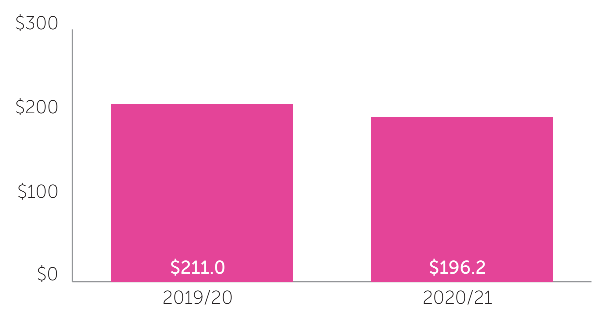
Fixed Broadband and Data Revenue ($ millions)



FIXED BROADBAND AND DATA SERVICES

Fixed broadband and data services revenue increased by $1.6 million (0.6%). This was driven by increased activations in our expanded FTTP footprint, richer retail offerings, and increased customer demand for our High Speed Internet service during COVID-19, with network traffic reaching historic levels due to increased remote work, education, and at-home entertainment. SaskTel's *infiNET* fibre service access growth increased 14.0% and has increased the demand for higher speeds, contributing to overall increased ARPU growth.

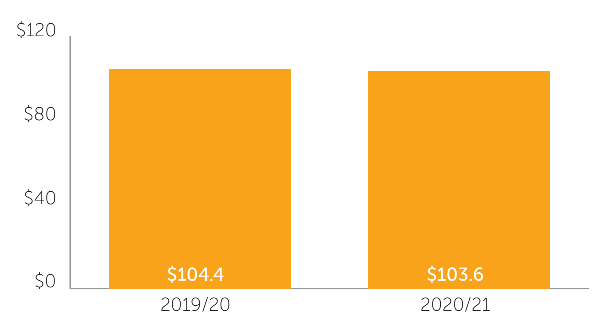
Wireline Communication Revenue ($ millions)



WIRELINE COMMUNICATION SERVICES

Wireline communication services declined by $14.8 million (7.0%) from 2019/20. This decline is due to a reduction in network accesses, driven by ongoing technological substitution to wireless and internet-based services, partly offset by higher usage of conferencing services as customers embraced a new work-from-home environment.

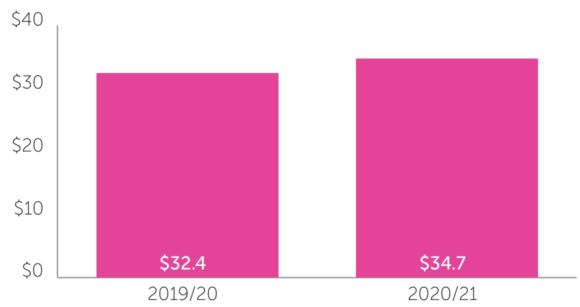
maxTV Service Revenue ($ millions)



maxTV SERVICE

maxTV service revenue decreased by $0.8 million (0.8%). This decrease is driven by increased promotional activity due to aggressive competition and an overall shift in the industry to over-the-top video services. This has been partially offset by growth of maxTV Stream, SaskTel's new streaming service that allows customers to watch live TV or on demand content anywhere in Canada.

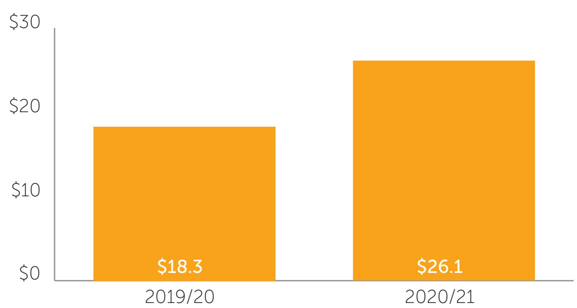
Security Monitoring Revenue ($ millions)



SECURITY MONITORING SERVICES

Security monitoring services revenue increased $2.3 million to $34.7 million in 2020/21, due to increased monthly monitoring revenue as customers selected higher value-added features such as SaskTel's smartHOME security that provides interactive security, safety, cameras, and automation technology for residential and business consumers. SaskTel continues to actively seek out business growth both organically and through customer account acquisitions.

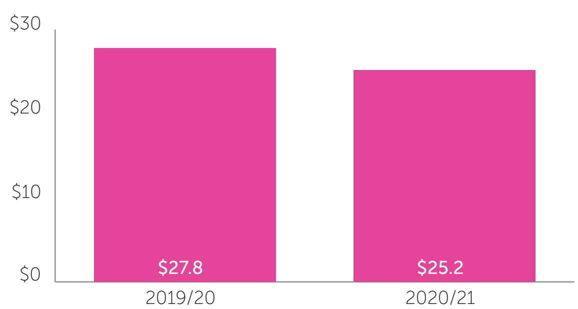
Customer Premise Equipment Revenue ($ millions)



CUSTOMER PREMISE EQUIPMENT

Customer premise equipment revenue increased by $7.8 million, reflecting increased sales of SaskTel's business-grade communications systems to enterprise customers, driven by the increased demand to augment networks for increased security and demand for remote activity.

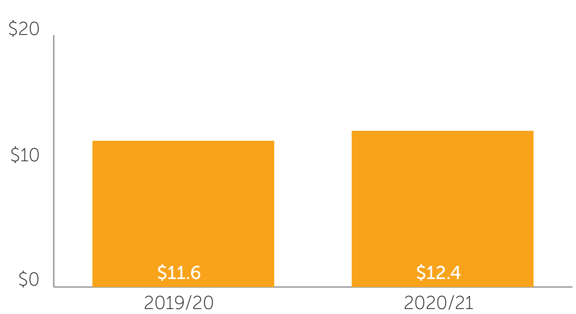
Marketing Revenue ($ millions)



MARKETING SERVICES

Marketing services revenue decreased to $25.2 million in 2020/21, from $27.8 million in 2019/20, a decrease of $2.6 million (9.4%) as the traditional directory industry continued to experience significant financial pressures along with the challenges brought on by the COVID-19 pandemic. These declines have been partially offset by continued growth of the company's digital marketing services and Digital Out-of-Home billboard media.

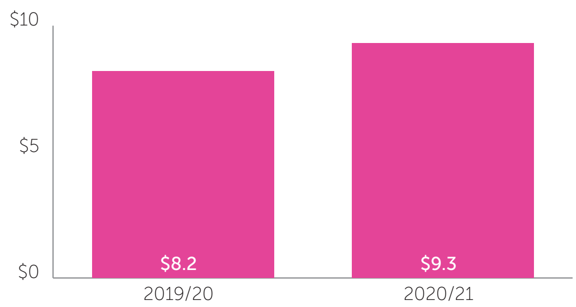
IT Solutions Revenue ($ millions)



IT SOLUTIONS SERVICES

IT solutions services revenue increased 6.9%, reflecting growth in our business customer segment and increased adoption of our Data Centre offerings and managed IT services such as cloud computing, cloud service, backup and disaster recovery, and colocation hosting to business customers across Saskatchewan.

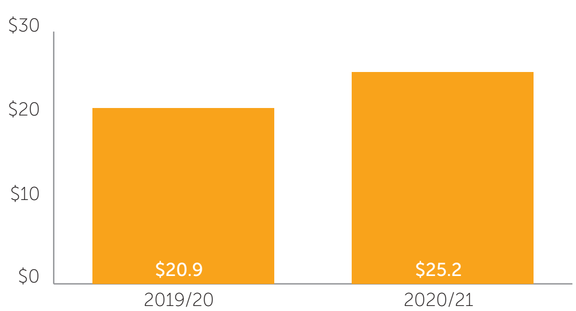
International Software and Consulting Revenue ($ millions)



INTERNATIONAL SOFTWARE AND CONSULTING SERVICES

International software and consulting services revenue increased to $9.3 million in 2020/21, an increase of $1.1 million from 2019/20, primarily due to higher implementation, maintenance, and support fees from contracts for the new suite of network management services.

Other Revenue ($ millions)

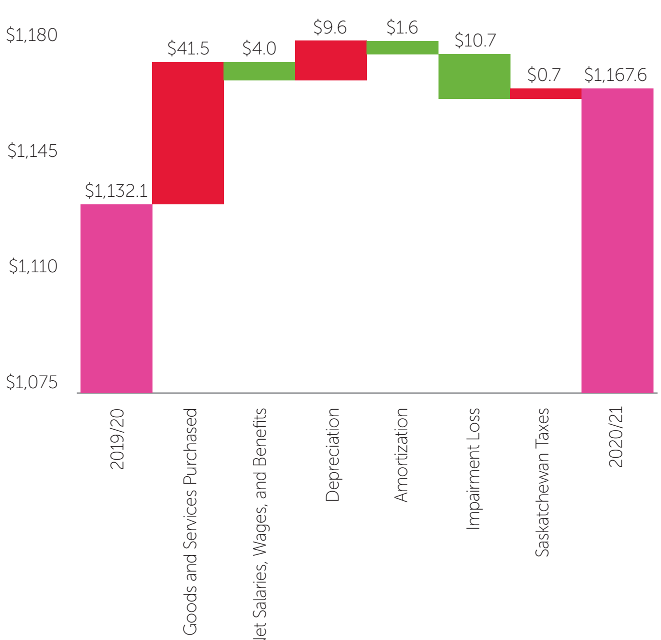


OTHER SERVICES

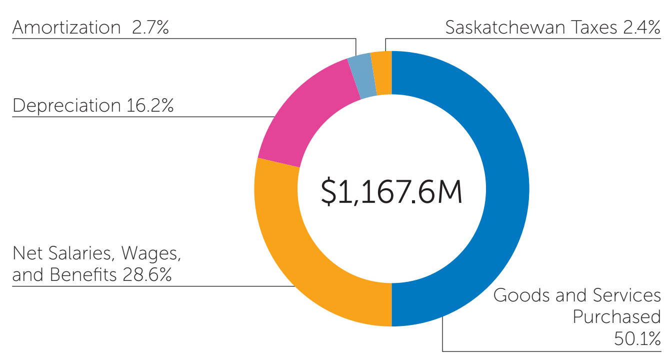
Other services revenue increased $4.3 million from 2019/20. In 2020/21, this portfolio saw professional services growth related to increased business-grade equipment sales, along with increased customer project work.

EXPENSES

Expenses ($ millions)

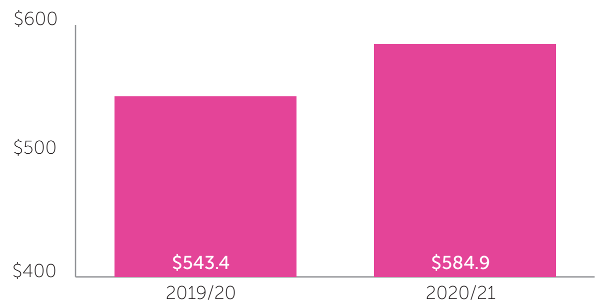


2020/21 Expense Profile



Expenses increased $35.5 million from the previous year to $1,167.6 million. This increase reflected increased customer costs associated with a growing subscriber base. Depreciation and amortization (excluding the impairment loss in 2019/20) increased due to growth in capital assets as we invested in capacity enhancements to support increased demand, as well as investments in online fulfillment, and customer self-serve platforms. These increases were partly offset by management's focus on controlled discretionary spending.

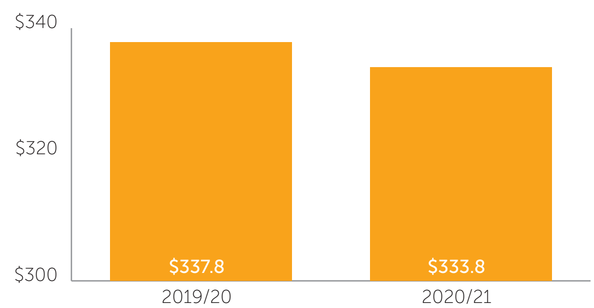
Goods and Services Purchased ($ millions)



GOODS AND SERVICES PURCHASED

Goods and services purchased increased to $584.9 million for 2020/21, driven by: higher cost of goods sold in support of our growing subscriber base, including increased device sales and higher handset costs; increased customer content costs; and increased volume of business-grade equipment sales. These factors were partly offset by lower roaming expenses and reduced discretionary spending as a result of travel restrictions.

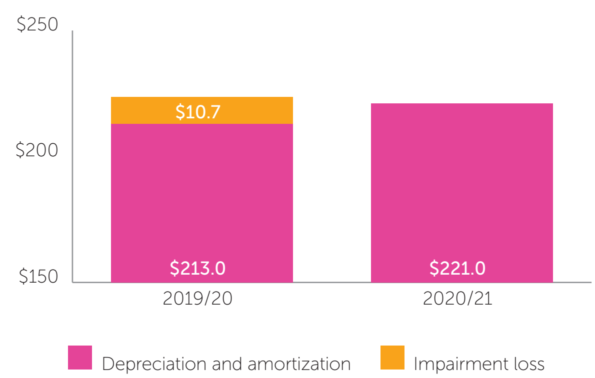
Net Salaries, Wages, and Benefits ($ millions)



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

Net salaries, wages, and benefits decreased to $333.8 million, down $4.0 million partly due to increased capitalized labour and decreased labour contract settlement costs, which were recognized in 2019/20.

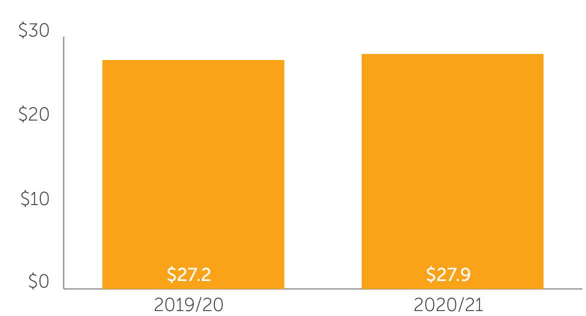
Depreciation, Amortization, and Impairment ($ millions)



DEPRECIATION, AMORTIZATION, AND IMPAIRMENT

Depreciation and amortization expense, and impairment loss decreased to $221.0 million, due to recognition of an impairment loss of $10.7 million in 2019/20. Excluding this loss, depreciation and amortization increased due to spending on our fixed and wireless broadband networks, including large expenditures to expand SaskTel's fibre footprint and to increase wireless capacity, coverage, and speeds across the province to support increased customer demand. Investments in online fulfillment and customer self-serve platforms had been deployed to improve the customer experience. The remainder of the increase is due to a change in the estimated useful lives of certain network assets.

Saskatchewan Taxes ($ millions)

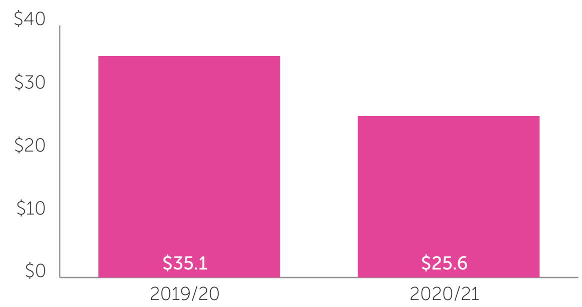


SASKATCHEWAN TAXES

Taxes represent the payment of corporate capital tax to the Province of Saskatchewan and grants-in-lieu of taxes paid to cities, towns, villages, rural municipalities, and northern sites in Saskatchewan.

Taxes were $27.9 million in 2020/21, an increase of $0.7 million from 2019/20.

Net Finance Expense ($ millions)

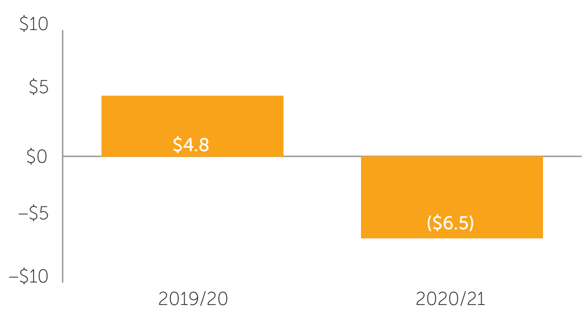


NET FINANCE EXPENSE

Net finance expense decreased $9.5 million year-over-year. This was due to: market value gains realized on the redemption of sinking funds related to debt maturities; lower financing costs; and increased capitalized interest. This was partially offset by reduced financing income from increased adoption of zero percent wireless device financing along with the introduction of the Crown Utility Deferral Payment Program, which waived customer interest charges.

OTHER COMPREHENSIVE INCOME (LOSS)

Other Comprehensive Income (Loss) ($ millions)



OTHER COMPREHENSIVE INCOME (LOSS)

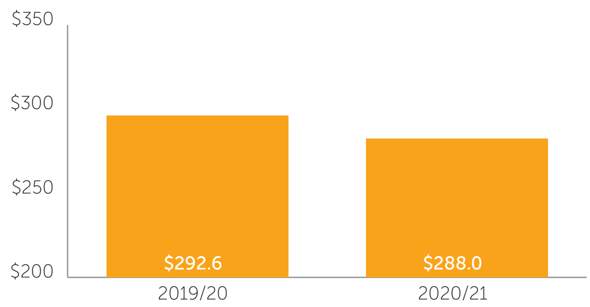
Other comprehensive loss of $6.5 million is $11.3 million lower than the income recognized in the previous year. The other comprehensive loss resulted from net unrealized sinking fund losses, as well as the impact of a decrease in the discount rate on the defined benefit pension liability and the impact of the asset ceiling limit, partially offset by increased returns on the pension plan assets. The assumptions are disclosed in *Note 25 – Employee Benefits* of the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Dividends Declared	Dividend Payout Policy	Debt Ratio	Investment in Broadband
$117.7M	90.0%	50.4%	$246.9M

Cash from Operating Activities	Cash Used in Investing Activities	Cash Provided by Financing Activities
($4.6M) Year over year change	$46.7M Year over year change	$45.7M Year over year change
▼ Increased Working Capital Requirements	▼ Increased Spending On Property, Plant And Equipment ▲ Decreased Spending On Intangible Assets	▼ Reduced Net Borrowing ▼ Dividends Paid Increased ▲ Increased Sinking Fund Redemptions

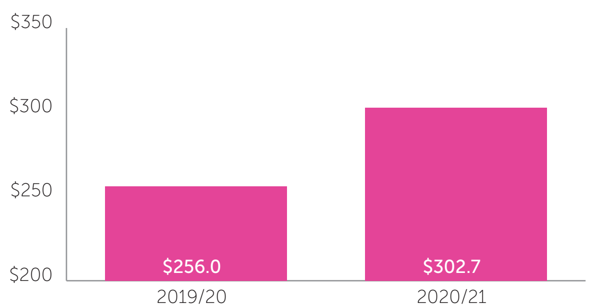
Cash Provided by Operating Activities ($ millions)



CASH PROVIDED BY OPERATING ACTIVITIES

Cash provided by operating activities for the fiscal year ended March 31, 2021 was $288.0 million, down $4.6 million due to increased working capital requirements.

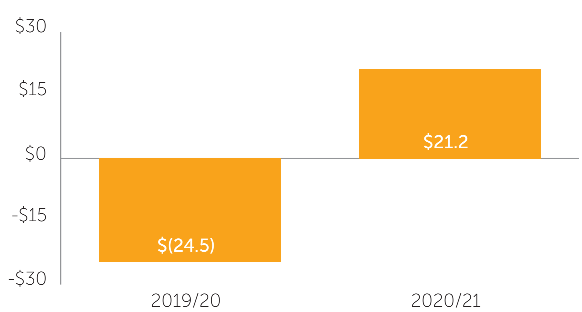
Cash Used in Investing Activities ($ millions)



CASH USED IN INVESTING ACTIVITIES

Cash used in investing activities was $302.7 million for the fiscal year ended March 31, 2021, up $46.7 million from the previous year. Total cash invested in property, plant and equipment was $282.2 million, up $58.6 million from the previous year. Spending on intangible assets decreased $14.0 million to $21.1 million. Government funding of $0.5 million was received in 2021, down $2.1 million from the previous year. Additional details of the 2021 capital program are included in Capital Expenditures on page 52.

Cash Provided by (Used in) Financing Activities ($ millions)



CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

Cash provided by financing activities was $21.2 million for the year ended March 31, 2021, compared to a use of cash of $24.5 million for the previous year. This is primarily due to reduced net borrowings and increased dividend payments, partially offset by sinking fund redemptions. SaskTel paid dividends of $110.5 million to CIC during the fiscal year ending March 31, 2021, an increase of $3.3 million from the previous year. During the last five fiscal years, SaskTel paid a total of $453.9 million in dividends while maintaining a debt ratio within industry standards.

($ millions)	March 31, 2021	March 31, 2020	Change	%
Long-term debt[1]	$ 1,096.6	$ 1,109.5	$ (12.9)	(1.2)
Short-term debt[1]	219.9	188.9	31.0	16.4
Less: Sinking funds	84.6	198.5	(113.9)	(57.4)
Cash	23.7	17.2	6.5	37.8
Net debt	1,208.2	1,082.7	125.5	11.6
Equity[2]	1,188.5	1,182.0	6.5	0.5
Capitalization	$ 2,396.7	$ 2,264.7	$ 132.0	5.8
Debt ratio	50.4%	47.8%	2.6	2.6%

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

SaskTel's debt ratio increased to 50.4% at March 31, 2021, up from 47.8% at March 31, 2020. The overall level of net debt increased $125.5 million, primarily to fund continued investment in property, plant and equipment as well as intangible assets. Equity increased $6.5 million after recording net income of $130.8 million, other comprehensive loss of $6.5 million and declaring dividends of $117.7 million.

Debt Instruments

SaskTel's debt portfolio consists of short-term and long-term debt. Both are issued through, and guaranteed by, the Province of Saskatchewan. Short-term debt is issued at market rates in effect on the issue date. Long-term debt is at fixed interest rates.

The weighted average interest rate on SaskTel's fixed-rate debt was approximately 3.40% at March 31, 2021, and 4.47% at March 31, 2020. The weighted average interest rate of the short-term debt outstanding at March 31, 2021 was 0.13% and 1.68% at March 31, 2020.

The interest rate on SaskTel's debt depends on the credit rating of the Province of Saskatchewan, which issues debt on SaskTel's behalf. The following table lists the credit ratings of the Province at March 31, 2021.

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

Access to Capital

The primary uses of cash in 2021/22 will be property, plant and equipment and intangible asset expenditures, growth initiatives, and dividend payments.

The 2021/22 strategic plan assumes that funding of capital expenditures, growth initiatives, and dividend payments will be initially from operations. Additional funding will be accessed through short-term notes and long-term debt issued through the Province of Saskatchewan.

Credit facilities consist of up to $500 million in combined lines of credit with financial institutions and advances from the Province of Saskatchewan. At March 31, 2021, SaskTel had accessed $219.9 million of these facilities.

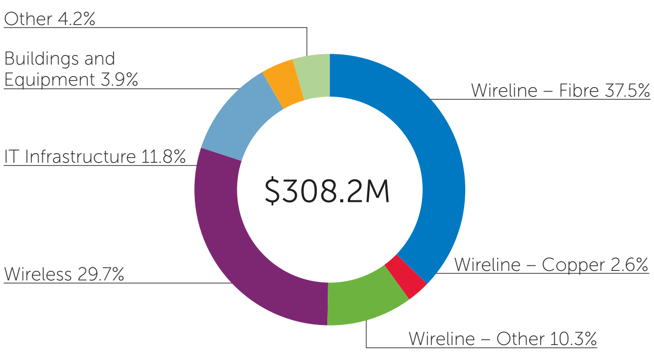
Besides this credit facility, SaskTel has authority to issue up to $1.8 billion in combined short-term and long-term debt. Total outstanding debt was $1,316.5 million at March 31, 2021 and $1,298.4 million at March 31, 2020.

CAPITAL EXPENDITURES

SaskTel's mission to provide an exceptional customer experience begins with our North Star—broadband. We endeavour to deliver fast and reliable broadband service throughout Saskatchewan by continuing to invest in enhancements to improve the coverage, capacity, reliability, and speed of our networks.

SaskTel invested an additional $308.2 million in capital expenditures during 2020/21 (2019/20 – $262.9 million) to improve our customers' experience today and create opportunities to provide additional enhancements and capabilities in the future.

Capital Expenditures 2020/21

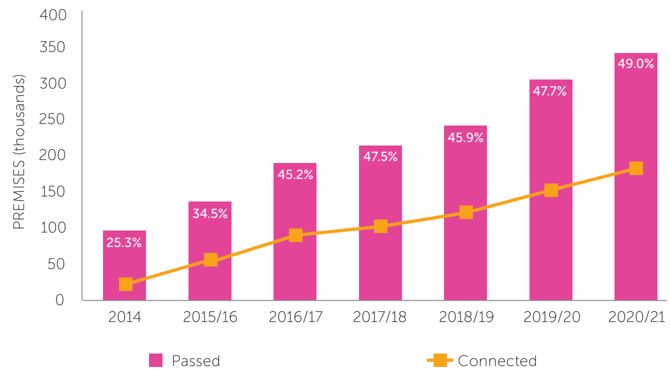


Of the $308.2 million, $283.9 million (2019/20 – $228.4 million) was spent on property, plant and equipment, including FTTP, wireless networks (LTE and Wi-Fi), Access Network Demand, and other network improvements, while the remaining $24.3 million (2019/20 – $34.5 million) was spent on intangible assets such as customer self-serve systems, accounting reporting systems, and billing systems.

LTE and Wi-Fi ($91.7 million)

Saskatchewan has the best wireless coverage in Western Canada, with over 99% of the population and 98% of the major roadways and highways being covered with LTE wireless service. SaskTel selectWI-FI provides SaskTel customers with unlimited free data in over 2,500 locations spread across 50+ communities in the province, making it the largest Wi-Fi network available in Saskatchewan. These ongoing investments result in increased data speeds and improved coverage that enhance customer experience and provide the speeds and capabilities to travel the internet, watch and listen to multimedia content, and access cloud-based services on their smartphone devices without delay. SaskTel's wireless network includes nearly 1,000 cell towers, over 700 of which are located in rural parts of the province.

Fibre to the Premises (Consumer and Business)



Fibre to the Premises ($85.9 million)

The FTTP program is an ongoing program to upgrade broadband facilities and bring *infiNET*, SaskTel's fibre optic network, right to our customers' doors in Saskatchewan's 26 largest centres. Powered by SaskTel's fibre optic network, *infiNET* service will deliver near gigabit-per-second speeds, allowing subscribers to surf, stream, and share however much content they want faster than ever before. In addition, maxTV service gets even better with *infiNET* service, delivering a truly immersive entertainment experience that allows subscribers to connect up to seven set-top boxes–all with HD and recording capabilities.

Access Network Demand ($23.0 million)

The Access Network Demand program is an ongoing program to add infrastructure to new neighbourhoods and increases capacity in existing neighbourhoods so that customers may access all the services that SaskTel has to offer.

Other Network Improvements ($46.3 million)

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

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES, AND JUDGMENTS

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

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

APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) issued the following amendments that were applied by the Corporation.

Adoption of amendments to the Conceptual Framework for Financial Reporting

The Corporation has adopted the amendments to the Conceptual Framework for Financial Reporting (the Conceptual Framework) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of the Conceptual Framework, the Corporation has applied the Conceptual Framework prospectively. The amendments provide revisions to the Conceptual Framework, a comprehensive set of concepts for financial reporting. There was no impact to the financial statements upon adoption of the amendments to the Conceptual Framework.

Adoption of amendments to IAS 1, *Presentation of Financial Statements* and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

The Corporation has adopted the amendments to IAS 1, *Presentation of Financial Statements* (IAS 1) and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of IAS 1 and IAS 8, the Corporation has applied the amendments to IAS 1 and IAS 8 prospectively. The amendments refine the definition of material in IAS 1 and align the definitions used across IFRS Standards and other publications. There was no impact to the financial statements upon adoption of the amendments to the standards.

Adoption of amendments to IFRS 3 *Business Combinations*

The Corporation has adopted the amendments to IFRS 3 *Business Combinations* (IFRS 3) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of IFRS 3, the Corporation has applied IFRS 3 prospectively. The amendments to IFRS 3 may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. The adoption of the amendments to IFRS 3 has not had a significant impact on the financial statements.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new standards, interpretations, and amendments to existing standards were issued by the IASB or IFRIC that are mandatory for annual accounting periods beginning after April 1, 2021, or later periods. The Corporation does not expect a significant impact of these pronouncements on its results and financial position.

FIVE-YEAR RECORD OF SERVICE

Consolidated Statement of Income and Other Comprehensive Income (Loss)

For the year ended March 31 ($ millions)	2021	2020	2019*	2018*†	2017*†
Revenue	$ 1,317.7	$ 1,283.7	$ 1,277.9	$ 1,253.2	$ 1,282.8
Other income	6.3	3.3	5.1	1.4	10.1
	1,324.0	1,287.0	1,283.0	1,254.6	1,292.9
Expenses					
Goods and services purchased	584.9	543.4	553.1	523.3	541.2
Salaries, wages, and benefits	355.7	359.0	370.3	377.7	380.6
Internal labour capitalized	(21.9)	(21.2)	(23.7)	(26.6)	(25.9)
Depreciation - property, plant and equipment	183.0	173.0	163.5	157.6	163.0
Depreciation - right-of-use assets	6.2	6.6	–	–	–
Amortization	31.8	33.4	34.4	40.2	38.4
Impairment loss	–	10.7	–	–	–
Saskatchewan taxes	27.9	27.2	27.1	26.8	26.2
	1,167.6	1,132.1	1,124.7	1,099.0	1,123.5
Results from operating activities	156.4	154.9	158.3	155.6	169.4
Net finance expense	(25.6)	(35.1)	(30.9)	(34.6)	(34.6)
Net income	130.8	119.8	127.4	121.0	134.8
Other comprehensive income (loss)	(6.5)	4.8	4.2	106.9	53.5
Total comprehensive income	$ 124.3	$ 124.6	$ 131.6	$ 227.9	$ 188.3

Consolidated Statement of Financial Position

As at March 31, ($ millions)	2021	2020	2019*	2018*†	2017*†
Current assets	$ 365.4	$ 423.3	$ 278.1	$ 214.7	$ 232.9
Property, plant and equipment	2,000.4	1,904.7	1,854.7	1,779.5	1,693.2
Other long-term assets	490.7	479.3	529.3	495.7	468.4
Total assets	$ 2,856.5	$ 2,807.3	$ 2,662.1	$ 2,489.9	$ 2,394.5
Current liabilities	$ 497.3	$ 712.2	$ 446.2	$ 408.1	$ 422.3
Long-term debt	1,096.6	833.1	1,003.3	953.5	851.9
Other long-term liabilities	74.1	80.0	47.4	54.6	165.6
Province of Sask equity	1,188.5	1,182.0	1,165.2	1,073.7	954.7
Total liabilities and Province of Sask equity	$ 2,856.5	$ 2,807.3	$ 2,662.1	$ 2,489.9	$ 2,394.5

Consolidated Statement of Cash Flows

For the year ended March 31, ($ millions)	2021	2020	2019*	2018*†	2017*†
Cash, beginning of year	$ 17.2	$ 5.1	$ 17.3	$ 11.1	$ 16.1
Cash provided by operating activities	288.0	292.6	292.3	332.7	324.1
Cash used in investing activities	(302.7)	(256.0)	(262.4)	(293.0)	(311.9)
Cash provided by (used in) financing activities	21.2	(24.5)	(42.1)	(33.5)	(17.2)
Increase (decrease) in cash from continuing ops	6.5	12.1	(12.2)	6.2	(5.0)
Cash, end of year	$ 23.7	$ 17.2	$ 5.1	$ 17.3	$ 11.1

*Results excluding the adoption of IFRS 16
†Results excluding the adoption of IFRS 15

Financial Indicators

For the year ended March 31, ($ millions)	2021	2020	2019*	2018*†	2017*†
Return on equity	11.0%	10.2%	11.0%	11.9%	15.4%
Debt ratio	50.4%	47.8%	46.6%	46.2%	47.9%
Dividends declared	$ 117.7	$ 107.8	$ 114.7	$ 108.9	$ 30.0
Dividends paid	$ 110.5	$ 107.2	$ 116.3	$ 89.9	$ 30.0
Capital expenditures	$ 308.2	$ 262.9	$ 268.2	$ 302.0	$ 316.1

*Results excluding the adoption of IFRS 16

†Results excluding the adoption of IFRS 15

Consolidated Statement of Income and Other Comprehensive Income (Loss)

($ millions)	Q4 2020/21	Q3 2020/21	Q2 2020/21	Q1 2020/21	Q4 2019/20	Q3 2019/20	Q2 2019/20	Q1 2019/20
Revenue	$ 328.4	$ 347.1	$ 333.6	$ 308.6	$ 313.4	$ 334.7	$ 324.5	$ 311.1
Other income	0.9	1.5	1.3	2.6	0.5	2.5	0.9	(0.6)
	329.3	348.6	334.9	311.2	313.9	337.2	325.4	310.5
Expenses								
Goods and services purchased	149.8	168.9	146.0	120.2	126.1	147.7	139.2	130.4
Salaries, wages, and benefits	92.6	89.0	84.3	89.8	90.6	88.9	87.3	92.2
Internal labour capitalized	(5.2)	(5.8)	(5.2)	(5.7)	(5.0)	(4.3)	(6.1)	(5.8)
Depreciation - property, plant and equipment	47.6	47.6	43.9	43.9	44.5	43.2	43.1	42.2
Depreciation - right-of-use assets	1.6	1.5	1.6	1.5	1.6	1.6	1.7	1.7
Amortization	8.2	8.1	7.8	7.7	8.0	8.6	8.4	8.4
Impairment loss	–	–	–	–	10.1	0.6	–	-
Saskatchewan taxes	5.3	6.1	6.9	9.6	5.4	5.7	6.4	9.7
	299.9	315.4	285.3	267.0	281.3	292.0	280.0	278.8
Results from operating activities	29.4	33.2	49.6	44.2	32.6	45.2	45.4	31.7
Net finance expense	(5.7)	(2.6)	(6.8)	(10.5)	(8.5)	(8.9)	(8.6)	(9.1)
Net income	23.7	30.6	42.8	33.7	24.1	36.3	36.8	22.6
Other comprehensive income (loss)	25.5	(13.7)	(26.2)	7.9	1.6	7.1	4.0	(7.9)
Total comprehensive income	$ 49.2	$ 16.9	$ 16.6	$ 41.6	$ 25.7	$ 43.4	$ 40.8	$ 14.7

Annual Operating Statistics

	March 31,				
As at	2021	2020	2019	2018	2017
Customer accesses					
Wireless*†	639,239	624,208	615,087	611,841	621,100
Wireline*	289,934	308,719	333,643	356,958	383,301
Internet	289,188	276,460	277,244	278,977	275,381
maxTV subscribers	114,120	111,382	112,583	110,881	110,591
Security monitoring subscribers	81,554	85,948	76,692	72,467	73,722
Total customer accesses	1,414,035	1,406,717	1,415,249	1,431,124	1,464,095

*Does not include SaskTel internal use †Includes M2M counts

	2021	2020	2019	2018	2017
Employees and payroll					
Total FTEs	3,422	3,415	3,719	3,880	3,916
Salaries earned (000s)	$ 305,188	$ 308,003	$ 317,096	$ 325,095	$ 326,761

GLOSSARY

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

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

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

ABPU (average billing per user): This business performance measure is calculated as network revenue derived from monthly service plan, roaming, and usage charges, divided by the average number of mobile phone subscribers on the network during the period, and is expressed as a rate per month.

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

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

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

Broadband: Telecommunications services that allow the simultaneous high speed transmission of voice, data, and video at speeds of 1.5 Mbps and above on fixed and wireless networks.

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

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

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

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

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

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

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

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

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

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

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

LTE (long-term evolution): A 4G mobile telecommunications technology that is the leading global wireless industry standard.

M2M (machine-to-machine): Technologies and networked devices that are able to exchange information and perform actions without any human assistance.

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

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

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

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

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

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

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

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

NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

Debt ratio: The debt ratio measures the capitalization of the Corporation. This measure allows for capital structure comparison with other companies in the same industry.

It is defined as net debt divided by total capitalization. Net debt is defined as long-term and short-term debt minus cash and sinking funds. Total capitalization is defined as net debt plus period-end equity, including accumulated other comprehensive income (AOCI).

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

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

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

EBITDA margin is defined as EBITDA divided by operating revenue.

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

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements, included in the annual report of Saskatchewan Telecommunications Holding Corporation for the fiscal year ended March 31, 2021, are the responsibility of Management and have been approved by the Board of Directors. Management has prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board. The policies set out have been consistently applied to all the periods presented unless otherwise noted. The financial information presented elsewhere in this annual report is consistent with that in the consolidated financial statements.

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

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

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

Doug Burnett
President and Chief Executive Officer
May 26, 2021

Charlene Gavel
Chief Financial Officer

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

a. That we have reviewed the financial statements included in the annual report of SaskTel. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows, as of March 31, 2021, and for the periods presented in the financial statements.

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

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

d. That SaskTel conducted its assessment of the effectiveness of the Corporation's internal controls over financial reporting and, based on the results of this assessment, SaskTel can provide reasonable assurance that internal controls over financial reporting as of March 31, 2021, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Doug Burnett
President and Chief Executive Officer
May 26, 2021

Charlene Gavel
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

To The Members of the Legislative Assembly, Province of Saskatchewan

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

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of income and other comprehensive loss for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 the annual report.

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

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

We obtained the information, other than the financial statements and the auditors' report thereon, included in the annual 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 IFRS, 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants
May 26, 2021
Regina, Canada

Consolidated Statement of Income and Other Comprehensive Loss

For the year ended March 31, Thousands of dollars	Note	2021	2020
Revenue	3	$ 1,317,660	$ 1,283,670
Other income	4	6,318	3,358
		1,323,978	1,287,028
Expenses			
Goods and services purchased		584,872	543,448
Salaries, wages, and benefits		355,647	358,965
Internal labour capitalized		(21,852)	(21,143)
Depreciation - property, plant and equipment	13	182,961	173,043
Depreciation - right-of-use assets	14	6,167	6,579
Amortization	15	31,781	33,353
Impairment loss		-	10,660
Saskatchewan taxes	5	27,950	27,211
		1,167,526	1,132,116
Results from operating activities		156,452	154,912
Net finance expense	6	25,631	35,136
Net income		130,821	119,776
Other comprehensive income (loss)			
Items that will be reclassified to net income			
Unrealized gains on sinking funds		1,379	4,129
Reclassification to net income of realized gains on sinking funds		(6,974)	–
Net sinking fund market value gains (losses)	16	(5,595)	4,129
Items that will never be reclassified to net income			
Net actuarial gains (losses) on employee benefit plans	25	(943)	713
Total other comprehensive income (loss)		(6,538)	4,842
Total comprehensive income		$ 124,283	$ 124,618

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

See Accompanying Notes

Consolidated Statement of Changes in Equity

Thousands of dollars	Equity advances	Accumulated other comprehensive income	Retained earnings	Total equity
Balance at April 1, 2020	$ 237,000	$ 109,204	$ 835,784	$ 1,181,988
Net income	–	–	130,821	130,821
Other comprehensive loss	–	(6,538)	–	(6,538)
Total comprehensive income	–	(6,538)	130,821	124,283
Dividends declared	–	–	117,739	117,739
Balance at March 31, 2021	$ 237,000	$ 102,666	$ 848,866	$ 1,188,532
Balance at April 1, 2019	$ 237,000	$ 104,362	$ 823,806	$ 1,165,168
Net income	–	–	119,776	119,776
Other comprehensive income	–	4,842	–	4,842
Total comprehensive income	–	4,842	119,776	124,618
Dividends declared	–	–	107,798	107,798
Balance at March 31, 2020	$ 237,000	$ 109,204	$ 835,784	$ 1,181,988

See Accompanying Notes

Consolidated Statement of Financial Position

As at March 31, Thousands of dollars	Note	2021	2020
Assets			
Current assets			
Cash	7	$ 23,694	$ 17,221
Trade and other receivables	8	183,194	142,860
Inventories	9	26,347	15,371
Prepaid expenses	10	46,343	45,953
Contract assets	11	66,567	61,548
Contract costs	12	19,224	16,735
Sinking funds	16	-	123,603
		365,369	423,291
Contract assets	11	32,396	22,341
Contract costs	12	57,110	58,349
Property, plant and equipment	13	2,000,391	1,904,655
Right-of-use assets	14	41,706	43,351
Intangible assets	15	264,012	271,486
Sinking funds	16	84,619	74,887
Other assets	17	10,856	8,891
		$ 2,856,459	$ 2,807,251
Liabilities and Province's equity			
Current liabilities			
Trade and other payables	18	$ 171,990	$ 150,302
Dividend payable		32,688	25,448
Notes payable	19	219,892	188,851
Contract liabilities	20	56,629	55,978
Other liabilities	21	16,111	15,173
Current portion of long-term debt	23	-	276,464
		497,310	712,216
Contract liabilities	20	489	407
Deferred income – government funding	22	17,234	22,577
Long-term debt	23	1,096,606	833,065
Lease liabilities	24	37,087	37,592
Employee benefit obligations	25	12,337	12,913
Provisions	26	6,864	6,493
		1,667,927	1,625,263
Commitments and contingencies	31		
Province of Saskatchewan's equity			
Equity advance	27	237,000	237,000
Accumulated other comprehensive income		102,666	109,204
Retained earnings		848,866	835,784
		1,188,532	1,181,988
		$ 2,856,459	$ 2,807,251

See Accompanying Notes

On behalf of the Board

Grant Kook
May 26, 2021

Glenys Sylvestre

Consolidated Statement of Cash Flows

For the year ended March 31, Thousands of dollars	Note	2021	2020
Operating activities			
Net income		$ 130,821	$ 119,776
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	13, 14, 15	220,909	212,975
Net finance expense	6	25,631	35,136
Interest paid		(51,851)	(52,504)
Interest received	6	6,555	9,443
Amortization of government funding	22	(5,837)	(5,765)
Impairment loss		-	10,660
Other		4,643	1,523
Net change in non-cash working capital	28a	(42,823)	(38,618)
		288,048	292,626
Investing activities			
Property, plant and equipment expenditures		(282,171)	(223,580)
Intangible asset expenditures		(21,116)	(35,073)
Government funding	22	519	2,633
		(302,768)	(256,020)
Financing activities			
Proceeds from long-term debt	23, 28b	263,741	105,918
Repayment of long-term debt	23, 28b	(276,600)	–
Net proceeds (repayment) of notes payable	28b	31,041	(4,444)
Sinking fund redemptions	16, 28b	133,931	–
Payment of lease liabilities	24, 28b	(5,755)	(5,835)
Sinking fund instalments	16, 28b	(14,666)	(12,915)
Dividends paid	28b	(110,499)	(107,230)
		21,193	(24,506)
Increase in cash		6,473	12,100
Cash, beginning of year		17,221	5,121
Cash, end of year		$ 23,694	$ 17,221

See Accompanying Notes

Notes to Consolidated Financial Statements

Note 1 – General information

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

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

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

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

Note 2 – Basis of presentation

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

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

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

Functional and presentation currency

The consolidated 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 consolidated financial statements as a whole. Estimates and judgments may impact reported amounts of revenue and expenses, reported amounts of assets and liabilities, and disclosure of contingencies.

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

COVID-19 impact assessment

The COVID-19 pandemic continues to cause significant disruption to the Canadian and world economies. While there has been minimal impact to the Corporation because of the pandemic, the Corporation continues to assess and monitor the impact of the pandemic on its operations. The magnitude and duration of the pandemic continues to be uncertain and, if it causes significant disruption for an extended period, the impacts to the Corporation will increase. Potential impacts include loss of revenue, supply chain disruption, challenges associated with a remote or unavailable workforce, and potential asset impairment.

Note 2 – Basis of presentation, continued

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

Basis of consolidation

Accounting policies

Business combinations

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

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

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

Subsidiaries

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

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

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

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

Subsidiary	Principal Activity
Saskatchewan Telecommunications (SaskTel)	Telecommunications
Saskatchewan Telecommunications International, Inc. (SaskTel International)	Telecommunications software solutions and consulting
Directwest Corporation (Directwest)	Marketing services
SecurTek Monitoring Solutions Inc. (SecurTek)	Security monitoring

Throughout these financial statements, the phrase "the Corporation" is used to collectively describe the activities of the consolidated entity.

Transactions eliminated on consolidation

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

Accounting estimates, and judgments

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

Note 2 – Basis of presentation, continued

Impairment testing

Accounting policies

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

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

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in net income. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the 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; determining the appropriate discount rate for assessing value in use; and making assumptions about future cash flows and market conditions over the long-term life of the assets or CGUs.

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

Fair value

Accounting policies

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

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.

Note 2 – Basis of presentation, continued

Accounting estimates, and judgments

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

Foreign currency transactions

Accounting policies

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

Comparative information

Certain of the 2019/20 comparative information has 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	69
4	Other income			71
5	Saskatchewan taxes			71
6	Net finance expense	X		71
7	Cash	X		72
8	Trade and other receivables	X	X	72
9	Inventories	X	X	73
10	Prepaid expenses			74
11	Contract assets	X	X	74
12	Contract costs	X	X	75
13	Property, plant and equipment	X	X	75
14	Right-of-use assets	X	X	77
15	Intangible assets	X	X	79
16	Sinking funds	X		81
17	Other assets			81
18	Trade and other payables	X		82
19	Notes payable	X		82

Note	Topic	Accounting Policies	Accounting Estimates and Judgments	Page
20	Contract liabilities	X	X	82
21	Other liabilities			83
22	Deferred income – government funding	X	X	83
23	Long-term debt	X		84
24	Lease liabilities	X	X	85
25	Employee benefits	X	X	86
26	Provisions	X	X	91
27	Equity advance and capital disclosures		X	92
28	Consolidated statement of cash flows – supporting information			93
29	Financial instruments and related risk management	X		95
30	Related party transactions			99
31	Commitments and contingencies		X	100
32	Future performance obligations			101

Note 2 – Basis of presentation, continued

Application of amendments to International Financial Reporting Standards

Adoption of amendments to the Conceptual Framework for Financial Reporting

The Corporation has adopted the amendments to the Conceptual Framework for Financial Reporting (the Conceptual Framework) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of the Conceptual Framework, the Corporation has applied the Conceptual Framework prospectively. The amendments provide revisions to the Conceptual Framework, a comprehensive set of concepts for financial reporting. There was no impact to the consolidated financial statements upon adoption of the amendments to the framework.

Adoption of amendments to IAS 1, *Presentation of Financial Statements* and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*

The Corporation has adopted the amendments to IAS 1, *Presentation of Financial Statements* (IAS 1) and amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* (IAS 8) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of IAS 1 and IAS 8, the Corporation has applied the amendments to IAS 1 and IAS 8 prospectively. The amendments refine the definition of material in IAS 1 and align the definitions used across IFRS Standards and other publications. There was no impact to the consolidated financial statements upon adoption of the amendments to the standards.

Adoption of amendments to IFRS 3 *Business combinations*

The Corporation has adopted the amendments to IFRS 3 *Business combinations* (IFRS 3) with a date of initial application of April 1, 2020. In accordance with the transitional provisions of IFRS 3, the Corporation has applied IFRS 3 prospectively. The amendments to IFRS 3 may affect whether future acquisitions are accounted for as business combinations or asset acquisitions, along with the resulting allocation of the purchase price between the net identifiable assets acquired and goodwill. There was no impact to the consolidated financial statements upon adoption of the amendments to the standard.

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, 2021, or later periods. The Corporation does not expect a significant impact of these pronouncements on its results and financial position.

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.

Note 3 – Revenue from contracts with customers, continued

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

Incremental costs of obtaining a contract with a customer, principally comprised 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.

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

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

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

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

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

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

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

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

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.

Supporting information

For the year ended March 31, Thousands of dollars	2021	2020
Revenue		
Wireless network services and equipment	$ 610,401	$ 576,120
Fixed broadband and data services	274,566	273,028
Wireline communication services	196,172	210,970
maxTV service	103,600	104,423
Security monitoring services	34,679	32,428
Customer premise equipment	26,090	18,283
Marketing services	25,204	27,768
IT solutions services	12,408	11,623
International software and consulting services	9,315	8,224
Other services	25,225	20,803
	$ 1,317,660	$ 1,283,670

Note 4 – Other income

For the year ended March 31, Thousands of dollars	Note	2021	2020
Other income (loss)			
Net loss on retirement or disposal of property, plant and equipment		$ (5,697)	$ (3,807)
Amortization of government funding	22	5,837	5,765
Other		6,178	1,400
		$ 6,318	$ 3,358

Note 5 – Saskatchewan taxes

For the year ended March 31, Thousands of dollars	2021	2020
Saskatchewan corporate capital tax	$ 20,695	$ 20,153
Grants-in-lieu of taxes	7,255	7,058
	$ 27,950	$ 27,211

Note 6 – Net finance expense

Accounting policies

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

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

Note 6 – Net finance expense, continued

Supporting information

For the year ended March 31, Thousands of dollars	Note	2021	2020
Recognized in consolidated net income			
Interest on long-term debt		$ 46,755	$ 49,907
Interest on short-term debt		613	2,736
Interest capitalized		(4,951)	(4,239)
Net interest expense		42,417	48,404
Interest on lease liabilities	24	1,050	1,115
Net interest on defined benefit liability	25	(447)	264
Accretion expense	26	155	221
Finance expense		43,175	50,004
Sinking fund earnings			
Realized earnings	16	(4,015)	(5,425)
Reclassification of realized sinking fund market value gains	16	(6,974)	–
		(10,989)	(5,425)
Interest income		(6,555)	(9,443)
Finance income		(17,544)	(14,868)
Net finance expense		$ 25,631	$ 35,136
Interest capitalization rate		3.62%	3.99%

Note 7 – Cash

Accounting policies

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

Note 8 – Trade and other receivables

Accounting policies

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

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

Accounting estimates, and judgments

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

Note 8 – Trade and other receivables, continued

Supporting information

As at March 31, Thousands of dollars	Note	2021	2020
Accounts receivable			
Customer accounts receivable	29	$ 111,770	$ 112,852
Accrued receivables – customer		2,547	2,190
Allowance for doubtful accounts	29	(7,578)	(2,606)
		106,739	112,436
Other		76,455	30,424
		$ 183,194	$ 142,860

Wireless device financing receivables

Wireless device financing receivables are amounts owed by customers under financing agreements that are yet to be billed. The current portion is disclosed with Customer accounts receivable within Trade and other receivables and the long-term portion is disclosed with the Other assets.

The following table summarizes the wireless device financing receivables:

As at March 31, Thousands of dollars	Note	2021	2020
Current portion		$ 25,239	$ 16,986
Long-term portion	17	9,764	8,593
Total device financing receivables[1]		$ 35,003	$ 25,579

[1]Net of the allowance for doubtful accounts of $1.3 million and Nil on the current portion at March 31, 2021 and March 31, 2020.

Note 9 – Inventories

Accounting policies

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

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

Accounting estimates, and judgments

Judgment involves determining the appropriate measure of net realizable value.

Supporting information

As at March 31, Thousands of dollars	2021	2020
Inventories for resale	$ 25,748	$ 14,656
Materials and supplies	599	715
	$ 26,347	$ 15,371

The cost of inventories recognized as an expense during the year was $76.4 million (2019/20 – $68.5 million).

For the year ended March 31, 2021, writedowns of inventory to net realizable value amounted to $0.3 million (2019/20 – $0.2 million).

Note 10 – Prepaid expenses

As at March 31, Thousands of dollars	2021	2020
Prepaid expenses	$ 44,880	$ 44,890
Short-term customer incentives	1,463	1,063
	$ 46,343	$ 45,953

Note 11 – Contract assets

Accounting policies

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

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

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

Accounting estimates, and judgments

The Corporation is required to make judgments and estimates that affect the amount and timing of revenue from contracts with customers, which also impacts the determination of contract assets and the amortization of these assets. Estimates and judgments include estimates of the stand-alone selling prices of products and services, the identification of performance obligations within a contract, including the determination of whether a promise to deliver goods or services is considered distinct, and the timing of satisfaction of performance obligations under long-term contracts. In addition, determining when amounts are deemed uncollectible requires judgment. Estimates of the impairment losses are based on the likelihood of collecting the related accounts receivable, which is based on past experience, taking into consideration current and expected collection trends. If economic conditions or specific industry trends become worse than anticipated, the impairment allowance will be increased by recording an additional expense.

Supporting information

As at March 31, Thousands of dollars	2021	2020
Balance at April 1,	$ 85,350	$ 79,103
Contract assets recognized in the current period	101,563	88,767
	186,913	167,870
Amortization of contract assets	(79,250)	(76,665)
Contract terminations transferred to trade receivables	(6,547)	(5,855)
	101,116	85,350
Impairment allowance	(2,153)	(1,461)
Balance at March 31,	98,963	83,889
Current portion	66,567	61,548
Long-term portion	$ 32,396	$ 22,341

Note 12 – Contract costs

Accounting policies

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

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

Accounting estimates, and judgments

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

Supporting information

As at March 31, Thousands of dollars	2021	2020
Balance at April 1,	$ 75,084	$ 59,617
Contract costs recognized in the current period	22,496	34,269
	97,580	93,886
Amortization included in goods and services purchased	(20,374)	(18,067)
Terminations	(872)	(735)
Balance at March 31,	76,334	75,084
Current portion	19,224	16,735
Long-term portion	$ 57,110	$ 58,349

Note 13 – Property, plant and equipment

Accounting policies

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

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

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

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

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

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

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

Note 13 – Property, plant and equipment, continued

Accounting estimates, and judgments

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

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

The Corporation assesses its existing assets and their useful lives in connection with the review of network operating plans at the end of each reporting period. When it is determined that assigned asset lives do not reflect the expected remaining period of benefit, prospective changes are made to their remaining useful lives. Uncertainties are inherent in estimating the impact of future technologies. Changes in these assumptions could result in material adjustments to estimates, which could result in impairments or changes to depreciation expense in future periods, particularly if useful lives are significantly reduced.

Supporting information

Thousands of dollars	Plant and equipment	Buildings and improvements	Office furniture and equipment	Plant under construction	Land	Total
Cost						
Balance at April 1, 2020	**$ 3,639,106**	**$ 587,515**	**$ 153,572**	**$ 145,124**	**$ 39,723**	**$ 4,565,040**
Additions	**45,898**	**–**	**22,131**	**214,332**	**1,561**	**283,922**
Transfers	**132,460**	**27,456**	**254**	**(160,170)**	**–**	**–**
Retirements, disposals, and adjustments	**(112,518)**	**(982)**	**(42,856)**	**–**	**(9)**	**(156,365)**
Balance at March 31, 2021	**$ 3,704,946**	**$ 613,989**	**$ 133,101**	**$ 199,286**	**$ 41,275**	**$ 4,692,597**
Balance at April 1, 2019	$ 3,537,767	$ 575,017	$ 176,534	$ 103,484	$ 38,670	$ 4,431,472
Additions	59,259	-	21,592	146,507	1,055	228,413
Transfers	81,447	14,803	8,617	(104,867)	–	–
Retirements, disposals, and adjustments	(39,367)	(2,305)	(53,171)	–	(2)	(94,845)
Balance at March 31, 2020	$ 3,639,106	$ 587,515	$ 153,572	$ 145,124	$ 39,723	$ 4,565,040
Accumulated depreciation						
Balance at April 1, 2020	**$ 2,376,967**	**$ 195,695**	**$ 87,723**	**$ –**	**$ –**	**$ 2,660,385**
Depreciation	**143,712**	**15,606**	**23,643**	**–**	**–**	**182,961**
Retirements, disposals, and adjustments	**(108,051)**	**(618)**	**(42,471)**	**–**	**–**	**(151,140)**
Balance at March 31, 2021	**$ 2,412,628**	**$ 210,683**	**$ 68,895**	**$ –**	**$ –**	**$ 2,692,206**
Balance at April 1, 2019	$ 2,281,955	$ 181,497	$ 113,330	$ –	$ –	$ 2,576,782
Depreciation	135,206	15,417	22,420	–	–	173,043
Retirements, disposals, and adjustments	(40,194)	(1,219)	(48,027)	–	–	(89,440)
Balance at March 31, 2020	$ 2,376,967	$ 195,695	$ 87,723	$ –	$ –	$ 2,660,385
Carrying amounts						
At April 1, 2020	**$ 1,262,139**	**$ 391,820**	**$ 65,849**	**$ 145,124**	**$ 39,723**	**$ 1,904,655**
At March 31, 2021	**$ 1,292,318**	**$ 403,306**	**$ 64,206**	**$ 199,286**	**$ 41,275**	**$ 2,000,391**
At April 1, 2019	$ 1,255,812	$ 393,520	$ 63,204	$ 103,484	$ 38,670	$ 1,854,690
At March 31, 2020	$ 1,262,139	$ 391,820	$ 65,849	$ 145,124	$ 39,723	$ 1,904,655

Note 13 – Property, plant and equipment, continued

Effective October 1, 2020 the Corporation adjusted the useful lives of certain assets to coincide with the replacement of these assets. The impacts are as follows:

	Fiscal year ending March 31,					
Millions of dollars	2021	2022	2023	2024	2025	2026
Depreciation expense - increase (decrease)	$ 3.7	$ 7.3	$ 2.6	$ (2.7)	$ (3.2)	$ (7.7)

Note 14 – Right-of-use assets

Accounting policies

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

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

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

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

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

Accounting estimates, and judgments

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

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

Estimation involves determination of 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.

Note 14 – Right-of-use assets, continued

Supporting information

Thousands of dollars	Plant and equipment	Buildings and improvements	Land	Total
Cost				
Balance at April 1, 2020	**$ 13,298**	**$ 27,724**	**$ 8,879**	**$ 49,901**
Additions	**2,985**	**1,602**	**124**	**4,711**
Retirements and adjustments	**(60)**	**(62)**	**(214)**	**(336)**
Balance at March 31, 2021	**$ 16,223**	**$ 29,264**	**$ 8,789**	**$ 54,276**
Balance at April 1, 2019	$ 10,191	$ 27,436	$ 9,683	$ 47,310
Additions	3,219	288	307	3,814
Retirements and adjustments	(112)	–	(1,111)	(1,223)
Balance at March 31, 2021	$ 13,298	$ 27,724	$ 8,879	$ 49,901
Accumulated depreciation				
Balance at April 1, 2020	**$ 3,314**	**$ 2,578**	**$ 658**	**$ 6,550**
Depreciation	**3,060**	**2,399**	**708**	**6,167**
Retirements and adjustments	**(72)**	**(12)**	**(63)**	**(147)**
Balance at March 31, 2021	**$ 6,302**	**$ 4,965**	**$ 1,303**	**$ 12,570**
Balance at April 1, 2019	$ –	$ –	$ –	$ –
Depreciation	3,343	2,578	658	6,579
Retirements and adjustments	(29)	–	–	(29)
Balance at March 31, 2020	$ 3,314	$ 2,578	$ 658	$ 6,550
Carrying amounts				
At April 1, 2020	**$ 9,984**	**$ 25,146**	**$ 8,221**	**$ 43,351**
At March 31, 2021	**$ 9,921**	**$ 24,299**	**$ 7,486**	**$ 41,706**
At April 1, 2019	$ 10,191	$ 27,436	$ 9,683	$ 47,310
At March 31, 2020	$ 9,984	$ 25,146	$ 8,221	$ 43,351

Note 15 – Intangible assets

Accounting policies

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

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

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

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

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

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

Asset	Estimated useful life
Software	1–10 years

Accounting estimates, and judgments

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

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

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

Note 15 – Intangible assets, continued

Supporting information

Thousands of dollars	Goodwill	Software	Spectrum licences	Under development	Total
Cost					
Balance at April 1, 2020	**$ –**	**$ 440,413**	**$ 120,905**	**$ 12,172**	**$ 573,490**
Acquisitions	**–**	**4,068**	**–**	**12,928**	**16,996**
Acquisitions – internally developed	**–**	**6,360**	**–**	**959**	**7,319**
Transfers	**–**	**17,309**	**–**	**(17,309)**	**–**
Retirements, disposals, and adjustments	**–**	**(163,538)**	**–**	**–**	**(163,538)**
Balance at March 31, 2021	**$ –**	**$ 304,612**	**$ 120,905**	**$ 8,750**	**$ 434,267**
Balance at April 1, 2019	$ 5,976	$ 428,357	$ 108,738	$ 2,199	$ 545,270
Acquisitions	–	4,612	12,167	10,945	27,724
Acquisitions – internally developed	–	5,794	–	961	6,755
Transfers	–	1,933	–	(1,933)	–
Impairment loss	(5,976)	–	–	–	(5,976)
Retirements, disposals, and adjustments	–	(283)	–	–	(283)
Balance at March 31, 2020	$ –	$ 440,413	$ 120,905	$ 12,172	$ 573,490
Accumulated amortization					
Balance at April 1, 2020	**$ –**	**$ 302,004**	**$ –**	**$ –**	**$ 302,004**
Amortization	**–**	**31,781**	**–**	**–**	**31,781**
Retirements, disposals, and adjustments	**–**	**(163,530)**	**–**	**–**	**(163,530)**
Balance at March 31, 2021	**$ –**	**$ 170,255**	**$ –**	**$ –**	**$ 170,255**
Balance at April 1, 2019	$ –	$ 264,250	$ –	$ –	$ 264,250
Amortization	–	33,353	–	–	33,353
Impairment loss	–	4,684	–	–	4,684
Retirements, disposals, and adjustments	–	(283)	–	–	(283)
Balance at March 31, 2020	$ –	$ 302,004	$ –	$ –	$ 302,004
Carrying amounts					
At April 1, 2020	**$ –**	**$ 138,409**	**$ 120,905**	**$ 12,172**	**$ 271,486**
At March 31, 2021	**$ –**	**$ 134,357**	**$ 120,905**	**$ 8,750**	**$ 264,012**
At April 1, 2019	$ 5,976	$ 164,107	$ 108,738	$ 2,199	$ 281,020
At March 31, 2020	$ –	$ 138,409	$ 120,905	$ 12,172	$ 271,486

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

For the purpose of impairment testing, indefinite-life intangible assets (spectrum licences), a portion of finite-life intangible assets under development, $8.7 million (2019/20 – $12.2 million) and a portion of software, $131.6 million (2019/20 – $135.5 million) are allocated to one CGU: SaskTel. This is the lowest level within the Corporation at which indefinite-life intangible assets and finite-life intangible assets under development are monitored for internal management purposes, which is not higher than the Corporation's operating segments.

The Corporation's CGU impairment tests were based on fair value less costs to sell using comparable companies that are listed on exchanges and are actively traded. Share prices for these companies were used to derive an Enterprise Value (EV) to the earnings before interest, taxes, depreciation, and amortization (EBITDA) ratio that was then adjusted for a demonstrable control premium associated with these publicly traded share prices. The resulting adjusted ratio using Level 3 fair value hierarchy inputs, was then applied to the estimated 2020/21 EBITDA of the unit to determine the recoverable amount of the unit. Impairment testing indicated no impairment at March 31, 2021.

Note 16 – Sinking funds

Accounting policies

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

Supporting information

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

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

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

Thousands of dollars	2021	2020
Balance at April 1,	$ 198,490	$ 176,021
Instalments	14,666	12,915
Earnings		
Realized earnings	4,015	5,425
Reclassification of realized sinking fund market value gains	6,974	–
	10,989	5,425
Redemptions	(133,931)	–
Net valuation adjustment	(5,595)	4,129
Balance at March 31,	84,619	198,490
Current portion	–	123,603
Long-term portion	$ 84,619	$ 74,887

Sinking fund instalments due in each of the next five years ending March 31 are as follows:

Years ending March 31,	Thousands of dollars
2022	$ 14,150
2023	14,150
2024	14,150
2025	13,650
2026	13,150

Note 17 – Other assets

As at March 31, Thousands of dollars	Note	2021	2020
Long-term customer incentives		$ 1,028	$ 242
Wireless device financing receivables	8	9,764	8,593
Other		64	56
		$ 10,856	$ 8,891

Note 18 – Trade and other payables

Accounting policies

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

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

Supporting information

As at March 31, Thousands of dollars	2021	2020
Trade payables and accrued liabilities	$ 124,939	$ 105,170
Payroll and other employee-related liabilities	36,788	33,066
Other	10,263	12,066
	$ 171,990	$ 150,302

Note 19 – Notes payable

Accounting policies

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

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

Supporting information

Notes payable are due to the Province of Saskatchewan's General Revenue Fund (GRF). These notes have varying maturities from April 15, 2021, to June 17, 2021, and have a weighted average effective interest rate of 0.13% (2019/20 – 1.68%).

Note 20 – Contract liabilities

Accounting policies

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

Accounting estimates, and judgments

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

Supporting information

As at March 31, Thousands of dollars	2021	2020
Balance at April 1,	$ 56,385	$ 57,463
Contract liabilities recognized in the current period	328,650	324,342
	385,035	381,805
Recognized in revenue	(327,895)	(325,399)
Terminations	(22)	(21)
Balance at March 31,	57,118	56,385
Current portion	56,629	55,978
Long-term portion	$ 489	$ 407

Note 21 – Other liabilities

As at March 31, Thousands of dollars	Note	2021	2020
Advance billings		$ 41	$ 35
Customer deposits		3,011	2,818
Current portion of deferred income - government funding	22	5,842	5,817
Current portion of lease liabilities	24	5,774	6,503
Current portion of provisions	26	1,443	–
		$ 16,111	$ 15,173

Note 22 – Deferred income – government funding

Accounting policies

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

Accounting estimates, and judgments

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

Supporting information

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

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

As at March 31,	2021			2020
Thousands of dollars	Fully funded programs with all obligations fulfilled	Connect to Innovate	Total	Total
Balance at April 1,	$ 25,805	$ 2,589	$ 28,394	$ 31,526
Funding received	–	519	519	2,633
	25,805	3,108	28,913	34,159
Amortization	5,714	123	5,837	5,765
Balance at March 31,	20,091	2,985	23,076	28,394
Current portion - disclosed with other liabilities	5,712	130	5,842	5,817
Long-term portion	$ 14,379	$ 2,855	$ 17,234	$ 22,577

Note 23 – Long-term debt

Accounting policies

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

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

Supporting information

As at March 31, Thousands of dollars	2021	2020
Balance at April 1,	$ 1,109,529	$ 1,003,280
Long-term debt issues	263,741	105,918
Long-term debt redemptions	(276,600)	–
Amortization of net discounts (premiums)	(64)	331
Balance at March 31,	1,096,606	1,109,529
Current portion	–	276,464
Long-term portion	$ 1,096,606	$ 833,065

Unsecured advances from the Province of Saskatchewan

Thousands of dollars Issue date	Maturity date	Effective interest rate (%)	Coupon rate (%)	Par value	Unamortized premiums (discounts)	Outstanding amount March 31, 2021	Outstanding amount March 31, 2020
July 2010	July 2020	4.01	3.90	$ 150,000	$ –	$ –	$ 149,948
November 1990	December 2020	10.18	10.08	126,600	–	–	126,516
May 2014	June 2024	3.11	3.20	50,000	129	50,129	50,168
December 2010	December 2025	4.15	4.15	50,000	–	50,000	50,000
December 2017	June 2027	2.56	2.65	50,000	257	50,257	50,295
March 1999	March 2029	5.97	5.75	75,000	(1,020)	73,980	73,882
March 1999	March 2029	5.18	5.60	35,000	–	35,000	35,000
February 2021	June 2030	1.51	2.20	50,000	2,954	52,954	–
February 2012	February 2042	3.49	3.40	150,000	(1,874)	148,126	148,065
December 2013	June 2045	4.09	3.90	150,000	(4,447)	145,553	145,446
December 2016	June 2048	3.35	3.30	75,000	(656)	74,344	74,329
May 2017	June 2048	3.22	3.30	50,000	688	50,688	50,705
April 2019	June 2050	2.81	3.10	100,000	5,671	105,671	105,796
April 2020	June 2050	2.57	3.10	100,000	10,890	110,890	–
June 2018	June 2058	3.01	2.95	50,000	(612)	49,388	49,379
June 2020	June 2060	2.37	2.35	100,000	(374)	99,626	–
Total due to Province of Saskatchewan				1,361,600	11,606	1,096,606	1,109,529
Current portion				–	–	–	276,464
Long-term portion				$ 1,361,600	$ 11,606	$ 1,096,606	$ 833,065

On April 28, 2020, the Corporation issued $100 million of long-term debt at a premium of $11.1 million through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 3.10%, an effective interest rate of 2.57%, and matures on June 2, 2050.

On June 2, 2020, the Corporation issued $100 million of long-term debt at a discount of $0.4 million through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 2.35%, an effective interest rate of 2.37%, and matures on June 2, 2060.

Note 23 – Long-term debt, continued

On February 5, 2021, the Corporation issued $50 million of long-term debt at a premium $3.0 million through the Saskatchewan Ministry of Finance. The debt issue has a coupon rate of 2.20%, an effective interest rate of 1.51%, and matures on June 2, 2030.

The Corporation's long-term debt is unsecured. As at March 31, 2021, principal repayments due in each of the next five years were as follows:

	Years ending March 31,				
Millions of dollars	2022	2023	2024	2025	2026
Principal repayments	$ –	$ –	$ –	$ 50.0	$ 50.0

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

Note 24 – Lease liabilities

Accounting policies

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

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

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

After initial recognition, the lease liability is measured by:

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

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

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

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

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

Accounting estimates, and judgments

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

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

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

Note 24 – Lease liabilities, continued

Supporting information

As at March 31, Thousands of dollars		2021		2020
Maturity analysis - contractual undiscounted cash flows				
Less than one year	$	6,670	$	6,810
One to five years		19,354		19,333
More than five years		24,750		26,194
Total undiscounted lease liabilities at March 31,	$	50,774	$	52,337
Discounted lease liabilities included in the statement of financial position at March 31,	$	42,861	$	44,095
Current – disclosed with other liabilities		5,774		6,503
Non-current	$	37,087	$	37,592

Amounts recognized in net income For the year ended March 31, Thousands of dollars		2021		2020
Interest on lease liabilities	$	1,050	$	1,115

Amounts recognized in the statement of cash flows For the year ended March 31, Thousands of dollars		2021		2020
Interest paid on lease liabilities	$	1,050	$	1,115
Lease liability principal payments		5,755		5,835
Total cash outflow for leases	$	6,805	$	6,950

Note 25 – Employee benefits

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

Accounting policies

Defined benefit plans (Plans A and B)

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

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

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

Note 25 – Employee benefits, continued

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

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

Defined contribution plans (Plan C)

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

Short-term benefits and termination benefits

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

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

Accounting estimates, and judgments

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

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

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

Supporting information

Defined benefit plans (Plans A and B)

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

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

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

Note 25 – Employee benefits, continued

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

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

Funding

The Corporation is responsible for adequately funding Plan A. Contributions are determined by actuarial valuations. The contributions reflect actuarial assumptions about future investment returns, salary projections, and future service benefits. An actuarial valuation for accounting purposes was performed at March 31, 2020. The latest valuation for funding purposes was performed as of March 31, 2020.

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

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

Plan B is unfunded. The Corporation expects to pay $1.5 million in the next year related to Plan B.

Defined benefit obligation

Actuarial assumptions

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

As at March 31,	2021		2020	
	Plan A	Plan B	Plan A	Plan B
Discount rate – end of year	3.10%	2.50%	3.70%	3.40%
Inflation rate	2.25%	–	2.25%	–
Expected salary increase	–	In Scope: 1.0% in the first year, 2.0% per annum thereafter Management: 2.0% per annum	–	In Scope: 0.0% in the first year, 1.0% in the second year, 2.0% per annum thereafter Management: 2.0% per annum
Post-retirement index	1.60%	–	1.60%	–
Future mortality	CPM 2014 Private (Adjusted 100% for males and 110% for females) with Improvement Scale MI-2017	–	Canadian Pensioner 2014 – Private Sector Mortality Table at 100% for males and 110% for females projected generationally with CPM Improvement Scale B	–
Estimated average remaining employee service life	–	7.6 years	–	8.0 years

At March 31, 2021, the weighted average duration of the defined benefit obligation was 10.9 years (2019/20 – 10.5 years).

Note 25 – Employee benefits, continued

Sensitivity analysis

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

	Defined benefit obligation			
	Plan A		Plan B	
As at March 31, 2021 Thousands of dollars	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	$ (98,411)	$ 117,696	$ (631)	$ 703
Inflation (1% movement)	(57,180)	(11,314)	–	–
Future indexing (0.4% increase and 1% decrease)	45,476	(111,544)	–	–
Salary increase (1% movement)	–	–	696	(638)

Movement in the present value of the defined benefit obligation

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
For the year ended March 31, Thousands of dollars	**2021**	2020	**2021**	2020	**2021**	2020
Balance at April 1,	**$ 953,957**	$ 1,040,784	**$ (941,044)**	$ (1,026,309)	**$ 12,913**	$ 14,475
Included in net income						
Current service cost	**–**	–	**457**	399	**457**	399
Interest cost (income)	**34,031**	32,199	**(34,478)**	(31,935)	**(477)**	264
	34,031	32,199	**(34,021)**	(31,536)	**10**	663
Included in OCI						
Remeasurement loss (gain):						
- Actuarial loss (gain) arising from:						
- demographic assumptions	**13,633**	26	**–**	–	**13,633**	26
- financial assumptions	**69,943**	(51,596)	**–**	–	**69,943**	(51,596)
- Return on plan assets excluding interest income	**–**	–	**(97,463)**	32,234	**(97,463)**	32,234
- Effect of asset ceiling limit	**–**	–	**14,830**	18,623	**14,830**	18,623
	83,576	(51,570)	**(82,633)**	50,857	**943**	(713)
Other						
Benefits paid	**(66,454)**	(67,456)	**64,925**	65,944	**(1,529)**	(1,512)
Balance at March 31,	**$ 1,005,110**	$ 953,957	**$ (992,773)**	$ (941,044)	**$ 12,337**	$ 12,913
Represented by:						
Net defined benefit liability (Plan A)					**$ –**	$ –
Net defined benefit liability (Plan B)					**12,337**	12,913
					$ 12,337	$ 12,913

Note 25 – Employee benefits, continued

Plan assets

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

As at March 31, Thousands of dollars	2021	2020
Asset category		
Short-term investments	$ 2,743	$ 13,125
Pooled real estate	158,030	167,381
Canadian equities	77,636	64,059
Canadian pooled equity funds	7,634	6,266
U.S. pooled equity fund	101,949	105,338
Non-North American pooled equity funds	168,552	151,502
Pooled bond funds	388,083	340,704
Pooled mortgage fund	99,581	92,944
	1,004,208	941,319
Investments under securities lending program		
Short-term investments	10,726	–
Canadian equities	15,299	22,668
	26,025	22,668
Total investments	1,030,233	963,987
Effect of asset ceiling limit	(38,077)	(21,043)
Net investments	$ 992,156	$ 942,944

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

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

Asset category	Range	Target	Actual
Equities	26–44%	35%	36%
Real estate	12–20%	15%	15%
Fixed income	43–53%	50%	49%

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

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

Defined contribution plans (Plan C)

Plan C, the defined contribution pension plan, requires the Corporation to contribute 7.45% of employees' pensionable earnings, and employees to contribute a minimum of 4.45% of pensionable earnings. The total cost for the defined contribution plan is equal to the Corporation's required contribution. The Corporation's pension cost and employer contributions for the Public Employees Pension Plan are $20.6 million for the year ended March 31, 2021 (2019/20 – $20.8 million).

Note 26 – Provisions

Accounting policies

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

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

Decommissioning provisions

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

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

Environmental remediation

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

Legal claims

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

Accounting estimates, and judgments

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

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

Note 26 – Provisions, continued

Supporting information

Thousands of dollars	Decommissioning provisions	Environmental provisions	Legal claims	Total
Balance at April 1, 2020	$ 6,073	$ 420	$ –	$ 6,493
Other provisions made	210	–	1,443	1,653
Change in assumptions	153	–	–	153
Accretion expense	155	–	–	155
Settled during the period	(124)	(23)	–	(147)
Balance at March 31, 2021	6,467	397	1,443	8,307
Current portion - disclosed with other liabilities	–	–	1,443	1,443
Long-term portion	$ 6,467	$ 397	$ –	$ 6,864

Assumptions

	2021
Discount rate, end of period	0.68% - 2.95%
Long-term inflation rate	2.00%
Undiscounted cash flows (thousands)	$12,827

Discount rates based on the Government of Saskatchewan bond yields were used to calculate the carrying values of the provisions. The costs of the decommissioning provisions will be incurred between 2023 and 2071. No funds have been set aside by the Corporation to settle the decommissioning provisions.

Sensitivity of assumptions

Sensitivity of provisions to changes in the discount rate and inflation rate on the recorded liability as at March 31, 2021, is as follows:

	Decommissioning provisions	
Thousands of dollars	0.5% increase	0.5% decrease
Discount rate	$ (647)	$ 744
Inflation rate	851	(737)

Note 27 – Equity advance and capital disclosures

Accounting estimates, and judgments

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

Supporting information

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

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

The Corporation closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a corporation's capital structure. The Corporation uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility.

Note 27 – Equity advance and capital disclosures, continued

Too high a ratio relative to target indicates an excessive debt burden that may impair the Corporation's ability to withstand downturns in revenue and still meet fixed payment obligations. The ratio is calculated as net debt, excluding lease liabilities, divided by capitalization at the end of the year.

The Corporation reviews the debt ratio targets of all its subsidiaries on an annual basis to ensure consistency with industry standards. This review includes subsidiary corporations' plans for capital spending. The target debt ratios for subsidiaries are approved by the Board. The Corporation uses targeted debt ratios to compile a weighted average debt to equity ratio for the consolidated entity. The target ratio for 2020/21 was 51.6%.

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

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

The debt ratio is as follows:

As at March 31, Thousands of dollars	Note	**2021**	2020
Long-term debt	23	$ 1,096,606	$ 1,109,529
Notes payable		219,892	188,851
Less: Sinking funds	16	84,619	198,490
Cash		23,694	17,221
Net debt [(a)]		1,208,185	1,082,669
Province of Saskatchewan's equity [(b)]		1,188,532	1,181,988
Capitalization		$ 2,396,717	$ 2,264,657
Debt ratio		50.4%	47.8%

(a) Net debt excludes lease liabilities.
(b) Equity includes equity advances, accumulated other comprehensive income and retained earnings at the end of the period.

Note 28 – Consolidated statement of cash flows – supporting information

a) Net change in non-cash working capital

For the year ended March 31, Thousands of dollars	**2021**	2020
Net change in non-cash working capital balances related to operations		
Trade and other receivables	$ (40,334)	$ (3,803)
Inventories	(10,976)	4,718
Prepaid expenses	(390)	(4,406)
Contract assets	(15,074)	(5,722)
Contract costs	(1,250)	(15,467)
Trade and other payables	25,057	(12,505)
Contract liabilities	733	(1,078)
Other liabilities	199	(559)
Other	(788)	204
	$ (42,823)	$ (38,618)

Note 28 – Consolidated statement of cash flow – Supporting information, continued

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

	Assets	Liabilities				
Thousands of dollars	Sinking funds	Long-term debt	Notes payable	Lease liabilities	Dividend payable	Total
Balance at April 1, 2020	$ (198,490)	$ 1,109,529	$ 188,851	$ 44,095	$ 25,448	$ 1,169,433
Changes from financing cash flows						
Proceeds from loans and borrowings	–	263,741	865,578	–	–	1,129,319
Repayment of borrowings	–	(276,600)	(834,537)	(5,755)	–	(1,116,892)
Sinking fund redemptions	133,931	–	–	–	–	133,931
Instalments	(14,666)	–	–	–	–	(14,666)
Dividends paid	–	–	–	–	(110,499)	(110,499)
Total changes from financing cash flows	119,265	(12,859)	31,041	(5,755)	(110,499)	21,193
Other changes						
Dividend declared	–	–	–	–	117,739	117,739
Sinking fund earnings	(10,989)	–	–	–	–	(10,989)
Sinking fund valuation adjustments	5,595	–	–	–	–	5,595
New leases and assumption changes	–	–	–	4,521	–	4,521
Amortization of net premium on long-term debt	–	(64)	–	–	–	(64)
Total other changes	(5,394)	(64)	–	4,521	117,739	116,802
Balance at March 31, 2021	$ (84,619)	$ 1,096,606	$ 219,892	$ 42,861	$ 32,688	$ 1,306,618
Balance at April 1, 2019	$ (176,021)	$ 1,003,280	$ 193,295	$ 47,310	$ 24,880	$ 1,092,744
Changes from financing cash flows						
Proceeds from loans and borrowings	–	105,918	756,270	–	–	862,188
Repayment of borrowings	–	–	(760,714)	(5,835)	–	(766,549)
Instalments	(12,915)	–	–	–	–	(12,915)
Dividends paid	–	–	–	–	(107,230)	(107,230)
Total changes from financing cash flows	(12,915)	105,918	(4,444)	(5,835)	(107,230)	(24,506)
Other changes						
Dividend declared	–	–	–	–	107,798	107,798
Sinking fund earnings	(5,425)	–	–	–	–	(5,425)
Sinking fund valuation adjustments	(4,129)	–	–	–	–	(4,129)
New leases and assumption changes	–	–	–	2,620	–	2,620
Amortization of net discount on long-term debt	–	331	–	–	–	331
Total other changes	(9,554)	331	–	2,620	107,798	101,195
Balance at March 31, 2020	$ (198,490)	$ 1,109,529	$ 188,851	$ 44,095	$ 25,448	$ 1,169,433

Note 29 – Financial instruments and related risk management

Accounting policies

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

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

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

Financial assets and liabilities are offset, and the net amount presented in the 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 utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board. The Corporation's financial risks have not changed significantly from the prior period.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates, and equity prices.

Interest rate risk

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

The Corporation has on deposit with the Province of Saskatchewan, under the administration of the Ministry of Finance, $84.6 million (2019/20 – $198.5 million) in sinking funds, which is required for certain long-term debt issues. At March 31, 2021, the GRF has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and they are managed based on this maturity profile and market conditions. Due to the maturity profile of the assets held, these risks are considered low. As a result, the Corporation has no financial instruments in place to offset interest rate risk as of March 31, 2021 and has not provided a sensitivity analysis of the impact of interest rate changes on net income.

The Corporation may be exposed to interest rate risk on the maturity of its long-term debt. However, in the current interest rate environment, these risks are considered low. As a result, the Corporation has no financial contracts in place to offset interest rate risk as of March 31, 2021, and has not provided a sensitivity analysis of the impact of interest rate changes on net income.

Foreign currency risk

The Corporation is exposed to currency risk, primarily U.S. dollars, through transactions with foreign suppliers and short-term foreign commitments. Assuming all other variables remain constant at March 31, 2021, currency fluctuations in excess of

Note 29 – Financial instruments and related risk management, continued

20% would have a material impact on the cash flow of the Corporation. Specifically, a 20% weakening in the Canadian dollar versus the U.S. dollar exchange rate could have a $17.9 million unfavourable effect on cash flow and net income while a 20% strengthening could have a $17.9 million favourable effect on cash flow and net income. The Corporation uses a combination of derivative financial instruments to manage these exposures when deemed appropriate. At March 31, 2021, the Corporation had no foreign currency derivatives outstanding. The Corporation does not actively trade derivative financial instruments.

Credit risk

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

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

As at March 31, Thousands of dollars	Note	2021	2020
Cash		$ 23,694	$ 17,221
Trade and other receivables	8	183,194	142,860
Contract assets	11	98,963	83,889
Sinking funds	16	84,619	198,490
		$ 390,470	$ 442,460

Trade and other receivables

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

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

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

The allowance for doubtful accounts, which provides an indication of potential impairment losses, is reviewed regularly based on an analysis of the aging of customer accounts receivable, an estimate of outstanding amounts that are considered to be uncollectible, and future collection policy and economic environment impacts. The allowance for doubtful accounts has been increased for the year ended March 31, 2021, mainly due to the impact of the COVID-19 pandemic as noted below:

Allowance for doubtful accounts

As at March 31, Thousands of dollars	2021	2020
Balance at April 1,	$ 2,606	$ 2,396
Less: accounts written off	(7,954)	(10,805)
Recoveries	4,604	4,863
Provisions for losses	8,322	6,152
Balance at March 31,	$ 7,578	$ 2,606

Note 29 – Financial instruments and related risk management, continued

The aging of customer accounts receivable is detailed as follows:

Customer accounts receivable

As at March 31, Thousands of dollars	Note	**2021**	2020
Trade receivables not past due		$ 94,166	$ 91,267
Trade receivables past due			
30–60 days		8,977	13,776
61–90 days		4,540	5,387
Greater than 90 days		4,087	2,422
Gross customer accounts receivable	8	111,770	112,852
Allowance for doubtful accounts	8	(7,578)	(2,606)
Net customer accounts receivable		$ 104,192	$ 110,246

Contract assets

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

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

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

Allowance for contract asset credit losses

As at March 31, Thousands of dollars	**2021**	2020
Balance at April 1,	$ 1,461	$ 936
Additions	3,986	2,192
Transferred to accounts receivable allowance	(3,294)	(1,667)
Balance at March 31,	$ 2,153	$ 1,461

Contract assets

As at March 31, Thousands of dollars	**2021**	2020
Amortization period		
Within 1 year	$ 68,126	$ 62,620
Greater than 1 year	32,990	22,730
Gross contract assets	101,116	85,350
Allowance for credit losses	(2,153)	(1,461)
Net contract assets	$ 98,963	$ 83,889

Sinking funds

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

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

Liquidity risk

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

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

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

Thousands of dollars			Contractual cash flows				
As at March 31, 2021	**Carrying amount**	**Total**	**0–6 months**	**7–12 months**	**1–2 years**	**3–5 years**	**More than 5 years**
Long-term debt (a)	**$ 1,096,606**	**$ 1,905,045**	**$ 18,736**	**$ 18,736**	**$ 37,473**	**$ 208,793**	**$ 1,621,307**
Notes payable	**219,892**	**219,936**	**219,936**	**–**	**–**	**–**	**–**
Trade and other payables	**171,990**	**171,990**	**171,990**	**–**	**–**	**–**	**–**
	$ 1,488,488	**$ 2,296,971**	**$ 410,662**	**$ 18,736**	**$ 37,473**	**$ 208,793**	**$ 1,621,307**
As at March 31, 2020							
Long-term debt (a)	$ 1,109,529	$ 1,785,328	$ 173,792	$ 144,720	$ 30,923	$ 141,434	$ 1,294,459
Notes payable	188,851	189,233	189,233	–	–	–	–
Trade and other payables	150,302	150,302	150,302	–	–	–	–
	$ 1,448,682	$ 2,124,863	$ 513,327	$ 144,720	$ 30,923	$ 141,434	$ 1,294,459

a) Contractual cash flows for long-term debt include principal and interest payments but exclude sinking fund instalments.

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.

Note 29 – Financial instruments and related risk management, continued

Fair value of financial assets and liabilities

As at March 31,				2021		2020	
Thousands of dollars	Note	Classification (a)	Fair value hierarchy (b)	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets							
Cash		Amortized cost	Level 1	$ 23,694	$ 23,694	$ 17,221	$ 17,221
Trade and other receivables	8	Amortized cost	N/A	183,194	183,194	142,860	142,860
Sinking funds	16	FVOCI	Level 2	84,619	84,619	198,490	198,490
Financial liabilities							
Trade and other payables	18	Amortized cost	N/A	171,990	171,990	150,302	150,302
Notes payable		Amortized cost	Level 2	219,892	219,892	188,851	188,851
Long-term debt	23	Amortized cost	Level 2	1,096,606	1,161,618	1,109,529	1,225,745

a) Classification details are: FVOCI – fair value through OCI.

b) See *Note 2 – Basis of presentation* for discussion of the policies related to fair value measurements.

Financial instruments measured at amortized cost

Cash, trade and other receivables, trade and other payables, and notes payable

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

Long-term debt

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.

Investments carried at fair value through other comprehensive income

Sinking funds

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 in 2019/20 or 2020/21 and no items transferred between levels in 2019/20 or 2020/21.

Embedded derivatives

The Corporation had no contracts with embedded derivatives as at March 31, 2020, and March 31, 2021.

Note 30 – Related party transactions

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

Routine operating transactions with related parties were conducted in the normal course of business and were accounted for at the exchange amount. For the year ended March 31, 2021, the aggregate amount of the Corporation's transactions with other government-related entities are approximately 8.6% of revenue (2019/20 – 8.1%), 10.6% of operating expenses (2019/20 – 11.3%), and 1.0% of property, plant and equipment expenditures (2019/20 – 1.9%).

Note 30 – Related party transactions, continued

In addition, the Corporation provided management and administrative services to the Corporation's defined benefit pension plan in the amount of $0.3 million on a cost recovery basis for the year ended March 31, 2021 (2019/20 – $0.3 million).

Key management personnel compensation

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

Key management personnel compensation is composed of:

For the year ended March 31, Thousands of dollars		2021		2020
Short-term employee benefits	$	4,587	$	4,875
Post-employment benefits – defined contribution plans		270		281
	$	4,857	$	5,156

Note 31 – Commitments and contingencies

Commitments

As at March 31, 2021, the Corporation has the following significant commitments:

- Operating activities $103.3 million (2019/20 – $87.6 million)
- Capital projects $43.5 million (2019/20 – $18.6 million)

The Corporation has issued an irrevocable standby letter of credit in the amount of $6.8 million in favour of the Receiver General for Canada in compliance with the requirements of the Mobile Broadband Services – 3500 MHz Band Auction scheduled for mid-2021.

Contingencies

Accounting estimates, and judgments

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

Supporting information

In the normal course of operations, the Corporation becomes involved in various claims and litigation. While the final outcome with respect to claims and litigation pending at March 31, 2021, cannot be predicted with certainty, it is the opinion of management that their resolution will not have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Note 32 – Future performance obligations

The table below shows the revenue that the Corporation expects to recognize in the future, related to unsatisfied or partially satisfied performance obligations as at March 31, 2021. The unsatisfied portion of the transaction price of the performance obligations relates to monthly services, which is expected to be recognized as follows:

As at March 31, Thousands of dollars		**2021**		2020
1 year or less	$	146,531	$	124,221
Between 1 and 3 years		66,430		49,537
Greater than 3 years		80		67
	$	213,041	$	173,825

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

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

Board of Directors

Grant J. Kook

Chair of the Board

Grant J. Kook is Founder, President, Chief Executive Officer, and Chair of Westcap Mgt. Ltd., a leading venture capital and private equity fund manager that has raised and invested in excess of a billion in capital for investment into local companies. Founded more than 25 years ago, Westcap has an uncompromising vision to build long-term value for retail and institutional investors in a broad range of investment funds, including Saskatchewan's first Retail Venture Capital Fund, Golden Opportunities Fund Inc. and a series of institutional backed Private Equity Buyout Funds. Grant is also President and Chief Executive Officer of Cheung On Investments Group Ltd., an international investor syndicated fund, and has been the President and Chief Executive Officer of the Ramada Hotels (Regina and Saskatoon) since 1992.

Grant serves on the boards of numerous private and publicly traded companies, including Saskatchewan Blue Cross and 3sHealth Shared Services Saskatchewan, Saskatchewan Health Authority, and the Saskatchewan Teachers' Federation Investment Committee. He is the past Vice President of the Canadian Venture Capital and Private Equity Association (CVCA), past member of the World Entrepreneurs Association, and was the Co-chair of the Saskatchewan-Asia Advisory Council.

He is active in many community organizations, including serving as Voluntary Past Chair of the Children's Hospital Foundation of Saskatchewan, Executive Committee Member of the Mike Weir Miracle Golf Drive for Kids, Sponsorship Chair for the 2006 PotashCorp Vanier Cup, and 2004 Canadian Nokia Brier, Vice President of Sponsorship for 2010 Canadian World Junior Hockey Championship, Director of 2012 Tim Hortons Brier, Chair of 2013 and 2014 CIS University Cup, and past Board Member of the Saskatchewan Hockey Hall of Fame.

Grant is a recipient of the 2013 Saskatchewan Order of Merit, 2012 Queen Elizabeth II Diamond Jubilee Commemorative Medal, and Commemorative Medal for the Centennial of Saskatchewan, and was recognized as the 2018 ABEX Business Leader of the Year in Saskatchewan. He is also the recipient of the 2014 Saskatoon Tourism Leadership award, the 2008 B'nai Brith – We are Proud of You Award, Ernst & Young nominee for Entrepreneur of the Year in 1998 and 2003, and was recognized in 2008 as one of the Province's Most Influential Men by *Saskatchewan Business Magazine*.

Richard Ahenakew

Board Member

Richard Ahenakew is the General Manager of the Northern Lights Casino in Prince Albert, beginning his career there in 1996, and holding a variety of positions within the organization before assuming his current role.

A proud member of the Ahtahkakoop First Nation, Richard has been appointed to serve on the Ahtahkakoop Cree Developments Board, offering insight to business strategies and community initiatives. He has also served on the Saskatchewan Chamber of Commerce for more than eight years, and has the distinction of being the first President of First Nations background appointed to a provincial Chamber Board, a milestone within Canada.

In 2011, Saskatchewan Polytechnic presented Richard with an honorary diploma recognizing his work to promote studies, post-secondary schooling, and youth mentorship. In 2012, he was recognized for his outstanding contributions within his community, province, and country, and received the Queen Elizabeth II Diamond Jubilee Medal of Distinction. Recognizing workplace safety, Richard was instrumental in taking the lead for the Prince Albert mini Safety Charter signing and is a strong advocate for Mission Zero.

Richard has also worked closely with the Red Cross Society throughout the province as a volunteer, Board Member, and past Chairperson. He is also presently an active member of the Saskatchewan CAA Board of Directors and served on the Prince Albert Board of Police Commissioners as Chairperson.

He has also served as an advisor for the Prince Albert Tourism Board of Directors and as President and Advisor for Northern Lights Casino Pow Wow.

Richard studied at the Saskatchewan Indian Federated College and has a P.A. Douglas & Associates Management certificate, a University of Reno Nevada Gaming Management certificate, and a Queen's School of Business Executive certificate.

Richard enjoys spending time with his family and is a collector of vintage history books and warplane memorabilia.

Joel Friesen

Board Member

Joel Friesen has been a partner with Anderson & Company law firm in Swift Current since 2013, having initially joined the firm in 2008. Prior to this, he completed his articles in Regina after completing his Commerce (with Distinction) and Law degrees at the University of Saskatchewan in 2006. He also completed the Directors Education Program (ICD.D.) through the Institute of Corporate Directors in 2017.

Joel has served on numerous community boards, including acting as President of the Swift Current Saskatchewan Party Constituency Association, the Elmwood Golf Club, the Water Appeal Board, and the Swift Current Library Board. Joel has also been active in the local community coaching kids' hockey, lacrosse, and basketball.

JoeAnne Hardy

Board Member

JoeAnne Hardy is the President of WBM Technologies Inc. She first joined WBM and the Information Technology industry in 1996. Today, WBM's offices in Western Canada employ 400 team members focused on delivering technology solutions across the country.

Born and raised in Saskatchewan, JoeAnne has served in various leadership roles in the North American IT industry, including three consecutive terms as President of the Trust X Alliance, an IT industry association with a global membership of leading IT service organizations.

JoeAnne has also been recognized by *CDN Magazine* as one of the top 10 women in IT in Canada and by e-ChannelNews with the 2020 Women in Technology (WIT) award.

In 2016, JoeAnne was nominated and successfully completed the Quantum Shift Program at the Ivey School of Business, as well as the Institute of Corporate Directors' Directors Education Program through the Edwards School of Business.

As a long-time member of Saskatoon's Business Association, the NSBA, she served as a Director from 2015–2021, and has served on the Economic Development Committee. In 2019, she joined the Board of Directors for Saskatchewan Blue Cross and currently serves as a member of the Compensation Committee and as the Chair of the Corporate Social Responsibility Committee.

JoeAnne resides between Vancouver, Calgary, Saskatoon, Regina, and Winnipeg during the workweek. Most weekends find her enjoying the beautiful city of Saskatoon with her family, and making good use of an ever-growing collection of bicycles and running shoes!

Rachel Heidecker

Board Member

Rachel Heidecker is a leader in business strategy and transformation, specializing in technology, innovation, management, and marketing.

She is an experienced executive, manager, and strategist with 20 years of experience in ICT. Rachel is a strong believer in creative thinking, continuous improvement, measured results, and enabling business through technology. Rachel obtained her Chartered Director (C.Dir.) designation from The Directors College through McMaster University and the Conference Board of Canada. She is an M.B.A. and B.Sc. graduate of the University of Saskatchewan and received a postgraduate diploma (PgD) in Software Technology from the University of Calgary.

Rachel was previously a director and manager at the University of Saskatchewan, overseeing teams responsible for continuous improvement of shared services, web applications and development, teaching and learning systems, and library search and discovery systems. She has taught Management and Marketing courses as an instructor of business strategy and strategic decision-making at the Edwards School of Business.

Rachel grew up in Regina and is currently a resident of Osler, Saskatchewan. She is passionate about the arts and may be seen in a variety of flamenco dance performances around Saskatoon.

Jerri Hoback

Board Member

Jerri Hoback has earned several designations since completing a Bachelor of Commerce (B.Comm.) from the University of Saskatchewan. She holds a CPA, CMA accounting designation and obtained her Chartered Director (C.Dir.) designation from The Directors College through McMaster University and the Conference Board of Canada.

Jerri has worked as an accountant in a wide variety of industries in Alberta and Saskatchewan. She has experience in oil and gas services, electronics manufacturing, financial services, and as a public accountant, performing assurance and audit engagements.

Jerri is currently the Assistant Director of Financial Services for the City of Prince Albert. Jerri has held positions on several local boards, associations, and committees, including a seat in the University of Saskatchewan Senate.

Darrell Kennedy

Board Member

Darrell Kennedy is the owner of Timberstone Distribution, a wholesale masonry, stucco, siding, landscaping, and flooring distribution company with locations across Western Canada. He also owns Discovery Marketing, a corporate ad and apparel company. Prior to that, he worked as the Territory Sales and Marketing Manager for TaylorMade Adidas Golf.

Darrell is a Board Member of the Saskatchewan Masonry Institute and the Regina and Region Home Builders Association. He is a long-time Board Member at the Royal Regina Golf Club and has chaired many golf tournaments, including the Inaugural Shooting Stars Foundation Golf Tournament hosted by Jamie Heward and Mike Sillinger.

Darrell has a Professional Business Management certificate and a Business Administration diploma from Lethbridge Community College.

Pamela Lothian

Board Member

Pamela Lothian is a graduate of the University of Saskatchewan, obtaining a Bachelor of Arts (Political Science) degree in 1982 and a Law degree in 1985. She articled with and then joined the law firm of McDougall Ready (now McDougall Gauley LLP), later becoming the first woman to achieve partnership with McDougall Ready in the firm's 100-plus-year history.

Pamela practised with the firm for 13 years before electing to concentrate on her second career as a homemaker raising two daughters.

Pamela is a past President of the Regina Bar Association and a Director of the Regina Community Basketball Association and the Arthritis Society of Saskatchewan.

She is currently a Director of Lex Capital Corp., a Regina-based family investment vehicle, and of Lex Capital Management Inc., a private equity fund management company. She also served as Co-chair for the Volunteer Committee for the CIS Women's National Basketball Championships hosted by the University of Regina in 2009, and was a founding member of the Prairie Vascular Research Inc. fundraiser in 2019.

Valerie Makela

Board Member

Valerie Makela recently retired from the Management Team at McKercher LLP in Saskatoon after serving 12 years as a member.

Born and raised in rural Saskatchewan, Valerie attended Reeves Business College in North Battleford. In 1979, she returned to Saskatoon where she established a successful career in the legal community.

Valerie spent more than 25 years as Executive Assistant, Office Administrator, and Operations Manager for a high-profile litigation firm before moving on to the position of Director of Human Resources with McKercher LLP.

Valerie currently holds memberships with the Association of Legal Administrators and the Calgary Association of Legal Administrators.

She enjoys staying involved with the community through Care & Share Saskatoon, the United Way Corporate Fundraiser, and as a volunteer with the SPCA.

Alan Migneault

Board Member

Born and raised in Saskatchewan, Alan Migneault is the President of AJM Management Corp. As a Professional Management Consultant, Alan works with clients across Western Canada to prepare businesses for succession to new owners or to improve their businesses through financial restructuring, acquisitions, or divestitures and typically takes on the capacity of Chief Executive Officer or Chief Financial Officer while working with his clients.

With a Bachelor's degree in Commerce from the University of Saskatchewan and a Chartered Professional Accountant (CPA, CA) designation, Alan started his career working with PricewaterhouseCoopers LLP as an auditor, and later transitioned to consulting where he was leading the technology and risk management practice in Western Canada.

Alan's work experience spans a number of industries, including the Canadian banking industry, economic development, and the transportation industry. He returned to consulting to support growth, expansion, and corporate recovery for clients within a variety of industries.

Alan is a passionate supporter of the business through various associations. He obtained the designation ICD.D through the Institute of Corporate Directors' Directors Education Program, and holds several Board Director and Committee positions in industry and community-based associations.

Grant Payant

Board Member

Grant Payant is retired from farming, ranching, and numerous other businesses he has been involved in during the last few years, and plays an active role with his son who has taken over the agricultural-related businesses. He is a long-standing member of Western Canadian Wheat Growers, Saskatchewan Canola Growers, Canadian Federation of Independent Business, a life member of the Association of Canadian Custom Harvesters Inc., and other various committees and organizations.

Grant's background in agriculture led him to sit on the Saskatchewan Farm Ownership Board. He spent several years as an Agricultural Representative for the Assiniboia Economic Development Committee. Additionally, he spent four years as President of the Association of Canadian Custom Harvesters Inc., where he represented custom harvesters in Western Canada regarding access to the U.S. market and other industry-related issues. He was active as President and Campaign Manager for the local provincial constituency. Grant has also completed both levels of training with the Syngenta Grower University at the Richard Ivey School of Business.

Grant and his wife Debbie currently live in Assiniboia. He enjoys his family and travelling, while staying active in the community.

Glenys Sylvestre

Board Member

Glenys Sylvestre is Executive Director, University Governance, at the University of Regina. She has been with the U of R for more than 20 years, previously serving as Associate Dean and Instructor with the Paul J. Hill School of Business. Prior to her employment with the University, she was an Audit and Assurance Manager at Deloitte & Touche.

Glenys is a Chartered Professional Accountant, and was awarded Fellowship in 2007. She served for six years as a Councillor with the Institute of Chartered Accountants of Saskatchewan, including service as President and Chair. She also obtained the Chartered Director designation in 2011.

Glenys facilitates board and executive training and development sessions for numerous organizations on topics such as fundamentals of accounting, risk management, interpretation of financial information, and monitoring financial performance. She has served on several community boards, including Arcola East Community Association, Regina Exhibition Association Limited, and Gymnastics Saskatchewan.

Board of Directors Committee Priorities

AUDIT AND RISK COMMITTEE

Members

Glenys Sylvestre, Chair

JoeAnne Hardy, Member

Jerri Hoback, Member

Darrell Kennedy, Member

Valerie Makela, Member

Alan Migneault, Member

Priorities

- Oversee the implementation of evolving accounting standards
- Monitor progress on the Enterprise Risk Management Program, including COVID-19 impacts and recovery

CORPORATE GROWTH AND TECHNOLOGY COMMITTEE

Members

Rachel Heidecker, Chair

Joel Friesen, Member

Jerri Hoback, Member

Alan Migneault, Member

Grant Payant, Member

Priorities

- Monitor the industry's technological risks, with a focus on evolving the networks to new technologies
- Oversee the growth strategies of SaskTel and the subsidiaries

ENVIRONMENTAL AND HUMAN RESOURCES COMMITTEE

Members

Pamela Lothian, Chair

Richard Ahenakew, Member

JoeAnne Hardy, Member

Valerie Makela, Member

Grant Payant, Member

Glenys Sylvestre, Member

Priorities

- Oversee management's efforts to improve employee engagement
- Oversee executive's succession plans, including the CEO

GOVERNANCE COMMITTEE

Members

Joel Friesen, Chair

Richard Ahenakew, Member

Rachel Heidecker, Member

Darrell Kennedy, Member

Pamela Lothian, Member

Priorities

- Ensure compliance with shareholders' governance practices

SaskTel Executive

Doug Burnett

President and Chief Executive Officer (CEO)

In January 2019, Doug Burnett was appointed President and CEO. Prior to his appointment, Doug served as Acting President and CEO. He also served as Vice President of Human Resources and Corporate Services, and Acting President of SaskTel International from June 1, 2008 to October 19, 2009.

Doug began his career at SaskTel in 1990 as Corporate Counsel, providing legal advice and services to the Corporation in every facet of business. Prior to joining SaskTel, Doug practised law in Regina from 1983 to 1989.

He holds a Bachelor of Arts from the University of Regina, a Bachelor of Laws from the University of Saskatchewan, and a Certified Human Resources Professional (CHRP) designation. He is a member of the Law Society of Saskatchewan and serves as a Board Member for the Wicihitowin Foundation, SecurTek, Directwest, SaskTel International, Junior Achievement, and West Wind Aviation.

Doug was born and raised in Regina and is active in his community.

Jim Dundas

Chief Information Officer

Prior to joining SaskTel in November 2013, Jim Dundas was Regional Vice President at CGI, where he had overall executive responsibility for operations in Saskatchewan. He received the prestigious CGI Builder Award for exceptional leadership achievements, having grown the Saskatchewan operation fourfold by delivering excellent client satisfaction and financial performance. Throughout his 39-year career in the Information Technology industry, he has held positions with Saskatchewan Government Insurance (SGI), Saskatchewan Workers' Compensation Board (WCB), and Co-operators Data Services Limited.

Jim also serves as the CEO of SaskTel International, a fully owned subsidiary of Saskatchewan Telecommunications, providing solutions to communications service providers and network service operators worldwide.

He was born, raised, and educated in Saskatchewan, loves cottage life, and remains active on the family farm.

David Ekstrand

Vice President, Business Sales and Solutions

David Ekstrand leads the SaskTel team responsible for sales, marketing, and operations for SaskTel's business market. These services are delivered and assured by David's team of qualified and experienced communications and IT professionals on Saskatchewan's most advanced networks, and hosted in advanced data centres—designed, built, and operated by SaskTel.

A recognized industry leader, he has more than 25 years of management and leadership experience across Canada and in the U.S. David's experience spans sales and operational roles, including roles at CompuCom and Rogers. His passion for excellence and pursuit of the best customer experience possible has rewarded him with a strong following of associates and customers during his career. With infectious high energy, he has the edge to make tough decisions when necessary and a strong will that drives their execution. David is a caring member of the business community and a true, trusted advisor to many.

David and his partner Leanne reside just outside of Saskatoon and have four grown children.

Charlene Gavel

Chief Financial Officer

As Chief Financial Officer, Charlene Gavel is responsible for the Corporation's financial activities and provides leadership in the development of financial strategies. She is responsible for providing strategic, accounting, and financial advice to the President and CEO, subsidiary Presidents, SaskTel's Executive Team, and the Board of Directors.

Charlene has gained extensive experience from holding a variety of senior leadership positions throughout her career. Most recently, she has held the position of Vice President and Chief Financial Officer at SaskTel International. Prior to that, Charlene held positions with the Regina Qu'Appelle Health Region as Chief Financial Officer and Vice President of Financial Services, and at Information Services Corporation (ISC) as Chief Financial Officer and Vice President of Finance and Administration.

Charlene earned a Bachelor of Administration degree from the University of Regina and is a Chartered Professional Accountant (CPA, CA). She has also achieved the Institute of Corporate Directors designation (ICD.D).

Charlene currently serves on the boards of SaskTel International, SecurTek, Directwest, and the Public Employees Pension Plan (PEPP).

Daryl Godfrey

Chief Technology Officer

Appointed Chief Technology Officer at SaskTel in 2012, Daryl Godfrey and his team of technical professionals are responsible for the planning, design, implementation, and support of SaskTel's wired and wireless voice, data, video networks and services. Prior to his current position, Daryl's 38-year career with SaskTel includes senior positions in Network Planning and Provisioning, SaskTel International, Business Development, and Stentor.

His SaskTel International assignments include Network Services Director in Leicester, UK and Chief Technology Officer for Tanzania Telecommunications Company. Daryl has held positions in the Regina Engineering Society (RES) and on the Board of TRLabs. He is a member of the Advisory Board for the University of Regina Faculty of Engineering and Applied Science and represents SaskTel on the Canadian Security Telecommunications Advisory Committee (CSTAC), which includes representation from all Canadian carriers and various government bodies involved in the security of critical Canadian infrastructure.

Daryl has a BScME from the University of Saskatchewan and is a member of the Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS) with a P. Eng. designation.

Daryl was born, raised, and educated in Saskatchewan and lives in Regina with his wife Karen.

Doug Kosloski

Vice President, Corporate Counsel and Regulatory Affairs and Chief Privacy Officer

In January 2020, Doug Kosloski was appointed Vice President of Corporate Counsel and Regulatory Affairs, and Chief Privacy Officer. Doug is responsible for SaskTel's Legal Department, Chief Privacy Office, Carrier Relations, Land and Easements, and Regulatory Affairs, including regulatory policy matters.

Doug was previously Senior Vice President and Chief Legal Officer at Crown Investments Corporation (CIC) and has extensive knowledge of the Crown and private sectors. During his more than 20 years at CIC, he held several positions, including General Counsel and Corporate Secretary, and Vice President, Economic Initiatives Division. Prior to CIC, Doug was Legislative Analyst with Saskatchewan Environment and Resource Management, and began his career with Willows, Howe & Linka as Barrister and Solicitor.

His educational background is equally as extensive as his career and includes a Bachelor of Arts degree in Economics from the University of Regina, a Bachelor of Commerce degree in Finance, and a Law degree from the University of Saskatchewan.

He received his Chartered Director designation in 2012 through McMaster University. Doug received the Queen's Counsel (QC) designation in 2014, which recognizes lawyers for exceptional merit and contributions to the legal profession.

He is also a member of numerous boards and associations, including the Regina Downtown Business Improvement District (RDBID), SaskTel International, Directwest, SecurTek, The Canadian Bar Association, the Canadian Corporate Counsel Association, and the Law Society of Saskatchewan.

Kerstin Lack

Vice President, Consumer Sales and Solutions

Kerstin Lack joined SaskTel in March 2021, with responsibility for SaskTel's consumer sales, services, and marketing. Her team supports our customers through industry-leading retail stores, dealer partners, customer care departments, and digital channels delivering our internet, maxTV service, wireless, and smartHOME security services. Kerstin's marketing team is focused on brand strategy, advertising, communications, product management, and marketing operations.

Kerstin brings a wealth of leadership and strategy experience from her career in telecom, strategy, and consulting in both Canada and the U.S. A passionate, customer-first executive, Kerstin is known for building and developing high-performing teams.

Prior to joining SaskTel, Kerstin held a number of executive roles at Rogers Communications in the areas of marketing, commercial strategy, and sales, and most recently held the role of Vice President, Commercial Strategy. Prior to her work at Rogers Communications, Kerstin worked in management consulting and strategic planning.

Kerstin holds a Master of Business Administration degree from Harvard University and Bachelor of Arts degrees from Ivey Business School in Business and from Western University in Economics. An active community participant, she has volunteered with various charitable and non-profit organizations, including youth swimming, children's schools, and social venture start-ups.

Shara McCormick

Vice President, Human Resources and Corporate Services

In April 2019, Shara McCormick was appointed Vice President of Human Resources and Corporate Services and is currently the Acting President and CEO of SecurTek. Shara has worked at SaskTel since 1994 in various management roles in Marketing, SaskTel Advanced Interactive Solutions, and SaskTel Human Resources.

Shara has an MBA and a B.Admin from the University of Regina, and completed a Certificate in Internet Marketing from the University of British Columbia. She has also been a Sessional Lecturer at the University of Regina. She is the past Vice Chair of the Technical Safety Authority of Saskatchewan (TSASK) Board of Directors and the Chair of the TSASK Human Resources Committee of the Board.

Shara currently serves on the boards of SaskTel International, Directwest, and SecurTek, as well as Ignite Adult Learning Centre and Sexual Assault Services of Saskatchewan (SASS). She is also the Executive Advisor of the SaskTel Helping Our Own People (HOOP) program.

Greg Meister

Vice President, Operations

Greg Meister leads the SaskTel team responsible for building, operating, and connecting customers to the Corporation's advanced networks, solutions, and services.

Since beginning his career with SaskTel in 1993, he has held positions in Marketing, Sales, and Operations, allowing Greg and his family to live and participate in the communities of Regina, Prince Albert, North Battleford, and Saskatoon.

Greg holds a Bachelor of Commerce degree from the University of Saskatchewan where he majored in Finance and Marketing. He has received certificates for extension programs from the University of British Columbia and Queen's University. As a dedicated volunteer, Greg is Past President of Saskatchewan Crime Stoppers, Director with the Saskatoon Gun Club, and Director with Saskatchewan Skeet Shooting Corp.

Born, raised, and educated in Saskatchewan, Greg enjoys living in the growing community of Warman with his wife Nadine and daughter Cassidy.

Corporate Governance Statement

AUTHORITY

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

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

BOARD APPOINTMENTS

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

KEY ACCOUNTABILITIES

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

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

CORPORATE GOVERNANCE PRACTICES

The SaskTel Board has implemented a comprehensive set of governance practices and is committed to clear disclosure of its governance practices in accordance with current best practice disclosure standards.

On June 30, 2005, the Canadian Securities Administrators (CSA) National Policy 58-201 on Corporate Governance Guidelines and National Instrument 58-101 on Governance Disclosure Rules came into effect. The CSA standards supercede the Toronto Stock Exchange Corporate Governance Guidelines, which the Board used previously to assess its practices. The Governance Committee has reviewed the Guidelines with a view of adapting the Board's governance practices to the guidelines, where effective and beneficial. Although SaskTel is not required to comply with the CSA governance guidelines, the Corporation has used them to benchmark its Corporate Governance Practices in the following section.

On October 15, 2014, the CSA announced amendments to National Instrument 58-101 Disclosure of Corporate Governance Practices effective December 31, 2014.

The amendments implement a "comply or explain" disclosure model regarding the representation of women on boards and in executive officer positions and the director selection process. The amendments do not introduce any mandatory quotas or targets. They are intended to increase transparency regarding the representation of women on boards and in senior management. There are no sanctions for non-compliance.

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
COMPOSITION OF THE BOARD		
NP 58-201, section 3.1 3.1 The board should have a majority of independent directors.	The majority of directors on the SaskTel Board (12 out of 12) are independent.	Yes
NI 58-101F1, sections 1(a) to (d) 1(a) Disclose the identity of directors who are independent; (b) Disclose the identity of directors who are not independent and the basis for that determination; (c) Disclose whether the majority of directors are independent; and (d) Disclose whether a director is a director of any other issuer that is a reporting issuer.	**Grant Kook**, Chair: *INDEPENDENT* President and CEO, Westcap Mgt. Ltd. **Richard Ahenakew**: *INDEPENDENT* General Manager, Northern Lights Casino **Joel Friesen**: *INDEPENDENT* Lawyer, Anderson and Company **JoAnne Hardy**: *INDEPENDENT* President, WBM Saskatoon **Rachel Heidecker**: *INDEPENDENT* Consultant **Jerri Hoback**: *INDEPENDENT* Business Owner, Hoback Enterprises Inc. **Darrell Kennedy**: *INDEPENDENT* Business Owner, Timberstone Regina **Pamela Lothian**: *INDEPENDENT* Lawyer **Valerie Makela**: *INDEPENDENT* Retired **Alan Migneault**: *INDEPENDENT* President, AJM Management Corp. **Grant Payant**: *INDEPENDENT* Retired **Glenys Sylvestre**: *INDEPENDENT* Executive Director, University Governance at the University of Regina The determination of independence is made by the Governance Committee and is based on an assessment of the requirements in Multilateral Instrument 52-110, Audit Committees. Section 1(d) does not apply to SaskTel as SaskTel does not have share capital, and is not an issuer.	Yes
NP 58-201, section 3.2 3.2 The chair of the board should be an independent director who is the effective leader of the board and who ensures that the board's agenda will enable it to successfully carry out its duties.	The Chair of the Board is an independent director who provides leadership in Board organization, processes, effectiveness and renewal, serves as liaison between the Board and the shareholder, and ensures Board agendas reflect an effective balance between the role of the Board and that of management.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 1(f) 1(f) Disclose whether the chair of the board is an independent director; disclose the identity of the chair and describe the role of the chair.	Grant Kook is the Chair of the Board and he is an independent director. The Chair reports to the Board and ultimately to the shareholder and is responsible for presiding over meetings of the Board and ensuring that the Board discharges its fiduciary and legal responsibilities. The Chair's primary duties include: • chairing meetings of the Board and ensuring meetings are properly convened and business is conducted legally • working with the CEO and the Corporate Secretary to set Board meeting schedules and establish agendas • monitoring meeting attendance and encouraging full participation by directors at meetings • communicating with directors between meetings • taking a lead role in assessing and addressing any concerns related to Board, committee, or director performance • assisting directors to achieve full utilization of individual abilities • promoting an open and constructive working relationship between senior management and the Board • working with committee chairs to maintain effective communications and division of responsibilities • providing advice and counsel to the CEO and senior management • representing the shareholder's interests and perspective to management, and representing management's views to the shareholder • in conjunction with the CEO, developing productive relationships and representing the Corporation with the shareholder and key stakeholders	Yes
MEETINGS OF INDEPENDENT DIRECTORS **NP 58-201, section 3.3** 3.3 The independent directors should hold regularly scheduled meetings at which non-independent directors and members of management are not present.	As a Standing Agenda item, the Board holds an in-camera session without management present at each regular meeting of the Board. All directors participate in the sessions, except where a director has a conflict with an item under discussion.	Yes
NI 58-101F1, section 1(e) 1(e) Disclose whether the independent directors hold regularly scheduled meetings at which members of management are not present; disclose the number of such meetings held in the previous 12 months; if such meetings are not held, disclose what the board does to facilitate open and candid discussion among independent directors.	There were nine (9) Board meetings held in 2020/21, and during all nine regular meetings, in-camera sessions without management present but including all directors were held. Board practices that facilitate open and candid discussion among, and independent judgment by directors, include: • holding in-camera sessions of no fixed duration where directors are encouraged to raise any issues of concern • having an independent director as Chair of the Board • clearly delineating the division of responsibilities between Board and management • providing for the Board/directors to access external advice The Board is satisfied that its governance practices foster full and open discussion and debate and that it retains the independence of mind to make decisions in the best interests of the Corporation and the shareholder.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?

NI 58-101F1, section 1(g)

1(g) Disclose the attendance record of each director for board meetings held in the most recently completed financial year.	The Board held nine (9) meetings in 2020/21. The number of Board meetings attended by each director in 2020/21 is set out below.	Yes

Director	Meetings Attended*
Grant Kook, Chair	9 (9)**
Richard Ahenakew	8 (9)
Joel Friesen	9 (9)
JoeAnne Hardy	9 (9)
Rachel Heidecker	9 (9)
Jerri Hoback	9 (9)
Darrell Kennedy	8 (9)
Pamela Lothian	9 (9)
Valerie Makela	9 (9)
Alan Migneault	9 (9)
Grant Payant	9 (9)
Glenys Sylvestre	9 (9)

* For the purposes of this report, members who attended meetings in part were considered to be present.
** Figures in brackets represent the maximum number of meetings for the period in which the individual was a Board member.

BOARD MANDATE

NP 58-201, section 3.4

3.4 The board should adopt a written mandate which explicitly acknowledges responsibility for the stewardship of the Corporation and responsibility for:
- (a) to the extent possible, satisfying itself as to the integrity of the CEO and executive and that they have created a culture of integrity throughout the organization;
- (b) adopting a strategic planning process and approving at least annually a strategic plan which takes into account, among other things, the opportunities and risks of the business;
- (c) identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- (d) succession planning, including appointing, training and monitoring senior management;
- (e) adopting a communications policy for the Corporation;

The Board has written Terms of Reference that contains the majority of the elements required by the Policy. The Terms of Reference outlines the Board's principal duties and responsibilities, including responsibility to function as stewards of the Corporation and to:

- provide leadership in setting the Corporation's long-range strategic direction and annually approve the Corporation's overall strategic plan
- participate in identifying the principal risks of the business in which the Corporation is engaged and oversee the implementation of appropriate systems to manage the risks
- appoint the CEO, evaluate the performance of senior management and ensure effective succession planning processes
- adopt policies and processes to enable effective communications with the shareholder, stakeholders and the public
- monitor the integrity of the Corporation's internal control and management information systems

The Board has approved Terms of Reference for Directors where the expectations and responsibilities of individual directors are delineated.

Does SaskTel align? Substantial compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
(f) the integrity of the Corporation's internal control and management information systems; and (g) developing the Corporation's approach to corporate governance, including a set of principles and guidelines specific to the Corporation. The written mandate should also address measures for receiving feedback from stakeholders (for example, a process for stakeholders to contact independent directors); and the expectations and responsibilities of directors, including basic duties to attend meetings and review materials in advance.	SaskTel regularly surveys internal and external stakeholders to obtain feedback about Corporate activities. The Chair of the Board participates in a forum established by CIC, which is comprised of the chairs of all subsidiary Crown boards and senior CIC officials, where issues of mutual interest and concern are shared. Elements of the Policy not specifically identified in the Terms of Reference for the Board include (a) and (g). Respecting (a), the Board has established practices that promote a culture of ethical business conduct (see discussion under section 3.8 of NP 58-201). With respect to (g) the Board has delegated responsibility to the Governance Committee to oversee the Corporation's approach to corporate governance.	
NI 58-101F1, section 2 2 Disclose the text of the board's written mandate.	The Board's principal responsibilities are described above. The text of the Board's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
POSITION DESCRIPTIONS **NP 58-201, section 3.5** 3.5 The board should: develop clear position descriptions for the chair of the board and the chair of each board committee; together with the CEO, develop a position description for the CEO delineating management's responsibilities; develop or approve corporate goals and objectives that the CEO is responsible to meet.	The Board has approved Terms of Reference for the Board, the Chair of the Board, the Chair of each Committee, each Committee and individual directors, and has adopted a Position Description for the CEO. The CEO's Position Description sets out the CEO's primary accountabilities and responsibilities. The Board Terms of Reference address management duties, and a Final Authorization Policy, applicable to monetary and non-monetary matters, sets out those matters that require Board approval and delegates other matters to management. The Environment and Human Resources (EHR) Committee annually recommends performance indicators for the Corporation and personal goals for the CEO that are approved by the Board. The Board annually approves a business plan that includes Corporate objectives, priorities, and performance indicators. The CEO is responsible to see that the Corporation achieves the business plan and to meet any other targets assigned by the Board.	Yes
NI 58-101F1, sections 3(a) and (b) 3(a) Disclose whether the board has developed written position descriptions for the chair of the board and the chair of each board committee and, if not, describe how the board delineates the role and responsibilities of each such position. (b) Disclose whether the board and CEO have developed a written position description for the CEO.	The Board has developed a written Position Description for the Chair of the Board, the Chair of each Committee, and the CEO.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
ORIENTATION AND CONTINUING EDUCATION **NP 58-201, sections 3.6 and 3.7** 3.6 The board should ensure new directors receive comprehensive orientation and fully understand the role of the board and committees, the contribution individual directors are expected to make, and the nature and operation of the business. 3.7 The board should provide continuing education opportunities for all directors to enhance their skills and abilities and ensure their knowledge of the Corporation's business is current.	Management provides new directors with a comprehensive orientation to the business and the industry. CIC delivers a training program that focuses on the skills that directors need to do their jobs, effective Board processes, and best practices in corporate governance. Other development opportunities made available to directors are described below.	Yes
NI 58-101F1, sections 4(a) and (b) 4(a) Describe the measures taken to orient new directors to the role of the board, committees, and directors and to the nature of the Corporation's business. (b) Describe the measures taken to provide continuing education opportunities for all directors.	The Corporation provides all members appointed to the Board with a comprehensive *Directors' Reference Manual*, and new directors receive an orientation session delivered by management. The orientation session addresses key industry trends, critical business risks and challenges, the strategic plan, organizational structure, and responsibilities of senior staff. New directors are able to meet informally with senior managers to learn about the business. Prior to some regular Board meetings, outside experts in various aspects of the telecommunications industry are invited to speak to the Board and senior management. Management has also delivered educational sessions to directors to explain technical aspects of the business. Each year, CIC sponsors a comprehensive education program for directors of CIC subsidiary Crown boards. The program has focused on the key roles and responsibilities of boards, committees and directors, the skills directors need to effectively discharge their responsibilities, and best practices and new developments in corporate governance. Directors can participate in external development opportunities related to their duties as directors where authorized by the Corporation or the Board.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
CODE OF BUSINESS CONDUCT AND ETHICS		
NP 58-201, section 3.8 3.8 The board should adopt a written code of business conduct and ethics applicable to directors, officers, and employees of the Corporation designed to promote integrity and deter wrongdoing. The code should address: (a) conflicts of interest, including transactions and agreements where a director or officer has a material interest; (b) protection and proper use of corporate assets and opportunities; (c) confidentiality of corporate information; (d) fair dealing with the Corporation's security holders, customers, suppliers, competitors, and employees; (e) compliance with laws, rules, and regulations; and (f) reporting of illegal or unethical behaviour.	Board members must comply with the *Directors' Code of Conduct*, which was developed by CIC and applies to the directors of all its subsidiary Crown boards. Officers and employees of the Corporation and its subsidiaries must comply with SaskTel's *Business Code of Conduct*, which includes a whistle-blowing policy. Each Code is designed to promote integrity and deter wrongdoing, address the elements of the Policy as they apply to a Crown corporation, and provide a mechanism to report illegal or unethical behaviour.	Yes
NI 58-101F1, section 5(a) 5(a) Disclose whether the board has adopted a written code of ethical business conduct for the directors, officers, and employees of the Corporation; how to obtain a copy of the Code; how the board monitors compliance with the Code; and reference any material change report in the most recent financial year relating to any conduct of a director or officer that constitutes a departure from the Code.	A copy of the *Directors' Code of Conduct* can be obtained by contacting CIC. A copy of the *Business Code of Conduct* can be obtained by contacting SaskTel. Committees of the Board monitor compliance with the *Directors' Code* and the *Business Code*. The Governance Committee monitors compliance with Corporate donation and sponsorship policies and is responsible to administer, monitor, and enforce the *Directors' Code*. The Chair of the Committee reports to the Board at each regular meeting any such issues addressed by the Committee, and submits an annual report to the Board regarding compliance with the *Directors' Code*. The Audit and Risk Committee monitors the financial performance of the Corporation and assists the Board to meet its responsibilities respecting accounting and financial reporting, risk management, internal controls, and accountability. The Committee interacts directly with the internal and external auditors, who report to the Committee concerning, among other things, any instances of illegal or improper treatment of Corporate assets. The Audit Committee receives quarterly risk management reports, including reports related to legal risks. The Chair of the Committee reports to the Board at each regular meeting any such issues addressed by the Committee, and all directors receive summaries of risk management reports. The EHR Committee monitors compliance with environmental, health and safety, and human resource programs, including compliance with the *Business Code*. The Committee receives reports from management that address, among other things, compliance with related policies, legislation, and regulations. The Chair of the Committee reports any issues raised at the Committee level to the Board at each regular meeting of the Board. SaskTel does not have share capital and is not an issuer. Therefore, no material change reports have been filed.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NP 58-201, section 3.9 3.9 The board should monitor compliance with the code and any waivers granted for the benefit of directors and executive officers should be granted by the board or a board committee. Any waivers for a material departure from the code for any directors or officers should disclose full details of the material change.	The Board has delegated to its Committees the responsibility to monitor compliance with the Codes of Conduct. The Committees report any issues dealt with pursuant to each Code to the full Board. No waivers from either Code have been granted to any director or officer in 2020/21.	Yes
NI 58-101F1, section 5(b) 5(b) Describe steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements where a director or officer has a material interest.	Where a director has, or may be perceived to have, a personal interest in a transaction being considered by the Corporation, the director is responsible to declare any such interest at the meeting where the matter is considered and not to participate in discussions about or vote on the matter. In 2005, the Board adopted a disclosure form to enable directors to declare their directorships on and material interests in businesses other than SaskTel, their knowledge of the business their associates have or may transact with SaskTel, and any material contracts they may have entered into with SaskTel or its subsidiaries. The required information excludes the acquisition of services available to the general public. The completed form is provided to the Governance Committee, the Corporate Secretary, and their advisors to assist them in proactively addressing potential conflict of interests. Management monitors agenda items to identify any issues where a director may have a material interest and such items are not distributed to the director.	Yes
NI 58-101F1, section 5(c) 5(c) Describe other steps the board takes to encourage and promote a culture of ethical business conduct.	The Board encourages and promotes a culture of ethical business conduct by following current best practices in corporate governance. These practices are reinforced by open and honest discussion about business issues at Board meetings and at informal gatherings between the Board and senior management. The Board expects management to act ethically in its business dealings, in accordance with all applicable legislation, the *Business Code of Conduct* and any directives or policies of the Board or the shareholder. In 2005, the *Business Code of Conduct* was revised to incorporate a whistle-blowing mechanism to facilitate reporting by employees of issues of concern. Issues arising under the *Business Code of Conduct* are reported to and monitored by the EHR Committee and management reports to the Governance Committee respecting significant issues that have arisen pursuant to the whistle-blowing policy. Whistle-blowing reports may also be made directly to the Chair of the Governance Committee.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
Nomination of Directors		
NP 58-201, section 3.10 3.10 The board should appoint a nominating committee comprised of entirely independent directors.	The Governance Committee functions as the Nominating Committee. All five (5) members of the Governance Committee, including the Committee Chair, are independent directors.	Yes
NI 58-101F1, sections 6(a) and (b) 6(a) Describe the process by which the board identifies new candidates for board nomination. (b) Disclose whether the board has a nominating committee comprised entirely of independent directors and, if not, describe the steps the board takes to encourage an objective nomination process.	Appointments of directors of SaskTel are a decision made by the government through an Order in Council. The Governance Committee may, through their responsibility as Nominating Committee, recommend qualified nominees to the SaskTel Board for consideration and to have those nominees be recommended for consideration to the CIC Board and ultimately the government. The Board, through the Governance Committee, reviews the composition and skill sets of directors annually with a view to maintaining an appropriate mix of expertise, experience, and diversity on the Board to support the strategic direction and operating needs of the Corporation. The Governance Committee is responsible for identifying the skill sets needed on the Board, developing and maintaining a Skills Profile that delineates the competencies of current directors, and identifies any skill gaps while seeking and recommending to the Board nominees that have the required competencies to fill any identified gaps. In addition to competencies and skills, current practices encourage diversity in the composition of the Board. In seeking candidates, the Committee may receive recommendations from the directors, senior management, and the shareholder. Potential candidates may be interviewed to determine their overall fit with the needs of the Board, any conflicts that would preclude their effective participation, and whether they have the time to devote to Board work. The Committee may recommend a list of candidates for each vacant position to the Board, which in turn would recommend candidates to the shareholder for approval. The shareholder has the legislative authority to make Board appointments. The Committee believes that following best practices related to Board appointments, maintaining a skills matrix, and recruiting candidates who possess the required combination of skills, background, and diversity to add value to Corporate decision-making supports an objective nomination process.	Substantial Compliance
NP 58-201, section 3.11 3.11 The nominating committee should have a written charter establishing the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual directors or subcommittees), and manner of reporting to the board. In addition, the nominating committee should be given authority to engage and compensate outside advisors necessary to permit it to carry out its work. Where a third party has a legal right to nominate directors, the selection and nomination of those directors need not involve the approval of an independent nominating committee.	The Governance Committee has written Terms of Reference setting out its purpose and principal responsibilities, which address the Committee's responsibility to lead the process of recruiting and nominating candidates for appointment to the Board, as well as the other elements of the Policy except member qualifications and the ability to delegate tasks. The Committee has authority to engage outside advisors to assist it in performing its duties, subject to the approval of the Board. The shareholder has the right to nominate candidates for appointment to the Board.	Substantial Compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NI 58-101F1, section 6(c) 6(c) If the board has a nominating committee, describe the responsibilities, powers, and operation of the committee.	The Governance Committee performs the functions of a nominating committee, and its Terms of Reference describe the responsibilities, powers, and operation of the Committee. The Committee is appointed by the Board, serves in an advisory capacity, and may make recommendations to the Board within its area of responsibility. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
NP 58-201, section 3.12 3.12 The board should adopt a nomination process which considers the competencies and skills of the board as a whole; assesses the competencies and skills possessed by each existing director; and considers the personality and other qualities of each director. The board should also consider the appropriate size of the board, with a view to effective decision-making, and should consider the advice and input of the nominating committee.	The Board's nomination process is described above, and it meets the guidelines of the Instrument. By legislation, the Board is comprised of a maximum of twelve (12) directors. As the Committee responsible for the Board's approach to corporate governance, the Committee makes recommendations to promote timely and effective decision-making.	Yes
NP 58-201, section 3.13 3.13 The nominating committee should be responsible for identifying individuals qualified to become new board members and recommending to the board the new director nominees.	The Governance Committee identifies the skill sets that are required for the Board. The identification and appointment of Directors of SaskTel are a decision made by the Government through an Order in Council.	Partial compliance
NP 58-201, section 3.14 3.14 In making its recommendations the nominating committee should consider: the competencies and skills that the board considers necessary for the board as a whole to possess; the competencies and skills of existing directors; the competencies and skills of each nominee; and whether each new nominee can devote sufficient time and resources to board work.	The process followed by the Governance Committee complies with that set out in the Policy and is described above.	Partial compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?

COMPENSATION

NP 58-201, section 3.15

3.15 The board should appoint a compensation committee comprised entirely of independent directors.

The EHR Committee performs the functions of a compensation committee. Currently all six (6) members of the EHR Committee, including the Committee Chair, are independent directors.

Yes

NI 58-101F1, sections 7(a) and (b)

7(a) Describe the process by which the board determines compensation for the directors and officers of the Corporation.

(b) Disclose whether the board has a compensation committee comprised entirely of independent directors and, if not, describe the steps the board takes to ensure an objective process for determining such compensation.

The majority of members of the EHR Committee, which serves as the Compensation Committee, are independent directors.

Yes

CIC has the legislative authority to fix remuneration levels and set expense guidelines for directors. The Governance Committee has authority to recommend to the Board (and the Board to CIC) adjustments to directors' compensation. The Committee receives quarterly reports respecting the remuneration received by members of the Board and reports any anomalies to the Board.

Each director receives an annual retainer for acting as a Board member. The remuneration levels established by CIC for members of the Board are set out below.

Director Remuneration Schedule	
Board Chair retainer	$ 40,000.00
Board member retainer	$ 25,000.00
Audit and Risk Committee Chair retainer	$ 3,500.00
Other Committee Chair retainer	$ 2,500.00
Committee member meeting fee (Meeting Fees = Full day $750; Half day $375 – less than 4 hours)	$ 750.00

A copy of CIC's remuneration and expense guidelines for directors can be obtained by contacting the Corporate Secretary to the Board.

CIC has established a framework for executive compensation, and the Board can approve compensation packages within that framework. The Board has delegated responsibility for addressing and making recommendations concerning management compensation issues to the EHR Committee.

The EHR Committee reviews and recommends to the Board: changes to the design of the Corporation's overall compensation and benefits plans; management compensation packages that reflect industry standards; performance compensation programs; and annual Corporate indicators, including a subset used to determine performance compensation for senior management. In discharging this function, the Committee has the ability to retain external advisors, subject to approval by the Board.

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
NP 58-201, section 3.16 3.16 The compensation committee should have a written charter establishing the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure, operations (including any authority to delegate to individual directors or subcommittees), and manner of reporting to the board. In addition, the compensation committee should be given authority to engage and compensate outside advisors necessary to permit it to carry out its work.	The Board has approved Terms of Reference for the EHR Committee, which addresses the Committee's responsibilities with respect to compensation, as well as the other elements of the Policy except member qualifications and the ability to delegate tasks. The Committee has authority to engage outside advisors to assist it in performing its duties, subject to the approval of the Board.	Substantial compliance
NI 58-101F1, section 7(c) (c) If the board has a compensation committee, describe the responsibilities, powers, and operation of the committee.	The EHR Committee serves as the Compensation Committee, and its Terms of Reference describes the Committee's responsibilities respecting compensation issues, as well as the powers and operation of the Committee. The Committee is appointed by the Board, serves in an advisory capacity, and makes recommendations to the Board within its area of responsibility. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
NP 58-201, section 3.17 3.17 The compensation committee should be responsible for: reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining the CEO's compensation level based on the evaluation; making recommendations to the board respecting non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and reviewing executive compensation prior to public disclosure.	The EHR Committee annually recommends to the Board the CEO's performance targets, and leads the annual performance evaluation process for the CEO. The CEO's performance is assessed against the established Corporate objectives and the CEO's individual targets. The results of the CEO's performance are approved by the full Board, and are used in determining compensation. Respecting non-CEO officer compensation, the Committee is responsible for recommending to the Board management compensation packages, performance compensation programs, and annual performance targets. The Board reviews and approves the achievement of Corporate targets annually and the extent to which the targets are achieved determines management's eligibility for performance compensation. Executive compensation decisions are subject to any guidelines established by CIC. As a Crown corporation, SaskTel does not have equity-based plans. Director compensation is determined by CIC. Executive compensation information is available to the public through publication of Crown payee reports. The Committee does not review executive compensation reports prior to public disclosure.	Substantial compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
OTHER BOARD COMMITTEES		
NI 58-101F1, section 8 8 If the board has standing committees of the board, other than audit, compensation, and nominating committees, identify the committees and describe their function.	In addition to the Audit and Risk, Governance, and EHR Committees, the Board also has a Corporate Growth and Technology (CGT) Committee. The CGT Committee: works with management to develop a growth strategy and related policies; reviews and recommends investments and divestitures; monitors and reports to the Board respecting the performance of investments; and reviews and makes recommendations concerning the evolution of technology in the Corporation, long-term technology strategies, and technology investments. A copy of the Committee's Terms of Reference can be obtained by contacting the Corporate Secretary to the Board.	Yes
BOARD ASSESSMENTS		
NP 58-201, section 3.18 3.18 The board, its committees, and each individual director should be regularly assessed. An assessment should consider: with respect to the board or committees, its mandate or charter; with respect to an individual director, the applicable position description(s), as well as the competencies and skills each individual director brings to the board.	Board, Board Chair, Committee Chair, and Committee evaluations as well as director peer assessments are performed annually on a three-year cycle, with comprehensive Board and Board Chair evaluations being conducted one year, Committee Chair and Committee evaluations the next year, and director peer assessments the third year. The evaluations take into consideration the elements of the Policy. In 2020, Committee and Committee Chair evaluations were conducted.	Yes
NI 58-101F1, section 9 9 Disclose whether the board, its committees, and individual directors are regularly assessed with respect to their effectiveness and contribution and, if yes, describe the process used.	The Governance Committee oversees the implementation of the above evaluation processes. The evaluations are survey-based, using an instrument developed by CIC in consultation with an outside consultant and with Crown Board members. Board, Chair, Committee, and director performance is measured against the duties and expectations set out in their respective Terms of Reference and the specific standards outlined in the evaluation instruments. The purpose of the evaluations is to identify areas where the Board, Committee, Chair, or director is managing well and to highlight areas that may benefit by additional focus and attention. Directors complete surveys to provide feedback in writing on the effectiveness and contribution of the Board, Committees, Chairs, and individual directors. The Board Chair or a third party may follow up the written responses with interviews of directors to elicit additional concerns or suggestions for improvement. The Governance Committee prepares reports outlining the evaluation results, which are submitted to the Board for review and approval. The Committee recommends follow-up action required as a result of recommendations made in the evaluation reports, and tracks implementation of any action items.	Yes

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)	Comments and Discussion	Does SaskTel align?
CSA National Policy 58-101 Disclosure of Corporate Governance Practices		
10 Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.	The appointment and removal of Directors is the prerogative of the Lieutenant Governor in Council pursuant to *The Saskatchewan Telecommunications Holding Corporation Act*. Director appointments are not subject to term limits.	Yes
11(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.	CIC has a written "Board of Directors' Appointment Policy". While the policy does not specifically refer to the identification and nomination of female Directors, it requires Crown Boards to include "diversity candidates." The term "diversity candidates" is not defined but it is interpreted as including women, Aboriginal persons, and visible minorities.	Partial Compliance
(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.	CIC maintains statistics regarding diversity of each Crown Board, including progress made in the percentage of women serving on Crown Boards. Annually, CIC forwards information to the shareholder to be considered when Board appointment decisions are made. The information includes the skill sets required for the Board and diversity statistics. As of December 31, 2020, the Board was comprised of six (6) women out of a total of twelve (12) members (50%). As of March 31, 2021, the Board was comprised of six (6) women out of a total of twelve (12) members (50%).	Yes
12 Disclose whether, and if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.	It is the responsibility of Executive Council to consider the level of representation of women on the Board.	Partial Compliance

CSA Corporate Governance Policy, NP 58-201, and Disclosure Instrument, NI 58-101F1 (Summary)		Comments and Discussion	Does SaskTel align?
13	Disclose whether, and if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.	Executive Officer appointments are made by the CEO in consultation with the Board. The CEO gives consideration to the level of representation of women in Executive Officer positions, along with other relevant factors, when making Executive Officer appointments.	Yes
14(a) (b)	For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date. Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.	Although the CIC policy requires Crown Boards to include diversity candidates, the CIC policy does not adopt a specific target for representation of women on the Board.	No
14(c) (d)	Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so. If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target; and (ii) the annual and cumulative progress of the issuer in achieving the target.	On August 13, 2015, SaskTel adopted a policy to provide a target regarding women in Executive Officer positions. The target is to have at least 40% women in Executive positions.	Yes
15(a) (b)	Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women. Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.	The Board is currently comprised of twelve (12) members, six (6) of which are women (50%). Currently, three (3) out of the nine (9) Executive Officers are women (33.3%).	Yes

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For more information about SaskTel, our initiatives, and operations, please contact
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Our Customer Service Technicians (CSTs) are on the front line and go the extra mile every day. When Pierce McLachlan left a bouquet of flowers for a lonely customer, he was exemplifying a quality that makes us SaskTel proud.

“It was more than a service call,” said McLachlan. “It was about caring for her well-being. After all, at the end of the day, we are all people and we deserve that.”

Pierce wasn’t the first SaskTel CST to go above and beyond. When Landon Adelman learned one of his customers was going through chemotherapy, he left a note in the mailbox that read: “Good luck with the rest of your chemo. You can beat this! Keep fighting and stay strong.”

The note prompted this social media post from the customer: “Just knowing that you took the time to leave this note in my mailbox left me in tears. You are an amazingly wonderful human being.”

It’s been a year like no other. If there’s anything positive to take from the current COVID-19 situation, it’s the stories of humans pulling together to help and support one another. Here at SaskTel, we’re trying to do our part, from making outright donations, to providing services where no one else will, to simply being a friend.