

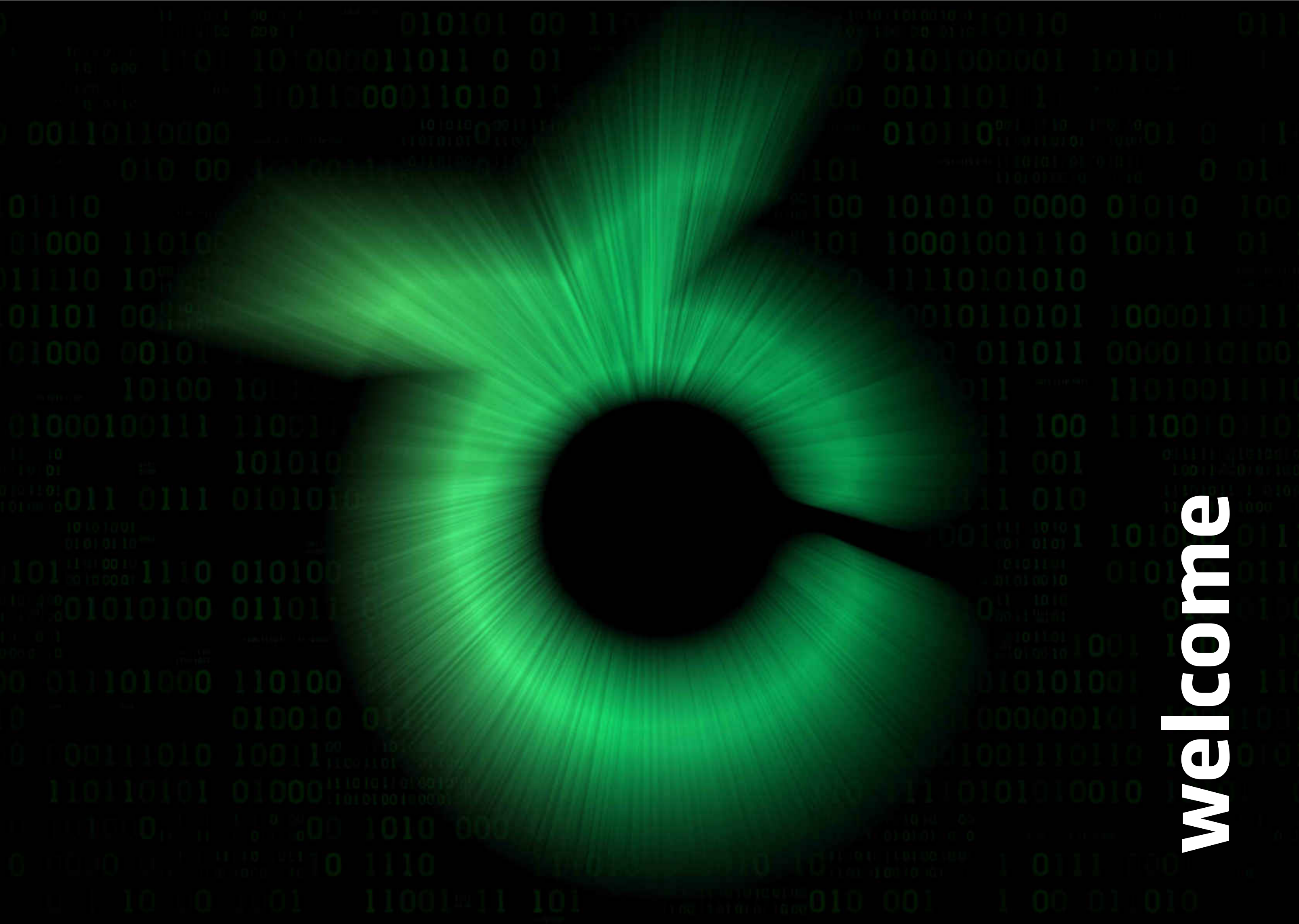


Enabling, Engaging &  
Empowering Digital Citizens



**btc**

Live connected.



welcome

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# About BTC

BTC is a proudly Botswana business that strives to operate and deliver to a truly international standard. In this section, we share more about our business, our history and the very essence of our brand.

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### Key Milestones

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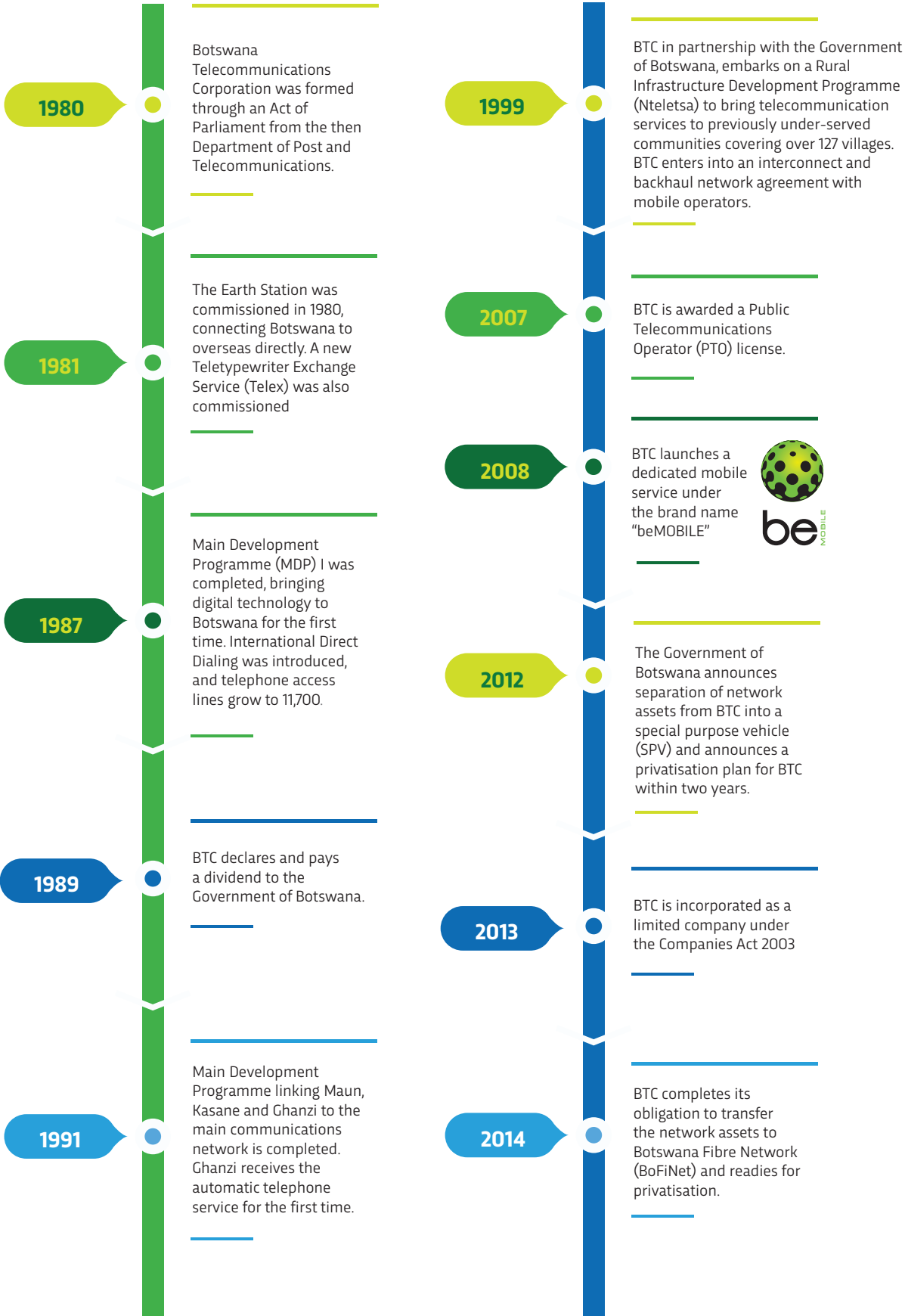
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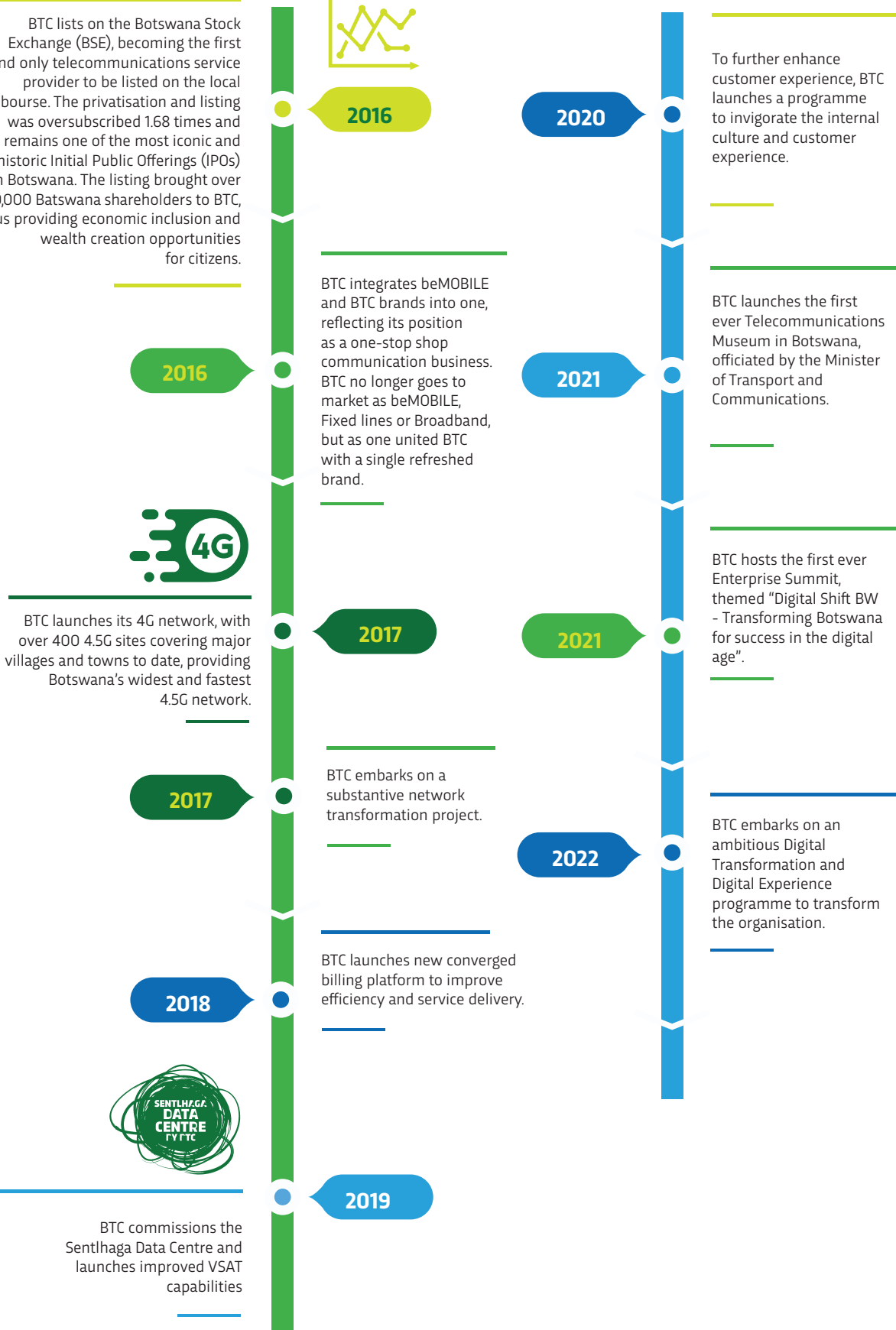
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# KEY MILESTONES



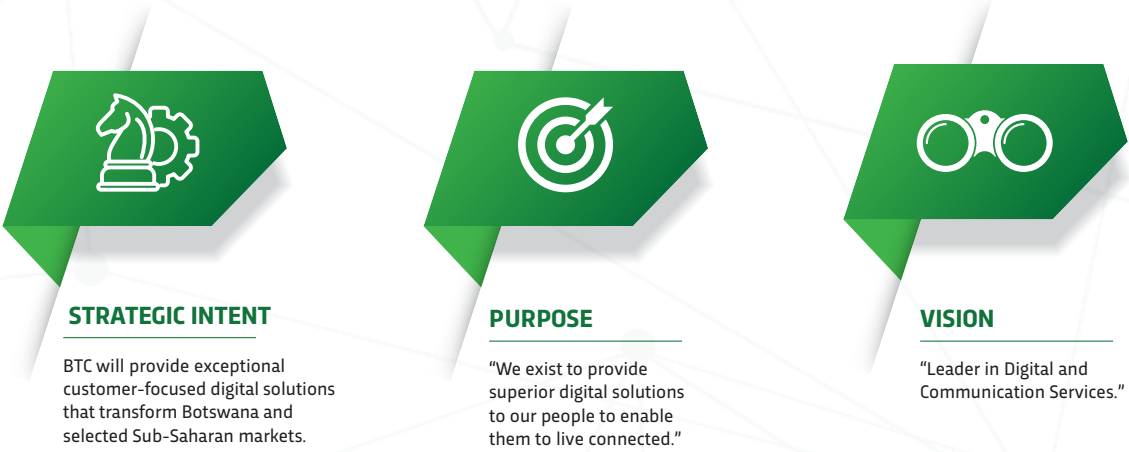
# KEY MILESTONES



# ABOUT BTC

Botswana Telecommunications Corporation Limited (BTC) is a converged telecommunications operator offering Fixed (voice and data), Mobile (voice and data) and Broadband services to consumers, enterprises and other licensed service providers. We are listed on the Botswana Stock Exchange (BSE).

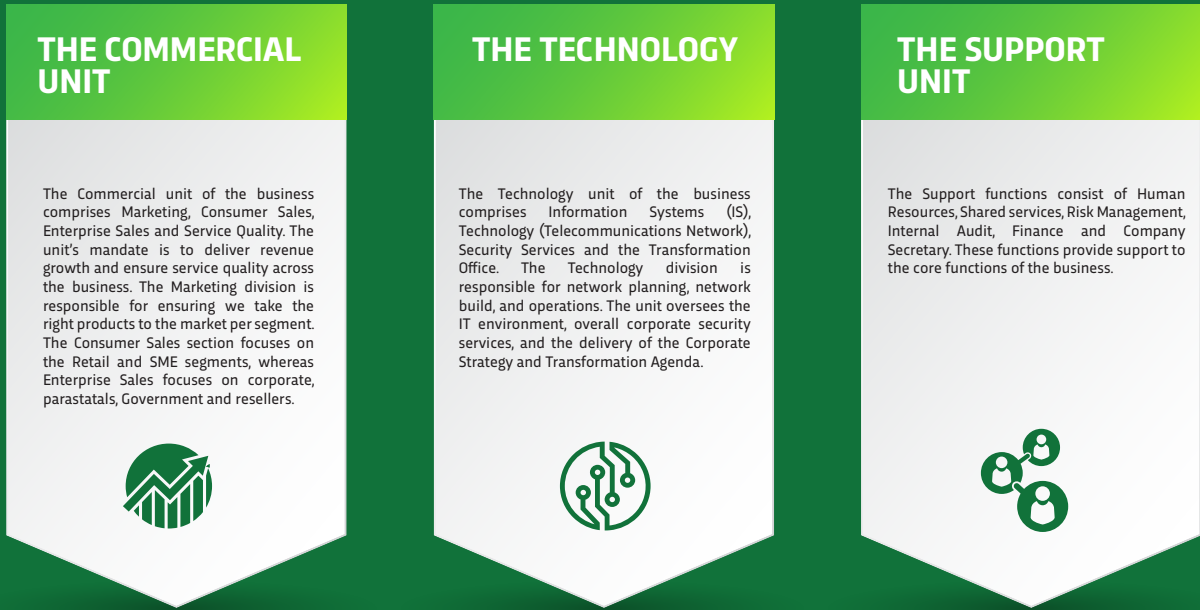
## OUR STRATEGIC INTENT, PURPOSE AND VISION



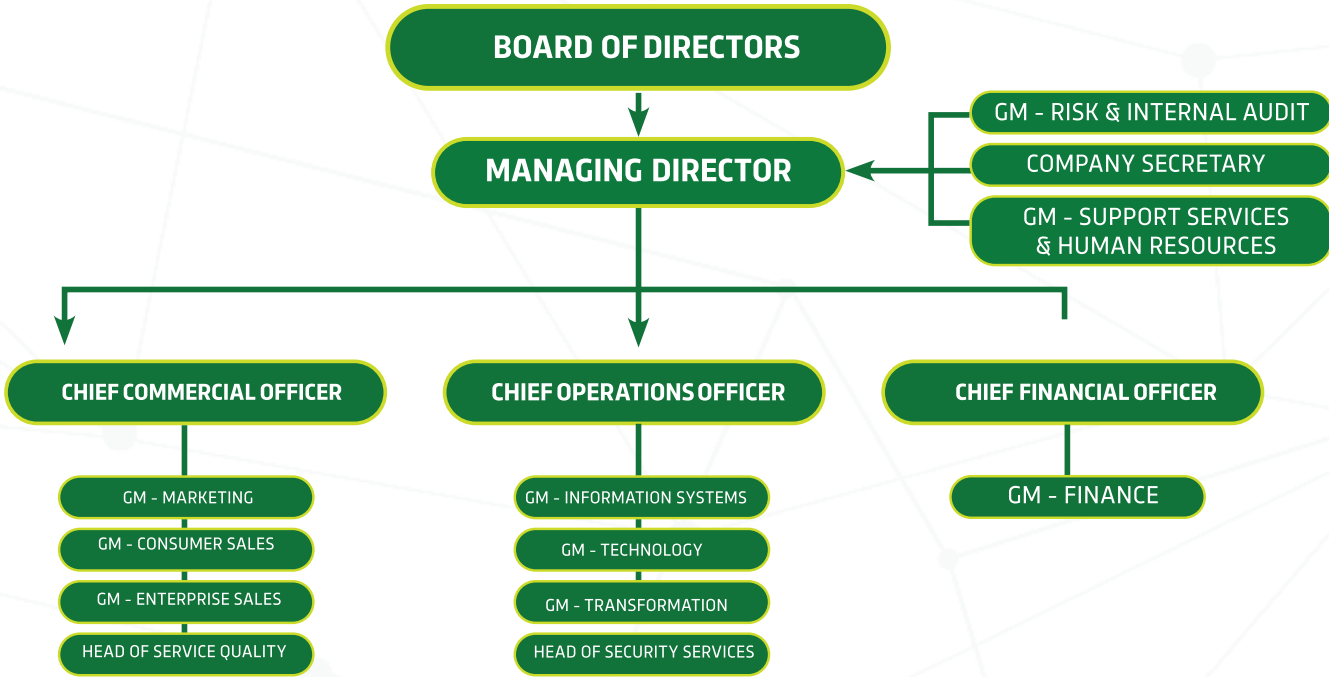
## OUR VALUES



# OUR BUSINESS STRUCTURE



## OUR ORGANISATIONAL STRUCTURE



## CORPORATE INFORMATION

### Botswana Telecommunications Corporation Limited (BTC)

Incorporated in the Republic of Botswana  
Company Registration number: BW00000748937

### Registered Office

Megaleng House, Khama Crescent, Plot 50350  
P O Box 700, Gaborone, Botswana

### Transfer Secretaries

Central Securities Depository Company of Botswana (CSDB)  
Postal address: Private Bag 00417, Gaborone, Botswana  
Physical address: Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds  
Telephone: +267 367 4400 /11/12  
Contact: Masego Pheto

### Auditors

Deloitte & Touche  
Deloitte House, Plot 50664, Fairgrounds Office Park,  
P O Box 778, Gaborone, Botswana

### Company Secretary

Sidney Mganga

### Bankers

- Absa Bank Botswana Limited
- Access Bank Botswana Limited
- Bank Gaborone Limited
- First National Bank Botswana Limited
- Stanbic Bank Botswana Limited
- Standard Chartered Bank Botswana Limited



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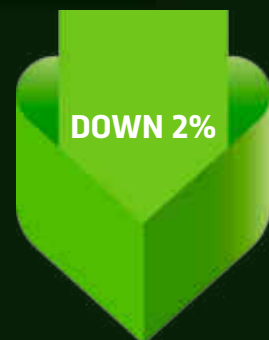
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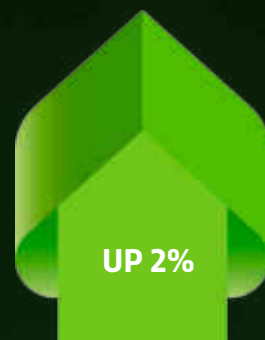
# Our Performance Summary

# FINANCIAL HIGHLIGHTS

# 2022



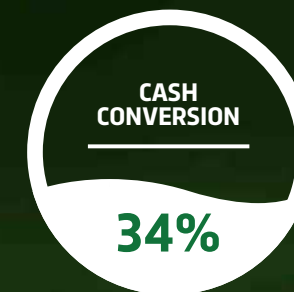
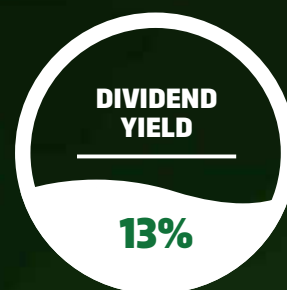
REVENUE



PROFIT AFTER TAX

## DIVIDENDS

3.67 thebe (interim)  
5.04 thebe (final)  
Total dividend per share - 8.71 thebe



## 2022 MILESTONES

BTC HOSTS INAUGURAL DIGITAL SHIFT ENTERPRISE SUMMIT  
BTC HOSTS CLOUD TALKS WEBINAR  
FIRST EVER TELECOMMUNICATIONS MUSEUM LAUNCHED



**Ms. Lorato Boakgomo-Ntakhwana**  
Board Chairperson

PROFIT BEFORE  
TAX UP 8%

**P182 million**

# CHAIRPERSON'S STATEMENT

## INTRODUCTION

The past financial year 2021-22 was a difficult one for the organisation and our people. As Covid 19 continued to affect our business negatively, management remained resolute in executing the response plan ensuring business continuity and safeguarding the lives of our most valuable asset, i.e our people.

The year marked the second year of our 3-year Strategy 2020 to 2023, which was launched on the 1st March 2020, a month before the first Covid-19 lockdown and the introduction of the State of National Emergency.

During the previous two years, we have witnessed accelerated innovation not only in the Telecommunications sector, but also across a wide spectrum of industries as many companies scrambled to be future ready, flexible and adaptive. We have had to improve our capabilities and develop new products and services to address the constantly changing needs of the customer.

Fixed voice telephony penetration and usage remained stagnant throughout 2021-22; however, rising demand for high-speed internet services and our competitively priced fibre broadband plans have been driving uptake of Fixed Broadband (FBB). International Fixed Voice Calling has shown strong performance due to our competitive pricing and a return to normalcy of international trade which had plunged in 2020 but recovered sharply in 2021.

Mobile voice revenue continues to decline due to an increase in use of third-party Over-The-Top (OTT). We have embarked on extending and expanding our 4G Network coverage which should boost mobile video calling; and partially offset voice revenue losses that we are currently experiencing. The growth in MBB during the past 2 years has been mainly driven by living and working under Covid-19 restrictions which demanded high-quality internet connections with rapid upload and download speeds.

Fintech and Digital services are new business areas that continue to show strong growth albeit from a low base. Fintech is changing and will continue to change the way financial services are delivered to the customer. BTC Mobile Financial Services subscriber base grew by more than 62% during 2021-22.

OPERATIONAL PERFORMANCE

The world economy during the year under review was showing encouraging signs of recovery, albeit not having returned to pre-pandemic levels of economic activity and the Botswana economy showed similar trends. The world was starting to establish a new normal after the changes that were brought about during the periods of low economic activity and limited movement. It is becoming more and more evident that ICT and digital transformation are going to be the key drivers of the new normal.

BTC remained resilient amidst challenging trading conditions and continued to deliver solid performance for the year. We maintained our share of the ICT market and continued to see very solid growth of our Mobile money business, highlighting our continued commitment to financial inclusion and quest to empower our customers with innovative mobile financial products. In our continued endeavour to facilitate working from home, we revised some of our broadband offerings and introduced other mobile broadband solutions.

Despite the challenging operating environment, I am proud to announce that we delivered impressive financial performance, growing EBITDA margin by 1.7% and profit before tax by 8%. Notwithstanding the marginal reduction in revenue of 2% the business achieved revenue of P1.39 billion.

TECHNOLOGY INVESTMENTS

Our previous Strategy focused on three major areas: Technology, Commercial and Cultural Transformation. We have laid down the foundation for a sustainable transformation and growth through the expansion of both the mobile broadband (MBB) and fixed broadband (FBB) networks. Under the MBB project, 168 sites have so far been installed. Phase 2 of de-coppering is on its last leg of implementation. Through the de-coppering project, BTC seeks to improve and grow broadband services by deploying Fibre to the Business (FTTB) & Fibre to the Cabinet (FTTC) technologies to utilize existing copper line plant as well as introduce Fibre to the home (FTTH) technology in some areas. The targeted areas of

deployment are the brownfields that already have passive cabinets that extend more than 1.2km from existing BTC exchanges.

BTC has undertaken to refresh IP core and MPLS network since it can no longer cope with exponential growth of internet and data traffic. The traffic utilization trend indicates a doubling of demand between 2018 to 2021 from 19Gbps to 45Gbps respectively. We are also modernising the network which is obsolete and is now compromising quality of service due to frequent failures. The modernised network will be scalable and designed to handle exponential growth in internet and data traffic in excess of 100Gbps.

BTC has embarked on a programme to digitalise its operations. We are transforming our business model so that we can remain competitive in an increasingly saturated and competitive market where speed is of essence.

MONETISATION OF INVESTMENTS

Our efforts during the year were geared towards monetising the significant technology investments that we have made in the past. Our sales efforts were deliberately anchored on seizing market opportunities in the mobile broadband and fixed broadband space.

Under FBB, we are seeking to grow fixed broadband subscribers and revenue as well as reduce churn. BTC has been experiencing increased competition from ISP's who are consistently chipping away our market share. Customers now prefer flexibility and demand more mobility than a fixed broadband connection. Fastconnect, our wireless broadband, delivers wireless Internet access to computers and other digital devices using portable modems. Fastconnect take-up has broken target after target in subscriber numbers and revenue throughout the year.

Smega, our mobile financial service, has been well received by the market as shown by more than 62% growth in subscriber base and 150% growth in revenue during the year. In addition to what the competitor mobile money services offer, Smega

is being positioned to do much more in order to conquer new customers.

CULTURE

We continue to implement Unwritten Ground Rules (UGRs) to shape workplace culture and impact teams, divisions, and overall organizational functionality. UGRs have helped organisations maintain coherence and thereby build winning corporate citizens.

FUTURE OUTLOOK

As the Board we have approved a new Strategy 2022-2025 with a budget for the first year of the Strategy targeted at building on the investments made during the previous planning period. Our focus going forward is to provide exceptional customer-focused digital solutions that will transform Botswana and selected Sub-Saharan markets. The 2022-2023 Financial Year will therefore, be a transition period between the 2020 -2023 and the new proposed 2022 - 2025 Strategy.

GOVERNANCE

The Board recognises the importance of having sound corporate governance structures, strong risk management practices and internal controls underpinning the business. We are confident that the frameworks we have put in place to address these functional areas are adequate and in line with best practices. These frameworks are a vital pillar in supporting our transformation and growth aspirations of our new strategy. The Board comprises one Executive Director and eight Non-Executive and independent Directors. This structure ensures a distinct balance of responsibilities between the executive and the non-executive functions. This year we welcomed Mr. Thato Kewakae to the Board. Mr. Kewakae is a well-rounded business professional with a business and ICT background that is supplemented by working experience from across various industries. He is experienced in leading growth in private sector businesses, in consultancy and providing support services for Government and the Private Sector.

Our board members have extensive experience in their respective fields and remain professionally active and motivated to broaden their knowledge.

APPRECIATION

I take this opportunity to thank our Shareholders, Customers, Partners, and other Stakeholders for their continued support in realising our objectives. I also recognise my fellow Board Members for their leadership and guidance in steering BTC's direction and getting the company closer to attaining its vision.

To the BTC Executive Management and employees, thank you for your commitment and dedication. You have worked tirelessly during a challenging and stressful period and managed to deliver outstanding financial performance. I urge us all to continue taking care and following the COVID-19 protocols.



Lorato Boakgomo-Ntakhwana  
Board Chairperson

Dear Investors and Stakeholders,

I am pleased to present our 2021-2022 Annual Report, reviewing our performance against our goals for the year and highlighting the activities undertaken to drive results.

The financial year under review continued to be a very difficult year for the business. BTC as the leading ICT solutions provider in Botswana, had to continue to facilitate economic activity within a changing environment.

The year marked the second year of our 3-year Strategy 2020-2023. Our strategy is to create shareholder value through the delivery of innovative solutions, increasing mobile and broadband market share; and to optimise the use of our core assets in order to be able to deliver a superior customer experience.

#### **OPERATING ENVIRONMENT**

The Botswana economy continued to show signs of recovery during the year under review with a GDP growth rate of 7% leading to a recovery in Information and Communication Technology. This is a welcome development which is a reversal of the contraction we witnessed in 2020. Inflation continued to grow and remains above the threshold of 6% established by the Bank of Botswana putting pressure on costs and depleting consumers' purchasing power, thus compromising future trading conditions.

#### **Covid-19**

During the financial year, our main priority in response to Covid-19 was to continue to keep our people safe and well, both physically and mentally. About 75% of our employees were working from home and some have worked from home since the national lockdown was announced. We also invited various speakers to hold talks with staff members as well as provided free counselling services to maintain their spiritual and mental wellbeing during the difficult period. We also extended assistance to our customers. We reduced prices for our broadband offerings to enable people to work from home without having to worry about the high cost of the internet. We supported our SME customers by offering preferential payment terms. We continued to support our economy when we were most needed.

# MANAGING DIRECTOR'S STATEMENT



**Anthony Masunga**  
Managing Director

**FINANCIAL PERFORMANCE**

The second year of our three-year strategy, focusing on optimising efficiencies and return on assets, while harnessing growth opportunities continued despite the challenges posed by the pandemic. Revenue declined by 2% on the back of significantly reduced voice revenue, which was partly offset by increased broadband revenue.

Despite the topline reduction, we continued, however, to deliver a strong growth in profit after tax of 2% relative to the previous financial year, driven mostly by our cost reduction initiative leading to a 3% EBITDA increase. Cash and cash equivalents significantly increased by 43% from P363 million in the prior year to P520 million as at the end of March 2022. The increase was driven by a positive cash conversion ratio of 34% as well as favourable working capital resulting from implementation of debt collection measures during the year. This allowed us to continue to further expand our mobile data network and replace old copper connections with fibre in order to improve our customers' quality of service.

The uptake of our data products continues on a positive trajectory, with the improving quality of service leading to increased revenues in spite of decline in voice revenues.

**MARKET SHARE**

The ICT market in Botswana continues to be competitive leading to continued pressure on price and requiring a more relevant set of products in order to capture a significant share of the increasingly limited market.

BTC remains the market leader in the fixed line business. Local market trends indicate reduced demand for fixed telephony, this trend is in line with the trends around the globe as consumers continue to favour mobile telephony solutions. The mobile phone market continued to grow

during the year with consumers owning several SIM cards from all the mobile network operators. This growth is driven mostly by mobile broadband demand as consumers are getting used to new ways of working apart from more traditional office-based work.

Smega, BTC Mobile Money Services has also recorded very encouraging growth during the year. More services are constantly being added on to the service to augment the card, as well as to continue to bring financial services to various citizens, including the unbanked members of our communities. Smega is able to interact with traditional banking systems, which brings about more convenience to our customers.

**STRATEGY 2020-2023**

The past year was a continuation of our 3-year strategy with a focus on cultural transformation, digitalisation and growth. Our resilience during the challenging period under review bore testament to the relevance of our strategy as it positions the company to continue to deliver future thinking solutions to our customers.

This strategy requires us to provide superior digital services riding on our robust 4.5G and fibre networks, as well as our world class Data Centre. This is what the Botswana economy requires of us, and we remain committed to the challenge. By embracing the digital future, we can also contribute meaningfully to the 4IR aspirations of the country.

We also continued with our efforts of building mobile and fixed broadband infrastructure to primarily improve the quality of service and expand coverage of MBB and FBB networks. We are extending our 4G mobile network footprint in order to facilitate the Youth, Young Adults & Professional market, as well as the SME market segments.

We expanded our VSAT network to deliver relevant offers to the farming communities, satellite offices and remote tourist facilities.

**CONCLUSION**

In conclusion, let me take this opportunity to thank our staff, BTC family, for their hard work, diligence, patience and understanding, which has enabled us to achieve all the above. Our promise is to continue to serve our customers to the best of our ability as we push towards meeting our strategic objectives and helping Batswana to Live Connected.



**Anthony Masunga**  
Managing Director



# Our Strategic Performance Review

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## STRATEGY

**This year marks the 2nd year of our 3-year Corporate Strategy, covering the years 2021-2023.**

*Our Purpose: "We exist to provide superior digital solutions to our people to enable them to live connected."*

**Our Vision:** "To be a leader in digital and communication services"

**Our Strategic Intent:** "BTC will provide exceptional customer-focused digital solutions that transform Botswana and selected Sub-Saharan markets."

**Our Strategy is driven by four Values, namely:** Teamwork, Excellence, Agility and Ethical Leadership.

In order to deliver on our Vision, the following five themes were identified: Growth, Customer Experience, Efficiency, Maximise Asset Utilisation and High-Performance Culture.

## STRATEGIC PERFORMANCE REVIEW

### Efficiency & Asset Utilisation

The second year of the Strategy was based on improving efficiency and asset utilisation. We sought to achieve more output with less resources; that is, to do more using what is available or what is at our disposal. During the year, we have been able to do more with less by growing profitability before tax by 8% as compared to the previous year.

Asset utilisation has improved during the year, as did turnaround times on installations and repairs (measured through Mean Time to Install and Mean Time to Restore). These have had a direct and positive impact on improving customer experience. Our customer experience was supported by improving network efficiency and quality. Cable theft, however, continued to compromise network availability and, consequently, our customer experience remained a challenge.

### Growth

Several initiatives were undertaken in the year under review to drive growth. This has ensured continued commercialisation of our extensive network investment over the last few years. The growth plan, Green Explosion, is a commercial initiative for acquiring new customers and retaining customers to drive flagship products. This includes Turn Up Bundles, beFREE+, BTC Pasela, BTC Smega, Fast Connect and BTC Fixed Broadband.

### Mobile Broadband (MBB)

We have invested in over 500 LTE (4.5G) sites which need to be used to provide Mobile Broadband services to our customers. This is for them to continue to operate and be productive whilst on the move. The roll out of the sites has proven to be very successful and has provided opportunity and convenience for our customers, despite challenges in entrenching the 4G device in the market. This is largely due to the high price points of 4G devices and the current market proliferation of affordable 3G devices. Through the Green Explosion project, we have increased 4G device penetration and 4G SIM uptake, migrating our customers on 2G and 3G to 4G.

### Fixed Broadband (FBB)

BTC continued to roll out Fibre-to-the-Cabinet (FTTC) and the existing copper as last mile connection to customers. This was part of the Phase-2 of de-coppering and fiberizing up of the access network. We have not only reduced CAPEX and OPEX through the deployment of Fibre to the Home (FTTH), but we have also reduced active cabinets per locality while delivering speeds that were not possible through copper. To date, fibre has been rolled out in Gaborone, Jwaneng, Orapa and many urban villages around the country. Migration of customers to the fibre environment is still in progress.

### Mobile Financial Services (MFS)

The use of our BTC mobile money prepaid cards has grown significantly in the market. Several marketing and promotion initiatives are ongoing to promote growth and usage, including adverts, branding, education campaigns, and activations with partners. We continue to engage in various bank/card-to-wallet partnerships with various entities in the fintech ecosystem, including local financial services institutions.



**Enterprise Revamp**

The BTC Growth and Transformation Strategy aims to close the value gap by retaining and growing enterprise market or key accounts by offering relevant solutions to meet enterprise sector needs. We have established an Enterprise Revamp Programme charged with overseeing the development of “fit for purpose” solutions.

**Customer Experience**

BTC is innovating to meet the ever-evolving expectations of the customer. We have reached our customer service index target and exceeded the Net Promoter Score (NPS) target. This is on the back of improvement in network efficiency and quality. The rising use of our digital store and online platforms makes it easier to interact with our customers, thereby positively impacting BTC-to-customer symbiosis.

We continue to look for greater efficiencies in our processes to ensure that onboarding and repair turnaround times continue to be competitive, ultimately ensuring enhanced customer experience as a result.

**High Performance Culture**

The ongoing Culture Transformation Project is bearing fruit as the mood and morale of staff has markedly improved. We continue to see an upward trajectory on staff morale, as we work to ensure happier staff, thus giving rise to even happier customers.

The implementation of the culture transformation project through Unwritten Ground Rules (UGRs) has had a substantial high impact on efforts to build and inculcate a culture of high performance. We continue to see an upward movement in matrices that we use to measure employee engagement as a result.



# Commercial Unit Review

COMMERCIAL UNIT REVIEW (CONTINUED)

In the past year, BTC has embarked on a digital transformation journey to position itself to be the anchor for digital transformation in Botswana, in line with our strategic intent as a business.

We expanded our offers to enable customers to work, school and to conduct transactions whenever and wherever they are, making sure that we connect any customer through our broadband, voice and mobile financial services. During peak Covid-19 periods, we experienced high demand for broadband services from both our retail and business customers. For our residential and SME customers, we reviewed solutions to ensure they best fit current needs and ensured that the minimum that the customer can get for home internet enables them to work/school at home seamlessly. We introduced a 10Mbps offer, reviewed our VSAT offers and Value-Added Services (VAS) for our SME customers, bundled with our Net Connect broadband solution. We have since seen a shift in customers moving to higher speeds from 10Mbps to 100Mbps, indicating that connectivity has become a necessity for many homes and businesses in Botswana.



In the e-learning space, we introduced a smart class solution that gives schools an interactive digital experience in the classroom. The solution provides content for both students and teachers to interact in and outside school through the BTC Classmate platform. This was made possible through partnering with locals to provide tools, devices and content which was bundled together with our broadband connectivity.

This e-learning suite not only equips the school, but helps teachers, students and parents improve the performance of students through an inclusive and accessible learning ecosystem. In addition, we developed an additional education solution that enables schools to offer remote-based students access to educational content through APN, without them having to worry about data expenses from home.

We drive financial inclusion in Botswana through our BTC mobile financial services (SMEGA), which also comes with a Visa card that enables customers to perform transactions, through Point of Sale (POS), or online. The services can also be accessed through USSD and a mobile app. We offer a range of services including the purchase of our prepaid airtime and electricity. We have observed strong growth of our mobile financial services.

In the period under review, BTC launched the first ever Digital Enterprise Summit, themed "BTC Digital Shift BW." The Summit worked to showcase and demonstrated to Botswana and the world BTC's capabilities and readiness in the era of the 4IR technologies, from cloud, agility, data and analytics and automation, amongst other areas. As a continuation, BTC also hosted the "BTC Cloud Talks" webinar to discuss the importance of Data Protection in the digital world.

The webinar also helped showcase the BTC Senthaga Data Centre and the BTC secure cloud services environment.

COMMERCIAL UNIT REVIEW (CONTINUED)



BTC was recognised by Fortinet, a leading global security solutions provider, for its sterling performance in offering security solutions, during the period. BTC received 3 prestigious awards at the Africa Security Service Day in the categories: Best Growth of the Year and Managed Security Service Provider (MSSP) Partner. BTC was recognised as the most certified partner of the year in the Southern Africa Development Community (SADC).

We also embarked on helping industries such as agriculture, tourism, mining and construction through our VSAT solutions. The solution enables anyone to have connectivity anywhere in Botswana even where there is no terrestrial infrastructure.

We are able to offer an extensive range of services through our Uptime Institute Tier 2 certified BTC Senthaga Data Centre, through which we offer security, cloud services, and colocation services. Over and above this, we have partnered with Microsoft to enable our customers to benefit from Microsoft license packages.

In the last financial year, BTC showed growth in broadband services, mobile financial service, digital services and CPE-driven by 4G device sales and Wi-Fi routers. We continued to experience high demand in broadband solutions from both business and retail customers. We also saw a slight recovery of fixed voice calls as well as a major shift of customers moving from mobile voice calling to OTT-based calling using platforms such as WhatsApp.

During this period under review, we focused on positioning enterprise solutions in the market with significant attention to delivering digital services, and driving higher speed broadband, with 4G device and digital platform adoption. We introduced a dedicated team to drive mobile and fixed broadband growth and as a result observed a significant increase in broadband traffic, 4G device penetration and mobile subscriber base growth.

We also observed that customers have shifted to using digital platforms to enquire, purchase and pay online. This was paired with an increase in our mobile and MFS customer bases.

BTC has a website portal that currently enables customers to apply for home connectivity, make payments and buy airtime. BTC aims to continue to offer advanced telecommunication and digital solutions to both retail and business customers through digital channels.



FinTech Business

As one of the focal points of its digital transformation strategy, BTC has helped its customers weather the Covid-19 pandemic through Fintech solutions that provide easy access to affordable financial services. BTC Smega Mobile Money was relaunched in May 2019 with a total of 26 services active to date, and with more in the pipeline, ensuring we align with the diverse needs of our customers. BTC Smega has positioned BTC to support and enable the Government's call for financial inclusion of those who, until now, have not had access to traditional banking services due to the high costs of maintaining and operating a bank account. Our customers in both rural and urban areas have been empowered to participate in the growth of our economy through mobile money services.

During the Covid-19 pandemic, BTC Smega helped enable customers to stay connected with their loved ones and friends, as well as to stay informed of developments as they unfolded locally and globally. This was made possible through the services offered through BTC Smega, where customers were able to buy airtime and data for themselves and their loved ones to access the internet and social media platforms. We also incorporated other products such as social data bundles and bonus airtime rewards for BTC Smega users to make BTC digital services even more affordable for customers.

Due to travel restrictions imposed because of the pandemic, our Smega customers were also able to provide for their loved ones, by sending them money to provide for their needs without the need for them to travel long distances. Through BTC Smega, customers were also able to purchase essential utilities such as prepaid electricity and to pay their bills directly through their BTC Smega wallets. Thanks to strategic partnerships with some of the local commercial banks, customers were also able to fund their and any Smega wallet through Bank2Wallet services, enabling them to continue to make use of and easily access all services available on the BTC Smega wallet. BTC has further extended this service to all local banks through the Card2Wallet service, which enables any Visa cardholder to fund theirs and any other wallet through their bank's Visa card.

We extended Smega distribution channels through strategic partnership with additional retail partners, who have a large footprint countrywide where BTC does not have a presence in the form of a BTC store. As at the start of 2022, BTC Smega had an extensive network of active service points spread throughout the country. It is through these distribution points that customers can open an account, make deposits (cash-in) and withdrawals (cash-out) from their BTC Smega accounts, and buy a Visa card for their Smega account.



The introduction of the Visa card on the BTC Smega wallet further drove uptake. Since it was introduced in July 2020, the Visa card is the leading transactional activity on the wallet. Customers can enjoy the convenience of accessing their funds around the clock, paying for goods and services at Point of Sale (POS) terminals at retail stores and online, or through withdrawing cash at any Visa-accepting ATM whether locally or internationally.

The BTC Smega international money transfer service also enables customers the convenience of sending and receiving money across borders. Customers can send money to various destinations such as Zimbabwe, Zambia, Malawi, Mozambique, Kenya, Ghana, with more corridors soon to be launched beyond the African continent, including India and the United Kingdom.



BTC continues to grow its Fintech offering, making BTC Smega mobile money services accessible to both individuals and businesses. Through the bulk payments functionality, businesses can make various payments to their employees such as the disbursement of salaries, wages, allowances and more. This functionality helps businesses do away with the need to carry large sums of cash on their premises to pay employees, as funds are paid directly to the employees' Smega digital wallets. This is a great security feature as it does away with the threat of theft or cash heists that are usually inherent in handling large sums of cash. The bulk payment functionality also helps businesses optimise their operations, as there is no down time since employees do not have to halt work as they physically go to receive their wages.

As we continue to make strides in growing our digital footprint, BTC has also introduced other channels through which customers can access all our services. Customers can access the BTC Smega service through a USSD short code by dialing \*173# or downloading the self-service Mobile App onto their smart devices to access their Smega accounts. In addition, customers can also access information on the BTC Smega mobile money service and other BTC products through our revamped BTC website. BTC also continues to look at global trends as a benchmark to bring relevant and critical Fintech services to our customers as part of our Digital Transformation journey beyond the Covid-19 pandemic.

Consumer Sales

As the Covid-19 pandemic endured all organisations, including BTC had to continue to assess what customer care and experience means. We had to continue operations remotely using various collaboration platforms to remain engaged with their colleagues and clients while working from home. Communications technology continued to play an increasingly important role in the lives of consumers and employees alike and BTC, as the leading ICT company, stepped up to continue to provide the solutions.

Transformational Operations

This shift towards transformational operations is brought to life through BTC's purpose to improve customer experience. In effect, it took both a customer-facing and a behind-the-scenes perspective through the Consumer Sales Division to assist public and professional organisations to find new ways for people to communicate, collaborate, and complete work while working remotely.

Exploring how changes or operational transformations have impacted the world, BTC has continued to help the consumer and organisations to embrace their digital transformation. In practical terms, transformed operations have become an integral part of BTC's value-creation architecture.

**BTC Digital interfaces store**

The BTC website, digital store and app have been strong service provision platforms. They have made it easier for our customers to buy from and receive service from us. We are seeing more and more customers adopting these digital platforms and paying their bills and buying services from us as we deliver more services through these digital customer interfaces into the market.

**Proactive indirect sales to serve mass market**

To proactively extend the BTC footprint through indirect sales channels, BTC continues to engage and onboard strategic partners from retailers to banks. Our dealer and runner network continue to be a critical sales channel for both airtime sales and Smega transactions. There is also a continuous support of community empowerment of airtime resellers, mainstream dealers, service points and street vendors/runners through initiatives and programmes designed to assist in the sustainability of their businesses.

There are changes in consumer behaviour, with an increasing number of customers preferring digital touchpoints to consume BTC products. With Strategic partners; BTC airtime and data are easily accessible through these partners USSD and digital platforms.

**Strategically placed Retail Stores**

Our 25 retail stores continue to be a key payment and sales channel through which we offer a one-stop shop for fixed and mobile services to both SMEs and consumers. The set-up in these stores includes mobile device displays for both postpaid and prepaid mobile packages along with access to our full consumer and SME product portfolio.

**Focused SME Relationship Management for existing and new markets**

The SME market segments are economic drivers in Botswana, and a key growth pillar for BTC. We have continued to tailor SME-aligned fixed and mobile products and services, that have been well received by the market, driving revenue growth, as businesses have recovered from the worst effects of Covid-19 lock downs.

**Contact Centre**

Our reliable, highly responsive and interactive Contact Centre continued to serve many of our valued customers. We continued to be adversely affected by the ongoing Covid-19 pandemic, due mainly to isolations, quarantines and contact tracing. The Contact Centre, in response, adopted new digital methods to assist BTC customers.

This included leveraging our cloud-based contact centre system, which allowed for remote working of agents and supervisors, and thus reduced the transmission risks of the Covid-19 virus among Contact Centre staff. It also assisted in better monitoring of call trends to aid in planning and resourcing, both of which are important in working to ensure better customer experience.

**Enterprise Sales**

BTC Enterprise Sales' focus is on superior customer service, sustainable revenue growth, and the retention of current revenue streams in traditional fixed and mobile voice services (fixed and mobile broadband), and the intentional pursuit of new digital revenue streams. Enterprise Sales pursues its mandate through a dedicated team of key relationship managers who provide customised solutions to enterprise clients. The Enterprise Division back-office team comprises order management, customer dispute management, account support and pre-sales, all of whom support relationship management to ensure customer requests are met within stipulated turnaround times.

During the financial year under review, Enterprise Sales continued to defend broadband revenue stream, whose margins are under pressure from price reductions brought by the regulator and increased competition. There were focused migrations of broadband customers to fibre-based solutions and LTE in order to improve quality of service and user experience.

Even though the world was recovering from and indeed actively working to mitigate impacts of Covid-19, there were notable disruptions in supply chains during the financial year 2021-22. This was especially notable for ICT products and components that delayed some revenue-generating enterprise customer projects.

To mitigate against these disruptions, there was close collaboration with customers, key partners and suppliers to ensure customers' demands were met on time. The slow resumption of working from offices also had a notable negative impact on recovery of voice revenue. However, the continued Work-from-Home phenomenon brought by Covid-19 presented opportunities for our sales team, as there was a continuous demand for high data bandwidth to allow for online meetings, and normal business operations.

As part of our initiatives to drive digitalisation and to support government, data solutions were made more affordable and enterprise customers were offered increased capacity data packages for office and for staff home use. To facilitate online learning initiatives, Government schools were offered a complete suite of online or e-learning services, including high bandwidth connectivity, good quality Wi-Fi solutions, smart and interactive electronic boards and learning content.

Beyond the challenges and disruptions caused by the Covid-19 pandemic, the enterprise segment continues to face opportunities from rapidly advancing technologies and requires upskilling of teams to meet these opportunities. Accordingly, the division continued to assess and address the shortfalls by training, recruiting new skills and using partners to augment skills to meet customer needs.

**Carrier Services and Reseller Business**

During the financial year 2021-22, Carrier Services, the department responsible for the roaming and interconnect business, ensured that BTC retained key roaming destinations and signed contracts with strategic roaming hubs and networks. There were new roaming contracts signed with hubs and bi-lateral contracts signed

directly with networks and operators, increasing the total number of roaming destinations/footprints to 267 networks in 146 countries. By the end of the 2021-22 financial year, BTC had a roaming footprint in 14 of the 15 top African tourist destinations and in 36 of the 40 top world tourist destinations. During the reporting period, BTC launched LTE roaming with seven (7) networks to improve international roamers' user experience.

Despite adding new networks in foreign markets, the roaming business continued to be under pressure due to limited and/or restricted movement across borders. Additionally, revenue on voice calls is declining due to it being substituted by use of data calls over social media platforms such as WhatsApp.

The reseller business experienced revenue pressure due to national operators developing or expanding their networks and migrating services initially procured from BTC to their own networks or BoFiNet.

# PRODUCTS AND SERVICES

Our product portfolio offers Mobile and Fixed solutions through which our customers can have access to Voice, SMS, Broadband data products and our Data Centre.

Our Mobile and Fixed products are offered in both prepaid and post-paid packages.



## CONSUMER

We offer an extensive range of fixed and mobile communications services for consumers. These range from simple mobile voice calling, mobile data and social media bundles to high speed fibre home broadband.



## ENTERPRISES

Our large customers are supported by an extensive range of products and services that are tailored to their sophisticated requirements. We leverage our 4.5g mobile network, fibre network and data centre and extensive partnerships to offer cutting edge digital solutions to enable them to thrive in the new digital era.



## SME

BTC enables small businesses to grow through our targeted range of fixed and mobile voice, and fibre data services, coupled with tailored cloud solutions.



# Technology Unit Review

## TECHNOLOGY UNIT REVIEW

### Modernisation of the Telecommunications Infrastructure

BTC continued to make progress in augmenting the network capacity with additional fibre and wireless deployments. This is with the goal of meeting the constant demand for higher-speed networks, indeed despite challenges brought about by the Covid-19 pandemic. The Covid-19 pandemic - perhaps more than any other event in human history - has demonstrated the critical importance that telecommunications infrastructure plays in keeping businesses, Governments, and societies connected and running. As a result of the economic and social disruption caused by the pandemic, people across Botswana rely on technology for information, for social distancing, and for working from home.

BTC has to date deployed over 700 mobile base station sites distributed across the country; over 500 of these are LTE/4.5G enabled. BTC has also increased Mobile Broadband Capacity on sites with high LTE utilisation in selected urban areas and major villages using the L2100 and L2300 spectrums. BTC continued deploying Fibre to the "x" (FTTx) technology in urban areas and major villages, providing Fixed Broadband services to homes and offices. In addition to the FTTC and FTTH roll out, BTC partnered with BoFiNet to provide FTTH services to customers in Gaborone using the BoFiNet open access network infrastructure.

### Our Fixed Broadband Network

BTC continued rolling out Fibre to the Home (FTTH) in areas like Jwaneng and Orapa in addition to the roll out that was done in previous years in Phakalane, Block 3, Block 8 and Tsholofelo West. BTC also migrated customers to Fibre, leveraging the BoFiNet FTTH and FTTB services deployment. Additional areas now covered include Block 10, Partial, Kgale View, Tsholofelo East, Village, Phiring (Extensions 27, 40, 43, and 44), Block 6, Block 9, and Gaborone West Phases 1 and 2. The migration done the

previous year included Gaborone Extensions 3, 5, 9, 10, 11 and 39. All businesses where Fibre to the buildings was deployed saw customers migrated from copper to fibre technologies. This aimed to ensure customers benefit from improved quality of service and were able to upgrade to higher speeds. Because of the fibre deployment, BTC customers on the FTTC and FTTH networks can now realise connectivity speeds of up to 50Mbps and 100Mbps, respectively.

BTC has also deployed additional sites using the Wireless-to-the-x (WTTx) technology powered by the 4.5G network and Point to Multi Point wireless broadband radio. WTTx delivers Fixed wireless high-speed Broadband (fibre-like) connectivity to residential or business customers with delivery speeds of up to 20Mbps in areas where there is no Fixed wireline infrastructure.

### Our Mobile Broadband Network

During the 2021-22 financial year, BTC continued with mobile network transformation initiatives, focusing primarily on radio access network deployment. The deployment included rollout of new site and upgrade of existing sites to improve capacity and coverage. This is even though the roll out was decelerated to align the investment with the systemic business challenges that came with the Covid-19 pandemic. The BTC LTE (4.5G) network supports combined mobile data throughput of 293Mbps per site, which was previously available in Gaborone and Francistown only.

This has been extended to semi-urban areas with the rest of the country supporting throughput capacities of 195Mbps per site. Due to high demand on the LTE fixed wireless services with mobility, BTC is aggressively increasing bandwidth per site using carrier aggregation and cloud air technologies, leveraging the available IMT2100 and IMT2300Mhz spectrum that has high spectral efficiency and supports high Internet throughputs.



**Mobile Spectrum & Licenses**

BTC has the following spectrum as assigned by Botswana Communications Regulatory Authority (BOCRA):

- GSM900 - 6Mhz,
- GSM1800Mhz - 12Mhz,
- UMTS2100 - 10Mhz,
- LTE1800 - 10Mhz
- LTE 2100 - 10Mhz
- LTE 2600 - 20Mhz
- TDD LTE2300Mhz - 40Mhz
- Point-to-Multipoint 3500Mhz - 30Mhz

These spectrums continue to enable BTC to provide high speed wireless and mobile Broadband services across the country at the highest throughput levels ever experienced in Botswana. BTC has positioned itself to compete for more relevant spectrum as soon as it is released by BOCRA.

**Digital Transformation**

In continuation of billing efficiency and automation, BTC continued to harness its converged billing platform capability by automating processes to improve financial outlook and customer experience. The debt collection process was automated to disconnect for overdue payments and reconnect upon successful account crediting, leading to improved collections.

The average bill generation and invoice dispatch to customers was reduced from seven days to three days. Time to market for products significantly improved enabling BTC to become competitive on both Fixed and Mobile market. A dealer electronic recharge system was enhanced to empower airtime dealers to improve the service they provide on behalf of BTC product users. BTC continues to leverage its digital competitive advantage and has accelerated digital transformation to deliver seamless integrated digital experience to valuable customers through 360-degree omnichannel digital interactions. The evolution from a closed IT architecture to an open platform architecture for internal and external services development was started during the financial year 2021-22 and will be concluded during the financial year 2022-23.

**BTC Senthaga Data Centre Services**

The BTC Senthaga Data Centre has been built to be lean in terms of its architecture. It further provides flexibility to support multiple business models. The Data Centre Services provides the Virtual Data Centre (VDC), Storage as a Service (STaaS), Backup as a Service (BAAS), Software as a Service (SAAS) and Colocation. BAAS service was built and completed during the 2021-22 financial year as per demand from the market.

The Data Centre is positioned to offer a wide range of digital services products with key strategic players - including but not limited to Netflix, Facebook, Akamai - already using the Data Centre to serve the Botswana market. In the last two years, we successfully carried out customer assessments and offered customers rationalised, optimised Microsoft stack solutions comprising Office 365 which includes the Microsoft Teams virtual meeting solution which aided most organisations to operate remotely and safely in compliance with Covid-19 protocols. We continue to expand our digital service portfolio to offer new suites, addressing vertical markets with strong revenue growth while minimising operational complexity.

BTC continues to offer seamless migration to the cloud. Customers can leverage the expertise and experience of our cloud engineers and dedicated 24/7/365 support.



# Our Governance

BTC is a proudly Botswana business that strives to operate and deliver to a truly international standard. In this section, we share more about our business, our history and the very essence of our brand.

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Risk Management and Revenue Assurance

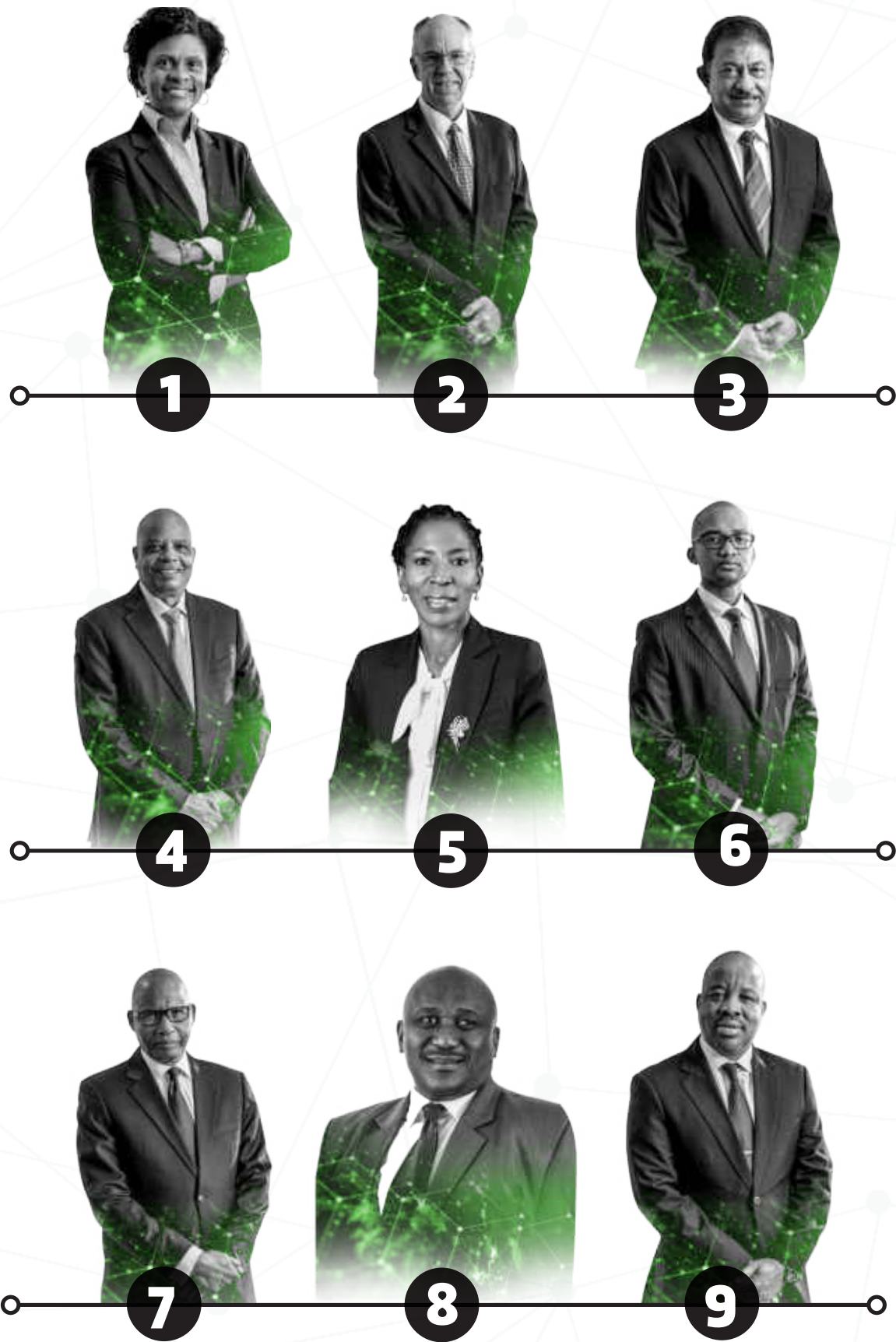
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# Board of Directors

The Board's primary duty is to define BTC's purpose and ensure that a robust strategy is in place to achieve the organisation's long term objectives.



# BOARD OF DIRECTORS



# BOARD OF DIRECTORS (CONTINUED)

## 1. Ms. Lorato Boakgomo-Ntakhwana

Independent Non-Executive Director  
Board Chairperson  
Chairperson - Directors Affairs and Governance Committee  
Member - Human Resources Committee,  
Date of Appointment: October 2016  
Nationality: Motswana

Ms. Boakgomo-Ntakhwana is a career banker whose professional experience spans over 30 years. She previously held the position of Deputy CEO of FNB International and Portfolio Executive for Emerging Countries. Prior to this role, she was the CEO of First National Bank Botswana (FNBB) Limited. She has been associated with the FirstRand Group since August 2008, where she served as a Board Member and Board Committee Member in several countries. Ms. Ntakhwana is an independent Non-Executive Director of Metropolitan Botswana and Chairperson of the Local Enterprise Authority (LEA) Board.

Currently, she is the Managing Director of Sally Dairy. Ms. Boakgomo-Ntakhwana has a Bachelor of Commerce degree from the University of Botswana and a Master of Business Administration (MBA) from Loyola College in Baltimore, USA. She also holds several other professional qualifications.

## 2. Mr. Andrew Johnson

Independent Non-Executive Director  
Chairperson - Technology and Investment Committee  
Member - Audit and Risk Committee  
Date of Appointment: May 2017  
Nationality: South African

Mr. Johnson is a telecommunications expert whose career in the industry spans over 34 years, with a special focus on mobile telecommunications and fibre infrastructure development. His career experience includes such roles as Chief Technical Officer for the MTN Group, Chief Executive Officer for MTN Rwanda, and Chief Technical Officer for MTN Uganda, as well as other positions within MTN Group. Prior to that, he worked as a Telecommunications Engineer for Eskom.

Mr. Johnson has extensive business and technology management consulting experience within Sub-Saharan Africa and the Pacific region in 18 different

countries for the African Development Bank, World Bank and other entities and operators. He has worked as Principal Consultant at Tubitayeho Telecomms Consulting in South Africa for the past 11 years to date.

He has also previously served as a Director for MTN subsidiaries in Cameroon, Cote d'Ivoire, Nigeria, Rwanda and Uganda, whilst working for MTN Group and MTN International.

Mr. Johnson holds a BSc (Eng) Electrical - Light Current, from the University of the Witwatersrand in South Africa, with a specialisation in Telecommunications and Alternative Energies.

## 3. Mr. Ranjith Priyalal De Silva

Independent Non-Executive Director  
Chairperson - Audit and Risk Committee  
Member - Directors Affairs and Governance Committee  
Date of Appointment: May 2017  
Nationality: Sri Lankan

Mr. De Silva is a Chartered Accountant whose expertise covers Auditing, Accounting, Tax Planning, Financial Investigations and Fiscal Management.

Now retired, he has over 36 years of experience in the profession primarily spent at PriceWaterhouseCoopers (PwC) Botswana, where he was a Partner for 19 years and Chief Operating Officer for 9 years. While with PwC Botswana, he served a large portfolio of Audit/Tax Clients and provided Business Advisory Services to many large privately-owned corporates in Botswana. Mr. De Silva is a Non-Executive Director of Far Properties Limited, three Old Mutual subsidiaries in Botswana and Debt Capital Participation Funding Limited

Mr. De Silva is an Independent Non-Executive Director for three Old Mutual subsidiaries in Botswana and of Debt Participation Capital Funding Limited. He is a member of numerous professional bodies including being an Associate Member of the Chartered Institute of Management Accountants (CIMA) of the UK, and a Fellow Member of the Botswana Institute of Chartered Accountants (BICA) and the Institute of Chartered Accountants of Sri Lanka..

**BOARD OF DIRECTORS** (CONTINUED)

**4. Mr. MacLean Letshwiti**

**Independent Non-Executive Director**  
**Member - Technology and Investment Committee,**  
**Directors Affairs and Governance Committee**  
**Date of Appointment: October 2016**  
**Nationality: Motswana**

Mr. Letshwiti is a respected entrepreneur whose expertise spans across business management, commercial and industrial development, and project appraisal and monitoring. He was instrumental in setting up Avis Rent-a-Car in Botswana. He is currently a Director of several companies, namely: Kalahari Mining and Machinery, Laurelton Diamonds Botswana (a subsidiary of Tiffany and Co. and a company listed on the New York Stock Exchange), and Avis Rent-a-Car.

He has served on several Boards of listed companies, including the Botswana Insurance Holdings Limited (BIHL) Group, of which he was Chairman. He was also a Board Member of Botswana Housing Corporation (BHC), among other entities.

Mr. Letshwiti holds a Bachelor of Arts degree in Administration from the University of Botswana and Swaziland (Botswana campus) and a number of other professional and leadership qualifications.

**5. Ms. Gaone Macholo**

**Independent Non-Executive Director**  
**Chairperson - Human Resources Committee**  
**Member - Directors Affairs and Governance**  
**Committee**  
**Date of Appointment: October 2020**  
**Nationality: Motswana**

Ms. Macholo is a seasoned human capital executive with professional experience spanning 25 years in the health, telecommunications, mining and financial services sectors. She has previously held various executive positions, including at First National Bank Botswana (FNBB), Debswana and BCL.

Currently the Chairperson of G4S Botswana Limited, Ms. Macholo is a strong believer in the alignment of people strategies to employees' productivity, age and professional experience. She prioritises maintaining cordial and constructive relations with the Union as a vital stakeholder for any business.

Ms. Macholo holds a Bachelor of Administration in Social Sciences from the University of Botswana and a Master's Degree in Public Health & Management from the University of Massachusetts, USA. She has also attended a myriad of leadership, business management and technical courses, including the Executive Leadership Programme from the University of Cape Town.

**6. Mr. Bafana Molomo**

**Independent Non-Executive Director**  
**Member - Audit and Risk Committee, Technology**  
**and Investment Committee**  
**Date of Appointment: September 2018**  
**Nationality: Motswana**

Mr. Molomo is Co-founder and Managing Partner at Aleyo Capital, a Botswana-based private equity fund manager. He was previously the Chief Investment Officer at Botswana Development Corporation (BDC), having joined from Vantage Capital, a leading mezzanine fund manager based in Johannesburg and operating across Sub-Saharan Africa. Mr. Molomo is an independent Non-Executive Director of Far Properties Limited and Metropolitan Botswana.

At Vantage, Mr. Molomo was a Senior Associate originating and structuring deals in South Africa, Botswana, Namibia and Mozambique. Prior to that, he was with Venture Partners Botswana (VPB) in Botswana and Namibia as a Senior Investment professional in the private equity team, and as an Investment Analyst with Fleming Asset Management. He brings extensive experience in private equity, corporate finance, strategy and project finance.

Mr. Molomo holds a Bachelor of Commerce (Economics and Finance) degree and a Master's in Business Administration degree from the University of Cape Town. He also holds a Postgraduate Diploma in Business from the University of Pretoria's Gordon Institute of Business Science (GIBS). He has also held several Board roles in hospitality, healthcare, ICT, property, FMCG and beverage companies.

**BOARD OF DIRECTORS** (CONTINUED)

**7. Mr. Thari G. Pheko**

**Independent Non-Executive Director**  
**Member - Audit and Risk Committee, Human**  
**Resources Committee**  
**Date of Appointment: September 2018**  
**Nationality: Motswana**

Mr. Pheko is the Founding Chief Executive and Member of Botswana Communications Regulatory Authority (BOCRA) Board, having been the Chief Executive of the sector-specific regulator, Botswana Telecommunications Authority (BTA) for six years prior to its dissolution in 2013. He successfully managed the transition from BTA to BOCRA, moving the organisation towards a wider integrated ICT regulatory mandate. Mr. Pheko is an independent Non-Executive Director of Standard Chartered Bank Botswana.

Mr. Pheko served with several consultancies, including Consultancy on the Information Society and ICT Development Strategy and the formulation of the National ICT Policy for Botswana. He previously served on the Board of BotswanaPost and was a part-time lecturer in Management Information Systems at University of Botswana. He was President of Botswana Information Technology Society and a Commissioner of the Botswana National Commission for United Nations Educational, Scientific and Cultural Organisation (UNESCO). He currently serves on the Board of Trustees of the Boitumelo Foundation.

Mr. Pheko holds a Bachelor of Science (Hons) in Business Finance and Economics and a Master of Science in Management Information Systems, both from the University of East Anglia, UK. He has attended numerous Executive Management Programs from University of Cape Town, University of Kent Canterbury, Rutgers University and other professional institutions.

**8. Mr. Thato Kewakae**

**Independent Non-Executive Director**  
**Member - Technology and Investment Committee**  
**Date of Appointment: September 2021**  
**Nationality: Motswana**

Mr. Kewakae is a well-rounded business professional and executive with a business and ICT background that is supplemented by working experience from across various industries. He is experienced in leading growth in private sector business, in consultancy and providing support services for both the public and the private sectors.

Mr. Kewakae has served as Managing Director at Cabling for Africa Botswana for six years. He previously worked as Information Systems Manager at the Botswana Institute for Development Policy Analysis (BIDPA) and as Manager: Special Projects and Chief Information Officer of BotswanaPost. Mr. Kewakae currently sits on the Botswana Housing Corporation (BHC) Board and is part of the Finance/Audit and HR Committees.

He holds a Master of Business Administration degree from the University of Botswana and a Bachelor of Engineering (Computer Science) from Birla Institute of Technology in India. He has also successfully completed the Executive Development Program at the University of Stellenbosch in Cape Town and a Project Management Course at Wits University.

**9. Mr. Anthony Masunga**

**Executive Director**  
**Managing Director**  
**Date of Appointment: January 2017**  
**Nationality: Motswana**

Mr. Masunga is responsible for providing overall leadership to BTC including managing the company's reputation and brand through various stakeholder engagement programs. He continues to lead the post-listing transformation efforts of the organisation in pursuance of creating sustainable stakeholder value. His mandate covers leading the BTC team in the implementation of the corporate strategy, ensuring adherence to the highest corporate governance standards, management of all financial and technical systems and processes, and development and management of the human resource capital.

He has served in several leadership positions ranging from BTC's Chief Operating Officer, Acting Group General Manager Commercial, Privatisation Programme Manager, General Manager of beMOBILE (now BTC Mobile) to Chief Technical Officer of a mobile operator in Botswana.

He has over 25 years' experience in the field of Telecommunications and Information Technology. Mr. Masunga holds a BSc Computer Science degree from McGill University (Canada) and an MBA from De Montfort University (UK). He is an Alumni of the University of Stellenbosch Business School, having completed their Executive Development and Africa Directors Programmes.



# Executive Committee

BTC is proud to have an Executive Management team that wields unrivalled expertise and experience and who are united in their ambition to deliver on BTC's Strategy.

EXECUTIVE COMMITTEE



EXECUTIVE COMMITTEE (CONTINUED)



**EXECUTIVE COMMITTEE (CONTINUED)**

**1. Anthony Masunga**

**Managing Director**  
**Date of Appointment: January 2017**

Mr. Masunga is responsible for providing overall leadership to BTC including managing the company's reputation and brand through various stakeholder engagement programs. He continues to lead the post-listing transformation efforts of the organisation in pursuance of creating sustainable stakeholder value. His mandate covers leading the BTC team in the implementation of the corporate strategy, ensuring adherence to the highest corporate governance standards, management of all financial and technical systems and processes, and development and management of the human resource capital.

He has served in several leadership positions ranging from BTC's Chief Operating Officer, Acting Group General Manager Commercial, Privatisation Programme Manager, General Manager of beMOBILE (now BTC Mobile) to Chief Technical Officer of a mobile operator in Botswana.

He has over 25 years' experience in the field of Telecommunications and Information Technology. Mr. Masunga holds a BSc Computer Science degree from McGill University (Canada) and an MBA from De Montfort University (UK). He is an Alumni of the University of Stellenbosch Business School, having completed their Executive Development and Africa Directors Programmes.

**2. Boitumelo Paya**

**Chief Financial Officer**  
**Date of Appointment: April 2020**

Boitumelo is responsible for providing leadership direction and management of the finances and of the accounting team. Additionally, she is tasked with managing the processes for financial forecasting and budgets, overseeing preparation of all financial reporting, advisory on long-term business and financial planning for the business, internal and external financial reporting, stewardship of a company assets, and ownership of cash management processes. Boitumelo also plays a crucial role in forward-looking and expanding to incorporate strategy and business partnership. She is armed with over 20 years' work experience in

executive financial management, including finance integration, business transformation, financial planning & analysis, audit and assurance, strategic decision support, investor relations and Mergers & Acquisitions support. She has held various senior positions in the past, including Finance Director at Kgalagadi Breweries and Malawi Beverages respectively, and Finance Executive at SABMiller plc in the UK.

She is a Fellow Member of the Chartered Certified Accountants (FCCA) as well as a Fellow Member of Botswana Institute of Chartered Accountants (BICA). She also holds a Master of Business Administration degree from the University of Derby. She has previously undertaken the Management Development Programme through the University of Pretoria's Gordon Institute of Business Science (GIBS).

**3. Aldrin Sivako**

**Chief Operations Officer**  
**Date of Appointment: October 2017**

Aldrin is responsible for the Technical arm of the business, overseeing the Information Systems, Technology, and Transformation divisions. He is also responsible for BTC's Corporate Security Services, which covers Physical and Cybersecurity. He provides leadership in implementing the Company's Technology and Digital Strategy, leading the delivery of corporate programmes portfolio and identifying and forging relationships with strategic partners.

Aldrin is an astute Telecommunications Engineering Executive with over 20 years of experience in the telecommunications industry. He has led Telecommunication engineering transformation initiatives covering technology strategy formulation and execution, new business development/product development and management. He was the founding Technical Executive of Botswana Fibre Networks (BoFiNet) from inception and previously served as the Chief Technical Officer of Liquid Telecom Botswana.

Aldrin holds a Master of Business Administration degree from the Management College of South Africa (MANCOSA), and a Bachelor of Engineering (Hons) degree in Telecommunication Systems from Coventry University in the UK. He is an Alumni of the University of Stellenbosch Business School Executive Development Programme, and the Africa Directors Programme.

**EXECUTIVE COMMITTEE (CONTINUED)**

**4. Edward Wicks**

**Chief Commercial Officer**  
**Date of Appointment: April 2018**

Edward oversees the Commercial arm of BTC, directing and driving performance in the Marketing, Enterprise Sales, Consumer Sales and Quality of Service functions. He is responsible for the delivery of the Company's Commercial Strategy.

Edward has been in the telecommunications industry for more than 25 years and has in-depth knowledge and expertise in most aspects of telecommunications. This includes commercial management, strategic marketing, product development, business development and distribution. He has held various senior positions and directorships prior to his time at BTC. As a strategic consulting expert, he has also been involved in launching two new mobile networks in Botswana.

Edward holds a Bachelor of Commerce (Honours) degree from the University of Edinburgh.

**5. Sidney Mganga**

**Company Secretary**  
**Date of Appointment: May 2018**

Sidney is tasked with advising the Board and Company on governance matters and providing secretarial services to the Board. He also oversees the Legal and Regulatory functions of the Company to ensure compliance with statutory and regulatory requirements.

He has over 17 years' cumulative private sector experience in legal, compliance and regulation and corporate governance.

Sidney holds a Bachelor of Laws (LLB) degree from the University of Botswana and is also an Associate Chartered Company Secretary from the Institute of Chartered Secretaries and Administrators of Southern Africa (ICSA). Sidney also completed a Postgraduate Diploma in Advanced Tax & Audit from Botswana Accountancy College (BAC). He has also undergone Senior Management Development Programme (SMDP) training with the University of Stellenbosch Business School.

**6. Abel Bogatsu**

**General Manager - Finance**  
**Date of Appointment: November 2010**

Abel oversees the operation and management of all financial systems and processes within the business. This includes but is not limited to treasury, budgeting, credit and financial control, working to ensure compliance with regulatory and financial reporting standards. He also provides professional finance input into the creation and maintenance of the BTC Business Strategy to deliver sustainable shareholder value.

Abel has more than 25 years' experience in both the private and public sectors. He holds a Bachelor of Commerce degree in Accounting from the University of Botswana and is a Fellow of the Association of Chartered Certified Accountants (ACCA) and the Botswana Institute of Accountants (BICA). He is an Alumni of the University of Stellenbosch Business School Executive Development Programme.

**7. Same Read Kgosiemang**

**General Manager - Internal Audit and Risk Management**  
**Date of Appointment: January 2017**

Same oversees the Risk and Internal Audit Division and is tasked with ensuring that BTC has and maintains a robust Risk and Internal Audit Strategy. This includes working to provide BTC Board and Management with an independent and objective assurance on risk management, internal controls and governance processes. He ensures business continuity, sustainability and compliance with best practice corporate governance and reporting standards.

Same has over 24 years' experience in Internal Audit and Risk Management. He is an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK, and a Fellow Member of the Botswana Institute of Chartered Accountants (BICA). He is also a Member of the Institute of Internal Auditors (IIA) USA and the Institute of Risk Management (IRM) in the UK. He is an Alumni of the University of Stellenbosch Business School Executive Development Programme.

**EXECUTIVE COMMITTEE (CONTINUED)**

**8. Mmamotse Wilkinson**

**General Manager – Support Services & Human Resources**  
**Date of Appointment: January 2017**

Mmamotse directs the Human Resources function within a strategic framework to deliver high employee satisfaction and inculcate a culture of high-performance. She is also tasked with providing strategic guidance in ensuring the delivery of high standards of safety, health and environmental services.

Mmamotse has more than 18 years of experience in the industry. She holds a Bachelor of Commerce degree from Curtin University of Technology in Western Australia, majoring in Human Resource Management and Industrial Relations, as well as a Postgraduate Diploma in Strategic Management from the University of Derby.

**9. Peter Olyn**

**General Manager – Technology**  
**Date of Appointment: January 2018**

Peter is mandated with planning, building and managing the operational functions of the vast BTC telecommunications network. He also works to develop strategic plans to transform and deploy the BTC network to achieve business targets.

Peter has over 19 years' experience in the telecommunications industry. He holds a Bachelor of Engineering degree in Electronics and Electrical Engineering from the University of Botswana. He is also an Alumnus of the Stellenbosch Business School, having undertaken the Senior Management Development Training Programme.

**10. Kutlo Mokgosana**

**General Manager Transformation**  
**Date of Appointment: October 2018**

Kutlo is responsible for driving the delivery of transformational and strategic programmes, synergies and collaborations in line with BTC's Corporate Strategy and the business' Management, Innovation and Digital Strategy as well as Quality & Processes functions, working to achieve high customer service standards.

Kutlo has over 15 years' experience from the mining and logistics sectors. He has a Bachelor of Accountancy degree from University of Botswana. He is also a certified

Prince2 Practitioner and a Balanced Scorecard Graduate, and an Alumnus of the London Business School Emerging Leaders Programme and the University of Stellenbosch Business School Executive Development Programme, respectively.

**11. Nelson Disang**  
**General Manager – Information Systems**  
**Date of Appointment: September 2018**

Nelson directs BTC's overall Information Systems (IS) Strategy to ensure that the Company's IS-Enabled investments are aligned to the strategic business initiatives. He develops IT governance frameworks and policies, ensuring implementation to enable the efficient and secure utilisation of BTC Information Technology (IT) platforms.

Nelson has been in the IT industry for 17 years and has in-depth knowledge and expertise in IT management, risk optimisation, resource optimisation and benefit realisation. He has held previous roles including but not limited to Intelligent Network Engineer at Huawei Technologies, Senior Network Engineer at Mascom Wireless and Head of IT at Botswana Power Corporation (BPC).

Nelson has a Bachelor of Science Computer Engineering degree from Clarkson University, New York, and is a certified Balanced Scorecard practitioner with the Balanced Scorecard Institute, as well as a certified IT Governance practitioner and a professional member of Information Systems Audit and Control Association (ISACA). He has undergone both the Management Development Programme and Senior Management Development Programme at the University of Stellenbosch.

**12. Boitumelo Masoko**

**General Manager – Consumer Sales (on Secondment to Mobile Financial Services)**  
**Date of Appointment: October 2017**

Boitumelo develops and directs implementation of the Sales Strategy for the Consumer and Small and Medium segment. This means a focus driving sales and revenue growth, thus contributing towards the delivery of Shareholder value for BTC. She covers broad areas of Dealer and Agent Network Management, running of BTC Shops, Mobile Financial Services, Contact Centre and the Small and Medium Accounts segment.

Boitumelo is an experienced and result-oriented professional with over 25 years' experience in the

**EXECUTIVE COMMITTEE (CONTINUED)**

telecommunications industry, majority of which has been spent at BTC. She has a strong background in strategic planning, sales and customer care management and operational delivery.

Boitumelo holds a Bachelor of Arts in Social Sciences from the University of Botswana, as well as a Master's Degree in Science in Strategic Management from the University of Derby. She completed her Executive Development Programme at UNISA Graduate School of Business Leadership (SBL) and thereafter undertook the Executive Development Programme at University of Stellenbosch.

**13. Malebogo Mosinyi**

**General Manager – Marketing**  
**Date of Appointment: April 2019**

Malebogo is responsible for developing and delivering on the Marketing Strategy of the business. This includes a focus on positioning BTC to compete effectively in a highly competitive and mature telecommunications market through Fixed and Mobile products and services.

Malebogo has 15 years' experience in Research and Marketing. She oversees product conceptualisation and insights, consumer and enterprise product development, MFS and brand marketing. She has worked in various organisations prior to joining BTC in 2016, including the Botswana Institute for Development Policy Analysis (BIDPA), Bank Gaborone, and Kgalagadi Breweries.

She holds a Master of Commerce degree in Management Practice from the University of Cape Town, a Master's degree in Economics and a Bachelor's degree in Social Sciences from the University of Botswana. She has also completed her Senior Management Development Programme (SMDP) through the University of Stellenbosch.

**14. Lebudi Kgetse**

**General Manager – Enterprise Sales**  
**Date of Appointment: November 2019**

Lebudi is tasked with maintaining a comprehensive Sales Strategy for the Enterprise Market segment, working to drive sales and revenue growth and thus contributing towards the delivery of Shareholder value for BTC. He is responsible for positioning BTC to compete effectively in a highly competitive and mature telecommunications market for Fixed, Mobile and Digital products and services.

He has over 20 years' experience in the Telecommunications industry, having spent most of his career at BTC and growing within the business. He has experience in customer relationship management and strategy development, amongst other areas.

Lebudi holds a Master of Business Administration degree from North West University in South Africa and a Bachelor of Commerce degree from the University of Botswana. He also holds a Diploma in Telecommunications Management, Associate Diploma in Banking, Postgraduate Certificate in Enterprise Risk Management and Prince 2 Foundation Certificate in Project Management. He successfully completed the Senior Management Development Programme (SMDP) through the University of Stellenbosch.

# Corporate Governance

The background image is a dark, green-tinted photograph. It shows a person in a business suit, seen from the side, writing on a document with a pen. In the foreground, a wooden gavel rests on a wooden block. The overall scene suggests a legal or corporate setting.



### Corporate Governance Statement of Commitment

BTC is dedicated to the implementation of effective structures, policies and practices that enhance corporate governance and create sustainable value for our shareholders and stakeholders. The Board believes that excellent corporate governance is fundamental in ensuring a sustainable and successful business, and as such remains committed to ensuring that the Company is managed in a responsible manner with integrity, fairness, transparency and accountability.

As a listed entity, BTC strives to achieve and uphold the highest principles of business ethics, corporate governance and reporting. In addition to complying with the guidelines of the BSE Code of Corporate Governance, BTC has also complied with the principles of King III and is aligning itself to ensure compliance with the King IV Code of Good Governance by the end of the 2022 financial year. BTC's corporate governance practices are continually being reviewed and improved by benchmarking against accepted international best practice.

### Corporate Governance

The Board is the custodian of corporate governance and is responsible for ensuring that the business of BTC is conducted according to sound corporate governance principles. This is done through approving key policies and ensuring that the Company meets its obligations to all stakeholders.

The Board directs BTC's strategic planning, its risk assessment, internal controls, financial and operational management to ensure that BTC's obligations to its stakeholders are understood and observed. BTC also acknowledges its corporate social responsibility and provides assistance and developmental support to the communities in which it operates, and to deserving institutions at large.

Adherence to sound principles of corporate governance by BTC is critical to earning and maintaining the trust of key stakeholders and, ultimately achieving its performance goals, while acknowledging that the methods it employs to achieve these goals are as important as the goals themselves. The BTC Board is committed to the practice of good corporate governance and subscribes to the following:

- The King Code III of Good Governance, and now transitioning to King Code IV
- The Companies Act
- The BSE Equity Listings Requirements
- The International Financial Reporting Standards (IFRS)
- The Global Reporting Initiative's (GRI) Sustainability Reporting - guidelines on Economic, Environmental and Social performance

### Compliance with King III

In addition to complying with the BSE Code of Corporate Governance, the Company has complied with the principles of King III and is aligning itself to ensure compliance with the King IV Code of Good Governance by the end of the 2022-23 financial year.

BTC believes that compliance with recognised best practices will provide superior levels of performance in terms of sustainable returns to all stakeholders. We take into consideration not only the interests of the Company and its shareholders, but the wider environment including suppliers, employees and the community as a whole. A representative of our stakeholders is included on page 104 of this report.

This Report is prepared in compliance with the principles of King III. Where the Directors have deemed it impractical to apply certain recommended practices, the rationale is explained under the relevant section.

### Board's Governance and Structure

The governing body of BTC is the Board of Directors which consists of the Chairperson, the Managing Director and seven other independent members appointed by the shareholders in line with the Companies Act. BTC has a unitary Board structure with the majority of members being Non-Executive Directors. The preponderance of Independent Non-Executive Directors is strongly encouraged on the Board.

The roles of the Chairperson and the Managing Director are separate, and the composition of the Board ensures a balance of authority precluding any one Director from exercising unfettered powers of decision making.

The Board retains full control over BTC and monitors executive management in the implementation and execution of strategies and policies. The Board is assisted in fulfilling its responsibilities by the following sub-committees:

## CORPORATE GOVERNANCE (CONTINUED)

- Audit and Risk Committee
- Human Resources Committee
- Technology and Investment Committee
- Directors' Affairs and Governance Committee

The responsibility for the implementation and monitoring of corporate governance in BTC rests with the Board, which is assisted by the above-mentioned sub-committees. The delegation of authority to Committees does not absolve nor transfer any of the responsibilities of the Board to the respective Committees, and the Board remains ultimately accountable to the shareholders of the Company.

The Board is led by a Non-Executive Chairperson. During the financial year under review, the Board was chaired by Ms. Lorato Boakgomo-Ntakhwana, who is an Independent Non-Executive Director. The Chairperson has no executive function but meets regularly with Senior Executive Management to monitor progress and discuss relevant business issues and is available to respond to stakeholder queries or other issues relating to BTC. Non-Executive Directors have the opportunity to meet separately without the BTC Managing Director as and when circumstances warrant.

### Definition of independence

For purposes of this Report, Directors are classified as follows:

- **Executive Directors:** Who are involved in the day-to-day management of BTC and are in its full time employ
- **Non-Executive Directors:** Include Directors who may be nominees or representatives of a shareholder
- **Independent Non-Executive Directors:** Being Directors who are neither involved in the day-to-day management of BTC, nor are nominees or representatives of a shareholder

### Board Charter

The Board operates in terms of a formal Charter, the purpose of which is to regulate the conduct of its business in accordance with sound corporate governance principles.

The objectives of the Charter are to ensure that all Directors acting on behalf of BTC are aware of their duties, responsibilities, the legislation and regulations affecting their conduct. Furthermore, it seeks to ensure that sound corporate governance principles are applied in all dealings by the Directors. The Charter sets out the responsibilities to be discharged by Directors collectively and individually.

### Appointment of Directors

In making Board appointments, the broad principles that are followed are to maintain an independent and vibrant Board that constructively reviews Management's performance against approved strategies. A balance is maintained among Non-Executive Directors which ensures that the majority of these are independent Directors. The BTC Board regularly reviews its required mix of skills, experience and other qualities such as its demographics and diversity so as to assess the effectiveness of the Board. This review is by means of a self-evaluation of the BTC Board as a whole, its committees and the contribution of each individual Director.

## CORPORATE GOVERNANCE (CONTINUED)

The Directors are chosen for their business acumen, wide range of skills, and experience. The Board gives strategic direction to BTC, appoints the Managing Director and ensures that succession planning is in place. In appointing Directors, emphasis is placed on achieving the necessary balance of skills, experience, professional and industry knowledge to meet BTC strategic objectives. The selection and appointment of Directors is a formal and transparent process, is a matter for the whole Board assisted by the Directors' Affairs and Governance Committee and is subject to approval by the shareholders at the Annual General Meeting (AGM) of the Company. Succession planning is also reviewed regularly.

Shareholders are ultimately responsible for the composition of the Board and it is in their interests to ensure that the Board is properly constituted.

### Appointments and Retirements

During the financial year under review, Mr. Thato Kewakae was appointed to the Board on the 28th of September 2021 and Ms. Serty Leburu retired from the Board on the 28th of September 2021. For the year under review the BTC Board was constituted by the following directors:



## CORPORATE GOVERNANCE (CONTINUED)

| MEMBER                                                      | POSITION           | DATE AND PERIOD OF APPOINTMENT | QUALIFICATIONS                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------|--------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ms. Lorato Boakgomo-Ntakhwana                               | Chairperson        | Appointed in October 2016      | BA Commerce (UB); MBA (Loyola College, USA)                                                                                                                                                                                                                                    |
| Mr. McLean Letshwiti                                        | Independent Member | Appointed in October 2016      | BA Administration (BOLESWA)                                                                                                                                                                                                                                                    |
| Mr. Anthony Masunga                                         | Managing Director  | Appointed in January 2017      | BSc (Computer Science); MBA, (McGill University, Canada); MBA (De Montfort University, UK)                                                                                                                                                                                     |
| Ms. Serty Leburu (retired, 28 <sup>th</sup> September 2021) | Independent Member | Appointed in April 2009        | BCom (UB), Fellow of the Chartered Institute of Management Accountants of UK (FCMA)                                                                                                                                                                                            |
| Mr. Andrew Johnson                                          | Independent Member | Appointed in May 2017          | BSc (Eng) Electrical [Telecommunications and Alternative Energies] (University of the Witwatersrand, RSA)                                                                                                                                                                      |
| Mr. Ranjith Priyalal De Silva                               | Independent Member | Appointed in May 2017          | Fellow Member of the Botswana Institute of Chartered Accountants (FCA); Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA); Associate of the Chartered Institute of Management Accountants of UK (ACMA)                                                |
| Mr. Thari Pheko                                             | Independent Member | Appointed 27 September 2018    | BSc (Hons) in Business Finance and Management; M.Sc. in Management Information Systems (University of East Anglia, UK)                                                                                                                                                         |
| Mr. Bafana Molomo                                           | Independent Member | Appointed 27 September 2018    | BCom (Economics and Finance); MBA (University of Cape Town); Post-graduate Diploma in Business (University of Pretoria's Gordon Institute of Business Science)                                                                                                                 |
| Ms. Gaone Macholo                                           | Independent Member | Appointed 23 October 2020      | BA Social Sciences (UB), Master's Degree in Public Health (University of Massachusetts, USA), Certificate in Industrial Relations (Wits University, RSA)                                                                                                                       |
| Mr. Thato Kewakae                                           | Independent Member | Appointed 28 September 2021    | Bachelor of Engineering (Computer Science) from Birla Institute of Technology in India, Master of Business Administration (University of Botswana), Executive Development Program at the University of Stellenbosch in Cape Town, Project Management Course (Wits University). |

## CORPORATE GOVERNANCE (CONTINUED)

The Managing Director is engaged on a fixed term contract of employment with agreed and set targets which are appraised by the Board from time to time. The contract may be renewed if the Board is satisfied with his performance.

### Responsibilities of the Board and the Executive Management

BTC is led by a Board that brings leadership, commitment, and rigour to the business of the organisation, as well as its good governance in pursuit of its statutory mandate, ensuring proper and effective control of the BTC's business and carrying out periodic evaluation of corporate performance.

The Board is also responsible for guiding corporate governance by establishing committees and structures within the organisation to assist it in the effective fulfilment of its responsibilities. The Board delegates certain functions to well-structured Sub-committees without abdicating its own responsibility.

The Board, directly or through its Sub-Committees:

- Approves BTC's Corporate Strategies, annual budgets and business plans
- Approves significant capital expenditure projects, selection of suppliers and major financial proposals
- Assesses the comprehensive system of reporting on financial and non-financial matters, strategy and other operational matters
- Ensures compliance with applicable laws and regulations
- Approves acquisitions and divestments
- Assesses key business risks and monitors the management of those risks
- Ensures the effectiveness of internal control systems
- Appoints senior management, evaluates and monitors their performance

Management is required to implement BTC's plans and strategies as approved by Board. The Board monitors management's performance on an ongoing basis.

### Division of Responsibilities between the Board and Executive Management

There is a clear division of responsibilities between the Executive Management and the BTC Board. The Executive Management has responsibility for the daily operations of the business and the execution of BTC's strategy, subject to the policies and positions adopted by the BTC Board.

### Ethical Standards

Members of the Board and all employees are required to conduct themselves according to the highest ethical standards. BTC strives to always make relevant disclosures of information to stakeholders in a transparent manner.

BTC has in place a Code of Ethics and Conduct which establishes the principles and guidelines of conduct including behaviours that individuals are subject to. In addition, the purpose of the Code is to ensure ethical leadership and ethical interactions with both internal and external stakeholders. The Directors' Affairs and Governance Committee reviews compliance with the Code of Ethics and Conduct in BTC.

BOARD SUB-COMMITTEES

In the course and scope of discharging their mandate, the Directors are empowered to delegate part of their duties to various Board Sub-Committees.

Certain functions of the Board are facilitated through the main Sub-Committees including the Audit and Risk Committee, the Human Resources Committee, Directors Affairs and Governance Committee and the Technology and Investment Committee; each constituted in accordance with section 20.3.2 of the Company Constitution.

These Sub-Committees have formal Charters and report to the Board on regular intervals. The Committees are fully mandated by the BTC Board as to their membership, scope of authority, responsibilities and duties. These committees are chaired by independent Non-Executive Directors and comprised a majority of Independent Non-Executive Directors.

The Board is supported by specialist Committees as follows:

Audit and Risk Committee  
Members

Mr. Ranjith Priyalal De Silva (Chairperson)  
Mr. Bafana Molomo  
Mr. Andrew Johnson  
Mr. Thari Pheko

Overview

The Committee operates within defined terms of reference as set out in its Charter and the authority granted to it by the Board and meets at least quarterly with more meetings being held when necessary. The internal and external auditors attend these meetings and have unrestricted access to the Chairperson.

The Company's Audit and Risk Committee is composed of at least four Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. There are no relationship overlaps that could interfere with the Audit and Risk Committee members' independence from Management.

The main responsibility of the Audit and Risk Committee is to assist the Board in discharging its responsibilities under the Companies Act and ensuring compliance with other applicable legislation and requirements of regulatory authorities. In particular, it monitors financial controls, accounting systems and reporting, compliance with legal and statutory requirements, evaluation and the management of risk and internal control systems, and the effectiveness of the internal and external auditors. The Committee also evaluates BTC's exposure and response to significant risks, including risks to its sustainability.

The activities of the Audit and Risk Committee are set out in the Report of the Audit and Risk Committee on page 76.

Technology and Investment Committee  
Members

Mr. Andrew Johnson (Chairperson)  
Mr. Maclean Letshwiti  
Mr. Bafana Molomo  
Mr. Thato Kewakae

Overview

The Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets at least quarterly with more meetings being held when necessary. BTC's Technology and Investment Committee is composed of no fewer than three Non-Executive Board Members. The role of the Committee is to assist the Board to ensure that it fulfils its corporate governance and oversight responsibilities for BTC's strategy in relation to Technology and Investment opportunities.

The duties of the Committee include the following:

On Technology, to:

- Review BTC's technology planning and strategy, including the financial, tactical and strategic benefits of proposed significant technology-related projects and initiatives;
- Receive reports on existing and future trends in technology that may affect BTC's strategic plans, including monitoring overall industry trends
- Provide oversight over new innovative technology developments for future deployment within BTC
- Increase awareness of key technology changes and innovations within BTC and in the marketplace
- Review and endorse technology investments and projects including monitoring and reviewing post implementation results of all such key technology projects
- Consider the negative impact that technology could have on the environment and provide sustainable solutions for Management's action
- Ensure that there are appropriate systems in place for the management of information assets and the performance of data functions
- Ensure that there are systems in place for private information (such as intellectual property, investment decisions and tendering processes) to be treated by BTC as an important business asset and that all personal information that is processed by BTC is identified
- Ensure that an Information Security Management System (ISMS) is developed and incorporates the following high-level information security principles:
  - Confidentiality of information
  - Integrity of information
  - Availability of information and information systems in a timely manner.

**On Investment activities, to:**

- Review the performance of BTC investments linked to BTC’s overall investment strategy
- Consider capital projects, acquisitions and disposal of assets in line with the BTC’s overall strategy
- Consider changes in the scope of projects that exceed limits, as may be determined by the Board from time to time, in approving the tender regulations, whether once-off or collectively, of the approved project estimate.
- Approve and advise the Board on any other investment
- Consider the viability of the capital projects and/or acquisitions and/or disposals and the effect they may have on the BTC’s cash flow, as well as whether they comply with the BTC’s overall strategy.
- Ensure that appropriate due diligence procedures are followed when acquiring or disposing of assets.
- Oversee the proper value delivery of Technology and ensure that the expected return on investment from significant Technology investments and projects is delivered and that the information and intellectual property contained in the information systems are protected.

**On Mergers and Acquisitions activities, to:**

Evaluate and review mergers and acquisitions approval policies for investment, acquisition, enterprise services, joint venture and divestiture transactions, and consider requests from Management to approve such proposed transactions

- Evaluate the execution, financial results and integration of completed investment, acquisition, enterprise services, joint venture and divestiture transactions.
- Report to the Board, and make recommendations to the Board, as to the scope, direction, quality, investment levels and execution of investment, acquisition, enterprise services, joint venture and divestiture transactions.
- Oversee and recommend strategic alliances.
- Oversee loans and loan guarantees of third-party debt and obligations.
- Oversee investor relations activities.

**On material tender decisions, to:**

- Review quarterly reports on the decisions of the Management Tender Committee.
- Award tenders in line with BTC’s approved procurement policy and tender regulations.
- Review significant technology expenditures, including the associated budget for BTC and its business segments.
- Receive reports from management, as and when appropriate, concerning the implementation of BTC’s technology initiatives, including the cost compared to budget, the expected benefits and the timelines of implementation.

**Human Resources Committee  
Members**

Ms. Gaone Macholo (Chairperson)  
Ms. Lorato Boakgomo-Ntakhwana  
Mr. Thari Pheko

**Overview**

The Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets at least quarterly with more meetings being held when necessary. BTC’s Human Resources Committee is composed of at least three Non-Executive Board Members.

**The Committee’s mandate includes:**

- Review and monitor BTC’s strategic human resource initiatives and their compliance with the BTC’s human resource policies.
- Ensuring alignment of the remuneration strategy and policy with BTC’s business strategy.
- Determining remuneration packages needed to attract, retain and motivate high performing staff.
- Ensuring that remuneration relative to other comparable companies is pitched at the desired level taking relative performance into account.

**Directors’ Affairs and Governance Committee  
Members**

Ms. Lorato Boakgomo-Ntakhwana (Chairperson)  
Mr. Ranjith Priyalal De Silva  
Mr. Maclean Letshwiti  
Ms. Gaone Macholo

**Overview**

The Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board and meets at least twice a year, with more meetings being held when necessary.

**The Committee’s mandate includes:**

- Ensuring the establishment of a formal process for the appointment of Directors and make recommendations for consideration by the Board pertaining to the appointment and removal of Directors including the Managing Director.
- Maintaining objectivity and neutrality in determining the remuneration and benefits of Directors.
- Ensuring that a succession plan is in place for the Directors including the Managing Director.
- Overseeing the performance and evaluation of the Board.
- Ensuring that a process of nominating, electing and appointing Directors is in place.
- Reviewing compliance with the Code of Ethics and Conduct by Executive and Non-Executive Directors.

**Ad-hoc Committees**

Ad-hoc Committees are appointed by the Board, as and when necessary, to consider specific issues before submission to the Board for a final decision. The Board, as it finds necessary, determines the terms of reference of such committees.

Board and Committee Meetings

A minimum of four (4) Board meetings are scheduled each financial year to consider strategic and key issues, financial matters, operational performance and any specific proposal for capital expenditure and investment, where applicable.

Additional meetings are convened on an ad-hoc basis to consider extraordinary items of importance which may require urgent attention.

Board meetings are convened by a formal notice incorporating a detailed agenda together with relevant written proposals and reports. Information is distributed in a timely manner prior to Board meetings to facilitate adequate preparation for thorough discussion at these meetings. A number of decisions may be taken between Board meetings by written resolution in accordance with the BTC’s founding documents.

Attendance and Meetings of the Board and Board Committees

The BTC Board is expected to meet at least quarterly and retains full control over BTC. The BTC Board monitors Management, ensuring that material matters are subject to BTC Board approval, and reserves to itself a range of key decisions to ensure that it retains proper direction and control of BTC.



A summary of meetings held and attended is presented below;

|                                                 | MAIN BOARD |            | TECHNOLOGY & INVESTMENT COMMITTEE |            | AUDIT AND RISK COMMITTEE |            | HUMAN RESOURCES COMMITTEE |            | DIRECTORS AFFAIRS AND GOVERNANCE COMMITTEE |            |
|-------------------------------------------------|------------|------------|-----------------------------------|------------|--------------------------|------------|---------------------------|------------|--------------------------------------------|------------|
|                                                 | Member     | Attendance | Member                            | Attendance | Member                   | Attendance | Member                    | Attendance | Member                                     | Attendance |
| Ms. Lorato Boakgomo-Ntakhwana                   | √          | 6/6        |                                   |            |                          |            | √                         | 4/4        | √                                          | 2/2        |
| Ms. Serty Leburu (retired 28 September 2021)    | √          | 3/3        |                                   |            | √                        | 2/2        |                           |            |                                            |            |
| Mr. Maclean Letshwiti                           | √          | 6/6        | √                                 | 5/5        |                          |            |                           |            | √                                          | 2/2        |
| Mr. Andrew Johnson                              | √          | 6/6        | √                                 | 5/5        | √                        | 3/3        |                           |            |                                            |            |
| Mr. Priyalal De Silva                           | √          | 6/6        |                                   |            | √                        | 5/5        |                           |            | √                                          | 2/2        |
| Mr. Thari Pheko                                 | √          | 6/6        | √                                 | 4/4        | √                        | 3/3        | √                         | 4/4        |                                            |            |
| Mr. Bafana Molomo                               | √          | 6/6        | √                                 | 5/5        | √                        | 5/5        |                           |            | √                                          | 2/2        |
| Ms. Gaone Macholo                               | √          | 6/6        |                                   |            |                          |            | √                         | 4/4        |                                            |            |
| Mr. Thato Kewakae (appointed 28 September 2021) | √          | 3/3        | √                                 | 1/1        |                          |            |                           |            |                                            |            |
| Mr. Anthony Masunga                             | √          | 6/6        | √                                 | 5/5        | √                        | 5/5        | √                         | 4/4        | √                                          | 2/2        |

REPORT OF THE AUDIT AND RISK COMMITTEE

The Committee is pleased to present its report for the financial year ended 31 March 2022. The report is presented in accordance with the recommendations contained in the King III Report on Corporate Governance. The Committee operates within defined terms of reference as set out in its charter and the authority granted to it by the Board.

The Audit and Risk Committee ensures that there is appropriate independence relating to non-audit services provided by the external auditors.

During the period under review the following activities, amongst others, were carried out:

- Reviewed and commented on the Annual Financial Statements and the accounting policies and ensured that the Annual Financial Statements of the Company comply with all statutory requirements.
- Monitored compliance with accounting standards and legal requirements.
- Reviewed the quality and effectiveness of the external audit process, the External Auditor's Report to the Committee and Management's responses.
- Reviewed interim reports, results announcements and other releases of price-sensitive information.
- Reviewed significant judgements and/or unadjusted differences resulting from the audit, as well as any reporting decisions made.
- Recommended the appointment of Deloitte & Touche as the registered Independent Auditors
- Set the terms of Deloitte & Touche's engagement.
- Determined the fees to be paid to Deloitte & Touche and ensured that the fees are fair and equitable.
- Maintained a non-audit services policy which determines the nature and extent of any non-audit services that Deloitte & Touche may provide to the Company.
- Ensured that the BTC's existing combined assurance model addresses the significant risks facing the business.
- Formed an integral component of the risk management process and, amongst others, monitored:
  - Financial reporting risks
  - Internal financial controls
  - Fraud risks as they relate to financial reporting
  - Information technology (ICT) risks in so far as they relate to financial reporting
- Played an oversight role in respect of the internal audit function to ensure its effectiveness
- Approved Internal Audit Annual Plan.
- Monitored closure of reported audit findings.
- Reviewed developments in corporate governance and best practice and considered their impact and implications on BTC and in particular ensured that the principles of King III are embedded throughout the business.
- Satisfied itself that the Chief Financial Officer is appropriately qualified and experienced to fulfil her role and that the Finance function is suitably resourced and skilled to carry out its obligations.
- Reviewed the text of various reports, including the Going Concern Statement, Corporate Governance Report and Directors' report for inclusion in the Integrated Annual Report for the year ended 31 March 2022.

Annual financial statements

The Audit and Risk Committee has evaluated the annual financial statements for the year ended 31 March 2022 and ensured that they comply, in all material aspects, with the requirements of the Companies Act and appropriate International Financial Reporting Standards. The Committee has therefore recommended the annual financial statements for approval to the Board. The Board has subsequently approved the financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

Conclusion on fulfilment of duties and obligations

Given the above, the Committee is of the opinion that it has appropriately addressed its key responsibilities in respect of:

- Internal control
- Financial accounting control
- Risk management
- Selected stakeholder reporting that relates to the Audit and Risk Committee
- Statutory and regulatory requirements.

REPORT OF THE HUMAN RESOURCES COMMITTEE

The Committee is pleased to present its report for the financial year ended 31 March 2022. This report sets out the Company's remuneration philosophy.

Remuneration philosophy

The remuneration philosophy applies to all the BTC's operations. It is the BTC's philosophy to:

- Appropriately compensate employees for the services they provide the business.
- Reward and recognise employees for the attainment of specific BTC performance targets as well as the attainment of individual performance goals through variable pay.
- Inculcate a positive culture through proper recognition structures.
- Attract and retain talented, skilled, and high performing employees to effectively manage the operations and growth of the business.
- Motivate employees to perform in the best interests of BTC and its stakeholders.
- Assist its employees on career development through training and development.

Remuneration levels are positioned relative to other comparable organisations, the current economic environment, and individuals' personal performance and the BTC's business model. Remuneration comprises elements of fixed remuneration and performance-based variable remuneration.

Remuneration structure

The various elements of the remuneration structure are discussed below.

Remuneration

The basic element of remuneration is a base salary that is required to attract and retain a given set of skills, competencies, and experience.

Employee benefits and retirement funding

Other components of reward are given to employees. These are subject to local competitive practice and legislation. BTC provides, where appropriate, through third parties, additional elements of compensation:

- Pension or Retirement savings, comprising full or partially matched (with employee) contributions towards retirement savings, subject to local competitive practice and legislation
- Gratuity
- Group Life Assurance
- Medical Aid
- Allowances

Short-term incentives (STI)

Employees have an element of STI based remuneration, comprising one of the following:

- A pool-based Performance Incentive Bonus which award is at the Board’s discretion.
- A bonus triggered by the achievement of the budgeted Profit Before Tax (PBT) as determined by the Board at the beginning of the financial year under review.
- An individual award based on performance.

Non-Executive Directors’ Remuneration

The remuneration for the Non-Executive Directors for the year ended 31 March 2021 was approved by the shareholders at BTC’s Annual General Meeting on 28 September 2021.



Directors; Remuneration and Shareholding

Except for the Managing Director, members of the Board are not entitled to monthly or annual salaries. Members of the Board and Sub-Committees are paid a sitting allowance.

The aggregate number of Botswana Telecommunications Corporation Limited shares held directly by Directors as at 31 March 2022 is 857,488. Details of the shareholding are as per the table below:

| MEMBER                                          | POSITION          | DIRECTORS REMUNERATION (AMOUNT IN PULA) | DIRECTORS SHAREHOLDING (NUMBER OF SHARES) |
|-------------------------------------------------|-------------------|-----------------------------------------|-------------------------------------------|
| Ms. Lorato Boakgomo-Ntakhwana                   | Chairperson       | 248,500                                 | 254,488                                   |
| Mr. Anthony Masunga                             | Managing Director | 5,975,675*                              | 250,000                                   |
| Ms. Serty Leburu (retired, 28 September 2021)   | Director          | 65,000                                  | NIL                                       |
| Mr. McLean Letshwiti                            | Director          | 155,000                                 | 243,000                                   |
| Mr. Andrew Reginald Johnson                     | Director          | 195,000                                 | NIL                                       |
| Mr. Ranjith Priyalal De Silva                   | Director          | 199,000                                 | NIL                                       |
| Mr. Thari Pheko                                 | Director          | 215,000                                 | 110,000                                   |
| Mr. Bafana Molomo                               | Director          | 185,000                                 | NIL                                       |
| Ms. Gaone Macholo                               | Director          | 153,000                                 | NIL                                       |
| Mr. Thato Kewakae (appointed 28 September 2021) | Director          | 50,000                                  | NIL                                       |

\* Remuneration includes gratuity that was paid during the year for the five (5) year contract that ended in December 2021.

# INTERNAL AUDIT AND RISK MANAGEMENT

### Internal Audit

BTC has an Internal Audit function that reports directly to the Audit and Risk Committee. The function provides assurance on the adequacy and effectiveness of controls to mitigate risks to its strategic, operational, financial and compliance objectives. The key elements of the system of internal control are delegation, operations, planning and empowerment, competence, monitoring and reporting. The systems are designed to provide reasonable assurances to the integrity and reliability of the financial statements and other operational information.

Such systems of internal controls are designed to manage rather than eliminate the risks of failure to meet business objectives, providing a reasonable but not an absolute assurance against material loss or misstatement. Based on the information received from Management, the Audit and Risk Committee and the Risk and Internal Audit Division, the Board believes that the systems of internal controls can be reasonably relied upon, and that there was no material threat in the effectiveness of the system of internal control during the period under review.

### Internal Audit Function

BTC has an independent Internal Audit function which administratively reports directly to the Managing Director, with a dual reporting responsibility to the Audit and Risk Committee. The Internal Audit process provides an assurance that significant risks are subject to periodic review and that control processes are in place and weaknesses are identified and mitigated.

Internal Audit is also expected to advise the Board whether the BTC's framework of risk management, internal control and governance processes, as designed by Management, is adequate and functioning. Internal Audit has an Internal Audit Charter setting out the independence of the function, which has been adopted by the Audit and Risk Committee and signed by the Chairperson of that Committee. BTC's Internal Audit function is designed to add value and enhance the Company's operations. It helps the Company to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In performing its duties, Internal Audit is principally guided by the Institute of Internal Auditors' professional practice framework, King IV and other relevant standards in undertaking Internal Audit responsibilities.

The Internal Audit Charter places considerable emphasis on:

- Independence of the Internal Audit function
- Integrity and professionalism within internal audit
- Risk-Based Internal Auditing.

The Internal Audit function follows a risk-based methodology to develop the annual audit plan, which is reviewed and approved by the Audit and Risk Committee. The Chairperson of the Audit and Risk Committee appraises the Board on the duties of the Internal Audit function on quarterly basis. All the work is conducted by appropriately qualified and experienced team members and follows the Institute of Internal Audit Standards.

To improve agility and efficiency, the Internal Audit function has invested more on the use of technology (Computer Aided Audit Tools (CAATs)). The increased use of data analytics tools has enabled the function to perform robust audit tests and timely sharing of audit results with meaningful insights. As the business shifts towards digital transformation, the function has also implored ways of tapping into the digital world through the use of robotics.

A summary of audit results, progress against delivery of the audit plan and progress in closing both Internal and External Audit findings items are presented bi-weekly to Executive Management and quarterly to the Audit and Risk Committee. The Committee actively reviews the Internal Audit submissions and appraises the Board accordingly.

Through the anonymous tip-off line managed by Deloitte, Internal Audit investigates all reported cases and conveys findings and recommendations to the Managing Director and the Audit and Risk Committee.

**Monitoring Results and Management Reporting**

Effective internal controls should prioritise the timing of information required as per the applicable laws and needs of management. All reporting of financial and other results is carried out as an effective monitoring mechanism; actual results are compared against the annual plans and against the historical trends of the previous years.

**Risk Management**

Effective risk management is integral to the BTC's objectives of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks. Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk exposure involving segregation of duties, transaction supervision, monitoring, financial and managerial reporting.

In addition to the above, the Board has endeavoured to ensure that control systems, designed to safeguard the BTC's assets and maintain proper accounting records that facilitates the production and availability of reliable information, are in place and are functioning as planned.

The programme ensures that a wider range of risks arising as a result of BTC's diverse operations are effectively managed in support of the uninterrupted communications services to Botswana and the creation and preservation of shareholder wealth. The significant business risks to the Company, financial, operational and compliance, which could undermine the achievement of BTC's business objectives are identified, mitigation is established, and risk owners appointed. Business risks are regularly monitored and reviewed by a standing Risk Management committee.

A Risk Management Report is included on page 92 to 96.

**Going Concern**

The Board has considered and recorded all relevant facts and assumptions and has concluded that BTC has adequate resources to continue in operational existence for the foreseeable future. Their statement in this regard is also contained in the statement of Director's responsibility for the Annual Financial Statements.

**Approval of Annual Financial Statements**

The financial statements of BTC have been reviewed by the Audit and Risk Committee, approved by the Board and can be signed off by any two Directors. In practice, however, they are usually signed on behalf of the Company by the BTC Chairperson and the Managing Director.

**External Auditors**

The external auditors provide an independent assessment of BTC's systems of internal financial control and express an independent opinion on the Annual Financial Statements. The external audit function provides reasonable assurance on the accuracy of financial disclosures within the approved thresholds of materiality. The external auditors' plan is reviewed by the Audit and Risk Committee to ensure all significant areas of concern are covered, without infringing on the external auditor's independence and right to the audit.

Close cooperation between the internal and external auditors ensures that there is adequate coverage of all material areas within BTC. In terms of the Companies Act, the shareholders at the Annual General Meeting appointed Deloitte & Touche, a firm of Certified Auditors, as the auditors for the year under review.

**Compliance with Laws and other legal Requirements**

BTC considers compliance with applicable laws, industry regulations, codes and its own ethical standards and internal policies to be an integral part of doing business. BTC's Company Secretary function facilitates the management of compliance through analysing statutory and regulatory requirements, drafting compliance management plans and subsequently implementing those plans throughout BTC and monitoring the implementation of suggested controls to ensure compliance with applicable statutory and regulatory requirements.

The Compliance Checklist and Legal Register rolled out to the business covers dissemination of new legislation, handling of regulatory visits, development and review of risk universes, and various regulatory reporting procedures.

Various pieces of legislation including the Companies Act, the Communications and Regulatory Act, Competition Act, the Financial Intelligence Act (FIA) and Bank of Botswana Act (Electronic Payments Regulations) were analysed for purposes of developing and reviewing the risk universes of the business. The Board is conscious of its responsibility and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board, through the Company Secretary's office, strives to ensure that the businesses of BTC comply with the laws and regulations of Botswana.

**Company Secretary and Professional Advice**

The Company Secretary is Mr. Sidney Mganga. All Directors have unlimited access to the advice and services of the Company Secretary, who is accountable to the Board for ensuring that all prescribed procedures are complied with, and that sound corporate governance and ethical principles are adhered to. Any Director is entitled to seek independent professional advice concerning the discharge of his or her responsibilities at BTC's expense, though the encouraged practice is to arrange this through the Company Secretary.

Relationship with Employee Representatives

As part of maintaining harmonious relations and a conducive employee relations climate within the Company, the Botswana Telecommunications Employee Union (BOTEU) and Management continue to engage each other through the established communication, consultation and negotiation forums.

Employee Share Ownership Plan (“ESOP”)

As part of the BTC Initial Public Offer (“IPO”), the Government of the Republic of Botswana (“the Government” or “Majority Shareholder”) reserved 5% of the issued share capital of BTC (52,500,000 shares) for the benefit of Citizen BTC Employees.

Initially the shares were to be deposited into an Employee Share Trust and dividends accrued were to be shared equally amongst employees. The Government through a Presidential Directive (CAB 10(A)/2016) amended the terms of the Employee Share Scheme to allow for employees to directly purchase the reserved shares. This amendment was approved at the 2016 Annual General Meeting. 820 out of 950 eligible BTC Employees purchased 19,269,200 of the reserved shares at 85thebe per share, a 15% discount to the IPO price of P1.00. A total of 33,230,800 shares (3.16% of the issued share capital of BTC) remain in the hands of Government.

The Company and Majority Shareholder are still in discussion about how both the Company and BTC employees can benefit from the remaining shares which are still in the hands of Government.



Environment, health, safety and sustainability

BTC strives to conform to, and to exceed, environmental, health and safety laws in its operations and seeks to add value to the quality of life of its employees through preventative health programmes.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

To improve the corporate governance principles and to enhance the Board’s accountability, BTC voluntarily decided to subject itself to the world class code on Corporate Governance, the King III Code on Corporate Governance ([www.kingIII.co.za](http://www.kingIII.co.za)). The statement below, which is based on the code published by the King Committee, measures the degree of its compliance to the respective codes. BTC has complied with the Codes of Best Practice throughout the financial year ended 31 March 2022, other than with the exceptions stated below:

COMPLIANCE WITH KING III PRINCIPLES

| Principle                                              | Description of Principle                                                                         | Compliance | Compliance status and additional comments                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Ethical Leadership and Corporate Citizenship</b> |                                                                                                  |            |                                                                                                                                                                                                                                                                                                                                                                                             |
| P 1.1                                                  | The Board should provide effective leadership based on an ethical foundation.                    | ✓          | In accordance with the Board Charter, the Board is the curator of the values and ethics of BTC. BTC recognises that good governance emanates from effective, responsible leadership, which is characterised by ethical values. The Company has in place a Code of Ethics and Conduct to ensure ethical leadership and ethical interactions with both internal and external BTC stakeholders |
| P 1.2                                                  | The Board should ensure that the Company is and is seen to be a responsible corporate citizen.   | ✓          | BTC Corporate Social Responsibility reports adequately reflects the Company’s commitment to good corporate citizenship.                                                                                                                                                                                                                                                                     |
| P 1.3                                                  | The Board should ensure that the Company’s ethics are managed effectively.                       | ✓          | BTC has a Code of Ethics and Conduct integral to the Company’s employment conditions, which promotes, amongst other things the ethical values of responsibility, accountability, fairness and transparency.                                                                                                                                                                                 |
| <b>2. Board and Directors</b>                          |                                                                                                  |            |                                                                                                                                                                                                                                                                                                                                                                                             |
| 2.1                                                    | The Board should act as the focal point for, and custodian of, corporate governance.             | ✓          | In accordance with the Board Charter, the Board is committed to the highest standards of corporate governance                                                                                                                                                                                                                                                                               |
| 2.2                                                    | The Board should appreciate that strategy, risk, performance and sustainability are inseparable. | ✓          | The Board, in accordance with the Board Charter, is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. BTC’s risk management process considers the full range of risks including strategic and operational risks covering all areas of performance.                                                                  |
| 2.3                                                    | The Board should provide effective leadership based on an ethical foundation.                    | ✓          | See 1.1 above                                                                                                                                                                                                                                                                                                                                                                               |

## CORPORATE GOVERNANCE (CONTINUED)

| Principle | Description of Principle                                                                                                                  | Compliance | Compliance status and additional comments                                                                                                                                                                                                                                                                            |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.4       | The Board should ensure that the Company is and is seen to be a responsible corporate citizen.                                            | ✓          | See 1.2 above                                                                                                                                                                                                                                                                                                        |
| 2.5       | The Board should ensure that the Company's ethics are managed effectively.                                                                | ✓          | See 1.1 above                                                                                                                                                                                                                                                                                                        |
| 2.6       | The Board should ensure that the Company has an effective and independent Audit and Risk Committee.                                       | ✓          | BTC has an effective and independent Audit and Risk Committee reporting to the Board and chaired by an independent Non-Executive Director.                                                                                                                                                                           |
| 2.7       | The Board should be responsible for the governance of risk.                                                                               | ✓          | The Board, through its Audit and Risk Committee, oversees the management of risks company-wide.                                                                                                                                                                                                                      |
| 2.8       | The Board should be responsible for information technology (IT) governance.                                                               | ✓          | The Board through the Technology and Investment Committee and the Audit and Risk Committee is responsible for this area.                                                                                                                                                                                             |
| 2.9       | The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards. | ✓          | A compliance framework is monitored by the BTC legal team. In the Board's view, BTC is in compliance with all laws and regulations (see also 6.1).                                                                                                                                                                   |
| 2.10      | The Board should ensure that there is an effective risk-based internal audit.                                                             | ✓          | The Internal Audit function, with the help of the external auditors, handles this function prudently                                                                                                                                                                                                                 |
| 2.11      | The Board should appreciate that stakeholder's perceptions affect the Company's reputation.                                               | ✓          | As part of the risk assessment process, the Board, through its Audit and Risk Committee, evaluates all risks relating to reputational issues arising from customers, employees, shareholders, government agencies, local communities, etc.                                                                           |
| 2.12      | The Board should ensure the integrity of the Company's Integrated Report.                                                                 | ✓          | Annual financial statements are reviewed by the Audit and Risk Committee and the Board. Further the significant components of the Annual Report are reviewed by the Board before being officially released.                                                                                                          |
| 2.13      | The Board should report on the effectiveness of the Company's system of internal controls.                                                | ✓          | As part of the Internal Audit Charter, the Internal Auditors review the Company's internal control systems and provide a report to the Audit and Risk Committee and to the Board. The Audit and Risk Committee as part of its reporting, confirms the adequacy of the internal controls in operation at the Company. |
| 2.14      | The Board and its Directors should act in the best interests of the Company.                                                              | ✓          | The terms of appointment and the acceptance of appointment as Directors dictate that the Directors act in the best interest of the Company and that all conflicts of interest are declared and/or reported and adequately dealt with.                                                                                |

## CORPORATE GOVERNANCE (CONTINUED)

| Principle | Description of Principle                                                                                                                                                      | Compliance | Compliance status and additional comments                                                                                                                                                                                                                                       |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.15      | The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.                  | ✓          | The Company always ensures that it meets the solvency tests. The Company also prepares a three-year business plan incorporating financial forecasts for early detection of any financial distress situations.                                                                   |
| 2.16      | The Board should elect a Chairman of the Board who is an Independent Non-Executive Director. The CEO of the company should not also fulfil the role of Chairman of the Board. | ✓          | The Board Chairperson is an Independent Non-Executive Director chosen at the Annual General Meeting of the Company. The Managing Director, the equivalent of the CEO, is not the Chairperson of the Board.                                                                      |
| 2.17      | The Board should appoint the chief Executive Officer and establish a framework for the delegation of authority.                                                               | ✓          | The Managing Director (equivalent to the CEO) is appointed by the Board on a fixed period contract basis. The Company has a well-defined organisational structure with strategies, targets and authority to achieve them. A delegation of authority framework is also in place. |
| 2.18      | The Board should comprise a balance of power, with a majority of Non-Executive Directors. The majority of Non-Executive Directors should be independent.                      | ✓          | Currently, all but one of the positions on the Board are filled by Independent Non-Executive Directors.                                                                                                                                                                         |
| 2.19      | Directors should be appointed through a formal process.                                                                                                                       | ✓          | A formal framework on the appointment of Directors is in place. Currently, Directors are selected by the Directors Affairs and Governance Committee and approved by the Board before being recommended for approval by shareholders at the Annual General Meeting.              |
| 2.20      | The induction of and ongoing training and development of directors should be conducted through formal processes.                                                              | ✓          | BTC Directors undergo a formal induction and there is ongoing training that is done thought-out the year for the Development of Directors.                                                                                                                                      |
| 2.21      | The Board should be assisted by a competent, suitably qualified and experienced company secretary.                                                                            | ✓          | The Company Secretary is a legal professional and a chartered company secretary, suitably qualified to handle the company secretarial matters of BTC.                                                                                                                           |
| 2.22      | The evaluation of the Board, its committees and the individual Directors should be performed every year.                                                                      | ✓          | The Company does carry out evaluations albeit not every year.                                                                                                                                                                                                                   |
| 2.23      | The Board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.                                                    | ✓          | The Board has appointed four sub-committees viz. the Audit and Risk Committee, the Technology and Investment Committee and the Human Resources Committee and the Directors' Affairs and Governance Committee.                                                                   |
| 2.24      | A governance framework should be agreed between the group and its subsidiary boards.                                                                                          | ✓          | Each committee has terms of reference. All memberships to these committees are approved by the Board.                                                                                                                                                                           |
| 2.25      | Companies should remunerate directors and executives fairly and responsibly.                                                                                                  | ✓          | All Directors except the Managing Director are currently remunerated for time spent at meetings, in line with the fees approved by shareholders                                                                                                                                 |

CORPORATE GOVERNANCE (CONTINUED)

| Principle                  | Description of Principle                                                                                                                     | Compliance | Compliance status and additional comments                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.26                       | Companies should disclose the remuneration of each individual director and certain senior executives.                                        | ✓          | The Annual Report adequately discloses all remuneration paid to Directors, their shareholdings and other relationships with the Company.                                                                                                                                                                                                                                                                    |
| 2.27                       | Shareholders should approve the Company's remuneration policy.                                                                               | ✓          | The Company's remuneration policies are approved only by the Board save for the remuneration philosophy which must be approved by shareholders.                                                                                                                                                                                                                                                             |
| <b>3. Audit Committees</b> |                                                                                                                                              |            |                                                                                                                                                                                                                                                                                                                                                                                                             |
| 3.1                        | The Board should ensure that the Company has an effective and independent Audit Committee.                                                   | ✓          | BTC has an effective and independent Audit and Risk Committee reporting to the Board and chaired by an Independent Non-Executive Director.                                                                                                                                                                                                                                                                  |
| 3.2                        | Audit Committee members should be suitably skilled and experienced Independent Non-Executive Directors.                                      | ✓          | BTC has an effective and independent Audit and Risk Committee comprising qualified accounting professionals and chaired by an Independent Non-Executive Director.                                                                                                                                                                                                                                           |
| 3.3                        | The Audit Committee should be chaired by an Independent Non-Executive Director.                                                              | ✓          | The Audit and Risk Committee is chaired by an Independent Non-Executive Director.                                                                                                                                                                                                                                                                                                                           |
| 3.4                        | The Audit Committee should oversee integrated reporting.                                                                                     | ✓          | The annual financial statements are evaluated and approved by the Audit and Risk Committee together with the integrated report.                                                                                                                                                                                                                                                                             |
| 3.5                        | The Audit Committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities. | ✓          | The Audit and Risk Committee ensures that internal audit function provides the umbrella guarantee in collaboration with other assurance providers namely Risk Management, Regulatory Compliance, Revenue Assurance and Fraud Management. External auditors also review the work carried out by Internal Audit to provide assurance and determine the level of reliance to be placed on internal audit work. |
| 3.6                        | The Audit Committee should satisfy itself of the expertise, resources and experience of the Company's finance function.                      | ✓          | All members of the Audit and Risk Committee are adequately qualified and they have reviewed and are satisfied that the resources at the BTC Finance function are suitably qualified.                                                                                                                                                                                                                        |
| 3.7                        | The Audit Committee should be responsible for overseeing of internal audit.                                                                  | ✓          | The Internal Audit function's annual audit plans are approved by the Audit and Risk Committee. The Internal Audit function periodically reports to the Board and has unfettered access to the Committee.                                                                                                                                                                                                    |
| 3.8                        | The Audit Committee should be an integral component of the risk management process.                                                          | ✓          | The Audit and Risk Committee periodically reviews the Company's risk profile and risk management approach. The Committee is of the view that the risks are being adequately addressed.                                                                                                                                                                                                                      |
| 3.9                        | The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.       | ✓          | The Audit and Risk Committee recommends the appointment of the external auditors to the Board and to the Annual General Meeting. They also oversee the external audit process.                                                                                                                                                                                                                              |

CORPORATE GOVERNANCE (CONTINUED)

| Principle                        | Description of Principle                                                                                                                                | Compliance | Compliance status and additional comments                                                                                                                                                                                                               |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.10                             | The Audit Committee should report to the Board and shareholders on how it has discharged its duties.                                                    | ✓          | The Audit and Risk Committee formally reports to the Board after each meeting. A report of the Committee is included in the Annual Report.                                                                                                              |
| <b>4. The Governance of Risk</b> |                                                                                                                                                         |            |                                                                                                                                                                                                                                                         |
| 4.1                              | The Board should be responsible for the governance of risk.                                                                                             | ✓          | The Board is aware of this risk and has delegated this task to the Audit and Risk Committee.                                                                                                                                                            |
| 4.2                              | The Board should determine the levels of risk tolerance.                                                                                                | ✓          | The Board has established levels of risks, their impact and likelihood. The risk that can be tolerated and the risks that it is willing to take are continuously examined by the Audit and Risk Committee. A risk register is in place to address this. |
| 4.3                              | The Risk and Audit Committee or Audit Committee should assist the Board in carrying out its risk responsibilities.                                      | ✓          | The Audit and Risk Committee is a sub-committee of the Board and assists the Board in its responsibility for the governance of risks.                                                                                                                   |
| 4.4                              | The Board should delegate to management the responsibility to design, implement and monitor the risk management plan.                                   | ✓          | The Board has delegated to management the responsibility to design and implement risk management measures and to monitor the risks.                                                                                                                     |
| 4.5                              | The Board should ensure that risk assessments are performed on a continual basis.                                                                       | ✓          | The Audit and Risk Committee meets periodically to consider various matters including discussions of the risk assessments, risk framework and methodology.                                                                                              |
| 4.6                              | The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.              | ✓          | The Audit and Risk Committee looks at the risk frameworks and methodologies and ensures that unpredictable risks are well managed. This is an on-going process.                                                                                         |
| 4.7                              | The Board should ensure that management considers and implements appropriate risk responses.                                                            | ✓          | The annual risk management report is submitted to the Audit and Risk Committee and to the Board containing the risk responses. These are periodically monitored.                                                                                        |
| 4.8                              | The Board should ensure continual risk monitoring by management.                                                                                        | ✓          | A risk register is in place for purposes of managing all risks and the Board reviews it quarterly.                                                                                                                                                      |
| 4.9                              | The Board should receive assurance regarding the effectiveness of the risk management process.                                                          | ✓          | The Audit and Risk Committee provides the required level of comfort in the evaluation of the effectiveness of the risk management process.                                                                                                              |
| 4.10                             | The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders. | ✓          | A risk management report containing all high level and operational risks, their impact and the level of responses are included in the Annual Report.                                                                                                    |

## CORPORATE GOVERNANCE (CONTINUED)

| 5. The Governance of Information Technology (IT)    |                                                                                                                                                                              |   |                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.1                                                 | The Board should be responsible for information technology (IT) governance.                                                                                                  | ✓ | The Board understands the importance of the information technology governance and associated risks. It has delegated the responsibility for IT governance issues through the Managing Director to the appropriate management personnel.                                                                                                         |
| 5.2                                                 | IT should be aligned with the performance and sustainability objectives of the Company.                                                                                      | ✓ | IT is a significant component of BTC's operations, most of which are based on IT platforms, technologies and processes and are crucial to its performance and sustainability. As such, adequate attention is being given to IT Governance and sustainability.                                                                                   |
| 5.3                                                 | The Board should delegate to management the responsibility for the implementation of an IT governance framework.                                                             | ✓ | The responsibility for investing, implementing and managing the IT function is delegated to the management as well as other functions within the IT infrastructure.                                                                                                                                                                             |
| 5.4                                                 | The Board should monitor and evaluate significant IT investments and expenditure.                                                                                            | ✓ | Responsibility for managing the IT governance framework is delegated to management. The framework supports effective and efficient decision-making around the utilisation of IT resources to facilitate the achievement of the Company's objectives. The Technology and Investment Committee also oversees this process on behalf of the Board. |
| 5.5                                                 | IT should form an integral part of the Company's risk management.                                                                                                            | ✓ | The management of IT-related risk is the duty of management. Risks relating to IT are part of the overall risk management function within BTC. IT management ensures good project management principles are applied.                                                                                                                            |
| 5.6                                                 | The Board should ensure that information assets are managed effectively.                                                                                                     | ✓ | In BTC, the IT assets are an integral part of the overall asset structure of the Company and are, therefore, adequately managed.                                                                                                                                                                                                                |
| 5.7                                                 | A Risk Committee and Audit Committee should assist the Board in carrying out its IT responsibilities.                                                                        | ✓ | IT risk management is part of the overall risk management profile of the Audit and Risk Committee.                                                                                                                                                                                                                                              |
| 6. Compliance with Laws, Rules, Codes and Standards |                                                                                                                                                                              |   |                                                                                                                                                                                                                                                                                                                                                 |
| 6.1                                                 | The Board should ensure that the Company complies with applicable laws and considers adherence to non-binding rules, codes and standards.                                    | ✓ | A compliance framework is monitored by the BTC legal team through the office of the Company Secretary. In the Board's view, BTC is compliant with all laws and regulations.                                                                                                                                                                     |
| 6.2                                                 | The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Company and its business. | ✓ | The induction process for new Board members attempts to sensitise the Directors with all laws and regulations affecting the company as well as their roles and responsibilities which include fiduciary duties.                                                                                                                                 |
| 6.3                                                 | Compliance risk should form an integral part of the Company's risk management process.                                                                                       | ✓ | Compliance to laws and regulations is identified under different risk dimensions, such as market risks, regulatory risks, finance risks, etc., and are adequately considered.                                                                                                                                                                   |
| 6.4                                                 | The Board should delegate to management the implementation of an effective compliance framework and processes.                                                               | ✓ | BTC has an adequate level of responsibilities ensuring compliance with all applicable laws and regulations.                                                                                                                                                                                                                                     |

## CORPORATE GOVERNANCE (CONTINUED)

| 7. Internal Audit                      |                                                                                                                                             |   |                                                                                                                                                                                                                        |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7.1                                    | The Board should ensure that there is an effective risk based internal audit                                                                | ✓ | The Company has a dedicated Internal Audit function responsible for this detail                                                                                                                                        |
| 7.2                                    | Internal audit should follow a risk-based approach to its plan.                                                                             | ✓ | See 7.1 above                                                                                                                                                                                                          |
| 7.3                                    | Internal audit should provide a written assessment of the effectiveness of the Company's system of internal control and risk management.    | ✓ | The Internal Audit reports quarterly to the Audit and Risk Committee on audits carried out in order to assess effectiveness of the internal controls.                                                                  |
| 7.4                                    | The Audit Committee should be responsible for overseeing internal audit.                                                                    | ✓ | See 7.1 above                                                                                                                                                                                                          |
| 7.5                                    | Internal audit should be strategically positioned to achieve its objectives.                                                                | ✓ | See 7.1 above                                                                                                                                                                                                          |
| 8. Governing Stakeholder Relationships |                                                                                                                                             |   |                                                                                                                                                                                                                        |
| 8.1                                    | The Board should appreciate that stakeholder's perceptions affect a company's reputation.                                                   | ✓ | The Board is aware of reputational risk and its potential effect on the Company's operations, performance and results. It takes reputational issues seriously and these are regularly discussed at Board meetings.     |
| 8.2                                    | The Board should delegate to management to proactively deal with stakeholder relationships.                                                 | ✓ | The BTC management structure and the organisational responsibility adequately deal with the issues relating to the various stakeholders.                                                                               |
| 8.3                                    | The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Company. | ✓ | The Board has delegated its responsibilities to address the relationship with stakeholders to various Board committees to and, in some instances, to the management.                                                   |
| 8.4                                    | Companies should ensure the equitable treatment of shareholders.                                                                            | ✓ | BTC is an equal opportunity employer and carries out its activities within ethical guidelines and with the utmost impartiality. As such, all shareholders are treated equitably and receive information simultaneously |
| 8.5                                    | Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.             | ✓ | BTC has adopted a responsible practice in communicating transparently and effectively with its various stakeholders.                                                                                                   |
| 8.6                                    | The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.                               | ✓ | BTC has dispute resolution mechanisms with various stakeholder, such as customers, employees, suppliers, community, shareholders, etc.                                                                                 |
| 9. Integrated Reporting and Disclosure |                                                                                                                                             |   |                                                                                                                                                                                                                        |
| 9.1                                    | The Board should ensure the integrity of the Company's Integrated Report.                                                                   | ✓ | The Board upholds globally recognised high standards of reporting and rigorously ensures the integrity of any data before disclosure for reporting purposes.                                                           |
| 9.2                                    | Sustainability reporting and disclosure should be integrated with the Company's financial reporting.                                        | ✓ | Sustainability reporting is included as part of the Annual Report.                                                                                                                                                     |

RISK MANAGEMENT AND REVENUE ASSURANCE

Revenue assurance is a key risk management activity. Revenue assurance is a set of activities to ensure that all chargeable services are captured and charged accurately and to ensure completeness and accuracy in revenue capturing, rating, invoicing, and accounting.

Fraud Management focuses primarily on the prevention of fraud against irregular network access; thereafter, the detection, analysis and investigation of anomalous events conducted by a first party and third party.

Purpose



Revenue Assurance and Fraud Management aim to provide an assessment on the adequacy of the RA and Fraud controls throughout the order to cash process through BTC Revenue Framework. The assessment includes identifying control gaps, and instances of revenue/fraud leakage. RAFM also aims to centralise all reporting, concerned with fraud/revenue leakage and remediation on known issues and making this readily available to stakeholders.



Enterprise Risk Management

BTC recognises that the risk management process is crucial for the business to succeed, meet its objectives and create shareholder value. BTC continues to operate in a rapidly changing market, characterised by a volatile technological environment in an uncertain industry, which forces it to constantly balance risks and rewards and closely monitor risks which might impact its strategic objectives. The financial year 2021-22 continued to see BTC operating under Covid-19 economic crisis which impacted the economic growth, development and the BTC competitive sustainability, effectively transforming consumer behaviour. Over and above these external challenges, BTC further experienced an upsurge in incidents of copper cable and battery theft which had a bearing on the quality of service due to prolonged and regular power outages.

Risk management activities at BTC are governed by the following principles, and are aligned with its strategy and business model:

- The integration of the culture of risk management throughout BTC’s attitudes, values, processes, decision making and business planning.
- An organisational and governance model that assigns all risks to those responsible for their control and management.
- Independence of the risk function, covering all risks and providing adequate separation between the risk generating functions and those responsible for its control and supervision.
- A complete framework of process control mechanisms for managing and controlling risks.
- A comprehensive approach to all risks, internal and external, involves drawing establishing a risk universe and clearly defining the risks, their nature, impact and mitigation strategy.

BTC has a global framework for identifying and managing risk within our defined tolerance levels, to our operations and risk appetite relative to upside risks as determined in our strategy. The framework has been designed to provide the Executive Committee and Board with a clear line of sight over risk and to enable informed decision making. This framework helps the Company to manage risk in a systematic, transparent and cost-effective manner.

BTC RISK PHILOSOPHY

Understanding strategic, operational, compliance and financial risk is a vital element of BTC's risk management and oversight process. BTC's risk management and oversight programme is not an end in itself, but a means to support Management in achieving its set goals. BTC understands that no matter how comprehensive its risk management and control system may be, it cannot be assumed to be exhaustive. Nor can it provide certainty that it will prevent adverse developments in BTC's business or that its mitigating actions will be fully effective.

It is important to note that new, as yet unknown, risks may still be identified and that any of the risks identified in this report could have a material adverse effect on BTC's financial position, results of operations, liquidity or the actual outcome including those referred to in the forward-looking statements contained in this Annual Report.

Day-to-day responsibility for risk identification, analysis, evaluation, mitigation, reporting and monitoring rests with the operating divisions and business units of the Company and coordinated by the Head of Risk Management and Divisional Risk Champions. BTC's risk management policy requires all operating divisions and business units to identify and assess the risks to which they are exposed. Risk registers document identified risks, their cause, possible consequences, and control and mitigation mechanisms.

BTC HEADLINE RISKS

| Risk                                   | Covid-19 Exposure                                                                                                                                                                                                                                                | Mitigations                                                                                                                                                                               |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Competition                            | Covid-19 brought an intensified competition from a variety of new and existing technology providers, new market entrants and competitors that also saw an increased demand for OTT players' platforms as customers started to embrace new ways of working.       | BTC regularly evaluates its products and services, the competitive landscape through intelligence insights to enhance customer value proposition                                          |
| Market & Economic Decline              | Covid-19 presented a market challenge to the already severe economic conditions. The economic hardships had an impact on consumers and business, including liquidity challenges and erosion of customers' disposable income.                                     | BTC provided customers with solutions to drive down costs, digitise their businesses and create more efficiencies by using BTC products and services such as cloud and hosting.           |
| Mobile Revenue Decline                 | The Covid-19 pandemic saw the demand for OTTs services becoming more apparent as customers now prefer to call from OTT apps (WhatsApp, Skype, and alternative solutions in the context of the 'new ways of working')This has put pressure on the mobile revenue. | BTC continues to grow mobile sales revenue through promotions, implementation of content strategy, grow Mobile Broadband uptake and product revamp.                                       |
| Technology & Business Continuity risks | The high demand for WFH internet services due to Covid-19 has created congestion on the network due to high utilization especially on FBB nodes at residential areas and Mobile network bandwidth.                                                               | BTC has implemented operation and maintenance plans for network quality, resiliency and organisational efficiency including business regular testing of mission critical network systems. |

| Risk                                 | Covid-19 Exposure                                                                                                                                                                                                                                                                                                                                                                                                                                    | Mitigations                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cyber Security                       | Remote working and WFH due to Covid-19 have potentially increased the risk of cyber security threats targeting customers through phishing, social engineering, and malicious social engineering, or insecure Apps and services.                                                                                                                                                                                                                      | BTC has prioritised the implementation of world-class cyber security processes to enhance sophisticated attacker detection and has further undertaken a proactive assessment of security on all projects including cyber incident response, containment and focus monitoring.                                                                                                                                            |
| Quality of Service                   | Quality of service is key to customer experience through high network quality reliability and availability. Covid-19 pandemic has impacted on the turnaround times, MTTR &MTTI) and unplanned store closures had the potential to exacerbate the risk of revenue loss, brand erosion and reputational damage.<br><br>BTC further noted an upsurge of copper cable and battery theft that affected the service quality due to prolonged power outages | Utilisation of digital platforms, including payment platforms, virtual meetings with customers, webcasts, etc, in addition to launching of new products and services.<br><br>Security services has enhanced monitoring including surveillance on high-risk areas and collaboration with law enforcement agencies                                                                                                         |
| Digitisation                         | Failure by BTC to deliver innovative solutions, could negatively impact our market share, relevancy, revenue growth and profit margins.                                                                                                                                                                                                                                                                                                              | BTC is implementing the digital strategy and automating business processes for efficiency and to support a digitised and innovative environment.                                                                                                                                                                                                                                                                         |
| Regulation & Compliance              | BTC operates in a highly regulated environment that requires full compliance to all regulatory requirements and standards, i.e., (BOCRA, BSE, CIPA, CA, GA KING IV, FIA, Banking Act, BAOA)                                                                                                                                                                                                                                                          | In addition to compliance with regulatory requirements, BTC regularly engages the regulator and Governments on how policy/ regulatory decisions positively and negatively impact the sector and influence regulatory changes through intelligence reports.                                                                                                                                                               |
| Revenue Recognition and completeness | Misstatement of revenue due adjustment and leakages not timely resolved because of external dependencies i.e., vendors                                                                                                                                                                                                                                                                                                                               | BTC complies to the international financial reporting standards through a robust and independent reconciliation and assurance process                                                                                                                                                                                                                                                                                    |
| People Skills & Talent               | COVID- 19 has presented some new challenges for BTC to fully execute its strategy and remain competitive and relevant. Over and above the critical skills and competencies on IP, Internet of Things, Cyber security, cloud and information security, psychological, emotional stability and wellness issues exacerbated by loss of life, have now come to the fore.                                                                                 | BTC has put in place a robust employee wellness programme that includes the introduction of staff support programmes, viz, group counselling sessions, work and life balance, corporate prayer sessions, Covid-19 home care, virtual physical activity session, medical experts' referral amongst others.<br><br>In addition, the Implementation of office decongestion through reorganised work arrangement is ongoing. |

Business Continuity Management

BTC considers Business Continuity Management (BCM) an integral part of good risk management practice and corporate governance. To this end, and as part of continuous improvement, BTC has reviewed the existing BCM framework to align it to the ever-changing technological deployments and the customer demand for increased network quality of service and exceptional customer experience.

To this end, BTC implemented an annual and structured BCM testing schedule on critical functions to provide assurance, protection, preparedness, mitigation and response for system and process recovery. Mission-critical systems include, but are not limited to, the transmission network systems, switching systems, power and mechanical systems, data systems, IP systems, enterprise systems, mobile systems and IT systems and SHE management. This process ensures that a high level of service is available to customers, ensuring that systems are given appropriate priority during failures, resources are available for recovery and fault restoration, that crises are managed and cleared on time, and guidance provided for recovery, escalation and crisis coordination.



# Our Sustainability Review

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# HUMAN RESOURCES

## CULTURE TRANSFORMATION

Culture transformation remains a key component as we strive towards the delivery of the BTC Strategy as it has a direct correlation with customer experience. Great company culture is equivalent to great customer experience.

## TALENT MANAGEMENT

The Talent Management process facilitates and catalyses the BTC Culture transformation. BTC continues to assess its Talent in line with its strategic intent to ensure that the right people do the right things, at the right time and place. BTC continues to facilitate conversations that differentiate Talent according to best potential, to ensure that they are deployed in the right jobs. The development and implementation of differentiated and targeted Learning and Development Plans remain key to the success of this process.

Our work in supporting the Government of Botswana in the fight against Covid-19 is an indication that we are a responsible corporate citizen. We continue to influence and engage stakeholders, create knowledge and awareness of workplace health and safety risk, and encourage behavioral change using our digital platforms. BTC continues to monitor Covid-19 cases closely and provide support to employees who contract the virus. BTC recorded 516 positive cases of Covid-19 in the year under review.

## SUCCESSION PLANNING

BTC has a robust Succession Plan in place that is reviewed on an annual basis. This contributes towards ensuring minimal exposure (risk) and ensure business continuity. The BTC Succession Plan ensures that there is a pool developed as feeder stock into all BTC managerial or leadership roles.

## PERFORMANCE MANAGEMENT

BTC continues to improve its discipline of managing performance. Individual Performance forms the basis for most people-related conversations and its integrity is critical. BTC strives to become and remain a high performing organisation through the continuous improvement of the Performance Management System year in, year out.

## SAFETY HEALTH, AND ENVIRONMENT (SHE)

BTC is responsible for the formulation and implementation of an all-encompassing Safety, Health and Environmental Policies. Over time, we have broadened beyond employee protection to encompass public safety assurance on a wide range of issues such as:

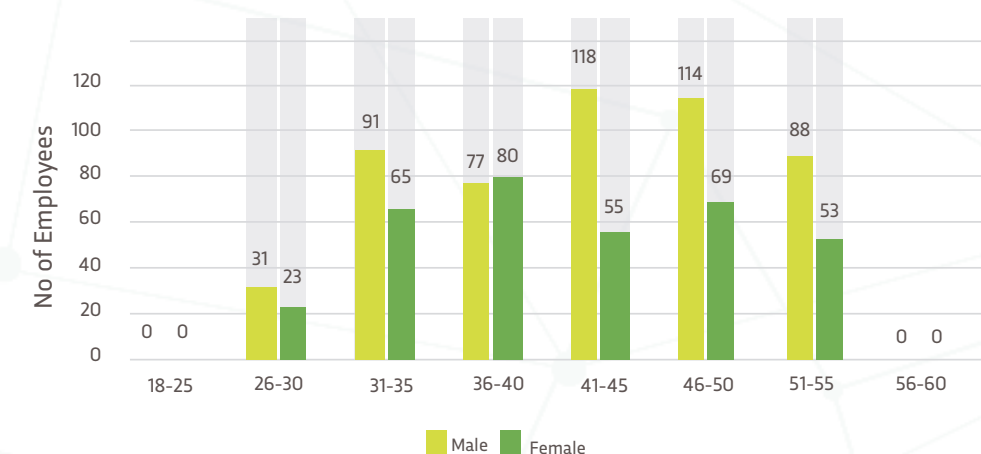
- Enabling business to better manage risk for themselves.
- Protecting the environment.
- Ensuring critical national infrastructure functions safely through our major hazard prevention and control approaches; and
- Our commitment to cyber-security awareness and protection of employees.

## Gender Analysis

The number of male employees in the Company surpasses that of females purely due to the nature of the industry within which we operate. We continue to promote women in ICT and the Telecommunications sector by attracting more women in BTC at all levels and in all disciplines.

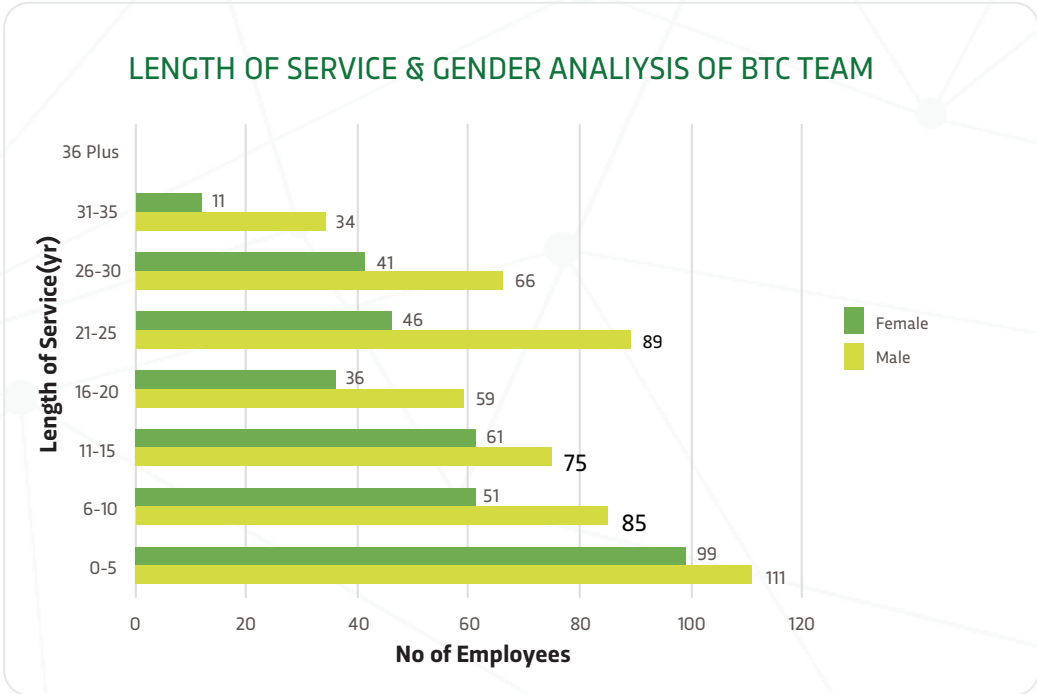
**Average age is 41.99 (42) years.**

### AGE & GENDER ANALYSIS OF BTC TEAM



HUMAN RESOURCES (CONTINUED)

The median number of years that employees have worked at BTC is currently 14.4 years.



## STAKEHOLDER ENGAGEMENT

### OUR STAKEHOLDER ENGAGEMENT

As we continue to be the leading communications provider in Botswana, we have made a deliberate undertaking to invest in and manage relationships with key stakeholders. BTC has mapped its stakeholders and continues to devise creative ways to engage with stakeholders as a critical value driver towards building a commercially sustainable company.

#### Our Stakeholder Engagement approach

The BTC stakeholder base includes individuals, groups and organisations that use our products and services, invest in the company, or provide goods and services. Our engagements are proactive, open platforms offering an opportunity to engage and effectively address the concerns and issues of stakeholders. We respect the interests of the different groups, hence fostering a culture of mutual respect and dialogue.

To continually improve and manage these relationships, BTC regularly engages with its key stakeholders through various platforms. These engagements serve opportunities for information exchange and as a feedback mechanism on our performance.

Messages that are shared include but are not limited to BTC's:

- Adherence to the highest corporate governance standards.
- Contribution to and digitisation of the local economy.
- Support for local businesses.
- Viability as an investment option which delivers value to shareholders.
- Business sustainability.
- Responsibility as a corporate citizen that gives back to Botswana and supports initiatives that uplift lives.

Beyond enhanced stakeholder satisfaction levels, BTC hopes to be recognised as a company that:

- Enables Botswana to live connected everywhere and anywhere.
- Adheres to the highest corporate governance standards.
- Creates and delivers shared value to, with and for all stakeholders.
- Is a dependable investment.
- Positively impacts communities in which it operates to move the Nation forward.

BTC hopes to also enhance transparency and access to information on company operations and performance to:

- Increase support of the Company Strategy, its Board of Directors, and Management.
- Build and maintain relationships with existing and potential investors.
- Build and maintain relationships with key stakeholders.
- Receive important feedback and early warning of potential issues.
- Increase brand affinity and loyalty.
- Enhance digitisation and development of Botswana.

## STAKEHOLDER ENGAGEMENT (CONTINUED)

### Engagement Platforms

BTC has developed and implemented a stakeholder engagement strategy that leverages various platforms towards building a sustainable company that intrinsically linked to communities within which it operates.

| STAKEHOLDER                        | METHOD OF ENGAGEMENT                                                                                                                                                                                                                                                                                 | KEY AREAS OF INTEREST                                                                                                                                                                                                                                                                         | BTC RESPONSE                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Employees</b>                   | <ul style="list-style-type: none"> <li>Employee Engagement Survey</li> <li>Internal Customer Satisfaction Survey</li> <li>MD Staff Addresses (Virtual)</li> <li>Divisional/Departmental meetings</li> <li>Intranet – Mowana, Yammer,</li> <li>Internal company newsletter</li> <li>Emails</li> </ul> | <ul style="list-style-type: none"> <li>Conditions of Service</li> <li>Career progression</li> <li>Staff welfare</li> <li>Company Strategy and Performance</li> <li>Training and Development</li> <li>General information dissemination</li> </ul>                                             | <ul style="list-style-type: none"> <li>Culture Change project</li> <li>Introduction of new cultural norms along with rewards and recognition</li> <li>Implementation of a new performance management tool and rewards system</li> <li>Implementation of Talent Management Programme and online training opportunities</li> <li>Company-wide strategy cascade</li> <li>Weekly Safety, Health &amp; Environment (SHE) awareness communications</li> </ul> |
| <b>Customer</b>                    | <ul style="list-style-type: none"> <li>Customer Satisfaction Surveys</li> <li>Call centres</li> <li>Retail outlets</li> <li>Interviews and focus groups</li> <li>Social Media</li> <li>Bulk SMS</li> <li>Product launches</li> <li>Competitions and reward mechanisms</li> </ul>                     | <ul style="list-style-type: none"> <li>Quality of Service</li> <li>Better value offerings</li> <li>Faster data networks and wider coverage</li> <li>Making it simpler and quicker to deal with BTC (improved turnaround times)</li> <li>Converged solutions for business customers</li> </ul> | <ul style="list-style-type: none"> <li>Significant investments in network modernisation &amp; expansion to improve network quality and enhance Customer experience</li> <li>Consolidation of a new Converged Billing Platform</li> <li>Introduced a new website with increased functionality</li> </ul>                                                                                                                                                 |
| <b>Suppliers</b>                   | <ul style="list-style-type: none"> <li>Breakfast meetings</li> <li>Formal one-on-one meetings</li> <li>Ongoing site visit audits</li> </ul>                                                                                                                                                          | <ul style="list-style-type: none"> <li>Timely payment and favourable terms</li> <li>Debriefing on tenders</li> <li>Improving health and safety standards</li> </ul>                                                                                                                           | <ul style="list-style-type: none"> <li>Introduced a supplier payment management process</li> <li>Timely processing of supplier invoices</li> <li>Promote SHE standards</li> </ul>                                                                                                                                                                                                                                                                       |
| <b>Policy Maker and Regulators</b> | <ul style="list-style-type: none"> <li>Active participation in policy forums</li> <li>Formal periodic briefings</li> <li>Ad hoc engagement on regulatory matters</li> <li>Engagement through industry consultative bodies</li> </ul>                                                                 | <ul style="list-style-type: none"> <li>Licensing and compliance</li> <li>Quality of service and network performance</li> <li>Wider access to broadband communication services</li> <li>Tariff reduction</li> </ul>                                                                            | <ul style="list-style-type: none"> <li>Compliance with regulatory requirements</li> <li>Engage as part of stakeholder management</li> <li>Improved service delivery turnaround times</li> <li>Continuously reviewing tariffs for the benefit of our stakeholders</li> </ul>                                                                                                                                                                             |

# STAKEHOLDER ENGAGEMENT (CONTINUED)

| STAKEHOLDER                    | METHOD OF ENGAGEMENT                                                                                                                                                                                                                                                                                                                                                  | KEY AREAS OF INTEREST                                                                                                                                                                                                                                                                                                                                        | BTC RESPONSE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Shareholders and Analysts      | <ul style="list-style-type: none"> <li>Annual General Meeting (Virtual)</li> <li>Print, digital and broadcast media updates</li> <li>Formal one on one meeting (Institutional Investors)</li> <li>Annual and interim financial results briefings</li> <li>Social media</li> <li>Radio interviews</li> <li>One-on-one interactions with retail shareholders</li> </ul> | <ul style="list-style-type: none"> <li>Return on Investment (share price and dividends)</li> <li>Corporate Performance</li> <li>Corporate Governance</li> <li>Business Sustainability</li> <li>Administrative information</li> <li>Multi-lingual communication (English, Setswana and other relevant local languages)</li> <li>Financial literacy</li> </ul> | <ul style="list-style-type: none"> <li>Increased investments on future growth areas of the business</li> <li>Developed &amp; introduced a Dividend Policy</li> <li>Continuous monitoring of compliance with corporate governance standards</li> <li>Monetisation of the network</li> <li>Corporate website incorporating an Investor Relations page</li> <li>Increased use of social media platforms to disseminate information</li> <li>Diverse information dissemination platforms</li> </ul> |
| Media                          | <ul style="list-style-type: none"> <li>One-on-one interviews</li> <li>Media briefings</li> <li>Radio interviews</li> <li>Media releases</li> <li>Radio talk shows</li> <li>Product launches</li> </ul>                                                                                                                                                                | <ul style="list-style-type: none"> <li>Access to quality and accurate information</li> <li>Quality of service</li> <li>Company performance</li> <li>Products and Services</li> <li>Covering events and activities</li> </ul>                                                                                                                                 | <ul style="list-style-type: none"> <li>Developed and implemented a media engagement strategy &amp; plan</li> </ul>                                                                                                                                                                                                                                                                                                                                                                              |
| Community and Local Leadership | <ul style="list-style-type: none"> <li>Corporate Social Investment (CSI) Programmes</li> <li>Print, digital, and broadcast media</li> <li>Events and product launches</li> <li>Formal meetings</li> <li>Courtesy calls</li> </ul>                                                                                                                                     | <ul style="list-style-type: none"> <li>Access to services</li> <li>Quality of service</li> <li>Sponsorships and donations</li> <li>Impact of our operations on the communities</li> </ul>                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Increased customer service points</li> <li>Network expansion &amp; modernisation.</li> <li>Implement CSI agenda through the BTC Foundation</li> <li>We give back to the community guided by four focus areas: <ul style="list-style-type: none"> <li>Entrepreneurship &amp; Innovation,</li> <li>Wellness &amp; Sports</li> <li>Arts and Culture,</li> <li>Employee Engagement</li> </ul> </li> </ul>                                                    |

# OUR CORPORATE SOCIAL INVESTMENT (CSI)

Our Corporate Social Investment (CSI) is driven by our firm belief that while corporate growth and profitability are essential, corporations must pursue societal goals related to sustainable development.

In the year under review, the Board of Directors of the Company resolved that the BTC Foundation “the Foundation”, a wholly owned entity, which was registered as a trust be de-registered and dissolved. The Board of Trustees of the Foundation resolved that the Foundation be dissolved and the Deed of cancellation of the Trust was executed on the 21st of September 2021. The independent foundation was replaced by an internal CSI which will also be named the BTC Foundation.

The BTC Foundation is a vehicle through which BTC delivers its corporate social investment activities and projects. We take a long-term view with respect to our CSI. We are more concerned with impact and sustainability than with immediate results. It is a non-profit initiative that seeks to be responsive to the needs of the communities in which BTC, its partners and suppliers operate. The Foundation mandate is to have a long-term impact on the lives of communities in pursuit of social, economic, and environmental sustainability.

The Foundation therefore invests in sustainable socially and environmentally impactful community projects and initiatives. This is done through partnerships with like-minded non-profit organisations, sponsorship of CSI projects and direct donations to support causes in line with its focus areas. The BTC Foundation projects and activities are important stakeholder engagement platforms for BTC. Under the current Strategy, the Vision, Mission and Values of the Foundation are below:



- Giving back to the community** – We are committed not only to making a profit, but also ensuring the wellbeing of communities.
- Positive impact** – We pride ourselves on the impact we have on our people.
- Integrity** – We are committed to creating trust for mutual benefit.
- Excellence** – We uphold a high level of excellence in everything we do.

**CORPORATE SOCIAL INVESTMENT (CSI) (CONTINUED)**

This framework focuses on stakeholder engagement, materiality, monitoring and evaluation, and reporting of projects and activities. Projects and activities are essential stakeholder engagement platforms for the Company, and BTC employees are integral to the culture of socially responsible conduct. They are therefore involved in most BTC Foundation initiatives.

**BTC FOUNDATION PROJECTS**

**BTC constructs shelter for Princess Marina Hospital**

We constructed a shelter for Princess Marina Hospital (PMH) to be utilised by the Hospital's patients and visitors. The waiting room will enhance the customer experience and provide psychological healing to patients.

BTC Managing Director, Mr. Anthony Masunga, was present for the handover, during which he stated that the Foundation constructed the shelter at a total value of P304, 604. He noted that the waiting area is equipped with 28 benches, a television and sound system for entertainment and Internet connectivity of 10 mbps for a period of one year. BTC is a responsible corporate citizen and in making this donation, we have heeded the National call for assistance from the impact of the Covid-19 and its effects and strain on the healthcare system. Mr Masunga concluded by adding that the BTC Foundation has made a strong commitment to become a trusted partner to communities by investing in projects that are sustainable and impactful, working to improve the wellbeing of societies.



**CORPORATE SOCIAL INVESTMENT (CSI) (CONTINUED)**

**BTC establishes an eco-park in Moshana**

BTC established a partnership with Moshana Community Development Trust (MCDT) to the value of P615,000 to construct an eco-park for conservation and environmental protection of exotic plants. A modest conference facility with amenities is also due to be built in the park.



MCDT aims to conserve and protect natural resources of the area against extinction, damage or misuse, and to promote the sustainable use of natural resources in the area, while also seeking to establish and encourage tourism and entrepreneurship initiatives for the benefit of the community. BTC is privileged to have worked with MCDT for this effort.

Project implementation, resourcing and engagement of suppliers is centred in the local community to encourage economic inclusion and build social capital within the community, in line with BTC's support of local communities.

**BTC attends Pelotshwaane P. School prizegiving**

The BTC Foundation rewarded Pelotshwaane Primary school for excelling in the Primary school Leaving Examinations (PSLE) in Francistown.

Speaking at the event as Guest Speaker, BTC Store Manager for the North region, Ms. Mirriam Giddie, congratulated the school and learners on their hard work. BTC donated a 3-in-1 printer with toners to be used by the school to further enhance their performance and the overall learning experience. The school management commended BTC for always supporting the education sector whenever they are approached.

# Financials Review

## 06

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## OVERVIEW

This financial review and management discussion reviews the results of the operations, performance and financial position of the Company for the financial year ended March 2022. The commentary is intended to help the reader to understand the results of the operations and financial position of BTC and is provided as a supplement to be read in conjunction with the Company's audited annual financial statements for the year just ended compared with the year ended March 2021. The audited annual financial statements (AFS) and the accompanying notes are prepared in accordance with International Financial Reporting Standards (IFRS) and reported in Botswana Pula (BWP).

Throughout the commentary, references to "We", "Our", "Company", "BTCL" and "BTC" all refer to Botswana Telecommunications Corporation Limited. BTCL is a converged telecommunications operator offering fixed, mobile and broadband (fixed data) services to individuals, enterprises and other licensed service providers. These segments are further broken down or analysed into distinct revenue sources notably voice, access service, data usage and provision of customer premises equipment. The analysis is designed to assist management and other readers to compare and understand the operating results and financial performance in a meaningful way.

Of importance, the Company had a wholly owned entity, the BTC Foundation "the Foundation", which was established in 2014 to coordinate and deliver the Company's corporate social investments initiatives. A decision was taken by the Board of Trustees of the Foundation on the 19th of April 2021 that the Foundation be dissolved and the deed of cancellation of the Trust was executed on the 21st of September 2021. As the assets assumed from the Foundation were not material and no activities had been undertaken by the Foundation during the year, the Company decided not to consolidate the results of the Foundation and accordingly there is no Group reporting for the current financial year, and by extension no comparatives have been provided as well.

### Basis of financial analysis and other measures

Unless expressly stated or indicated otherwise, figures in the review have been extracted from the AFS and are therefore IFRS compliant. One such departure is the 10-year trend which, for purposes of computing measures such as EBITDA, has had the order of account lines re-aligned in relation to IFRS, some of the balances re-classified and lastly some of the numbers summarised. Reconciliations or explanations have been included in areas where there are departures or differences to the audited accounts.

It should also be noted that BTC also presents other financial performance and position measures including the various margins (Gross profit, EBITDA, EBIT and Net profit) and various returns measures such as ROA, ROE, ROCE etc. These measures do not have a standardised meaning under IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies, as other entities may define these terms in different ways.

The Company includes the following measures because it believes certain investors use these measures as a means of assessing the financial performance and position of the Company.

## OVERVIEW (CONTINUED)

- Gross profit is calculated as revenue from contracts with customers less costs of services and goods sold with the gross profit margin being the gross profit divided by revenue from contracts with customers.
- Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) is calculated as gross profit plus other income less all costs but excluding depreciation, amortisation, interest and taxation. The EBITDA margin is EBITDA divided by revenue from contracts with customers.
- Earnings before interest and taxes (EBIT) or Operating income, is calculated as net earnings before finance costs (net of finance income) and income taxes. Operating margin is therefore EBIT divided by revenue from contracts with customers.
- Return on average capital employed (ROCE) is computed as EBIT over the average (sum of opening and closing balances divided by two) capital employed i.e. total assets minus current liabilities.
- Return on average shareholders' equity (ROE) is computed as profit for the year (PAT) over average shareholders' equity.
- Return on average assets (ROA) is computed as profit for the year over average total assets.
- Solvency ratio is calculated as profit for the year plus depreciation and amortisation charge for the year over both long term and short-term liabilities.

## TEN YEAR REVIEW

The commentary starts with a 10-year reproduction of the Company's footprint which highlights the transformation journey that the Company has undergone which includes the following highlights:

- Although falling outside the 10 year review period, in 2012, in line with the decision of the Government of Botswana to commercialise and privatise BTC, the Company was converted to a public company limited by shares, continuing with all the existing assets, liabilities, operations, licenses etc.
- The new legal form assumed the name Botswana Telecommunications Corporation Limited (BTCL). On the same date, BTCL also changed from being tax-exempt to a tax paying entity, falling under the purview of the Income Tax Act regulations. With the change in tax status, the Company changed its dividend policy from the then prescribed 25% rate to a rate determined by the Board of Directors.
- Network separation in 2014 in line with a Government directive, where all fibre network assets, related capital grants and deferred revenue amounting to P284.2 million were transferred to the newly created Botswana Fibre Network (BoFinet). BTC also provided P121.2 million cash funding as initial set up costs to BoFinet. The separation exercise resulted in a P405.4 million reduction in shareholders equity.
- Following the separation above and the loss of cash-flows attributable to the transfer of the back-bone plant and equipment to BoFinet, an impairment charge of P266.1 million was recognised.
- In the same year, an organisational restructuring exercise was undertaken resulting in separation costs of P31.2 million.
- Two years later, the impairment figure increased by P522.4 million on account of significant changes in the business environment attributable to regulatory changes resulting in increased network related costs, a reduction on revenue lines, increased competition and more importantly, substantial wholesale tariff reductions.
- In both instances (2014 and 2016), BTCL's value-in-use of its assets were below their respective carrying amounts, necessitating impairment adjustments for the respective years.
- In April 2016, BTCL was listed on the Botswana Stock Exchange following an Initial Public Offering (IPO) making it the first listed telecommunication entity in the exchange. The IPO included an issue of 250 million subscription shares, thereby increasing total number of outstanding ordinary shares to the current 1.05 billion.
- BTC has continued to be self-financing and a debt free enterprise since fully paying off its Government loans and redeeming the bonds that were issued. This is on the face of a defined programme over the period of continued investments in infrastructure through number of projects aimed at modernising the infrastructure and expanding network capacity where needed.

## TEN YEAR REVIEW (CONTINUED)

There has been steady migration to next generation service provider networks to support the converged service offerings and requirements of our customers.

- The cornerstone of this transition has, to a large extent, being propelled by our innate ability to initiate and build successful partnerships and forging highly valued relationships with a multitude of associates. The sustainability of these relationships has played a pivotal role in our quest to provide world class service.
- The 2021 financial year saw the ushering in of the new 3-year strategy focusing of strengthening of the core business, optimisation of efficiencies and return on assets in addition to pursuit of growth opportunities. This was a follow up to the 2018-20 strategy direction which was geared towards technological, commercial and cultural transformations.
- In the midst of all the global and regional matters affecting the Company including COVID -19 and the Russian- Ukraine war and its impact on the global commodity prices, the Company's performance in the current year has remained resilient and we are optimistic our strategy for 2023-25 will leverage on our upgraded technology platforms and continue to provide returns. We are confident in our workforce, network capability and product portfolio; and are proud of the brand equity we have built as a local home grown brand.

TEN YEAR REVIEW (CONTINUED)

| Performance Statements (P 000's)                                           | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | Restated<br>2020 | Restated<br>2021 | 2022      |
|----------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|------------------|-----------|
| Revenue from contracts with customers                                      | 1,384,222 | 1,463,931 | 1,479,988 | 1,485,839 | 1,615,022 | 1,566,908 | 1,410,352 | 1,416,977        | 1,426,409        | 1,392,257 |
| Cost of services and goods sold (excluding depreciation and amortisation)  | (397,505) | (375,054) | (399,923) | (471,427) | (541,447) | (461,955) | (396,361) | (348,167)        | (316,016)        | (327,969) |
| Gross Profit                                                               | 986,717   | 1,088,877 | 1,080,065 | 1,014,412 | 1,073,575 | 1,104,953 | 1,013,991 | 1,068,810        | 1,110,393        | 1,064,288 |
| Other income                                                               | 565       | 9,444     | 15,254    | 5,028     | 6,094     | 1,455     | 246       | 2,105            | 6,639            | 18,683    |
| Selling and distribution costs                                             | (23,649)  | (29,810)  | (38,168)  | (42,188)  | (48,728)  | (41,096)  | (37,332)  | (25,385)         | (20,016)         | (18,242)  |
| Administrative expenses (excluding depreciation)                           | (317,624) | (367,264) | (389,309) | (397,012) | (389,116) | (422,570) | (390,209) | (395,972)        | (397,358)        | (385,302) |
| Impairment losses and gains on financial assets and contract assets        | -         | -         | -         | -         | -         | -         | 10,683    | (18,803)         | (12,865)         | 3,191     |
| Other expenses                                                             | (198,669) | (282,000) | (315,666) | (317,038) | (272,489) | (273,313) | (270,261) | (221,572)        | (239,894)        | (222,436) |
| Earnings before interest, depreciation, taxation and amortisation (EBIDTA) | 447,340   | 419,247   | 352,176   | 263,202   | 369,336   | 369,429   | 327,118   | 409,183          | 446,899          | 460,182   |
| Depreciation and amortisation (of intangibles, IRU and leased assets)      | (220,353) | (217,782) | (202,070) | (259,593) | (147,321) | (156,098) | (201,130) | (274,359)        | (288,436)        | (295,053) |
| Amortisation of government grants                                          | 38,669    | 42,670    | 24,397    | 24,397    | 29,453    | 29,453    | 29,657    | 29,862           | 30,990           | 21,235    |
| Impairment of property, plant and equipment                                | -         | (266,051) | -         | (522,404) | -         | -         | -         | -                | -                | -         |
| Earnings before interest and taxation (EBIT)                               | 265,656   | (21,916)  | 174,503   | (494,398) | 251,468   | 242,784   | 155,645   | 164,686          | 189,453          | 186,364   |
| Interest income                                                            | 18,451    | 25,144    | 26,066    | 26,451    | 23,075    | 21,131    | 17,606    | 7,303            | 6,360            | 18,796    |
| Interest expense                                                           | (184)     | (208)     | -         | -         | -         | -         | (9,257)   | (31,015)         | (26,972)         | (22,767)  |
| Profit before taxation (PBT)                                               | 283,923   | 3,020     | 200,569   | (467,947) | 274,543   | 263,915   | 163,994   | 140,974          | 168,841          | 182,393   |
| Income tax expense                                                         | (10,277)  | (2,880)   | (53,814)  | 97,127    | (37,194)  | (46,564)  | (15,540)  | (22,249)         | (30,923)         | (41,608)  |
| Profit for the year (PAT)                                                  | 273,646   | 140       | 146,755   | (370,820) | 237,349   | 217,351   | 148,454   | 118,725          | 137,918          | 140,785   |
| Position Statements (P 000's)                                              |           |           |           |           |           |           |           |                  |                  |           |
| Property, Plant, Equipment and Intangible assets                           | 1,886,115 | 1,251,793 | 1,556,197 | 1,028,771 | 1,279,488 | 1,488,331 | 1,772,147 | 1,741,307        | 1,776,391        | 1,633,398 |
| Right of use assets                                                        | -         | -         | -         | -         | -         | -         | -         | 144,629          | 129,325          | 115,337   |
| IRU asset                                                                  | -         | -         | -         | -         | -         | -         | 534,932   | 496,723          | 458,514          | 420,305   |
| Deferred taxation                                                          | -         | 89,751    | 26,611    | 123,738   | 87,947    | 51,634    | 38,854    | 27,451           | -                | -         |
| Other current Assets                                                       | 315,680   | 434,926   | 455,316   | 406,481   | 442,040   | 442,829   | 276,948   | 312,376          | 263,956          | 301,112   |
| Cash and cash equivalents                                                  | 405,548   | 353,462   | 365,977   | 390,029   | 516,549   | 450,074   | 305,456   | 118,089          | 363,273          | 520,442   |
| Total Assets                                                               | 2,607,343 | 2,129,932 | 2,404,101 | 1,949,019 | 2,326,024 | 2,432,868 | 2,928,337 | 2,840,575        | 2,991,459        | 2,990,594 |
| Capital employed                                                           | 1,993,628 | 1,588,319 | 1,922,930 | 1,552,110 | 1,949,159 | 2,062,663 | 2,094,872 | 2,084,594        | 2,241,254        | 2,281,695 |
| Non-current liabilities                                                    | 304,337   | 198,050   | 201,512   | 180,842   | 130,322   | 113,899   | 384,908   | 420,570          | 338,684          | 308,520   |
| Current liabilities                                                        | 309,378   | 343,563   | 279,659   | 216,067   | 246,543   | 256,306   | 448,557   | 335,411          | 411,521          | 400,379   |
| Total Equity and Liabilities                                               | 2,607,343 | 2,129,932 | 2,404,101 | 1,949,019 | 2,326,024 | 2,432,868 | 2,928,337 | 2,840,575        | 2,991,459        | 2,990,594 |
| Capital Expenditure                                                        | 333,896   | 194,846   | 264,498   | 254,570   | 398,969   | 299,793   | 455,820   | 229,968          | 217,092          | 133,953   |
| Ratios                                                                     |           |           |           |           |           |           |           |                  |                  |           |
| Revenue growth                                                             | 18%       | 6%        | 1%        | 0%        | 9%        | -3%       | (10%)     | 0%               | 1%               | -2%       |
| Earning per share (Thebe) (1,050,000,000 shares)                           | 26.06     | 0.01      | 13.98     | 35.32     | 22.60     | 20.70     | 14.14     | 11.31            | 13.14            | 13.41     |
| EBIDTA margin                                                              | 32%       | 29%       | 24%       | 18%       | 23%       | 24%       | 23%       | 29%              | 31%              | 33%       |
| Current ratio                                                              | 2.3       | 2.3       | 2.9       | 3.7       | 3.9       | 3.5       | 1.3       | 1.3              | 1.5              | 2.1       |
| Capex to revenue ratio                                                     | 24%       | 13%       | 18%       | 17%       | 25%       | 19%       | 32%       | 16%              | 15%              | 10%       |
| Capex to depreciation charge                                               | 1.5       | 0.9       | 1.3       | 1.0       | 2.7       | 1.9       | 2.3       | 0.8              | 0.8              | 0.5       |
| Turnover ratio (Turnover/ Closing assets)                                  | 53%       | 69%       | 62%       | 76%       | 69%       | 64%       | 48%       | 50%              | 48%              | 47%       |
| Return on average equity                                                   | 15%       | 0%        | 8%        | -21%      | 14%       | 11%       | 7%        | 6%               | 6%               | 6%        |
| Return on average capital employed                                         | 12%       | 0%        | 8%        | -19%      | 12%       | 10%       | 6%        | 5%               | 5%               | 5%        |
| Return on average operating assets                                         | 11%       | 0%        | 6%        | -17%      | 11%       | 9%        | 6%        | 4%               | 5%               | 5%        |
| Other Operational Data                                                     |           |           |           |           |           |           |           |                  |                  |           |
| Staff strength                                                             | 962       | 932       | 934       | 944       | 919       | 920       | 914       | 914              | 886              | 864       |
| Economic data                                                              |           |           |           |           |           |           |           |                  |                  |           |
| Inflation (consumer price inflation)                                       | 6.20      | 8.20      | 4.50      | 2.50      | 3.00      | 2.80      | 3.30      | 3.30             | 3.30             | 10.00     |
| Value of Pula (1 Pula equals to US \$)                                     | 0.15      | 0.11      | 0.10      | 0.09      | 0.09      | 0.10      | 0.09      | 0.08             | 0.09             | 0.08      |

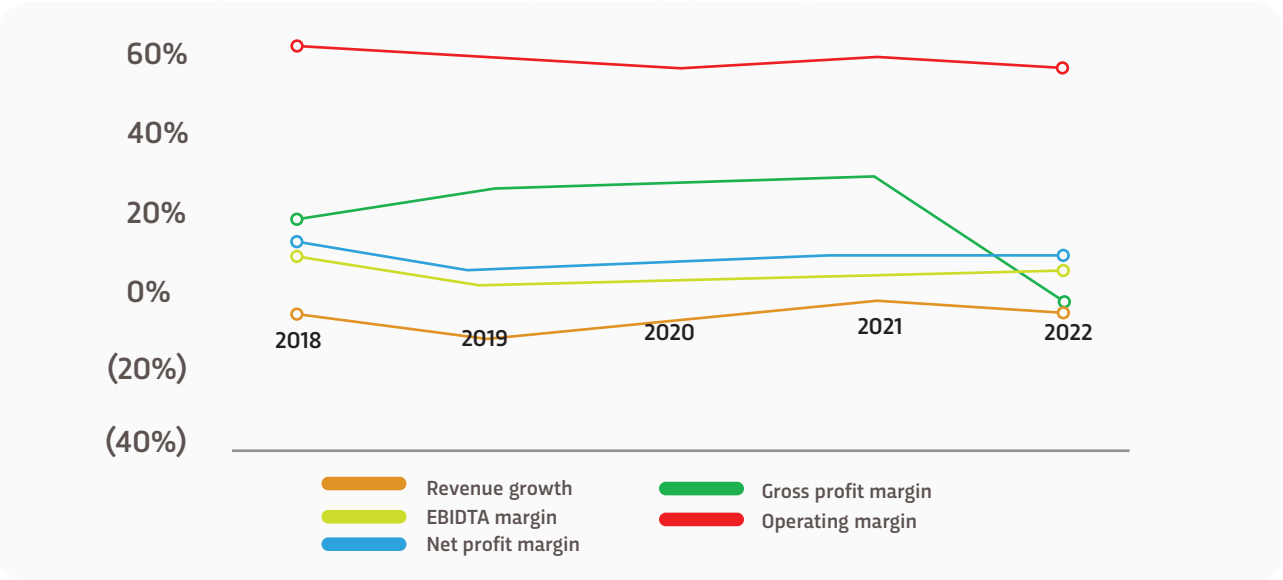
# CURRENT YEAR PERFORMANCE REVIEW

## Review of the results based on the statement of profit or loss as published

|                                                                            |           |           | Restated  | Restated  |           |          |        |
|----------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|----------|--------|
| All figures in P'000                                                       | 2018      | 2019      | 2020      | 2021      | 2022      | P'000    | %      |
| Revenue from contracts with customers                                      | 1,566,908 | 1,410,352 | 1,416,977 | 1,426,409 | 1,392,257 | (34,152) | (2%)   |
| Cost of services and goods sold                                            | (600,895) | (578,117) | (609,764) | (592,515) | (604,751) | (12,236) | 2%     |
| Gross Profit                                                               | 966,013   | 832,235   | 807,213   | 833,894   | 787,506   | (46,388) | (6%)   |
| Other income                                                               | 30,908    | 29,903    | 31,967    | 37,629    | 39,918    | 2,289    | 6%     |
| Selling and distribution costs                                             | (41,096)  | (37,332)  | (25,385)  | (20,016)  | (18,242)  | 1,774    | (9%)   |
| Administrative expenses                                                    | (439,728) | (409,583) | (408,734) | (409,295) | (403,573) | 5,722    | (1%)   |
| Impairment losses and gains on financial assets and contract assets        | -         | 10,683    | (18,803)  | (12,865)  | 3,191     | 16,056   | (125%) |
| Other expenses                                                             | (273,313) | (270,261) | (221,572) | (239,894) | (222,436) | 17,458   | (7%)   |
| Earnings before interest and taxation (EBIT)                               | 242,784   | 155,645   | 164,686   | 189,453   | 186,364   | (3,089)  | (2%)   |
| Interest Income                                                            | 21,131    | 17,606    | 7,303     | 6,360     | 18,796    | 12,436   | 196%   |
| Interest expense                                                           | -         | (9,257)   | (31,015)  | (26,972)  | (22,767)  | 4,205    | (16%)  |
| Profit before taxation (PBT)                                               | 263,915   | 163,994   | 140,974   | 168,841   | 182,393   | 13,552   | 8%     |
| Income tax expense                                                         | (46,564)  | (15,540)  | (22,249)  | (30,923)  | (41,608)  | (10,685) | 35%    |
| Profit for the year (PAT)                                                  | 217,351   | 148,454   | 118,725   | 137,918   | 140,785   | 2,867    | 2%     |
| Earnings before interest, depreciation, taxation and amortisation (EBIDTA) | 369,429   | 327,118   | 409,183   | 446,899   | 460,182   | 13,283   | 3%     |
| Earning per share (Thebe) (1,050,000,000 shares)                           | 20.70     | 14.14     | 11.31     | 13.14     | 13.41     | 0.27     | 2%     |
| Profitability ratios (%)                                                   |           |           |           |           |           |          |        |
|                                                                            | 2018      | 2019      | 2020      | 2021      | 2022      |          |        |
| Revenue growth                                                             | (3%)      | (10%)     | (4%)      | 1%        | (2%)      |          | (3%)   |
| Gross profit margin                                                        | 62%       | 59%       | 57%       | 58%       | 57%       |          | (2%)   |
| EBIDTA margin                                                              | 21%       | 29%       | 33%       | 32%       | 33%       |          | 1.7%   |
| Operating margin                                                           | 15%       | 9%        | 11%       | 13.1%     | 13.4%     |          | 0.3%   |
| Net Profit margin                                                          | 14%       | 6%        | 8%        | 9%        | 10%       |          | 1%     |

# CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

## Profitability ratios



There was a slight decline in the top line which saw the Company registering a 2% decline in the revenue from contracts with customer ending at P1.392 billion compared to P1.426 billion for the same period last year. Although the cost containment measures continued across the Company, there was also a 2% increase in the Cost of Services and Goods sold to P604.8 million from P592.5 million registered in 2021. This therefore led to a P46.4 million or 6% decline in the gross profit for the year, translating to a 2% decline in overall gross profit margin.

The above was largely reversed in the earnings before interest and taxation (EBIT) category where the Company's clawed back P43.3 million in savings in operating costs to finish the year at P186.4 million, a 1.6% decline from the prior year's P189.5 million. On that note, the operating margin for the Company improved to 13.4% as compared to the previous year's 13.1%. Earnings before interest, depreciation, taxation and amortisation or EBIDTA, also improved by P13.3 million, with margin expansion of 170 basis points when compared to the previous year.

The position above was further improved in the profit before taxation (PBT) section where the Company garnered an increase of P12.4 million in interest income and a further P4.2 million decrease in the interest expense hence an improvement of P13.6 million when compared to the same period in the prior year. This therefore translated to the closing PBT of P182.4 million, an 8% increase compared to the financial year ending 2021. In spite of a higher taxation amount of P41.6 million, compared to P30.9 million last year, the Company ended the year with a profit after tax of P140.8 million, P2.9 million better than the 2021 financial year.

## CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

### Revenue Analysis By Business Streams

|                           |       |       | Restated | Restated |       |        |                      |      | Restated | Restated |      |  |
|---------------------------|-------|-------|----------|----------|-------|--------|----------------------|------|----------|----------|------|--|
| All figures in P'millions | 2018  | 2019  | 2020     | 2021     | 2022  | CAGR   | 2018                 | 2019 | 2020     | 2021     | 2022 |  |
| Current year amount       |       |       |          |          |       |        | Revenue Contribution |      |          |          |      |  |
| Fixed Voice               | 524   | 481   | 471      | 408      | 405   | (6.7%) | 33%                  | 34%  | 33%      | 29%      | 29%  |  |
| Mobile                    | 544   | 471   | 425      | 452      | 438   | (5.6%) | 35%                  | 33%  | 30%      | 32%      | 31%  |  |
| Fixed data                | 468   | 433   | 473      | 506.1    | 486.0 | 0.9%   | 30%                  | 31%  | 33%      | 35%      | 35%  |  |
| Other revenues            | 30    | 26    | 48       | 60       | 63    | 16.8%  | 2%                   | 2%   | 3%       | 4%       | 5%   |  |
| Total revenues            | 1,567 | 1,410 | 1,417    | 1,426    | 1,392 | (3.0%) | 100%                 | 100% | 100%     | 100%     | 100% |  |

Change in revenue (in P millions)

|                      | 18/19        | 19/20    | 20/21    | 21/22       |  | 18/19          | 19/20       | 20/21       | 21/22        |
|----------------------|--------------|----------|----------|-------------|--|----------------|-------------|-------------|--------------|
| Fixed Voice          | (43)         | (10)     | (64)     | (3)         |  | (8.2%)         | (2.1%)      | (13.5%)     | (0.6%)       |
| Mobile               | (73)         | (46)     | 28       | (14)        |  | (13.4%)        | (9.9%)      | 6.5%        | (3.2%)       |
| Fixed data           | (36)         | 41       | 33       | (20)        |  | (7.6%)         | 9%          | 70%         | (4.0%)       |
| Other revenues       | (5)          | 22       | 12       | 3           |  | (14.9%)        | 87%         | 25.2%       | 4.5%         |
| <b>Total revenue</b> | <b>(157)</b> | <b>7</b> | <b>9</b> | <b>(34)</b> |  | <b>(10.0%)</b> | <b>0.5%</b> | <b>0.7%</b> | <b>-2.4%</b> |

CAGR = Compound Annual Growth from 2017 to 2021

The Company's revenue from contracts with customers is derived from three major business streams – fixed voice revenue, mobile revenues and fixed data (sometimes referred to as fixed broadband or just broadband) and other revenues namely directory services, property rentals, third party collection services, value added services and mobile money services (SMEGA).

As already mentioned in the above section, the Company's performance reduced marginally when compared to last year by P34 million, a 2% decline. In view of the continuing low macroeconomics performance including the lingering impact of the COVID -19, this is largely commendable reflecting the continued customer confidence on the Company's products and services.

In line with global expectations brought about by customer trends of switching to newer and cheaper alternative products with lower margins i.e. the shift from voice to data centric services, the revenue proportions of the three main lines have started swaying towards fixed data and mobile with fixed voice now trailing the pack at 29% and broadband taking the lion's share at 35% of total revenues. This trend is expected to continue given the level of capital expenditure and general business direction over the past few years.

## CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

### Fixed Voice

| All figures in P'millions         | 2020       | 2021       | 2022       |
|-----------------------------------|------------|------------|------------|
| Voice                             | 184        | 137        | 150        |
| Access                            | 142        | 125        | 116        |
| Interconnect                      | 23         | 15         | 14         |
| Customer Premises Equipment (CPE) | 121        | 130        | 125        |
| <b>Total Fixed revenues</b>       | <b>471</b> | <b>408</b> | <b>405</b> |

Ending the year at P405.0 million, the fixed voice stream continues to be a significant contributor to the overall revenues of BTC. This was a slight reduction when compared to the prior year where the segment's revenues were P407.6 million, hence a drop of P2.7 million year on year. However, due to the already mentioned point on shifting customer preferences, coupled with increasing competition and telecommunication industry regulation, the overall compound annual growth rate (CAGR) has declined by 6.7% between 2018 and 2022. On a positive note, as long as the bulk of the institutional and business communication remains largely fixed voice centric, this segment is still expected to remain a significant contributor to BTC despite the gradual decline.

Unlike in previous years where the major reason for the reduction was due to decline in voice calls services, this year saw the category improving by P13.0 million when compared to last year. The drop in the total revenues were largely on account of Access revenues followed by Customer premises equipment which fell by P9.5 million and P4.7 million respectively to finish the year at P115.6 million and P125.4 million a-piece.

### Mobile Revenue

| All figures in P'millions                      | 2020       | 2021       | 2022       |
|------------------------------------------------|------------|------------|------------|
| Voice                                          | 302        | 266        | 179        |
| Interconnect                                   | 19         | 16         | 13         |
| Data                                           | 70         | 126        | 191        |
| Short Message Service and Value added services | 30         | 27         | 33         |
| Customer Premises Equipment (CPE)              | 4          | 17         | 22         |
| <b>Total Mobile revenues</b>                   | <b>425</b> | <b>452</b> | <b>438</b> |

Mobile revenues declined by P14.4 million (3.2%) from P452.4 million in 2021 to P438 million in the current year. It continues to be the second largest contributor at 32%, a drop of 1% when compared to last year. Similar to the Fixed voice segment, the category also saw a decline in the CAGR of 5.6% since 2018.

As was the case in the prior year, the voice component of the mobile category continues to pull the whole segment down as it declined by P87.5 million when compared to the same period last year. This reduction was offset by the increases in the mobile data, SMS/value added services and Customer Premises Equipment (CPE) of P65.0 million, P6.1 million and P5.0 million respectively.

CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

Mobile Revenue (continued)

This trend is expected to continue in the future driven by the monetisation of significant investments in fixed and mobile broadband infrastructure in support of high-speed internet services at homes and offices across most parts of the country. Our investments included upgrading the mobile network to 4.5G (LTE-A) coverage across the country, rolling out the fibre connectivity upgrades and renewing the VSAT platform, leading to connectivity anywhere in Botswana (note that this point also applies to the fixed data revenue below).

Fixed data revenue

| All figures in P'millions         | 2020 | 2021 | 2022 |
|-----------------------------------|------|------|------|
| Usage                             | 160  | 262  | 260  |
| Access                            | 293  | 221  | 212  |
| Customer Premises Equipment (CPE) | 20   | 24   | 15   |
| Total Fixed Data revenues         | 473  | 506  | 486  |

This revenue stream registered the biggest decline compared with the other two streams amounting to P20.1 million (4.0%) to end the year at P486.0 million versus the P506.1 million achieved in the prior year. Nonetheless, the benefit of the extensive capital expenditure over the past few years following successful completion and commissioning of both the fixed broadband and mobile broadband projects in the 2019 financial year, continues to pay off with the data category continuing to bring the lion's share to the BTC revenues with proportion remaining at 35%, a second year in succession. At the same time, unlike the other two segments that registered a negative growth, the Fixed data achieved a 0.9% CAGR increase since 2018.

The decrease in this category came primarily from access and Customer Premises Equipment (CPE) revenues lines which went down by P8.9 million and P9.0 million respectively. Access data comprises retail and wholesale national and international leased lines, ADSL, frame relay and metro network services. Over the years, there is continuing migration of national leased lines to metro ethernet services, which offer customers better services and a lower price per megabyte. CPE transactions tend to be once off or ad-hoc as they are retained by customer over several years before upgrades or replacement.

This category is expected to continue anchoring revenue growth into the future.

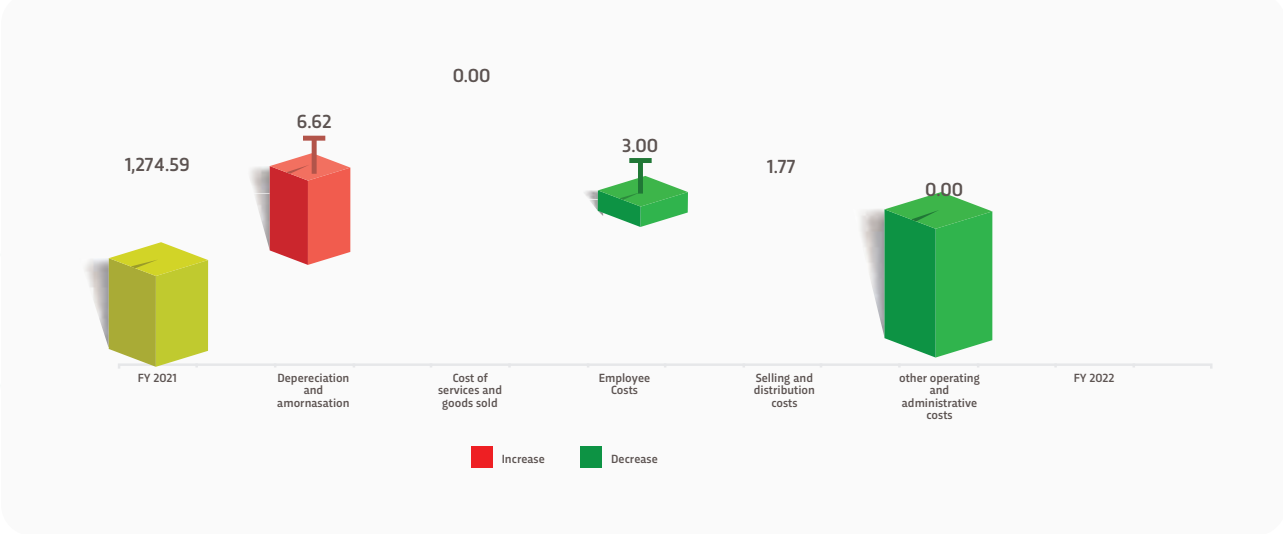
Other Revenue

Although very small in relation to the main revenue lines mentioned above, the other revenue continued to grow year on year contributing P63.0 million to the total revenues, P2.7 million improvement over prior year. The growth is mainly driven by mobile money services or SMEGA and value-added services which registered P5.6 million and P13.1 million respectively, a P3.4 million and P9.8 million increase when compared to the same period last year.

The category registered the highest CARG of 16.8%.

CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

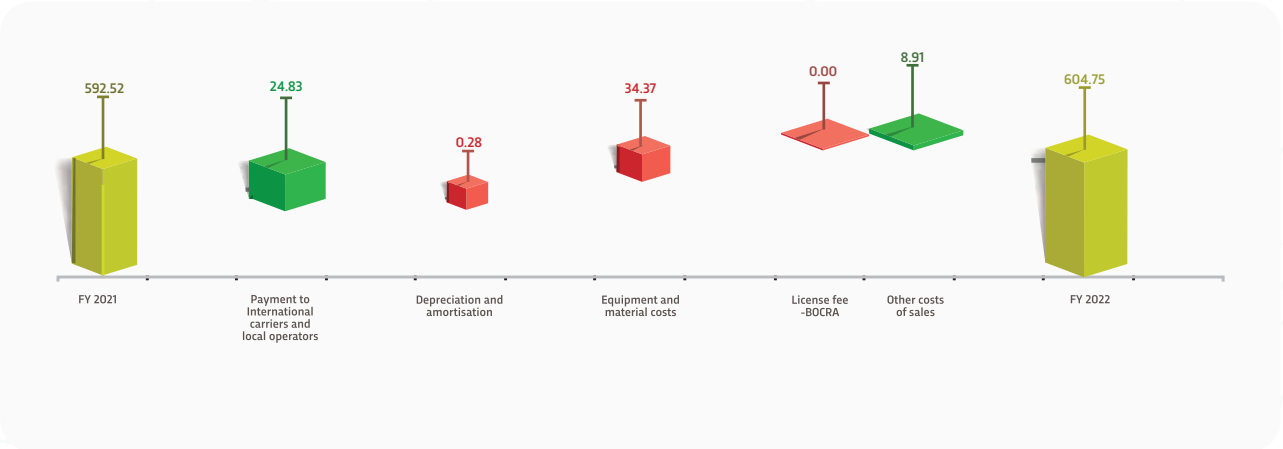
Total operating costs



The overall reduction in the top line, the revenue from contracts with customers of P34.1m was countered by a compensating decrease of P31.1m in total operating costs as a result of amongst other things reduction in costs directly related to revenue or volume of traffic, such as call based costs (interconnect costs), dealer commissions, regulatory turnover fees and general cost containment of controllable costs.

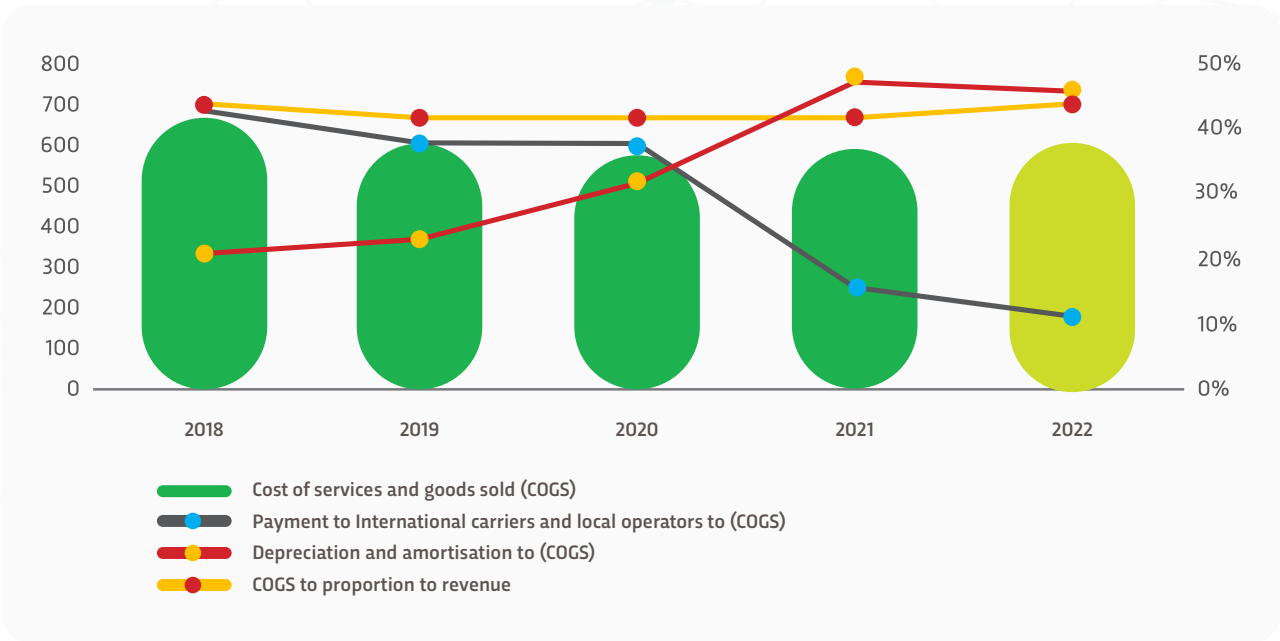
To counter the declining revenue trend that the Company has experienced over the last few years, cost optimization has become a key strategic initiative resulting in the proportion of the costs to revenue remaining relatively level over the past 5 years. The 3-year strategy 2021-2023 launched in the past financial year has a primary focus of streamlining operations to gain cost efficiencies throughout the business.

Cost of services and goods sold

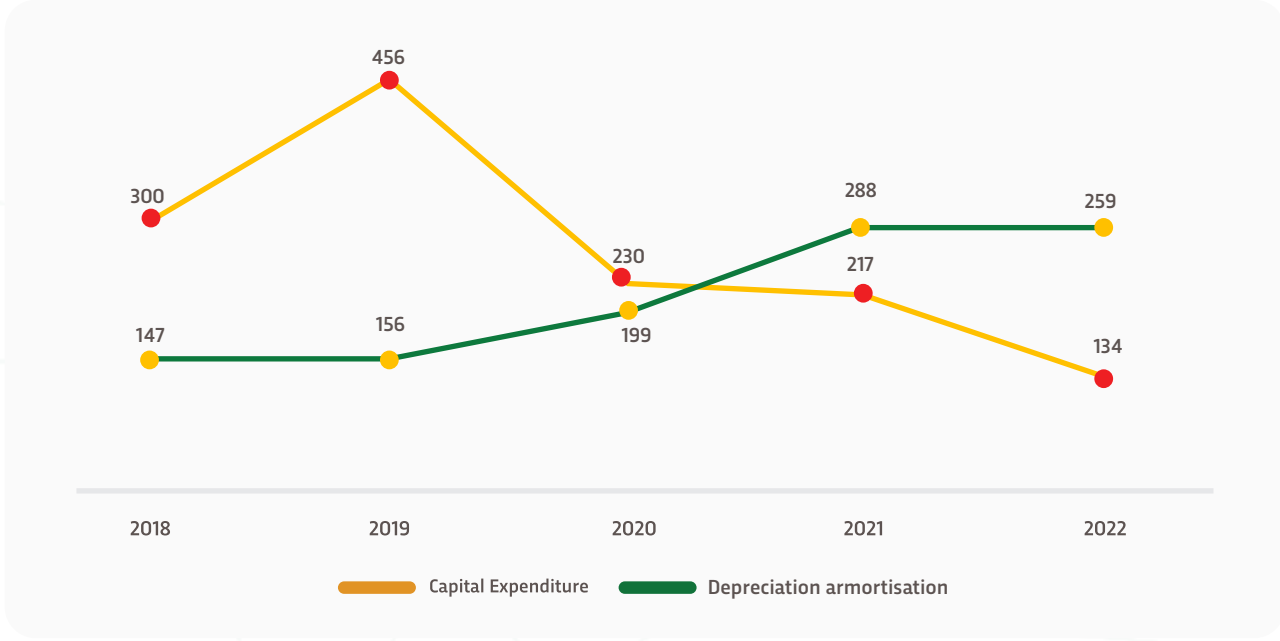


CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

Cost of goods and services sold (Trend, proportion to revenue)



Depreciation and Capital Expenditure



Cost of services and goods sold, which averaged about 42% of total revenue over the past 5 years, comprise primarily of payments for interconnection to international carriers and local operators, equipment and material costs and depreciation and amortisation charges. Total costs ended the year at P604.8 million, P12.2

million higher than the corresponding period last year. The increase was primarily driven by increases in equipment and material costs which went up by P34.4 million followed by Cost of phones which also increased from P27.2 million to P38.6 million.

CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

Cost of goods and services sold (Trend, proportion to revenue) (continued)

Although contributing 46% (47% in the prior year), the depreciation and amortisation charges remained flat year on year finishing the year at P276.8 million. This is contrary to the previous 5 years when BTC was running a technological transformation program whose main target was transforming and modernising its network by consistently investing in the latest generation network technology hence there was a robust capital expenditure program averaging P330 million per annum up to 2020.

With history of the 2014 and 2016 impairments when the Company's assets value-in-use were below the carrying value of the net assets triggering impairments, the Company's long-term aim is to ensure that further investments in

networks are backed up by strong monetisation or commercialisation programmes. The aim going forward, is therefore to continue growing the value of the Company on a stable net assets base to create sufficient impairment headroom.

With the reining in of capital expenditure and some of the assets coming to end of useful lives, the depreciation charge is accordingly not on a step growth pattern and expectations are that the levels will remain relatively flat going forward.

The remaining cost of sales cumulatively declined by P8.9 million (compared to the previous financial year) in line with the cost containment measures in place.

Employee costs



Employee costs remained relatively unchanged with respect to the 2021 financial year at P378.8 million, a P4.5 million reduction compared to prior year.

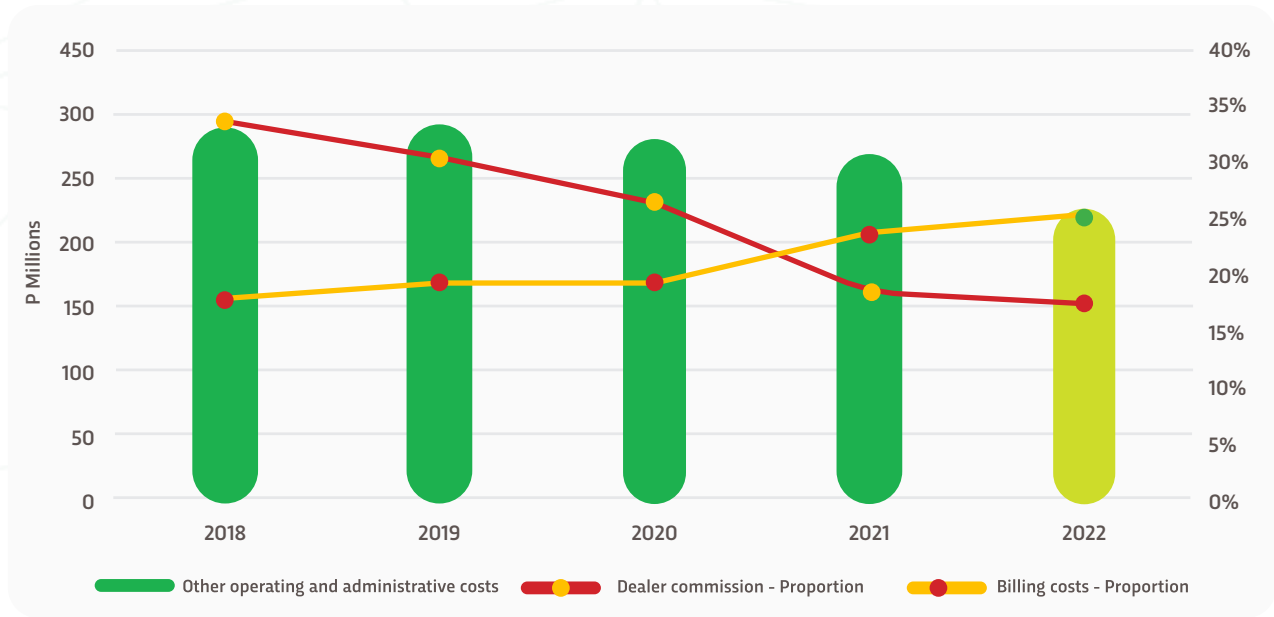
Employee costs to revenue have averaged 27% for the past 5 years and 29% in relation to total costs for the same period.

CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

Selling and distribution costs

This is actively managed in line with growth (or lack thereof) of the revenues from contracts with customers overall hence the category ended the year at P18.2 million, P1.8 million lower than prior year which is in line with the reduced revenues during the current year.

Other operating and administrative costs



The main contributor towards the overall decline in the total costs came from the other operating and administrative costs category which reduced from P268.3 million to P225.7 million, hence a P42.6 million feat. This category primarily made up of dealer commissions (accounts for 18% of costs) and billing costs (25% of costs) which both declined by P17 million in relation to last year. With the reduction in mobile voice revenues, there was a corresponding reduction on dealer commissions of P9.8 million. The reduction in the billing costs follows active management of supplier relationships including negotiating of pricing at contract renewal stage.

However, the major reason for the decline in this category is attributable to the efforts put in place on collection of debtors including introduction of a debtor's system. This has not only led to improvement in the cash position of the Company but has led to reduced Impairment losses and gains on financial assets and contract assets (or provision for bad debts expenses) charge of P16.1 million.

CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

Cash-flows, cash positions and liquidity ratios

Summarised Statement of Cash flows (5 years)

All figures in P' millions

Profit before Tax

Net increase/ (decrease) in cash and cash equivalents

Cash-flows from operating activities

Cash-flows utilised for investing activities

Cash-flows from / (used in) financing activities

Net foreign exchange on cash & cash equivalents

Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

Analysis of closing bank balances

Cash and bank and on hand

Short term deposits

Liquidity ratios

Current ratio

Quick ratio

Solvency ratio

Solvency ratio (excluding development grants)

|                                                       | Restated |         |         |         |         |
|-------------------------------------------------------|----------|---------|---------|---------|---------|
|                                                       | 2018     | 2019    | 2020    | 2021    | 2022    |
| Profit before Tax                                     | 2639     | 1640    | 1410    | 1688    | 1824    |
| Net increase/ (decrease) in cash and cash equivalents | (66.5)   | (144.6) | (187.3) | 245.2   | 157.2   |
| Cash-flows from operating activities                  | 2133     | 264.5   | 153.1   | 529.2   | 365.5   |
| Cash-flows utilised for investing activities          | (278.1)  | (409.9) | (216.9) | (193.0) | (114.8) |
| Cash-flows from / (used in) financing activities      | -        | 2.9     | (121.8) | (95.9)  | (92.7)  |
| Net foreign exchange on cash & cash equivalents       | (1.6)    | (2.1)   | (1.7)   | 5.0     | (0.8)   |
| Cash and cash equivalents at beginning of the year    | 516.5    | 450.1   | 305.5   | 118.1   | 363.3   |
| Cash and cash equivalents at end of the year          | 450.1    | 305.5   | 118.1   | 363.3   | 520.5   |
| Analysis of closing bank balances                     |          |         |         |         |         |
| Cash and bank and on hand                             | 25.6     | 36.2    | 33.7    | 139.8   | 121.6   |
| Short term deposits                                   | 424.5    | 269.2   | 84.4    | 223.5   | 398.8   |
|                                                       | 450.1    | 305.5   | 118.1   | 363.3   | 520.4   |
| Interest Income received                              | 21.1     | 17.6    | 7.3     | 6.4     | 18.8    |
| Banking Facilities                                    | 110      | 110     | 15      | 20      | 20      |
| Liquidity ratios                                      |          |         |         |         |         |
| Current ratio                                         | 3.5      | 1.3     | 1.3     | 1.5     | 2.1     |
| Quick ratio                                           | 3.3      | 1.2     | 1.1     | 1.4     | 1.9     |
| Solvency ratio                                        | 98.5%    | 36.5%   | 42.1%   | 56.8%   | 61.5%   |
| Solvency ratio (excluding development grants)         | 139.7%   | 40.9%   | 45.6%   | 59.0%   | 62.3%   |

The attached tables summarises our cash-flow position for the past 5 years ending March 2022 as reported in our statement of cash-flow in the accompanying annual financial statements. The continued robust cost containment program on the back of the stagnant revenue growth saw an increase in profit before tax of P182m compared to P169m achieved in the previous year.

Cash-flows from operating activities ended the year at P365.5 million, a P163.6 million reduction as compared to prior year primarily on account of payment of two dividends in the current year amounting to P92.7 million whereas only one dividend amounting to P31.0 million was paid in the prior year.

Total cash-flows spent on investing activities declined from P193 million to P115 million due to reduced expenditure on property, plant and equipment of P69 million. As already mentioned on the Cost of Sales commentary section, the decline follows the Company's decision to rein down on capital expenditure.

CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

Cash-flows, cash positions and liquidity ratios (continued)

The cash-flows from financing activities remained relatively flat reducing by P3.2 million when compared to last year. This was largely on account of receipt of grants from the Universal Access and Service Fund (USAF) for the provision of Broadband and voice networks to villages and Broadband internet connectivity to government schools in the North East district. The total grant received was P3.5 million.

Liquidity ratios discussions

With the conscious decision to scale down on the level of capital expenditure, improvement in debt collections as already alluded to and lastly a 2 % in the profit after tax, there has been an improvement on all the liquidity ratios relative to prior year.

With cash balances amounting to P520.4 million, coupled with the unutilised borrowing capacity, management still consider the balances adequate to meet the Company's future capital expenditure requirements and other obligations into the foreseeable future.

BTC's financing strategy remains unchanged with no debt finance raised in the current year

Capital structure and shareholders' return ratios

| All figures in P millions                        | 2018    | 2019    | Restated | Restated | 2022   |
|--------------------------------------------------|---------|---------|----------|----------|--------|
|                                                  |         |         | 2020     | 2021     |        |
| Profit for the year (available for distribution) | 217.4   | 148.5   | 118.7    | 137.9    | 140.8  |
| Ordinary dividends declared                      | (155.6) | (139.0) | (97.7)   | (32.9)   | (94.3) |
| Final (relating to previous year)                | (116.4) | (101.9) | (60.2)   | -        | (55.8) |
| Interim (relating to current year)               | (39.2)  | (37.1)  | (37.5)   | (32.9)   | (38.5) |
| Balance to Accumulated Profits                   | 61.8    | 9.5     | 21.1     | 105.0    | 46.5   |
| Shareholders equity at end of year               | 2,063   | 2,095   | 2,085    | 2,241    | 2,282  |
| Opening balance                                  | 1,949   | 2,063   | 2,095    | 2,085    | 2,241  |
| Impact of correction of prior period errors      | -       | 28      | (31)     | -        | -      |
| Profit for the year (incl. restatement)          | 217     | 149     | 119      | 138      | 140.80 |
| Ordinary dividends paid                          | (156)   | (139)   | (98)     | (33)     | (94)   |
| Other comprehensive income / reserves            | 52      | -       | -        | 52       | (6)    |
| Impact of adopting new IFRS standards            | -       | (5)     | -        | -        | -      |
| Analysis of total equity and liabilities         | 2,433   | 2,928   | 2,841    | 2,992    | 2,991  |
| Shareholders equity                              | 2,063   | 2,095   | 2,085    | 2,241    | 2,282  |
| Development grants                               | 109     | 88      | 58       | 27       | 9      |
| Other liabilities                                | 261     | 745     | 698      | 723      | 699    |
| Capital ratios (%)                               | 2018    | 2019    | 2020     | 2021     | 2022   |
| Return on average capital employed (ROCE)        | 13.2%   | 11.4%   | 6.7%     | 6.6%     | 7.3%   |
| Return on average shareholders equity (ROE)      | 12.4%   | 7.4%    | 5.7%     | 6.6%     | 6.4%   |
| Return on average assets (ROA) - PBT approach    | 10.2%   | 6.2%    | 4.4%     | 4.8%     | 4.8%   |
| Total assets turn-over                           | 75.6%   | 65.9%   | 52.6%    | 49.1%    | 47.8%  |
| Capex to revenue                                 | 19.1%   | 32.3%   | 16.2%    | 15.2%    | 9.6%   |
| Weighted average cost of capital (WACC)          | 13.0%   | 13.0%   | 12.0%    | 13.6%    | 13.6%  |

CURRENT YEAR PERFORMANCE REVIEW (CONTINUED)

Capital structure and shareholders' return ratios (continued)

Shareholders' equity increased by P40.4 million from P2.24 billion achieved in the prior year following a profit after tax of P140.8 million (compared to P137.9 million in the prior year).The Board of Directors has declared a final dividend for the March 2022 financial year of 5.04 thebe. This is on the back of an interim dividend of 3.67 thebe was paid in February 2022 hence the aggregate dividends paid for the year under review amounted to 8.71 thebe, reflecting a dividend yield of 13% and equating to 65% dividend pay-out for the year.

The declaration and payment of dividends reflects BTC aim in achieving a comparable market-based return for its shareholders through a steady or increasing dividend. This objective is always balanced with the need to always meet its commitments and other obligations so as to achieve desired growth in shareholder value (which requires proportion of profits to be retained and reinvested within the business).

From that perspective, all the shareholders ratios improved relative to those of the 2021 financial year.

# 07

# Annual Financial Statements

31<sup>st</sup> March 2022

Board approval of the Annual Financial Statements

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Audited Financial Statements

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BOARD APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

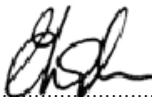
For the year ended 31 March 2022

The Members of the Board are responsible for the annual financial statements of Botswana Telecommunications Corporation Limited ("BTC" or "Company"), prepared in accordance with International Financial Reporting Standards and the Botswana Companies Act (CAP 42:01).

The Audit and Risk Committee, which consists of three non-executive members of the Board and the Managing Director, meets at least four times a year with more meetings being held when necessary with senior management and internal auditors, to evaluate matters concerning accounting, internal controls, auditing and financial reporting. The external auditors attend these meetings twice a year and have unrestricted access to the Chairperson. The members of the Board, supported by the Audit and Risk Committee, are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the annual financial statements, to verify and maintain accountability of assets of the Company to prevent and detect mismanagement and loss of the assets of the Company. All matters brought to the attention of the Board have been or are being adequately attended to.

The financial statements have been prepared on a going concern basis, since the Members of the Board have every reason to believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

Against this background, the Members of the Board accept responsibility for the annual financial statements and the information on pages 145 to 223 which were approved on 23 June 2022 and are signed on its behalf by:

  
.....  
LORATO BOAKGOMO-NTAKHWANA  
CHAIRPERSON

  
.....  
ANTHONY MASUNGA  
MANAGING DIRECTOR

GENERAL INFORMATION

For the year ended 31 March 2022

DIRECTORS

|                           |                          |
|---------------------------|--------------------------|
| Lorato Boakgomo-Ntakhwana | Chairperson              |
| Anthony Masunga           | Managing Director        |
| Serty Leburu              | (Retired October 2021)   |
| Macleane Letshwiti        |                          |
| Andrew Johnson            |                          |
| Ranjith Priyalal De Silva |                          |
| Thari Pheko               |                          |
| Bafana Molomo             |                          |
| Gaone Macholo             |                          |
| Thato Kewakae             | (Appointed October 2021) |

INCORPORATION OF BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED

Botswana Telecommunications Corporation Limited was registered as a company under the Companies Act in the Republic of Botswana on 1 November 2012.

COUNTRY OF INCORPORATION  
AND DOMICILE

Botswana

REGISTERED OFFICE

Megaleng, Khama Crescent  
Plot 50350  
P.O. Box 700  
Gaborone, Botswana  
BW0000748937

COMPANY NUMBER

NATURE OF BUSINESS AND  
PRINCIPAL ACTIVITIES

The Company is engaged in the provision of telecommunication services in Botswana. The Company's services and products include fixed and mobile voice telephony, data services and directory services.

BANKERS

Access Banking Botswana Limited  
ABSA Bank Botswana Limited  
First National Bank Botswana Limited  
Stanbic Bank Botswana Limited  
Standard Chartered Bank Botswana Limited  
Bank Gaborone

AUDITOR

Deloitte & Touche  
P.O. Box 778  
Gaborone, Botswana

FUNCTIONAL AND PRESENTATION  
CURRENCY

Botswana Pula

**DIRECTORS' REPORT**

For the year ended 31 March 2022

**Our Business**

Botswana Telecommunications Corporation Limited ("BTC") is a converged telecommunications operator offering fixed (voice and data), mobile (voice and data) and broadband services to consumers, enterprises and other licensed service providers.

**Basis of Preparation and Accounting Policies**

The annual financial statements have been prepared on a historical cost basis, except as modified by the revaluation of certain assets, and on the going concern basis. The annual financial statements have been prepared in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Standard Interpretations Committee and in the manner required by the Companies Act (CAP 42:01).

**Going Concern**

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the annual financial statements.

**Change from Group to Company**

On 27<sup>th</sup> of August 2020, the Board of Directors of the company resolved that the BTC Foundation (the Foundation), a wholly owned entity, which was registered as a trust be de-registered and dissolved. The Board of Trustees of the Foundation resolved on the 19th of April 2021 that the Foundation be dissolved and the Deed of cancellation of the Trust was executed on the 21st of September 2021.

At dissolution the Foundation had an unexpended cash balance of P475,040 and had undertaken no activities during the year. The balances were assumed into the Company. The Company has decided to not consolidate the results of Foundation as there was no financial activity in the year and the unexpended cash balances at dissolution were not material. The bank balances in the prior year amounted to P533 850. There is therefore no Group reporting for the current financial year, and accordingly no comparatives have been presented.

**DIRECTORS' REPORT** *(Continued)*

For the year ended 31 March 2022

**Restatement due to Prior Period Errors**

As disclosed in Note 25, the Company has restated its annual financial statements to correct prior year errors.

**Financial Results**

The annual financial statements of the Company for the year ended 31 March 2022 were authorised for issue by the Board of Directors on 23 June 2022.

The results for year are disclosed in the statement of profit or loss and other comprehensive income on page 145. The results are as follows:

- 2% decrease in Revenues (2022:P1,392 billion 2021:P1,426 billion)
- 8% increase in Profit Before Tax (2022:P183m, 2021: P169m)
- 2% increase in Profit After Tax (2022:P141m, 2021: P138m)

The Directors have made an assessment of the impact of economic events such as the Covid-19 pandemic and developing Russia-Ukraine conflict for the coming financial year on revenues and other aspects of the business and have considered the impact on impairments resulting from the impacts of these events on the general economy.

**Stated Capital**

Stated capital is as per note 18. There were no changes to the stated capital during the year under review.

**Directors**

The details of the Company directors are outlined on the general information page. Ms Serty Leburu retired in October 2021 and Mr Thato Kewakae was appointed in October 2021.

**DIRECTORS' REPORT** *(Continued)*

For the year ended 31 March 2022

**Events after the reporting period**

**Dividends Declaration**

The directors have declared that a further dividend of 5.04 thebe be paid for the financial year ended 31 March 2022. An interim dividend of 3.67 thebe per share was paid in February 2022 hence the total annual dividend declared in respect of the financial year shall be 8.71 thebe per share. The dividend shall be payable to all shareholders registered in the books of the company at close of business on 12 August 2022. The ex-dividend date will be 10 August 2022. The dividends will be paid net of applicable withholding taxes under the Income Tax act on or before 24 August 2022.

**Corporate Restructuring**

The Board of Directors on 25 April 2022 approved a plan for restructuring. The plan was announced on 27 May 2022 and the exercise is expected to be completed within the same financial year. At this stage an estimate of the financial effect of the restructuring exercise cannot be made. The Company has determined that this event is a non-adjusting subsequent event. Accordingly, the financial position and results of operations for the year ended 31 March 2022 have not been adjusted to reflect the impact of the exercise.



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Tax and Finance  
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**INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 March 2022

**To The Shareholders Of Botswana Telecommunications Corporation Limited**

Report On The Audit Of The Financial Statements

**Opinion**

We have audited the financial statements of Botswana Telecommunications Corporation Limited (the Company) set out on pages 145 to 223, which comprise the statements of financial position as at 31 March 2022, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Telecommunications Corporation Limited as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a opinion on these matters.



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INDEPENDENT AUDITOR’S REPORT *(Continued)*

For the year ended 31 March 2022

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue recognition (Company)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>The Company's revenue streams are characterised by small transactions and high data volumes. The billing processes are automated, and dependent on IT systems.</p> <p>Due to the complexity involved and materiality of the revenue balance, revenue recognition risk has been identified as a key audit matter which is subject to significant audit effort.</p> <p>Revenue recognition with respect to fixed voice, data and mobile revenue streams is complex because of the following:</p> <p>⌚ During the current year and prior years, management processed manual revenue adjustments/reversals due to errors in billings previously made. Due to fact that these revenue adjustments/reversals are material, this poses a risk in relation to revenue recognition. Management assessed that, because these billing errors will take time to clean up and close process gaps, the Company developed an estimate of the future revenue adjustments/reversals to be processed relating to revenues already billed as at year end and build these into the revenue recognition process. At year end, management exercises significant judgement in relation to the proportion of future reversals which relate to revenue already billed in the current year and prior years.</p> <p>⌚ The deferral of prepaid revenue which is dependent on various automated systems and manual processes around unused airtime on scratch cards sold to the dealers.</p> <p>⌚ The billing system does not have an end-to-end interface functionality with the general ledger system resulting in manual journal entries processing.</p> <p>⌚ The potential impact of small errors is significant due to the possibility of automated replication through the large volumes of transactions.</p> | <p>To address this risk, we performed various procedures, including the following:</p> <p>⌚ Evaluated the design and implementation and operating effectiveness of relevant controls around revenue recognition, focusing on the process used in the determination of deferred revenue for unused airtime, determination of provision for revenue adjustments and processing of manual revenue journals.</p> <p>⌚ Discussed with management and evaluated the reasons for the revenue adjustments processed in the current year and prior years.</p> <p>⌚ Discussed with the Revenue Assurance Team and obtained an understanding of the controls in place to ensure the completeness, accuracy, and occurrence of the recorded revenue.</p> <p>⌚ Involved IT and Data Analytic specialists to test controls in the overall IT environment around the billing systems.</p> <p>⌚ Tested the design and implementation of certain automated controls with respect to routing of billing data and calculation of invoices.</p> <p>In addition, we performed the following substantive procedures:</p> <p>⌚ Performed detailed testing by selecting samples of the revenue adjustments processed in the current year and tracing them to supporting documentation to analyse and evaluate their validity, nature, cause and to assess historical trends.</p> <p>⌚ Performed tests of detail on the revenue adjustments made after year end evaluated their impact on the current financial year and evaluated whether their effect on the current year was accurately adjusted for.</p> |



INDEPENDENT AUDITOR’S REPORT *(Continued)*

For the year ended 31 March 2022

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue recognition (Company) ( Continued)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p>⌚ Revenue is a significant balance on the financial statements and is a key performance indicator.</p> <p>⌚ Significant audit effort was directed at addressing the risks arising from these matters.</p> <p>Related disclosures in the financial statements:</p> <p>⌚ Revenue recognition and presentation section of the significant accounting judgements and estimates.</p> <p>⌚ Revenue Recognition accounting policy.</p> <p>⌚ Note 1 – Revenue from contracts with customers.</p> <p>⌚ Note 15 – Trade and other receivables – Provision for credit notes/revenue reversals.</p> | <p>⌚ Performed analytical procedures and independently determined the estimate of the future revenue reversals affecting the current and prior financial year using the historical information.</p> <p>⌚ Performed a retrospective review of the prior year revenue adjustments provisions and evaluated their adequacy.</p> <p>⌚ Challenged management's assumptions made in the estimation of the revenue adjustments provision.</p> <p>⌚ Performed test calls and compared these to the billing parameters to verify accuracy.</p> <p>⌚ Tested reconciliations between the billing system reports and the general ledger.</p> <p>⌚ Reviewed the revenue related journals processed and assess them for validity and accuracy.</p> <p>⌚ Tested the reasonableness of assumptions and judgements used by management in the determination of unused airtime on scratch cards.</p> <p>⌚ Tested the completeness and accuracy of the data used in the determination of deferred revenue.</p> <p>⌚ Reviewed and considered the adequacy of the disclosures on the assumptions and judgements applied in relation to revenue recognition.</p> <p>In conclusion, we considered the amount recorded as revenue and the related financial statements disclosures to be appropriate.</p> |



INDEPENDENT AUDITOR’S REPORT *(Continued)*

For the year ended 31 March 2022

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | How the matter was addressed in the audit                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impairment of property, plant and equipment and intangible assets (Company)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                   |
| Significant judgements are involved in the assessment and determination of impairment of the non-financial assets of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | In evaluating the impairment assessment of property, plant and equipment and intangible assets, we reviewed the accuracy of the value in use calculations and reasonableness of inputs used by management. We performed various procedures, including the following:              |
| The Company's shares trade at a discount to their book value. The market capitalisation was below the net asset value throughout the financial year. This, together with a current depressed economy because of the Covid-19 pandemic, are indicators of possible impairment of the entity's non- financial assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <div>① Discussed with management and obtained their understanding and justification of the financial and non-financial reasons why the Company's market value is significantly discounted compared to the book value.</div>                                                       |
| IAS 36: Impairment of Assets (IAS 36) requires that an entity's assets should not be carried at a value more than their recoverable amount and therefore requires an assessment at the end of each reporting period if there are any indicators that non-financial assets may be impaired.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <div>① Tested the design and implementation of management's controls around the impairment assessment process.</div>                                                                                                                                                              |
| The Directors carried out an impairment assessment and used the Discounted Cash Flows Model (DCF) to determine the recoverable amount of the assets. The value in use amount calculated using the DCF is particularly sensitive to changes in future cash flow assumptions, future growth rates, terminal growth rates and the Weighted Average Cost of Capital (WACC) discount rate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | In addition, we performed the following substantive procedures:                                                                                                                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <div>① We tested the mathematical accuracy of the value in use model used by management.</div>                                                                                                                                                                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <div>① Through involvement of our internal valuation specialists, assessed the appropriateness of the valuation model applied by management, and assumptions adopted for reasonableness with reference to market practice and the requirements of IAS 36.</div>                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <div>① Obtained and reviewed for reasonableness, the quantitative and qualitative factors included in the reconciliation of the market value to the book value. We also assessed the impact on cash flow forecasts.</div>                                                         |
| Property plant and equipment and intangible assets consist mainly of network equipment together with the related software infrastructure. The network equipment within the Company does not generate cash inflows that are independent of those from other assets. This resulted in property plant and equipment and intangible assets being assessed for impairment as part of the company cash generating unit. The recoverability of property plant and equipment and intangible assets is largely dependent on macro-economic factors, which include cash flows to be generated through the network assets, as well as internal assumptions and estimates related to income generation and operating costs. The impairment test included assessing the recoverable amount of property, plant and equipment and intangible assets, with reference to all cash flows and comparing this to the carrying amount of the property, plant and equipment and intangible assets. | <div>① Performed recalculations and tested the underlying data used in the assessment for accuracy and completeness.</div> <div>① Reviewed and compared the projected cash flows against the historical performance to test the reasonableness of management's projections.</div> |



INDEPENDENT AUDITOR’S REPORT *(Continued)*

For the year ended 31 March 2022

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | How the matter was addressed in the audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impairment of property, plant and equipment and intangible assets (Company) (Continued)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <p>Due to the materiality of the non-financial assets' account balances, the complexity of the cash flow forecasts, significant judgements and estimation uncertainty involved in the determination of the value in use and impairment assessment, this has been considered to be a key audit matter.</p> <p>Related disclosures in the financial statements:</p> <p>⌚ Impairment of non-financial assets section of the significant accounting judgements and estimates.</p> <p>⌚ Note 10 – Property, plant, and equipment.</p> <p>⌚ Note 11 - Intangible assets.</p> <p>Note 12 – Asset impairment.</p> | <p>⌚ We independently calculated a WACC discount rate using our independently sourced data. This was compared to the discount rates used by management. We found the discount rates used by management to be within acceptable ranges of our independent calculations.</p> <p>⌚ Tested the reasonableness of the key inputs used in the computations which included the future growth rates, and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and took into consideration the impact of Covid-19 on future projections.</p> <p>⌚ Compared the revenue growth rates and EBITDA margins used to calculate the cash flow forecasts to the latest board approved budgets, both of which cover a period of five years. We further benchmarked the revenue growth rate assumptions to industry data and historical trends to assess comparability.</p> <p>⌚ Evaluated whether the assumptions used, such as working capital and capital expenditure, had been determined and applied consistently. We evaluated the appropriateness of capital expenditure by comparing to the approved budget and historical trends of maintenance capital expenditure.</p> <p>⌚ Compared the terminal growth rates to forecast industry trends and to past growth rate trends.</p> <p>⌚ Reviewed and assessed the impact of contradictory evidence as well as subsequent events which may have an impact on the recorded amounts.</p> <p>⌚ Performed sensitivity analysis of the headroom using key inputs (discount rates, future growth rates and volatility in future cash flows).</p> <p>⌚ Evaluated the computations and disclosures in the financial statements for compliance with IAS 36.</p> <p>In conclusion, the inputs used in the calculation of the value in use were appropriate. We considered the valuation of property, plant and equipment and intangible assets impairment disclosures to be appropriate.</p> |



**INDEPENDENT AUDITOR'S REPORT** *(Continued)*

For the year ended 31 March 2022

**Other Information**

The directors are responsible for the other information. The other information comprises the Board Approval of the Financial Statements and the Directors' Report, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.



**INDEPENDENT AUDITOR'S REPORT** *(Continued)*

For the year ended 31 March 2022

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**INDEPENDENT AUDITOR'S REPORT** *(Continued)*

For the year ended 31 March 2022

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Deloitte & Touche*

Deloitte & Touche  
Firm of Certified Auditors  
Practicing Member: Cecilia Veeta Ramatlapeng (CAP 008 2022)

06 July 2022  
Gaborone

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 March 2022

|                                                                                                |       | March<br>2022 | Restated<br>March<br>2021 |
|------------------------------------------------------------------------------------------------|-------|---------------|---------------------------|
|                                                                                                | Notes | P'000         | P'000                     |
| Revenue from contracts with customers                                                          | 1     | 1,392,257     | 1,426,409                 |
| Cost of services and goods sold                                                                | 2     | (604,751)     | (592,515)                 |
| Gross profit                                                                                   |       | 787,506       | 833,894                   |
| Interest income                                                                                | 3.1   | 18,796        | 6,360                     |
| Interest expense                                                                               | 3.2   | (22,767)      | (26,972)                  |
| Other income                                                                                   | 4     | 39,918        | 37,629                    |
| Selling and distribution costs                                                                 | 5     | (18,242)      | (20,016)                  |
| Administrative expenses                                                                        | 6     | (403,573)     | (409,295)                 |
| Impairment losses and gains on financial assets and contract assets                            | 15    | 3,191         | (12,865)                  |
| Other expenses                                                                                 | 7     | (222,436)     | (239,894)                 |
| <b>Profit before tax</b>                                                                       |       | 182,393       | 168,841                   |
| Income tax expense                                                                             | 8     | (41,608)      | (30,923)                  |
| <b>Profit for the year</b>                                                                     |       | 140,785       | 137,918                   |
| <b>Other comprehensive income not to be reclassified to profit /loss in subsequent periods</b> |       |               |                           |
| Gains on property revaluation                                                                  |       | -             | 63,874                    |
| Impairment on assets transferred to held for sale                                              |       | (7,761)       | -                         |
| Income tax effect                                                                              |       | 1,707         | (12,267)                  |
| <b>Other comprehensive income for the year</b>                                                 |       | (6,054)       | 51,607                    |
| <b>Total comprehensive income/ (loss) for the year</b>                                         |       | 134,731       | 189,525                   |
| Basic and diluted earnings per share (Thebe):                                                  | 9     | 13.41         | 13.14                     |

Details relating to the restatement of prior period errors have been disclosed in note 25.

## ANNUAL FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

|                                                |       |           | Restated  | Restated  |
|------------------------------------------------|-------|-----------|-----------|-----------|
|                                                |       | March     | March     | March     |
|                                                |       | 2022      | 2021      | 2020      |
|                                                | Notes | P'000     | P'000     | P'000     |
| <b>ASSETS</b>                                  |       |           |           |           |
| <b>Non-current assets</b>                      |       |           |           |           |
| Property, plant and equipment                  | 10    | 1,449,452 | 1,571,124 | 1,509,385 |
| Intangible assets                              | 11    | 183,946   | 205,267   | 231,922   |
| Right of use assets                            | 13.1  | 115,337   | 129,325   | 144,629   |
| IRU asset                                      | 26.2  | 420,305   | 458,514   | 496,723   |
| Deferred tax assets                            | 23.2  | -         | -         | 27,451    |
|                                                |       | 2,169,040 | 2,364,230 | 2,410,110 |
| <b>Current assets</b>                          |       |           |           |           |
| Inventories                                    | 14    | 53,419    | 45,222    | 49,256    |
| Trade and other receivables                    | 15    | 161,122   | 183,077   | 223,657   |
| Contract assets                                | 15    | 53,539    | 35,016    | 26,363    |
| Income tax receivable                          | 23.1  | 810       | 641       | 13,100    |
| Cash and cash equivalents                      | 16.1  | 520,442   | 363,273   | 118,089   |
|                                                |       | 789,332   | 627,229   | 430,465   |
| Assets held for sale                           | 17    | 32,222    | -         | -         |
| <b>Total assets</b>                            |       | 2,990,594 | 2,991,459 | 2,840,575 |
| <b>EQUITY AND LIABILITIES</b>                  |       |           |           |           |
| <b>Capital and reserves</b>                    |       |           |           |           |
| Stated capital                                 | 18    | 478,892   | 478,892   | 478,892   |
| Revaluation reserve                            | 19    | 361,375   | 382,363   | 347,603   |
| Accumulated profits                            |       | 1,441,428 | 1,379,999 | 1,258,099 |
|                                                |       | 2,281,695 | 2,241,254 | 2,084,594 |
| <b>Non-current liabilities</b>                 |       |           |           |           |
| Development grants                             | 20    | 8,543     | 5,593     | 28,301    |
| Lease liabilities                              | 13.2  | 115,753   | 126,362   | 142,781   |
| IRU liability                                  | 26.1  | 120,590   | 180,477   | 236,866   |
| Deferred tax liability                         | 23.2  | 55,640    | 15,739    | -         |
| Employee related provisions                    | 22    | 7,994     | 10,513    | 12,622    |
|                                                |       | 308,520   | 338,684   | 420,570   |
| <b>Current liabilities</b>                     |       |           |           |           |
| Trade and other payables                       | 21    | 279,765   | 255,405   | 192,288   |
| Contract liabilities                           | 21    | 13,522    | 19,534    | 26,103    |
| Lease liabilities                              | 13.2  | 16,718    | 16,418    | 10,350    |
| IRU liability                                  | 26.1  | 60,022    | 56,389    | 52,723    |
| Current portion of development grants          | 20    | 860       | 21,580    | 29,862    |
| Current portion of employee related provisions | 22    | 29,492    | 42,195    | 24,085    |
|                                                |       | 400,379   | 411,521   | 335,411   |
| <b>Total equity and liabilities</b>            |       | 2,990,594 | 2,991,459 | 2,840,575 |

Details relating to the restatement of prior period errors have been disclosed in note 25.

## ANNUAL FINANCIAL STATEMENTS

### STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 March 2022

|                                                     |    | Notes | Stated<br>Capital | Revaluation<br>Reserve | Accumulated<br>Profits | Total            |
|-----------------------------------------------------|----|-------|-------------------|------------------------|------------------------|------------------|
|                                                     |    |       | P'000             | P'000                  | P'000                  | P'000            |
|                                                     |    |       |                   | Restated               | Restated               |                  |
| <b>Balance at 1 April 2020 as previously stated</b> |    |       | 478,892           | 347,603                | 1,290,068              | 2,116,563        |
| Impact of correction of prior period errors         | 25 |       | -                 | -                      | (31,969)               | (31,969)         |
| <b>Restated balance at 1 April 2020</b>             |    |       | <b>478,892</b>    | <b>347,603</b>         | <b>1,258,099</b>       | <b>2,084,594</b> |
| Profit for the year (restated)                      |    |       | -                 | -                      | 137,918                | 137,918          |
| Other comprehensive income                          |    |       | -                 | 51,607                 | -                      | 51,607           |
| Total Comprehensive Income (restated)               |    |       | -                 | 51,607                 | 137,918                | 189,525          |
| Ordinary dividend declared                          | 18 |       | -                 | -                      | (32,865)               | (32,865)         |
| Depreciation transfer for land and buildings        | 19 |       | -                 | (16,847)               | 16,847                 | -                |
| <b>Balance at 31 March 2021 (restated)</b>          |    |       | <b>478,892</b>    | <b>382,363</b>         | <b>1,379,999</b>       | <b>2,241,254</b> |
| Profit for the year                                 |    |       | -                 | -                      | 140,785                | 140,785          |
| Other comprehensive income                          |    |       | -                 | (6,054)                | -                      | (6,054)          |
| <b>Total Comprehensive Income</b>                   |    |       | -                 | (6,054)                | 140,785                | 134,731          |
| Ordinary dividend declared                          | 18 |       | -                 | -                      | (94,290)               | (94,290)         |
| Depreciation transfer for land and buildings        | 19 |       | -                 | (14,934)               | 14,934                 | -                |
| <b>Balance at 31 March 2022</b>                     |    |       | <b>478,892</b>    | <b>361,375</b>         | <b>1,441,428</b>       | <b>2,281,695</b> |

Details relating to the restatement of prior period errors have been disclosed in note 25.

STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

|                                                                          | Notes | March<br>2022<br>P'000 | Restated<br>March<br>2021<br>P'000 |
|--------------------------------------------------------------------------|-------|------------------------|------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                             |       |                        |                                    |
| Operating cash flow before working capital changes (restated)            | 16.2  | 439,539                | 464,635                            |
| Working capital adjustments:                                             |       |                        |                                    |
| (Increase) / Decrease in inventories                                     |       | (8,197)                | 4,034                              |
| Decrease in trade and other receivables, contract assets and prepayments |       | 5,001                  | 22,523                             |
| Increase in trade and other payables and contract liabilities            |       | 22,023                 | 56,548                             |
| Cash generated from operations                                           |       | 458,366                | 547,740                            |
| Ordinary dividend paid to shareholders                                   |       | (92,676)               | (31,037)                           |
| Net tax (paid) / received                                                | 23.1  | (169)                  | 12,459                             |
| Net cash from operating activities                                       |       | 365,521                | 529,162                            |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>                          |       |                        |                                    |
| Investment to expand operations:                                         |       |                        |                                    |
| Purchase of property, plant and equipment                                | 10    | (113,050)              | (182,050)                          |
| Purchase of intangible assets                                            | 11    | (20,903)               | (18,125)                           |
| Proceeds from disposal of property, plant and equipment                  |       | 387                    | 771                                |
| Interest income received                                                 | 3.1   | 18,796                 | 6,360                              |
| Net cash used in investing activities                                    |       | (114,770)              | (193,044)                          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                             |       |                        |                                    |
| Grants received                                                          | 20    | 3,465                  | -                                  |
| Interest paid on lease liabilities and IRU liability                     |       | (23,130)               | (28,858)                           |
| Principal payment of lease liabilities                                   |       | (17,125)               | (16,177)                           |
| Principal payment of IRU liability                                       |       | (55,946)               | (50,894)                           |
| Net cash from financing activities                                       |       | (92,736)               | (95,929)                           |
| Increase in cash and cash equivalents                                    |       | 158,015                | 240,189                            |
| Net foreign exchange difference on cash and cash equivalents             |       | (846)                  | 4,995                              |
| Cash and cash equivalents at beginning of the year                       |       | 363,273                | 118,089                            |
| Cash and cash equivalents at end of the year                             | 16.1  | 520,442                | 363,273                            |

Details relating to the restatement of prior period errors have been disclosed in note 25.

ACCOUNTING POLICIES

For the year ended 31 March 2022

PRESENTATION OF FINANCIAL STATEMENTS

The annual financial statements are presented in Botswana Pula which is the Company's functional currency. All financial information and values are rounded to the nearest thousand (P'000) except where otherwise indicated. The financial statements of the Company for the year ended 31 March 2022 were authorised for issue by the Members of the Board in accordance with a resolution on 23 June 2022.

CORPORATE INFORMATION

Botswana Telecommunications Corporation Limited ("BTC" or "the Company") is incorporated and domiciled in Botswana. The headquarters is situated at Megaleng, Khama Crescent, Gaborone, Botswana. BTC services and products include fixed and mobile voice telephony, national and international internet, directory services, data services, virtual private networks and customer premises equipment.

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except as modified by the revaluation of certain assets as indicated in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these annual financial statements is determined on such a basis leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

GOING CONCERN

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Standard Interpretations Committee.

ACCOUNTING POLICIES

For the year ended 31 March 2022

ADOPTION OF NEW ACCOUNTING POLICIES

BTC has adopted the following new accounting pronouncements as issued by the IASB, which were effective for the Company from 01 April 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

In the prior year, the Company adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Company adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the annual financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

**Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

ACCOUNTING POLICIES

For the year ended 31 March 2022

ADOPTION OF NEW ACCOUNTING POLICIES  
(CONTINUED)

The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within the allowed period of application.

STANDARDS ISSUED BUT NOT EFFECTIVE

The new and revised standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

**Amendments to IAS 1 - Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Management is currently assessing the impact the amendments will have on the Company.

**IFRS 17- Insurance contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4). IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

ACCOUNTING POLICIES

For the year ended 31 March 2022

STANDARDS ISSUED BUT NOT EFFECTIVE

(Continued)

The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

This standard is not applicable to the Company as it does not issue insurance contracts.

Amendments to IFRS 3 - Reference to the Conceptual Framework

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for

the Preparation and Presentation of Financial Statements.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. Management is currently assessing the impact the amendments will have on the Company.

Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

ACCOUNTING POLICIES

For the year ended 31 March 2022

STANDARDS ISSUED BUT NOT EFFECTIVE

(Continued)

Amendments to IAS 37 - Onerous Contracts – Costs of fulfilling a contract

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's annual financial statements in future periods should such transactions arise.

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to the following Standards.

ACCOUNTING POLICIES

For the year ended 31 March 2022

STANDARDS ISSUED BUT NOT EFFECTIVE

(Continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The standard is not applicable to the Company as it is not part of a Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. Management is currently assessing the impact the amendments will have on the Company.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

ACCOUNTING POLICIES

For the year ended 31 March 2022

STANDARDS ISSUED BUT NOT EFFECTIVE

(Continued)

The Company does not do hedge accounting hence no impact to the Company.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates.

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

ACCOUNTING POLICIES  
For the year ended 31 March 2022

STANDARDS ISSUED BUT NOT EFFECTIVE  
(Continued)

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

**Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - » Right-of-use assets and lease liabilities
  - » Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. Management is currently assessing the impact the amendments will have on the Company.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and Judgments

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates and judgments concerning the future.

ACCOUNTING POLICIES  
For the year ended 31 March 2022

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimates and judgments are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. In the process of applying the Company's accounting policies, management has made the following estimates and judgments that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities as they involve assessments or decisions that are particularly complex or subjective within the next year.

**Critical judgements in applying the Company's accounting policies.**

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

**Revenue recognition and presentation**

Revenue arrangements including more than one performance obligation:  
This relates to fixed lines and mobile installations. In revenue arrangements including more than one performance obligation, the performance obligations are assigned to one or more revenue lines and the arrangement consideration is allocated to each of the performance obligation based on the stand-alone selling price which is applied to multiple elements post-paid mobile arrangements. Determining the value allocated to each performance obligation can require estimates due to the nature of the pricing model

for goods and services provided. Standalone selling prices (SSP) for each item has been discussed under the IFRS 15 accounting policies.

Where the Company doesn't sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Company maximises the use of external inputs; methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Company, observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for handsets and other equipment).

Where it is not possible to reliably estimate standalone prices due to lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract. The standalone price determined for obligations materially impacts the allocation of revenue between obligations and impacts the timing of revenue when obligations are provided to customers at different times – for example, the allocation of revenue between handsets, which are usually delivered up-front, and services which are typically delivered over the contract period.

However, this is not considered to be a significant risk of material adjustment to the carrying value of contract related assets or liabilities in the 12 months after the balance sheet date if these estimates were revised.

ACCOUNTING POLICIES

For the year ended 31 March 2022

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

The Company provides certain pieces of equipment as well as connection services as part of their package of fixed line services provided. This service is not sold separately as the equipment cannot be used independently from the service being provided by the entity. Based on this assessment, the Company treats these contracts, which includes these pieces of equipment as well as the connection services as part of the single performance obligation relating to the underlying usage service.

Presentation: Gross versus Net

Determining whether the entity is acting as a principal or an agent requires judgement and consideration of all relevant facts and circumstances. When deciding the most appropriate basis for presenting revenue or related costs, both the legal form and the substance of the agreement between the entity and its independent service providers are reviewed to determine each party's respective role in the transaction. Distribution network for prepaid arrangements and sale of content are based on volume and value of transactions. Where the Company's role in a transaction is that of principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related administrative fees charged as an operating cost.

The Company utilises a network of dealers to sell pre-paid services, more specifically airtime. BTC accounts for airtime sales through the dealers as a principal as it fully liable to the holders of the

airtime. Dealers purchase the airtime at a price net of their commission.

In terms of IFRS 15, BTC has identified the specified goods or services being provided to the customer – the airtime in this instance. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) that will be transferred to the customer. An entity is the principal in a transaction if it obtains control of the specified goods or services before they are transferred to the customer. An entity is an agent if it does not control the specified goods or services before they are transferred to the customer.

BTC has assessed it is a principal for the airtime obligation using the relevant indicators.

Related parties

Government, parastatals and key management personnel are considered as being related to the Company. The Government of Botswana is still a related party as the shareholding is 54.16% as at 31 March 2022. Significant management judgment is required to determine as to who qualifies for being a related party, based on the type of the relationship especially on entities also controlled by the Government.

Allowances for slow moving inventory

Based on prior management practice, inventory that has not moved for a 12-month period is considered to be impaired, with a staggered provision raised to ensure full provision after a 36 month period. Obsolete and discontinued products are considered to have no normal sale value. The provision is raised based on the full cost or net realisable value of the product.

ACCOUNTING POLICIES

For the year ended 31 March 2022

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the annual financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Revaluation of land and buildings

Land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The properties are valued on the basis of open market value, forced sale value, insurance replacement cost and the leasehold interest in the properties as at the valuation date. Fair value of the properties was determined using the comparable market valuation method. Management considers that valuations are performed frequently enough (after every three years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The independent valuer has made the following assumptions during the revaluation process and at arriving at the property values:

- That the properties are free from any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials.
- That the properties are not contaminated and that the sites have stable ground conditions.

The comparable market valuation method is used to value land, land improvements, buildings and building improvements in urban areas and land in rural areas. Valuation is done on basis of open market value, forced sale value, insurance replacement cost and the leasehold interest in the properties as at the valuation date. Rural land improvements were valued on the basis of the replacement cost of the land improvements.

The continuing Covid-19 was taken into consideration however indications are that it has not have an impact on the valuation.

The key assumptions used to determine the fair value of the properties are provided in Note 28.

Development grants

Grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Initial capitalisation of costs is based on management's judgement that the attached conditions will be complied with. Other income is recognised over the useful lives of the assets purchased using the grant. The current portion of development grant is estimated by amortising existing government grants received at reporting date and assuming that there will be no grants received and no additional capital expenditure in the current financial year.

ACCOUNTING POLICIES

For the year ended 31 March 2022

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Provision for expected credit losses of trade receivables and contract assets.

The Company uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. At every reporting date, the historical observed default rates are updated.

The assessment of the correlation between historical observed default rates and ECLs is a significant estimate. The Company's historical credit loss experience may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 15.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Management expresses judgement and estimates on the impact of technological changes and expected nature of use of the respective assets in the generation of revenue in the near future.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Information about the estimates and assumptions on impairment of non-financial assets is disclosed in Note 12.

REVENUE RECOGNITION

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company principally generates revenue from providing telecommunication services, such as network services (comprising voice, data and SMS), interconnect and roaming services, as well as from the sale of mobile devices and Customer Premises Equipment (CPE) and other services (comprising of Directory Services, Value Added Services, property rentals, cost of works and third-party collection fees).

The Company provides voice and data communication services under post-paid and prepaid payment arrangements. Products and services maybe sold separately or in bundled packages. Revenues from voice, data and SMS include charges for telecommunications traffic originated in the local network or roaming network. The typical length of a customer contract is 12, 24 or 36 months. The various revenue categories are explained below:

ACCOUNTING POLICIES

For the year ended 31 March 2022

1) FIXED VOICE

This is revenue generated from traffic for voice services carried over fixed line networks.

**A) Voice Usage Revenue:** Fixed line voice usage represents the only performance obligation in this separate contract with the customer and therefore revenue is recognised based on usage in line with amounts invoiced for that particular month.

**B) Prepaid Products:** Usage of Telephone Instrument: Usage of a standard telephone instrument does not represent a separate performance obligation. As such, no revenue is separately recognised for the standard telephone instrument as it remains the property of the Company.

**Installation:** The installation fee would be charged to provide the customer with access to the line, and therefore would relate to the access performance obligation. The upfront installation fee is deferred when received and released to revenue as part of the access line performance obligation on a straight-line basis over the customer life.

**Fixed Line Access Revenue:** Access relates to the customers' ability to use the network to make and receive calls. Access charges are billed as fixed monthly charges. Access and usage represent two separate performance obligations. The total transaction price related to the contract is allocated to the access and usage based on their relative standard selling prices. Any amount invoiced for installation (once-off upfront) is allocated to the total transaction price under the contract.

C) Post-paid Products:

Usage of Telephone Instrument: Usage of a standard telephone instrument does not represent a separate performance obligation. As such, no revenue will be separately recognised for the standard telephone instrument.

Installation Revenue: The installation fee is to provide the customer with access to the line and relates to the access performance obligation. The upfront installation fee is deferred as a contract liability when received and released to revenue as part of the access line performance obligation and on a straight-line basis over the customer's life.

Fixed Line Access Revenue: Access to fixed line services represents a separate performance obligation. The total transaction price related to the contract is allocated to access to fixed line voice services and any other performance obligations identified in the contract based on their relative standalone selling prices ("SSP"). As the installation enables the customer to access to the line, the installation fee will be allocated to the access performance obligation and recognised over the life of the customer.

2) MOBILE REVENUE

Revenue for access charges, airtime usage, and messaging by contract customers is recognised as services are performed.

ACCOUNTING POLICIES

For the year ended 31 March 2022

REVENUE RECOGNITION

(Continued)

Unbilled revenue resulting from services already provided are accrued at the end of each period and unearned revenue from services to be provided in future periods are deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

All network services relating to mobile revenues (i.e. Provision of mobile post-paid and prepaid services, including voice minutes, SMS, and data services) have been considered as a separate performance obligation for each ongoing service provided to the customer and are satisfied over the period that the services are provided.

A) Prepaid Products:

Upon purchase of an airtime scratch and dial card or electronic vouchers the customer receives the right to make outgoing voice calls and data usage to the value of the airtime scratch and dial card. On initial recognition, the amount received is deferred as a contract liability and revenue is recognised as the customer utilises the airtime available. The revenue from the sale of prepaid products is recognised in the profit or loss as goods and services are provided based on the actual airtime or data usage at the agreed tariff.

BTC accounts for expected unexercised network services as revenue, in proportion to the pattern of rights exercised by the customer upon identifying expected breakages. Dealers are paid commissions which are expensed as part of operating costs when incurred.

B) Post-paid Products

Mobile post-paid services are voice and data communications solutions, whereby the customer pays for the services after usage as per the service agreement contract. Voice services communications solutions include both domestic and international telephone services and ISDN services. All post-paid products are sold by BTC and there are no dealers or agents involved. Revenue for post-paid network services based on total transaction price allocated to the network services is recognised based on usage over the contractual period by the subscriber.

For mobile post-paid bundled arrangements, the network services and handset are two separate performance obligations and the total transaction price is allocated to the network services and the handset device based on their relative stand-alone selling price ("SSP"). The total transaction price allocated to the handset is recognised upfront since control of the handset has passed to the subscriber.

Payments on handset sales deferred over a period greater than 12 months which has a significant financing component, a portion of the transaction price is allocated to the financing and recognised as "interest income" over the contractual period.

In instances where handset vouchers are bundled with the network services, the handset voucher value is accounted for as a financial receivable and the fair value of the receivable is calculated at inception of the contract. Transaction price allocated to the network services and any other performance obligations in the contract is the residual of the total consideration after deducting the fair value of the receivable.

ACCOUNTING POLICIES

For the year ended 31 March 2022

REVENUE RECOGNITION (Continued)

The transaction price allocated to network services is recognised as revenue over the contractual period based on usage.

C) Mobile Handset Revenue (Mobile CPE)-

For sales of mobile handset devices bundled with network services, the network services and handset are two separate performance obligations. The total transaction price needs to be allocated to the network services and the handset device based on their relative stand-alone selling price ("SSP"). The total transaction price allocated to the handset is recognised upfront since control of the handset has passed to the subscriber and the total transaction price allocated to the network services are recognised based on usage over the contractual period. For mobile devices sold separately, revenue is recognised when the handset is delivered to the customer at the point of sale.

3) DATA REVENUE

This is revenue generated from traffic for data services carried over fixed line networks.

Data revenue includes services such as internet services, websites and domains, voice mail, caller identification, call forwarding and short message services. Access to an internet line and data usage represent two separate performance obligations as contained within a contract with a customer.

The total transaction price receivable under the contract is allocated to access and data usage performance obligations based on their relative standard selling prices. As the customer is entitled to an unlimited amount of data, revenue

is recognised when the internet access and data services are provided to the customer.

4) Interconnect Revenue (Fixed and Mobile)

Interconnection revenues are derived from calls and other traffic that originate in other operators' networks. The Company receives interconnection fees based on agreements entered into with other telecommunications or mobile operators both nationally and internationally. These revenues are recognised over-time as the services are performed and in the period in which the services were rendered. Interconnect charges include charges for collecting and delivering calls.

International roaming revenues are derived from calls and other traffic generated by foreign operators' customers in BTC's network. The Company receives international roaming fees based on agreements entered into with other telecommunications operators. These revenues are recognised in the profit or loss in the period in which the services were rendered.

5) Customer Premises Equipment (CPE): Fixed and Data

BTC typically sells Private Automatic Branch Exchange or PABX (switchboard) solutions as a bundled service offering which may include usage of PABX equipment, network services, installation and maintenance services. PABX connects customers telephone instruments separately to the public standard telephone network (PSTN).

ACCOUNTING POLICIES

For the year ended 31 March 2022

REVENUE RECOGNITION *(Continued)*

Customers have the option to either purchase the PABX solution on a once off basis (and pay for the services over a predetermined contractual period) or pay a monthly charge for the PABX system as well as the service offering associated with it.

**a) PABX Equipment and Outright Purchases**

- Revenue for the sale of all CPE equipment purchased outright and PABX equipment is recognised as control is passed on delivery. Accordingly, equipment supplied to the customer would be a separate performance obligation.

**b) Not Outright Purchases (Rental)** - Revenue for CPE not purchased outright represent a separate performance obligation contained in a contract with a customer. Network services, installation and maintenance are recognised as separate performance obligations. Because the installation services relate exclusively to the installation of equipment at customers premises, installation is accounted for as a separate performance obligation.

The Company recognises the costs that relate to satisfied performance obligations as expenses when incurred.

**6) Other Services**

**Rental Income**

Primarily, equipment that is rented out is network towers which are leased to other operators. Revenue is recognised on a straight-line basis over the lease term on ongoing leases and is classified under other services.

**Directory Services:**

Revenue is recognised when telephone directories are released for distribution, when control is generally passed.

**Practical Expedients**

BTC has elected to make use of the following practical expedients:

1. Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less. For contracts with a duration of more than one year, the information has been disclosed.
2. Contract costs incurred related to contracts with an amortisation period of less than one year have been expensed as incurred.
3. Application of the portfolio approach to contracts with similar characteristics.

**Capitalisation of Customer Acquisition Costs**

The Company pays subscriber acquisition costs comprising union commissions, SIM activation fees, dealer commissions. These direct incremental costs of acquiring a contract are recognised as a contract acquisition cost asset.

Costs are amortised in line with the recognition of the related revenue that is expected to be earned by the Company which is normally the contract period given the fact that new commissions become payable upon contract renewal.

ACCOUNTING POLICIES

For the year ended 31 March 2022

REVENUE RECOGNITION *(Continued)*

**COST OF SALES**

Cost of sales are recognised as an expense when incurred. This includes payments to other operators for network services and interconnection, depreciation of networks assets and related land and buildings, amortisation of Intangible assets, support and maintenance contract costs for network systems, installations, and network repairs.

**INTEREST INCOME AND EXPENSE**

Interest income - is recognised on a time proportion basis with reference to the principal amount receivable and the effective interest rate applicable. Revenue is recognised as the interest accrues, using the effective interest rate (EIR).

Interest income is disclosed as investing activities in the statements of cash flows.

Interest expense - In calculating the present value of liabilities, the Company uses its incremental borrowing rate at the liability commencement date because the interest rate implicit is not readily determinable. After the commencement date, the amounts of liabilities are increased to reflect the accretion of interest and reduced for the payments made.

Interest expenses are disclosed as financing activities in the statements of cash flows.

**EMPLOYEE BENEFITS**

**Post-employment benefits**

The Company operates a defined contribution pension fund for its eligible citizen employees. The fund is registered under the Retirement Funds Act, 2014. The Corporation contributes to the fund 16% of the pensionable earnings of the members. Pension contributions on behalf of employees are charged to profit or loss in the year to which they relate to and as the related service is provided.

**Short-term employment benefits**

The cost of short-term employee benefits are recognised when the employee has rendered service to the Company during the annual reporting year. The short-term employee benefits of the Company include the following: salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (car, housing, medical aid and subsidised goods and services).

**Termination benefits**

The cost of termination benefits are recognised at the earlier of: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

ACCOUNTING POLICIES

For the year ended 31 March 2022

EMPLOYEE BENEFITS *(Continued)*

In terms of their conditions of employment, expatriate and contract employees receive gratuities at the end of their contract.

The cost of employee benefits is recognised during the period the employee renders services, unless the entity uses the services of employee in the construction of an asset and the benefits received meet the recognition criteria of an asset, at which stage it is included as part of the related item of property, plant and equipment item. Other than the regular contributions made, the Company does not have any further liability in respect of its employees' pension arrangements.

INVENTORIES

This comprise items of customer premises equipment used in the construction or maintenance of plant (including work-in-progress), and consumable stores and other inventories. Inventories are stated at the lower of cost, determined on the weighted average basis, and estimated net realisable value after due consideration for slow moving and obsolete items.

Work-in-progress includes contracts carried out for customers and is stated at the lower of cost and estimated net realisable value after due consideration for provisions for any foreseeable losses. Advance payments in respect of such work-in-progress are included under trade and other payables.

DEFERRED TAX

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities which affect neither the tax profit nor the accounting profit at the time of the transaction.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future profits will allow the deferred tax asset to be recovered.

ACCOUNTING POLICIES

For the year ended 31 March 2022

DEFERRED TAX *(Continued)*

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

CURRENT INCOME TAX

Taxation is provided in the financial statements using the gross method of taxation. Current taxation is charged on the net income for the year after taking into account income and expenditure, which is not subject to taxation, and capital allowances on fixed assets. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the countries where the Company operates and generates taxable income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, excluding land and buildings are stated at historical cost less accumulated depreciation and subsequent accumulated impairment loss, where applicable. Property, plant and equipment includes all direct expenditure and costs incurred subsequently, to add to, replace part of, or major inspection thereof if the recognition criteria are met.

Subsequent costs are included in the asset's carrying amount or recognised as a component, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Land and buildings are revalued independently by professional valuers using the open market value method, forced sale value, insurance replacement cost and the leasehold interest in the properties. Revaluations are conducted at intervals of three years. Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the profit or loss to the extent of the decrease previously charged.

A decrease in the carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of the asset.

ACCOUNTING POLICIES  
For the year ended 31 March 2022

PROPERTY, PLANT AND EQUIPMENT  
(Continued)

The revaluation reserve is amortised over the expected useful lives of land and buildings and an amount equal to the depreciation charge attributable to the revaluation portion of such land and buildings, is transferred from the revaluation reserve to accumulated profits. On subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred to accumulated profits.

Improvements to assets held under operating leases are capitalised and depreciated over the useful life of the asset. In the event that the respective lease terminates before the useful lives of the assets, the assets are either disposed or relocated.

Capital work-in-progress (plant and equipment in the course of construction) comprises costs incurred in constructing property, plant and equipment that are directly attributable to the construction of the asset. Assets remain in capital work in progress until they have been put into use or are commissioned, whichever is the earlier date. At that time, they are transferred to the appropriate class of property, plant and equipment. Further details are given in Note 10. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

**Depreciation**  
For depreciation purposes, each component with different useful lives are depreciated separately. Depreciation is not provided on freehold land as it is deemed to have an indefinite life and on plant and equipment in the course of construction as they are not yet available for use.

Depreciation is provided on other property, plant and equipment on a straight-line basis. This is from the time they are available for use, so as to write off their cost over the estimated useful lives taking into account any residual values. The residual value of an asset may be equal to or greater than the asset's carrying amount. If it is the case, the asset's depreciation charge is zero until its residual value subsequently decreases to an amount below the asset's carrying amount.

The estimated useful lives assigned to the Company's property, plant and equipment are:

|                              |                                                              |
|------------------------------|--------------------------------------------------------------|
| Buildings                    | 40 years                                                     |
| Leasehold land and buildings | unexpired portion of lease or 50 years, whichever is shorter |
| Network assets               | 5 to 20 years                                                |
| Other plant and equipment    | 3 to 10 years                                                |

ACCOUNTING POLICIES  
For the year ended 31 March 2022

PROPERTY, PLANT AND EQUIPMENT  
(Continued)

Where the expected useful lives or residual values of property, plant and equipment have changed due to technological change or market conditions, the rate of depreciation is adjusted so as to write off their cost or valuation over the remaining estimated useful lives to the estimated residual values of such property, plant and equipment.

The useful lives, residual values and depreciation methods of property, plant and equipment are reviewed at each financial year end and adjusted in the current period if expectations differ from the previous estimates. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or asset held for distribution; or is included in a disposal Company that is classified as held for sale or held for distribution the date that the asset is derecognised.

IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which it belongs. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined

for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or the Company's assets.

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.

Management's estimates of future cash flows are subject to risk and uncertainties. It is therefore reasonably possible that changes could occur which may affect the recoverability of the Company's assets. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash- generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings, in which case the impairment loss is treated as a decrease in the revaluation reserve to the extent of the value of this reserve relating to this particular asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

ACCOUNTING POLICIES

For the year ended 31 March 2022

IMPAIRMENT OF NON-CURRENT ASSETS

(Continued)

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in other comprehensive income (OCI) after reversing the portion previously recognised in profit or loss.

INTANGIBLE ASSETS

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles are not capitalised, and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Amortisation of intangible assets with finite lives is over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation period and amortisation method are reviewed at least at the end of each reporting period for all intangible assets with a finite useful life. The amortisation expense on intangible asset with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Computer and billing software and network systems

The Company made upfront payments to purchase software and network systems (which includes software licenses) for Information technology and Network purposes. The software licences for the use of intellectual property are granted for periods ranging between 5 and 20 years depending on the specific licences and are amortised accordingly.

Derecognition of intangible asset

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Distinguishing assets that comprise both a tangible and intangible component

In instances where items are delivered by suppliers which comprise both tangible and intangible components, the different components are priced separately and accounted for separately as either tangible assets (as per IAS 16) or intangible assets (as per IAS 38).

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

ACCOUNTING POLICIES

For the year ended 31 March 2022

NON-CURRENT ASSETS HELD FOR SALE

(Continued)

This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

FOREIGN CURRENCY TRANSLATION

Transactions in currencies other than Botswana Pula are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates of exchange approximating those ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Profit or loss arising on translation of foreign currencies attributable to the Company are dealt with in profit or loss in the year in which they arise.

The International Telecommunications Union uses SDR as the currency to settle international operator debts. The value of the SDR is determined by summing the values in US Dollars based on the market exchanged rates of basket of major currencies (the US Dollars, EUR, Japanese yen, sterling pound).

INDEFEASIBLE RIGHT OF USE (IRU)

The Company entered into a 10-year transmission capacity IRU agreement with Botswana Fibre Network (BoFiNet) to 2024. The transmission IRU is defined as network capacity in all national and local transmission networks belonging to BoFiNet in respect of which BTC is granted an indefeasible and irrevocable right of use.

A second 15-year agreement from 2019 was entered into with BoFiNet to 2034. A financial liability equivalent to the fair value of the discounted future payments to end of the agreement was recognised and will be written over the agreement with payments made as per agreed payment plan. Interest expense is to be recognised in the profit and loss over period.

An asset was recognised comprising the fair value of the liability recognised and the remaining un-amortised cost emanating from the first agreement since the second agreement was negotiated over the first agreement therefore inextricably interwoven. The asset recognised is amortised on a straight-line basis over the period during which the agreement is effective.

DEVELOPMENT GRANTS

Grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grants received by the Company to specifically fund the acquisition or construction of property, plant and equipment are reflected as development grants and classified as non-current liabilities.

ACCOUNTING POLICIES  
For the year ended 31 March 2022

DEVELOPMENT GRANTS *(Continued)*

Grants that are going to be used in the next financial year are classified as current liabilities. Where the grant relates to an asset, the fair value of the grant is credited to a deferred income account called development grants and is released to profit or loss on a systematic basis over the expected useful lives of such property, plant and equipment.

DEFERRED REVENUE

Deferred revenue is recognised on any un-utilised portion of airtime that has been sold as a contract liability.

STATED CAPITAL

Botswana Telecommunications Corporation Limited, a statutory body, was converted to a public Company limited by shares issued on the 1 November 2012. On 8 April 2016 the Company was listed on the Botswana Stock Exchange with 1,050,000,000 authorised shares. Out of the total number of shares listed, 250,000,000 shares were issued on the day of listing. As at 31 March 2022 the Company had 1,050,000,000 issued shares (2021: 1,050,000,000 shares). The Government of Botswana remains the majority shareholder with a 54.16% shareholding.

RELATED PARTY TRANSACTIONS

The Government of the Republic of Botswana and its various local authorities and Parastatals constitute a significant portion of the Company's revenues. Other related parties are the members of key management personnel and the Company's directors.

FINANCIAL INSTRUMENTS

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Company, as applicable, are as follows:

Financial assets which are equity instruments

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

ACCOUNTING POLICIES  
For the year ended 31 March 2022

FINANCIAL INSTRUMENTS *(Continued)*

- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Non - Derivatives:

- Mandatorily at fair value through profit or loss.
- Financial liabilities.
- Amortised cost.
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a Company of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 27 Financial instruments and risk management presents the financial instruments held by the Company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

Financial asset measured at amortised cost

Classification

Trade and other receivables (note 15) are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner because the contractual terms of these receivables give rise, on specified dates to cash flows that are solely payments of principal outstanding, and the Company's business model is to collect the contractual cash flows on these receivables. The Company does not charge interest on its receivables.

Recognition and measurement

Trade and other receivables are recognised when the Company becomes a party to the contractual provisions of the loan. The receivables are measured, at initial recognition, at fair value plus transaction costs, if any.

ACCOUNTING POLICIES  
For the year ended 31 March 2022

FINANCIAL INSTRUMENTS *(Continued)*

They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the related party receivables initially, minus principal repayments using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Company recognises a loss allowance for expected credit losses on all receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience over a period of twenty-four (24) before the reporting date.

For trade receivables containing significant financing components, the Company applies the simplified approach explained above.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Company compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition. The Company considers both quantitative and qualitative information that is

reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the receivable has not increased significantly since initial recognition.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors

ACCOUNTING POLICIES  
For the year ended 31 March 2022

FINANCIAL INSTRUMENTS *(Continued)*

in full (without taking collateral into account). Irrespective of the above analysis, the Company considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

Procedurally, past due receivables are first subjected to internal collection procedures before they are handed over to external debt collectors for collection. Once all avenues have been exhausted, these are handed back to the Company where the loans are now recommended for write off to the directors.

The Company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made subsequent to write-offs are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less. Cash on hand and cash equivalents are carried at amortised cost. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and deposits, net of outstanding bank overdrafts.

In arriving at net cash from operations, the Company excludes ordinary dividends paid to shareholders, interest income and interest expense.

Gains and Losses for Financial Assets  
Gains and losses are recognised in profit or loss when the receivable is derecognised or impaired as well as through the amortisation process.

FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are trade and other payables.

Trade and other payables

Liabilities for trade and other payables are subsequently measured at amortised cost using the effective interest rate method which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Gains and Losses for Financial Liabilities

Gains and losses are recognised in profit or loss when the loan or payable is derecognised as well as through the amortisation process.

Equity instruments

Equity instruments are recorded net of direct issue costs.

ACCOUNTING POLICIES

For the year ended 31 March 2022

FINANCIAL INSTRUMENTS *(Continued)*

Offsetting of financial assets and financial liabilities (Interconnect balances)

Financial assets and liabilities specifically in relation to interconnect charges are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the right to receive cash flow from the asset have expired and it has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either the Company has transferred substantially all the risks and rewards of the asset or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset. The asset is only recognised to the extent that the Company has a continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference

in the respective carrying amounts is recognised in profit or loss.

DIVIDENDS

The Board in consultations with Management determines the amount of dividends to be distributed to the shareholders. Dividends shall be declared in respect of each financial period based on the operating results of the period, financial position of the Company, investment strategy, future capital requirements and other factors. The liability to pay dividends is recognised when dividends are declared. The dividend will be paid net of applicable withholding taxes (10%) under the Botswana Income Tax Act.

Dividends paid are disclosed as operating activities in the statements of cash flows.

PROVISIONS

General provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A past event is deemed to give rise to a present obligation if, taking into account all of the available evidence, it is more likely than not that a present obligation exists at reporting date.

ACCOUNTING POLICIES

For the year ended 31 March 2022

LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases including those for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

|                           |               |
|---------------------------|---------------|
| Buildings                 | 3 to 5 years  |
| Telecommunications sites  | 3 to 15 years |
| Network assets            | 3 to 10 years |
| Other plant and equipment | 3 years       |

The right-of-use assets are also subject to impairment. Refer to the accounting policies under impairment of non-financial assets.

ACCOUNTING POLICIES  
For the year ended 31 March 2022

LEASES *(Continued)*

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

iii) Short-term leases and leases of low-value assets

The Company has opted not to apply both the short-term lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low value recognition exemption to its short-term leases and low value leases.

Company as lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Lease income is recognised as income in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognised as revenue in the period in which they are earned.

Site rentals are for network towers which are leased to other mobile operators

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
For the year ended 31 March 2022

|                                                    | 2022      | 2021      |
|----------------------------------------------------|-----------|-----------|
|                                                    | P'000     | P'000     |
| <b>1 REVENUE FROM CONTRACTS WITH CUSTOMERS</b>     |           |           |
| <b>Fixed Voice</b>                                 |           |           |
| Voice                                              | 146,261   | 135,706   |
| Access                                             | 115,578   | 125,074   |
| Interconnect                                       | 13,810    | 15,484    |
| Customer Premises Equipment (CPE)                  | 125,419   | 130,140   |
| Significant financing component *                  | 3,577     | 1,147     |
|                                                    | 404,645   | 407,551   |
| <b>Mobile</b>                                      |           |           |
| Voice                                              | 177,461   | 265,074   |
| Interconnect                                       | 12,689    | 15,917    |
| Data                                               | 190,887   | 125,871   |
| Short Message Service and Value added services     | 33,115    | 27,020    |
| Customer Premises Equipment (CPE)                  | 22,482    | 17,496    |
| Significant financing component *                  | 1,177     | 1,033     |
|                                                    | 437,811   | 452,411   |
| <b>Fixed Data</b>                                  |           |           |
| Usage                                              | 259,907   | 261,804   |
| Access                                             | 211,733   | 220,627   |
| Customer Premises Equipment (CPE)                  | 14,741    | 23,717    |
|                                                    | 486,381   | 506,148   |
| <b>Other Revenue</b>                               |           |           |
| Directory services                                 | 6,132     | 9,275     |
| Mobile Money Services                              | 5,561     | 2,189     |
| Value Added Services                               | 13,143    | 3,298     |
| Property rentals                                   | 29,692    | 26,610    |
| Cost of works                                      | 1,930     | 4,167     |
| Third party collection fees                        | 194       | 13,422    |
| Digital Services                                   | 6,768     | 1,338     |
|                                                    | 63,420    | 60,299    |
| <b>Total revenue from contracts with customers</b> | 1,392,257 | 1,426,409 |

\*Relates to adjustments to Customer Premises Equipment (PABX) and mobile postpaid (with handset device and voucher) as per IFRS 15 guidelines.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Disaggregation of revenue from contracts with customers:

The Company derives revenue from the transfer of good and services over time and at a point in time in the following major product and service lines. In the following table, revenue is disaggregated by major products / service lines and timing of revenue recognition.

| 31 March 2022                                                                                                                                                 | Fixed Voice              |                      |             | Mobile                   |                      |  | Mobile      | Fixed Data    |                |             | Other Revenue (P'000) | Total (P'000) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------|-------------|--------------------------|----------------------|--|-------------|---------------|----------------|-------------|-----------------------|---------------|
|                                                                                                                                                               | Network Services (P'000) | Interconnect (P'000) | CPE (P'000) | Network Services (P'000) | Interconnect (P'000) |  | CPE (P'000) | Usage (P'000) | Access (P'000) | CPE (P'000) |                       |               |
| <b>Major products / service lines:</b><br>Revenue from external contracts with customers<br>Other revenue (directory services, value added services, rentals) | 261,839                  | 13,810               | 128,996     | 402,640                  | 12,689               |  | 22,482      | 259,907       | 211,733        | 14,741      | -                     | 1,328,837     |
|                                                                                                                                                               | -                        | -                    | -           | -                        | -                    |  | -           | -             | -              | -           | 63,420                | 63,420        |
|                                                                                                                                                               | 261,839                  | 13,810               | 128,996     | 402,640                  | 12,689               |  | 22,482      | 259,907       | 211,733        | 14,741      | 63,420                | 1,392,257     |
| <b>Timing of revenue recognition:</b><br>Products transferred at a point in time<br>Products and services transferred over time                               | -                        | -                    | 128,996     | -                        | -                    |  | 22,482      | -             | -              | 14,741      | -                     | 166,219       |
|                                                                                                                                                               | 261,839                  | 13,810               | -           | 402,640                  | 12,689               |  | -           | 259,907       | 211,733        | -           | 63,420                | 1,226,038     |
|                                                                                                                                                               | 261,839                  | 13,810               | 128,996     | 402,640                  | 12,689               |  | 22,482      | 259,907       | 211,733        | 14,741      | 63,420                | 1,392,257     |

| 31 March 2021                                                                                                                                                 | Fixed Voice              |                      |             | Mobile                   |                      |  | Mobile      | Fixed Data    |                |             | Other Revenue (P'000) | Total (P'000) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------|-------------|--------------------------|----------------------|--|-------------|---------------|----------------|-------------|-----------------------|---------------|
|                                                                                                                                                               | Network Services (P'000) | Interconnect (P'000) | CPE (P'000) | Network Services (P'000) | Interconnect (P'000) |  | CPE (P'000) | Usage (P'000) | Access (P'000) | CPE (P'000) |                       |               |
| <b>Major products / service lines:</b><br>Revenue from external contracts with customers<br>Other revenue (directory services, value added services, rentals) | 260,780                  | 15,484               | 131,287     | 418,998                  | 15,917               |  | 17,496      | 261,804       | 220,627        | 23,717      | -                     | 1,366,110     |
|                                                                                                                                                               | -                        | -                    | -           | -                        | -                    |  | -           | -             | -              | -           | 60,299                | 60,299        |
|                                                                                                                                                               | 260,780                  | 15,484               | 131,287     | 418,998                  | 15,917               |  | 17,496      | 261,804       | 220,627        | 23,717      | 60,299                | 1,426,409     |
| <b>Timing of revenue recognition:</b><br>Products transferred at a point in time<br>Products and services transferred over time                               | -                        | -                    | 131,287     | -                        | -                    |  | 17,496      | -             | -              | 23,717      | -                     | 172,500       |
|                                                                                                                                                               | 260,780                  | 15,484               | -           | 418,998                  | 15,917               |  | -           | 261,804       | 220,627        | -           | 60,299                | 1,253,909     |
|                                                                                                                                                               | 260,780                  | 15,484               | 131,287     | 418,998                  | 15,917               |  | 17,496      | 261,804       | 220,627        | 23,717      | 60,299                | 1,426,409     |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

## ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

|                                                                                                              | 2022    | 2021    |
|--------------------------------------------------------------------------------------------------------------|---------|---------|
|                                                                                                              | P'000   | P'000   |
| <b>2 COST OF SERVICES AND GOODS SOLD (Restated)</b>                                                          |         |         |
| Payment to International carriers and local operators (interconnection)                                      | 66,923  | 91,750  |
| Amortisation of the Indefeasible right of use (IRU) asset                                                    | 38,209  | 38,209  |
| Depreciation                                                                                                 |         |         |
| Land and buildings                                                                                           | 20,638  | 34,149  |
| Network Assets                                                                                               | 156,018 | 138,924 |
| Amortisation of intangible assets                                                                            | 41,306  | 44,780  |
| Right of Use Assets                                                                                          | 20,611  | 20,437  |
| Equipment and material costs                                                                                 | 152,581 | 118,212 |
| Installation of Customer Premises Equipment (CPE)                                                            | 6,900   | 14,709  |
| Write down /(up) of inventories                                                                              | 2,148   | (2,694) |
| Cost of directory sales                                                                                      | 1,534   | 1,641   |
| Cost of prepaid cards                                                                                        | 980     | 4,807   |
| Cost of phones                                                                                               | 38,563  | 27,243  |
| License fee - BOCRA                                                                                          | 35,294  | 39,065  |
| Space segment rentals and other licence fees                                                                 | 15,237  | 16,389  |
| Mobile financial services costs                                                                              | 7,809   | 4,894   |
| Total cost of services and goods sold                                                                        | 604,751 | 592,515 |
|                                                                                                              |         |         |
| Space segment rentals relate to satellites which the entity rents. Licence fees relate to computer software. |         |         |
| <b>3.1 INTEREST INCOME</b>                                                                                   |         |         |
| Interest from short-term and call accounts deposits                                                          | 18,796  | 6,360   |
|                                                                                                              | 18,796  | 6,360   |
| <b>3.2 INTEREST EXPENSE</b>                                                                                  |         |         |
| Interest expense on lease liabilities                                                                        | 9,021   | 9,695   |
| Interest expense on Indefeasible right of use liability                                                      | 13,746  | 17,277  |
|                                                                                                              | 22,767  | 26,972  |
| <b>4 OTHER INCOME</b>                                                                                        |         |         |
| Development grant recognised as income (note 20)                                                             | 21,235  | 30,990  |
| Exchange gain*                                                                                               | 18,683  | 6,639   |
|                                                                                                              | 39,918  | 37,629  |
|                                                                                                              |         |         |

\* Classified under Other Operating expenses in the prior year

\* Classified under Other Operating expenses in the prior year

## ANNUAL FINANCIAL STATEMENTS

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

|                                                                        | 2022    | 2021    |
|------------------------------------------------------------------------|---------|---------|
|                                                                        | P'000   | P'000   |
| <b>5 SELLING AND DISTRIBUTION COSTS:</b>                               |         |         |
| Product Marketing costs                                                | 18,175  | 21,721  |
| Sponsorship expense / (reversals)                                      | 67      | (1,705) |
|                                                                        | 18,242  | 20,016  |
| <b>6 ADMINISTRATIVE EXPENSES</b>                                       |         |         |
| Employee costs:                                                        |         |         |
| Salaries and wages                                                     | 318,950 | 326,074 |
| Pension fund and group life contributions (defined contribution plans) | 34,132  | 32,651  |
| Training costs                                                         | 2,957   | 4,726   |
| Medical costs                                                          | 9,475   | 8,888   |
| Other related employee costs *                                         | 13,285  | 9,456   |
| Total employee costs charged to profit or loss                         | 378,799 | 381,795 |
| Depreciation - Other equipment                                         | 18,020  | 11,188  |
| - Right-of Use Assets Motor Vehicles                                   | 251     | 749     |
| Repairs and maintenance - non-telecommunications equipment             | 6,503   | 15,563  |
| Total Administrative expenses                                          | 403,573 | 409,295 |

\*Other related employee costs include medical aid expenses, staff welfare and staff uniforms

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

7 OTHER OPERATING EXPENSES

| Notes                                             | 2022    | Restated<br>2021 |
|---------------------------------------------------|---------|------------------|
|                                                   | P'000   | P'000            |
| Audit Remuneration                                |         |                  |
|                                                   |         |                  |
| Audit fees                                        | 2,098   | 1,960            |
| Other Services                                    | 701     | 359              |
| Directors fees-sitting allowance                  | 1,476   | 1,168            |
| Directors fees-other expenses                     | 332     | 171              |
| Billing costs                                     | 56,322  | 63,271           |
| Consultancy                                       | 15,714  | 10,052           |
| Financial charges*                                | 10,678  | 14,291           |
| Radio Licence fees – BOCRA                        | 7,654   | 12,452           |
| Variable lease payments                           | 1,199   | 2,883            |
| Stationery                                        | 1,739   | 2,732            |
| Miscellaneous expenses*                           | 8,315   | 11,484           |
| Property upkeep                                   | 13,408  | 11,243           |
| Travel and entertainment                          | 4,281   | 3,700            |
| Dealer commission                                 | 39,591  | 49,401           |
| Vehicle running costs                             | 7,995   | 7,070            |
| Utilities –electricity and water                  | 35,807  | 34,419           |
| Licences – system and software                    | 14,692  | 12,733           |
| Loss on disposal of property, plant and equipment | 434     | 505              |
| TOTAL                                             | 222,436 | 239,894          |

\*Miscellaneous expenses

Miscellaneous expenses include the following: outsourced call centre costs, customs and freight, newspapers and periodicals.

\*Financial charges

Financial charges include the following: Bank charges, Insurance premiums and miscellaneous write-offs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

8 INCOME TAX EXPENSE

The components of income tax expense for the period are:

Statement of Profit or loss

Taxation expense

|                            |        |        |
|----------------------------|--------|--------|
| Current taxation           | -      | -      |
| Deferred taxation          | 41,608 | 30,923 |
| Charge for the year        | 39,728 | 30,923 |
| Prior year under provision | 1,880  | -      |
|                            | 41,608 | 30,923 |

Taxation expense

Tax rate reconciliation

|                                                       |         |         |
|-------------------------------------------------------|---------|---------|
| Profit before tax                                     | 182,393 | 168,841 |
| Company tax at 22%                                    | 40,126  | 37,145  |
| Prior year under provision                            | 1,880   | -       |
| Expenses and revenues not deductible for tax purposes | (398)   | (6,222) |
| Taxation expense                                      | 41,608  | 30,923  |

Non-deductible expenses include donations and proportion of capital costs and income not qualifying for capital tax allowances.

As elaborated on Note 23.2, the Company is currently on a tax loss position since the 2020 financial year therefore nil current taxation (March 2021; Nil)

9 EARNINGS PER SHARE

|                                                                                      |               |               |
|--------------------------------------------------------------------------------------|---------------|---------------|
| Profit attributable to ordinary shareholder for basic and diluted earnings per share | 140,785       | 137,918       |
|                                                                                      |               |               |
| Stated capital – number of shares (note 18)                                          | 1,050,000,000 | 1,050,000,000 |
| Earnings per share (Thebe)                                                           | 13.41         | 13.14         |

The Company has stated capital of 1,050,000,000 shares as at period end (Prior year: 1,050,000,000 shares). The Government of Botswana is still the majority shareholder with a 54.16% shareholding.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

There are no dilutive potential ordinary shares for purposes of computing diluted earnings per share.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

10 PROPERTY, PLANT AND EQUIPMENT

| 31 March 2022                       | Notes | Land & Buildings | Network Assets | Plant & Other Equipment | Capital Work in Progress | Total     |
|-------------------------------------|-------|------------------|----------------|-------------------------|--------------------------|-----------|
| Measured at                         |       | Fair value       | Cost           | Cost                    | Cost                     |           |
|                                     |       | P'000            | P'000          | P'000                   | P'000                    | P'000     |
| <b>COST OR VALUATION</b>            |       |                  |                |                         |                          |           |
| At beginning of the year - restated |       | 589,941          | 3,222,894      | 264,391                 | 127,926                  | 4,205,152 |
| Additions and net transfers         |       | 11,603           | 135,507        | 9,924                   | (43,984)                 | 113,050   |
| Reclassified as held for sale       | 17    | (40,300)         | -              | -                       | -                        | (40,300)  |
| Retired                             |       | -                | -              | (929)                   | -                        | (929)     |
| At end of the period                |       | 561,244          | 3,358,401      | 273,386                 | 83,942                   | 4,276,973 |
| <b>DEPRECIATION AND IMPAIRMENT</b>  |       |                  |                |                         |                          |           |
| At beginning of the year - restated |       | 1,980            | 2,433,074      | 198,974                 | -                        | 2,634,028 |
| Depreciation charge for the year    |       | 20,637           | 156,018        | 18,020                  | -                        | 194,675   |
| Reclassified as held for sale       | 17    | (317)            | -              | -                       | -                        | (317)     |
| Retired                             |       | -                | -              | (865)                   | -                        | (865)     |
| At end of the year                  |       | 22,300           | 2,589,092      | 216,129                 | -                        | 2,827,521 |
| <b>NET BOOK VALUE</b>               |       |                  |                |                         |                          |           |
| At beginning of the year            |       | 587,961          | 789,820        | 65,417                  | 127,926                  | 1,571,124 |
| At end of the period                |       | 538,944          | 769,309        | 57,257                  | 83,942                   | 1,449,452 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

| 31 March 2021 (Restated)            | Notes | Land & Buildings | Network Assets | Plant & Other Equipment | Capital Work in Progress | Total     |
|-------------------------------------|-------|------------------|----------------|-------------------------|--------------------------|-----------|
| Measured at                         |       | Fair value       | Cost           | Cost                    | Cost                     |           |
|                                     |       | P'000            | P'000          | P'000                   | P'000                    | P'000     |
| <b>COST OR VALUATION</b>            |       |                  |                |                         |                          |           |
| At beginning of the year - restated |       | 812,667          | 3,085,704      | 295,331                 | 100,343                  | 4,294,045 |
| Additions                           |       | 7,924            | 140,623        | 5,920                   | 27,583                   | 182,050   |
| Revaluation                         |       | (230,640)        | -              | -                       | -                        | (230,640) |
| Retired                             |       | -                | (3,433)        | (36,870)                | -                        | (40,303)  |
| Reclassification                    |       | (10)             | -              | 10                      | -                        | -         |
| At end of the year                  |       | 589,941          | 3,222,894      | 264,391                 | 127,926                  | 4,205,152 |
| <b>DEPRECIATION</b>                 |       |                  |                |                         |                          |           |
| At beginning of the year - restated |       | 270,613          | 2,299,376      | 214,671                 | -                        | 2,784,660 |
| Depreciation charge for the year    |       | 25,881           | 138,924        | 19,456                  | -                        | 184,261   |
| Retired                             |       | -                | (5,226)        | (35,153)                | -                        | (40,379)  |
| Revaluation                         |       | (294,514)        | -              | -                       | -                        | (294,514) |
| At end of the year - restated       |       | 1,980            | 2,433,074      | 198,974                 | -                        | 2,634,028 |
| <b>NET BOOK VALUE</b>               |       |                  |                |                         |                          |           |
| At beginning of the year - restated |       | 542,054          | 786,328        | 80,660                  | 100,343                  | 1,509,385 |
| At end of the year - restated       |       | 587,961          | 789,820        | 65,417                  | 127,926                  | 1,571,124 |

Details relating to the restatement of prior period errors have been disclosed in note 25.

Land and buildings are carried at a revalued amount, which is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The revaluation of land and buildings was performed on 31 March 2021 by Vantage Properties. The count and valuation, where possible, of the asset components in Botswana, and appropriate depreciation classes were standardised and residual values applied. For fair value disclosures, refer to Note 28.

If land and buildings were measured using the cost model, the carrying amount would be as follows:

|                 | 2022<br>P'000 | 2021<br>P'000 |
|-----------------|---------------|---------------|
| Cost            | 287,412       | 279,969       |
| Depreciation    | (109,843)     | (109,562)     |
| Carrying amount | 177,569       | 170,407       |

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11 INTANGIBLE ASSETS

| 31 March 2022            | Computer and<br>Billing Software | Network<br>Systems | Total   |
|--------------------------|----------------------------------|--------------------|---------|
|                          | P'000                            | P'000              | P'000   |
| <b>COST</b>              |                                  |                    |         |
| At beginning of the year | 514,346                          | 45,136             | 559,482 |
| Additions                | 20,903                           | -                  | 20,903  |
| Disposal                 | (1,651)                          | -                  | 1,651)  |
| At end of the year       | 533,598                          | 45,136             | 578,734 |
| <b>AMORTISATION</b>      |                                  |                    |         |
| At beginning of the year | 327,836                          | 26,379             | 354,215 |
| Charge for the year      | 39,765                           | 1,541              | 41,306  |
| Disposal                 | (733)                            | -                  | (733)   |
| At end of the year       | 366,868                          | 27,920             | 394,788 |
| <b>NET BOOK VALUE</b>    |                                  |                    |         |
| At beginning of the year | 186,510                          | 18,757             | 205,267 |
| At end of the year       | 166,730                          | 17,216             | 183,946 |
| <b>31 March 2021</b>     |                                  |                    |         |
| <b>COST</b>              |                                  |                    |         |
| At beginning of the year | 496,221                          | 45,136             | 541,357 |
| Additions                | 18,125                           | -                  | 18,125  |
| At end of the year       | 514,346                          | 45,136             | 559,482 |
| <b>AMORTISATION</b>      |                                  |                    |         |
| At beginning of the year | 284,696                          | 24,739             | 309,435 |
| Charge for the year      | 43,140                           | 1,640              | 44,780  |
| At end of the year       | 327,836                          | 26,379             | 354,215 |
| <b>NET BOOK VALUE</b>    |                                  |                    |         |
| At beginning of the year | 211,525                          | 20,397             | 231,922 |
| At end of the year       | 186,510                          | 18,757             | 205,267 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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12 ASSET IMPAIRMENT

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>As at 31 March 2022, the Company assessed its property, plant and equipment and finite life intangible assets at the reporting date for any indication of impairment. This was done by comparing the carrying amount of the Company's net assets with the recoverable amount of the assets. The recoverable amount was based on the business' value in use, which in turn, was calculated by forecasting the Company's future enterprise free cash flows for a period of five years, including the terminal value into perpetuity and then determining the value by discounting these free cash flows using a discount rate equal to the weighted average cost of capital (WACC) of 13.6% (15.175% pre tax) (31 March 2021: 13.6%-16.541% pre tax). The entire business was regarded as one cash generating unit (CGU) since common network elements are responsible for the production of all services.</p> <p>Based on the value-in-use calculation, the estimated value in use of BTC significantly exceeded its carrying amount. As the value-in use range exceeds the carrying amount of the CGU, there is no impairment loss to be recognised.</p> |
| <p><b>Valuation key assumptions</b></p> <p>The recoverable amount was determined based on value in use. The calculations used cash flow projections over a period of five (5) years based on financial forecasts was applied.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Key assumptions used in value in use calculations and sensitivity to changes in assumptions</b></p> <p>The calculation of value in use took into consideration the following assumptions:</p> <ul style="list-style-type: none"><li>- Gross margins</li><li>- Discount rate</li><li>- Market share during the forecast period</li><li>- Growth rates used to extrapolate the cash flows beyond the forecast period</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p><b>Assumptions</b></p> <p>Discount rate (WACC) 2022: 13.6% (March 2021: 13.6%) . The pre-tax WACC rate 15.175% (March 2021: 16.541%)<br/>Management determined this rate based on past experience as well as external sources of information.<br/>Terminal growth rate into perpetuity: 2%</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Sensitivity to changes in assumptions</b></p> <p>Given the significant headroom computed, no further sensitivity analysis has been performed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

13 LEASES

The Company has lease contracts for various buildings, rental of telecommunication sites, network assets and motor vehicles used in its operations. Leases of buildings generally have lease terms between 3 and 5 years, telecommunication sites between 3 and 15 years, network assets between 5 and 10 years while motor vehicles generally have lease term of 3 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company's leases are mainly non-cancellable and include options of extension on terms to be agreed upon by both parties. There are no lease contracts that include variable lease payments.

The Company has chosen not to utilise the exemption on short-term leases and the leasing of low-value assets.

13.1 Right-of-use assets

| 31 March 2022                    | Buildings | Telecommunication Sites | Network Assets | Motor Vehicles | Other | Total   |
|----------------------------------|-----------|-------------------------|----------------|----------------|-------|---------|
|                                  | P'000     | P'000                   | P'000          | P'000          | P'000 | P'000   |
| <strong>COST</strong>            |           |                         |                |                |       |         |
| At beginning of the year         | 17,241    | 131,037                 | 17,148         | 959            | 1,631 | 168,016 |
| Additions                        | 3,732     | 3,139                   | -              | -              | -     | 6,871   |
| Disposals                        | (1,778)   | (1,252)                 | -              | (441)          | -     | (3,471) |
| At end of the year               | 19,195    | 132,924                 | 17,148         | 518            | 1,631 | 171,416 |
| <strong>DEPRECIATION</strong>    |           |                         |                |                |       |         |
| At beginning of the year         | 7,926     | 27,628                  | 2,250          | 613            | 272   | 38,689  |
| Depreciation charge for the year | 4,642     | 14,299                  | 1,125          | 251            | 544   | 20,861  |
| Disposals                        | (1,778)   | (1,252)                 | -              | (441)          | -     | (3,471) |
| At end of the year               | 10,790    | 40,675                  | 3,375          | 423            | 816   | 56,079  |
| <strong>NET BOOK VALUE</strong>  |           |                         |                |                |       |         |
| At beginning of the year         | 9,315     | 103,407                 | 14,898         | 346            | 1,359 | 129,325 |
| At end of the year               | 8,405     | 92,249                  | 13,773         | 95             | 815   | 115,337 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

13 LEASES (Continued)

| 31 March 2021                    | Buildings | Telecommunication Sites | Network Assets | Motor Vehicles | Other | Total   |
|----------------------------------|-----------|-------------------------|----------------|----------------|-------|---------|
|                                  | P'000     | P'000                   | P'000          | P'000          | P'000 | P'000   |
| At beginning of the year         | 17,222    | 129,130                 | 17,148         | 1,987          | -     | 165,487 |
| Additions                        | 1,170     | 3,082                   | -              | -              | 1,631 | 5,883   |
| Disposals                        | (1,151)   | (1,175)                 | -              | (1,028)        | -     | (3,354) |
| At end of the year               | 17,241    | 131,037                 | 17,148         | 959            | 1,631 | 168,016 |
| <strong>DEPRECIATION</strong>    |           |                         |                |                |       |         |
| At beginning of the year         | 4,432     | 14,409                  | 1,125          | 892            | -     | 20,858  |
| Depreciation charge for the year | 4,645     | 14,394                  | 1,125          | 749            | 272   | 21,185  |
| Disposals                        | (1,151)   | (1,175)                 | -              | (1,028)        | -     | (3,354) |
| At end of the year               | 7,926     | 27,628                  | 2,250          | 613            | 272   | 38,689  |
| <strong>NET BOOK VALUE</strong>  |           |                         |                |                |       |         |
| At beginning of the year         | 12,790    | 114,721                 | 16,023         | 1,095          | -     | 144,629 |
| At end of the year               | 9,315     | 103,409                 | 14,898         | 346            | 1,359 | 129,327 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

13 LEASES (Continued)

13.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| 31 March 2022             | Buildings | Telecommunication Sites | Network Assets | Motor Vehicles | Other | Total    |
|---------------------------|-----------|-------------------------|----------------|----------------|-------|----------|
|                           | P'000     | P'000                   | P'000          | P'000          | P'000 | P'000    |
| At beginning of the year  | 10,403    | 114,725                 | 15,897         | 374            | 1,381 | 142,780  |
| Additions during the year | 3,732     | 3,139                   | -              | -              | -     | 6,871    |
| Accretion of interest     | 669       | 7,253                   | 1,010          | 15             | 74    | 9,021    |
| Payments                  | (5,337)   | (18,187)                | (1,793)        | (284)          | (600) | (26,201) |
| As at end of the year     | 9,467     | 106,930                 | 15,114         | 105            | 855   | 132,471  |
| 31 March 2021             |           |                         |                |                |       |          |
| At beginning of the year  | 13,639    | 121,714                 | 16,630         | 1,148          | -     | 153,131  |
| Additions during the year | 1,170     | 3,082                   | -              | -              | 1,631 | 5,883    |
| Accretion of interest     | 784       | 7,752                   | 1,060          | 49             | 50    | 9,695    |
| Payments                  | (5,190)   | (17,823)                | (1,793)        | (823)          | (300) | (25,929) |
| At end of the year        | 10,403    | 114,725                 | 15,897         | 374            | 1,381 | 142,780  |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

13 LEASES (Continued)

13.2 Lease liabilities (continued)

Comprising:

Current liabilities  
Non-current liabilities

| 2022    | 2021    |
|---------|---------|
| P'000   | P'000   |
| 16,718  | 16,418  |
| 115,753 | 126,362 |
| 132,471 | 142,780 |

The maturity analysis of undiscounted lease liabilities are disclosed in Note 27.8

The following are the amounts recognised in profit or loss:

Depreciation expense on right-of-use asset  
Interest expense on lease liabilities

- Cost of Sales  
- Administrative expenses

|        |        |
|--------|--------|
| 20,610 | 20,436 |
| 251    | 749    |
| 9,021  | 9,695  |
| 29,882 | 30,880 |

Total amount recognised in profit or loss

There were no leases not yet commenced to which the Company as lessee is committed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

14 INVENTORIES

|                                                                 | 2022   | 2021   |
|-----------------------------------------------------------------|--------|--------|
|                                                                 | P'000  | P'000  |
| Comprising:                                                     |        |        |
| Consumable stores                                               | 46,276 | 44,024 |
| Customer premises equipment                                     | 7,143  | 1,198  |
| Total inventories at the lower of cost and net realisable value | 53,419 | 45,222 |

The above inventory is disclosed at the lower of cost and estimated net realisable value.

The cost of inventories recognised as an expense during the year was P91 592 000 (2021; P94 021 000).

Included in the Cost of Sales is P6 780 000 in respect of write downs of inventory to net realisable value (2021 P2 693 000 write up).

15 TRADE AND OTHER RECEIVABLES

|                                                              |           |           |
|--------------------------------------------------------------|-----------|-----------|
| Trade receivables                                            | 178,947   | 123,351   |
| Receivables from related parties                             | 96,464    | 147,518   |
| Trade receivables from interconnect balances                 | 13,418    | 14,087    |
| Contract assets                                              | 53,539    | 35,016    |
| Staff advances                                               | 8,293     | 7,344     |
| Receivables from global connectivity projects (EASSy & WACS) | -         | 9,455     |
| Other receivables                                            | 9,145     | 15,895    |
| Provision for credit Notes - Revenue reversals               | (46,258)  | (26,418)  |
| Debtors impairment                                           | (122,707) | (130,064) |
| Net trade and other receivables                              | 190,841   | 196,184   |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

15 TRADE AND OTHER RECEIVABLES (Continued)

|                                   | 2022    | 2021    |
|-----------------------------------|---------|---------|
|                                   | P'000   | P'000   |
| Prepayments                       | 23,820  | 21,909  |
| Total trade and other receivables | 214,661 | 218,093 |

Categorisation into:

|                                    |         |         |
|------------------------------------|---------|---------|
| Financial assets at amortised cost | 155,760 | 150,387 |
| Non financial                      | 58,901  | 67,706  |
|                                    | 214,661 | 218,093 |

Comprising:

|                             |         |         |
|-----------------------------|---------|---------|
| Trade and other receivables | 161,122 | 183,077 |
| Contract assets             | 53,539  | 35,016  |
|                             | 214,661 | 218,093 |

The Company's trade and other receivables are non-interest bearing. For terms and conditions relating to related party receivables, refer to Note 26. Trade receivables from interconnect balances and other receivables are generally 30 to 90 day terms, interest free, unsecured and settlement occurs in cash.

Contract Assets

BTC recognises contract assets for goods and services for which control has transferred to the customer before consideration is due. These assets mainly relate to mobile handsets or vouchers and PABX provided upfront but paid for over the course of the period of the contract and primarily relate to BTC's right to consideration for goods and services rendered but not billed at the reporting date for customer contracts for network services and mobile devices. The contract assets are transferred to trade and other receivables when the rights become unconditional. Contract assets are reclassified as trade and other receivables when the right to payment becomes unconditional and BTC has billed the customer.

The following table provides information about receivables, revenue related contract assets from contracts with customers:

|                       |        |        |
|-----------------------|--------|--------|
| Contract assets       |        |        |
| Current               | 25,280 | 19,594 |
| Non-Current           | 28,259 | 15,422 |
| Total contract assets | 53,539 | 35,016 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

15 TRADE AND OTHER RECEIVABLES (Continued)

Contract Assets (continued)

UNSATISFIED PERFORMANCE

The following table shows unsatisfied performance obligations resulting from long term customer contracts:

|                                                                                      | 2022<br>P'000 | 2021<br>P'000 |
|--------------------------------------------------------------------------------------|---------------|---------------|
| Aggregate amount of the transaction price allocated to long term customer contracts. | 40,662        | 22,386        |
|                                                                                      | 40,662        | 22,386        |

The table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

No consideration from contracts with customers is excluded from the amounts presented above.

The Company applies the practical expedient (modified approach) in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Staff advances are repaid up to twelve months and are non-interest bearing. Staff advances and other receivables are carried at cost which approximate their carrying value.

Further details on receivables from Global connectivity projects (EASSy and WACS) have been disclosed in note 26.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

15 TRADE AND OTHER RECEIVABLES (Continued)

Exposure to credit risk

Trade receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of post paid customers over a period of 24 months before 31 March 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current macroeconomic factors affecting the ability of the customers to settle the receivables. Given the short nature of its trade receivables, the Company has identified inflation to be the most relevant factor, and accordingly adjusted the historical loss rates based on expected changes in this.

The credit period on trade and other receivables is 30 days (2021: 30 days). No interest is charged on outstanding trade and other receivables .

A loss allowance is recognised for all trade and other receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. As per the Company credit policy, past due receivables are first subjected to the internal collection process until all available avenues are exhausted. They are then handed over to external debt collectors for collections. Any balances uncollected are returned back to the Company at which point an assessment is made for write off.

In accordance with the simplified approach adopted, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix is a probability-weighted model which applies an expected loss percentage, based on the net write-off history experienced on receivables, to each ageing category of receivables at the end of each month in order to calculate the total provision to be raised on the receivable balances. It also incorporates information and general economic conditions of the industry as at the reporting date.

Due to the intricate relationship between contract assets and trade receivables, the lifetime expected credit losses determined for the trade receivables are applied on the contract assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

15 TRADE AND OTHER RECEIVABLES (Continued)

Exposure to credit risk (continued)

The changes in percentage movements in the default rates within the credit ratings were analysed at reporting date at a customer profile level and these changes were then applied to existing ECL ratios.

Management continued to monitor its customers with reference to the continuing impact of COVID- 19 on the economy.

|                             |                                     |               | <u>2022</u>                                | <u>2022</u>                                    | <u>2021</u>                                | <u>2021</u>                                    |
|-----------------------------|-------------------------------------|---------------|--------------------------------------------|------------------------------------------------|--------------------------------------------|------------------------------------------------|
|                             |                                     |               | P'000                                      | P'000                                          | P'000                                      | P'000                                          |
|                             | Expected credit loss rate (average) |               | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) |
|                             | <u>Mar-22</u>                       | <u>Mar 21</u> |                                            |                                                |                                            |                                                |
| Bucketing (Days past due)   |                                     |               |                                            |                                                |                                            |                                                |
| Current                     | 7%                                  | 6%            | 144,444                                    | 10,281                                         | 84,751                                     | 6,286                                          |
| 31-60 days past due         | 16%                                 | 22%           | 43,507                                     | 6,992                                          | 50,334                                     | 11,112                                         |
| 61-90 days past due         | 16%                                 | 32%           | 23,092                                     | 3,645                                          | 29,271                                     | 9,233                                          |
| 91-120 days past due        | 31%                                 | 74%           | 27,337                                     | 8,474                                          | 28,379                                     | 20,878                                         |
| 121-150 days past due       | 84%                                 | 85%           | 7,142                                      | 6,026                                          | 18,888                                     | 16,011                                         |
| More than 150 days past due | 76%                                 | 47%           | 114,284                                    | 87,289                                         | 141,043                                    | 66,544                                         |
| Total                       |                                     |               | 359,806                                    | 122,707                                        | 352,666                                    | 130,064                                        |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

15 TRADE AND OTHER RECEIVABLES (Continued)

Reconciliation of loss allowance

The following table shows the movement in the loss allowance (expected credit losses) for trade and other receivables

|                                                                 | <u>2022</u> | <u>2021</u> |
|-----------------------------------------------------------------|-------------|-------------|
|                                                                 | P'000       | P'000       |
| Opening balance                                                 | 130,064     | 238,116     |
| Net provision (raised)/ reversed during the year                | 3,191       | (12,865)    |
| Balances written off during the year                            | (21,475)    | (102,065)   |
| Provision for credit notes for reciavables already provided for | 10,927      | 6,878       |
| Balance at the end of the year                                  | 122,707     | 130,064     |

Reconciliation of the Provision for Credit Notes \*\*

| Opening balance                         | 26,418   | 29,032   |
|-----------------------------------------|----------|----------|
| Revenue reversals during the year       | (26,790) | (29,032) |
| Net provision raised on new receivables | 46,630   | 26,418   |
| Balance at the end of the year          | 46,258   | 26,418   |

\*\*The Company assesses all revenue reversals made during the year to determine the period to which the respective revenues were recognised and further makes an estimate of revenue reversals that might occur in the ensuing year based on historic events or trends. The revenue reversals are then recognised in the appropriate period with the relevant reduction of the impairment by the amount already provided for.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

16.1 Cash and cash equivalents at end of the year:

|                                                                    |       | 2022    | 2021    |
|--------------------------------------------------------------------|-------|---------|---------|
|                                                                    | Notes | P'000   | P'000   |
| Cash at bank and on hand                                           |       | 63,905  | 125,757 |
| Short term deposits                                                |       | 398,857 | 223,506 |
| Restricted balances held for the mobile financial services (SMEGA) |       | 57,680  | 14,010  |
| Net cash and cash equivalents at end of the year                   |       | 520,442 | 363,273 |

The call deposits had effective interest rates of between 0.25% and 0.50% (March 2021: 0.25% and 0.50%).

Included in the cash and cash equivalents is an amount of USD 60 000 which BTC received from a counter party as a security for the potential future bad debts.

As per the Electronic Payments Services regulations, every Mobile Money Financial Services (MFS) provider is required to hold greater of P2 000 000 or 2% of outstanding electronic money liabilities. At the same time, each MFS is expected to have dedicated accounts which should not at any time be less than the value of the outstanding electronic money liabilities.

16.2 STATEMENT OF CASH FLOWS - Operating profit before working capital changes:

|                                                                     |      |          |          |
|---------------------------------------------------------------------|------|----------|----------|
| Profit before tax                                                   |      | 182,393  | 168,841  |
| Adjustment for non-cash movements:                                  |      |          |          |
| Impairment losses and gains on financial assets and contract assets | 15   | (3,191)  | 12,865   |
| Depreciation of property, plant and equipment - (restated)          | 10   | 194,675  | 184,261  |
| Depreciation on assets held for sale                                | 17   | 317      | -        |
| Amortisation of intangible assets                                   | 11   | 41,306   | 44,780   |
| Interest income                                                     | 3.1  | (18,796) | (6,360)  |
| Interest expense                                                    | 3.2  | 22,767   | 26,972   |
| Depreciation on right of use assets                                 | 13.1 | 20,861   | 21,185   |
| Amortisation of IRU                                                 | 26.2 | 38,209   | 38,209   |
| (Profit)/Loss on disposal of property, plant and equipment          | 7    | 434      | 505      |
| Exchange gain                                                       |      | (2,979)  | (11,634) |
| Development grant recognised as income                              | 20   | (21,235) | (30,990) |
| Movement in provisions                                              | 22   | (15,222) | 16,001   |
| Operating cash flows before working capital changes                 |      | 439,539  | 464,635  |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

16.3 Banking Facilities

The Company has facilities with its bankers amounting to P20,000,000 (March 2021: P20,000,000) in respect of Letters of credit and guarantes (P10,000,000) and Overdraft (P10,000,000). The banking facilities are unsecured.

The unutilised portion of the banking facilities amounted to P8.2 million as at 31 March 2022: USD 508,378 has been utilised as a performance bond with BOCRA, expiring 31 December 2022, for Fixed Wireless Access Spectrum in Frequency 2300-2400 MHZ. Botswana Railways Intent for Performance Bond expiring 30-07-2022 for P1,520,688.70, for Supply, Installation, Configuration and Testing of Unified Communication System.

BOCRA Performance Bond for BWP449,876.05 for Mobile Broadband Wireless Access service 2100MHz Spectrum expiring 31 December 2023.

17 ASSETS HELD FOR SALE

As at year end the Company held residential properties which the company had decided to immediately dispose in their present condition. The assets were classified as "non-current assets held for sale" on 01 July 2021 as the company intends to recover their carrying amounts principally through a sale transaction. As at year end, the assets had already been put through a public auction process and the sales are expected to be completed within one year.

The assets have been remeasured and are now carried at the lower of their carrying amount or fair value less cost to sell. Fair value less cost of selling has been determined as the highest bid prices obtained (gross) at the auction of the properties as the costs of the auction are borne by the buyer.

Impairment losses on classification as "held for sale" have been treated as a revaluation decrease as these assets were being carried under the revaluation model and the assets have been depreciated up to the date of re-classification (P317,000) and have not been depreciated or amortized after recognition as "held for sale".

The Company decided to dispose of its portfolio of residential properties in order to focus on core telecommunications business. These properties were acquired over the years for housing employees at some of the areas in the country when accommodation was deemed inadequate.

|                                                                          |       | 2022    | 2021  |
|--------------------------------------------------------------------------|-------|---------|-------|
|                                                                          | Notes | P'000   | P'000 |
| Cost as at 01 April 2021                                                 | 10    | 40,300  | -     |
| Depreciation charged for the year before classification as held for sale | 10    | (317)   | -     |
| Balance transferred from property, plant and equipment                   |       | 39,983  |       |
| Impairment on re-classification                                          | 18    | (7,761) | -     |
| Carrying amount classified to "Held for Sale"                            |       | 32,222  | -     |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

|                                                                                                                                                                                       | 2022<br>P'000 | 2021<br>P'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>18 STATED CAPITAL</b>                                                                                                                                                              |               |               |
| Balance                                                                                                                                                                               | 478,892       | 478,892       |
| <b>Authorised and issued capital</b>                                                                                                                                                  |               |               |
| <b>Authorised shares</b>                                                                                                                                                              |               |               |
| 1,050,000,000 (March 2021: 1,050,000,000 ) ordinary shares of no par value                                                                                                            | 478,892       | 478,892       |
| <b>Ordinary shares issued and fully paid</b>                                                                                                                                          |               |               |
| 1,050,000,000 (March 2021: 1,050,000,000 ) ordinary shares of no par value                                                                                                            | 478,892       | 478,892       |
| The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholder meetings of the Company. |               |               |
| <b>Cash dividends on ordinary shares paid:</b>                                                                                                                                        |               |               |
| Final dividend for 2021 5.31 thebe per share : (2020: Nil )                                                                                                                           | 55,755        | -             |
| Interim dividend for 2022 3.67 ( 2021 3.13 ) thebe per share                                                                                                                          | 38,535        | 32,865        |
|                                                                                                                                                                                       | 94,290        | 32,865        |

The dividend is paid net of 10% withholding tax as per the Botswana Income Tax Act.

BTC shares are only available to the following:

- a) natural persons who are citizens of Botswana
- b) corporate entities registered or operating in Botswana which are wholly citizen owned; or
- c) unincorporated associations, partnerships, and investment funds (whether managed directly or by institutional investors registered in Botswana) which are wholly citizen owned; or
- d) trusts whose ultimate beneficiaries are all Botswana citizens; or
- e) Local pension funds managed by institutional investors registered in Botswana; or
- f) any other entities operating in Botswana which are wholly citizen owned; or
- g) entities (whether or not falling into categories ii, iii or iv above) which are wholly citizen owned which manage investment funds for the benefit of citizens only.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

|                                                     | 2022<br>P'000 | 2021<br>P'000 |
|-----------------------------------------------------|---------------|---------------|
| <b>19 REVALUATION RESERVE</b>                       |               |               |
| Properties revaluation reserve (land and buildings) |               |               |
| Balance at the beginning of the year                | 382,363       | 347,603       |
| Depreciation transfer for land and buildings        | (14,934)      | (16,847)      |
| Revaluation during the year                         | -             | 51,607        |
| Impairment on assets held for sale (net of tax)     | (6,054)       | -             |
| Balance at the end of the year                      | 361,375       | 382,363       |
| Total other reserves                                | 361,375       | 382,363       |
| <b>20 DEVELOPMENT GRANTS</b>                        |               |               |
| Balance at the beginning of the year                | 27,173        | 58,163        |
| Additions for the year                              | 3,465         | -             |
| Recognised as income during the year (note 4)       | (21,235)      | (30,990)      |
| Balance at the end of the year                      | 9,403         | 27,173        |
| Comprising:                                         |               |               |
| Current portion of development grant                | 860           | 21,580        |
| Non-Current portion of development grant            | 8,543         | 5,593         |
|                                                     | 9,403         | 27,173        |

Nteletsa projects

The cumulative grants received to end of March 2022 are P509,325,984 (March 2021: P509,325,984). These grants are for the purpose of funding the Company's expansion in rural districts in terms of National Development Plan 8 called Nteletsa projects.

The portion of the grants recognised as income during the year is based on the useful life of plant and equipment which was funded by the above grants.

Universal Access and Service Fund

In the 2018 financial year, an agreement was reached with the Universal Access and Service Fund (USAF) for the upgrade of the telecommunications base stations to 3G or better and provision of Broadband connectivity in government schools in the Ghanzi district. The total grant received is P8 604 318.

In the current financial year, another agreement with the USAF was reached for the provision of Broadband and voice networks to villages and Broadband internet connectivity to government schools in the North East district. The total grant receivable is P19 861 374, vat inclusive of which P3 464 878 (excluding vat) has been recieved in accordance with the grant agreement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

21 TRADE AND OTHER PAYABLES

|                                                  | 2022<br>P'000 | 2021<br>P'000 |
|--------------------------------------------------|---------------|---------------|
| Trade payables                                   | 119,049       | 87,301        |
| Contract liabilities                             | 13,522        | 19,534        |
| Deferred revenue                                 | 15,364        | 23,755        |
| Interconnection balances                         | 5,231         | 7,642         |
| Mobile money balances                            | 36,948        | 40,502        |
| Accruals and other payables                      | 103,173       | 96,205        |
|                                                  | 293,287       | 274,939       |
| Categorisation into:                             |               |               |
| Financial liabilities measured at amortised cost | 259,850       | 231,650       |
| Non financial                                    | 33,437        | 43,289        |
|                                                  | 293,287       | 274,939       |
| Comprising:                                      |               |               |
| Trade and other payables                         | 279,765       | 255,405       |
| Contract liabilities                             | 13,522        | 19,534        |
|                                                  | 293,287       | 274,939       |

Trade payables and accrued expenses are non-interest bearing and are normally settled on 30-60 day terms and are not secured. Other payables are non-interest bearing and have an average settlement date of three months and are not secured.

Contract liabilities are recognised when BTC has received advance payment for goods and services that have not been transferred to the customer. The contract liabilities primarily relate to the advance consideration received from customers for customer contracts on goods and services which are not distinct performance obligations.

The following table provides information about contract liabilities from contracts with customers:

|                                             |               |               |
|---------------------------------------------|---------------|---------------|
| Current                                     | 8,150         | 9,620         |
| Non-Current                                 | 5,372         | 9,914         |
| <b>Total contract liabilities - IFRS 15</b> | <b>13,522</b> | <b>19,534</b> |
| Contract liabilities - deferred revenue     | 15,364        | 23,755        |

Significant changes in the contract liabilities

Significant changes in the contract assets and the contract liabilities balances during the period are as follows. The table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities and how much relates to performance obligations that were satisfied in the prior periods.

|                                                                                                       |               |              |
|-------------------------------------------------------------------------------------------------------|---------------|--------------|
| Revenue recognised that was included in the contract liability balance at the beginning of the period | 10,757        | 5,956        |
|                                                                                                       | <b>10,757</b> | <b>5,956</b> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

21 TRADE AND OTHER PAYABLES (Continued)

Interconnection balances relate to terminating charges owing on BTC outgoing calls to international operators and for other local mobile networks. These are settled on a 30-90 day term and are not secured. Included in accruals and other payables is the mobile deferred revenue amounting to P15 364 000 (Mar 2021: P23 755 000).

22 EMPLOYEE RELATED PROVISIONS

|                                 | Leave Pay<br>P'000 | Gratuity<br>P'000 | Other<br>P'000 | Total<br>P'000 |
|---------------------------------|--------------------|-------------------|----------------|----------------|
| <b>Balance at 1 April 2020</b>  | 22,536             | 12,622            | 1,549          | 36,707         |
| Charged to employee expenses    | 3,036              | 8,173             | 15,805         | 27,014         |
| Utilised                        | (3,198)            | (10,282)          | 2,467          | (11,013)       |
| <b>Balance at 31 March 2021</b> | 22,374             | 10,513            | 19,821         | 52,708         |
| Charged to employee expenses    | 1,929              | 4,363             | 19,424         | 25,716         |
| Utilised                        | (2,254)            | (6,882)           | (31,802)       | (40,938)       |
| <b>Balance at 31 March 2022</b> | 22,049             | 7,994             | 7,443          | 37,486         |

|                         | 2022<br>P'000 | 2021<br>P'000 |
|-------------------------|---------------|---------------|
| Comprising:             |               |               |
| Current liabilities     | 29,492        | 42,195        |
| Non-current liabilities | 7,994         | 10,513        |
|                         | 37,486        | 52,708        |

Employee related provisions comprise of leave pay, gratuity and other. In terms of BTC policy, employees are entitled to accumulate vested leave benefits. Of the leave days earned in respect of any period of twelve (12) months, not less than eight (8) days shall be taken no later than six months immediately after the period in respect of which leave is earned. This leave shall be forfeited if not taken. Gratuities are normally paid at the end of an employee's contract which in the case of BTC is between 1 to 5 years.

23.1 Income tax

|                            | Notes | 2022<br>P'000 | 2021<br>P'000 |
|----------------------------|-------|---------------|---------------|
| Opening balance            |       | 641           | 13,100        |
| Charge for the period      | 8     | -             | -             |
| Closing balance            |       | (810)         | (641)         |
| Net cash (paid) / received |       | (169)         | 12,459        |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

23.2 Deferred Taxation - Restated

| 31 March 2022                             | Net balance as<br>at 01 April 2021         | Recognised in<br>profit<br>or loss      | Recognised in<br>equity         | Closing balance as<br>at year end         |
|-------------------------------------------|--------------------------------------------|-----------------------------------------|---------------------------------|-------------------------------------------|
|                                           | Restated                                   |                                         |                                 |                                           |
|                                           | P'000                                      | P'000                                   | P'000                           | P'000                                     |
| <b>Deductible temporary differences</b>   |                                            |                                         |                                 |                                           |
| Property, plant and equipment             | (36,365)                                   | 36,365                                  | -                               | -                                         |
| Accrued Income                            | (6,423)                                    | 2,117                                   | -                               | (4,306)                                   |
| Contract liabilities                      | (4,298)                                    | 1,323                                   | -                               | (2,975)                                   |
| Expected credit losses (ECL)              | (32,762)                                   | 569                                     | -                               | (32,193)                                  |
| Leases                                    | (3,379)                                    | (390)                                   | -                               | (3,769)                                   |
| Unutilised tax losses                     | (68,600)                                   | (22,073)                                | -                               | (90,673)                                  |
| <b>Taxable temporary differences</b>      |                                            |                                         |                                 |                                           |
| Property, plant and equipment             | -                                          | 16,674                                  | -                               | 16,674                                    |
| Indefeasible right of use (IRU)           | 48,763                                     | 3,969                                   | -                               | 52,732                                    |
| Contract assets                           | 2,778                                      | 55                                      | -                               | 2,833                                     |
| Prepayments                               | 3,156                                      | 1,635                                   | -                               | 4,791                                     |
| Revaluation surplus                       | 110,309                                    | -                                       | (1,707)                         | 108,602                                   |
| Unrealised foreign exchange loss / (gain) | 2,560                                      | 1,364                                   | -                               | 3,924                                     |
|                                           | 15,739                                     | 41,608                                  | (1,707)                         | 55,640                                    |
| <b>31 March 2021 (Restated)</b>           | <b>Net balance as<br/>at 01 April 2020</b> | <b>Recognised in<br/>profit or loss</b> | <b>Recognised<br/>in equity</b> | <b>Closing balance<br/>as at year end</b> |
|                                           | Restated                                   |                                         |                                 | Restated                                  |
| <b>Deductible temporary differences</b>   |                                            |                                         |                                 |                                           |
| Property, plant and equipment             | (85,596)                                   | 49,231                                  | -                               | (36,365)                                  |
| Contract liabilities                      | -                                          | (4,298)                                 | -                               | (4,298)                                   |
| Accrued Income                            | (5,984)                                    | (439)                                   | -                               | (6,423)                                   |
| Expected credit losses (ECL)              | (44,375)                                   | 11,613                                  | -                               | (32,762)                                  |
| Leases                                    | (1,871)                                    | (1,508)                                 | -                               | (3,379)                                   |
| Unutilised tax losses                     | (37,233)                                   | (31,367)                                | -                               | (68,600)                                  |
| <b>Taxable temporary differences</b>      |                                            |                                         |                                 |                                           |
| Indefeasible right of use (IRU)           | 45,569                                     | 3,194                                   | -                               | 48,763                                    |
| Contract liabilities                      | -                                          | 2,778                                   | -                               | 2,778                                     |
| Prepayments                               | 1,192                                      | 1,964                                   | -                               | 3,156                                     |
| Revaluation surplus                       | 98,042                                     | -                                       | 12,267                          | 110,309                                   |
| Unrealised foreign exchange loss / (gain) | 2,805                                      | (245)                                   | -                               | 2,560                                     |
|                                           | (27,451)                                   | 30,923                                  | 12,267                          | 15,739                                    |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

23.2 Deferred Taxation - Restated (Continued)

The Company has tax losses amounting to P406 million (March 2021; P307 million), emanating from normal business operations and the losses have been fully recognised for deferred tax purposes based on the recoverability assessment done. The tax losses can be carried forward for the next 5 years.

There are no un-recognised deferred tax assets and liabilities as at current or previous reporting date.

Below is the analysis of the tax losses

|                          | 2020    | 2021    | 2022    |
|--------------------------|---------|---------|---------|
|                          | P'000   | P'000   | P'000   |
| Loss brought forward     | -       | 161,957 | 306,961 |
| Loss for the year        | 161,957 | 145,004 | 98,687  |
| Utilised in current year | -       | -       | -       |
| Time expired             | -       | -       | -       |
| Loss carried forward     | 161,957 | 306,961 | 405,648 |

The 2020, 2021 and 2022 losses are set to expire in 2025, 2026 and 2027 respectively unless utilised before expiry date. Recoverability assesments have been done indicating that the amounts will be fully utilised before the respective expiry dates.

24 CAPITAL COMMITMENTS

|                               | 2022    | 2021    |
|-------------------------------|---------|---------|
|                               | P'000   | P'000   |
| Contracted but not paid       | 48,302  | 23,157  |
| Authorised but not contracted | 87,004  | 131,255 |
| Total capital commitments     | 135,306 | 154,412 |

These commitments will be financed by development grants and internally generated funds.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

25 CORRECTION OF PRIOR PERIOD ERRORS

Accounting for PABX Finance Lease Transactions.

PABX is evaluated as a separate performance obligation and revenue is recognised upfront even though billed as a fixed monthly rental over the contract period. The related cost of PABX should have been expensed as cost of sales in the statement of profit and loss however it was being erroneously capitalised to property, plant and equipment. The restatement has been done to ensure recognition and measurement of costs related to PABX equipment are in accordance with IFRS 15 : *Revenue from contracts with customers* paragraph 98 which indicates that an entity shall recognise the costs that relate to satisfied performance obligations as an expense.

The error is being corrected by restating the respective prior year periods and the impact of such restatement is set out below;

Extract from the statements of financial position.

| As at 31 March 2021           | As previously reported | Cumulative adjustments to March 2021 |              |          | Restated  |
|-------------------------------|------------------------|--------------------------------------|--------------|----------|-----------|
|                               | P'000                  | Opening                              | Current year | Total    | P'000     |
| Property, plant and equipment | 1,610,179              | (40,986)                             | 1,931        | (39,055) | 1,571,124 |
| Total assets                  | 1,610,179              | (40,986)                             | 1,931        | (39,055) | 1,571,124 |
| Accumulated profits           | 1,410,462              | (31,969)                             | 1,506        | (30,463) | 1,379,999 |
| Deferred tax liability        | 24,331                 | (9,017)                              | 425          | (8,592)  | 15,739    |
| Equity and liabilities        | 1,434,793              | (40,986)                             | 1,931        | (39,055) | 1,395,738 |

| As at 31 March 2020           | As previously reported | Adjustments | Restated  |
|-------------------------------|------------------------|-------------|-----------|
|                               | P'000                  | P'000       | P'000     |
| Property, plant and equipment | 1,550,371              | (40,986)    | 1,509,385 |
| Deferred tax assets           | 18,434                 | 9,017       | 27,451    |
| Total assets                  | 1,568,805              | (31,969)    | 1,536,836 |
| Accumulated profits           | 1,290,068              | (31,969)    | 1,258,099 |
| Equity                        | 1,290,068              | (31,969)    | 1,258,099 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

25 CORRECTION OF PRIOR PERIOD ERRORS (continued)

Extract from the statements of profit or loss and other comprehensive income for the year ended 31 March 2021

|                                 | As previously reported | Adjustments | Restated |
|---------------------------------|------------------------|-------------|----------|
|                                 | P'000                  | P'000       | P'000    |
| Cost of services and goods sold | 594,446                | (1,931)     | 592,515  |
| Gross profit                    | 831,963                | 1,931       | 833,894  |
| Profit before tax               | 166,910                | 1,931       | 168,841  |
| Income tax expense              | (30,498)               | (425)       | (30,923) |
| Profit for the year             | 136,412                | 1,506       | 137,918  |

Extract from the statements of cash flows for the year ended 31 March 2021

|                                                     | As previously reported | Adjustments | Restated  |
|-----------------------------------------------------|------------------------|-------------|-----------|
|                                                     | P'000                  | P'000       | P'000     |
| Profit before tax                                   | 166,910                | 1,931       | 168,841   |
| Adjustment for non cash movements:                  |                        |             |           |
| Depreciation of property, plant and equipment       | 203,109                | (18,848)    | 184,261   |
| Operating cash flows before working capital changes | 481,552                | (16,917)    | 464,635   |
| Cash flow used in Investing activities;             |                        |             |           |
| Purchase of property, plant and equipment           | (198,967)              | 16,917      | (182,050) |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

26 RELATED PARTY TRANSACTIONS

Relationships

|                                   |                                     |
|-----------------------------------|-------------------------------------|
| Shareholder with 54.16% ownership | Government of Botswana              |
| Members of the Board of Directors | Refer to General information Page 3 |
| Members of Key management         | Anthony Masunga                     |
|                                   | Boitumelo Paya                      |
|                                   | Aldrin Sivako                       |
|                                   | Edward Wicks                        |
|                                   | Abel Bogatsu                        |
|                                   | Peter Olyn                          |
|                                   | Lebudi Kgetse                       |
|                                   | Same Kgosiemang                     |
|                                   | Boitumelo Masoko                    |
|                                   | Mmamotse Wilkinson                  |
|                                   | Sidney Mganga                       |
|                                   | Malebogo Mosinyi                    |
|                                   | Nelson Disang                       |
|                                   | Kutlo Mokgosana                     |

Directors, Management and employees shareholdings

The Company has employees who hold shares that were purchased on the open market. 857 488 shares (March 2021: 814 488) were held by certain members of the Board of Directors and 508 700 (March 2021: 508 700) shares were held by certain members of key management.

Trading transactions

The following related party transactions were based on agreed prices as per signed contracts:

Sales and outstanding balances due from related parties

|                                            |         |         |        |         |
|--------------------------------------------|---------|---------|--------|---------|
| The Government of the Republic of Botswana | 490,152 | 376,057 | 93,469 | 106,645 |
| Parastatals                                | 393,328 | 130,366 | 2,995  | 40,873  |
|                                            | 883,480 | 506,423 | 96,464 | 147,518 |

Purchases and outstanding balances due to related parties

|             |         |         |        |        |
|-------------|---------|---------|--------|--------|
| Parastatals | 309,768 | 302,937 | 19,512 | 17,900 |
|-------------|---------|---------|--------|--------|

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

26 RELATED PARTY TRANSACTIONS (continued)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are the rendering or receiving of services between a party related to the Company. In general BTC uses a cost plus a variable margin in the pricing model applied. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 March 2022, the Company recognised provision for expected credit losses of P11 851 207 relating to amounts owed by related parties (2021: P8 019 310).

BTC Foundation Corporate Social Investment

BTC established the BTC Foundation in 2014 to coordinate and deliver the Group's Corporate Social Investment initiatives. The Foundation was governed by a Board of Trustees. Their main focus was to support community projects that are aligned to the following focus areas; health, sports development; education, arts and culture.

During the year under review, the Trust was dissolved and the unexpended cash balances of P475,040 were transferred to BTC (March 2021 unexpended cash balances of P533 850).

Individually significant transactions

Global Connectivity projects (EASSY and WACS)

The Government of Botswana owed BTC P9,455,478 (Mar 2021: P9,455,478) for payments which were made on behalf of the Government towards procuring the Indefeasible right of use (IRU). BTC is now leasing network capacity from BoFiNet on agreed upon prices per signed contract. The balance was disputed and the amount was fully impaired as at 31 March 2015 as per the requirements of IAS 24.18.

The amount was written off fully in the current financial year.

BoFiNet (Botswana Fibre Network)

BoFiNet is a wholesale provider of national and international telecommunication infrastructure and has offered BTC an IRU worth P340 million for 10 years up to 2024. The P340 million has been fully paid.

In the 2019 financial year, BTC entered into a second 15 year IRU agreement with BoFiNet for P555 million. A discount of P98 million was obtained and payment terms agreed for the P457 million up to 2029. Unlike the first IRU, this particular agreement gives BTC unlimited capacity up to an aggregate of 300Gbps.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

26 RELATED PARTY TRANSACTIONS (continued)

26.1 IRU liability

A financial liability equivalent to the fair value of the discounted future payments to 2029 was recognised under the second agreement and will be written over the agreement with payments made as per agreed payment plan. Interest expense is to be recognised in the profit and loss over period.

As the first agreement was fully paid for, no liability has been recognised.

|                                | 2022<br>P'000  | 2021<br>P'000  |
|--------------------------------|----------------|----------------|
| At beginning of the year       | 236,866        | 289,589        |
| Repayments during the period   | (70,000)       | (70,000)       |
| Accretion of interest          | 13,746         | 17,277         |
| <b>As at end of the period</b> | <b>180,612</b> | <b>236,866</b> |
| <b>Comprising:</b>             |                |                |
| Current liabilities            | 60,022         | 56,389         |
| Non-current liabilities        | 120,590        | 180,477        |
|                                | <b>180,612</b> | <b>236,866</b> |

IRU asset

The second agreement was negotiated over the first agreement therefore inextricably interwoven. The Company evaluated that the second IRU replaced the first agreement and accordingly a single asset was recognised comprising the fair value of the liability recognised and the remaining un-amortised cost emanating from the first agreement.

The asset recognised is amortised on a straight-line basis over the 15-year period during which the agreement is effective.

|                              | 2022<br>P'000  | 2021<br>P'000  |
|------------------------------|----------------|----------------|
| At beginning of the year     | 458,514        | 496,723        |
| Amortisation during the year | (38,209)       | (38,209)       |
| At end of the year           | <b>420,305</b> | <b>458,514</b> |

BoFiNet services licensed telco Operators both Nationally and Internationally. Botswana Government has acquired stakes in the EASSy and WACS submarine cables, which are managed by BoFiNet.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

26 RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel  
Compensation

| 2022<br>P'000 | 2021<br>P'000 |
|---------------|---------------|
| 25,177        | 19,267        |
| <b>25,177</b> | <b>19,267</b> |

The remuneration for key management staff is determined by the Human Resource Remuneration and Nominations Committee. The non-executive members of the Board do not receive pension entitlement from the Company .

Directors' Interests

Emoluments per director (in Pula) (2022)

| Director                            | Fees             | Remuneration     | Gratuity & Leave Pay | Bonus          | Fringe and other benefits | Total            |
|-------------------------------------|------------------|------------------|----------------------|----------------|---------------------------|------------------|
| Anthony Masunga (Managing Director) | -                | 2,607,056        | 2,979,610            | 360,000        | 29,009                    | 5,975,675        |
| Lorato Boakgomo-Ntakhwana           | 248,500          | -                | -                    | -              | -                         | 248,500          |
| Maclean Letshwiti                   | 155,000          | -                | -                    | -              | -                         | 155,000          |
| Serty Leburu                        | 65,000           | -                | -                    | -              | -                         | 65,000           |
| Andrew Reginald Johnson             | 195,000          | -                | -                    | -              | -                         | 195,000          |
| Ranjith Priyalal De Silva           | 199,000          | -                | -                    | -              | -                         | 199,000          |
| Bafana Molomo                       | 195,000          | -                | -                    | -              | -                         | 195,000          |
| Thari Pheko                         | 215,000          | -                | -                    | -              | -                         | 215,000          |
| Gaone Macholo                       | 153,000          | -                | -                    | -              | -                         | 153,000          |
| Thato Kewakae                       | 50,000           | -                | -                    | -              | -                         | 50,000           |
| Total emoluments paid               | <b>1,475,500</b> | <b>2,607,056</b> | <b>2,979,610</b>     | <b>360,000</b> | <b>29,009</b>             | <b>7,451,175</b> |

\* Gratuity paid during the year for the 5 year contract that ended in December 2021.

Directors' Interests

Emoluments per director (in Pula) (2021)

| Director                            | Fees             | Remuneration     | Gratuity & Leave Pay | Bonus    | Fringe and other benefits | Total            |
|-------------------------------------|------------------|------------------|----------------------|----------|---------------------------|------------------|
| Anthony Masunga (Managing Director) | -                | 2,455,345        | -                    | -        | 27,816                    | 2,483,161        |
| Lorato Boakgomo-Ntakhwana           | 195,000          | -                | -                    | -        | -                         | 195,000          |
| Maclean Letshwiti                   | 125,000          | -                | -                    | -        | -                         | 125,000          |
| Choice Pitso                        | 37,000           | -                | -                    | -        | -                         | 37,000           |
| Serty Leburu                        | 115,000          | -                | -                    | -        | -                         | 115,000          |
| Andrew Reginald Johnson             | 145,000          | -                | -                    | -        | -                         | 145,000          |
| Ranjith Priyalal De Silva           | 187,000          | -                | -                    | -        | -                         | 187,000          |
| Bafana Molomo                       | 185,000          | -                | -                    | -        | -                         | 185,000          |
| Thari Pheko                         | 135,000          | -                | -                    | -        | -                         | 135,000          |
| Gaone Macholo                       | 72,000           | -                | -                    | -        | -                         | 72,000           |
| Total emoluments paid               | <b>1,196,000</b> | <b>2,455,345</b> | <b>-</b>             | <b>-</b> | <b>27,816</b>             | <b>3,679,161</b> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT

27.1 Financial risk management objectives and policies

The Company's principal financial liabilities are trade payables, IRU liability and lease liabilities. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Exposure to currency, liquidity, interest rate and credit risk arises in the normal course of the Company's business.

27.2 Currency risk:

The Company undertakes certain transactions denominated in foreign currencies with international operators and other foreign suppliers. Hence, exposure to exchange rate fluctuations arise. The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows (the analysis below gives a combined impact of assets and liabilities):

| March 2022                |    | AUD    | EUR    | USD    | ZAR     | GBP     | BWP       | Total     |
|---------------------------|----|--------|--------|--------|---------|---------|-----------|-----------|
| Note                      |    | P'000  | P'000  | P'000  | P'000   | P'000   | P'000     | P'000     |
| Closing exchange rate     |    | 0.1125 | 0.0755 | 0.0845 | 1.2170  | 15.5635 | 1.0000    |           |
| Trade Payables            | 21 | 18     | 12,755 | 35,456 | 9,405   | 16      | 61,400    | 119,049   |
| Interconnection balances  | 21 | -      | 138    | 1,350  | -       | -       | 3,743     | 5,231     |
| Total Liabilities         |    | 18     | 12,893 | 36,805 | 9,405   | 16      | 65,143    | 124,280   |
| Interconnect balances     | 15 | -      | 9      | 1,222  | -       | -       | 12,187    | 13,418    |
| Cash and cash equivalents | 16 | -      | 22     | 1,119  | 9,388   | -       | 509,913   | 520,442   |
| Total assets              |    | -      | 31     | 2,341  | 9,388   | -       | 522,100   | 533,860   |
| Net Position              |    | 18     | 12,862 | 34,465 | 17      | 16      | (456,957) | (409,580) |
| March 2021                |    | AUD    | EUR    | USD    | ZAR     | GBP     | BWP       | Total     |
|                           |    | P'000  | P'000  | P'000  | P'000   | P'000   | P'000     | P'000     |
| Closing exchange rate     |    | 0.1305 | 0.0735 | 0.0865 | 1.2905  | 15.8575 | 1.0000    |           |
| Trade Payables            | 21 | -      | 7,089  | 30,049 | 2,044   | 76      | 48,043    | 87,301    |
| Interconnection balances  | 21 | -      | 169    | 1,917  | -       | -       | 5,556     | 7,642     |
| Total Liabilities         |    | -      | 7,258  | 31,966 | 2,044   | 76      | 53,599    | 94,943    |
| Interconnect balances     | 15 | -      | 7      | 12,371 | -       | -       | 1,709     | 14,087    |
| Cash and cash equivalents | 16 | -      | 90     | 9,702  | 11,515  | -       | 341,966   | 363,273   |
| Total assets              |    | -      | 97     | 22,073 | 11,515  | -       | 343,675   | 377,360   |
| Net Position              |    | -      | 7,161  | 9,893  | (9,471) | 76      | (290,076) | (282,417) |

The Company's currency risk exposure emanates from liabilities that were yet to be settled as at year end and mainly cash holdings denominated in foreign currencies.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (continued)

27.3 Foreign Currency sensitivity analysis

The Company is mainly exposed to the currencies of South Africa (Rand), the United States (US Dollar) and the European Union (Euro).

The following table details the Company's sensitivity to a 10% increase and decrease in the Pula against the relevant foreign currencies. 10% is the sensitivity rate when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit.

The analysis below gives a combined impact of assets and liabilities.

Pre Tax Profit/(Loss)

|                      | 2022    | 2021    |
|----------------------|---------|---------|
| 10% decrease         | P'000   | P'000   |
| Rand                 | (2)     | (204)   |
| United States Dollar | (3,446) | (1,960) |
| Australian Dollar    | (2)     | -       |
| Net Effect           | (3,450) | (2,164) |
| 10% increase         |         |         |
| Rand                 | 2       | 204     |
| United States Dollar | 3,446   | 1,960   |
| Australian Dollar    | 2       | -       |
| Net Effect           | 3,450   | 2,164   |

27.4 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Trade receivables

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on days past due.

In determining the level of likely credit losses on write-off of trade receivables, the Company has taken cognisance of historical collections from external debt collection processes and delayed settlement arrangements with debtors, as well as the impact which the expected future development of macro-economic indicators (specifically the impact of Covid-19) may have on future collection and default rates.

At 31 March 2022, the ECL provision was P122 707 000 (Mar 2021: P130 064 000)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (continued)

27.4 Credit Risk (Continued)

Trade receivables are considered irrecoverable where

- the customer has not made any payment within 90 days from the date of invoice (at which stage amounts are considered in full default),
- no alternative payment arrangements have been made, or if made, are not being adhered to by the customer;
- alternative collection efforts (mainly through external debt collection agencies) have failed and;
- the amounts in question are disputed.

Cash & cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. The credit risk on liquid funds is low because the counterparties are commercial banks with high credit ratings assigned by international credit-rating agencies.

Significant concentrations of credit risk

The Company has identified the below significant credit risk exposure as single counterparties or groups of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities and this includes sectors such Corporate clients, Government clients, etc. The credit risk related to these counterparties or groups of counterparties is however limited since the counterparties are Government agencies or businesses possessing an implied high credit ratings.

Below is the significant concentration of credit risk per counterparty:

Government agencies and entities: P96 464 000 (2021: P147 518 000)

Short term deposits with financial institutions: P398 857 000 (2021: P223 506 000)

The carrying amount of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk. The Company holds no collateral with which to secure its financial assets.

| Financial assets and other credit exposures (Not rated) | 2022<br>P'000 | 2021<br>P'000 |
|---------------------------------------------------------|---------------|---------------|
| Trade debtors including those from related parties      | 359,806       | 352,666       |
| Short term call deposits                                | 398,857       | 223,506       |
| Cash and bank                                           | 121,585       | 139,767       |
|                                                         | 880,248       | 715,939       |

27.5 Financial instruments designated at fair value through profit and loss

At the reporting date the Company held no financial instruments designated at fair value through profit and loss (FVTPL).

27.6 Financial assets held or pledged as collateral

At the reporting date the Company held \$60,000 received from a counterparty as security for potential bad debts. The Company had not pledged any of its financial assets as collateral.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (continued)

27.7 Interest income by financial instrument category

|                 | Financial<br>assets at<br>amortised<br>cost<br>P'000 |
|-----------------|------------------------------------------------------|
| March 2022      |                                                      |
| Interest income | 18,796                                               |
| Interest income | 18,796                                               |
| March 2021      |                                                      |
| Interest income | 6,360                                                |
| Interest income | 6,360                                                |

27.8 Liquidity and interest risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Management has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

|                               | Less than<br>1 month<br>P'000 | 1 - 3<br>months<br>P'000 | 3 months<br>to 1 year<br>P'000 | 1 - 5 years<br>P'000 | 5+ years<br>P'000 | Total<br>P'000 |
|-------------------------------|-------------------------------|--------------------------|--------------------------------|----------------------|-------------------|----------------|
| Financial Liabilities<br>2022 |                               |                          |                                |                      |                   |                |
| Trade and other payables      | -                             | 277,923                  | -                              | -                    | -                 | 277,923        |
| IRU liability                 | -                             | 17,500                   | 52,500                         | 105,200              | 34,800            |                |
| Lease liabilities             | 2,084                         | 6,268                    | 16,715                         | 66,821               | 89,401            | 181,289        |
|                               | 2,084                         | 301,691                  | 69,215                         | 172,021              | 124,201           | 669,212        |
| Financial Liabilities<br>2021 |                               |                          |                                |                      |                   |                |
| Trade and other payables      | -                             | 251,184                  | -                              | -                    | -                 | 251,184        |
| IRU liability                 | -                             | 17,500                   | 52,500                         | 57,800               | 52,200            | 280,000        |
| Lease liabilities             | 2,129                         | 6,356                    | 16,726                         | 72,402               | 101,778           | 199,391        |
|                               | 2,129                         | 275,040                  | 69,226                         | 230,202              | 153,978           | 730,575        |

The Company maintains an overdraft facility with Standard Chartered Bank Botswana Limited. At 31 March 2022, the Company had cash and cash equivalents of P470 million (2021: P363 million).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (continued)

27.9 Interest rate sensitivity analysis

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relate to the fixed deposits and call deposits with financial institutions.

To manage interest rate risk, the Company enters into fixed deposits with financial institutions, in which the Company accrues interest at specified intervals.

The table below has been determined based on the exposure of financial instruments to interest rates at the reporting date. For variable rate assets, the analysis is prepared assuming the amount of the assets held at the reporting date was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the market interest rates had been 1% higher/lower and all other variables were held constant, the change in the Company's profit and equity reserves would be as shown in the table below:

|                         |     | Increase/<br>(decrease)<br>in pre tax<br>profit/<br>(loss) for<br>the year |
|-------------------------|-----|----------------------------------------------------------------------------|
|                         |     | P'000                                                                      |
| 2022                    |     |                                                                            |
| Interest rate risk      |     |                                                                            |
| Change in interest rate | +1% | 3,989                                                                      |
|                         | -1% | (3,989)                                                                    |
| 2021                    |     |                                                                            |
| Interest rate risk      |     |                                                                            |
| Change in interest rate | +1% | 2,235                                                                      |
|                         | -1% | (2,235)                                                                    |

27.10 Fair values

Set out below is a comparison, by class, of the carrying amount and fair values of the Company's financial instruments:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (continued)

27.10 Fair values (Continued)

|                             |      | Carrying<br>amount | Fair value |
|-----------------------------|------|--------------------|------------|
|                             | Note | P'000              | P'000      |
| 2022                        |      |                    |            |
| Financial assets            |      |                    |            |
| Trade and other receivables | 15   | 155,760            | 155,760    |
| Cash and cash equivalents   | 16   | 520,442            | 520,442    |
|                             |      | 676,202            | 676,202    |
| Financial liabilities       |      |                    |            |
| Trade and other payables    | 21   | 259,850            | 259,850    |
| IRU liability               | 26   | 180,612            | 180,612    |
| Lease liabilities           | 13   | 132,471            | 132,471    |
|                             |      | 572,933            | 572,933    |
| 2021                        |      |                    |            |
| Financial assets            |      | Carrying<br>amount | Fair value |
|                             |      | P'000              | P'000      |
| Trade and other receivables | 15   | 150,387            | 150,387    |
| Cash and cash equivalents   | 16   | 363,273            | 363,273    |
|                             |      | 513,660            | 513,660    |
| Financial liabilities       |      |                    |            |
| Trade and other payables    | 21   | 231,650            | 231,650    |
| IRU liability               | 26   | 236,866            | 236,866    |
| Lease liabilities           | 13   | 142,780            | 142,780    |
|                             |      | 611,296            | 611,296    |

Management assessed that the fair value of cash and cash equivalents and short term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (continued)  
27.11 Categories of Financial Assets and Liabilities

The table below summarises categories of financial assets and financial liabilities held by the Company.

| 2022                               |      |                                    |                                                  |                |
|------------------------------------|------|------------------------------------|--------------------------------------------------|----------------|
| Financial assets                   | Note | Financial assets at amortised cost | Financial liabilities measured at amortised cost | Total          |
|                                    |      | P'000                              | P'000                                            | P'000          |
| Trade and other receivables        | 15   | 155,760                            | -                                                | 155,760        |
| Cash and cash equivalents          | 16   | 520,442                            | -                                                | 520,442        |
| <b>Total financial assets</b>      |      | <b>676,202</b>                     | <b>-</b>                                         | <b>676,202</b> |
| <b>Financial liabilities</b>       |      |                                    |                                                  |                |
| Trade and other payables           | 21   | -                                  | 259,850                                          | 259,850        |
| IRU liability                      | 26   | -                                  | 180,612                                          | 180,612        |
| Lease liabilities                  | 13   | -                                  | 132,471                                          | 132,471        |
| <b>Total financial liabilities</b> |      | <b>-</b>                           | <b>572,933</b>                                   | <b>572,933</b> |
|                                    |      |                                    |                                                  |                |
| 2021                               |      |                                    |                                                  |                |
| Financial assets                   |      | Financial assets at amortised cost | Financial liabilities measured at amortised cost | Total          |
|                                    |      | P'000                              | P'000                                            | P'000          |
| Trade and other receivables        | 15   | 150,387                            | -                                                | 150,387        |
| Cash and cash equivalents          | 16   | 363,273                            | -                                                | 363,273        |
| <b>Total financial assets</b>      |      | <b>513,660</b>                     | <b>-</b>                                         | <b>513,660</b> |
| <b>Financial liabilities</b>       |      |                                    |                                                  |                |
| Trade and other payables           | 21   | -                                  | 231,650                                          | 231,650        |
| IRU liability                      | 26   | -                                  | 236,866                                          | 236,866        |
| Lease liabilities                  | 13   | -                                  | 142,780                                          | 142,780        |
| <b>Total financial liabilities</b> |      | <b>-</b>                           | <b>611,296</b>                                   | <b>611,296</b> |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

28 FAIR VALUE HIERACHY

The revalued land and buildings consist of:

1. Commercial properties (including certain urban network sites), light industrial and residential properties in the major urban areas in Botswana, and
2. Network sites located outside of the major urban areas in Botswana.

In the 2021 financial year, the Directors revalued the Company's Land and Buildings. The 2021 revaluation of land and buildings was conducted in accordance with BTC's accounting policies as at 31 March 2021 by Vantage Properties (Proprietary) Limited, a real estate research and consulting firm registered with the Real Estates Institute of Botswana and Real Estates Advisory Council.

Scope of works required that BTC Properties be valued on the basis of open market value, forced sale value, insurance replacement cost and the leasehold interest in the properties as at the valuation date. The valuation covered both remote and physical inspections.

In terms of the company policy land and buildings are revalued every 3 years. The valuation covers the four existing categories of land and buildings namely land, land improvements, buildings and building improvements. Valuation is performed separately for each category.

Management determined that these constitute one class of assets under IFRS 13, based on the nature, location (urban vs rural) and conditions of the specific property. Fair value of the properties was determined using the comparable market valuation method. As at the date of revaluation on 31 March 2021, the properties fair values were based on valuations performed by Vantage Properties (Proprietary) Limited, a real estate research and consulting firm with experience in valuing similar properties in Botswana.

| Assets measured at Fair Value                       | Significant unobservable inputs (level 3) |                  |                  |
|-----------------------------------------------------|-------------------------------------------|------------------|------------------|
|                                                     | Note                                      | 2022<br>P'000    | 2021<br>P'000    |
| <b>Land &amp; Buildings</b>                         | 10                                        | 538,944          | 587,961          |
| The significant unobservable valuation inputs were: |                                           |                  |                  |
|                                                     | Total square meters                       | Total Fair Value | Total Fair Value |
| Land & Buildings                                    |                                           |                  |                  |
| Urban areas                                         | 209,163                                   | 471,733          | 514,637          |
| Rural areas                                         | 566,424                                   | 67,211           | 73,324           |

Changes in the comparable market values would result in following changes in fair value;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

28 FAIR VALUE HIERACHY (continued)

|             |     | Increase/<br>(decease)<br>in fair value<br>P'000 | Increase/<br>(decease)<br>in fair value<br>P'000 |
|-------------|-----|--------------------------------------------------|--------------------------------------------------|
| Change in;  |     |                                                  |                                                  |
| Urban areas | +5% | 23,587                                           | 24,545                                           |
|             | -5% | (23,587)                                         | (24,545)                                         |
| Rural areas | +5% | 3,361                                            | 3,666                                            |
|             | -5% | (3,361)                                          | (3,666)                                          |

Valuation techniques used to derive level 3 fair values

The comparable market valuation method was used to value land, land improvements, buildings and building improvements in urban areas and land in rural areas. Valuation inputs as disclosed above are for the comparable market valuation method. Rural land improvements were valued on the basis of the replacement cost of the land improvements.

29 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure continuity as a going concern for the Company while at the same time maximising the shareholders' return through the optimisation of the debt and equity balances. The Company has access to financing facilities, the total unused portion amounting to P8.2 million (2021: P7.3 million) at the reporting date. The Company expects to meet its other obligations from operating cash flows and the proceeds of maturing financial assets. The capital structure of the Company consists of trade and other payables, share capital, reserves and retained earnings.

|                          | 2022<br>P'000 | Restated<br>2021<br>P'000 |
|--------------------------|---------------|---------------------------|
| <b>Debt</b>              |               |                           |
| Trade and other payables | 293,287       | 274,939                   |
| Lease liabilities        | 132,471       | 142,780                   |
| IRU liability            | 180,612       | 236,866                   |
| Total debt               | 606,370       | 654,585                   |
| <b>Equity</b>            |               |                           |
| Stated Capital           | 478,892       | 478,892                   |
| Revaluation reserve      | 361,375       | 382,363                   |
| Accumulated profits      | 1,441,428     | 1,379,999                 |
| Total equity             | 2,281,695     | 2,241,254                 |
| Total capital            | 2,888,065     | 2,895,839                 |
| Gearing ratio            | 27%           | 29%                       |

Total capital is derived by adding total equity and total debt less cash and short term deposits.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2022

30 SEGMENT REPORTING

In 2016, BTC refreshed its fixed, mobile and fixed mobile convergence strategy in order to bring synergy in its business operations. Both identifiable fixed and mobile business units were brought together to share resources including human capital. Therefore operating expenses, assets, liabilities are reported on an overall basis for the Company given the integrated nature of the Company's business. Management tracks revenue streams on the basis as outlined in note 1.

All operations take place in Botswana. There are therefore no identifiable geographical segments.

31 CHANGE FROM GROUP TO COMPANY

On 27th of August 2020, the Board of Directors of the Company resolved that the BTC Foundation "the Foundation", a wholly owned entity, which was registered as a trust be de-registered and dissolved. The Board of Trustees of the Foundation resolved on the 19th of April 2021 that the Foundation be dissolved and the Deed of cancellation of the Trust was executed on the 21st of September 2021.

At dissolution the Foundation had an unexpended cash balance of P475,040 and had undertaken no activities during the year. The balances were assumed into the Company. The Company has decided to not consolidate the results of Foundation as there was no financial activity in the year and the unexpended cash balances at dissolution were not material. The bank balances in the prior year amounted to P533 850. There is therefore no Group reporting for the current financial year, and accordingly no comparatives have been presented.

32 CONTINGENT LIABILITIES

BTC had contingent liabilities at 31 March 2022 of P3.07 million in respect of several cases mostly relating to unlawful dismissal cases. BTC has disclaimed liability and is defending all actions. It is impractical to estimate the potential financial effect of these claims but legal advice indicates that it is not probable that a significant liability will arise. All matters are currently before the courts of law and BTC considers it probable that judgments in some of the matters would be in its favour.

The Company is also subject to telecommunications regulations and has complied with all regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

33 EVENTS AFTER THE REPORTING PERIOD

Dividends

The directors have declared that a further dividend of 5.04 thebe be paid for the financial year ended 31 March 2022.

Corporate Restructuring

The Board of Directors on 25 April 2022 approved a plan for restructuring. The plan was announced on 27 May 2022 and the exercise is expected to be completed within the same financial year. At this stage an estimate of the financial effect of the restructuring exercise cannot be made. The Company has determined that this event is a non-adjusting subsequent event. Accordingly, the financial position and results of operations for the year ended 31 March 2022 have not been adjusted to reflect the impact of the exercise.

There have been no other events, facts or circumstances of a material nature that have occurred subsequent to the reporting date which necessitate an adjustment to the disclosure in these annual financial statements or the notes thereto.



# Shareholder Information

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## SHAREHOLDING ANALYSIS FOR THE YEAR ENDED 31 MARCH 2022

### SHARE ANALYSIS - ORDINARY SHAREHOLDERS

|                        | Shareholders      |                | Shares held          |                    |
|------------------------|-------------------|----------------|----------------------|--------------------|
|                        | Number of holders | % of holders   | Shares held          | % of issued shares |
| 1-2000                 | 25,326            | 59.86%         | 31,218,081           | 2.97%              |
| 2001-5000              | 9,134             | 21.59%         | 38,186,585           | 3.64%              |
| 5,001-10,000           | 4,027             | 9.52%          | 36,971,049           | 3.52%              |
| 10,001- 50,000         | 2,921             | 6.90%          | 72,877,210           | 6.94%              |
| 50,001-100,000         | 470               | 1.11%          | 38,767,279           | 3.69%              |
| 100,001- 500,000       | 347               | 0.82%          | 82,450,774           | 7.85%              |
| 500,001 - 1,000,000    | 50                | 0.12%          | 37,010,932           | 3.52%              |
| 1000,001 - 100,000,000 | 32                | 0.08%          | 177,018,090          | 16.86%             |
| over 100,000,000       | 1                 | 0.00%          | 535,500,000          | 51.00%             |
| <b>Total</b>           | <b>42,308</b>     | <b>100.00%</b> | <b>1,050,000,000</b> | <b>100.00%</b>     |

### TOP 25 SHAREHOLDERS

| NAME                                                                                                               | HOLDINGS             | %              |
|--------------------------------------------------------------------------------------------------------------------|----------------------|----------------|
| BOTSWANA PRIVATISATION ASSET HOLDINGS                                                                              | 535,500,000          | 51.00%         |
| BPOPF - ACTIVE MEMBERS AND DEFERRED PENSIONERS FNB BOTSWANA NOMINEES RE: BIFM - ACT MEM & DP EQ                    | 39,318,224           | 3.74%          |
| GOVERNMENT OF BOTSWANA - MINISTRY OF TRANSPORT & COMMUNICATIONS                                                    | 33,230,800           | 3.16%          |
| FNBB NOMINEES VUNANI BPOPF BOTSWANA PUBLIC PENSION FUND VUNANI                                                     | 23,345,577           | 2.22%          |
| FAROUK ISMAIL                                                                                                      | 9,895,412            | 0.94%          |
| BOTSWANA PUBLIC OFFICERS PENSION FUND WITH PROFIT PORTFOLIO-MCP STANBIC NOMINEES BOTSWANA RE BPOPF WT PRO PORT MCP | 8,679,810            | 0.83%          |
| BOTSWANA POLICE SAVINGS AND LOANS GUARANTEE SCHEME                                                                 | 5,884,495            | 0.56%          |
| BOTSWANA PRIVATISATION ASSET HOLDINGS (BPAH)                                                                       | 4,502,790            | 0.43%          |
| MOTOR VEHICLE ACCIDENT FUND                                                                                        | 4,232,400            | 0.40%          |
| DITIRO CLEMENT LENTSWE                                                                                             | 4,050,096            | 0.39%          |
| STANBIC NOMINEES BOTSWANA RE INVESTEC DEBSWANA PENSION FUND NINETY-ONE-DEBSWANA PENSION FUND(DOMESTIC EQUITIES     | 3,629,770            | 0.35%          |
| VFM STANDARD CHARTERED BANK BOTSWANA PENSION FUND SCBN(PTY)LTD RE:STANLIB 028915000020                             | 3,299,636            | 0.31%          |
| FAROUK ISMAIL                                                                                                      | 3,284,652            | 0.31%          |
| MBIGANYI CHARLES TIBONE                                                                                            | 3,226,051            | 0.31%          |
| FNBBN (PTY) LTD RE:KGORI CAPITAL ALEXANDER FORBES RETIREMENT FUND ALEXANDER FORBES RETIREMENT FUND                 | 3,208,216            | 0.31%          |
| SBBL O/A BIFM MARKET LINKED FUND STANBIC NOMINEES BOTSWANA RE BIFM MLF                                             | 3,136,190            | 0.30%          |
| FNB BOTSWANA NOMINEES (PTY) LTD RE:IAM BBDCSPF BANK OF BOTSWANA DEFFERED CONTRIBUTION STAFF PENSI                  | 2,472,094            | 0.24%          |
| BIFM RE UNIVERSITY OF BOTSWANA DEFINED CONTRIBUTION PENSION FUND SCBN (PTY) LTD RE: BIFM 028914400011              | 2,098,092            | 0.20%          |
| SIMON HIRSCHFELD                                                                                                   | 2,051,934            | 0.20%          |
| MORULA RE DEBSWANA PENSION FUND STANBIC NOMINEES BOTSWANA RE MORULA RE DPF                                         | 1,898,038            | 0.18%          |
| JOSEPH KGOTLAETSILE MOLEMI                                                                                         | 1,688,199            | 0.16%          |
| FAIZEL ISMAIL                                                                                                      | 1,369,513            | 0.13%          |
| BAITSENG DIRENG                                                                                                    | 1,330,842            | 0.13%          |
| REGINAH DUMILANO SIKALESELE                                                                                        | 1,312,256            | 0.12%          |
| FNB BOTSWANA NOMINEES (PTY) LTD RE:KGORI CAPITAL - AON AGRESSIVE PORTFOLIO AON AGGRESSIVE PORTFOLIO                | 1,266,258            | 0.12%          |
| OTHERS                                                                                                             | 346,088,655          | 32.96%         |
| <b>TOTAL</b>                                                                                                       | <b>1,050,000,000</b> | <b>100.00%</b> |

## SHAREHOLDER INFORMATION

### SHAREHOLDING CATEGORIES

| Category                | Shareholders  |             | Shares held          |             |
|-------------------------|---------------|-------------|----------------------|-------------|
|                         | Number        | %           | Number               | %           |
| Corporate bodies        | 363           | 0.86%       | 38,587,500           | 3.68%       |
| Nominees companies      | 54            | 0.13%       | 106,636,547          | 10.16%      |
| Private individuals     | 41,883        | 99.00%      | 331,182,363          | 31.54%      |
| Trusts                  | 5             | 0.01%       | 360,000              | 0.03%       |
| Non Public shareholders | 3             | 0.01%       | 573,233,590          | 54.59%      |
| <b>TOTAL</b>            | <b>42,308</b> | <b>100%</b> | <b>1,050,000,000</b> | <b>100%</b> |



## SHAREHOLDER INFORMATION

### NOTICE OF THE 2022 ANNUAL GENERAL MEETING

Notice is hereby given that the 2022 Annual General Meeting of BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED ("BTC") will be held by means of audio or audio and visual communication in Gaborone, Botswana on Tuesday, 27th September 2022 at 09:00hrs, to transact the following business:

#### Agenda:

#### ORDINARY BUSINESS

1. To read the notice convening the meeting.

#### 2. Ordinary Resolution No.1

##### Presentation of Annual Financial Statements and report

To receive, consider and adopt the Audited Financial Statements for the year ended 31st March 2022, together with the Report of the Auditors and Report of the Audit Committee as contained in the annual report.

#### 3. Ordinary Resolution No.2

##### Dividends

To approve a full and final dividend of 8.71 thebe per share that was declared by the Directors and paid by the Company.

#### 4. Ordinary Resolution No.3

##### Re- election of directors of the Company

To re-elect by way of separate vote the following Directors of the company, who retire by rotation in terms of Clause 17.4.1 of the Constitution and, being eligible, offer themselves for re-election.

4.1 Mr. Ranjith Priyalal De Silva

4.2 Mr. Andrew Johnson

Brief CVs in respect of each director offering themselves for re-election are contained in the annual report.

The Board recommends the re-election of these directors.

#### 5. Ordinary Resolution No.4

##### Retirement of a director

To note the retirement of the following Director from the company.

5.1 Ms. Gaone Macholo

#### 6. Ordinary Resolution No.5

##### Remuneration of Non-Executive Directors

6.1 To consider and approve the remuneration paid to Non-Executive Directors of the Company for the year ended 31st March 2022 as reflected on page 79 of the Annual Report.

## SHAREHOLDER INFORMATION

### NOTICE OF THE 2022 ANNUAL GENERAL MEETING (CONTINUED)

6.2 To approve the proposed remuneration of Non-Executive Directors for the ensuing year as set in the table below:

| Role                      | Current Fees per meeting (BWP) | Proposed Fees per meeting (BWP) |
|---------------------------|--------------------------------|---------------------------------|
| Board Chairperson         | 15,000                         | 19,000                          |
| Board Member              | 10,000                         | 13,000                          |
| Sub-Committee Chairperson | 12,000                         | 15,000                          |
| Sub-Committee Member      | 10,000                         | 13,000                          |

#### 7. Ordinary Resolution No.6

##### Appointment of External Auditors

To appoint Deloitte & Touché, on recommendation of the Audit and Risk Committee, as the independent registered auditors of the company for the ensuing year.

#### 8. Ordinary Resolution No.7

##### Remuneration of external auditors

To approve the remuneration paid to the external auditors, Deloitte & Touché for the year ended 31st March 2022 as reflected on page 184 of the Annual Report.

#### 9. Ordinary Resolution No.8

##### Re-election of the members of the Audit and Risk Committee

To appoint or re-elect by way of separate vote, the following Non-Executive Directors as members of the Audit and Risk Committee:

9.1 Mr. Ranjith Priyalal De Silva

9.2 Mr. Bafana Molomo

9.3 Mr. Thari Pheko

9.4 Mr. Andrew Johnson

The members' appointment or re-election shall be effective from the conclusion of the annual general meeting at which this resolution is passed until the conclusion of the next annual general meeting of the Company.

Brief CVs in respect of each director offering themselves for appointment or re-election are contained in the annual report. The Board recommends the appointment and re-election of these directors to the Audit and Risk Committee.

#### 10. Any Other Business

To answer any questions put by shareholders in respect of the affairs and the business of the company.

## SHAREHOLDER INFORMATION

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### NOTICE OF THE 2022 ANNUAL GENERAL MEETING (CONTINUED)

#### 11. To close the meeting

##### Voting and Proxies

A member entitled to attend and vote may appoint a proxy (who need not be a member of the company) to attend and vote for him/her on his/her behalf. The instrument appointing such a proxy must be lodged at or posted to the Transfer Secretaries at the below stated address not less than 48 hours before the meeting. Central Securities Depository Botswana, are authorized to receive and count postal votes.

By Order of the Board

**Company Secretary**

##### Transfer Secretaries

##### Central Securities Depository Botswana

Private Bag 00417, Gaborone

Physical address: Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds

Telephone: +267 367 4400 /11/12

## SHAREHOLDER INFORMATION

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### PROXY FORM

#### IMPORTANT INFORMATION REGARDING ATTENDANCE AND PARTICIPATION AT THE ANNUAL GENERAL MEETING OF BOTSWANA TELECOMMUNICATIONS CORPORATION THAT WILL BE HELD BY MEANS OF AUDIO OR AUDIO AND VISUAL COMMUNICATION IN GABORONE ON 27 SEPTEMBER 2022 AT 09H00

Shareholders are reminded that the AGM 2022 will be held by way of electronic communication through Microsoft Teams at BTC Megaleng Head Office, Plot 50350, Gaborone, Botswana at 9am on Tuesday, 27 September 2022.

Persons who are registered as shareholders, in the registers of the Company at the Central Securities Depository Botswana shall be entitled to attend, participate and vote in person or by proxy at the AGM.

#### ELECTRONIC PARTICIPATION

The Annual General Meeting will be held entirely through electronic communication, being audio or audio and visual communication through Microsoft Teams by which all Shareholders participating in the meeting will be able to simultaneously hear each other throughout the meeting, as provided for in section 109 of the Companies Act and section 3(b) of the Second Schedule to the Companies Act. The Company's Constitution also permits such electronic communication at a meeting of shareholders.

Shareholders who choose not to attend in person but seek to appoint a proxy to attend the meeting on their behalf can still submit their proxy forms. Proxy are to be delivered or sent by fax or by e-mail to the Transfer Secretaries, Central Securities Depository Botswana, Private Bag 00417, Gaborone, Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds, Telephone: +267 367 4400 /11/12 or Fax: +267 3180175 or e-mail: mpheto@bse.co.bw as provided for on the proxy form. Where a Shareholder has submitted a proxy from, the person attending on the Shareholder's behalf shall be presumed to vote in accordance with the instructions of voting set out in the proxy form.

Shareholders and the proxy of any Shareholder who wish to participate in the AGM 2022, will be required to submit the relevant duly completed Electronic Participation Form, which is annexed to this Notice together with relevant documents to our Transfer Secretaries, Central Securities Depository Botswana, Private Bag 00417, Gaborone, Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds, Telephone: +267 367 4400 /11/12 or Fax: +267 3180175 or e-mail: mpheto@bse.co.bw. Shareholders are strongly encouraged to complete the Electronic Participation Form their verification well ahead of time.

SHAREHOLDER INFORMATION

PROXY FORM (CONTINUED)

Once the identity of a Shareholder seeking to attend the meeting and the due authority of any person representing such Shareholder has been verified by Central Securities Depository, the person seeking to attend the AGM will be provided with details on how to join the AGM 2022 via Microsoft Teams.

Voting and Proxies

A member entitled to attend and vote may appoint a proxy (who need not be a member of the company) to attend and vote for him/her on his/her behalf. The instrument appointing such a proxy must be lodged at or posted to the Transfer Secretaries at the below stated address not less than 48 hours before the meeting. Central Securities Depository Botswana, are authorized to receive and count postal votes.

By Order of the Board  
Company Secretary

Transfer Secretaries

Central Securities Depository Botswana

Private Bag 00417, Gaborone

Physical address: Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds

Telephone: +267 367 4400 /11/12

SHAREHOLDER INFORMATION

PROXY FORM (CONTINUED)

ELECTRONIC PARTICIPATION FORM

Shareholders or their proxies who wish to participate in the AGM 2022 to be held at 9am on Tuesday, 27 September 2022 via electronic communication ("AGM Participant") must notify the Company by delivering this form to the office of the Transfer Secretaries, Central Securities Depository Botswana, Private Bag 00417, Gaborone, Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds, Telephone: +267 367 4400 /11/12 or Fax: +267 3180175 or e-mail: mpheto@bse.co.bw as soon as possible but not later than close of business of business on Monday, 26 September 2022.

Shareholders are strongly encouraged to complete their verification well ahead of time.

Each AGM Participant who has been successfully verified by Central Securities Depository will be provided details on how to join the AGM 2022 via Microsoft Teams. AGM Participants who are a proxy for a shareholder will be presumed to vote at the meeting in accordance with the instructions for voting set out on the proxy form.

Reference is made to the Notice of AGM and the below important information which must be completed regarding participation and voting at the AGM 2022:

|                                                                                                             |  |
|-------------------------------------------------------------------------------------------------------------|--|
| Name of registered shareholder                                                                              |  |
| Omang/ID/Registration number of registered shareholder                                                      |  |
| Name and Contact details of CSDP or broker (if shares are held in dematerialised form)                      |  |
| Shareholder CSD account number/broker account number or own name account number or custodian account number |  |
| Number of ordinary shares held                                                                              |  |
| Full name of AGM 2022 Participant                                                                           |  |
| Omang/ID number of AGM Participant                                                                          |  |
| Email Address of AGM Participant                                                                            |  |
| Cell phone number of AGM Participant                                                                        |  |

By signing this form/We agree and consent to the processing of my/our personal information above for purposes of participating in the AGM 2022 and acknowledge the following:

- 1. The cost of joining the AGM 2022 is for the expense of the AGM Participant. The AGM Participant is not permitted to share the link with a third party.
- 2. The Company, its agents and third party service providers cannot be held accountable and will not be obliged to make alternative arrangements in the vent of a loss or interruption of network activity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth, power outages or any other circumstances which may prevent the AGM Participant or proxy holder from participating in the AGM 2022.

Signed this\_\_\_\_\_day of September 2022

Signature of Shareholder (s)\_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

SHAREHOLDER INFORMATION

PROXY FORM (CONTINUED)

Only for use and completion by holders of Ordinary shares of BTC in certificated or dematerialized “own name registered” form. Other dematerialized shareholders must inform the CSDP or broker of their intention to attend the annual general meeting to be held by means of audio or audio and visual communication in Gaborone, Botswana on Tuesday, 27th September 2022 at 09:00hrs, in order that the CSDP or broker may issue them with the necessary Letters of Representation to attend, or provide the CSDP or broker with their voting instructions should they wish not to attend the annual general meeting in person.

Please read the notes overleaf before completing this form.

I/We \_\_\_\_\_  
(Name in block letters) \_\_\_\_\_  
Of (Address) \_\_\_\_\_  
Telephone(work) \_\_\_\_\_  
being a shareholder of BTC and a holder of \_\_\_\_\_  
number of ordinary shares, hereby appoint;  
1. \_\_\_\_\_or failing him/her  
2. \_\_\_\_\_or failing him/her  
3. The Chairperson of annual general meeting as my /our proxy to act for me/us at the Annual General Meeting of the Company to be held held by means of audio or audio and visual communication in Gaborone, Botswana on Tuesday, 27<sup>th</sup> September 2022 at 09:00hrs, and at any adjournment thereof for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions and/or abstain from voting as indicated in the resolution to be considered at the said meeting.  
Signed at: \_\_\_\_\_  
Date: \_\_\_\_\_Signature: \_\_\_\_\_  
\_\_\_\_\_

|                       |                               | For | Against | Abstain |
|-----------------------|-------------------------------|-----|---------|---------|
| Ordinary resolution 1 | Agenda item No 2              |     |         |         |
| Ordinary resolution 2 | Agenda item No 3              |     |         |         |
| Ordinary resolution 3 | Agenda item No 4              |     |         |         |
|                       | Mr. Ranjith Priyalal De Silva |     |         |         |
|                       | Mr. Andrew Johnson            |     |         |         |
| Ordinary resolution 4 | Agenda item No 5              |     |         |         |
| Ordinary resolution 5 | Agenda item No 6              |     |         |         |
| Ordinary resolution 6 | Agenda item No 7              |     |         |         |
| Ordinary resolution 7 | Agenda item No 8              |     |         |         |
| Ordinary resolution 8 | Agenda item No 9              |     |         |         |
|                       | Mr. Ranjith Priyalal De Silva |     |         |         |
|                       | Mr. Bafana Molomo             |     |         |         |
|                       | Mr. Thari Pheko               |     |         |         |
|                       | Mr. Andrew Johnson            |     |         |         |

Signed at: \_\_\_\_\_  
Date: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Assisted by (where applicable): \_\_\_\_\_  
Full names of signatory/ies if signing in a representative capacity \_\_\_\_\_  
Each shareholder who is entitled to attend and vote at a General Meeting is entitled to appoint one or more persons as proxy to attend speakand vote in place of the shareholder at the Annual General Meeting and the proxy so appointed need not be a member of the company.  
Please read notes 1 -12 on the reverse side hereof

SHAREHOLDER INFORMATION

NOTES TO FORM OF PROXY

1. A BTC Shareholder must insert the name of a proxy or the name of two alternative proxies of the Shareholder’s choice in the space provided with or without deleting “Chairperson of the Annual General Meeting”. The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder’s instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorize the proxy to vote at the General Meeting as he/ she deems fit in respect of the Shareholders votes exercisable thereat, but where the proxy is the Chairperson, failure to comply will be deemed to authorize the proxy to vote in favour of the resolution. A Shareholder or his/her proxy is obliged to use all the votes exercisable by the Shareholder or by his/her proxy.
4. The completion and lodging of this form will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.
5. The Chairperson of the Annual General Meeting may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he/she is satisfied as to the manner in which the Shareholder concerned wishes to vote.
6. The date must be filled on this proxy form when it is signed.
7. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.
8. An instrument of proxy shall be valid for the Annual General Meeting as well as for any adjournment thereof, unless the contrary is stated thereon.
9. The authority of a person signing the form of proxy under power of attorney or on behalf of a company must be attached to the form of proxy.
10. Where Ordinary Shares are held jointly, all Shareholders must sign. A minor must be assisted by his/her guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered with the transfer secretaries.
11. Forms of Proxy must be lodged or posted to the Transfer Secretaries, Central Securities Depository Company of Botswana (CSDB), Private Bag 00417, Gaborone
12. Dematerialized shareholders, other than with “own name registration”, must NOT complete this form of proxy and must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between such shareholders and CSDP or broker.



**btc**

Live connected.