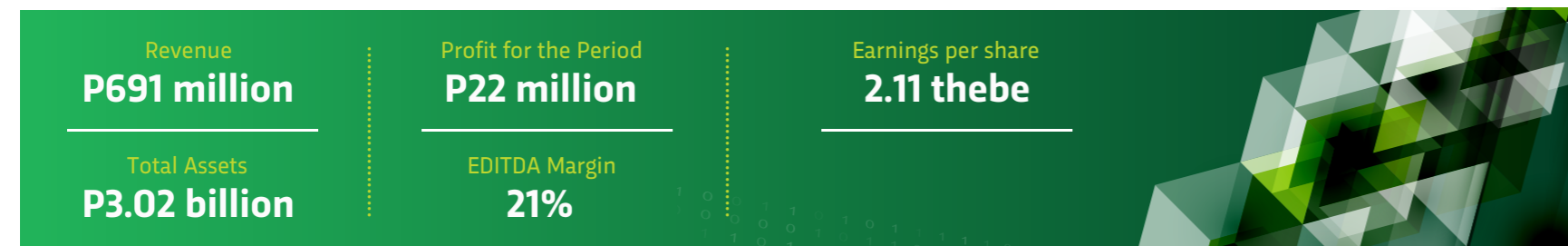




# Botswana Telecommunications Corporation Limited

## ABRIDGED UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2022

The Board and Management of Botswana Telecommunications Corporation Limited ('BTC') are pleased to present to shareholders the abridged unaudited financial results of the Company for the half year ended 30 September 2022.



### COMMENTARY

#### Our Business

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

#### Half year performance in numbers

- Revenue P691 million
- EBITDA margin 21%
- Profit after tax P22 million
- Earnings per share 2.11 thebe
- Cash Conversion at 67%

#### Review of Results

The interim Financial Statements of the company for the six months' period ended 30 September 2022 were authorised for issue by the Board of Directors on 14 December 2022.

#### Performance Overview

For the six months under review, the Company performance was subdued due to difficult macro-economic conditions. Performance was further depressed by the once off provision for restructuring costs and an escalation in replacement costs for stolen copper from our network.

The Company recorded revenue of P691 million during the period under review. Data services and mobile financial services revenue growth momentum continued but was partially offset by the decline in performance of voice services. The cost of sales reduced by only 2% (normalised basis 11%) thus leading to gross profit being level with the prior year. The total impact of copper cable theft amounted to P29 million. The Company has since intensified efforts and increased its capital budget towards building alternative technologies to replace the copper network investments. The once off provision of P67 million for the organisational restructuring drove the increase in the operating expenditure. The primary objectives of the organisational restructuring include the creation of a more fit-for-purpose organisation that supports the strategic repositioning of the business into the future. Furthermore, the exercise ensures that the Company has the right human capital in the right jobs that will contribute towards the future viability and long-term financial sustainability of the Company.

The pressure on costs as highlighted above led to EBITDA declining by 13% to P144 million.

The Company delivered healthy cash and cash equivalents that resulted in an increase of P96 million reflecting a 67% cash conversion.

#### Domestic Economy

The domestic economy is forecasted to grow by about 4% in 2022, with the increase in economic activity following the relaxation of COVID-19 protocols, a successful vaccination rollout programme and the implementation of the Government's Economic Recovery and Transformation Plan (ERTP) and the national Reset Agenda.

Inflation is expected to continue to be above the central bank target of 3-6% due to rising prices of goods and services especially food and fuel prices. This in turn is expected to negatively impact spending power of Government, enterprises and households.

#### Outlook

Despite the uncertainty of the economy, BTC will intensify the efforts to improve its financial and operational performance by seizing the available opportunities in the market. Going forward, the company will continue to drive data and value offers in the market as we accommodate the shifts in demand and usage patterns (i.e., from voice to data driven services). We will continue to migrate customers off legacy technologies so that they can experience faster and more reliable fixed and mobile data. We are determined to improve localities and communities through our network and services that we offer. The infrastructure that BTC has invested on from mobile, fixed, VSAT to data centre is a great foundation for driving digital services, cloud services and fintech services. The company will continue to pursue its digital transformation program and create more value for our customers through our services and innovative solutions. BTC is focusing on driving its customers to use more of our digital platforms for convenience and the ability to get our services and offers anywhere and anytime.

The company will further drive its efficiency improvement program as way of optimising our cost structure and responding to changing market dynamics.

Efforts to build a digital culture and strengthen our human capital will continue to position our company to be more responsive to the fast-changing market landscape.

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

For the six months ended 30 September 2022	Unaudited 6 Months to 30.09.2022 P '000	Unaudited 6 Months to 30.09.2021 P '000	Audited 12 Months to 31.03.2022 P '000
Revenue from contracts with customers	691,206	698,363	1,392,257
Cost of services and goods sold*	(290,516)	(294,995)	(604,751)
<b>Gross profit</b>	<b>400,690</b>	<b>403,368</b>	<b>787,506</b>
Interest income	23,685	9,334	18,796
Interest expense	(9,899)	(11,901)	(22,767)
Other income	2,581	24,986	39,918
Selling and distribution costs	(11,764)	(9,586)	(18,242)
Administrative expenses**	(260,766)	(198,615)	(403,573)
Impairment losses and gains on financial assets and contract assets	(2,353)	(10,390)	3,191
Other expenses	(116,848)	(107,485)	(222,436)
<b>Profit before tax</b>	<b>25,326</b>	<b>99,711</b>	<b>182,393</b>
Income tax expense	(3,135)	(13,766)	(41,608)
<b>Profit for the period</b>	<b>22,191</b>	<b>85,945</b>	<b>140,785</b>
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(6,054)</b>
<b>Total comprehensive income for the period</b>	<b>22,191</b>	<b>85,945</b>	<b>134,731</b>
<b>Basic and diluted earnings per share (thebe):</b>	<b>2.11</b>	<b>8.19</b>	<b>13.41</b>

\*Cost of sales include P29 million related to copper cable theft  
\*\*Administrative expenses include cost of resource optimization of P67 million

### STATEMENT OF FINANCIAL POSITION

As at 30 September 2022	Unaudited Sep 2022 P '000	Unaudited Sep 2021 P '000	Audited Mar 2022 P '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,436,431	1,453,748	1,449,452
Right of use assets	178,566	200,435	183,946
Intangible assets	112,998	120,580	115,337
IRU asset	401,200	439,409	420,305
	2,129,195	2,214,172	2,169,040
<b>Current assets</b>			
Inventories	66,596	52,466	53,419
Trade and other receivables	146,859	143,710	161,122
Contract assets	49,204	45,154	53,539
Income tax receivable	1,844	-	810
Cash and cash equivalents	615,955	464,639	520,442
	880,458	705,969	789,332
Assets held for sale	7,503	39,983	32,222
	887,961	745,952	821,554
<b>TOTAL ASSETS</b>	<b>3,017,156</b>	<b>2,960,124</b>	<b>2,990,594</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated capital	478,892	478,892	478,892
Revaluation reserve	352,951	373,939	361,375
Accumulated profits	1,419,123	1,418,613	1,441,428
	2,250,966	2,271,444	2,281,695
<b>Non - Current Liabilities</b>			
Development grants	12,507	6,281	8,543
Lease liabilities	113,172	119,597	115,753
IRU liability	97,711	151,099	120,590
Deferred tax liability	58,775	29,505	55,640
Employee related provisions	8,731	9,736	7,994
	290,896	316,218	308,520
<b>Current Liabilities</b>			
Trade and other payables	290,825	248,290	279,765
Contract liabilities	12,198	16,348	13,522
Deferred tax liability	18,755	16,383	16,718
Lease liabilities	53,388	58,113	60,022
Current portion of development grants	860	5,735	860
Current portion of employee related provisions	99,268	27,593	29,492
	475,294	372,462	400,379
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,017,156</b>	<b>2,960,124</b>	<b>2,990,594</b>

### STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022	Unaudited 6 Months to 30.09.2022 P '000	Unaudited 6 Months to 30.09.2021 P '000	Audited 12 Months to 31.03.2022 P '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating cash flow before working capital changes	215,260	227,204	439,539
Working capital adjustments:			
Increase in inventories	(13,177)	(7,244)	(8,197)
Decrease/(increase) in trade and other receivables, contract assets and prepayments	15,291	(1,585)	5,001
Increase in trade and other payables and contract liabilities	11,557	9,959	22,023
Cash generated from operations	228,931	228,334	458,366
Ordinary dividend paid to shareholders	(51,906)	(54,903)	(92,676)
Income tax paid	(1,034)	1,265	(169)
Net cash from operating activities	175,991	174,696	365,521
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>			
Investment to expand operations:			
Purchase of property, plant and equipment	(73,431)	(24,058)	(113,050)
Purchase of intangible assets	(13,977)	(17,185)	(20,903)
Proceeds from disposal of property, plant and equipment	27,099	184	387
Interest income received	23,685	5,954	18,796
Net cash used in investing activities	(36,624)	(35,105)	(114,770)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Grants received	4,740	-	3,465
Interest paid on lease liabilities and IRU liability	(10,123)	(12,151)	(23,130)
Principal payment of lease liabilities	(8,405)	(8,251)	(17,125)
Principal payment of IRU liability	(29,323)	(27,465)	(55,946)
Net cash from financing activities	(43,111)	(47,867)	(92,736)
Increase in cash and cash equivalents	96,256	91,724	158,015
Net foreign exchange difference on cash and cash equivalents	(743)	9,642	(846)
Cash and cash equivalents at beginning of the year	520,442	363,273	363,273
<b>Cash and cash equivalents at end of the period</b>	<b>615,955</b>	<b>464,639</b>	<b>520,442</b>

### STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022	Stated Capital P '000	Revaluation Reserve P '000	Accumulated Profits P '000	Total P '000
<b>Balance at 1 April 2021 (Restated)</b>	478,892	382,363	1,379,999	2,241,254
Profit for the six months period	-	-	85,945	85,945
<b>Total Comprehensive Income</b>	-	-	85,945	85,945
Ordinary dividend declared	-	-	(55,755)	(55,755)
Depreciation transfer for land and buildings	-	(8,424)	8,424	-
<b>Balance at 30 September 2021 (Unaudited)</b>	<b>478,892</b>	<b>373,939</b>	<b>1,418,613</b>	<b>2,271,444</b>
Profit for the rest of the year	-	-	54,840	54,840
Other comprehensive income	-	(6,054)	-	(6,054)
<b>Total Comprehensive Income</b>	-	(6,054)	54,840	48,786
Ordinary dividend declared	-	-	(38,535)	(38,535)
Depreciation transfer for land and buildings	-	(6,510)	6,510	-
<b>Balance at 31 March 2022 (Audited)</b>	<b>478,892</b>	<b>361,375</b>	<b>1,441,428</b>	<b>2,281,695</b>
Profit for the six months period	-	-	22,191	22,191
<b>Total Comprehensive Income</b>	-	-	22,191	22,191
Ordinary dividend declared	-	-	(52,920)	(52,920)
Depreciation transfer for land and buildings	-	(8,424)	8,424	-
<b>Balance at 30 September 2022 (Unaudited)</b>	<b>478,892</b>	<b>352,951</b>	<b>1,419,123</b>	<b>2,250,966</b>

#### Presentation of Unaudited Interim Financial Statements

The interim Financial Statements are presented in Botswana Pula which is the Company's functional currency.

#### Basis of Preparation and Accounting Policies

The interim financial statements have been prepared on a historical cost basis, except as modified by the revaluation of certain fixed assets and on the going concern basis.

The accounting policies adopted for the period comply in all material respects with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Standards Interpretations Committee and in the manner required by the Companies Act of Botswana (CAP 42:01). These policies are consistent with those applied for the year ended 31 March 2022.

### Dividend

Given the current circumstances, the Board decided not to declare a dividend for this period.

For and on behalf of the Board of Directors

**Lorato Boakgomo-Ntakhwana** | **Anthony Masunga**  
Chairperson | Managing Director

### Board of Directors

Lorato Boakgomo-Ntakhwana (Chairperson), Anthony Masunga (Managing Director), Maclean Letshwiti, Andrew Johnson\*, Ranjith Priyalal De Silva\*\*, Thari Pheko, Bafana Molomo and Thato Kewakae.  
\*South African \*\*Sri Lankan

### Company Secretary

Sidney Mganga

### Company Number

BW00000748937

### Transfer Secretaries

Central Securities Depository Company of Botswana  
Plot 70667, Fairscape Precinct. 4th Floor, Fairgrounds, Gaborone  
Private Bag 00417, Gaborone  
Contact Details:  
3674400/ 09/11/12  
Contact Person: Nonofa Phalatshe or Ambrosia Khupe

### Auditor

Deloitte & Touche  
Plot 64518 Fairgrounds  
P O Box 778 Gaborone, Botswana

### Registered Office

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