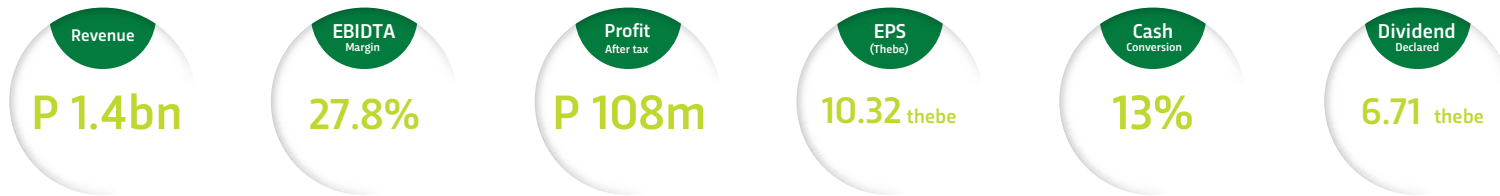




Botswana Telecommunications Corporation Limited

ABRIDGED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The Board and Management of Botswana Telecommunications Corporation Limited ('BTC') are pleased to present to shareholders the audited annual financial results of the Company for the year ended 31 March 2023.



COMMENTARY

Full year performance in numbers

- Revenue P1.4 billion
- EBITDA margin 27.8%
- Profit after tax P108 million
- Earnings per share 10.32 thebe
- Cash Conversion at 13%

REVIEW OF RESULTS

The Annual Financial Statements of the Company for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 22 June 2023.

Performance Overview

The Company recorded revenue of P1.4 billion during the year under review. The Company's profitability was under pressure, reflecting a demanding operating and economic environment. Performance was primarily impacted by the once off restructuring costs and an escalation in replacement costs for stolen copper cables from our network.

Data services and mobile financial services revenue growth momentum continued though partially offset by the decline in performance of voice services. The cost of sales decreased by 2% leading to gross profit being 2% above the prior year. The total impact of copper cable theft included in the cost of sales is P56 million, substantially offsetting the savings that would have been realised in the cost of sales. The Company has since intensified rollout of alternative technologies to replace the copper network. Other income has come down mainly as amortisation of government grants for rural telephony (Nteletsa) infrastructure came to an end. The once off pay out of P55 million for the organisational restructuring drove the increase in the operating expenditure substantially. The primary objective of the organisational restructuring was the creation of a more fit-for-purpose organisation that supports the strategic repositioning of the business into the future. Additionally, 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 of P390 million, a decline of 15%.

Domestic Economy

Botswana real gross domestic product (GDP) is expected to grow by 4% in 2023 due to the expected positive impact of the Transitional National Development Plan and reforms aimed at improving the economy and business environment. The inflation rate decreased to an average of 9.4% in the first quarter of 2023 but remaining above the medium-term objective range of 3 – 6%. The inflation trend is projected to ease downwards within the range in the second quarter of 2024 due to monetary policy stance, recent decrease in domestic fuel prices, modest domestic demand, increase in interest rates and constrained supply of credit globally; expected decrease in global inflation and international commodity prices; as well as the projected appreciation of the Pula against the South African rand, all expected to exert downward pressure on domestic inflation. (Source Botswana Monetary Committee, 28 April 2023)

Outlook

BTC continues to play a leading role in the enablement of the national digital transformation drive through continuous investment in the modernisation of the network, to enable high speed internet services across the country. This is expected to increase internet penetration and utilisation which in turn will fuel data revenue growth. Over the last 2 years the scourge of copper theft in our networks has escalated and caused immense disruption to availability and quality of service to our customers. In response we have directed our investments to accelerating the de-coppering of our network and to provide service through high-speed mobile, radio and fibre networks. Fibre to the home (FTTH) has been completed in many areas of greater Gaborone, Francistown, Jwaneng and Orapa and customers are being migrated from copper to fibre networks. Our high-speed radio networks cover 100% of Gaborone, Tlokweng and some villages in the greater Gaborone and we expect to cover 80% of our customer base by 2024, and 100% by 2025. We continue with our deployment of the 4G/4.5G mobile network to drive mobile data utilisation. Our main objective is to drive high speed connectivity for our customers to experience best internet service and enable digital transformation capability.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023	Mar 2023 P '000	Mar 2022 P '000
Revenue from contracts with customers	1,400,027	1,392,257
Cost of services and goods sold	(594,196)	(604,751)
Gross profit	805,831	787,506
Interest income	48,247	18,796
Interest expense	(18,632)	(22,767)
Other income	5,129	39,918
Selling and distribution costs	(23,120)	(18,242)
Administrative expenses	(439,174)	(403,573)
Impairment reversals on financial assets and contract assets	24,316	3,191
Other expenses	(254,088)	(222,436)
Profit before tax	148,509	182,393
Income tax expense	(40,188)	(41,608)
Profit for the year	108,321	140,785
Other comprehensive income not to be reclassified to profit /loss in subsequent periods		
Impairment on assets transferred to held for sale	-	(7,761)
Income tax effect	-	1,707
Other comprehensive income for the year	-	(6,054)
Total comprehensive income for the year	108,321	134,731
Basic and diluted earnings per share (Thebe):	10.32	13.41

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023	Mar 2023 P '000	Mar 2022 P '000
ASSETS		
Non-current assets		
Property, plant and equipment	1,488,810	1,449,452
Intangible assets	162,579	183,946
Right of use assets	109,170	115,337
IRU asset	382,096	420,305
Contract assets	28,766	-
	2,171,421	2,169,040
Current assets		
Inventories	54,832	53,419
Trade and other receivables	215,605	179,580
Contract assets	23,130	35,081
Income tax receivable	829	810
Cash and cash equivalents	570,983	520,442
	865,379	789,332
Assets held for sale	-	32,222
	865,379	821,554
Total assets	3,036,800	2,990,594
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	478,892	478,892
Revaluation reserve	334,826	361,375
Accumulated profits	1,537,542	1,441,428
	2,351,260	2,281,695
Non-current liabilities		
Development grants	23,220	8,543
Lease liabilities	112,259	115,753
IRU liability	74,077	120,590
Contract liabilities	5,142	-
Deferred tax liability	80,649	55,640
Employee related provisions	5,962	7,994
	301,309	308,520
Current liabilities		
Trade and other payables	287,666	279,765
Contract liabilities	5,377	13,522
Lease liabilities	18,068	16,718
IRU liability	46,513	60,022
Current portion of development grants	860	860
Current portion of employee related provisions	25,747	29,492
	384,231	400,379
Total Liabilities	685,540	708,899
Total equity and liabilities	3,036,800	2,990,594

STATEMENT OF CASH FLOWS

For the year ended 31 March 2023	Mar 2023 P '000	Mar 2022 P '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating cash flow before working capital changes	352,721	439,539
Working capital adjustments:		
Increase in inventories	(1,413)	(8,197)
(Increase)/decrease in trade and other receivables, contract assets and prepayments	(29,406)	5,001
Increase in trade and other payables and contract liabilities	4,880	22,023
Cash generated from operations	326,782	458,366
Ordinary dividend paid to shareholders	(52,187)	(92,676)
Income tax paid	(1,034)	(169)
Net cash from operating activities	273,561	365,521
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Investment to expand operations:		
Purchase of property, plant and equipment	(209,321)	(113,050)
Purchase of intangible assets	(16,221)	(20,903)
Proceeds from disposal of property, plant and equipment	2,421	387
Proceeds from assets held for sale	34,992	-
Interest income received	48,247	18,796
Net cash used in investing activities	(139,882)	(114,770)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Grants received	15,883	3,465
Interest paid on lease liabilities and IRU liability	(18,984)	(23,130)
Principal payment of lease liabilities	(19,105)	(17,125)
Principal payment of IRU liability	(60,022)	(55,946)
Net cash from financing activities	(82,228)	(92,736)
Increase in cash and cash equivalents	51,451	158,015
Net foreign exchange difference on cash and cash equivalents	(910)	(846)
Cash and cash equivalents at beginning of the year	520,442	363,273
Cash and cash equivalents at end of the year	570,983	520,442

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023	Stated Capital P '000	Revaluation Reserve P '000	Accumulated Profits P '000	Total P '000
Balance at 1 April 2021	478,892	382,363	1,379,999	2,241,254
Profit for the year	-	-	140,785	140,785
Other comprehensive income for the year	-	(6,054)	-	(6,054)
Total Comprehensive Income	-	(6,054)	140,785	134,731
Ordinary dividend declared	-	-	(94,290)	(94,290)
Depreciation transfer for land and buildings	-	(14,934)	14,934	-
Balance at 31 March 2022	478,892	361,375	1,441,428	2,281,695
Profit for the year	-	-	108,321	108,321
Other comprehensive income for the year	-	-	-	-
Total Comprehensive Income	-	-	108,321	108,321
Ordinary dividend declared	-	-	(52,920)	(52,920)
Transfer to retained earnings upon disposal of residential properties	-	(21,889)	28,063	6,174
Depreciation transfer for land and buildings	-	(4,660)	12,650	7,990
Balance at 31 March 2023	478,892	334,826	1,537,542	2,351,260

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 2023 were authorised for issue by the Members of the Board in accordance with a resolution on 22 June 2023.

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 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).

Dividend Declaration

The BTC Board has declared a final dividend of 6.71 thebe per share for the year ended 31 March 2023. In terms of the Botswana Income Tax Act (Cap 52:01) as amended, withholding tax at the rate of 10% or any other currently enacted tax rate will be deducted from the gross dividend.

Important dates pertaining to this dividend are:

Declaration date – 22 June 2023
Ex-dividend date – 02 August 2023
Last date to register – 04 August 2023
Dividend payment date – 16 August 2023

Auditor's report

The auditor, Deloitte & Touche, has issued its unmodified opinion on the Company's annual financial statements for the year ended 31 March 2023.

These are available for inspection at the registered office of Botswana Telecommunications Corporation Limited. This publication has been extracted from those financial statements. This abridged financial information and any reference to future financial performance has however not been audited by the auditors.

By Order of The Board

Lorato Boakgomo-Ntakhwana

Chairperson

Anthony Masunga

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, Thato Kewakae.

*South African **Sri Lankan

Company Secretary

Sidney Mganga

Company Number

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Contact Person: Nonofa Phalatshe or Ambrosia Khupe

Auditor

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