40 years OF PROGRESS

Annual Report | 2020

btc

Live connected.

PROGRESS
IS IMPOSSIBLE
WITHOUT
CHANGE

and those who cannot change their minds cannot change anything. — GEORGE BERNARD SHAW

btc

Live connected.

welcome

What's inside this Report

8. ANNUAL FINANCIAL STATEMENTS


1

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.

ABOUT BTC

1.

CORPORATE INFORMATION

Botswana Telecommunications Corporation Limited (BTC)
Incorporated in the Republic of Botswana

Company Registration number: BW00000748937 (previously C02012/12936)

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

Physical address: Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds

Telephone: +267 367 4400 /11/12

Contact: Masego Pheto

Auditors

Ernst & Young
2nd Floor, Letshego Place, Khama Crescent

P O Box 41015, Gaborone, Botswana

Company Secretary

Sidney Mganga

Bankers

- Absa Bank Botswana Limited
- African Banking Corporation Botswana Limited
- Bank Gaborone Limited
- First National Bank Botswana Limited
- Stanbic Bank Botswana Limited
- Standard Chartered Bank Botswana Limited

Key Milestones

1980 | Botswana Telecommunications Corporation was formed through an Act of Parliament from the then Department of Post and Telecommunications Department.

1981 | The Earth Station was commissioned in 1980 connecting Botswana to overseas directly. A new Telex exchange was also commissioned.

1987 | MDP I completed, bringing digital technology to Botswana for the first time. International Direct Dialing was introduced. Telephone access lines grow to 11,700.

1989 | BTC declares and pays a dividend to the Government of Botswana.

1991 | Main Development Programme linking Maun, Kasane and Ghanzi to the main communications network completed. Ghanzi receives the first automatic telephone service for the first time.

1999 | BTC in partnership with the Botswana Government embarks on a Rural Infrastructure Development Programme (Nteletsa) to bring telecommunication services to previously under-served communities.; covering over 127 villages. BTC enters into interconnect and backhaul network agreement with mobile operators.

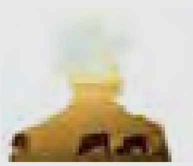
2007 | BTC awarded a Public Telecommunications Operator license.

2008 | BTC launches its mobile service under the brand name "be MOBILE"

2012 | Botswana Government announces separation of network assets from BTC into a special purpose vehicle and announces privatization plan for BTC within 2 years.

2013 | BTC is incorporated as a limited company under the Companies Act 2003.

2014 | BTC completes its obligation to transfer the network assets to Botswana Fibre Network (BoFiNet) and readies for privatisation.



2016 | BTC lists on the BSE, becoming the first and only telecommunications service provider listed on the local bourse. The privatisation and listing was was oversubscribed 1.68 times and remains one of the most iconic and historic IPOs in Botswana. The listing brought over 50,000 Batswana shareholders to BTC, thus providing economic inclusion and wealth creation opportunities for citizens.

2016 | BTC integrates its beMOBILE and BTC brands into one, reflecting its position as a one-stop shop communication business. BTC no longer goes to market as beMOBILE, fixed lines or Broadband, but as one united BTC, with a single refreshed brand.

2017 | BTC launches 4G network and currently has over four hundred (400) 4.5G sites covering major villages and towns, providing Botswana's widest and fastest 4.5G network.

2017 | BTC embarks on network transformation project

2018 | BTC launches new converged billing platform to improve efficiency and service delivery.

2019 | BTC commissions the Sentlhaga Data Centre and launches improved VSAT capabilities.

2020 | Enhanced customer experience – BTC launches a programme to invigorate BTC's internal culture and customer experience to drive a positive trajectory into the future.

ABOUT BTC

Botswana Telecommunications Corporation Limited (BTC) is a Botswana Stock Exchange Limited (BSEL) listed communications service provider offering fixed (voice and data), mobile (voice and data) and broadband services to individual consumers, enterprises and other licensed service providers.

BTC has interconnections and relationships with multiple service providers in the region, making it a trusted partner for provisioning of services to neighbouring countries and as a transit partner for transit products and services.

Purpose

To provide superior communications solutions to Batswana anywhere and everywhere to enable them to live connected

Vision

Market leader in communication services

Mission

We provide superior customer experience through superior communication solutions

ABOUT BTC

Values

We uphold the following values in all our dealings with customers and key stakeholders

1 Teamwork
We work effectively and efficiently collaborate in the workplace in pursuit of a common goal.

2 Ownership
We exhibit a sense of pride in the work we do and take accountability for the quality of our efforts and the organisation as a whole.

3 Delivery
We commit to the best customer experience through effective, efficient and agile service delivery within defined timeframes.

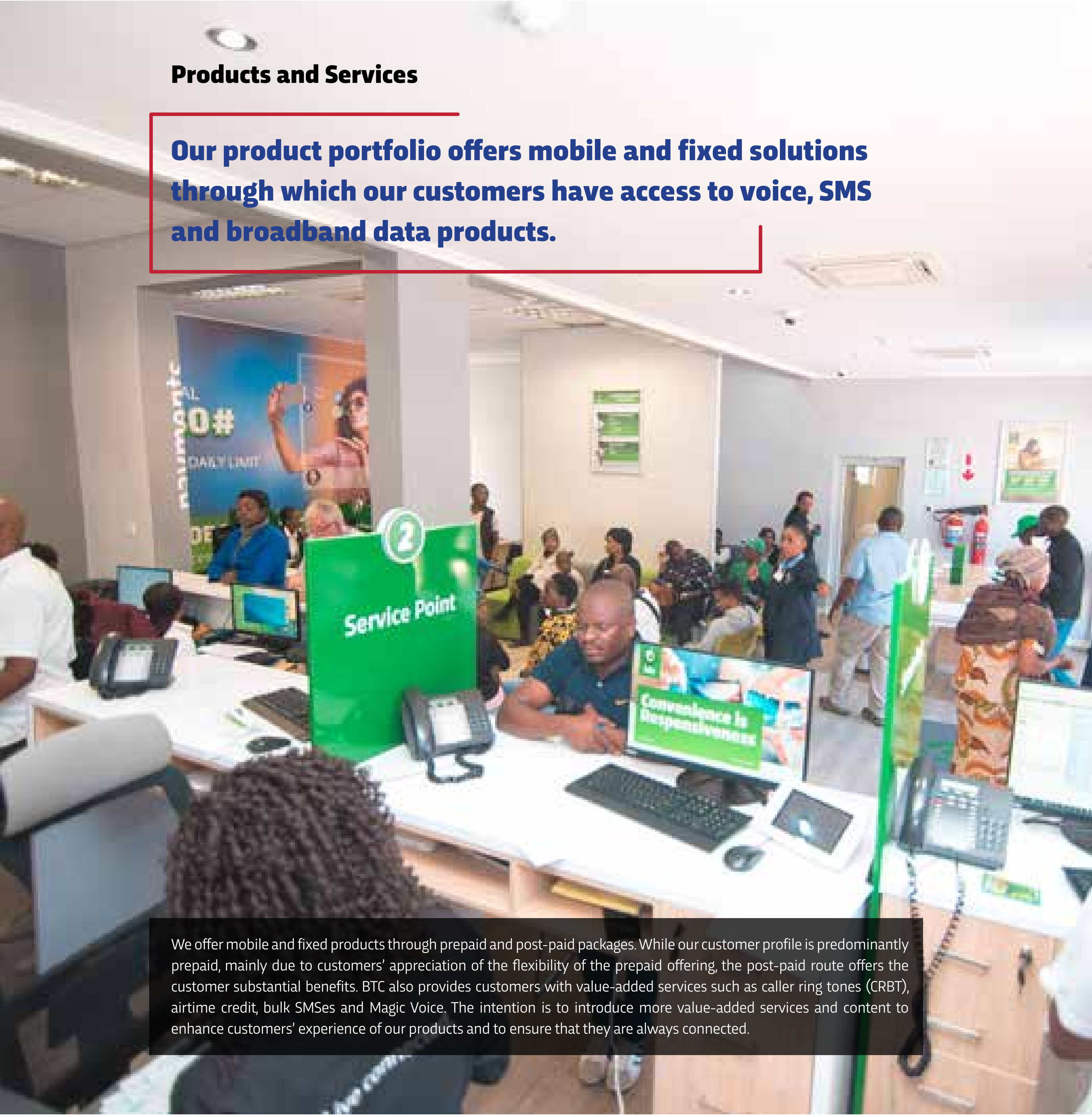
4 Innovation
We are agile and able to adapt to and embrace environmental changes.

5 Simplicity
We provide seamless, easy to understand solutions and services to both our external and internal customers.

ABOUT BTC

Products and Services

Our product portfolio offers mobile and fixed solutions through which our customers have access to voice, SMS and broadband data products.



We offer mobile and fixed products through prepaid and post-paid packages. While our customer profile is predominantly prepaid, mainly due to customers' appreciation of the flexibility of the prepaid offering, the post-paid route offers the customer substantial benefits. BTC also provides customers with value-added services such as caller ring tones (CRBT), airtime credit, bulk SMSes and Magic Voice. The intention is to introduce more value-added services and content to enhance customers' experience of our products and to ensure that they are always connected.

We offer solutions to individual customers, including mobile voice, data and SMS offers. The primary focus is on data bundles, Mobile Financial Services (SMEGA) and Value-Added Services (VAS) as we aim for greater convenience and inclusion.

We provide residential solutions including broadband and fixed voice lines. We ensure that everyone can live connected, enjoying the convenience that voice and internet services can bring for entertainment, leisure and more.

BTC has solutions for customers ranging from SMEs to large corporates, from single office set up to multi-office connectivity services. Our broadband solutions meet the needs of any business.

Our on-the-go suite of solutions includes Post-Paid/contract-based solutions, SIM-only packages and a Build-Your-Own-Bundle (BYOB) Post-Paid product that allows customers to customise their mobile package based on their needs.

Business Structure

BTC has three distinct operational areas comprising:

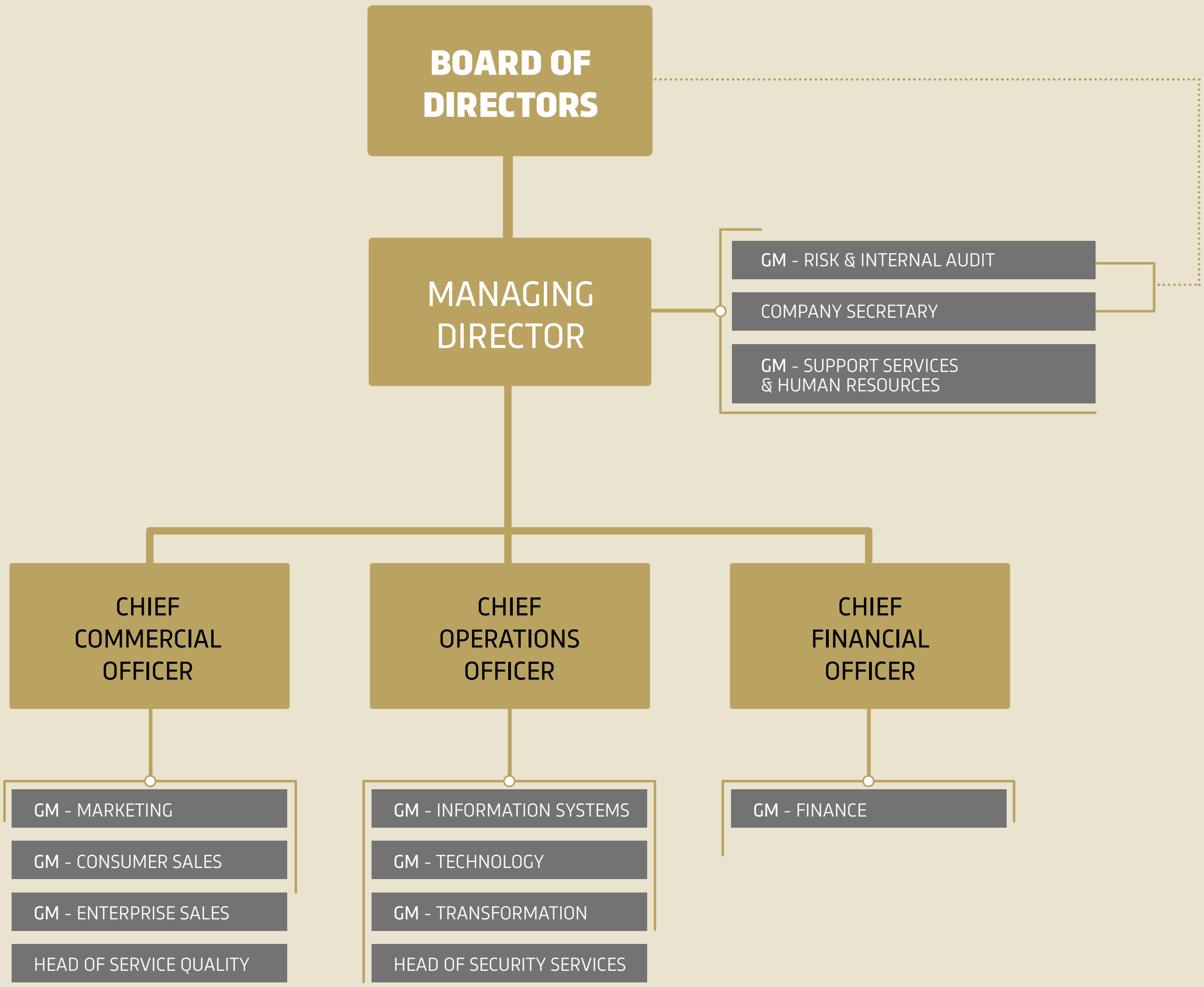
TECHNOLOGY UNIT, COMMERCIAL UNIT AND SUPPORT UNIT

The Commercial unit comprises: The Commercial Unit of the business comprises Marketing, Consumer Sales, Enterprise Sales and Service Quality. The Marketing division is responsible for ensuring we take the right products to the market per segment. Consumer Sales focuses on the Retail and SME segments, whereas Enterprise Sales focuses on corporate, parastatals and Government and resellers. The unit is focused on revenue growth and ensuring service quality.

The Technology Unit: The Technology Unit of the business comprises the Information Systems (IS) and Technology (Telecommunications Network), Security Services and Transformation office. The Technology Unit focuses on network planning and build, access network and operations. This Unit oversees the IT environment, overall corporate security services, and the delivery of the corporate strategy and transformation agenda.

The Support unit comprises: The Support function consists of Support Services and Human Resource, Risk and Internal Audit, Finance and Company Secretary. These functions provide support to the core functions of the business.

Our Organisational Structure



2

#LiveConnected

#40YearsOf Progress

#KeYaRona

BTC @ 40

2.

CELEBRATING **40 YEARS OF TECHNOLOGY LEADERSHIP, REFLECTION AND GIVING BACK**

For me, it has been quite a journey to witness and be a part of the transformation of this company, and of Botswana.

ANTHONY MASUNGA
[MANAGING DIRECTOR, BTC]

This year, 2020, is a special year, as BTC celebrates 40 years of existence. This anniversary is a happy moment. It presents a time to celebrate. However, our 40th birthday marks a point of reflection and re-sharpening of our purpose as a business. The underlying theme throughout our reflections will be **"40 years of progress"**.

The BTC story, reflects our journey and the role we have played as an anchor in the development of Botswana. BTC has and continues to connect Batswana, connect businesses, and positively impact lives. Together we have built a business that we would never have dreamed possible. For me, it has been quite a journey to witness and be a part of the transformation of this company, and Botswana.

btc
Live connected.

We have kicked off a multifaceted celebration programme to mark our 40th Anniversary as Botswana's leading and pioneering telecommunications company, enabling the socio-economic development of Botswana. Our celebrations will touch all facets of our business, from customers, shareholders and partners to the communities in which we operate.

In addition to being celebratory, this year is an opportunity to reflect on how far we have come.We must appreciate the progress and set the scene for the future. We aspire to be an organisation that provides one-stop-shop communications solutions and will be relentless in our pursuit of this vision. Our 40th Anniversary is an opportunity to cultivate the ground and plant seeds for work that will continue for decades as we look to a future full of infinite opportunities while creating a legacy for generations to come.

For now, let us take a moment and reflect on our rich history, a story of heritage and utmost pride. Enjoy the next few pages where we appreciate the transformation journey of our business, a business that is driven by a passion for connecting people and for creating value.

Pula!!

ANTHONY MASUNGA
MANAGING DIRECTOR, BTC

CHRONOLOGICAL HISTORY

BTC was established in 1980 by an Act of Parliament to operate and manage Botswana's national and international telecommunications services. Previously, telecommunications services were provided by the Department of Post and Telecommunications.

BTC has since made great strides, from offering analogue microwave links and fixed telephony services to becoming a converged telecommunications operator, offering fixed (voice and data), mobile (voice and data) and broadband services

to Government, consumers and other licensed operators.

BTC has interconnections and relationships with multiple service providers in the region, making it a trusted partner for both provisioning of services to neighbouring countries and as a transit partner for transit product and services.

From providing rotary dial phones and operating manual telephone exchanges in 1980, BTC has now completed a digitalisation journey that started almost two decades ago. The company has evolved to partner with Government as the Nation transitions to a knowledge-based economy. BTC has transformed beyond telecommunications and broadband solutions, into all forms of digital and ICT solutions.

BTC provides a platform for quality digital and communications services, in other words, we support the most basic form of human interaction, enabling our customers to live connected.

BTC is a homegrown brand - a brand that Batswana can proudly say **"Ke Ya Rona"**.

MILESTONES

1980 | Botswana Telecommunications Corporation was formed through an Act of Parliament from the then Department of Post and Telecommunications Department.

1981 | The Earth Station was commissioned in 1980 connecting Botswana to overseas directly. A new Telex exchange was also commissioned.

1984 | A new radio link connecting Francistown to Bulawayo was commissioned. Plan for a Main Development Programme (known as MDP II), digitalising all electro-mechanical exchanges and connecting all major centres in the eastern part of the country was approved. Total access lines have increased to 9,500.

1986 | Installation of automatic Public Payphones commissioned. A new link to South Africa was also commissioned.

1987 | MDP I completed, bringing digital technology to Botswana for the first time. International Direct Dialing was introduced. Telephone access lines grow to 11,700.

1988 | Telephone access lines increase to 14,600.

1989 | BTC declares and pays a dividend to the Government of Botswana.

1990 | Access lines jump to 23,000.

1991 | Main Development Programme linking Maun, Kasane and Ghanzi to the main communications network completed. Ghanzi receives the first automatic telephone service for the first time.

1992 | A data packet switching network (called Botspac) introduced. Access lines increase to 32,000.

1993 | Fibre optic networks planned linking Jwaneng to Ramokgwebana, with extensions to Orapa via Serowe.

1995 | Access lines increase to 53,000. MDP III completed. Botswana boasts about 3,900 kilometres of digital microwave.

1997 | BTC backhaul network increases to 5,300 kilometres comprising of optical fibre and digital microwave. Access lines increase to 72,000.

1998 | Access lines increase to 85,000.

1999 | In partnership with the Botswana Government, BTC embarks on a Rural Infrastructure Development Programme (Nteletsa) to bring telecommunication services to previously under-served communities, covering over 127 villages. BTC enters into an interconnect and backhaul network agreement with mobile operators.

2004 | International connectivity established through SAT 3 through South Africa. BTC endorses Government of Botswana's ICT Plan – Maitlamo Initiatives.

2005 | BTC adopts Intelligent Network Platforms strategy and focuses its attention on provision of broadband data services. Broadband is rolled-out with ADSL in Gaborone.

2007 | BTC awarded a Public Telecommunications Operator license

2008 | BTC launches its mobile service under the brand name "be MOBILE".

2009 | BTC brings together all business units under one umbrella structure.

2012 | Botswana Government announces separation of network assets from BTC into a special purpose vehicle and announces privatisation plan for BTC within 2 years.

2013 | BTC is incorporated as a limited company under the Companies Act 2003.

2014 | BTC completes its obligation to transfer the network assets to Botswana Fibre Network (BoFiNet) and readies for privatisation.

2014 | BTC establishes a Foundation to manage and coordinate BTC Corporate Social Investment (CSI) programmes. The Foundation is a legal entity registered through a Trust Deed and administered by a Board of Trustees. The Foundation has five key focus areas which are:

- Employees,
- Sports Development and Wellness
- Arts and Culture
- Entrepreneurship and Innovation
- Environmental Protection.

2015 | BTC delivers Government Broadband Data Network:

a) 272 Fibre Access sites
b) 769 Multi-Access Wireless Radio Technology sites
c) 32 Countrywide libraries and reading rooms connected using most suitable technology

BTC signs partnership agreement with VODAFONE

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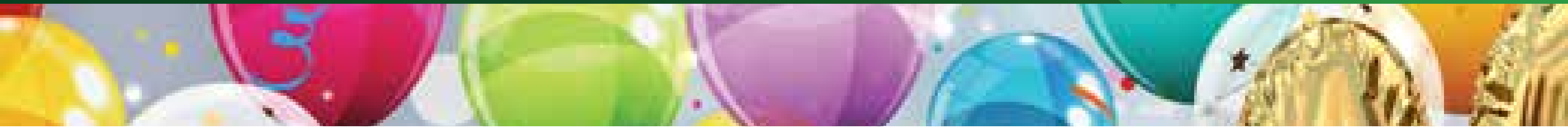
BTC and beMOBILE are coming together

To simplify your life with an all-in-one solution: fixed, broadband & mobile



CELEBRATING
more than 30 years of unwavering loyalty to BTC

Mosele Masuku [Mzee]
Service Programming Group, Enterprise Sales

Phenyo Metseesele [Pizola]
Service Programming Group, Enterprise Sales

Gloria Tlhakodi [MaGlo]
Retail accounts

Edwin Kgosidialwa [Eddie]
Access Network Operations

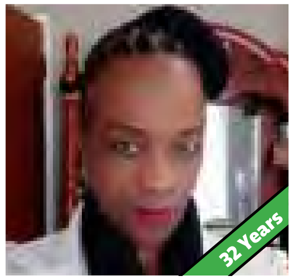
Mogomotsi Tlalampe [MmaT]
Directory, Marketing

Victoria O. Mabote [Vickie]
Credit Control, Finance

Keipeetse Mogotsi [Chanda]
Technology Planning, Technology

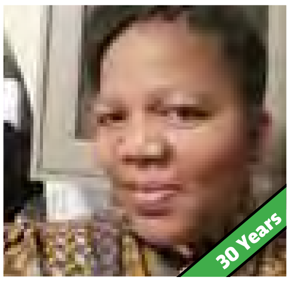
Boitumelo Orapeleng [Boi]
Service Provisioning, Enterprise Sales

Sarah Odirile_Tladi [Sarafina]
Business Support, Enterprise sales



Conradine Mosu [Connie]
Managing Director/ Chief Operations Officers' Office

Elvis Mothelesi
Core Network Operations

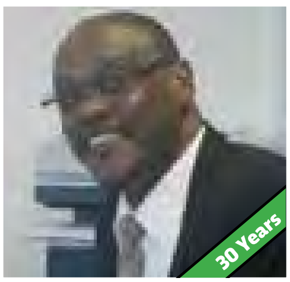


Mable Sikhakhane
Planning, Technology

Oduetse Mokweni [Shaka]
Access Network Operations, echnology

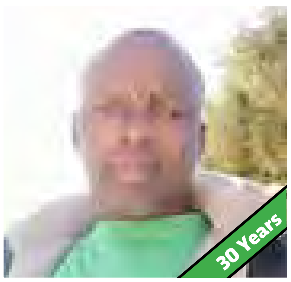
Charles Modisenyane

Solomon Rabewu [Solly]
Enterprise Sales



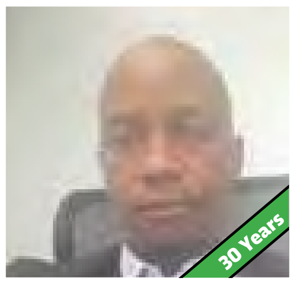
Nelson Kgafela [Nellows]
Corporate Portfolio Management, Transformation ,

Poppy Sefako
Service Provisioning, Enterprise Sales



Modise Kennekae
Core Network Operations

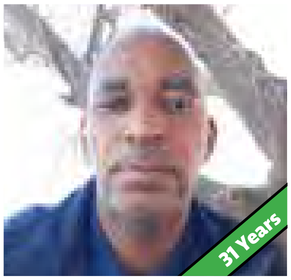
Kadisa Kadisa [Square]
SME/ Consumer Sales



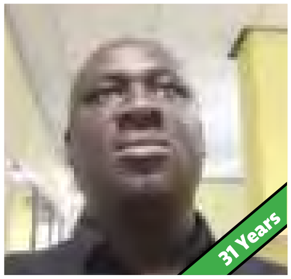
Gaolebale Seitsang [Zee]
Quality & Process, Transformation

Moffat Mmoloki
Access Network Operations, Technology

Teko Serope [TK]
Planning, Technology



Francis Matlhodi [Franco]
Asset Management, Finance

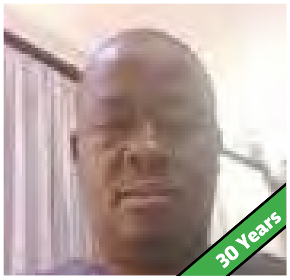


Michael Makgekgenene [Mike]
Technology Planning, Technology

Mogakabe Mogakabe [Magnum]
Local Access Network, Technology

Otlhomame Dickson
Network Management Centre, Technology

Keboeletse Arnel Thoje
Local Access Network, Technology



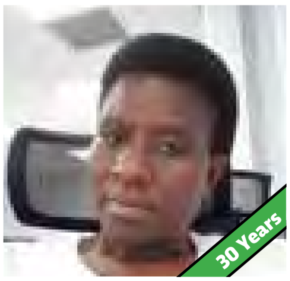
Tshireletso Matsomane [Veto]
Network Build

Moemedi Machana [Machine]
Access Network Operations, Technology

Makgetho Jankie [Jasper]
Infrastructure Build, Technology

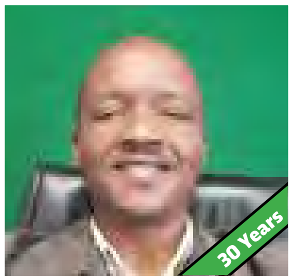
Patrick Ranko [Spatulla]
Planning

Alice Mphoyaone Boitumelo
Business Support



Bridget Bahuma
Financial Planning Reporting and Analysis, Finance

Nageng Moatshe [Gunah]
Core Network Operations, Technology



Moemedi Moremi
Infrastructure Build

CELEBRATING
unwavering loyalty to BTC

NAME	SURNAME	YRS
MOTLAMEDI	BOITUMELO	**29**
WITNESS	MFOLWE	**29**
KEALEBOGA	MAGANG	**29**
BALIKI	MOLOME	**29**
BONOLO	MODISE	**29**
MOTLAMEDI	KOLOI	**29**
MOTSHEREGANYI	SELELO	**29**
OFHITLHILE	OFHITLHILE	**29**
MALAKI	KEREEDITSE	**29**
TLHOMAMISO	KGASA	**29**
MOREMI	PHIRI	**29**
AGANG	SESONGWA	**29**
KABOYAONE	DODO	**29**
MBIKI	NTENEGI	**29**
THUSO	MOTSEWABAGALE	**29**
SAMUEL	SELOTLEGENG	**29**
ANDREW	OLEFILE	**29**
BASEGO	NTWAAGAE	**29**
YUNNES	MOYO	**29**
CHEBUKANI	MAKALI	**29**
LAWRENCE	MARETELE	**29**
THAPELO	MOTSHOGE	**29**
TEBATSO	MAPAKI	**29**
JOHNSON	KEITSHOKILE	**29**
GAAMANGWE	ANDRIES	**29**
CLIFFORD	RADITSEBE	**29**
MERCY	LEKGELA	**29**
ORATANG G	DIHUTSO	**29**
KELEOMILE	SENGWATSE	**29**
DAVID	MOLOI	**29**
KEYAGAGO	MASIRE	**29**
DOREEN HARRIET	MOSWEU	**29**
NAMETSEGANG	MOTLOGELWA	**29**
MODIMOOSI SOX	KEITEBETSE	**29**
THOMAS	TLHASELO	**29**
DORCAS	MAPHANYANE	**29**
JULIUS	MAGODI	**29**
SIANE	SAMUEL	**29**
ELIZABETH	MOKUTE	**29**
VERONICA	PHONCHI	**29**
BOSE	KELAPILE	**29**
PORTIA	GWEBU	**29**
CHENDZIMU	MORAPEDI	**29**
MOUTLWATSI	KELETSO	**29**
RUTH	MPHOTHO	**29**
BATHUSI	BAIKEPI	**29**
KEORUTILWE	MODIKWA	**29**
LOUWKIE	EYMAN	**29**
KEITUMETSE	MOTLHABANE	**29**
DESMOND	MASEJANE	**28**
GABALEMOGWE	RANKGATE	**28**
GOITSEMODIMO	SELOKA	**28**
TSHOLOFELO	MODUTLWE	**28**
PETER	MAKGALA	**28**
MATHAESE	RALEKOI	**28**
DITEKO	MATONG	**28**
ENE	KOWA	**28**
MOTSOMI	SEBITSONYANE	**28**
JETHRO	MOKOTE	**28**
MOKGANEDI	OTHOMILE	**28**
MARCOS RONALD	SHADRECK	**28**
ESTHER	MOREWANE	**28**
MAITEKO	SEGOGO	**28**
REUBEN	TIRELO	**28**
LEKGOTLA	BOTLHOLE	**28**
EVANS GOFAONE	SEBEKA	**28**

NAME	SURNAME	YRS
LESANG EDDIE	LEKONO	**28**
THAPPA	KABELO	**28**
GALETSHABE	KEBALEPILE	**28**
CHISUPO	TUTWANE	**28**
JUSTICE	SELOTLEGENG	**28**
OFHENTSE	GATSALELWE	**28**
MOSADIKHUMO	RANTSETSE	**28**
KELEBONYE	MOATSWI	**28**
CATHERINE	MPAI	**28**
BOITSHEPO	TLHAKO	**28**
SEPAKO	NNOKA	**28**
BAAGI	LESETEDI	**28**
VICTOR	MAKHAYA	**28**
THELMA B	SEKGWANE	**28**
SHADI	RAMOGAPI	**28**
ODUETSE	BUZWANI	**28**
MOAGI	MAKAKI	**28**
SHINGANI	MOKONI	**28**
BOFELO	MONYAME	**28**
NKADIMENG	MOGOPA	**28**
MIRRIAM	GIDDIE	**28**
LEAPEETSWE	TSHWAEDI	**28**
MOOKETSI	ODUETSE	**28**
KELEBOGILE	DITAU	**28**
MOENG	TSIETSO	**28**
MARINAH	PAUL-MUZOLA	**28**
ODIRILE	OPHAKETSE	**28**
DAVID	RASEFAKO	**27**
KGANGYAME	MOALAFHI	**27**
KEAGOLETSE	MASI	**27**
DITSALA	SEBONEGO	**27**
POPPY	MOREETSI	**27**
LEINAJAME	MOTLHANE	**27**
SINAH	TLHASELO	**27**
MMOELENG	BABESI	**27**
MOSIMOLODI	MARAKALALA	**27**
TIROYAONE	TSALAILE	**27**
ISAAC	MOSUTHA	**27**
TSHEGETSANG ced	MOKGETHAPULA	**27**
OAITSE	LEKOKO	**27**
BOINGOTLO	MASWABI	**27**
GOFAONE	BUSANG	**27**
OGANEDITSE	OBUSENG	**27**
OLEBILE	MPAPHADZI	**26**
STEPHEN	RASETSHWANE	**26**
MICHAEL QUINTIN	CHABALE	**26**
JOHN	MOLOI	**26**
MODIRI GLASCO	MOLOSIWA	**26**
LORRAINE	PHETOGO	**26**
DANIEL	CHEPETE	**26**
EDWARD	MODISE	**26**
MOREKO	PIKININI	**26**
INNOCENT	MOTSU	**26**
BERNARD	MPHA	**26**
MOTSHEGETSI	RAMONTSHONYANA	**26**
TSHENOLO	KGOTLENG	**26**
SELOGELO	MOLOKO	**26**
LEIKANTSEMANG	RENEWANG	**26**
ROY	MANOWE	**26**
VUSANI VUSUMUZI	MGUNI	**26**
MOETI	TEBOGO	**26**
ROBROY	MATHETHE	**26**
KEAGILE	DITIRWA	**26**
JOSEPHAT	JEREMIAH	**26**
KEWETSE	BUSUMANE	**26**
ISAAC	MAFA	**26**

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BONANG	NGALA	**26**
MOSALAGAE	GABORAPELWE	**26**
RADITSEBE	SEGALE	**26**
PONKA	THEMA	**26**
BOB LESEGO	MAFISHANE	**26**
MMOLOTSI	KEIPIDILE	**25**
GOBONWANG	MODISE	**25**
MASEGO	BAGWASI KAAN	**25**
SERWALO LISA	MMONATAU	**25**
CORNELIA	MOLOKO	**25**
TLHABOLOGO	KALICHI	**25**
MOSA	MATALO	**25**
MATOTO	LUBINDA	**25**
SEMAKALENG	TOBOKA	**25**
GOMOLEMO	MASWABI	**25**
BOITUMELO	MASOKO	**25**
DEREK TIRAFALO	MOGOMANE	**25**
KEARABILE	GABANKALAFE	**24**
BARATEGI	DIPHOLO	**24**
MAPENA	TLHOMELANG	**24**
TSHEPO	MUZOLA	**24**
Ontibile	SEBOLAO	**24**
PONTSHO	MOKGATLHANE	**24**
BOITUMELO	KEBAKILE	**24**
MOTHEO	GOMOTHO	**24**
PETER	MOKONE	**24**
GAOTWESEPE	SEOKE	**24**
BALEBETSE	RAMATLHOMANE	**24**
BENJAMIN	MAKABE	**23**
KEITUMETSE SADI	PILANE	**23**
DORCAS	MORAPEDI	**23**
ALEX LOPANG	BOKITLA	**23**
GORDON	MOLOJWANE	**23**
KENNETH	RAMOSALA	**23**
OTLADISA	PUSO	**23**
MASEGO	NKHUKHU	**23**
EVELYN	RAMODISA	**23**
SERWALO	BASUPANG	**23**
MARIA	MOMPATI	**23**
ERNEST	PHOLE	**23**
KGOMOTSO	SENGWATSE	**23**
MICHAEL	IKGOPOLENG	**23**
BALIKI	DINTWA	**23**
BOIPUSO	MOJAPHOKO	**23**
LEONARD	BABI	**22**
JOHNSON	RONKWANE	**22**
KENANAO	MODIBEDI	**22**
DIBUKA	SENWELO	**22**
ODUETSE SAVIOUR	DITSIE	**22**
KELEOFILE	PHIRI	**22**
MODIRI	ATLHOPHENG	**22**
BAIKANYI	SEDIMO	**22**
BONOLO NNOLO	SEFAWE	**22**
BOIPUSO	MANYALO	**22**
KABO	KETSHWEREBOTHATA	**22**
ISHMAEL	MOAMOGWE	**22**
FREDDY	JOHN	**22**
KAONE	MPODI	**22**
DANIEL	SEFIWA	**22**
NALEDI	MABENA	**22**
GOITSEMODIMO	BAITHUTI	**22**
CONSTANCE	EMANG	**22**
DIKABO	MOSHAGANE	**22**
KELEBOGILE	MASALILA-NTINGANA	**22**
DAVID	LALETSANG	**22**
PINKIE	ZITEYO	**22**

NAME	SURNAME	YRS
DOUGLAS	MSHOZHELI	22
KEALEBOGA	MOROKA	22
KEITUMETSE	TUELO	21
TIRELO	SEGADIMO	21
PRISCILLA SONKO	KHUPE	21
TLADI	MOLEFE	21
RICHARD	MORUAKGOMO	21
JACOB	MOROLONG	21
KAGISHO	KGOSI	21
OMPHEMETSE. S	NTSI	21
MONTLEEMANG	GORILENG	21
BABINI	CROSS	21
OLEBILE	MOLEFI	21
JENAMO JAMES	MOKOWE	21
KEOTSHEPILE	SEFAKO	21
INGER	KGWASIWA	21
LEBUDI	KGETSE	21
SEABE	MOTLAPELE	21
OAGILE	MONYAMANE	21
CHARLES	GADIILE	21
MERCY	MARUMO	21
NELSON	BANGALE	21
THOMPSON	NKGALO	21
BABOLOKI	TSHIMOLOGO	21
ARCHIBOLD	MONYATSI	21
STANLEY	GWAPELA	21
LEONARD	GWERE	21
SHADRACK	SELEKE	21
ONALENNA	LECHA	21
THAPISO	BOGATSU	21
DIMOLEMO	OTSETSWE	20
LUCKY	KEAKILE	20
OBONYE	SEROJANE	20
MOTSEI SHOLAH	MABILETSA	20
Mmabontsi Khid	CHELANE	20
LILLIAN	RAMONTSHONYANA	20
MARCUS	RASETSHWANE	20
BAAGI MOEMEDI	MOONWA	20
PATIENCE S	SETLHARE	20
ANGELA	OTLOGETSWE	20
NDIBO	BUTALE	20
SHELLU	MADZIMULE	20
BIKI	MBISE	20
TLAMELO	MOSHAOA	20
LAPOLOGANG	KENYAFETSE	20
ONTIRETSE	DITLAMELO	20
POTLAKO PETER	LETSEBE	20
MOGAADILE	KALANE	20
MOSES	MABULANA	20
BOIKANYO	MOGALE	20
MMAPULA	MOSES	20
MORERI	NGELE	20
AMOGELANG ZIBI	BERNARD	20
BOITUMELO	KEDISENG	20
LEFUFA	TOTENG	20
MOKGOTLETSI	GAEDIE	20
JERRY	PULE	20
MMADIPELA	MASOSO	20
THATAYAONE	RAMOLALE	20
MODISE	KOOGOTSITSE	20
OBUSITSWE	RAMANANKANE	20
DICKSON	MOTLOTLEGI	20
KOOLESE	KOLOBOI	20
PATRICIA	LETSHOLO	20
ALI	ISAT	20
OGONE	LESOLE	20
DITIRO	MOGAMI	20

NAME	SURNAME	YRS
PIUS	NKWE	20
KEFELETSWE	MAKABEA	20
OLEBILE	KGWADU	20
GOITSEONE	CHEPETE	20
MICHAEL	KENTSE	20
THABO	JIMSON	20
PATSON	ALBERT	20
MORERI	MONAMESI	20
TEBOGO	SEBOTHO	20
THAPELO	MAGOBADI	20
OLAOTSE	PONO	20
TOPO	HUKU	20
BADISA	MOGALADI	20
ROSINAH	MMUTLE	20
LORATO	KWELAGOBE	20
MOEMEDI	NGAKANE	20
KAELO	RAUWANE	20
BATSHO	TAKOBANA	20
ISHMAEL	MOOKETSI	20
AGNES	KEIPEILE	20
OTWAETSE	BADALA	20
MONTSHWARI	SIANE	20
GOITSEMANG	MOLATLHIWA	20
GANETSANG	MUSA	19
KGOLAGANO	KGAGODI	19
SENATLA	MONNAWALETSATSI	19
KWELEGANO	MACHENG	19
WANANO ANTHONY	NKANI	19
LESEGO	MESWELE	19
SELINAH	KGANG	19
BAKANG	MPITSANG	19
MKHOKHELI MOYCE	MOTLHABANE	19
GABAINEWE	SETHAMO	19
ONKABETSE NEO	BEREL	19
THABO	MACHOLA	19
WINNIE	TSHANE	19
ZACHARIAH	MOGOROSI	19
ZACHARIA SESPO	MALAKE	19
MOSIMANEGAPE	SETLHOTLHANYANE	19
MOLEFE	SELWE	19
KELEBOGILE	SHALOBANE	18
MOTLALEPULA	RANKO	17
LEANO	MORAKE	17
FRANK	MARUMO	17
TEKO WINSTON	MONKO	17
TUMELANO	SOLOMON	17
ONALETHAT BOIKI	PITLO	17
TEBOGO	MOGASHOA	17
MOLAPISI	DITLHONG	17
ANDREW	RODGERS	17
MARCIA	MATHEATAU	16
AGNES	PEKENENE	16
TESELETSO P	SASENG	16
MARTHA	MHOLO	16
KELEBONYE	GOMBALUME	16
SARAH	MOLEBATSI	16
KABELO	EUROPA	16
KEALEBOGA	LERUELE	16
LUCKY	LETSINE	16
LORRAINE	MARUMO	16
NORMAN	LEGWALE	16
BOINGOTLO	MAROPE	16
JULIA	SERUMOLA	16
GRACE	BOIDITSWE	16
TEBOGO	WAHENG	16
MALEBOGO	MOKGOTHU	16
GORATA	RABALONE	16

NAME	SURNAME	YRS
KELEBONYE	MORERI	16
KEFILWE	MOTHUSI	16
MESHACK	SEKENI	16
ALBERT KUTSU	BAKAE	16
BERNARD	MOGODU	16
OTHUSITSE	BOGALE	16
CHRISTOPHER	THABATSHE	16
KELEBOGILE	OITSILE-MAKGATO	16
THUSO	TLOTLENG	16
MICHAEL	MOTSWASEJANE	16
BOITSHWARELO	MOTHUDI	16
BABEDI	NAMETSO	16
STELLA	MANDA	16
MMOLOKI	SERUMOLA	16
PINKIE PATRICIA	MODISE	16
HAILE	SEBINA	16
TOM	MOEMI	16
MAGGIE	KALANE	16
PILOT	YANE	16
THEMBISO	MOAGI	16
ZIBANANI	MABAYANI	16
RAYMOND	MOLEBATSI	16
CHENDZIMU	MBENGE	16
NAMETSO	ORAPELENG	16
KEBOSALETSE	KHUMO	16
GOSIAME	MICHAEL	16
BOITUMELO	ADDANES	16
ELVIS THOMAS	MMUTLE	16
MODIEGI	BAITHUTI	16
THABEA MERCY	SEBOLAI	16
KABO BINO	TAPOLOGO	16
KGOMOTSO PATRIC	MAKETE	16
JOHNNY	MATONKO	16
MOTHUSI	MATHUBA	16
EMMANUEL	MOPAKO	16
DITHUNYA	JOSEPH	16
MOREMI	DIKGANG	16
TAWANA	SEMERE	16
NEO SNOMBIE	MOREO	16
BUDDAH LESEGO	MOABI	16
LESANG	MOLEFE	16
MALEBOGO	MADIKANE	16
STEPHEN	JOHANE	16
TSHEGOFATSO	MOLOSIWA	15
GOITSEONE	SERUFHO	15
KAMOGELO	MOITSHEPI	15
MAPEGA	MOTLHABANE	15
JOSEPH	KGOTLAYAME	15
TINOS	MARAMBA	15
WYANIE TUNA	ODISANG	15
KENNEDY	BABUSI	15
MOSES	LOBEKO	15
MOEMEDI	MOLEMA	15
BANTSI MASEGO	MOTHUDI	15
BOINEELO	LUDICK	15
JOSEPH	THOBEGA	15
THABO	MANGADI	15
MMATHAPELO	MOILWA	15
MPHO	BAAKILE	15
THABO FLOYD	MOSEPELE	15
KOONYATSE THINA	MOLEFI	14
LAZARUS	MUKANI	14
GAGOENGWE	MATIKITI	14
DANIEL KGALEMO	MOKGALAPA	14
AKANYANG ANDY	SEGWABE	14
KGOSIETSILE	MOATLHODI	14
KEIPELE	SALESHANDO	14
OAITSE	MAPHANE	14

social responsibility
leadership
heritage
AGILITY
SUPPLIERS
INVENTORS
transformation
nostalgia
CELEBRATION
REGULATORS
STAFF
4.5G
wealth
anchor
longevity
wellness
4G
LOCAL
music
products
donations
data centre
TECHNICAL PARTNERS
wide-coverage
nation building
economic inclusion

national

TECHNOLOGY

home bred

FOUNDATION

ambition

COMMUNITIES

GOVERNMENT

creation

CULTURES

citizen empowerment

REWARDS

SHAREHOLDERS

passion

investment

ARTS

LOCAL

MEDIA

fun

ke ya rona

digitisation

PURPOSE

LEADERSHIP

ownership

innovation

connectivity

knowledge
-based economy

citizen empowerment

An important part of how we strategically shape our future is in looking back at what worked well in the past. In this section, we explore our performance in the year under review.

PERFORMANCE SUMMARY

3.

2020 HIGHLIGHTS

This year showed robust financial and operating performance. We were focussed on commercialising our significant investment in the network.

1. 4.5G (LTE) – 99% coverage of major centres and higher download speeds of up to 100 mbps
2. Expansion of FTTH – Fiber To The Home to other areas, including Phakalane, Gaborone North, Greater Gaborone and other areas
3. Microsoft strategic partnership
4. Sentlhaga Data Centre – an Uptime Institute Tier 2 Certified Centre
5. Completion of Converged Billing platform
6. Launched revamped data centric products and Enterprise solutions
7. Launched customer web portal
8. Launched and hosted Classmate, a locally developed e-education content platform containing Botswana Junior Certificate of Secondary Education (BJCSE) and Botswana General Certificate of Secondary Education (BGCSE) content

Key Highlights:

This year showed a strong financial and operating performance.

We continued to drive sustained investment.

Sustained investment

- Modernising the telecommunications infrastructure for fixed network modernisation and mobile network expansion
- Significant increase in LTE coverage footprint covering urban, semi urban and villages across Botswana
- Relaunched improved VSAT service with higher speeds of up to 50Mbps
- Automation of internal Company processes
- Digitalisation of Customer channels

REVENUE
P1.396 billion

PROFIT FOR THE YEAR
P106 million

DIVIDEND PAID
P98m

CHAIRPERSON'S STATEMENT

> We have made immense progress against our strategic objectives and achieved major milestones.

Lorato Boakgomo - Ntakhwana
Board Chairperson

I am honoured to present to you our Valued Stakeholders the BTC 2019/20 Annual report. This statement serves; to inform you of our performance for the period ending 31 March 2020, and as a review of the operational and financial performance against our Strategy, highlighting the successes and challenges we faced as well as the outlook and future plans

P98 Million

was paid in dividends to our shareholders.

The year under review marks the final year of our three-year strategic planning period to 2020. During this period we reflect on how far we have come and carried an evaluation on whether we managed to achieve the transformation we set out for ourselves three years ago. Our promise to shareholders was to sustainably grow BTC into a healthy and profitable Company that delivers value. We remain committed to that purpose.

I noted in my previous statements that the first two years of the Strategy were about laying a solid foundation, getting the basics right and achieving an intense Transformation and Growth outcome supported by a cultural revamp. The third and final year continued to focus on Transformation, however with a distinct objective of commercialising our investments.

PERFORMANCE SUMMARY

OPERATING ENVIRONMENT AND PERFORMANCE

We measure our performance, taking into consideration the economic environment, market structure and industry trends, as these exert significant influence on any business. The market has been and it's still characterised by increased competition, downward pressure on tariffs and the entry of non-telecommunications players in our type of business. The advent of financial technology (fintech) further alters the market structure. As a result, we operate in a very competitive and highly regulated environment.

The economic environment was subdued during the year under review. According to the International Monetary Fund (IMF), Gross Domestic Product (GDP) slowed from 4.5% in 2018 to 3% in 2019. As a result, the decline in spending led to a reduction across all our revenue lines.

Notwithstanding the challenging environment, the business continued to be resilient and posted a profit, although lower than the prior period. We realised a Profit After Tax of P106 million, down from the prior year delivery of P162 million. This financial performance was mainly influenced by a decline in revenues and an increase in the cost of goods and services sold. Cost optimisation has become a key strategic initiative, and we are starting to reap the benefits of this initiative.

A total dividend of P97.7 million was paid to shareholders during the year under review. Though the Board recognises the importance of dividends to our shareholders, due to uncertainties presented by the COVID-19 pandemic, the Board has opted not to declare a final dividend for the second half of the year. The Board, although prudent, is content with the Company's cash position and is satisfied that the financial position is adequate to meet the Company's future requirements..

STRATEGY

We believe that we have made immense progress against our Strategic objectives and achieved significant milestones under difficult trading conditions. Our efforts targeted the three Transformation pillars: Technology, Commercial and Culture.

The Cultural Transformation over the past few years has been notable. We have initiated and continue to embed a service excellence and commercial culture, and I am pleased with the considerable cultural transformation the Company has undergone. There is still some improvements to be achieved however, we are heading in the right direction. We successfully completed an organisational structure review and an alignment exercise, recruited suitable candidates for senior roles and embarked on behavioural change programmes. Furthermore, we strengthened the Talent Management and Succession Planning agenda. These initiatives constitute our concerted efforts to instil a high-performance culture, creating an agile and sustainable organisation that delivers results.

Our technology upgrades required significant capital outlay, and due care was exercised to ensure strategic alignment of the investments made. Our upgrades were made to primarily improve the quality of service and expand coverage, to exploit the identified market opportunities. I am happy to report on the advancements of the LTE (4.5G) rollout, the ongoing Fibre to the X (FTTx) rollout, the completion of the Converged Billing platform and the operationalisation of the Data Centre.

We also improved our efficiency, customer value proposition and customer experience by transforming into a digital organisation. Our digital transformation has introduced ample possibilities for the Business and its customers. Our digital channels enabled increased network access, operational efficiencies, and enhanced customer convenience.

Commercially, work has commenced to align our product offerings with the improved network capability and the opportunities in the market. We launched innovative and competitively priced content and data-centric products and are now positioned to attract new customers. These products were supported by a deliberately bullish marketing strategy and robust sales strategy.

OUR PEOPLE

People remain the core driver of our business, and our robust performance is a result of the collective efforts of our employees. We continue to invest in training and leadership development, as well as embarking on a very intentional talent management journey.

This year also saw the appointment of Ms. Boitumelo Paya as Chief Financial Officer, whose role is to provide strategic financial oversight to the business. Additionally, Mr. Lebudi Kgetse was appointed to the position of General Manager – Enterprise Sales. The recruitment of Executive positions was completed, and we are confident that we now have a high calibre team of Executives with the commensurate experience to realise BTC's ambitions.

GOVERNANCE

Over the past three years, the Board established robust risk management and governance structures and reporting across the whole business, assuring alignment with best practice and international standards. Operational risk management has been inculcated into the organisational culture to direct performance and sustainability.

I am confident the BTC Board possesses the requisite qualifications and skills necessary to ensure good governance, effective leadership, and oversight of the Company's performance. Post reporting period, there were changes to the directorship Ms. Choice Pitso retired after eight years of dedicated service to BTC. We thank her for the selfless contribution during her tenure as Director and Chair of the Human Resource Committee. Ms Pitso was also part of the team of Board Members who saw the organisation through its Initial Public Offering (IPO). We wish her well in her future endeavours.

PERFORMANCE SUMMARY

We have identified one candidate Ms. Gaone Macholo to fill her vacancy on the Board. The candidate will be presented at the upcoming Annual General Meeting, and her profile is available on the last page of this Report.

REGULATORY ENVIRONMENT

The technology industry is a rapidly evolving one. As a result, the market structure and competition dynamics are in a constant state of flux. Consequently, the regulatory environment is compelled to evolve accordingly.

Regulatory developments continue to be a critical area to our operations; as such, we observe the regulatory environment closely and engage our Regulators frequently, ensuring the highest compliance environment. Key developments during the year under review include the enactment of the Electronic Payment Services Regulatory Act of 2019 by the Bank of Botswana (BoB) and the Financial Intelligence Agency (FIA) Act of 2019.

CORPORATE CITIZENSHIP

BTC remains committed to extending corporate responsibilities beyond the core business. We aim to conduct ourselves responsibly and sustainably; thus, contributing to the socio-economic development of Botswana. The BTC Foundation is the conduit through which we carry out the corporate social investment agenda. Our focus areas are:

1. Wellness and Sport;
2. Arts and Culture;
3. Entrepreneurship and Innovation;
4. Environmental Protection; and
5. Employees.

For the year under review, we invested over P1.8 million into various projects under the focus areas mentioned above. For the third year, we sponsored Thapong Visual Arts for the Thapong Artist of the Year and BTC Phonebook Competition, which included an exchange programme to Zambia for the winners. Furthering the Arts and Culture agenda, the first-ever BTC Foundation Poetry Festival was held in partnership with Black African Poets Organisation (BAPO), which saw the winner walk away with a recording contract for a full poetry album.

On the Wellness front, we hosted the Inaugural BTC Foundation Charity Walk, of which the First Lady of the Republic of Botswana Mrs. Neo J. Masisi graced the event as the Chief Walker. This flagship event was a resounding success with a record turnout. We also supported other charitable wellness events hosted by other organisations such as the Y-Care Charitable Trust Walks, and the Desert Bushwalk.

Furthermore, we entered into agreements with other organisations to conduct a youth-oriented Edutainment programme and a school mentorship programme.

Over and above our focus areas, we continue to operate as a strategic partner for Government initiatives and take the mandate of bridging the technology divide seriously. To this end, we participated in the annual World Telecommunications and Information Society Day, which was held in Sefhare. The Foundation donated computers, equipment and internet connectivity valued at P124,353.00 to the Sefhare community library. Computer donations were also made to several deserving schools during the year, in an effort to broaden access to ICT amenities. In line with this mandate, the Foundation continues to manage and operate 149 Kitsong Centres across the country increasing ICT outreach in remote areas.

OUTLOOK

The just ended three-year strategy was premised on laying a solid foundation and 'getting the basics right' in order to gear BTC as a company fit for the future. This involved establishing policies and governance structures, undertaking infrastructure investments, and implementing human capital reforms to support our transformation efforts. As discussed, the achievements under this Strategy are notable, and looking ahead, we will continue to realign the business strategy with organic growth opportunities and our pursuit of new sources of growth. The Board has approved a three-year Strategy to the year 2023, which will build on the foundation laid by Strategy 2020 and investments made under the current strategy. Our focus going forward is to render excellent Customer Experience, transform to a High-Performance Organisation, drive Efficiency and Maximize Asset Utilisation. These strategic themes provide the blueprint in our pursuit of growth.

The overarching aim is to transform BTC from an ordinary telecommunications company to a digital services company that is a leader in the fourth industrial revolution and to create maximum shareholder value.

ACKNOWLEDGEMENTS

Finally, I take this opportunity to thank my fellow board members for their continued support; it is indeed a privilege to lead an experienced and diverse Board. I also acknowledge the BTC Executive Management and all employees for their collective commitment and contribution to BTC's robust performance. To our shareholders, valued customers, business partners and stakeholders, thank you for walking this transformation journey with us.

Looking ahead, I am confident that our business has the right people, infrastructure, and culture to attain our vision to be the leader in digital and communication services.

Lorato Boakgomo-Nthakwana
Board Chairperson

MANAGING DIRECTOR'S STATEMENT

> We anticipate that the journey to becoming a digital organisation will yield improved cost efficiencies, agile operations and enhanced customer experience through the various digital touchpoints.

Anthony Masunga
Managing Director

Dear Investors and Stakeholders,

Dear shareholders and valued stakeholders, it is my pleasure to present to you our 2019-2020 Annual Report, a comprehensive statement on BTC activities and financial performance over the past year. I will also take this opportunity to expand on our performance against our strategic objectives.

P106 Million

Profit for the year

P1.396 Billion

Revenue

The year under review marks the last of our three-year strategy of Growth and Transformation. The overarching strategic aim was to create shareholder value through the delivery of innovative solutions, increasing mobile and broadband market share; and fixing the basics to deliver a superior customer experience. This aim resonates perfectly with our Purpose, which is "To provide superior communications solutions to Batswana anywhere and everywhere to enable them to live connected".

As a converged telecommunications operator, BTC plays a critical role in the national Information Communication Technology (ICT) transformation agenda. We are a crucial partner in the process of advancing Botswana from a resource-reliant economy to a diversified knowledge-based economy.

Over the past few years, in line with the outgoing strategy, we have deliberately made significant investments in our technology infrastructure. These investments enable us to position ourselves for the next phase of growth by differentiation through reliability, speed and coverage, laying a foundation for the 4th Industrial Revolution.

PERFORMANCE SUMMARY

OPERATING ENVIRONMENT

Botswana continued to experience a downturn in economic growth during the year; from 4.5 % in 2018 to 3% in 2019. Coupled with the challenging trading conditions, this led to subdued revenues for 2020. This performance is in line with the global economic slowdown from the prior year and global trends in the telecommunications industry. Globally, governments are focused on increasing internet penetration, whilst regulators are concerned with and are exerting pressure on tariffs charged on data connectivity. The telco industry is increasingly competitive and is characterised by low pricing, increased product competition, and highly targeted product offerings while competing for a finite market. These factors all contribute to complex market dynamics.

Already sluggish economic conditions were worsened by the outbreak of COVID-19 towards the end of the financial year. In response to the pandemic, the Government of Botswana instituted national lockdown restrictions. These circumstances resulted in a shift towards businesses and individuals working remotely, driving demand for our networking infrastructure and connectivity. Notwithstanding this, the full impact of the COVID-19 pandemic on the business will only be experienced in the coming financial year.

FINANCIAL PERFORMANCE

It has been a satisfactory year for the Group. We managed to achieve an adequate set of results, albeit much lower than the prior year. The overall decline in revenue from contracts with customers of 4 %, was due to a shortfall in voice revenues for fixed and mobile services in the latter part of the year. Amid this, broadband services grew at double digits, reflecting our superior fixed and mobile data network performance offerings to customers through reliability, speed and coverage.

This performance follows the completion of the rollout of major capital projects such as Data Centre, fixed broadband and mobile broadband (4G). However, these investments also led to an increase in depreciation on network assets. Coupled with the depreciation of right of use assets, cost of services and goods sold increased by 7 % leading to Gross Profit slowing down to 11 % below the prior year. With the revenue decline of 4 %, EBITDA was only 2 % down, reflecting the continued focus on cost containment to protect margins in the face of subdued revenues. Selling and Distribution costs, Administrative and other expenses were below prior year by 32 %, 3 % and 6 % respectively.

MARKET SHARE

The mobile phone market continued to grow during the year with consumers continuing the trend of multiple SIM card ownership. However, we anticipate a reversal of this trend in the future with a reduction in mobile subscriptions as a result of SIM card registration requirements and the imminent introduction of mobile number portability.

BTC remains the dominant player in the fixed telephony and broadband segments. In line with trends around the world, local market trends indicate that the demand for fixed telephony continues to decline as consumers favour mobile over fixed telephony for various reasons including cost, flexibility, and convenience.

COMMERCIAL TRANSFORMATION

Our investment in the Mobile Broadband (MBB) and Fixed Broadband (FBB) network has always been premised on creating value for the customer. The MBB monetisation strategy aims to increase mobile market share and improve Average Revenue Per User (ARPU). Some of the strategies that were implemented included SIM distribution channels revamp, the introduction of attractive Prepaid and Postpaid Offers, Content Strategy, and a Device Strategy. On the back of the enhanced network, we launched various data-driven products, in line with the current consumer trend of switching to data-centric products. Some of the bundle products are DStv Now, Live Social, Night Riders, TurnUp, Out of Bundle Data and the New Promotional Turnup. Due to the higher bandwidth capacity, we can provide customers with competitively priced products. As a result, we are now attracting more new customers and retaining existing customers through higher internet speeds and increased network coverage.

We relaunched our mobile financial services offer, SMEGA, and subscriptions grew closer to 40,000 during the year. We expect to attract and retain more customers in the next fiscal year when we deepen the SMEGA offering. Post reporting period we are happy to announce that we launched the VISA SMEGA automated teller machine (ATM) card. The VISA card can interact with traditional banking systems, including point of sale transactions (POS or swiping as commonly known), which brings about more convenience to our customers.

To promote FBB and MBB and to enhance the user experience, our marketing efforts were more aggressive and utilised non-traditional channels. We proactively launched awareness campaigns to educate customers on our products and services through adverts on digital billboards, street poles, print publications, social media, tertiary activations, 4G site activations, consumer fairs and radio advert jingles.

As part of our commercialisation efforts during the year, we took a deliberate decision to enhance Customer Experience. These actions include on-going coordinated activities earmarked to influence people, processes and technology that will improve the overall BTC Customer Experience within each market segment. During the year, and to improve our responsiveness to customers, we worked tirelessly to reduce and eventually eliminate the backlog in installations and maintenance.

TECHNOLOGICAL TRANSFORMATION

Over the three years, our corporate strategy was anchored by technological transformation, which involved an intensive exercise of expanding and modernising our 4G network and Fixed Broadband network, thus enabling the provision of superior customer experience. The quality of our technology is the backbone that supports our commercial aspirations.

During the year under review, we completed three main technology projects, which have improved our service quality and countrywide coverage. Under the Mobile Broadband (MBB) project, we expanded our 4G (LTE) network, bringing us to a total of 422 sites. This upgrade is an accomplishment that we are very proud of, meaning that BTC has the most extensive and reliable 4G coverage in Botswana. The Fixed Broadband (FBB) rollout is 99% complete. The ongoing 'Fibre to the X' (FTTx) expansion has enhanced our capability to offer high-speed fixed data products, and enterprise and corporate solutions. I am proud to report on the successful and timely rollout and that we continue to offer up to 100 Mbps internet speeds to residential areas (retail customers) with ease. The upgrade of our FBB network has attracted new customers and led to better customer retention. We have seen more customers take up or switch to higher bandwidth packages. Further to improving our network, we saw fit to enhance the power and air conditioning facilities at our sites. This upgrade has significantly improved our network uptime, resulting in a smoother connectivity experience, and reduced interruptions and drop-calls.

In our efforts to maintain market leadership and become a digital organisation, the year under review saw the approval and implementation of the Digital Strategy, which will provide a robust framework for our initiatives. Our main aims under this pillar are to improve Enterprise offerings, streamline internal processes and as always enhance the customer experience. Our Sentlhaga Data Centre continues to do well and shows promising uptake by clients. I am happy to convey that our converged billing project is complete, and we are already reaping the efficiency benefits. We also launched a self-care portal and digital application to introduce more convenient and affordable customer touchpoints.

CULTURAL TRANSFORMATION

In seeking to create a high-performance organisation, we have introduced a talent management programme, through which we commit to recruit, hire, retain, and develop talented employees. We conducted a talent awareness and review exercise at the beginning of the year, and the objective of the review was to assess the company's current status and develop a roadmap to maintain and nurture our talent and therefore a competitive advantage over the longer term.

PERFORMANCE SUMMARY

The talent management strategy is complemented by our reviewed Performance Management System (PMS) as we strive towards fostering a high-performance culture.

We have introduced a new employment regime in which employees below the executive level are engaged on a permanent and pensionable basis. This initiative will foster stability and job security with our employees. Going forward, BTC aims to be the best company to work for in Botswana, with a consistent, productive workforce with the right set of skills. We see this regime change improving morale and fostering higher productivity in the rank and file.

We enjoy a pleasant and productive working relationship with the Botswana Telecommunications Employees' Union (BOTEU). This fruitful relationship reinforces mutual respect and our joint goal of making decisions that are in the best interests of BTC.

REGULATORY DEVELOPMENTS

The ICT sector is rapidly developing and multi-faceted, and as a result, highly regulated. The period under review has seen several critical regulatory developments, as elaborated below.
We continue to monitor the evolution of the mobile number portability project, as we ready ourselves to take advantage of market liberalisation opportunities. Another development is the SADC cost modelling guidelines, which were implemented in September of 2019 and effected in January of 2020. The Regulator also implemented the Quality of Service and Experience Guidelines in September 2019. We will continue to monitor closely these developments as well as their impact on the business.

Last year, I mentioned the introduction and enactment of the Electronic Payment Services Regulatory Act of 2019 by the Bank of Botswana (BoB). The regulation provides a legal framework for licensing and oversight of Electronic Payments Services Providers, encompassing our mobile financial service (MFS), SMEGA. The controls are in place to ensure adherence to financial inclusion responsibility by Service Providers, to guard against money laundering and terrorism financing, and ensure service quality. As a result of this regulation, the following requirements are in effect:

- Service providers are now required to register as legal entities for the provision of electronic payment services;
- MFS services or products and partnerships shall require regulatory approval; and
- Enhanced monthly and quarterly reporting are now required.

We have adopted the new Electronic Payment Services regulation and during the year under review established compliance programmes, engaged internal and external stakeholders and partners, and implemented internal controls to ensure adherence to the new requirements.

We are also subject to the Financial Intelligence Agency (FIA) Act of 2019, which speaks mainly to money laundering and terrorism financing. I am pleased to confirm that we currently report frequently to the Financial Intelligence Agency as required and have put in place an AML/CFT policy.

COVID-19 DEVELOPMENTS

The latter part of the year saw the emergence of COVID-19 pandemic. While BTC did not feel an immediate impact, the unfolding public health crisis caused and continues to disrupt economic activity and regular business operations. The effects of the pandemic are global. As a telco, particularly an essential services provider, we established robust measures to ensure business continuity with the minimal interruptions. I am proud of my team's responsiveness thus far, and we will continue to observe the developments and respond appropriately.

The Government has announced the Economic Recovery and Transformation Plan (ERTP) as part of broad measures to mitigate the economic impact of COVID-19 pandemic. The ETRP aims to support and fast-track the nation's digital transformation, and we anticipate that it will stimulate the use of

telecommunications services. The stimulus covers a range of Internet of Things (IoT) solutions, commercial digital solutions, and a faster rollout of e-Gov services. I am pleased with our current capacity, and I am confident in our ability to partner in this space.

OUTLOOK

We strongly believe that our technology investments have positioned us adequately as we drive our digital transformation ambitions to be the market leader. We plan on growing our Enterprise offerings, through robust internal infrastructure, innovative customer solutions and strategic partnerships and alliances. These initiatives will propel our growth agenda by providing new revenue streams, thus enabling BTC to continue to create value.

Over the past three years, we have made a deliberate and significant investment in our networks, namely the Mobile and Fixed Broadband (MBB and FBB). As a result of these investments, BTC has the most extensive and best network coverage in the country, allowing us to offer high internet speeds, and appropriately manage the increased usage. We will, therefore, continue to introduce innovative products and services that will capitalise on this additional capacity, grow market share and generate revenues.

I am delighted with the revamped SMEGA offering and anticipate increased uptake, transaction volumes and revenue. We are also happy with our digital transformation efforts, which are underpinned by our new digital strategy. We expect that the journey to becoming a digital organisation will yield improved cost efficiencies, agile operations and enhanced customer experience through the various digital touchpoints.

The upcoming reporting period will see the introduction of a new corporate strategy 2020 – 2023, with a critical focus on growth through two channels: fostering a high-performance culture and driving superior experience for our customers. A vital sub-theme will be efficiency, as we are committed to running a lean business. The upcoming period will see the introduction of more cost-containment measures and an enterprise-wide rollout of rationalisation initiatives. Another focus area will be asset optimisation across the entire business. We endeavour to obtain the maximum value, and in doing so, creating more value for our shareholders.

40TH ANNIVERSARY COMMEMORATION

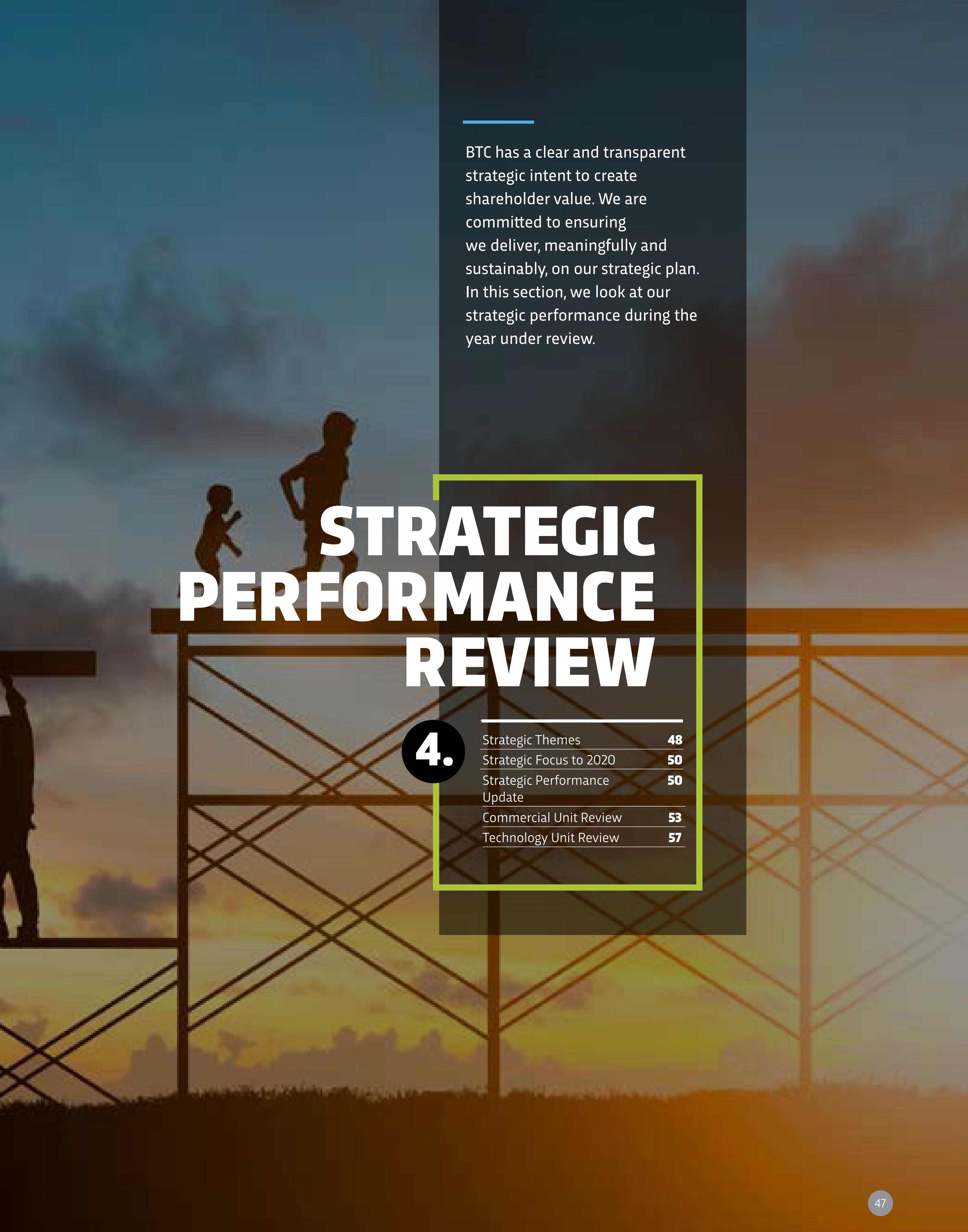
The year 2020 is the 40th anniversary of BTC's founding, which overlaps with the fourth quarter of the financial year under review. Under the auspices of '40 Years of Progress', this celebration provides an opportunity to reflect upon our journey so far as we continue to anchor the national economy. In the next section, we introduce our history and milestones since inception and celebrate our people, whom we recognise as integral to our success. The majority of celebrations and events will take place during the 2020 – 2021 financial year.

APPRECIATION

In closing, I would like to thank the Board and Executive management for their support this past year. To the BTC employees, I extend my heartfelt appreciation for your hard work and unwavering loyalty, which contributed to our robust performance amid a challenging environment. To our customers, I thank you for your patronage and look forward to providing you with a seamless BTC experience. To our shareholders and other valued stakeholder community, thank you for your unwavering support.

I look forward to a fruitful year, building on the foundation we have set, and working as a team to deliver our core purpose of providing superior services to enable our customers to live connected.

Anthony Masunga
Managing Director



BTC has a clear and transparent strategic intent to create shareholder value. We are committed to ensuring we deliver, meaningfully and sustainably, on our strategic plan. In this section, we look at our strategic performance during the year under review.

STRATEGIC PERFORMANCE REVIEW

4.

STRATEGIC PERFORMANCE
REVIEW

STRATEGIC INTENT AND STRATEGIC THEMES

BTC's strategic intent is to create shareholder value through the delivery of innovative solutions, increase mobile and broadband market share and to fix the basics to be able to deliver a superior customer experience.

BTC has identified five broad thematic areas central to executing this intent. These key result areas are Growth, Customer Experience, Efficiency, Innovation, and a High-Performance Culture.

Strategic Themes

The BTC strategic plan focuses on five key themes:

Growth

BTC growth will be driven by an improved mobile and broadband customer experience, new products, and new market growth locally and regionally.

Customer Experience

BTC will create a superior customer experience by delivering the right products and services to customers in response to established needs.

Efficiency

BTC will demonstrate cost leadership through improved revenue margins, reduced operational costs, improved enhanced returns.

Innovation

As a way of minimising strategic risk, BTC will develop new products and lines of business that give the company a competitive advantage.

High-Performance Culture

BTC seeks to transform itself into a high-performing company that is characterised by superior leadership ability and talented people who are results-oriented.

BRAND PURPOSE

Our Brand purpose is powering Botswana with connectivity to advance life.

1 Coverage Where Ever You Go

Widest coverage network always connecting people to opportunities wherever they go.

2 Simplicity and Ease

Expertise in service innovation to simplify convergence and provide an easy user experience.

3 Convergence for a Better Botswana

BTC is the only operator with a fixed-mobile convergence infrastructure to boost the economy and the spirit of Botswana.

STRATEGIC FOCUS TO 2017 - 2020

The period under review is the final year of our three-year 2017-2020 strategy. BTC's strategic focus for the past three years was to obtain Growth and Transformation, anchored by three pillars: Technology, Commercial and Culture.

The aims of each pillar are as follows:

1. Technological transformation

BTC is transforming and modernising its network and at the same time, improving the quality of user experience. We continue to invest in our networks to offer customers the most extensive coverage, fast speeds and the best network quality while making our services affordable. Investing in the latest generation network technology allows us to lower operating costs while improving our capacity to handle increased volumes.

This transformation means that BTC can pass more cost savings on to customers while providing higher levels of service quality on-demand, even as volumes increase.

2. Commercial transformation

BTC's approach to the market is segment-based. We aim to engage with our customers and gather essential insights to improve our value proposition and provide a seamless customer experience. We have developed an integrated Commercial Strategy intending to grow revenue and gain market share while creating value for our customers.

3. Cultural Transformation

BTC seeks to transform into a High Performing Company that is characterised by superior leadership ability, and talented, results-oriented people with requisite skills. This cultural transformation will enable us to remain competitive and sustainable.

BTC implemented the following strategic initiatives to support the three transformation pillars:

1. Technology Transformation

NETWORK UPGRADE - FIXED AND MOBILE BROADBAND

BTC continues to implement its plans to modernise and optimise telecommunications networks, improving quality of service, and expanding coverage of mobile broadband and fixed broadband:

- Mobile Broadband (MBB) project: this project has by in large been successfully delivered with over 400 active LTE sites. The MBB modernisation has improved the quality of customer experience as BTC has the most extensive and best network coverage and enhanced speeds in Botswana. The Mobile network has also seen a vast improvement in the quality of service and reduced network congestion and dropped calls.

- **Fixed Broadband (FBB) project:** this project is also 99 % complete. "Fibre to The X" (FTTx) and Fibre to the Home (FTTH) deployment is ongoing. FTTH is performing well in the Phakalane Golf Estate and is currently carrying 110 customers, with Extension 5, 9, 11 and 39 also onboard. The Gaborone North FTTH deployment is ongoing, and over 20 000 customers have been migrated, with the business seeing increased demand for speeds across the board.

SENTLHAGA DATA CENTRE AND INFRASTRUCTURE CONSOLIDATION

The 2019 financial year saw the establishment of the first Uptime Instituted Certified Tier II Data Centre in Botswana, with our attention now turned to the commercialisation of Data Centre products and services. Current products include colocation, hosting and cloud services for clients. Migration of internal IT services hardware to the virtualised environment in the data centre was completed during the year. BTC continues to be a leader in cloud and digital services resulting from the modernisation of its Enterprise IT Infrastructure.

CONVERGED BILLING PLATFORM

Phase 2 of the Converged Billing Platform project commenced during the period under review. Completed in June 2019, this initiative saw all Fixed Post-Paid customer accounts migrated from legacy systems.

2. Commercial Transformation

GROW MOBILE BROADBAND

The roll-out of 4G and 4.5G sites enabled BTC to introduce more mobile products to various market segments and offering more capacity at affordable prices to remain competitive. Some of our activities included awareness campaigns to educate customers on BTC Mobile products and services. These campaigns included commercial activations at some of the 4G sites, encouraging subscribers to experience the enhanced data services.

Revamped data bundles, New TurnUp and Night Data were launched, offering customers more volume data at competitive rates during off-peak hours, resulting in improved revenue and traffic. 4G Smartphone penetration on the network increased. Offers for low-end smart devices were launched to enable an increase in mobile data usage and 4G penetration. Additionally, prepaid data bundles were promoted through various media channels to stimulate the segment.

As part of our attraction and retention effort, under the mobile strategy, the Pro-data package was introduced. Different devices such as MIFI (a device that allows multiple connections to the internet anywhere and at any time) and customised low-end 4G capable handsets were launched.

Furthermore, the business generated revenue from Value Added Services (VAS) due to interest accrued from airtime credit. We also developed a Content Strategy and launched a new educational application, Classmate.

GROW FIXED BROADBAND

The continued deployment of FTTx and FTTH in urban areas has allowed BTC to offer increased speeds, thus better servicing the ever-demanding needs of the broadband market. These network improvements enable customers to have an enhanced experience, and as a leader, in this space, BTC undertook an aggressive sales strategy to drive uptake of products. The sales strategy is ongoing as the team endeavours to onboard more customers. Furthermore, BTC is seeing a satisfactory trend of retail customers upgrading to higher speeds of 4 Mbps, 20 Mbps and 50 Mbps, whilst the number of customers on 512 kbps and 2 Mbps has declined. Other initiatives are ongoing, aimed at migrating retail customers from lower plans to a minimum speed of 4 Mbps, through events and client-centric competitions to drive new sales and upgrades.

STRATEGIC PERFORMANCE REVIEW

Strategy Performance Update [Continued]

SMEGA RELAUNCH

We relaunched our Mobile Financial Services service, SMEGA, with activations throughout the country. SMEGA has increased functionality, improving the experience for customers and allowing increased convenience and access to services.

DIGITAL TRANSFORMATION

The digital transformation is underway, with some headway made during the period under review. As defined in the digital transformation roadmap, we delivered digital touchpoints through the BTC mobile application and the web portal, allowing customers to access BTC services and make payments online. These initiatives have enabled our customers to interact and receive services from the comfort of their location without having to visit BTC offices in-person.

VSAT

Our products continue to excite the market, including the Very Small Aperture Terminal (VSAT) product, which has generated considerable excitement and uptake within the farming community across the country. Industry- and segment-specific engagements for VSAT targeting the farming community were conducted in Sandveld, Mookane, Voorslag, Ghanzi and Pandamatenga. Supporting activities were also carried out at National Shows in Gaborone, Maun and Tuli Block.

3. Cultural Transformation

TALENT MANAGEMENT

As part of our human capital investment, the talent management programme is ongoing, assisting the business to attract and retain suitable candidates with the right capabilities and skills for the right jobs. Staff engagements continue to take place, creating awareness and assessing the business's human capital position. Corporate cultural transformation will primarily be driven by a functional talent management agenda, fostering an environment that encourages exceptional results.

AMENDED EMPLOYMENT REGIME

The Board approved a new employment regime in which employees from Head of Department level and lower will no longer be employed on fixed-term contracts and would convert to permanent and pensionable status as their existing contracts come to an end. This regime has created stability and enhanced job security.

REVIEWED PERFORMANCE MANAGEMENT POLICY

During 2018, BTC introduced a Performance Management System (PMS). This contracting tool ensures that employees understand how they fit in and contribute to the performance and sustainability of BTC. During the period under review, we reviewed the PMS Policy. The policy helps us accurately appraise and recognise our employees; improve employee morale, increase productivity, and retain top talent.

RECRUITMENT OF CHIEF FINANCIAL OFFICER

Post year end, BTC appointed a new Chief Financial Officer (CFO). This position is at the same level as Chief Commercial Officer and Chief Operating Officer, with the incumbent tasked with providing strategic financial oversight and business direction.

COMMERCIAL UNIT REVIEW

During the past year, BTC's efforts focused on monetising the significant technology investments made in previous years, including selling and delivering more exceptional services to our customers.

BTC recognises the need to increase revenues and create value, obtained through increased customer loyalty, improved customer retention, and growth in repeat business. These goals can be achieved by a deep understanding of the customers' needs to provide suitable telecommunications solutions and enable a seamless customer experience. Providing an excellent and holistic customer experience will result in continued growth and sustenance of BTC's market share. Continuous engagement with customers provides us with the necessary insights as to where and how to improve our product and service offerings. Our customers deserve a great experience, and we commit to fulfilling this need.

STRATEGIC PERFORMANCE REVIEW

CONSUMER PRODUCTS

During the year, BTC continued its rollout of more LTE sites, resulting in the most extensive 4G network and coverage in Botswana. This increased footprint has enabled improved customer experience. This investment gives BTC the capacity to manage and offer increased internet speeds. Customers continue to experience a seamless browsing and downloading experience.

Increasing data consumption and smart device penetration warrant a strong case for the development of relevant products. Through the content strategy drive, and expansion of products, over and above the Dstv Now product launched in 2019, BTC initiated an innovative digital solution targeting students and teachers. The e-learning solution is called Classmate. Classmate contains Botswana General Certificate of Secondary Education (BGCSE) and Junior Certificate of Secondary Education (JCSE) content including all subject syllabuses, past examination papers, education quizzes, e-library books, and video tutorials amongst other educational materials.

The e-learning platform improves access to educational content students and educators, enhancing interaction and promoting collaborative learning, better managing student academic outcomes, contributing to the goal of becoming a knowledge-based economy. The e-learning platform is convenient as it ensures that learners and educators can access content, whether they are at home or on the move, whenever there is internet connectivity. The solution was developed in partnership with a local software company, and in partnership with Botswana Innovation Hub (BIH).

Our Smega mobile financial service was updated to include more services over and above the cash-in/cash-out function. SMEGA now allows for money transfers, Bank2Wallet transactions in partnership with local commercial banks, utility bill payments, Motshelo Group club functionality, and purchase of airtime, data, and electricity. Smega also allows SME employers to make bulk payments to employees. These efforts to deepen the service-offering are primarily for the convenience of customers; the increased functionality is an opportunity for BTC to promote product loyalty over the available alternatives.

Through our Fintech strategy, BTC introduced an airtime advance option, which enables customers to get airtime credit for emergencies when they do not have available cash. Post the reporting period, BTC launched the prepaid Smega card, which is backed by VISA. Developments for the future include a pay TV functionality (DSTV) and international remittances. Service uptake has exceeded expectations, and we anticipate an upward trajectory moving forward.

Service developments increase convenience for customers, enabling them to conduct banking services, communicate and transact on the go. This approach fosters financial inclusion for the unbanked market segment and empowers customers to have increased security and control over their finances.

One of the focus areas was the organisation's digitisation strategy and the expansion of self-service channels for customer convenience. During the year under review, the mobile app was revamped, and a web portal was introduced. These platforms allow customers to access a variety of services and enable online payments. Our objective is to enable more and more customers to use digital platforms as they are convenient and easy to use. BTC will continue to introduce more self-care services as we empower our customers to have access to our services with a click of a button.

Consumer Sales

Consumer products are sold and distributed through multiple channels, direct and indirect. The Consumer Sales Division is the retail facing side of the business and has undertaken several initiatives to innovate how BTC serves it's valued customers.

The primary distribution channel is through a network of 23 stores located across the country. To complement the stores, in 2019, BTC launched a Mobile Service Truck initiative. The Mobile Truck continues to move country-wide, bringing services to areas where BTC does not have a physical presence.

Following is a summary of our channels and client services:

1. Indirect channels
   BTC also has indirect distribution channels that use third party dealers, sub-dealers and street vendors/hawkers (commonly referred to as runners or 'Bo Mma Sekhukhu') as well as commercial banks to distribute BTC products and services. To supplement the channels, BTC also has strategic 'Service Points', which are service points provided through partnerships with small businesses. These points offer airtime sales, SIM card sales and replacements, and SMEGA services.

2. Digital store
   Being part of a rapidly digitising world dictates that as a market leader in the telecommunications industry, BTC must play a prominent role in digitalisation. An online application was developed to allow customers convenient access to apply for BTC services online. The digital store enables customers to apply for new services and upgrade existing FBB services, make account payments, and submit product and service inquiries, with fault reporting functionality planned for the upcoming financial year.

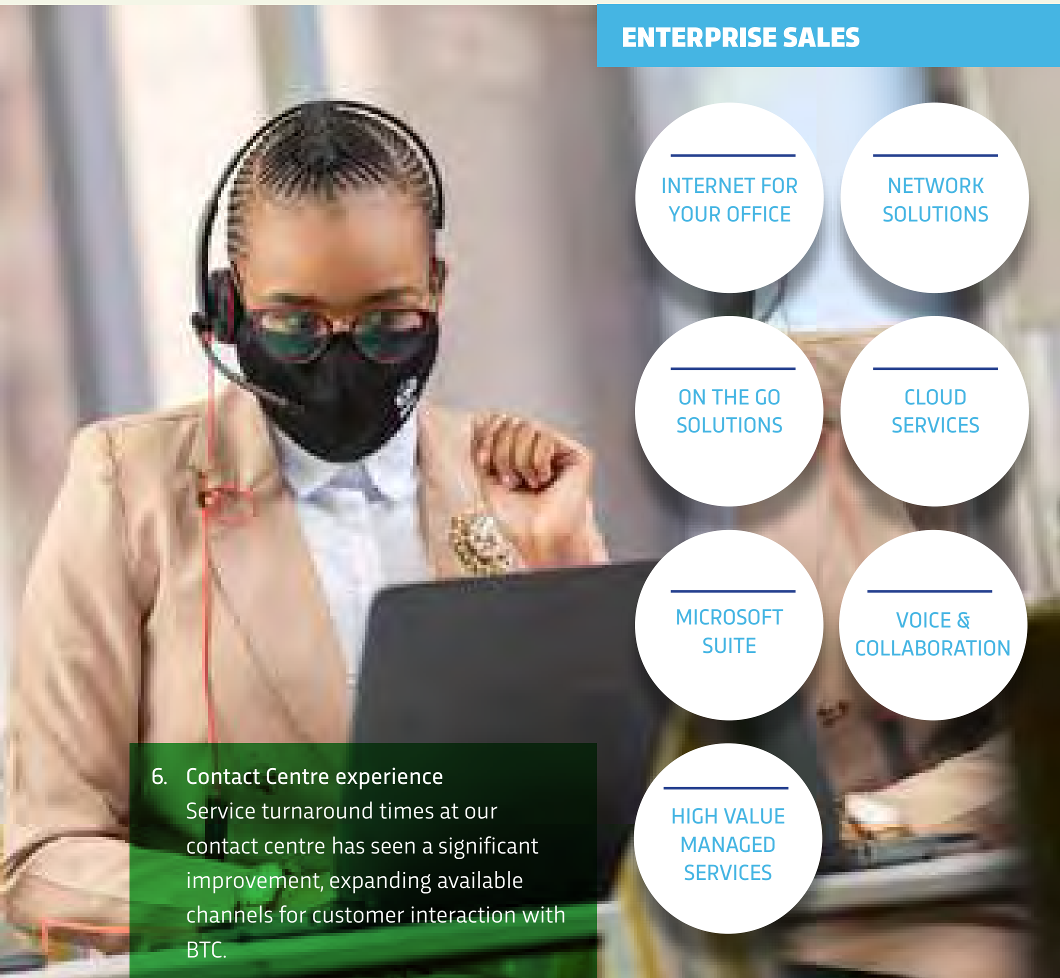
3. KYC Tools
   A real-time KYC tool for use by our network of service points for SIM registration, Smega registration and SIM replacement is under development. This innovative system will enable customers to obtain after-sales service within their area and reduce travel outside of their locality, to BTC retail shops to receive assistance. This tool will also empower our dealers and sub-dealers to increase their customer bases.

4. Retail Stores
   The Retail footprint of BTC Shops continues to grow; one of the many ways that customers can interface with BTC to access products and services across the whole country. The opening of our stores in Shakawe and Letlhakane, saw BTC increase its presence in areas that are typically described as remote and also had the benefit of bringing services closer to customers. The Megaleng and Airport Junction stores were also revamped for a more appealing look. The stores are more prominent and well designed; accommodating more customers and offering an interactive gadget display.

5. SME Relationship Management
   The SME segment is a crucial market in all emerging economies, and Botswana is no exception. BTC employs a dedicated team of Relationship Managers who serve as ICT enablers for the SME customers.

STRATEGIC PERFORMANCE REVIEW

Consumer Products [Continued]



6. **Contact Centre experience**
   Service turnaround times at our contact centre has seen a significant improvement, expanding available channels for customer interaction with BTC.

   During the year under review, BTC introduced more communication channels; now including SMS reporting for fixed lines, email reporting and, self-help Interactive Voice Response (IVR) reporting, which does not require human intervention. The contact centre is also working on further enhancing the system to allow for social media interactions, chatbots and application of artificial intelligence. All of these interventions are part of deliberate efforts to keep pace with ever-changing technologies and innovations.

ENTERPRISE SALES

BTC has unsurpassed experience in servicing Enterprises and is the best technical partner as it offers a wide variety of mobile, fixed voice and broadband business solutions. Our services include network solutions; dedicated internet solutions; voice collaboration solutions and out of the office solutions, which also include mobile offers for business and their employees.

Solutions for businesses can be customised based on the needs and requirement of the company. We also have scalable options for various sizes of business. To expand the offerings, BTC recently introduced Security as a Service (SaaS) and Cisco Meraki as a solution for SME and large corporates. BTC also introduced an innovative solution called my office my home (MIMO), which offers a business solution that is suitable for the office, customers and staff.

Microsoft strategic partnership
Following the reporting period, BTC partnered with Microsoft to offer their suite of products to existing business customers and new customers. This initiative is in line with our objective to provide superior telco and digital solutions to businesses, enabling them to reach their goals. Our expert workforce can audit business systems and provide professional advice on connectivity so customers can reach their full potential.

Relationship Management
We have a team of dedicated Relationship Managers who deliver a personalised experience to clients, enabling BTC to provide tailor-made solutions that address customers-identified needs. The Relationship Managers are fully supported by a back-office team, ensuring that customer requirements are appropriately translated into practical business solutions.

The Enterprise segment also has a team dedicated to managing and growing BTC's footprint in roaming, and international interconnect. This approach ensures customers can roam on every continent and that BTC customers can select their international operators of choice.

In our efforts to provide excellent customer service and manage the corporate relations and continue to deliver appropriate business solutions, the Enterprise teams underwent training to equip them with soft skills and product knowledge to strengthen ties with key customers.

During the past year, a strong focus was placed on Government projects, addressing its rapidly-increasing needs and demands for high bandwidth and faster internet services, especially in public service centres. Significant progress was made during the year to complete upgrades to bandwidth capacity of Government offices and public service centres, enhancing access to Government systems and e-government services.

With regards to the Corporate sector, great emphasis was placed on business retention and growth through the sale of fit-for-purpose IP solutions aimed at delivering efficiency for the customer. This focus was achieved through segment-based offerings and innovative, customised solutions.

TECHNOLOGY UNIT REVIEW

Modernisation of the Telecommunications Infrastructure

During the 2019/20 financial year, BTC continued with its network transformation initiatives by modernising telecommunications infrastructure. The BTC fixed and mobile core networks, based on Software Defined Networks (SDN) and Network Function Virtualisation (NFV) technologies, have set the foundation for BTC's network transformation journey towards operational efficiency into the future.

Another development is the transformation of the network operations environment using integrated fault management and performance management tools. As a customer-centric and service-oriented organisation, BTC's integrated Fault Management and Performance Management Solution is a strategic initiative aimed at improving quality of service and the overall visibility of the network performance country-wide from a centralised Network Operations Centre. Continuous monitoring of these has helped guide timely network capacity upgrades and installation of additional capacity where it is needed, resolving capacity constraints to ensure the customer quality of experience remains uncompromised.

Network Coverage and Reliability

BTC continues to maintain leadership in 2G and 4.5G network capabilities in Botswana by providing the most comprehensive coverage, with over 680 sites distributed across the country. 430 of these sites have LTE/4.5G technology.

BTC has also deployed "Fibre to the X" (FTTx) technology in urban areas. During the financial year, BTC deployed 93 new Fibre to the Homes (FTTH) and Fibre to the Cabinets (FTTC) in cities and towns, and it is currently deploying more FTTC in major villages to facilitate the growing demand for high speed and reliable internet. In addition to the FTTC and FTTH roll-out, BTC partnered with BOFINET to provide FTTH services to customers in Gaborone using BoFiNet infrastructure. This initiative is in addition to the FTTH that BTC rolled out in Phakalane Golf Estate, Gaborone North and Setlhoa Village in Gaborone. BTC has also implemented Wireless-To-The-x (WTTx) technology powered by the 4.5G network.

The WTTx delivers fixed wireless high-speed broadband (fibre-like) connectivity to residential or business customers, with speeds up to 20 Mbps in areas with no fixed wireline infrastructure.

STRATEGIC PERFORMANCE REVIEW

Technology Unit Review [Continued]

Our Mobile and Fixed Networks

The BTC LTE (4.5G) network supports combined mobile data throughput of 293 Mbps per site in Gaborone and Francistown. The rest of the country is supported by throughput capacities of 195 Mbps per site. The BTC LTE network is the fastest 4.5G network in the country to date, delivering download speeds of up to 100 Mbps to a customer device. The BTC 4.5G network provides mobile broadband and fixed broadband services to residential and business customers. BTC will continue to extend its LTE infrastructure across the country.

4.5G Coverage map

BTC has improved and grown fixed broadband services through FTTB and FTTC technologies utilising existing copper wireline infrastructure in urban and semi-urban areas and the installation of 93 FTTC cabinets.

Deployment of FTTC to major villages continues to improve service quality in those areas. Our Fixed broadband network is capable of delivering symmetric speeds of up to 50 Mbps and 100 Mbps to customer premises through copper and fibre, respectively.

Converged Billing

In pursuit of its digital transformation aspirations, BTC completed the delivery of the Converged billing system. Through this initiative, BTC has delivered a converged billing environment by consolidating all its three legacy billing environments - fixed post-paid accounts, mobile accounts and fixed prepaid accounts - into a unified billing system. This integration initiative was a critical transformational project for the organisation as it is now driving product innovation, service fulfilment, assurance, and billing automation, allowing BTC to be more operationally efficient. This project started in January 2017 with a two-phased approach. Phase 1 of the project, delivered in April 2018, entailed migration of mobile customers and prepaid fixed services. Phase 2 of the project involved the movement of fixed post-paid accounts; a process that was completed in June 2019. The system has since been stabilised and is now fully functional with several business processes automated.

The integrated billing platform has resulted in improved efficiencies and enhanced customer experience. The project will improve BTC efficiencies, especially the timely response to customer queries and enable faster response to customer demands

Digital strategy

BTC's strategy recently focused on building a digital organisation that supports the introduction of relevant innovative and convergent products for the convenience of our customers. As an organisation, we continued the evolution towards a modernised Enterprise IT Infrastructure; improving efficiency and fostering innovation. Ongoing developments will position BTC to be better prepared to provide unified solutions for government, corporates and SME organisations. BTC's future direction is that of a full-suite telecommunications partner, and therefore an economic enabler.

Sentlhaga Data Centre Services

Following the successful launch of our Sentlhaga Data Centre in April 2019, BTC continued to onboard cloud services, opening it to our customers for co-location service, where customers can bring their ICT equipment for hosting. During the year BTC also introduced the Microsoft stack of services, including Microsoft Office 365 productivity tools.

WHY BTC DATA CENTRE

- In-country Data
- Reliable direct connectivity
- Skilled resources
- All in one – One-Stop-Shop
- Management portal

Business Process automation

BTC has embarked on an exercise to automate business processes, aiding us to provide a seamless experience to customers:

- Electronic management of Staff Exit and Fleet processes; and
- Development of a Business Process Automation roadmap to aggregate and synergise all automation initiatives is underway.

BTC takes pride in hosting the locally developed e-education content platform known as Classmate, containing Botswana Junior Certificate of Secondary Education (JCSE) and Botswana General Certificate of Secondary Education (BGCSE) content. The platform is accessible online and freely available to students to facilitate online education during the COVID-19 lock-down as part of the company's Corporate Social Responsibility initiative. The BTC Sentlhaga Data centre also hosts global content providers such as Google, Netflix and Facebook Content Delivery Nodes (CDNs), thereby enhancing faster downloads and improved customer's experience when accessing online content.

Power and air conditioner project

Historically, most site failures on the mobile network were primarily due to power outages. To resolve this matter, a project to upgrade power and air-conditioner was initiated and is now 100% complete. Moving forward, BTC expects to see a significant improvement in transmission system availability.

5

In our view, Sustainability must inherently go beyond short-term thinking and action. It is about driving a deep-rooted philosophy to create long-term shareholder and stakeholder value across ethical, social, environmental, cultural and economic spheres. In this section, we review our business sustainability.

SUSTAINABILITY REVIEW

5.

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.

1. MS. LORATO BOAKGOMO - NTAKHWANA
Independent Non-Executive Director, Chairperson

2. MR. ANDREW JOHNSON
Independent Non-Executive Director

3. MR. RANJITH PRIYALAL DE SILVA
Independent Non-Executive Director

4. MR. BAFANA MOLOMO
Independent Non-Executive Director

5. MS. CHOICE PITSO
Independent Non-Executive Director

6. MR. MACLEAN LETSHWITI
Independent Non-Executive Director

7. MR. THARI G. PHEKO
Independent Non-Executive Director

8. MS. SERTY LEBURU
Independent Non-Executive Director

9. MR. ANTHONY MASUNGA
Managing Director

SUSTAINABILITY REVIEW

MS. LORATO BOAKGOMO - NTAKHWANA

Independent Non-Executive Director, Chairperson

Board Chairperson

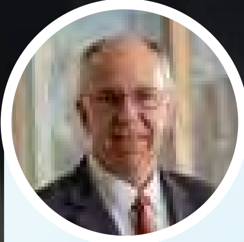
Member: Human Resources Committee, Chairperson-Directors Affairs and Governance Committee

Date of Appointment: October 2016

Nationality: Motswana

Ms. Boakgomo-Ntakhwana is a career banker whose professional experience spans over 30 years. She previously held a 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 of Botswana 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.

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



MR. ANDREW JOHNSON

Independent Non-Executive Director,

Chairperson - Technology and Investment Committee

Date of Appointment: May 2017

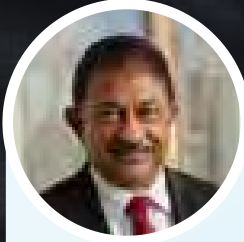
Nationality: South African

Mr. Johnson is a telecommunications expert whose career in the industry spans over 35 years, with a special focus on mobile telecommunications and fibre infrastructure development. He has worked 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 the Sub-Saharan Africa and the Pacific regions in 18 different countries for the African Development Bank, World Bank and other entities and operators. He is worked as Principal Consultant at Tubitayeho Telecomms Consulting in South Africa for the past 11 years.

He 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.



MR. RANJITH PRIYALAL DE SILVA

Independent Non-Executive Director,

Chairperson - Audit and Risk Committee

Member: Human Resources Committee, Directors Affairs and Governance Committee

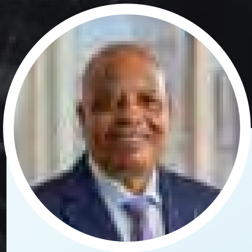
Date of Appointment: May 2017

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 mainly spent at PriceWaterhouseCoopers (PwC) Botswana, where he was a partner for 19 years and Chief Operating Officer for 9 years. While still 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 an Independent Non-Executive Director for three Old Mutual subsidiaries in Botswana and Debt Participation Capital Funding Limited. He is a member of numerous professional bodies including, Associate Member of the Chartered Institute of Management Accountants (CIMA) of UK and Fellow Member of the Botswana Institute.



MR. MACLEAN LETSHWITI

Independent Non-Executive Director

Member - Technology and Investment Committee

Date of Appointment: October 2016

Nationality: Motswana

Mr. Letshwiti is a respected entrepreneur whose expertise spans business management, commercial and industrial development, and project appraisal and monitoring. He was instrumental in setting up Avis Rent-a-Car.

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 a number of Boards of listed companies, including 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 (UB) and Swaziland (Botswana campus) and other professional and leadership qualifications.

MS. CHOICE PITSO

Independent Non-Executive Director

Chairperson - Human Resources Committee

Date of Appointment: April 2012

Nationality: Motswana

Ms. Pitso is Head of Human Resources (HR) at Metropolitan Botswana. She has over 15 years of general HR management and diverse industry experience in government, private and parastatals ranging from Department of Mines, Laurelton Diamonds Botswana, Botswana Agricultural Marketing Board (BAMB), and Debswana Mining Company. Her experience includes development of human resources strategies, their integrated implementation across human resources functional areas of resourcing, learning and development, talent & succession management, staff remuneration and rewards, employee relations, as well as provision of HR operational leadership and internal HR consultancy.

She holds an MSc Human Resource Management from the University of Manchester, UK, and a BA Social Sciences degree from the University of Botswana. She is also a member of the Institute of People Management (IPM) South Africa, and previously served as Publicity Secretary for Botswana Institute of Human Resources Management (IHRM).

MR. BAFANA MOLOMO

Independent Non-Executive Director

Member - Audit and Risk Committee, Directors Affairs and Governance 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 the Botswana Development Corporation (BDC) having joined from Vantage Capital – a leading mezzanine fund manager based in Johannesburg and operating across Sub-Saharan Africa.

At Vantage, Mr. Molomo was a Senior Associate originating and structuring deals in South Africa, Botswana, Namibia and Mozambique. Prior to that he has with VPB in Botswana and Namibia as a senior investment professional in their private equity team. He began his career as an investment analyst with Fleming Asset Management.

Mr. Molomo brings extensive experience in private equity, corporate finance, strategy and project finance.

Mr. Molomo earned a Bachelor of Commerce (Economics and Finance) and an MBA from the University of Cape Town. He also holds a Post-graduate Diploma in Business from the University of Pretoria's Gordon Institute of Business Science. He has also held a number of board roles in hospitality, healthcare, ICT, property, FMCG and beverage companies.

SUSTAINABILITY REVIEW

MS. SERTY LEBURU
Independent Non-Executive Director

Member - Audit and Risk Committee, Technology and Investment Committee

Date of Appointment: April 2009

Nationality: Motswana

Ms. Leburu is currently the Executive Director of Botswana Accountancy College (BAC). She was previously a Deputy Chief Executive Officer-Support Services at Botswana Housing Corporation (BHC). She served as Deputy Chief Executive Officer at Standard Chartered Bank of Botswana before joining BHC. Prior to joining Standard Chartered Bank, she spent 17 years in the Diamond Mining Sector.

She has broad experience in all areas of strategy, finance, governance, supply chain, risk management, general administration and leadership.

MR. THARI G. PHEKO
Independent Non-Executive Director

Member - Technology and Investment Committee

Date of Appointment: September 2018

Nationality: Motswana

Mr. Thari G. 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 on 31 March 2013. He successfully managed the transition from BTA to BOCRA, which a wider integrated ICT regulatory mandate.

Mr. Pheko served in a number of consultancies, including Consultancy on the Information Society and ICT Development Strategy and the formulation of the National ICT Policy for Botswana.

He previously held board membership of Botswana Post and was a part-time lecturer in Management Information Systems at University of Botswana. He was President of Botswana Information Technology Society and also a Commissioner of the Botswana National Commission for UNESCO. Mr. Pheko is an ICT Consultant and on serves on Boitumelo Foundation.

He holds a BSc. (Hons) in Business Finance and Economics from University of East Anglia, UK obtained in 1983 and an MSc. in Management Information Systems obtained in the same university in 1986. He attended numerous Executive Management Programs from University of Cape Town, University of Kent Canterbury, Rutgers University and other professional institutions.

MR. ANTHONY MASUNGA
Executive Director

Managing Director

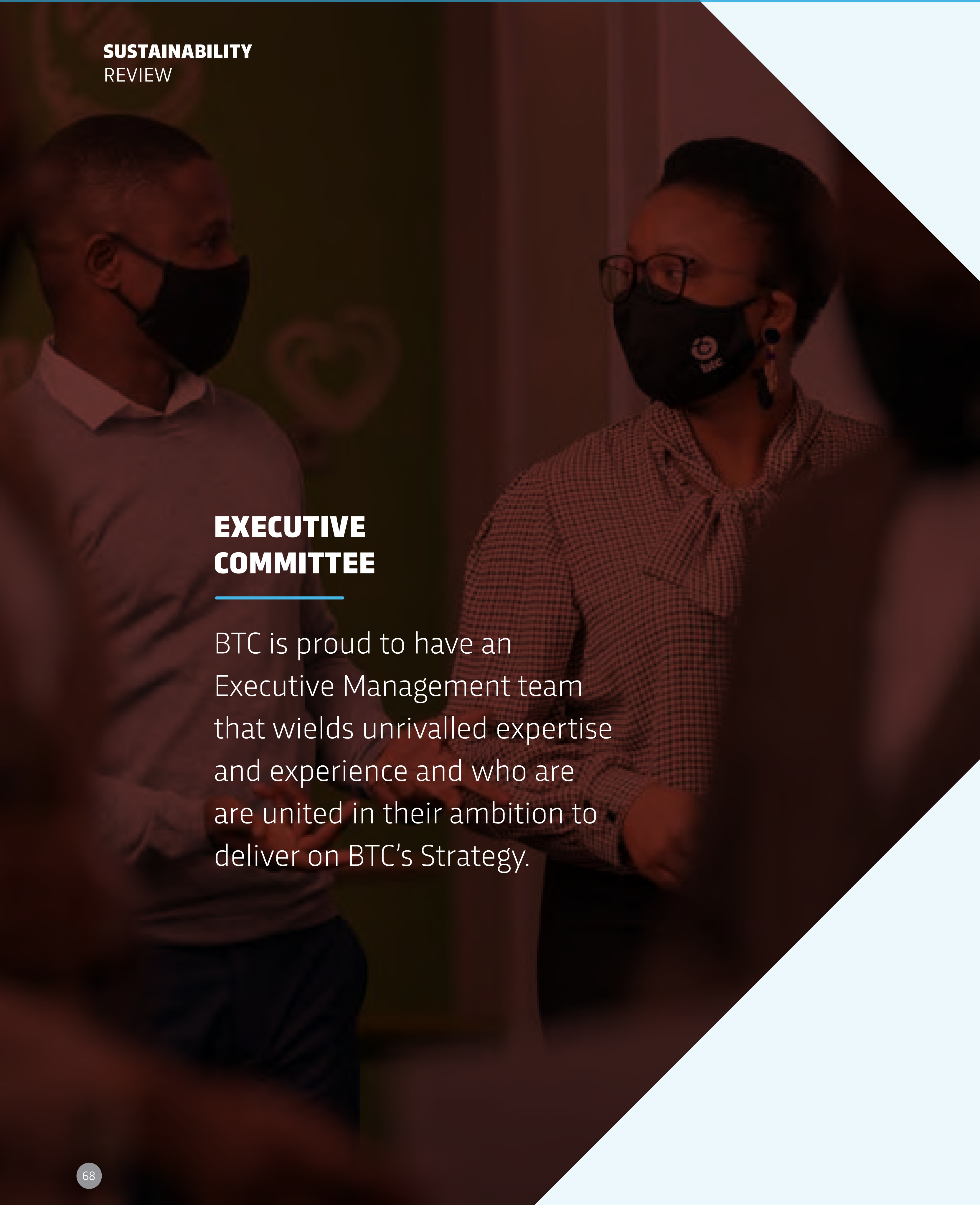
Date of Appointment: January 2017

Nationality: Motswana

As Managing Director, Mr. Masunga is tasked with leading the growth and transformation of BTC post listing to deliver shareholder value. He provides overall leadership to the business including 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 was previously the Company's Chief Operating Officer, Acting Group General Manager Commercial and Privatisation Programme Manager, and is the founding General Manager of beMOBILE (now BTC Mobile).

He has over 20 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 Programme.



EXECUTIVE COMMITTEE

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

ANTHONY MASUNGA

Managing Director

Date of Appointment: January 2017

As Managing Director, Mr. Masunga is tasked with leading the growth and transformation of BTC post listing to deliver shareholder value. He provides overall leadership to the business including 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.

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He has over 20 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 Programme.

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

SUSTAINABILITY
REVIEW

ALDRIN SIVAKO

Chief Operations Officer

Date of Appointment: October 2017

Aldrin is responsible for the technical arm of the business, being the Information Systems Division, Technology Division, and the Transformation Division. He provides leadership in implementing the Company's Digital Strategy, lead the delivery of corporate programmes portfolio and identifying and forging relationships with strategic partners. He is also responsible for BTC Facilities and Fleet, as well as BTC corporate security services.

Aldrin is an astute Telecommunications engineering Executive with over 20 years of experience in the telecommunications industry. He is highly experienced in strategy formulation and execution, business development/product development and management, Telecommunications Technology and engineering. He was the founding Technical Executive of BOFINET from inception and was previously the Chief Technical Officer of Liquid Telecom Botswana.

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

BOITUMELO PAYA

Chief Financial Officer

Date of Appointment: April 2020

Boitumelo is responsible for providing the strategic financial direction to the Company, its Executive and the Board as well as provide oversight of the management of financial forecasting and budgeting. She also provides oversight of the preparation of all financial reporting and analysis and advisory on long-term business and financial planning.

Boitumelo is armed with over 20 years work experience in 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 several companies listed below:

- Finance Director - Kgalagadi Breweries (Pty) Limited;
- Finance Director - Malawi Beverages Limited; and
- Finance Executive - SABMiller plc in the United Kingdom;

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 (MBA) from the University of Derby. She has previously undertaken a Management Development Programme through the Gordon Institute of Business School (GIBS).

EDWARD WICKS

Chief Commercial Officer

Date of Appointment: April 2018

Edward oversees the commercial arm of BTC, directing and driving performance in the Dynamic Marketing, Enterprise Sales, Consumer Sales and Quality of Service functions within the organisation. 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 in numerous companies. As a strategic consulting expert, he has also been involved in launching two new mobile networks.

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

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, which includes Treasury, Budgeting, Credit and Financial Control, etc., to ensure compliance with regulatory and financial reporting standards. He also provides professional finance input into the creation and maintenance of a BTC business strategy that delivers shareholder value.

He has more than 25 years' experience in both the private and public sectors. Abel possesses 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

SAME READ KGOSIEMANG

General Manager Internal Audit and Risk Management

Date of Appointment: September 2011

Same's role is to ensure that BTC has and maintains a robust Risk and Internal Audit Strategy. He oversees the Risk and Internal Audit Division, providing BTC Management and Board with an independent and objective assurance on risk management, internal controls and governance processes. Reporting to the Managing Director and the Board, Same has to ensure business continuity, sustainability and compliance with best practice corporate governance and reporting standards.

Same has over 23 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.

MMAMOTSE M. MONAGENG

General Manager - Support Services & Human Resources

Date of Appointment: January 2017

Mmamotse provides professional input and directs the BTC Human Resources function within an agreed strategic framework that supports the achievement of business objectives in a bid to promote high employee satisfaction and inculcate a high-performance culture. She is also tasked with providing strategic guidance in ensuring the delivery of high standard of safety health and environmental services.

Mmamotse has more than 16 years of experience in the industry. She holds a Bachelor of Commerce degree majoring in Human Resource Management and Industrial Relations from Curtin University of Technology in Western Australia and a Post Graduate Diploma in Strategic Management for the University of Derby.

SUSTAINABILITY
REVIEW

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 is also tasked with developing strategic plans to transform and deploy the BTC network to achieve business targets.

He has over 20 years' experience in the telecommunications industry. Peter holds a Bachelor of Engineering in Electronics and Electrical Engineering from the University of Botswana (UB). He is also an Alumnus of the Stellenbosch Business School, Senior Management Development Training Programme.

KUTLO MOKGOSANA

General Manager Transformation

Date of Appointment: October 2018

Kutlo is responsible for driving the delivery of transformational, strategic programs in line with BTC's corporate strategy. He is also tasked with ensuring synergies and collaborations in line with BTC's Corporate Strategy Management, Innovation and Digital Strategy and Quality & Processes functions to achieve high customer service standards.

He has over 15 years' experience from the mining and logistics sectors. Kutlo has a Bachelor of Accountancy from University of Botswana. He is a certified Prince2 Practitioner and a Balanced Scorecard Graduate. He is also an Alumnus of the London Business School Emerging Leaders Programme.

NELSON DISANG

GM Information Systems

Date of Appointment: September 2018

Nelson is responsible for directing BTC's overall Information Systems (IS) strategy to ensure that the company's IS investments are aligned to the strategic business initiatives. He develops IT governance frameworks, policies and ensures implementation that enable the efficient and secure utilization of BTC Information Technology platforms.

Nelson has been in the Information Technology (IT) industry for 15 years and has in-depth knowledge and expertise in IT management, IT strategy planning, development and execution, risk optimization, resource optimization and benefit realization. He has held various positions in numerous companies namely; Huawei Technologies-Botswana, Mascom Wireless, and most recently Botswana Power Corporation (BPC) where he was Head of IT department.

Nelson has a Bachelor of Science Computer Engineering from Clarkson University, New York, United States of America. He is a certified Balanced Scorecard practitioner with the Balanced Scorecard Institute, a certified COBIT practitioner and a professional member of ISACA. He has undergone Management Development Programme and Senior Management Development Programme with the University of Stellenbosch.

BOITUMELO MASOKO

General Manager Consumer Sales

Date of Appointment: October 2017

Boitumelo's role is to create and maintain a targeted strategy for the consumer market (mass, residential and SMME). She is responsible for developing and implementing a comprehensive sales plan for customer acquisition, retention and revenue growth. She also has an oversight over the Contact Centre, Business Support and Indirect Sales, which supports and drives airtime sales through third parties.

She has over 24 years' experience in the telecommunications industry, spent mainly at BTC. Boitumelo holds a Bachelor of Arts in Social Sciences degree from the University of Botswana (UB) as well as a Masters Degree in Science in Strategic Management from the University of Derby. She is also an alumna of the University of Stellenbosch Executive Development Programme and UNISA Graduate School of Business Leadership (SBL).

MALEBOGO MOSINYI

General Manager Marketing

Date of Appointment: April 2019

Malebogo is responsible for developing the marketing strategy and marketing plan. She is responsible for positioning BTC to compete effectively in a highly competitive and mature telco market through Fixed and Mobile products and services.

Malebogo has 13 years' experience in Research and Marketing. She oversees product conceptualisation and insights, consumer and enterprise product development, MFS and brand marketing. Malebogo has worked in various organisation including BIDPA, Bank Gaborone, KBL before joining BTC in 2016.

Malebogo holds a Master of Commerce in Management Practice from the University of Cape Town. She also holds a master's degree in Economics and 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.

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 that will drive sales and revenue growth 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 and Mobile products and services.

He has over 20 years' experience in the Telecommunications industry having spent most of his career at BTC and rising through the ranks. He has experience in Customer Relationship Management (Front Office and Back Office) and Strategy Development, amongst others.

Lebudi holds a Master of Business Administration (MBA) from North West University in South Africa and a Bachelor of Commerce from the University of Botswana. He also holds a Diploma in Telecommunications Management, Associate Diploma in Banking, Post Graduate 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.

SUSTAINABILITY
REVIEW

HUMAN RESOURCES REPORT

BTC values its employees and pursues employment practices that attract, retain and develop talented employees who can positively impact BTC and associated communities.

This process is achieved by providing the best service and improving stakeholder satisfaction levels. BTC adheres to established recruitment policies and guidelines, and wherever possible, BTC seeks to benchmark against industry best practice. BTC is an equal opportunity, equal access employer.

CAPABILITY DEVELOPMENT

BTC continues to make investments in the next generation of leaders, by ensuring that learning interventions support professional development and build capabilities across the business, on time, and in a cost-effective manner. Furthermore, these interventions enhance company culture and encourage employees to live the company's purpose.

The following is a selection of the training activities that took place in the financial year 2019/2020:

- Certified Cisco Network Administrators;
- Certified Data Centre Professionals;
- Certified Data Centre Facilities Operations Manager;
- Network Security - Fortinet Enterprise Security; and
- Senior Leadership Development.

TALENT MANAGEMENT

In line with the BTC Talent Management Framework, considerable progress was made in the financial year 2019/20, including the following exercises:

- Review of internal talent across the company. Reviews were based on individual performance, attitude and behaviour towards work, and individual potential for future growth;

- Segmentation of the internal talent into top-performing talent, well-performing talent and under-performing employees. This segmentation plays a significant role in the identification of measures to manage under-performance, and nurture, develop and retain talented employees; thereby creating an optimal workforce; and
- Development of corporate and divisional talent plans for implementation in the financial year 2020/21.

SUCCESSION PLANNING

A succession plan was developed during the period under review, allowing BTC to ensure continuity and minimise exposure should any substantive candidates vacate their current roles. Significant emphasis has been placed on ensuring that all company-critical positions are filled with top talent.

EMPLOYEE ENGAGEMENT

The Managing Director (MD) continues to engage BTC staff to cascade the corporate strategy through clear objectives and deliverables through employee engagement events. At these forums, the Managing Director informs employees about BTC's performance over the immediate and past, setting the tone for the future direction. Further, employees are updated quarterly on company performance against strategic objectives through an internal note from the MD. BTC also continues to measure employee engagement levels through a formal survey and ensures that all the outcomes and findings of the study are investigated. Results from these processes inform action plans, which are drafted and subsequently implemented to address any employee issues swiftly.

CULTURE TRANSFORMATION,

Culture transformation remains key to BTC strategy, as it has a direct impact on customer service, customer experience and staff productivity. During the coming financial year, BTC will undertake a cultural transformation project, planned to assist in shaping and reinforcing desired behaviours, improving engagement and communication, and enhancing staff motivation and morale.

HEALTH, SAFETY AND WELLNESS

BTC continues to ensure that its employees and customers are entitled to work and service in an environment where risks to their health and safety are minimised and where present, adequately controlled. BTC workplace health and safety procedures are periodically reviewed to ensure regulatory compliance by undertaking health, safety and wellness programs. For 2019/2020, plans include the following interventions:

- Team building exercises for all employees;
- Social company events;
- World AIDS Day commemoration;
- Blood donation drives; and
- Varied wellness awareness events – health, stress management.

BTC also promotes social interaction among employees through participation in a variety of sporting codes and inter-country sports competitions, involving Botswana, Lesotho, Swaziland and Namibia.

HEALTH, WELLNES AND WELFARE

YEAR	NUMBER OF INCIDENTS AND ACCIDENTS	COMMENTS
2019/20	10	2 lost time injuries 4 recoverable cases (were minor injuries) 4 were Road Traffic Accidents (RTA)

TASK /ACTIVITY	COMMENTS / NOTES
Occupational health medical examination	Three (3) fitness to work assessment conducted and all were recommended for light duties. Pre-employment medicals and high-risk annual medicals were conducted for employees working at heights and those working at Debswana mines. One (1) ill-health retirement cases recorded this year
Monthly health promotions and motivational topics	Fire safety, financial literacy, oral care, stress management, pollution protection, World AIDS Day commemoration, HIV/AIDS, blood donation drive twice. HIV counselling and testing was conducted in partnership with DHMT, BOCAIP and Botswana Family Welfare Association.
Staff Welfare, Wellness and Sports Day	Team building sessions were held at Maun, Francistown and Gaborone with 75% employee attendance.
Safety Compliance	One (1) Fire drill conducted per BTC site. Closed all Internal audit findings Inspection carried out in all BTC sites. Increased number of Trained SHE Representative on First AID and Fire Marshal to cover all sites Development of COVID–19 plan and guidelines on prevention and care SHE Representative inducted on COVID-19 prevention measures and PPE usage.
Employee Assistance Program	40 employees were assisted with counselling. 10 employees were referred for COVID-19 related counsellings

ENVIRONMENTAL

Corrective measures

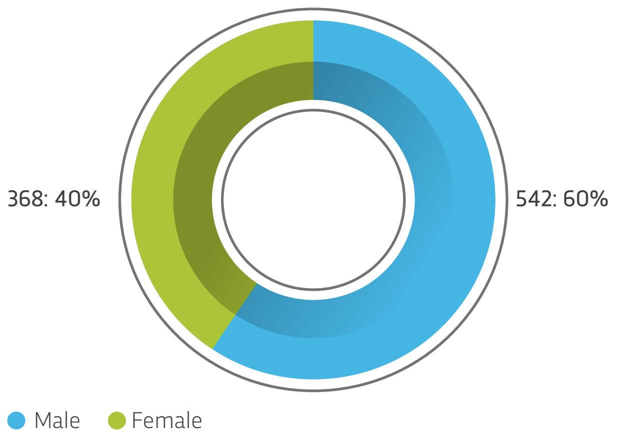
Pests Control Bee removal on BTC tower microwave dish at Selibe Phikwe, Mmopane and Gantsi
Waste management Robust waste segregation has been implemented to ensure the collection of waste: • E-waste - 708.30 Tons • Metal Scrap – 19.03 Tons

HR BUSINESS PARTNERING

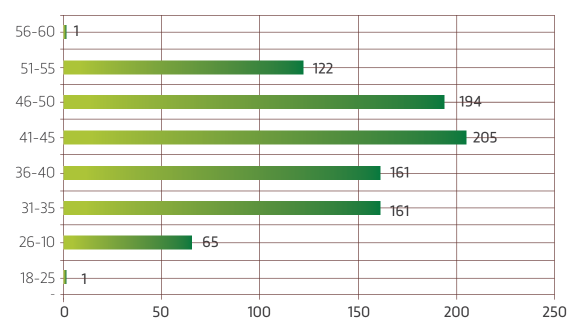
	2020	2019	2018	2017
Number of Employees as at 31st March	910	911	920	924

Productivity				
Revenue per Employee	1,534,462	1,589,707	1,703,161	1,748,000
Value Created per Employee	857,000	822,000	915,000	871,000
Average Employee Cost	421,203	423,911	440,000	402,000

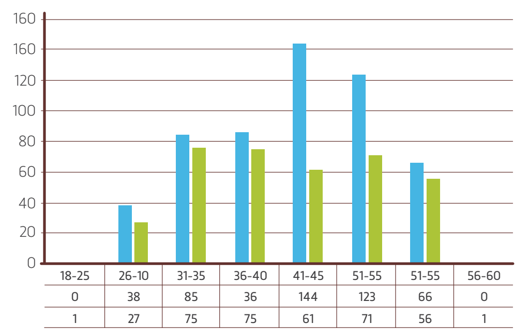
Male vs Female



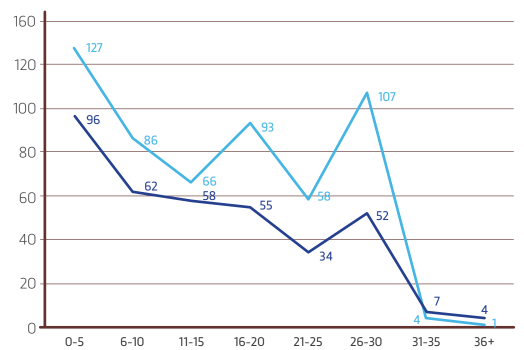
Age Analysis



Age and Gender Analysis



Length of Service vs Gender



STAKEHOLDER RELATIONS REPORT

As we celebrate our 40th Anniversary, dubbed "40 Years of Progress", we have made a deliberate undertaking to invest in and manage relationships with all key stakeholders who are, and continue to be part of the evolution of this great telecommunications Company. BTC recognises its' stakeholder engagement activities as a critical value driver towards building a commercially sustainable Company; and balancing the interests of stakeholders.

BTC's broad stakeholder base includes individuals, groups of individuals and organisations that have an interest in the business of BTC, whether through consumption of BTC products and services, investment in the company, the provision of goods and service to BTC or who are affected by the Company's performance or the way BTC conducts its business.

To continually improve and manage these relationships that are central to the sustainable success of the business, BTC continuously engages with its key stakeholders through various platforms. These engagements serve as an opportunity for information exchange, and as a feedback mechanism on BTC's performance, prospects, and any material developments or changes within the Company.

The messages that BTC shares include, but are not limited to the following:

- 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; and
- Responsibility as a corporate citizen that gives back to Batswana and supports initiatives that uplift lives.

Beyond enhanced stakeholder satisfaction levels, BTC hopes to be recognized as:

- A Company that enables Batswana to live connected everywhere and anywhere;
- A Company that adheres to the highest corporate governance standards;
- A Company that delivers value to all stakeholders;
- A viable investment option; and
- A sustainable business that is a responsible corporate citizen and positively impacts communities in which it operates.

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

- Increase support of the Company Strategy, its Management, and Board of Directors;
- Build and maintain relationships with existing and potential investors;
- Receive important feedback and early warning of potential issues;
- Increase brand affinity and loyalty; and
- Recognition as a Company that plays a major role in the digitisation and development of Botswana.

BTC ENGAGEMENT PLATFORMS

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

SUSTAINABILITY
REVIEW

CORPORATE SOCIAL INVESTMENT (CSI) REPORT

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

In 2014, Botswana Telecommunication Corporation Limited (BTC) established the BTC Foundation to manage and coordinate its Corporate Social Investment (CSI) programme.

The BTC Foundation is a legal entity registered through a Trust Deed and administered by a Board of Trustees. It is a non-profit initiative that seeks to be responsive to the needs of the communities in which BTC and its partners/suppliers operate.

The BTC Foundation mandate is to impact the lives of communities in pursuit of social, economic, and environmental sustainability, with an emphasis on impact and longevity.

Vision
To excel in changing the lives of our people

Vision
We create social value for communities through partnerships

Values

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

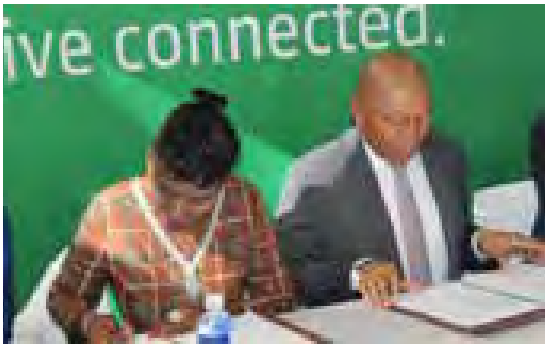
The BTC Foundation's current three-year strategy 2020 complies with International Standards (ISO26000). This framework focuses on stakeholder engagement, materiality, monitoring and evaluation, and reporting of projects and activities.

Furthermore, the framework emphasises efficiency, effectiveness and employee engagement when carrying out projects. The BTC Foundation projects and activities are essential stakeholder engagement platforms for the Company. BTC employees are integral to the culture of socially responsible conduct and are involved in BTC Foundation initiatives.

Our investments are made through partnerships with Non-Profit Organisations, sponsorship of CSI projects and direct donations to support causes in line with its focus areas.

Under the current strategy, the BTC Foundation's key focus areas are as follows:

- Entrepreneurship and Innovation;
- Wellness and Sports;
- Environmental Protection;
- Arts and Culture; and
- Employees.



During the year under review, the BTC Foundation invested more than P 1 million in support of projects and causes in line with the Foundation's focus areas.

SUSTAINABILITY
REVIEW

BTC FOUNDATION PROJECTS

WELLNESS AND SPORTS

Inaugural BTC Foundation Charity Walk

BTC Foundation organised the highly successful Inaugural BTC Foundation Charity Walk. The walk, which was a first for the BTC Foundation, took place on Saturday 27th April 2019. The route for this historic walk was in the hilly terrain of the Moshupa area, with the Chief Walker being the First Lady of the Republic of Botswana, Mrs Neo J. Masisi. The BTC Foundation expresses its gratitude for the presence of the Chief Walker.

Funds raised from the Charity Walk were reinvested back into the community to support causes in line with the Foundation's focus areas and those aligned with the charitable interests of the First Lady. The walk was a resounding success with walkers indicating that they enjoyed the challenging terrain.

In attendance was the Local Leadership/ Dikgosi of the Moshupa area, BTC Chairperson, BTC Foundation Chairperson and Trustees, BTC Managing Director, BTC Executive Management, BTC Staff, the community of Moshupa and multitudes of walkers from Gaborone and surrounding.


btc


btc


Walk to Change lives
BTC FOUNDATION


btc

SUSTAINABILITY
REVIEW

BTC FOUNDATION PROJECTS [CONTINUED]

WELLNESS AND SPORTS

2019 Jwaneng Desert Bush Walk

BTC Foundation sponsored the 5th Annual Desert Bush Walk Winter 2019 held in Jwaneng on 27th July 2019 to the value of P63,150.

This event was organised by CSI Concepts, whose mandate is to raise funds and support community projects, non-governmental organisations, community-based organisations, and underprivileged members of the community. BTC Foundation Trustees, BTC Board Members, BTC Executive and BTC Staff all participated in the walk.

Y-Care Charitable Trust Oodi Walk

Y Care Charitable Trust is a non-profit organisation which raises funds through different walks, to support active and registered charities in Botswana with a focus on vulnerable children, youth, health, environment, art, sport, and culture. BTC Foundation is in partnership with Y-Care to support their walks and event. The walk is held in January to motivate individuals to kick-start their fitness regimes at the beginning of the calendar year, whilst raising funds for charity. Held in Oodi, the 2020 walk involved the BTC Executive and many employees.

University of Botswana Partnership

The BTC Foundation and the University of Botswana continued their partnership on the "Train a trainer" project. Executed through the training and mentorship of teachers and students in secondary schools, the project aims to enable some of the least-performing schools to access a program of games and mental skill development activities to enhance the students' life-skills, self-worth and happiness, and improve overall wellbeing. The training programmes were executed with assistance from experts from different industries and volunteers within the community. The programme has been rolled out successfully in the following schools:

1. Shakawe Senior Secondary School;
2. Nata Senior Secondary School; and
3. Good Hope Senior Secondary School.

Edutainment Partnership with Nufix (Pty) Ltd

The BTC Foundation partnered with Nufix (Pty) Ltd to support the year-long Isago Edutainment Project. The main objective of the projects is to influence and reinforce good behaviour and positive life choices for youths attending secondary school.

The programme is delivered through edutainment events where students are informed about the risks and consequences of alcohol and substance abuse. The events have been well received by the recipients, with the following three schools engaged to date:

1. Morama Junior Secondary School;
2. Ledumang Senior Secondary School; and
3. Ramotswa Junior Secondary School.

SUSTAINABILITY
REVIEW

BTC FOUNDATION PROJECTS [CONTINUED]

ARTS AND CULTURE

Thapong Visual Arts Partnership

In 2018, the BTC Foundation signed a three-year partnership with Thapong Visual Arts Centre to encourage the preservation and promotion of the arts and culture at grassroots level. The partnership is valued at BWP1.7 million and includes the BTC Phonebook Cover competition, the Thapong Artist of the Year Awards (TAYA), and a series of countrywide artist development workshops.

The BTC Phonebook and TAYA award ceremony was held in November 2019 at Thapong Visual Arts Centre. The prizes included a cash component and a fully paid-up participation in an exchange programme in Zambia. BTC Foundation was proud to recognise Mr Lambert Baikakedi and Mr Danny Phenyo Moatlhodi, who won the BTC Phonebook competition and Thapong Artist of the Year, respectively. The creatives were rewarded with a week-long excursion to Insaka International Artist Trust in Zambia, with the exchange experience becoming a platform to interact with and learn from a diversified pool of artists.

Under the above partnership, Thapong Visual Arts Centre contributes to the development of the creative industry by conducting workshops across the country, providing artists with professional exposure, skills development, and the introduction of new art ideas. These workshops are attended by artists, art trainers and teachers alike.

Black African Poets Organisation Partnership

The Black African Poets Organisation (BAPO) is a non-profit aiming to nurture and develop poetry and poets across Botswana.

BAPO achieves by organising local poetry nights and festivals to enhance artistic exposure and promote professional development opportunities for local poets. BTC Foundation signed a partnership to sponsor BAPO's initiatives during the period under review.

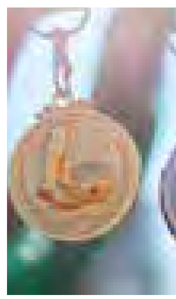
The Inaugural BTC Foundation Poetry Festival was held in September 2019; a lively event that celebrated local talent and showcased the rhythm and flair of the spoken word. The BTC Foundation Deputy Chairperson and BTC Managing Director were in attendance. They took great pleasure awarding the winning artist with a contract for the recording, marketing, and distribution of a poetry album.

ENTREPRENEURSHIP AND INNOVATION

World Telecommunications Information Society Day (WTISD)

Commemorated worldwide, this day promotes the United Nations (UN) purpose to "help raise awareness of the possibilities that the use of the Internet and other Information and Communication Technologies (ICT) can bring to societies and economies, as well as bridging the digital divide". Locally, the annual event is organised by the Ministry of Transport and Communications. The 2019 theme was 'Bridging the standardisation gap'.

BTC Foundation donated a computer laboratory to Sefhare Community Library to the value of P 124,353. This laboratory consisted of ten computers, a printer, desktop tables and chairs, and internet connectivity. The donation was in line with the Foundation's sustainability strategy as the broader community of Sefhare stood to benefit. BTC also participated in the host of other events that took place during the week-long commemorations. The BTC Chairperson, BTC Foundation Chairperson and BTC Managing Director, as well as other BTC Executives and employees, were in attendance.



SUSTAINABILITY
REVIEW

BTC FOUNDATION PROJECTS [CONTINUED]

ENTREPRENEURSHIP AND INNOVATION [Continued]

Maiphitlhwane Primary School

Two desktop computers, a printer and printing cartridges worth P 22,745 were donated to Maiphitlhwane Primary School. The donation was made during the school's prize-giving ceremony, which was held under the theme 'Excellence Awards: the key to the holistic development of the 21st learner'. As part of its sustainability agenda, BTC Foundation gives back to communities that it operates in and aims to bring ICT services closer to communities.

Tsokatshaa Primary School

A donation was made at Tsokatshaa Primary School's Annual Prize Giving Ceremony, which celebrated the school's improved performance. It was held under the theme "Support a Child to Unlock a Future Quality Product".

The BTC Foundation donated a desktop computer, a printer, eight children's tables and 32 chairs for the reception class. BTC Foundation considers it a privilege to officiate at occasions that seek to encourage hard work and recognise excellence in the youth. The Foundation is proud of this initiative and donation, which goes a long way towards bridging the ICT gaps in the remote areas.

ENVIRONMENTAL PROTECTION

Moshana Community Development Trust (MCDT)

BTC established a partnership with Moshana Community Development Trust (MCDT) to the value of P 615,000 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, misuse, and any other damage, and promote the sustainable use of natural resources in the area. The Trust also seeks to establish and encourage tourism and entrepreneurship initiatives for the benefit of the community.

Project implementation, resourcing and engagement of suppliers is centred in the local community to encourage economic inclusion and build social capital within the community.

MOU with the Department of Forestry and Range Resources

To partner with like-minded organisations and to participate in environmental protection initiatives, the Foundation entered a Memorandum of Understanding (MOU) with the Department of Forestry and Range Resources. The mandate of the Department is conservation, management and protection of forest resources and ecosystems to improve the socio-economic development of the country. The partnership presents an opportunity to partner on initiatives that deliver on this mandate and in turn, support BTC Foundation environmental objectives.

6

The significance and need for sound corporate governance protocols and practices become increasingly imperative with time. In this section, we look at the well-entrenched governance, oversight and compliance within BTC in the year under review.

GOVERNANCE

6.

OUR GOVERNANCE

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 complying with the guidelines of the BSE Code of Corporate Governance, BTC 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 2020 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); and
- 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 2020 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 96 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 Independent 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:

- Audit and Risk Committee;
- Human Resources Committee;
- Technology and Investment Committee; and
- 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; and
- 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.

OUR GOVERNANCE

Board Charter

The Board operates in terms of a formal Charter which is reviewed and adopted annually, the purpose of which is to regulate the conduct of the 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 and responsibilities and 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. The Charter is available upon request from BTC.

Appointment of Directors

In making Board appointments, the broad principles that are followed are to maintain an independent and vibrant Board that constructively challenges Management's strategies and evaluates performance against agreed benchmarks and applicable codes of conduct. 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.

The Directors are chosen for their business acumen and their 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. All BTC Directors are subject to an annual performance evaluation. Succession planning is also regularly reviewed.

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

During the financial year under review, there were no changes to the Board composition.

Appointments:

For the year under review the BTC Board was constituted by the following Directors:

Member	*Position*	Date 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	*Independent Member*	Appointed in April 2009	BCom (UB), Fellow of the Chartered Institute of Management Accountants of UK (FCMA)
Ms Choice Pitso	*Independent Member*	Appointed in April 2012	BA Social Sciences (UB), MSc HR Management (Manchester, UK)
Mr Andrew Johnson	*Independent Member*	Appointed in May 2017	BSc (Eng) Electrical [Telecommunications and Alternative Energies] (University of the Witwatersrand, RSA)

Member	Position	Date of appointment	Qualifications
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 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 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)

The Managing Director is engaged on a fixed term contract of employment with agreed and set targets which are reviewed 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 pursuance 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; and
- Appoints senior management, evaluates and monitors their performance.

Management is required to implement BTC's approved plans and strategies and to support the 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 Directors and the Executive Management have 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.

OUR GOVERNANCE

Ethical Standards

Members of the Board and all employees are required to conduct themselves according to the highest ethical standards. BTC strives always to 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 and behaviours that individuals are subject to the Code of Ethics. In addition, the purpose of the Code is to ensure ethical leadership and ethical interactions with both internal and external BTC 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 are comprised of a majority of Non-Executive Directors.

The Board is supported by specialist Committees as follows:

Audit and Risk Committee

Members

Mr Ranjith Priyalal De Silva *(Chairperson)*
Ms Serty Leburu
Mr Bafana Molomo

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 three Independent Non-Executive Board Members and is chaired by a 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 101.

Technology and Investment Committee

Members

Mr. Andrew Johnson (Chairperson)
Mr. Maclean Letshwiti
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 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 revise 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.

OUR GOVERNANCE

Human Resources Committee

Members

Ms. Choice Pitso (Chairperson)
Ms. Lorato Boakgomo-Ntakhwana
Mr. Ranjith Priyalal De Silva

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, Remuneration and Nominations 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 without paying more than is necessary for this purpose
- Ensuring that remuneration relative to other comparable companies is pitched at the desired level taking relative performance into account.

Directors' Affairs and Governance Committee

During the year 2018/2019 financial year the Board established the Directors' Affairs and Governance Committee (DAGC).

Members

Ms. Lorato Boakgomo-Ntakhwana *(Chairperson)*
Mr. Ranjith Priyalal De Silva
Mr. Bafana Molomo

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 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			By invitation	1/1	√	3/3	√	1/1
Ms Serty Leburu	√	5/6			√	5/5				
Ms Choice Pitso	√	4/6					√	3/3		
Mr Maclean Letshwiti	√	6/6	√	3/4						
Mr Andrew Johnson	√	3/6	√	4/4	By invitation	1/1				
Mr Priyalal De Silva	√	6/6			√	5/5	√	3/3	√	1/1
Mr Thari Pheko	√	6/6	√	4/4						
Mr Bafana Molomo	√	4/6			√	4/5			√	1/1
Mr Anthony Masunga	√	6/6	√	3/4	√	5/5	√	3/3	√	1/1

REPORT OF THE AUDIT AND RISK COMMITTEE

The Committee is pleased to present its report for the financial year ended 31 March 2020.

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.

Pre-approved permissible non-audit services performed by the external auditors include taxation. Prohibited non-accounting services include valuation and accounting work where their independence might be compromised by later auditing their work.

The Audit 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 re-appointment of Ernst & Young as the registered Independent Auditors
- Set the terms of Ernst & Young's engagement
- Determined the fees to be paid to Ernst & Young 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 Ernst & Young 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

OUR GOVERNANCE

REPORT OF THE AUDIT AND RISK COMMITTEE [Continued]

- Played an oversight role in respect of the internal audit function to ensure its effectiveness
- Approved the Internal Audit Annual Operational 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 General Manager Finance is appropriately qualified and experienced to fulfil his 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 2020.

Annual financial statements

The Audit and Risk Committee has evaluated the consolidated annual financial statements for the year ended 31 March 2020 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 2020. 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 (at-risk) 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; and
- 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 2020 was approved by the shareholders at BTC's Annual General Meeting on 23 September 2019.

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 2020 is 814,488. Details of the shareholding are as per the table below:

Name	Position	Fees	Remuneration	Ex gratia Payment	Fringe and other benefits	Total	Director's Shareholding
Lorato Boakgomo-Ntakhwana	Chairperson	229,000	-	-	-	229,000	254,488
Maclean Letshwiti	Director	115,000	-	-	-	115,000	100,000
Choice Pitso	Director	98,000	-	-	-	98,000	100,000
Serty Leburu	Director	155,000	-	-	-	155,000	NIL
Andrew Reginald Johnson	Director	118,000	-	-	-	118,000	NIL
Ranjith Priyalal De Silva	Director	275,000	-	-	-	275,000	NIL
Bafana Molomo	Director	165,000	-	-	-	165,000	NIL
Thari Pheko	Director	130,000	-	-	-	130,000	110,000
Anthony Masunga *	Managing Director	-	2,023,898	113,927	191,221	2,329,046	250,000
	Total emoluments paid	1,285,000	2,023,898	113,927	191,221	3,614,046	814,488

**Managing Director's remuneration includes salaries and benefits*

Internal Audit

BTC has an Internal Audit function that reports directly to the Audit and Risk Committee to provide assurance on the adequacy and effectiveness of controls to mitigate risks to its strategic, operational, financial and compliance objectives. Internal controls however can only provide reasonable and not absolute assurance against material misstatements or loss.

The key elements of the system of internal control are delegation, operations, planning and empowerment, competence, monitoring and reporting, and Internal Audit.

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 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 year under review.

OUR GOVERNANCE

Internal Audit Function

According to the King III Code of Corporate Governance, the key responsibility of Internal Audit is to the Board and/or its committees in discharging its governance responsibilities. It is for this reason that 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. The 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 the management, is adequate and functioning. The Internal Audit Department 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 III 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 reports administratively to the Managing Director and functionally to the Board via the Audit and Risk Committee. Internal Audit also advises the Board on BTC's risk management framework, control effectiveness and compliance to laws and regulatory requirements.

The Internal Audit 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 experience team members and follows the Institute of Internal Audit Standards.

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 the 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 its 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 reviewed on a semi-annual basis.

A Risk Management Report is included on page 114 to 117.

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 Ernst & Young, 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. S. 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.

OUR GOVERNANCE

Employee Share Ownership Plan ("ESOP") [Continued]

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.

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 name 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.

Prevention & detection of Fraud and Errors

An effective internal control system should provide for prevention and detection of fraud and errors.

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). 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 31st March 2020, other than with the exceptions stated below:

COMPLIANCE WITH KING III PRINCIPLES

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
1. Ethical Leadership and Corporate Citizenship			
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.
2. Board and Directors			
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.

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
2. Board and Directors [continued]			
2.3	The Board should provide effective leadership based on an ethical foundation.	√	See 1.1 above
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 a 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 companywide.
2.8	The Board should be responsible for information technology (IT) governance.	√	A Technology and Investment Committee responsible for this function is in place.
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.

OUR GOVERNANCE

COMPLIANCE WITH KING III PRINCIPLES

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
2. Board and Directors [continued]			
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.
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 Non-Executive Directors.
2.19	Directors should be appointed through a formal process.	√	Currently, Directors are selected by the Nominations Committee and approved by the Board at the Annual General Meeting.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	√	Currently, the Directors are inducted through a process of dissemination of relevant and pertinent company information, which is yet to be formalised.
2.21	The Board should be assisted by a competent, suitably qualified and experienced company secretary.	√	The Company Secretary is a legal professional, 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 carries out a self-evaluation and of the targets set.
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.

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
2. Board and Directors [continued]			
2.25	Companies should remunerate directors and executives fairly and responsibly.	√	All Directors except the Managing Director are currently remunerated only for time spent at meetings, in line with the fees approved by shareholders
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 to 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.
3. Audit Committees			
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 a 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.
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.
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.

OUR GOVERNANCE

COMPLIANCE WITH KING III PRINCIPLES

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
3. Audit Committees [continued]			
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 auditor to the Board and to the Annual General Meeting.
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.
4. The Governance of Risk			
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.
	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.
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.

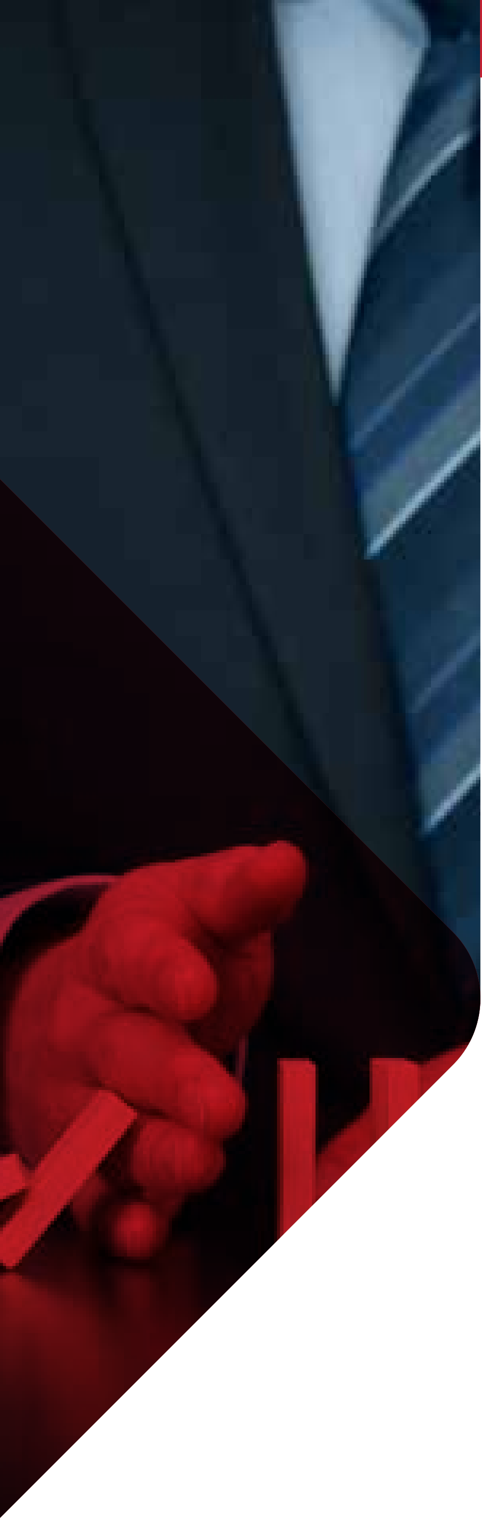
PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
4. The Governance of Risk [continued]			
4.8	The Board should ensure continual risk monitoring by management.	√	A risk register is in place for purposes of managing all risks.
4.9	The Board should receive assurance 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.
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.
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.
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.

OUR GOVERNANCE

COMPLIANCE WITH KING III PRINCIPLES

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
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.
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

PRINCIPLE	DESCRIPTION OF PRINCIPLE	COMPLIANCE	COMPLIANCE STATUS AND ADDITIONAL COMMENTS
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 REPORT

Risk management has always been fundamental to BTC strategy and such as such we consider risk as a natural part of any business process and the management of risk as a key operating philosophy and an integral component of its activities.

BTC faces a wide range of risks, both internal and external to the organisation, which can have significant impacts on the outcome of its operations. BTC considers risk management to be fundamental to good governance practices and an integral part of the corporate governance process. BTC recognises that the risk management process is crucial for the business to succeed, meet its objectives and create shareholder value.

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

- 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 an 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, both internal and external, involves drawing up 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, in relation to both our operations and risk appetite relative to upside risks as identified 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

BTC recognises that an effective risk management process is fundamental to achieving its business goals. The Company is aware that business opportunities can be enhanced through better management of risks. The risk management process therefore aims to ensure that a more inter-dependent and more explicit connection exist between managing the business and managing the risks.

BTC also believes that it can manage risks only if its employees are equipped to manage risks and believes that it is the corporate culture which facilitates the enterprise-wide risk management process. BTC therefore recognises that in order to add value to its business, it needs to take business risks. BTC's view is that it is not possible to eliminate risk entirely and therefore manages risk rather than seeking to eliminate it completely.

Understanding strategic, operational, compliance and financial risks 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 process 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 negative 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.

RISK MANAGEMENT RESPONSIBILITY

The effective management of risks within BTC is essential to and underpins the delivery of the Company's objectives. The Board is responsible for the oversight of the risk management processes which stipulate that risks are identified and appropriately managed across the Company. It has delegated the responsibility for reviewing the effectiveness of the Company's internal controls, including the systems established to identify, assess, manage and monitor risks, to the Audit and Risk Committee. 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 these are coordinated by the Head of Risk Management and Divisional Risk Champions. The Company's risk management policy requires all operating divisions and business units to identify and assess the risks to which they are exposed. Risk registers are used to document identified risks, their cause, possible consequences and control mechanisms. On identification, risks are analysed as to the likelihood of occurrences and their potential impact on the business. Action plans are then developed and put in place to mitigate or eliminate unwanted exposure to identified risks. Individual managers are allocated responsibility for assessing and managing the risks identified within their business units. Risks and their corresponding mitigation are subject to review within the Company.

Established business reporting systems exist to ensure that significant risks are escalated through operating division or business units to the Executive Committee and the Board.

BTC ENTERPRISE-WIDE RISK MANAGEMENT PROCESS

BTC identifies and analyses risks it faces with due consideration on which risks may impact BTC strategic objectives. The risks are then ranked by the likelihood of occurrence and significance of consequences and determines the most effective ways to manage them. Strategic risks are most significant to the BTC's ability to achieve and realise its strategic objectives. A bottom-up and top-down approach was followed to ensure a holistic process.

BTC's Headline Risk Register groups the risks into five broad categories - people, processes, technology, customers and shareholders. High level risk assessment takes place under different dimensions and such analyses include, operational risks, market risks, network obsolescence risks, internal processes risks, regulatory / compliance risks.

RISK MANAGEMENT REPORT

The process of defining, assessing, classifying and monitoring risks is set out below:

1. **Defining the risks**
   Various levels of management in each operating business unit define risks according to risk tolerance at the project, process, operational, tactical and strategic levels.

2. **Setting the risk appetite**
   BTC's risk appetite is determined by the type of risk. This allows for a more controlled way of managing risk levels. Aggregation of total risk is done qualitatively, and the management assesses the acceptability of BTC's consolidated risks profile.

3. **Assessing the impact and likelihood of the risks on the organisation should they occur**
   Risks are assessed based on the likelihood of them occurring and the possible impact on the business (i.e. customers, business operating systems and process, employees, financial position, brand & reputation, etc.)

4. **Risk Control strategies considered are:**
   - Risk Treatment
   - Risk Transfer.
   - Risk Termination
   - Risk Toleration

5. **Classifying the risks**
   BTC classifies risks as, high, medium or low based on their impact and the likelihood of them occurring. Therefore, where a risk has a high likelihood of occurring and the impact on our business, financial position or reputation is assessed as high, it would be considered critical.

6. **Monitoring and reporting the risks**
   We capture all risks across the business, operational, tactical and strategic, into our risk system. As part of continuous improvement and strengthening of the risk framework, we have made the following enhancements over the last 12 months:

- Through the standing Risk Committee, we continue to identify and review new and existing risks, compliance and business continuity management program. This has enhanced risk governance and provides direction for BTC towards embedding a risk and compliance culture and ensuring consistent control evaluation across the group.
- Development of a BTC risk universe to assess the specific risk environment in which BTC operates and the sources of the risks that BTC may be exposed to in line with the purpose, strategy, operations/processes.
- We enhanced and established a consistent risk reporting methodology including the full utilisation of a global risk management reporting tool, Barnowl. This global risk tool, allows us track, monitor and standardise the data stored on all risks and to share information across BTC.
- We conducted risk assessment on key project- the converged billing project, C1.
- We enhanced our Risk Insurance financing model that resulted in an optimum cost management insurance policy for BTC that yielded a significant cost reduction on insurance.
- Conducted a business continuity impact assessment and identified all systems on Single Point of Failure (SPOF) has for Technology & IS systems for implementation and correction. BTC recognises the importance of this process in ensuring it can continue its mission critical activities after a disruption and to protect its reputation.

BTC's risk management approach and practices continued to focus on minimising the adverse impact of risks on our business objectives and to enable the Company to leverage market opportunities based on a risk return balance.

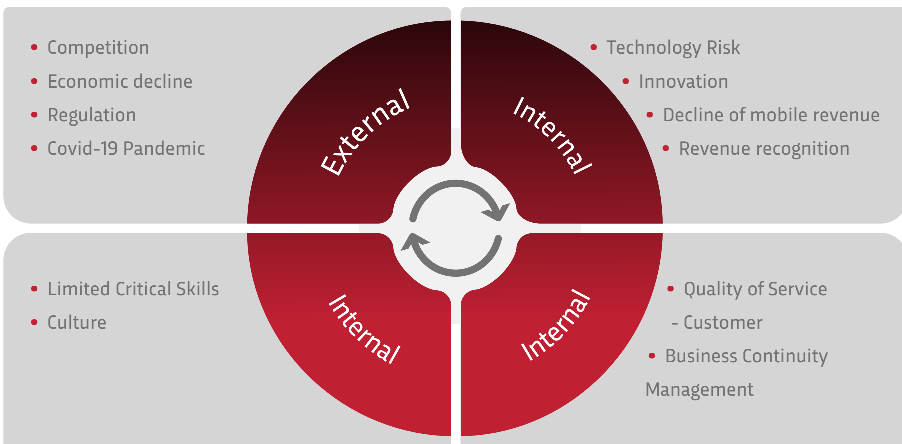
BUSINESS CONTINUITY MANAGEMENT

BTC considers Business Continuity Management (BCM) an integral part of good risk management practice and corporate governance and 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 an increased network quality of service and exceptional customer experience.

This programme is implemented using a comprehensively defined Business Continuity Management Framework, which has been modelled on the leading industry standard – ISO22301, global leading practices and guidelines from institutes such as the Business Continuity Institute (BCI), the Disaster Recovery Institute (DRI), and the King III report which propose the integration of people, technologies and processes as part of organisation-wide risk management and the implementation of a robust arrangement for business resilience. To this end BTC is implementing an annual and structured BCM testing schedule on critical functions to provide an assurance, protection, preparedness, mitigation and response for system and process recovery. The mission critical systems include but 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 availability to the customers, to ensure that appropriate priority is given to systems during failures, that resources for recovery and fault restoration are available, that crises are managed and cleared on time, and to provide guidance for recovery, escalation and crisis coordination.

HIGH LEVEL RISKS

There are a number of risk factors that may affect BTC's businesses. The high level risks are as follows



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This financial review & management discussion reviews the results of the operations, performance and financial position of the Group for the financial year ended March 2020.

OUR FINANCIAL REVIEW

7. OUR FINANCIAL REVIEW

FINANCIAL REVIEW AND MANAGEMENT DISCUSSION

The commentary is intended to help the reader to understand the results of the operations and financial condition of BTC and is provided as a supplement to be read in conjunction with the Group's audited annual financial statements for the year ended March 2020 as compared with the year ended March 2019.

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", "Group" and "BTC" all refer to consolidated entities of Botswana Telecommunications Corporation Limited (BTCL or Company) and Botswana Telecommunication Corporation Foundation (Foundation).

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 equipment. These analyses are designed to assist management and other readers to compare the operating results and financial performance in a meaningful way.

The Foundation was established in 2014 to coordinate and deliver the Company's corporate social investments initiatives. The results of the two entities were consolidated for the first time in the current financial year.

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 EBIDTA, 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, EBIDTA, 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 Group includes these measures because it believes certain investors use these measures as a means of assessing the financial performance and position of the Group;

- 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 Group's footprint which highlights the transformation journey that the Group has undergone which includes the following highlights:

- In 2012, in line with the decision of the Government of Botswana to commercialise and privatise BTCL, it 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. 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 Group 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 the Government directive, all the fibre network assets, related capital grants and deferred revenue amounting to P284m were transferred to the newly created Botswana Fibre Network (BoFiNet). BTCL also provided P122m cash funding as initial set up costs to BoFiNet. The separation exercise resulted in a P400m 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 P266m was recognised.
- In the same year, a work force restructuring exercise was undertaken resulting in separation cost of P31m.
- Two years later, the impairment figure increased by P522m 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. 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. This sustainability of the relationships has played a pivotal role in our quest to provide world class service.

OUR FINANCIAL REVIEW

TEN YEAR TREND

Performance (P 000's)	2011	2012	2013
Revenue from contracts with customers	1,065,112	1,173,909	1,384,222
Cost of services and goods sold (excluding depreciation and amortisation)	(302,171)	(363,583)	(397,505)
Gross Profit	**762,941**	**810,326**	**986,717**
Other income	-	1,471	565
Selling and distribution costs	(98)	(26,372)	(23,649)
Administrative expenses (excluding depreciation)	(268,535)	(276,420)	(317,624)
Other expenses	(144,022)	(134,645)	(198,669)
Earnings before interest, depreciation, taxation and amortisation (EBIDTA)	**350,286**	**374,360**	**447,340**
Depreciation and amortisation (of intangibles)	(166,646)	(191,218)	(220,353)
Amortisation of government grants	25,306	40,489	38,669
Impairment of property, plant and equipment	-	-	-
Earnings before interest and taxation (EBIT)	**208,946**	**223,631**	**265,656**
Interest Income	21,311	13,415	18,451
Interest costs (financing costs)	(2,866)	(184)	(184)
Profit before taxation (PBT)	227,391	236,862	283,923
Income tax expense	-	-	(10,277)
Profit for the year (PAT)	**227,391**	**236,862**	**273,646**
Position (P 000's)			
Property, plant, equipment and intangible assets	1,444,597	1,772,827	1,886,115
Right of use assets	-	-	-
Deffered taxation	9,692	7,052	-
Other current assets	209,880	310,667	315,680
Cash and cash equivalents	283,295	292,882	405,548
Total Assets	**1,947,464**	**2,383,428**	**2,607,343**
Capital employed	1,460,453	1,779,199	1,993,628
Non-current liabilities	263,553	345,784	304,337
Current liabilities	223,458	258,445	309,378
Total Equity and Liabilities	**1,947,464**	**2,383,428**	**2,607,343**
Capital Expenditure	401,915	380,456	333,896
Ratios			
Revenue growth	11%	10%	18%
Earning per share (Thebe) (1, 050,000,000 shares)	21.66	22.56	26.06
EBIDTA margin	33%	32%	32%
Current ratio	2.2	2.3	2.3
Capex to revenue ratio	38%	32%	24%
Capex to depreciation charge	2.8	2.0	1.5
Return on average equity	17%	15%	15%
Return on average capital employed	14%	12%	12%
Return on average operating assets	12%	11%	11%
Other Operational Data			
Staff strength	942	942	962
Economic data			
Inflation (consumer price inflation)	8.20	8.20	6.20
Value of Pula (1 Pula equals to US $)	0.14	0.14	0.15

2014	2015	2016	2017	2018	2019	2020
1,463,931	1,479,988	1,485,839	1,615,022	1,566,908	1,448,224	1,396,360
(375,054)	(399,923)	(471,427)	(541,447)	(461,955)	(396,361)	(388,773)
1,088,877	**1,080,065**	**1,014,412**	**1,073,575**	**1,104,953**	**1,051,863**	**1,007,587**
9,444	15,254	5,028	6,094	1,455	246	2,105
(29,810)	(38,168)	(42,188)	(48,728)	(41,096)	(37,332)	(25,385)
(367,264)	(389,309)	(397,012)	(389,116)	(422,570)	(403,519)	(395,972)
(282,000)	(315,666)	(317,038)	(272,489)	(273,313)	(262,443)	(247,887)
419,247	**352,176**	**263,202**	**369,336**	**369,429**	**348,815**	**340,448**
(217,782)	(202,070)	(259,593)	(147,321)	(156,098)	(199,366)	(240,641)
42,670	24,397	24,397	29,453	29,453	29,657	29,862
(266,051)	-	(522,404)	-	-	-	-
(21,916)	**174,503**	**(494,398)**	**251,468**	**242,784**	**179,106**	**129,669**
25,144	26,066	26,451	23,075	21,131	17,606	7,303
(208)	-	-	-	-	-	(9,494)
3,020	200,569	(467,947)	274,543	263,915	196,712	127,478
(2,880)	(53,814)	97,127	(37,194)	(46,564)	(34,652)	(21,094)
140	**146,755**	**(370,820)**	**237,349**	**217,351**	**162,060**	**106,384**
1,251,793	1,556,197	1,028,771	1,279,488	1,488,331	1,744,694	1,754,841
-	-	-	-	-	-	134,362
89,751	26,611	123,738	87,947	51,634	27,502	8,237
434,926	455,316	406,481	442,040	442,829	497,827	546,214
353,462	365,977	390,029	516,549	450,074	305,456	119,700
2,129,932	**2,404,101**	**1,949,019**	**2,326,024**	**2,432,868**	**2,575,479**	**2,563,354**
1,588,319	1,922,930	1,552,110	1,949,159	2,062,663	2,080,967	2,093,859
198,050	201,512	180,842	130,322	113,899	95,319	173,493
343,563	279,659	216,067	246,543	256,306	399,193	296,002
2,129,932	**2,404,101**	**1,949,019**	**2,326,024**	**2,432,868**	**2,575,479**	**2,563,354**
194,846	264,498	254,570	398,969	299,793	455,820	229,968
6%	1%	0%	9%	(3%)	(8%)	(4%)
0.01	13.98	(35.32)	22.60	20.70	15.43	10.13
29%	24%	18%	23%	24%	24%	24%
2.3	2.9	3.7	3.9	3.5	2.0	2.2
13%	18%	17%	25%	19%	31%	16%
0.9	1.3	1.0	2.7	1.9	2.3	1.0
0%	8%	(21%)	14%	11%	8%	5%
0%	8%	(19%)	12%	10%	7%	5%
0%	6%	(17%)	11%	9%	6%	4%
932	934	944	919	920	914	914
8.20	4.50	2.50	3.00	2.80	3.30	3.20
0.11	0.10	0.09	0.09	0.10	0.09	0.08

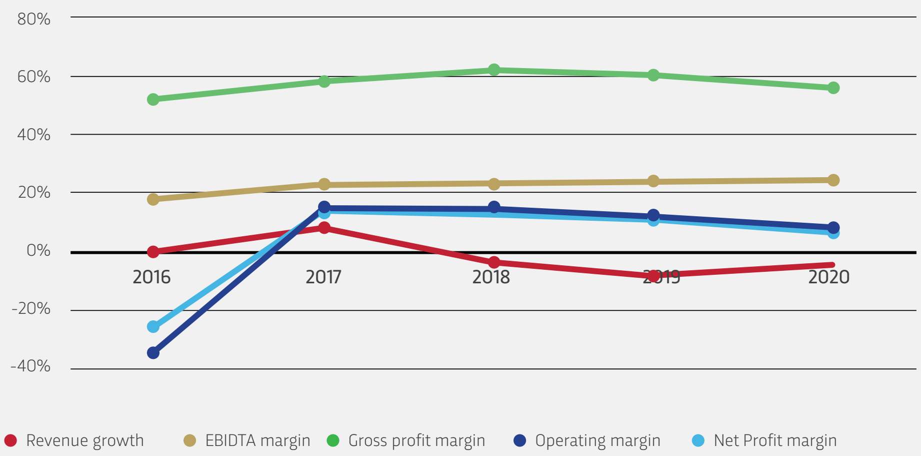
OUR FINANCIAL REVIEW

CURRENT YEAR FINANCIAL REVIEW

Results of Operations based on statement of Profit and Loss as Published

All figures in P'000	2016	2017	2018	2019	2020	Change 2020 vs 2019 P'000	Change 2020 vs 2019 %
Revenue from contracts with customers	1,485,839	1,615,022	1,566,908	1,448,224	1,396,360	(51,864)	(4%)
Cost of services and goods sold	(721,632)	(675,573)	(600,895)	(576,353)	(616,652)	(40,299)	7%
Gross Profit	764,207	939,449	966,013	871,871	779,708	(92,163)	(11%)
Other income	29,425	35,547	30,908	29,903	31,967	2,064	7%
Selling and distribution costs	(42,188)	(48,728)	(41,096)	(37,332)	(25,385)	11,947	(32%)
Administrative expenses	(406,400)	(402,311)	(439,728)	(422,893)	(408,734)	14,159	(3%)
Impairment of property, plant and equipment	(522,404)	-	-	-	-	-	-
Other expenses	(317,038)	(272,489)	(273,313)	(262,443)	(247,887)	14,556	(6%)
Earnings before interest and taxation (EBIT)	(494,398)	251,468	242,784	179,106	129,669	(49,437)	(28%)
Interest Income	26,451	23,075	21,131	17,606	7,303	(10,303)	(59%)
Interest expense	-	-	-	-	(9,494)	(9,494)	-
Profit before taxation (PBT)	(467,947)	274,543	263,915	196,712	127,478	(69,234)	(35%)
Income tax expense	97,127	(37,194)	(46,564)	(34,652)	(21,094)	13,558	(39%)
Profit for the year (PAT)	(370,820)	237,349	217,351	162,060	106,384	(55,676)	(34%)
Earnings before interest, depreciation, taxation and amortisation (EBIDTA)	263,202	369,336	369,429	348,815	340,448	(8,367)	(2%)
Earning per share (Thebe) (1,050,000,000 shares)	(35.32)	22.60	20.70	15.43	10.13	(5.30)	(34%)
Profitability ratios (%)							
Revenue growth	0%	9%	(3%)	(8%)	(4%)		4%
Gross profit margin	51%	58%	62%	60%	56%		(4%)
EBIDTA margin	18%	23%	24%	24%	24%		0%
Operating margin	-33%	16%	15%	12%	9%		(3%)
Net Profit margin	-25%	15%	14%	11%	8%		(4%)

Impact of Impairment (2016) & margins trends over review period



The Group delivered a profit after tax of P106m for the year, which is 34% below prior year delivery of P162m. This was driven by the decline in the revenues from contracts with customers by 4% to P1.396 billion and an increase of 7% in the cost of goods and services sold from P576m to P617m. As a result, the gross profit for the year declined by 11% year on year (a reduction of P92m).

The gross profit margin reduced by 4%; however, operating costs benefited from the cost containment drive resulting in reductions of P12m, P14m and P15m for selling and distribution costs, administrative expenses and other expenses respectively (a total of P43m in relation to the prior year). With the revenue decline and the savings above the gap at operating profit was reduced to P49m; however, the operating margin for the current year was 9%, which was down from 12% when compared with the prior year.

Interest income earned for the year was P7m (compared to P18m in the prior year). This was largely due to reduced cash and cash equivalents during the year due to the continuing capital expenditure projects aimed at modernising BTC's infrastructure and expanding network capacity as mentioned in the 10-year review section.

The introduction of the new standard, IFRS 16 Leases, led to changes in the presentation of the income statement with introduction of the interest expense on leased assets leading to interest expense of P9.5m in the current year (nil for previous 4 years). Profit before tax was P127m at the end of the year, compared to P197m in the prior year, a decrease of 35%.

With the capital expenditure mentioned above, there were additional capital allowances claimed under the income tax which reduced the effective tax rate for the year to 17% from 18% in the prior year to end the year at tax expense of P21m, which was P14m lower than the prior year. The closing net profit margin for the year was 8% compared to 11% in the prior year.

OUR FINANCIAL REVIEW

REVENUE ANALYSIS BY BUSINESS STREAMS

All figures in P'000	Total Revenue from Contracts with Customers	Fixed Voice	Mobile	Fixed Data	Other revenues
Current Year Contribution	100%	32.8%	29.9%	33.9%	3.4%
2020	1,396.4	457.3	417.8	473.1	48.2
2019	1,448.2	510.3	479.7	432.5	25.7
2018	1,567.0	524.1	544.3	468.3	30.3
2017	1,615.1	520.8	593.4	472.0	28.9
2016	1,485.9	488.6	567.5	402.3	27.5
Change (P'm)					
20-19	(51.9)	(53.0)	(61.9)	40.6	22.5
19-18	(118.8)	(13.8)	(64.6)	(35.8)	(4.6)
Change (%)					
20-19	(4%)	(10%)	(13%)	9%	88%
19-18	(8%)	(3%)	(12%)	(8%)	(15%)
CAGR	(2%)	(2%)	(8%)	4%	13%

CAGR = Compound Annual Growth from 2016 to 2020

BTC's Revenue from contracts with customers comprise of three major business streams – fixed revenue, mobile revenues and fixed data (sometimes referred to as broadband) and lastly, other revenues including directory, rentals, value added services and beginning this financial year, mobile money services (SMEGA).

The overall revenue from contracts with customers were lower than the corresponding period last year ending the year at P1.396 billion from P1.448 billion, a decline of P52m. Unlike in the prior year where the decline was primarily due to reduction in the mobile segment (by 12%) with the other two lines relatively un-changed, the current year has seen the reduction in both mobile, and fixed voice declining by 13% and 10% respectively. These declines were partially offset by an increase in the fixed data category which grew by 9% compared with the prior year. Although being from a lower base, other revenues increased by 88%.

From an overall contribution perspective, the relative proportion of the three main lines have remained relatively un-changed at around one third apiece. With the continued global trend of a switch to newer and cheaper alternative products with lower margins i.e. the shift from voice to data-centric services, mobile data and fixed data will over time contribute an increasing proportion to total revenues as the fixed voice component remains under pressure.

FIXED VOICE REVENUE

The fixed voice segment delivered revenue of P457m, a contribution of 33% to the total revenues from contracts with customers and remains a major contributor to the revenues of the Group.

Following on from previous years, the primary reason for the decline was due to the reduction on the voice call revenues attributed to the gradual shift in customers consumption patterns from fixed line voice services to lower priced mobile and "over the top" (OTT) data centric products.

However, the decline in this category has remained small with the a CAGR of -2% between 2016 and 2020. This is highly commendable given the downward pressure on prices due to regulation and competition and the ever-evolving customer preferences over time. With the institutional (especially government) and business communications being predominantly fixed voice, this segment will continue to be a significant contributor to BTC despite the gradual decline over time.

MOBILE REVENUE

Mobile revenue was under pressure declining during the year under review. Although most of the challenges that were affecting the Group in the prior year including migration of customers to a new customer billing platform were resolved in the prior year, the impact of the migration has had a lingering effect into the current year. However, performance has been gradually building up to previous levels, albeit at a slow pace. Mobile voice revenues continue to drop but expected to be compensated overtime by growth in mobile data revenues.

FIXED DATA REVENUE

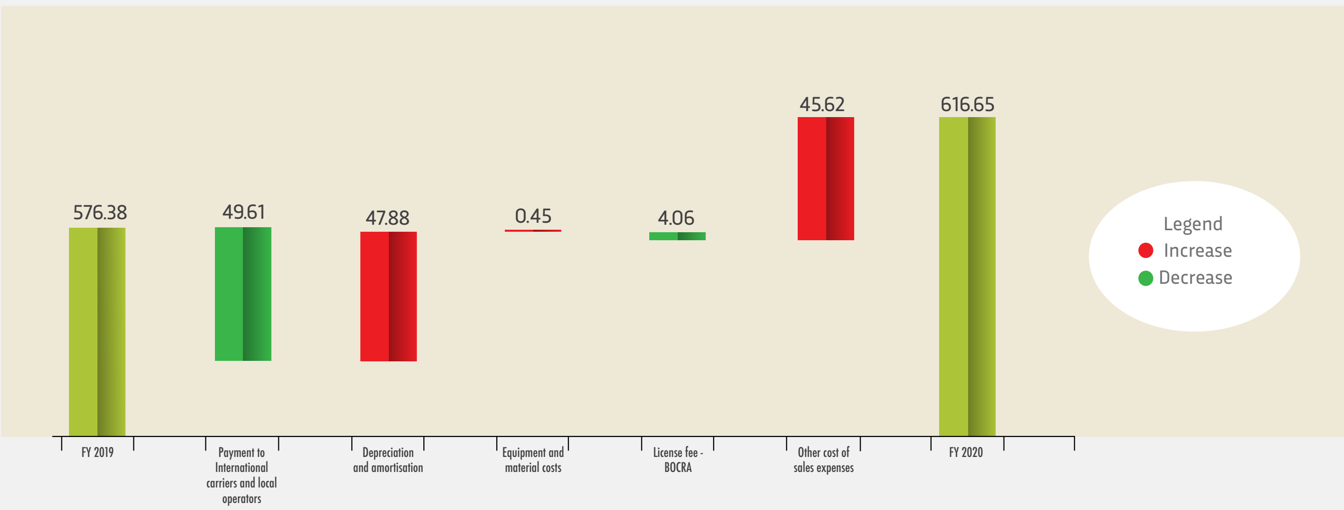
Fixed data services continue to grow in double digits reflecting superior network performance offerings to customers through reliability, speed and coverage. This follows successful completion and commissioning of both the fixed and mobile broadband (or FBB and MBB) investments in the prior year which started bearing fruit by the end of the third quarter (in the prior year), which growth has not lost steam into the current financial year (as is expected to continue powering BTC forward).

Fixed data was the only category that grew compared to prior year ending the year at P473m compared to P432m in 2019 (representing a 9%). Although its proportion to the total portfolio declined to less than 30% in the current year, the investments above, continued product offerings and enhanced customer experience is expected to increase this proportion significantly in the future.

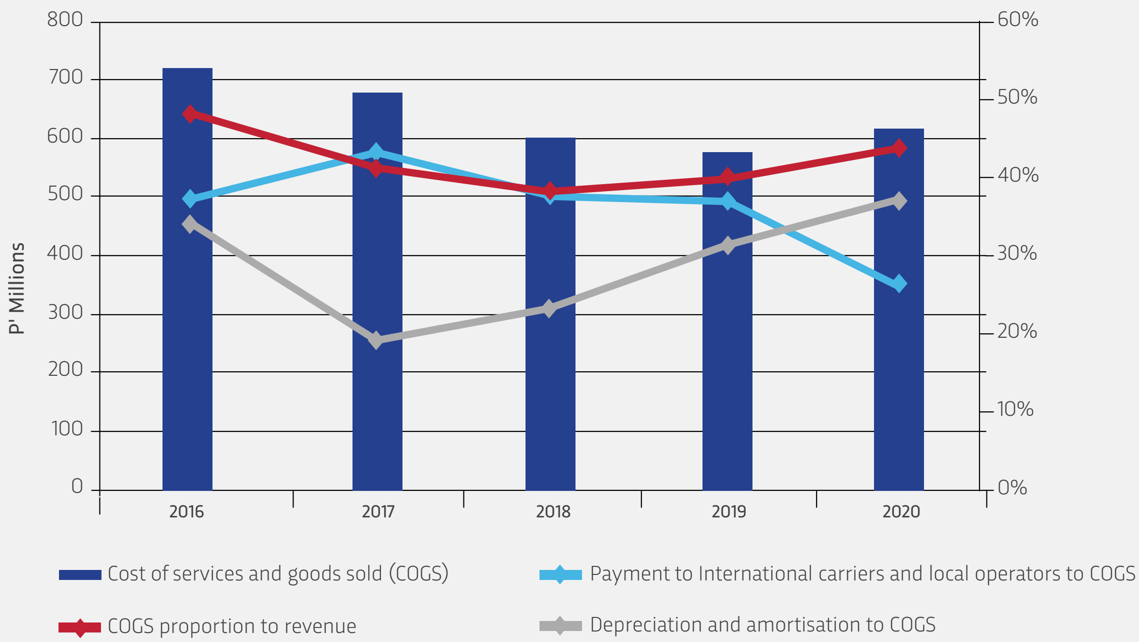
OTHER REVENUE

Although very small in relation to the main revenue lines, other revenue contributed P48m to the total revenues, P22m higher than prior year. Prior year mainly driven by property (and site) rentals. Other than the increase in the number of sites rented out, the increase was part due to the contribution of revenues from the new data centre which was commissioned in the prior year.

COST OF GOODS SOLD



COST OF GOODS SOLD

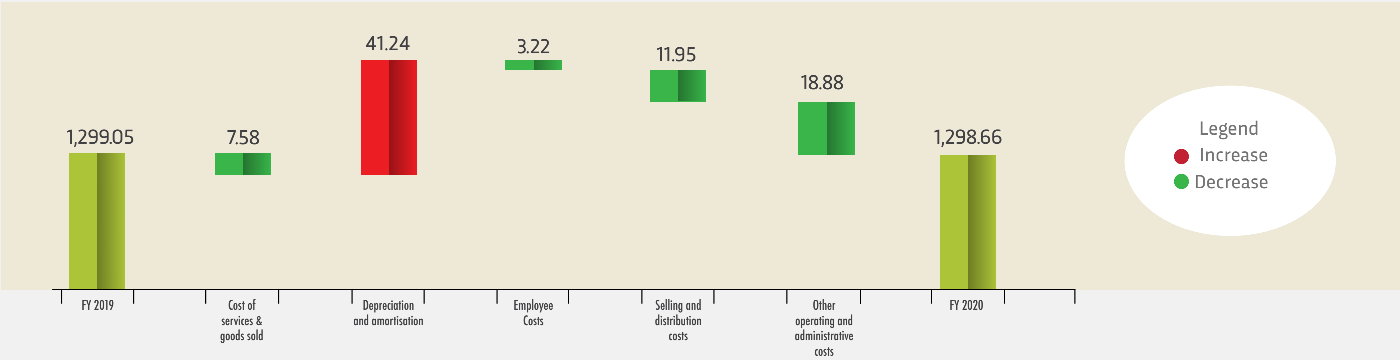


Ending the year at P617m, Cost of services and goods sold, which has averaged about 43% of total revenue over the past 5 years, comprise primarily of payments for interconnection to international carriers and local operators, depreciation and amortisation charges. The reduction in the payments to international carriers is in line with the overall decline in corresponding revenues.

The reduction was offset by an increase in the depreciation and amortisation charge of P48m attributable to the capitalization of major projects in the prior year namely the data centre, new converged billing system, the fixed broadband (FBB) and mobile broadband (MBB) networks which collectively led to a rise in the depreciation charge of P28m compared to prior year. The remaining P20m is due to the introduction of the new accounting standard, IFRS 16 leases, which resulted in the introduction of new assets into the balance sheet, "Right of Use Assets", amounting to P154m on the 1st of April 2019 (i.e. the date of adoption of the standard). As at end of the year, the depreciation on these right of use assets was P20m.

Although the other cost of sales category show a P46m increase in relation to prior year, this comprises of several lines including cost of directories, prepaid cards, space segment costs, inventory write down which individually were not significant in relation to prior year.

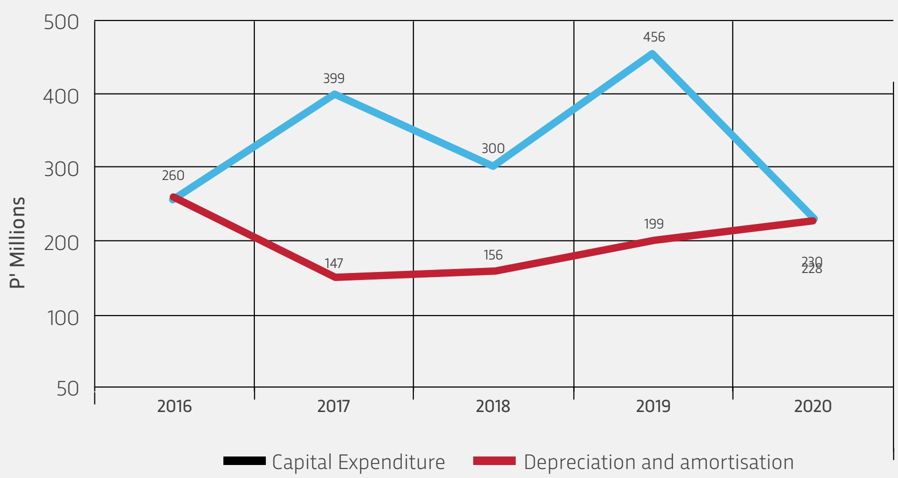
OPERATING COSTS



Total operating costs, comprising cost of goods sold and other operating costs were level year on year. Costs of goods sold which are directly related to revenue and traffic, such as call based costs, mobile airtime voucher dealer sales commissions are in line with sales and traffic volumes whilst other controllable costs such as sponsorships, repairs, utilities and employee costs saw reductions or subdued growth.

To counter the declining revenue trend that the Group has experienced over the last few years, cost optimisation has become a key strategic initiative resulting in the proportion of the costs to revenue (the inverse of the operating margin) remaining relatively level over the past 5 years.

DEPRECIATION AND CAPITAL EXPENDITURE



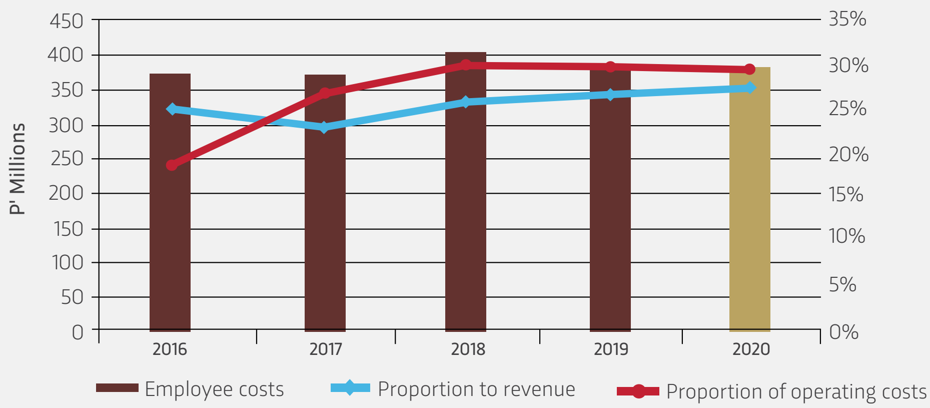
BTC's strategic focus for the three year period ending March 2020 was of growth and transformation which was anchored on three transformation pillars; commercial transformation, technological transformation and lastly cultural transformation. Under the technology transformation pillar, BTC has set itself a target of transforming and modernising its network by consistently investing in the latest generation network technology. That being the case, BTC had a robust capital expenditure program with a CAGR from 2016 to current year of 25%, at an average of P330 million per annum.

On the other hand, the depreciation and amortisation amount had remained at around P200m per year for the 5-year period. With history of the 2014 and 2016 impairments when the Group's assets value-in-use were below the carrying value of the net assets triggering impairments, the Group's long-term aim is to ensure that further investments in networks are backed up by a strong monetisation or commercialisation programmes. The aim going forward, is therefore to continue growing the value of the Group on a stable net assets base to create sufficient impairment head-room.

OUR FINANCIAL REVIEW

EMPLOYEE COSTS

Employee costs (Trend, proportion to revenue)

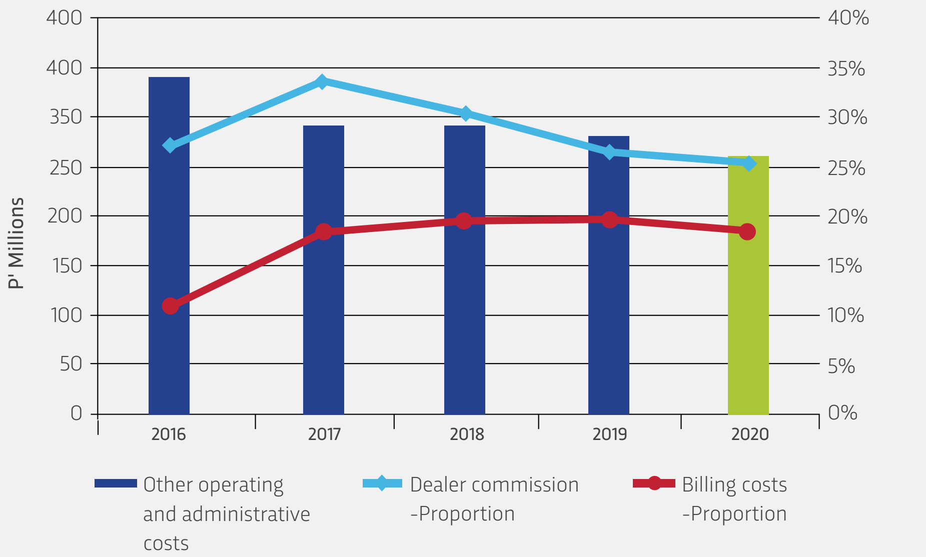


Employee costs remained relatively unchanged year on year. The workforce head count remained at 914 for the second consecutive year. Employee costs to revenue have averaged 26% for the past 5 years.

Head count

	2016	2017	2018	2019	2020
No of employees	944	919	920	914	914

OTHER OPERATING AND ADMINISTRATIVE COSTS



In line with other cost categories, the other operating and administrative costs reduced year on year by P19m to end the year at P261m. This category is primarily made up of dealer commissions and billing costs. The reduction in the current year was directly linked to the performance of mobile revenue stream with dealer commissions (from sale of airtime) coming down 11% to P66m as mobile voice traffic declined.

CASH-FLOWS, CASH POSITIONS AND LIQUIDITY RATIOS

Summarised Statement of Cash flows (5 years)

All figures in P' millions	2016	2017	2018	2019	2020
Profit before Tax	(467.9)	274.5	263.9	196.7	127.5
Net increase/ (decrease) in cash and cash equivalents	24.0	126.5	(66.4)	(144.6)	(185.7)
Cash-flows from operating activities	256.9	267.7	213.3	264.5	51.9
Cash-flows utilised for investing activities	(224.0)	(368.9)	(278.1)	(409.9)	(216.9)
Cash-flows from / (used in) financing activities	-	250.0	-	2.9	(19.0)
Net foreign exchange on cash & cash equivalents	(8.9)	(22.3)	(1.6)	(2.1)	(1.7)
Cash and cash equivalents at beginning of the year	366.0	390.0	516.5	450.1	305.5
Cash and cash equivalents at end of the year	**390.0**	**516.5**	**450.1**	**305.5**	**119.8**
Analysis of closing bank balances					
Cash and bank and on hand	32.3	16.8	25.6	36.2	35.3
Short term deposits	357.7	499.7	424.5	269.3	84.4
	390.0	516.5	450.1	305.5	119.7
Interest Income received	26.5	23.1	21.1	17.6	7.3
Banking Facilties	110	110	110	15	15
Liquidity ratios					
Current ratio	3.7	3.9	3.5	2.0	2.2
Quick ratio	3.3	3.6	3.3	1.9	2.1
Solvency ratio	(28%)	102.%	100.9%	73.1%	73.9%
Solvency ratio (excluding development grants)	(49%)	161.3%	143.0%	88.9%	84.3%

Despite the reduction in the profitability over the years, BTC cash-flows remained positive which enabled it to internally finance its capital expenditure program and pay dividends.

As reflected in the cost of services and goods sold section (specifically the capital expenditure and depreciation section), BTC continues to spend on the modernisation of its network and other strategic projects with total expenditure under the investing activities of P217m (after netting off the interest income received of P10m).

OUR FINANCIAL REVIEW

LIQUIDITY RATIOS DISCUSSIONS

BTC liquidity ratios have remained substantially unchanged with improvement on both the current and solvency ratios, which can be primarily attributed to reduction in capital expenditure and dividends in the current year. With cash balances amounting to P120m, coupled with the unutilised borrowing capacity, management still consider the balances adequate to meet the Group'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

Capital structure and capital ratios

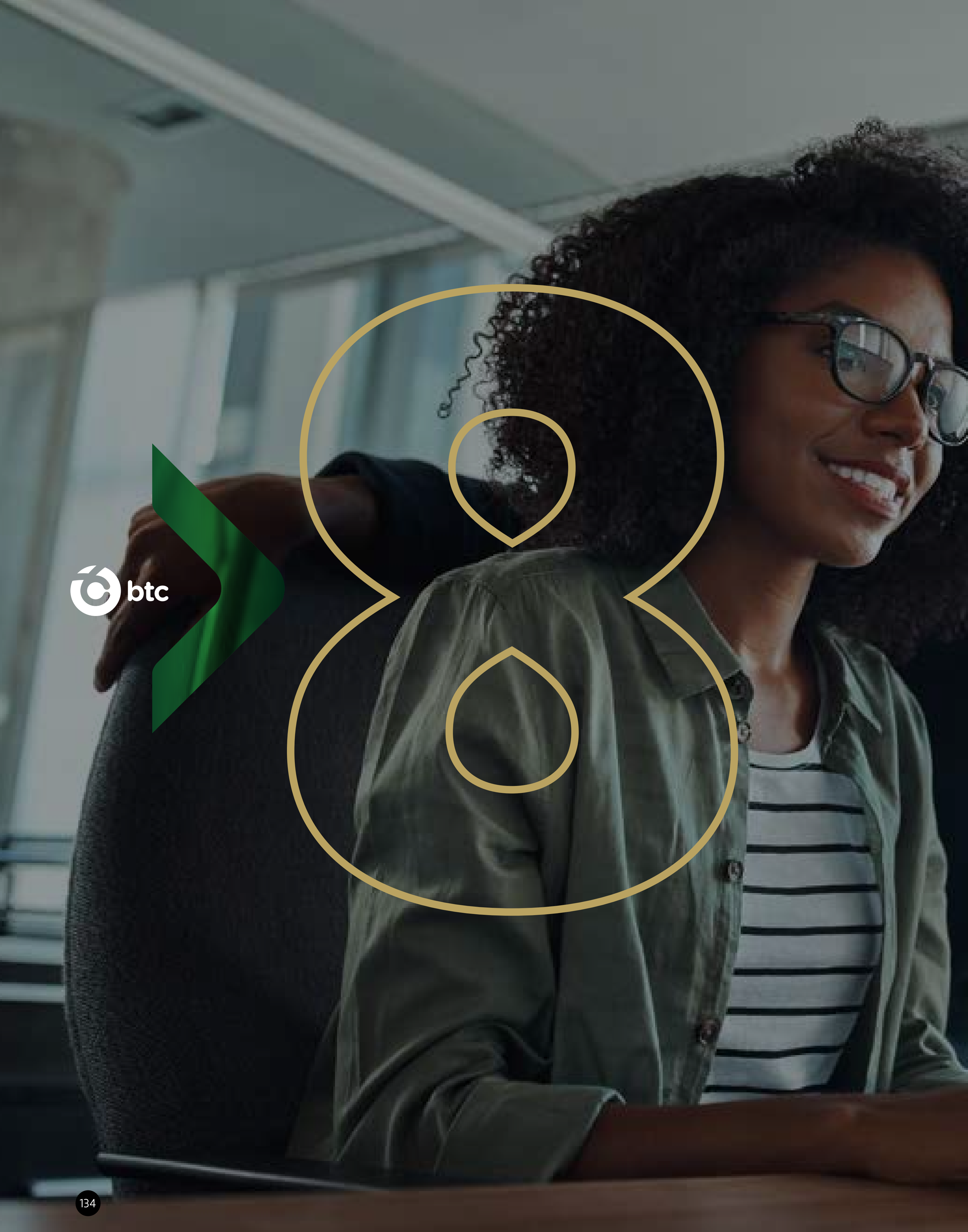
All figures in P' millions	2016	2017	2018	2019	2020
Profit for the year (available for distribution)	**(370.8)**	**237.3**	**217.4**	**162.1**	**106.4**
Ordinary dividends declared	-	(90.3)	(155.6)	(139.0)	(97.7)
Final (relating to previous year)	-	(52.5)	(116.4)	(101.9)	(60.2)
Interim (relating to current year)	-	(37.8)	(39.2)	(37.1)	(37.5)
Balance to Accumulated Profits	**(370.8)**	**147.0**	**61.8**	**23.1**	**8.8**
Shareholders equity at end of year	**1,552**	**1,949**	**2,063**	**2,081**	**2,094**
Opening balance	1,923	1,552	1,949	2,063	2,081
Profit for the year	(371)	237	217	162	106
Issued/ (Redeemed) shares during the year	-	250	-	-	-
Ordinary dividends paid	-	(90)	(156)	(139)	(98)
Other comprehensive income / reserves	-	-	52	-	4
Impact of adopting new IFRS standards	-	-	-	(5)	-
Analysis of total equity and liabilities	**1,949.0**	**2,325.9**	**2,432.9**	**2,575.5**	**2,563.4**
Shareholders equity	1,552.1	1,949.1	2,062.7	2,081.0	2,093.9
Development grants	168.0	138.4	109.1	88.0	58.0
Other liabilities	228.9	238.4	261.1	406.5	411.5

CAPITAL OR SHAREHOLDERS' RETURN RATIOS

Capital ratios (%)	2016	2017	2018	2019	2020
Return on average capital employed (ROCE)	(25.6%)	13.2%	11.4%	8.2%	5.8%
Return on average shareholders equity (ROE)	(21.3%)	13.6%	10.8%	7.8%	5.1%
Return on average assets (ROA) - PBT approach	(17.0%)	11.1%	9.1%	6.5%	4.1%
Total assets turn-over	68.3%	75.6%	65.9%	57.8%	54.3%
Capex to revenue	17.1%	24.7%	19.1%	31.5%	16.5%
Weighted average cost of capital (WACC)	12.8%	13.0%	13.0%	13.0%	12.0%

Shareholders' equity remained relatively unchanged at P2.094 billion compared to P2.081 billion in the prior year following payment of dividend of P98m against total comprehensive income of P110 for the year.

Given uncertainties created by the COVID-19 pandemic, the Group has decided not to declare a final dividend for the year ending March 2020. An interim dividend of 3.57 thebe per share was paid in February 2020, hence the total annual dividend declared in respect of the financial year was 3.57 thebe per share.



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ANNUAL FINANCIAL STATEMENTS

8.

BOARD APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

The Members of the Board are responsible for the annual financial statements prepared in accordance with International Financial Reporting Standards.

The Audit and Risk Committee, which consists of three members of the Board and the Managing Director, meets at least four times a year with more meetings being held when necessary with members of 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 Group. Nothing has been brought to the attention of the Board to reasonably indicate any breakdown in the functioning of these controls, procedures and systems during the period under review.

The financial statements have been proposed on a going concern basis, since the members of the Board have every reason to believe that the Group has adequate resources in place to continue in operation for the foreseeable future. An impact assessment of the Coronavirus (COVID-19) pandemic is provided in Note 26 of these financial statements.

Against this background the Members of the Board accept responsibility for the financial statements and the information on pages 150 to 217, which were approved on 24 July 2020 and are signed on its behalf by:

....

LORATO BOAKGOMO-NTAKHWANA
CHAIRPERSON

....

ANTHONY MASUNGA
MANAGING DIRECTOR

GENERAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2020

DIRECTORS

Lorato Boakgomo-Ntakhwana	Chairperson
Anthony Masunga	Managing Director
Serty Leburu	
Maclean Letshwiti	
Andrew Johnson	
Ranjith Priyalal De Silva	
Choice Pitso	
Thari Pheko	
Bafana Molomo	

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. The BTC Transition Act provides in section 13 that on the Conversion date, the BTC Act is repealed and BTC will be required to comply with all requirements of the Companies Act (CAP 42:01).

COUNTRY OF INCORPORATION AND DOMICILE

Botswana

REGISTERED OFFICE

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

COMPANY NUMBER

BW00000748937 (previously CO2012/12936)

NATURE OF BUSINESS AND PRINCIPAL ACTIVITES

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

African Banking Corporation Botswana Limited
ABSA Bank Botswana Limited
First National Bank Botswana Limited
Stanbic Bank Botswana Limited
Standard Chartered Bank Botswana Limited
Bank Gaborone

AUDITOR

Ernst & Young
P.O. Box 41015
Gaborone, Botswana

FUNCTIONAL AND PRESENTATION CURRENCY

Botswana Pula

DIRECTORS REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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 financial statements have been prepared on a historical cost basis, except as modified by the measurement of certain financial instruments at fair value and the revaluation of certain assets, and on the going concern basis. The 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).

Financial Results

The Financial Statements of the Group for the year ended 31 March 2020 were authorised for issue by the Board of Directors on 24 July 2020.

Results for the financial year ended 31 March 2020 were lower than expected delivering a profit for the year of P106m, which is a decline of 34% compared to P162m reported in the previous year. This was primarily due to a decline in revenue from contracts with customers of 4% and an increase in the cost of sales by 7%. The increase in cost of sales translated to a decline in Gross Profit to P780m (FY19 P872m).

The reduction in revenue from contracts with customers was driven by the decline in both mobile and fixed voice revenues of 13% and 10% respectively, however with the increasing usage of data service there was an increase by 9% of the data services. The increase in the costs of sales was due to the higher depreciation charge for the year to P228m, which was a 27% increase on prior year resulting from the continuing investments on our network infrastructure.

The investments are part of the modernization of the telecommunications networks and the Information Technology Enterprise systems to enable the roll out of high-speed mobile and fixed broadband services across the country. In light of the pressure on revenues and continuing downward pressure on the price for services especially data, we continue to focus on cost containment to protect margins.

Non-current assets increased by 7% due to the adoption of IFRS 16 which brought in assets of P134m into the balance sheet. Total current asset reduced by P137m compared to prior year driven by lower cash balances. The Group continues to use its cash resources to finance capital expenditure. The Group's balance sheet shrank marginally by P12m to P2.563 billion compared to prior year.

Although the results for this year were not affected by the impact of COVID-19 pandemic, with the national lockdowns having taken place post year end, we have made an assessment of the impact of COVID-19 on receivables and other aspects of the business and have made adequate provisions for probable impairments as a result of the potential impact of COVID-19 on general market conditions.

Stated Capital

Stated capital is as per note 13. There were no changes to the stated capital during the year under review.

DIRECTORS REPORT [continued]

FOR THE YEAR ENDED 31 MARCH 2020

Directors

The details of the Group directors are outlined on the general information page. There were no changes during the year under review.

Dividends Declaration

The directors have declared that no further dividend be paid for the financial year ended March 2020. An interim dividend of 3.57 thebe per share was paid in February 2020 hence the total annual dividend declared in respect of the financial year shall be 3.57 thebe per share.

Events after reporting period

The Group has considered the complex and evolving challenges created by the corona virus (COVID-19) pandemic and the impact on business of the measures taken by the Government of Botswana to safe guard the nation against the spread of the COVID-19 virus which resulted in a 28-day nationwide lock-down.

Given the significant uncertainty associated with COVID-19, a re-assessment was made of the appropriateness of the use of the going concern assumption in the preparation of these financial statements. It was concluded that the impact of COVID-19 will not affect the Group's ability to continue as a going concern.

The assessment has considered the Government Economic Recovery and Transformation Plan, regulatory interventions by the Botswana Communications Regulatory Authority, network capacity and availability during lockdowns, supply chain for critical equipment and spares, impact on revenues, receivables and cash flows.

The detailed explanation are as per Note 26

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

To the Shareholders of Botswana Telecommunications Corporation Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Botswana Telecommunications Corporation Limited (BTC) and its subsidiaries (the Group) and company set out on pages 150 to 217, which comprise the consolidated and separate statement of financial position as at 31 March 2020, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Botswana Telecommunications Corporation Limited as at 31 March 2020, and of its consolidated and separate financial performance and of its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01).

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 Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and company in accordance with the International Ethics Standards Board for Accountants' International Code of *Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* and other independence requirements applicable to performing the audit of the Group and company and in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Group and company and in Botswana. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matters apply equally to the audit of the consolidated and separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment and intangible assets. Property, plant and equipment of P1,523 billion (2019: P1,591 billion) and intangible assets of P232 million (2019: P154 million) represent a significant portion of the Group and Company's asset base, being 68% (2019: 68%) of the company's total assets as at 31 March 2020. We considered the impairment assessment of property, plant and equipment and intangible assets to be a key audit matter in respect of the consolidated and separate financial statements. This was due to the events explained below: • The market capitalization was below the net asset value throughout the financial year. • The revenue budget for the current year was not achieved. • The growth rates in revenue were updated to reflect new projections and the revised market outlook due to COVID-19 induced pressure on the economy going forward. Revenue related to government and corporate clients fixed voice services, decreased during the COVID-19 shutdown. • A new customer-oriented business strategy was adopted in February 2020. This resulted in a phased capital expenditure reduction plan for the ensuing three years.	Our audit procedures included, amongst others the following: • We evaluated the methods and models used to determine whether the recoverable amounts were appropriate by comparing them with the requirements of IAS 36 - Impairment of Assets; • We assessed the valuation methodology and assumptions developed and applied by Management by involving our internal valuation experts in our assessment of: - Key judgements and assumptions applied against industry norms and the asset type; - The evaluation of the expectations of future cashflow projections and; - The evaluation of the historical accuracy of management's forecasts. - We agreed the base data of the valuation to underlying support. We compared the discount rate and WACC used by management to independent external sources where possible; • We considered the revenue and margin growth rates used by management by comparing the rates with the historic trends in revenue and margins within the company and taking into account our own understanding about developments in the industry;

Key Audit Matter	How the matter was addressed in the audit
Impairment assessment of property, plant and equipment and intangible assets [Continued] In the current financial period management updated the long-term growth rate, the discount rate and the assumptions underlying future operating cash flows to reflect changes in the economy and market conditions as well as margin developments, regulatory directives and events both internal and external to the company. The changes in these assumptions is highly sensitive to the valuation of property, property, plant and equipment and intangible assets. Management carried out an impairment assessment to determine whether the recoverable amounts of these assets are less than the respective carrying amounts using a discounted cashflow method. The evaluation of the recoverable amount of these assets requires significant estimates in determining the key assumptions supporting the expected future cash flows of the business, the utilisation of the relevant assets, the forecast revenue, profit, Weighted Average Cost of Capital (WACC) and discount rates. We have determined the impairment assessment of property, plant and equipment and intangible assets to be a key audit matter as the impairment assessment involved significant judgements and critical assumptions applied by management in their assessment of the recoverable amounts of property, plant and equipment and intangible assets. Disclosures with respect to the asset impairment assessment are disclosed in: • The "accounting policies", and • Note 9 "Asset Impairment"	• We compared the company's margin percentage to similar sized companies in the region and to historical trends in the industry; • We performed a sensitivity analysis to understand the effect of changes in key variables on the outcome of the model; • We evaluated management's grouping of data for input into the impairment model; • We considered the adequacy of the disclosures of the assumptions and judgements applied to determine whether they were in accordance with IAS 36- Impairment of Assets.

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition - Migration of the fixed voice and data to the converged billing system	
At 31 March 2020 the Group and Company recognised revenue of P1,396 billion (2019: P1,448 billion). In the current financial period, the fixed voice and fixed data customer accounts were migrated to a new converged billing platform as part of the second phase in the implementation of the converged billing system migration project to technologically transform the customer billing capability of the Company. The fixed voice and fixed data revenue streams are the most significant contributors to the Company's revenue. The migration was concluded in June 2019. The migration was considered to be a key audit matter as the migration introduced a level of complexity and change in the audit of the fixed voice and fixed data revenue streams. Building our understanding of the IT environment including the flow of information between the new converged billing platform and the general ledger was an area of audit focus. This included the new processes, controls and delegation of authority set up as well as the migration of operational and financial data from the legacy system to the new system. Management introduced new revenue mappings from the converged billing platform to the general ledger and management also introduced revenue reporting enhancements to reduce the volume of monthly manual revenue journals. Significant effort was spent auditing the revenue recognised by the Company because the billing systems are complex and involved large volumes of transactions, and the accounting for various products including multiple element arrangements some of which were bundled transactions under contracts with customers, through a number of different systems before the migration to the converged billing platform.	Our audit procedures included, amongst others the following: • We reviewed management's data migration project plan and governance controls around the identification of data to be moved across during the phase two roll-out of the new converged billing platform, including the testing of appropriate approvals; • We reviewed the Group's processes and project governance over the new system implementation and data migration to establish if they were effective; • We obtained and reviewed the management prepared data migration reconciliations between the legacy system and the new converged billing platform; • We obtained an understanding of the different processes and controls operating in the different revenue processes including IT general controls and application controls; • We considered whether the IT systems and environments support the operating effectiveness of application controls; • We tested the key controls over the calculation and allocation of revenue to separable elements in bundled transactions under contracts with customers; • We assessed the judgement exercised by the company on allocation of separable elements in bundled transactions under contracts with customers, with reference to standalone selling prices and other observable market data; • For a sample of transaction records in the systems, we compared the amounts recorded in the systems to their respective customer contracts, underlying invoices and cash receipts;

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition - Migration of the fixed voice and data to the converged billing system [Continued] Significant management judgement is required in assessing the fair values of both the services and hardware elements to allocate revenue to separable elements in bundled transactions under contracts with customers. Disclosures with respect to revenue are disclosed in: • The "accounting policies", and • Note 1 "Revenue from contracts with customers"	• On a sample basis, we inspected reconciliations used by management to assess and support revenue recognition; • We tested the billing system parameters to assess that network activity was recorded in the correct period. We considered whether revenue was appropriately deferred by inspecting the unused airtime report extracted from the billing system and reconciliations prepared by management to assess the amount of revenue that should be deferred; • We tested the transfer of data based on the new mappings from the billing system to the general ledger by comparing, on a sample basis, the billing reports to the journals captured in the general ledger. • We considered the adequacy of the disclosures regarding revenue in the consolidated and separate financial statements in accordance with the requirements of IFRS 15, Revenue from Contracts with Customers.

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses ("ECL") on trade and other receivables At 31 March 2020 the Group and Company recognised net trade and other receivables of P239 million (2019: P185 million), net of expected credit loss allowances of P262 million (2019: P244 million). In the current period key changes were made to the ECL provision calculation based on estimates of COVID-19 induced pressures on customers. Management updated the Loss Given Default (LGD) in the current period to take into account changes in the weakening data trends and recoverability profiles from 15% in the prior year to 6% in the current year. Management assessed the recoverability of trade and other receivables by reviewing the credit exposure aging profile, credit history and status of subsequent settlement, and determined whether an impairment provision was required. Expected loss rates were based on the payment profile of trade and other receivables over the past 24 months before 31 March 2020 as well as corresponding credit losses during the period. These rates were then adjusted to reflect the current and anticipated future macroeconomic factors affecting the customers' ability to pay the outstanding amount. The determination of the Expected Credit Losses (ECLs) was highly subjective and required management to make significant judgements and assumptions. Furthermore, models used to determine credit impairments are complex. The Company applies the simplified approach and recognises lifetime ECLs for trade and other receivable balances. Disclosures with respect to trade and other receivables are disclosed in: • The "accounting policies" and • Note 12 "Trade and other receivables"	Our audit procedures included, amongst others, the following: • We obtained an understanding of management's processes over credit origination, credit monitoring and credit remediation by evaluating the Group's impairment methodology; • We evaluated the accounting policies and impairment methodologies applied by comparing these to the requirements of IFRS 9 - Financial Instruments; • We involved our internal experts to assist us in assessing the ECL models developed by management and evaluating the assumptions applied in the calculation of allowances for impairment; • We tested the mathematical accuracy of the models used by management; • We evaluated the parameters and significant assumptions, applied in the calculation models through discussion with management and by an evaluation of management's grouping of data for input into the models; • We assessed the reasonableness of forward-looking information incorporated into the credit loss calculations by considering the multiple economic scenarios selected, the weightings applied to each scenario and evaluating the appropriateness of the data given in light of entity and sector specific information and economic projections. • We assessed the reasonableness of the expected credit losses provision arising from the COVID-19 impact by evaluating the likelihood of default and payment patterns of customers. • On a sample basis, we assessed the reasonability of the updated LGD through re-computation and confirming the recoverability of receivables through subsequent receipts testing. • We assessed the disclosures regarding the allowance for impairment of trade and other receivables in the financial statements to determine whether they were in accordance with the requirements of IFRS 9, Financial Instruments.

Key Audit Matter	How the matter was addressed in the audit
Initial adoption of IFRS 16 - Leases The Group and Company adopted IFRS 16 – Leases ("IFRS 16") for the first time during the financial year ended 31 March 2020 to recognise, measure, present and disclose leases. In accordance with the requirements of IFRS 16 the Group and Company re-assessed the way in which it accounts for operating leases. Whereas such leases had previously been accounted for by straight-lining all unavoidable contractual lease payments over the lease term, the application of IFRS 16 required the Group and Company to recognise a lease liability reflecting the estimated present value of future lease payments and a right-of-use asset for the majority of such lease arrangements. In applying IFRS 16 for the first time the Group and Company adopted a modified retrospective approach in transitioning to the new standard. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The adoption of IFRS 16 resulted in the recognition of right-of-use assets of P154 million (2019: PNil) and lease liabilities of P156 million (2019: PNil) at 1 April 2019. The adoption of IFRS 16 was considered to be a matter of most significance to the current year's audit due to the first-time adoption of IFRS 16, the significant volume of arrangements that had to be assessed whether it contained a lease, the significance of the impact of the judgement applied by management, the relative complexity of measurement calculations and implicit requirement for completeness; accuracy and reasonableness of data input into the IFRS 16 calculation.	The EY audit team in conjunction with EY IFRS experts performed the following procedures among others: • We evaluated management's policies and processes put in place to capture and process the respective active leases across the group in light of the requirements of the accounting standard. • We tested the completeness of the lease arrangements included in the computations by comparing lease commitments as at 31 March 2019 to the lease payments reflected in the IFRS 16 lease calculations, inspecting minutes of board meetings to identify new lease agreements, assessing the residual lease expenses not included in the measurement of the lease liability, for example, lease payments in relation to low value assets and short-term leases. • We tested the mathematical accuracy of management's lease liability and right of use asset computations; • For a sample of leases: - We reviewed and assessed the terms and conditions of the underlying contract and evaluated management's identification of relevant leases to determine whether the leases were correctly considered for adoption as required by the standard; - With the support of our internal IFRS experts, we evaluated whether there is an identifiable asset and considered whether Botswana Telecommunications Corporation Limited had the right to obtain substantially sole use of the asset throughout the period of use particularly on the indefeasible right of use arrangement. - We assessed the appropriateness of the judgements applied to the lease term through considering the terms and conditions of the underlying contract, factors such as the Group's business planning cycle, past history of terminating or not renewing a lease, how far into the future the renewal option is exercisable and the likelihood of that option being exercised.

Key Audit Matter	How the matter was addressed in the audit
Initial adoption of IFRS 16 - Leases [Continued] In determining the impact, management applied judgements to conclude on certain key inputs into the calculations, namely the determination of the lease term where there are multiple renewal options and the determination of the incremental borrowing rate. A number of these lease contracts include renewal options for an unlimited number of renewal periods and did not specify non-lease components. Significant judgement was made in the determination of whether an arrangement contains a lease, whether there is an identifiable asset, whether Botswana Telecommunications Corporation Limited had the right to obtain substantially sole use of the asset throughout the period of the lease arrangement. Disclosures with respect to the application of IFRS 16 leases are disclosed in: • The "accounting policies" and • Note 10 "IFRS 16 Leases"	- We tested the accuracy of the underlying lease data by agreeing the information to original contracts; - We agreed lease payments to the underlying lease contracts after taking into account any allocation between lease and non-lease components and; - We evaluated the appropriateness of the incremental borrowing rate by benchmarking against the borrowing rates prevalent in the country. • We evaluated the completeness and accuracy of the disclosures in accordance with the requirements IFRS 16: Leases.

Other Information

The directors are responsible for the other information. The other information comprises the information included on page two to five of the document titled "Botswana Telecommunications Corporation Limited Annual Financial Statements for the year ended 31 March 2020", which includes the Director's Report as required by the Companies Act (CAP 42:01), 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. Other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate 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 consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 received 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 Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act (CAP 42:01), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting processes.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 on the basis of these consolidated and separate 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 consolidated and separate 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 Group and 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 group and 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 Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group and 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 consolidated and separate 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.

Ernst & Young
Second Floor, Plot 22, Khama Cresecent
Gaborone

Practicing Member: Thomas Chitambo (20030022)
Partner
Certified Auditor

31 July 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Group March 2020 P'000	Group March 2019 P'000	Company March 2020 P'000	Company March 2019 P'000
Revenue from contracts with customers	1	1,396,360	1,448,224	1,396,360	1,448,224
Cost of services and goods sold	2.1	(616,652)	(576,353)	(616,652)	(576,353)
Gross profit		779,708	871,871	779,708	871,871
Interest income	4	7,303	17,606	7,303	17,606
Interest expense	4	(9,494)	-	(9,494)	-
Other income	3	31,967	29,903	31,967	29,903
Selling and distribution costs	2.2	(25,385)	(37,332)	(25,359)	(37,332)
Administrative expenses	2.3	(408,734)	(422,893)	(408,727)	(422,893)
Other expenses	2.4	(247,887)	(262,443)	(245,373)	(262,443)
Profit before tax		127,478	196,712	130,025	196,712
Income tax expense	6.1	(21,094)	(34,652)	(21,094)	(34,652)
Profit for the year		106,384	162,060	108,931	162,060
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		106,384	162,060	108,931	162,060
Basic and diluted earnings per share (Thebe):	5	10.13	15.43	10.37	15.43

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	Group		Company	
		March 2020 P'000	March 2019 P'000	March 2020 P'000	March 2019 P'000
ASSETS					
Non current assets					
Property, plant and equipment	7	1,522,918	1,590,979	1,522,918	1,590,979
Intangible assets	8	231,923	153,715	231,923	153,715
Right of use assets	10.1	134,362	-	134,362	-
Deferred tax assets	6.2	8,237	27,502	8,237	27,502
		1,897,440	1,772,196	1,897,440	1,772,196
Current assets					
Inventories	11	49,256	54,594	49,256	54,594
Trade and other receivables	12	464,346	409,280	464,346	409,280
Contract assets	12	19,512	21,940	19,512	21,940
Income tax receivable	18.2	13,100	12,013	13,100	12,013
Cash and cash equivalents	18.3	119,700	305,456	118,089	305,456
		665,914	803,283	664,303	803,283
Total assets		**2,563,354**	**2,575,479**	**2,561,743**	**2,575,479**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	13	478,892	478,892	478,892	478,892
Revaluation reserve	14	320,092	340,683	320,092	340,683
Accumulated profits		1,294,875	1,261,392	1,293,264	1,261,392
		2,093,859	2,080,967	2,092,248	2,080,967
Non current liabilities					
Development grants	15	28,301	58,368	28,301	58,368
Lease liabilities	10.2	132,570	-	132,570	-
Employee related provisions	17	12,622	36,951	12,622	36,951
		173,493	95,319	173,493	95,319
Current liabilities					
Trade and other payables	16	192,289	322,053	192,289	322,053
Contract liabilities	16	33,357	20,030	33,357	20,030
Lease liabilities	10.2	16,409	-	16,409	-
Current portion of development grants	15	29,862	29,657	29,862	29,657
Current portion of employee related provisions	17	24,085	27,453	24,085	27,453
		296,002	399,193	296,002	399,193
Total equity and liabilities		**2,563,354**	**2,575,479**	**2,561,743**	**2,575,479**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

Group

	Notes	Stated Capital P'000	Revaluation Reserve P'000	Accumulated Profits P'000	Total P'000
Balance at 1 April 2018		478,892	360,056	1,223,715	2,062,663
IFRS 15 adoption adjustment		-	-	(1,279)	(1,279)
IFRS 9 adoption adjustment		-	-	(3,562)	(3,562)
Balance at 31 March 2018		478,892	360,056	1,218,874	2,057,822
Profit for the year		-	-	162,060	162,060
Total / Other Comprehensive Income		-	-	162,060	162,060
Ordinary dividend declared		-	-	(138,915)	(138,915)
Depreciation transfer for land and buildings	14	-	(19,373)	19,373	-
Balance at 31 March 2019		**478,892**	**340,683**	**1,261,392**	**2,080,967**
Profit for the year		-	-	106,384	106,384
Other reserves**		-	-	4,158	4,158
Total /Other Comprehensive Income		-	-	110,542	110,542
Ordinary dividend declared	13	-	-	(97,650)	(97,650)
Depreciation transfer for land and buildings	14	-	(20,591)	20,591	-
Balance at 31 March 2020		**478,892**	**320,092**	**1,294,875**	**2,093,859**

** Relates to the BTC Foundation reserves for the prior year. The results of the BTC Foundation have been consolidated from the current year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [Continued]

FOR THE YEAR ENDED 31 MARCH 2020

Company

	Notes	Stated Capital P'000	Revaluation Reserve P'000	Accumulated Profits P'000	Total P'000
Balance at 1 April 2018		478,892	360,056	1,223,715	2,062,663
IFRS 15 adoption adjustment		-	-	(1,279)	(1,279)
IFRS 9 adoption adjustment		-	-	(3,562)	(3,562)
Balance at 31 March 2018		478,892	360,056	1,218,874	2,057,822
Profit for the year		-	-	162,060	162,060
Total / Other Comprehensive Income		-	-	162,060	162,060
Ordinary dividend declared		-	-	(138,915)	(138,915)
Depreciation transfer for land and buildings	14	-	(19,373)	19,373	-
Balance at 31 March 2019		478,892	340,683	1,261,392	2,080,967
Profit for the year		-	-	108,931	108,931
Total /Other Comprehensive Income		-	-	108,931	108,931
Ordinary dividend declared	13	-	-	(97,650)	(97,650)
Depreciation transfer for land and buildings	14	-	(20,591)	20,591	-
Balance at 31 March 2020		478,892	320,092	1,293,264	2,092,248

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Group March 2020 P'000	Group March 2019 P'000	Company March 2020 P'000	Company March 2019 P'000
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating profit before working capital changes	18.1	320,122	370,263	318,511	370,263
Working capital adjustments:					
Decrease/(Increase) in inventories		5,338	(6,196)	5,338	(6,196)
Increase in trade and other receivables,contract assets and prepayments		58,377	3,592	58,377	3,592
(Decrease)/Increase in trade and other payables and contract liabilities		(122,239)	76,058	(122,239)	76,058
Cash generated from operations		144,844	443,717	143,233	443,717
Interest income	4	(7,303)	(17,606)	(7,303)	(17,606)
Interest paid	4	9,494	-	9,494	-
Ordinary dividend paid to shareholders		(93,089)	(138,303)	(93,089)	(138,303)
Net Income tax paid	18.2	(2,076)	(23,348)	(2,076)	(23,348)
Net cash from operating activities		51,870	264,460	50,259	264,460
CASH FLOWS USED IN INVESTING ACTIVITIES:					
Investment to expand operations:					
Purchase of property, plant and equipment	7	(117,400)	(321,846)	(117,400)	(321,846)
Purchase of intangible assets	8	(112,568)	(106,478)	(112,568)	(106,478)
Proceeds from disposal of property, plant and equipment		2,608	335	2,608	335
Interest income received		10,427	18,133	10,427	18,133
Net cash used in investing activities		(216,933)	(409,856)	(216,933)	(409,856)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Grants received	15	-	2,865	-	2,865
Repayment of lease liabilities	10.2	(18,970)	-	(18,970)	-
Net cash from financing activities		(18,970)	2,865	(18,970)	2,865
Decrease in cash and cash equivalents		(184,033)	(142,531)	(185,644)	(142,531)
Net foreign exchange difference on cash and cash equivalents		(1,723)	(2,087)	(1,723)	(2,087)
Cash and cash equivalents at beginning of the year		305,456	450,074	305,456	450,074
Cash and cash equivalents at end of the year	18.3	119,700	305,456	118,089	305,456

PRESENTATION OF FINANCIAL STATEMENTS

The consolidated annual financial statements are presented in Botswana Pula which is the Group's functional currency. All financial information and values are rounded to the nearest thousand (P'000) except when otherwise indicated. The financial statements of the Group for the year ended 31 March 2020 were authorised for issue by the Members of the Board in accordance with a resolution on 24 July 2020.

CORPORATE INFORMATION

Botswana Telecommunications Corporation Limited ("BTC" or "the Group") 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 measurement of certain financial instruments at fair value and the revaluation of certain assets as indicated in the accounting policies below, and on the going concern basis.

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 and in the manner required by the Companies Act of Botswana (CAP 42:01).

The annual financial statements include those of the Group comprising of Botswana Telecommunications Corporation Limited and Botswana Telecommunication Corporation Foundation.

Subsidiaries are all entities over which the Group has control. The Group controls and hence consolidates an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group will only consider potential voting rights that are substantive when assessing whether it controls another entity. In order for the right to be substantive, the holder must have the practical ability to exercise that right. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intragroup transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of the consolidation.

BTC has adopted the following new accounting pronouncements as issued by the IASB, which were effective for the Group from 01 April 2019:

1) IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

BTC has adopted the following new accounting pronouncements as issued by the IASB, which were effective for the Group from 01 April 2019:

1) IFRS 16 Leases [Continued]

The Group also elected not to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

The effect of adoption IFRS 16 as at 1 April 2019 (increase/(decrease)) is, as follows:

		P'000
Assets		
Right-of-use assets	Buildings	13,998
	Telecommunication Sites	122,363
	Network Assets	14,282
	Motor Vehicles	2,586
		153,229
Deferred Lease adjustment (Straight lining) write off		(2,319)
		150,910
Liabilities		
Lease Liabilities		153,229

The Group has lease contracts for various buildings, rental of telecommunication sites, network assets and vehicles. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases including for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 April 2019.

BTC has adopted the following new accounting pronouncements as issued by the IASB, which were effective for the Group from 01 April 2019:

1) IFRS 16 Leases [Continued]

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases including for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Leases not yet commenced to which the lessee is committed.

The Group opted not to use the recognition exemptions on both "short-term lease" and "lease of low value assets" as practical expedients.

The following is a reconciliation of total operating lease commitments at 31 March 2019 (as disclosed in the financial statements to 31 March 2019) to the lease liabilities recognised at 1 April 2019:

	P'000
Total operating lease commitments disclosed at 31 March 2019	203,203
Payments in optional extension periods not recognised as at 31 March 2019	-
Recognition exemptions	
Leases of low value assets	-
Leases with remaining lease term of less than 12 months	-
Operating lease liabilities before discounting	203,203
Discounted using incremental borrowing rate (6.5%)	(49,974)
Total lease liabilities recognised under IFRS 16 at 1 April 2019	153,229

2) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions. The Group determined based on its tax compliance and transfer pricing assessment that it is probable that its tax treatments will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

Standards issued but not effective

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

Definition of a Business - Amendments to IFRS 3

Effective for annual periods beginning on or after 1 March 2020.

Key requirements

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Minimum requirements to be a business

The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

The ammendment is not expected to have a significant impact on the entity as it does not have business combinations.

Definition of Material - Amendments to IAS 1 and IAS 8

Effective for annual periods beginning on or after 1 March 2020.

Key requirements

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. Management are in the process of assessing the impact on the entity but the ammendment is not expected to have a significant impact on the entity as there are have been no departures from the definitions of material at an entity level.

Standards issued but not effective [Continued]

Conceptual Framework for Financial Reporting

The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged as follows:

- The objective of financial reporting
- Qualitative characteristics of useful financial information
- Financial statements and the reporting entity
- The elements of financial statements
- Recognition and derecognition
- Measurement
- Presentation and disclosure
- Concepts of capital and capital maintenance

The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. The Conceptual Framework, is effective for annual periods beginning on or after 1 January 2020.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

Key requirements

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

Management is in the process of assessing the impact to the Group.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

Standards issued but not effective [Continued]

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

Effective for annual periods beginning on or after 1 January 2022.

Key requirements

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.

The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reportingperiod
- That classification is unaffected by the likelihood that anentity will exercise its deferral right
- That only if an embedded derivative in a convertible liabilityis itself an equity instrument would the terms of a liability not impact its classification

Right to defer settlement

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date.

Existence at the end of the reporting period

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies regardless of whether the lender tests for compliance at that date or at a later date.

Management expectations

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the financial statements are authorised for issuance.

Meaning of the term 'settlement'

The Board added two new paragraphs (paragraphs 76A and 76B) to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity. Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or non-current. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

Management is in the process of assessing the impact to the Group.

Standards issued but not effective [Continued]

Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7
Effective for annual periods beginning on or after 1 January 2020.

Key requirements
In September 2019, the IASB issued amendments to IFRS 9, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments to IFRS 9
The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Application of the reliefs is mandatory.

The first three reliefs provide for:
- The assessment of whether a forecast transaction (or component thereof) is highly probable
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss
- The assessment of the economic relationship between the hedged item and the hedging instrument

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

A fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship. Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship.

To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in The reliefs continue indefinitely in the absence of any of the events described in the amendments. When an entity designates a group of items as the hedged item, the requirements for when the reliefs cease are applied separately to each individual item within the designated group of items.

The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

The amendments to IAS 39
The corresponding amendments are consistent with those for IFRS 9, but with the following differences:
- For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.
- For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.
- For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

Management is in the process of assessing the impact to the Group.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

Standards issued but not effective [Continued]

IFRS 17- Insurance contracts- effective 01 January 2023

The standard is not applicable to the Group as it does not have insurance contracts.

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. 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 Group'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.

Revenue recognition and presentation

Revenue arrangements including more than one deliverable:

This relates to fixed lines and mobile installations. In revenue arrangements including more than one deliverable, the deliverables are assigned to one or more separate units of accounting and the arrangement consideration is allocated to each of the units of accounting based on the cash cap method. The cash cap method is applied to multiple-element post-paid mobile arrangements. Under the cash cap method, revenue is allocated to the different elements of the agreement, but the value allocated to the handset is limited to the amount of cash received for it, which may be zero. Determining the value allocated to each deliverable can require complex estimates due to the nature of goods and services provided. Standalone selling prices (SSP) for each item has been discussed under the IFRS 15 accounting policies.

Where the Group 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 Group maximises the use of external inputs; methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Group, 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, there 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.

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

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES [Continued]

Revenue recognition and presentation [Continued]

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 Group'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.

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. Revenue 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 financial year 2019/2020.

Provision for expected credit losses of trade receivables and contract assets

The Group 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 Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the telecommunications sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 12.

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. 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 property 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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES [Continued]

Related parties

Government, parastatals and key management personnel are considered as being related to the Group. The Government of Botswana is still a related party as the shareholding is 54.16% as at 31 March 2020. 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 have no normal sale value. 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.

Depreciation Charges and Residual Values

For depreciation purposes, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant component with different useful lives are depreciated separately. The useful life of an asset is determined with reference to its expected life as prescribed by internal experts. The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments, customer relationship period, product life cycles and the intention of management. The estimated useful lives assigned to Group's of 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

The residual value of an asset is determined by estimating the amount that the entity would currently obtain from the disposal of the asset after deducting the estimated cost of disposal, if the asset were already of age and in the condition expected at the end of its useful life. The estimation of the useful life and residual value of an asset is a matter of judgment based on the past experience of the Group with similar assets and the intention of management.

Impairment of non-financial assets

The Group 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.

Initial Fair Value of financial Instruments

Financial liabilities have been valued based on the expected cash flows discounted at current rates at grant date applicable for items with similar terms and risk characteristics. This valuation requires the Group to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty.

ACCOUNTING POLICIES

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 Group expects to be entitled in exchange for those goods or services.

The Group 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 Group 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:

1) Fixed Voice

A) Voice Usage Revenue: When subscribers makes calls on their fixed line it would be viewed as an optional purchase of additional goods and services and will therefore be accounted for as a separate contract. 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 lease and is not a separate performance obligation. As such, no revenue is separately recognised for the standard telephone instrument.

Installation and Connection: The installation and connection does not result in the transfer of goods and services to the customer but rather grants the customer an option to purchase future fixed line services at a discounted rate by not incurring this fee as part of the renewed contract and results in the creation of a material right that has been provided to the customer. The installation fee would be required 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 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. As the installation enables the customer to access to the line, the material right arising from installation is allocated to the access performance obligation only and recognised over the life of the customer.

Voice Usage Revenue: Revenue related to usage is recognised as calls are made.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

Revenue Recognition [Continued]

1) Fixed Voice [Continued]

C) Post-paid Products:

Usage of Telephone Instrument: Usage of a standard telephone instrument does not represent a lease and is not a separate performance obligation. As such, no revenue will be separately recognised for the standard telephone instrument. Any amount invoiced for the usage of the standard telephone instrument will form part of the transaction price of the contract as a whole, and is allocated to the performance obligations identified in the contract.

Installation and Connection 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 customers 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"). Any amounts invoiced for usage of the standard telephone instrument (monthly) and installation (once-off upfront) will be allocated to the total transaction price under the contract, and allocated to the access. As the installation and telephone instrument enables the customer to access to the line, the material right arising from installation will be allocated to the installation 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. 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 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 given discounts, which are expensed as part of other operating costs when incurred.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

Revenue Recognition [Continued]

2) Mobile Revenue [Continued]

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.

For sale of the handset vouchers 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. The transaction price allocated to network services is recognised as revenue over the contractual period based on usage.

BTC recognise a financial liability for its obligation to pay a third party supplier for the handset when the customer redeems the handset voucher (this liability is equal to the receivable plus any upfront payment made for the handset voucher). The extinguishment of the financial liability occurs at the earlier of when the subscriber redeems the handset voucher or when the handset voucher expires (within 3 months). If the handset voucher expires, and BTC is not required to make any payment to the distributor, the release of the financial liability would be recognised in profit or loss as "other income".

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

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

Revenue Recognition [Continued]

4) Interconnect Revenue (Fixed and Mobile)

Interconnection revenues are derived from calls and other traffic that originate in other operators' networks. The Group 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, for installing, maintaining and operating the points of interconnect.

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

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

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 and revenue is recognised as control of the equipment passes to the customer.

B) Not Outright Purchases (Rental)

Revenue for Customer Premises Equipment ("CPE") not purchased outright does not represent a lease and is not identified as being representative of separate performance obligation contained in a contract with a customer. Any amount invoiced for CPE and Dedicated Internet sales is allocated to the total transaction price of the contract and is allocated to the service performance obligation. The Group recognises CPE provided to customers as Property, Plant and Equipment ("PPE") and depreciates it over the period the Group is expected to obtain economic benefits from the CPE.

6) Other Services

Rental Income:

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

Site rentals are network towers which are leased to other mobile operators. Revenue is recognised on a straight line basis over the lease term on an ongoing basis.

Construction Contracts:

The Group recognises revenue from construction contracts over time, using an input method to measure progress towards complete satisfaction of the service as the Group's performance enhances an asset that the customer controls.

Directory Services:

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

7) Interest Income

Interest 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).

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

Revenue Recognition [Continued]

Practical Expedients

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

1) The Group 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.

Capitalisation of Customer acquisition Costs

The Group 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 Group which is normally the contract period given the fact that new commissions become payable upon contract renewal.

COST OF SALES

Cost of sales are recognized 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, Intangible assets, support and maintenance contract costs for network systems, installations, and network repairs.

EMPLOYEE BENEFITS

Post employment benefits

The Group 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 Group during the annual reporting year. The short -term employee benefits of the Group 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 Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

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 Group does not have any further liability in respect of its employees' pension arrangements.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

INVENTORIES

Inventories 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.

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.

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 Group 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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

PROPERTY, PLANT AND EQUIPMENT [Continued]

Land and buildings are revalued independently by professional valuers using the open market value method. 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. 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 remaining lease term.

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 7.

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, a significant component is defined as equal to or greater than 20% of the total cost of the asset and each significant 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 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 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 Group's of 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

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 Group that is classified as held for sale or held for distribution the date that the asset is derecognised. Further details are given in Note 7.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

IMPAIRMENT OF NON-CURRENT ASSETS

At each reporting date, the Group 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 Group 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 Group's of 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 Group'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. 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 & billing software and network system

The Group 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. The licences are renewed at little or no cost.

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

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 Group 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 Group entered into a capacity arrangement with Botswana Fibre Network (BoFinet). As per the agreement, the grantor grants the grantee an indefeasible, exclusive and irrevocable right of use of the transmission IRU. The transmission IRU is defined as a network capacity between such points as are referred to in the order form, and in respect of which the grantee is granted an indefeasible, exclusive and irrevocable right of use.

The assets are not specified under the IRU arrangements and BTC does not have any control over the operation or physical access of the asset, thus IFRS 16 requirements are not met. Although the price paid is not a market related price, it is likely that other users will be able to use more than a significant amount of the output of the asset. Therefore the IRU arrangement does not constitute leases in terms of IFRS 16. The expenses are recognised over the period in which the Group receives the service. Payments are recognised as a prepayment if made in excess of the service received and accrued should the services received exceed the payments made.

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 Group to specifically fund the acquisition or construction of property, plant and equipment are reflected as development grants and classified as non-current liabilities. 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

As per certain rental agreements, certain amounts of revenue are received in advance. Revenue received in advance for the renting of property, plant and equipment is recognised as income over the remaining life of the lease term.

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 2020 the Company had 1,050,000,000 issued shares (2019: 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 Group's revenues. Other related parties are the members of key management personnel and the Group's directors.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

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 Group operates and generates taxable income.

FINANCIAL INSTRUMENTS

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the Group ,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
- 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).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.
- Financial liabilities:
- Amortised cost; or
- 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 group 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 21 Financial instruments and risk management presents the financial instruments held by the Group 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 Group are presented below:

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL INSTRUMENTS [Continued]

Trade and other receivables (excluding amounts due from related parties)

Classification

Trade and other receivables (note 12) 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 Group's business model is to collect the contractual cash flows on these receivables. The Group does not charge interest on its receivables.

Recognition and measurement

Trade and other receivables receivable is recognised when the Group 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.

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 Group 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a receivable has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL). Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables containing significant financing components, the Group 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 Group 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 Group 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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL INSTRUMENTS [Continued]

Trade and other receivables [Continued]

Significant increase in credit risk [Continued]

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 Group has reasonable and supportable information that demonstrates otherwise. By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition. The Group 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 Group 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 in full (without taking collateral into account). Irrespective of the above analysis, the Group 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 Group where the loans are now recommended for write off to the directors.

The Group 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.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the receivable at the reporting date. Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Receivables are then compiled in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in administrative expenses in profit or loss as a movement in credit loss allowance.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL INSTRUMENTS [Continued]

Receivables from related parties

Classification

Receivables from related parties are classified as financial assets subsequently measured at amortised cost (note 12). They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables. The Group does not charge interest on its receivables.

Recognition and measurement

Receivables from related parties are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable 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, Measurement and recognition of expected credit losses and write off

Unlike the other trade and other receivables, receivables from related parties are not subjected to the normal "arms length" impairment assessment explained above on trade and other reciavables, external debt collection and accordingly the issue of measurement and recognition of credit losses unless they relate to disputed transactions. In such instances, all such amounts are immediately provided for in full if no resolution between the parties is not reached. This is the case since based on history, all balances from related parties are eventualy paid, albeit with some of the payments occuring after the agreed payment terms.

All balances that become past due have been subjected to the 12 months ECL where the time value of money is factored into the outstanding balances.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other expenses in profit or loss as a movement in credit loss allowance (note 2).

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 cashflows, cash and cash equivalents consist of cash and deposits, net of outstanding bank overdrafts.

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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL INSTRUMENTS [Continued]

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 Group.

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.

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 Group 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 Group has transferred substantially all the risks and rewards of the asset or the Group 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 Group 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 Group, 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 (7.5%) under the Botswana Income Tax Act.

PROVISIONS

General provisions are recognised when the Group 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.

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 Group 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.

Group as a lessee (2019)

Operating leases do not transfer to the company substantially all the risks and benefits incidental to ownership of the leased item. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Group as a lessee (Transition to IFRS 16)

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

i) Right-of-use assets

The Group 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
Telecommunication Sites	3 to 15 years
Network Assets	5 to 10 years
Motor Vehicles	5 years

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

ii) Lease liabilities

At the commencement date of the lease, the Group 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 insubstance 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

LEASES [Continued]

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

The Group has opted not to apply both the 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.

Group as lessor

Leases where the Group 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. Revenue is recognised on an ongoing leases.

The entity applied the initial recognition exemption for deferred tax on IFRS 16.

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
1 REVENUE FROM CONTRACTS WITH CUSTOMERS				
Fixed Voice				
Voice	170,170	241,597	170,170	241,597
Access	142,163	131,386	142,163	131,386
Interconnect	23,187	20,880	23,187	20,880
Customer Premises Equipment (CPE)	121,404	115,599	121,404	115,599
Significant financing component *	390	850	390	850
	457,314	510,312	457,314	510,312
Mobile				
Voice	294,313	362,189	294,313	362,189
Interconnect	18,589	22,278	18,589	22,278
Data	69,819	56,202	69,819	56,202
Short Message Service (SMS)	30,090	26,866	30,090	26,866
Customer Premises Equipment (CPE)	4,404	11,720	4,404	11,720
Significant financing component *	605	475	605	475
	417,820	479,730	417,820	479,730
Comprising				
Pre-paid	331,941	353,108	331,941	353,108
Post-paid	85,879	126,622	85,879	126,622
	417,820	479,730	417,820	479,730
Fixed Data				
Usage	159,616	119,548	159,616	119,548
Access	293,422	281,076	293,422	281,076
Customer Premises Equipment (CPE)	20,024	31,872	20,024	31,872
	473,062	432,496	473,062	432,496
Other Revenue				
Directory services	16,226	11,397	16,226	11,397
Mobile Money Services	126	-	126	-
Value Added Services	841	1,878	841	1,878
Property rentals	21,347	5,922	21,347	5,922
Cost of works	1,741	4,782	1,741	4,782
Third party collection fees	7,883	1,707	7,883	1,707
	48,164	25,686	48,164	25,686
Total Operating Revenue	**1,396,360**	**1,448,224**	**1,396,360**	**1,448,224**

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

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Diasggregation of revenue from contracts with customers:

The Group 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.

Group and Company

	Fixed Voice		
31 March 2020	Network Services (P'000)	Interconnect (P'000)	CPE (P'000)
Major products / service lines:			
Revenue from external contracts with customers	312,333	23,187	121,794
Other revenue (directory services, value added services, rentals)	-	-	-
	312,333	23,187	121,794
Timing of revenue recognition:			
Products transferred at a point in time	-	-	121,794
Products and services transferred over time	312,333	23,187	-
	312,333	23,187	121,794

Group and Company

	Fixed Voice		
31 March 2019	Network Services (P'000)	Interconnect (P'000)	CPE (P'000)
Major products / service lines:			
Revenue from external contracts with customers	372,983	20,880	116,449
Other revenue (directory services, value added services, rentals)	-	-	-
	372,983	20,880	116,449
Timing of revenue recognition:			
Products transferred at a point in time	-	-	116,449
Products and services transferred over time	372,983	20,880	-
	372,983	20,880	116,449

CONTRACT COSTS

On adoption of IFRS 15, the Group had applied the practical expedient as per paragraph 94 of IFRS 15, as the Group recognises the incremental costs of obtaining contracts as an expense when incurred as the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

	Mobile			Fixed Data			Other Revenue (P'000)
	Network Services (P'000)	Interconnect (P'000)	CPE (P'000)	Usage (P'000)	Access (P'000)	CPE (P'000)	
	394,827	18,589	4,404	159,616	293,422	20,024	-
	-	-	-	-	-	-	48,164
	394,827	18,589	4,404	159,616	293,422	20,024	48,164
	-	-	4,404	-	-	20,024	-
	394,827	18,589	-	159,616	293,422	-	48,164
	394,827	18,589	4,404	159,616	293,422	20,024	48,164

	Mobile			Fixed Data			Other Revenue (P'000)
	Network Services (P'000)	Interconnect (P'000)	CPE (P'000)	Usage (P'000)	Access (P'000)	CPE (P'000)	
	445,732	22,278	11,720	119,548	281,076	31,872	-
	-	-	-	-	-	-	25,686
	445,732	22,278	11,720	119,548	281,076	31,872	25,686
		-	11,720	-	-	31,872	-
	445,732	22,278	-	119,548	281,076	-	25,686
	445,732	22,278	11,720	119,548	281,076	31,872	25,686

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
2 OPERATING COSTS				
2.1 Cost of services and goods sold :				
Payment to International carriers and local operators (interconnection)	163,607	213,215	163,607	213,215
Depreciation				
Land and buildings	40,404	34,450	40,404	34,450
Network Assets	132,806	116,263	132,806	116,263
Amortisation of intangible assets	34,344	29,279	34,344	29,279
Right of Use Assets	20,325	-	20,325	-
Equipment and material costs	102,610	102,161	102,610	102,161
Installation of Customer Premises Equipment (CPE)	21,469	(2,257)	21,469	(2,257)
Write (up)/down of inventories	3,872	(12,487)	3,872	(12,487)
Cost of directory sales	2,044	2,740	2,044	2,740
Cost of prepaid cards	1,478	1,345	1,478	1,345
Cost of phones	36,019	30,616	36,019	30,616
License fee - BOCRA	42,135	46,199	42,135	46,199
Space segment rentals and other licence fees	15,539	14,829	15,539	14,829
Total cost of services and goods sold	616,652	576,353	616,652	576,353

Space segment rentals relates to satellites which the entity rents. Licence fees relate to computer software.

	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
2.2 Selling and distribution costs:				
Product Marketing costs	20,385	23,765	20,359	23,765
Sponsorship	5,000	13,567	5,000	13,567
	25,385	37,332	25,359	37,332
2.3 Administrative expenses				
Employee costs:				
Salaries and wages	334,701	334,349	334,701	334,349
Pension fund and group life contributions (defined contribution plans)	27,009	19,468	27,009	19,468
Training costs	940	820	940	820
Retrenchment costs	33	6,962	33	6,962
Other related employee costs *	20,612	24,919	20,605	24,919
Total employee costs charged to profit or loss	383,295	386,518	383,288	386,518
Depreciation - Other equipment	11,313	19,374	11,313	19,374
- Right of Use Assets Motor Vehicles	1,449	-	1,449	-
Repairs and maintenance - non-telecommunications equipment	12,677	17,001	12,677	17,001
Total Administrative expenses	408,734	422,893	408,727	422,893

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

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
2.4 Other operating expenses analysis is as follows:				
Audit Remuneration				
Audit fees	1,681	1,616	1,681	1,616
Other Services	872	384	872	384
Directors fees-sitting allowance	1,321	846	1,285	846
Directors fees-other expenses	749	339	746	339
Billing costs	47,819	54,740	47,819	54,740
Consultancy	17,844	12,347	17,844	12,347
Exchange gain	(6,197)	(16,778)	(6,197)	(16,778)
Financial charges	31,384	26,368	29,257	26,368
Radio Licence fees - BOCRA	5,249	6,135	5,249	6,135
Variable lease payments	2,085	8,938	2,085	8,938
Stationery	4,351	5,014	4,346	5,014
Miscellaneous expenses*	6,964	12,871	6,636	12,871
Property upkeep	13,773	12,499	13,773	12,499
Travel and entertainment	13,528	13,257	13,528	13,257
Dealer commission	66,130	74,044	66,130	74,044
Vehicle running costs	7,786	6,980	7,768	6,980
Utilities - electricity and water	24,529	29,480	24,529	29,480
Licenses - system and software	8,019	13,363	8,019	13,363
TOTAL	247,887	262,443	245,373	262,443

*Miscellaneous expenses

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

3 OTHER INCOME

	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
Development grant recognised as income (note 15)	29,862	29,657	29,862	29,657
Profit on disposal of property, plant and equipment	2,105	246	2,105	246
	31,967	29,903	31,967	29,903

4 INTEREST INCOME

	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
Interest from short-term and call accounts deposits	7,303	17,606	7,303	17,606
	7,303	17,606	7,303	17,606

INTEREST EXPENSE

	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
Interest expense on lease liabilities	9,494	-	9,494	-
	9,494	-	9,494	-

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000

5 EARNINGS PER SHARE

Profit attributable to ordinary shareholder for basic and diluted earnings per share	106,384	162,060	108,931	162,060
Stated capital - number of shares (note 13)	1,050,000,000	1,050,000,000	1,050,000,000	1,050,000,000
Earnings per share (Thebe)	10.13	15.43	10.37	15.43

The Company has stated capital of 1,050,000,000 shares as at 31 March 2020 (31 March 2019: 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.

6.1 INCOME TAX

The components of income tax expense for the period ended are:

Statement of Comprehensive income

Taxation expense				
Corporate tax	1,829	9,154	1,829	9,154
Charge for the year	-	9,154	-	9,154
Over/ under provision for prior year	1,829	-	1,829	-
Deferred taxation	19,265	25,498	19,265	25,498
Taxation expense	21,094	34,652	21,094	34,652

Tax rate reconciliation				
Profit before tax	127,478	196,712	130,025	196,712
Company tax at 22%	28,045	43,277	28,606	43,277
Prior year adjustments	1,829	-	1,829	-
Un-recognised tax losses	20,567		20,567	-
Expenses and revenues not deductible for tax purposes	(29,347)	(8,625)	(29,908)	(8,625)
Taxation expense	21,094	34,652	21,094	34,652

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

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
6.2 DEFERRED TAX				
Opening balance	(27,502)	(51,634)	(27,502)	(51,634)
Recognised in Profit and Loss	19,265	25,498	19,265	25,498
IFRS 15 adoption adjustment	-	(361)	-	(361)
IFRS 9 adoption adjustment	-	(1,005)	-	(1,005)
Closing balance	(8,237)	(27,502)	(8,237)	(27,502)

All income taxes and deferred tax were computed at the statutory tax rate of 22%.

Items recognised in profit and loss includes movements in accelerated depreciation in property plant and equipment and intangible assets, prepayments, unrealised foreign exchange gains and other temporary differences

The Group has recognised a deferred tax asset of P8 million (2019: P28 million) which arises from tax losses and other temporary differences that are available to set-off against future taxable income and other deductible temporary differences. The Group expects to generate sufficient taxable profits to utilise the deferred tax assets based on historical probability trends, management's plan on future business prospects and through the use of various tax planning opportunities which are available to the Group. In addition the Group reviews the carrying amount of the deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. BTC has tax losses amounting to P161 million, emanating from normal business operations and the losses have not been fully recognised for deferred tax purposes based on the recoverability assessment done, therefore only an amount of P68 million has been recognised. The tax losses can be carried forward for the next 5 years.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

7 PROPERTY, PLANT AND EQUIPMENT

Group and Company

31 March 2020	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**
COST OR VALUATION					
At beginning of the year	780,614	2,845,286	290,432	387,418	4,303,750
Additions	8,453	382,609	13,413	(287,075)	117,400
Disposals	-	-	(8,514)	-	(8,514)
At end of the year	789,067	3,227,895	295,331	100,343	4,412,636
DEPRECIATION AND IMPAIRMENT					
At beginning of the year	245,274	2,265,416	202,081	-	2,712,771
Depreciation charge for the year	29,192	135,165	20,601	-	184,958
Disposals	-	-	(8,011)	-	(8,011)
At end of the year	274,466	2,400,581	214,671	-	2,889,718
NET BOOK VALUE					
At beginning of the year	535,340	579,870	88,351	387,418	1,590,979
At end of the year	514,601	827,314	80,660	100,343	1,522,918
31 March 2019					
COST OR VALUATION					
At beginning of the year	775,218	2,672,404	258,720	250,036	3,956,378
Additions	5,396	172,882	33,682	137,382	349,342
Disposals	-	-	(1,970)	-	(1,970)
At end of the year	780,614	2,845,286	290,432	387,418	4,303,750
DEPRECIATION					
At beginning of the year	215,098	2,142,237	180,948	-	2,538,283
Depreciation charge for the year	30,176	123,179	23,013	-	176,368
Disposals	-	-	(1,880)	-	(1,880)
At end of the year	245,274	2,265,416	202,081	-	2,712,771
NET BOOK VALUE					
At beginning of the year	560,120	530,167	77,772	250,036	1,418,095
At end of the year	535,340	579,870	88,351	387,418	1,590,979

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.

7 PROPERTY, PLANT AND EQUIPMENT [Continued]

The revaluation of land and buildings was performed on 31 March 2018 by Willy Kathurima Associates. 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 22.

Following the revaluation done in 2018, management has reassessed the valuation and determined that the values remained relevant for the year ended 31 March 2020.

Revaluation of Land and Buildings

If land and buildings were measured using the cost model, the carrying amount would be as follows:

	2020 P'000	2019 P'000
Cost	266,045	257,592
Depreciation	(109,324)	(109,324)
Carrying amount	156,721	148,268

8 INTANGIBLE ASSETS

Group and Company

31 March 2020	Computer & Billing Software P'000	Network Systems P'000	Total P'000
COST			
At beginning of the year	392,895	35,894	428,789
Additions	103,326	9,242	112,568
At end of the year	496,221	45,136	541,357
AMORTISATION			
At beginning of the year	252,045	23,029	275,074
Charge for the year	32,651	1,710	34,361
At end of the year	284,696	24,739	309,435
NET BOOK VALUE			
At beginning of the year	140,850	12,865	153,715
At end of the year	211,525	20,397	231,923

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

8 INTANGIBLE ASSETS [Continued]

Group and Company

31 March 2019	Computer & Billing Software P'000	Network Systems P'000	Total P'000
COST			
At beginning of the year	132,909	189,402	322,311
Additions	106,478	-	106,478
Reclassification*	153,508	(153,508)	-
At end of the year	392,895	35,894	428,789
AMORTISATION			
At beginning of the year	125,223	126,852	252,075
Charge for the year	18,333	4,666	22,999
Reclassification*	108,489	(108,489)	-
At end of the year	252,045	23,029	275,074
NET BOOK VALUE			
At beginning of the year	7,686	62,550	70,236
At end of the year	140,850	12,865	153,715

*The transfer relates to software for the management of network systems. Following the transfer, only licenses are accounted for under the network systems category

9 ASSET IMPAIRMENT

As at 31 March 2020, the Group 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 corporation's 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 Group's future enterprise free cash flows for a period of five years 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 12% (March 2019: 13%). The entire business was regarded as one cash generating unit (CGU) since common network elements are responsible for the production of all services. The assessment at March 2020, determined the Group's assets to be unimpaired.

Valuation key assumptions

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.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

The calculation of value in use is most sensitive to the following assumptions

- Gross margins
- Discount rate
- Market share during the forecast period
- Growth rates used to extrapolate the cash flows beyond the forecast period

Assumptions

Discount rate (WACC) 2020: 12% (March 2019: 13%)

Management determined this rate based on past experience as well as external sources of information.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

10 LEASES

The Group 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 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group's leases are mainly non-cancellable and include options of extension on terms to be agreed upon by both parties. There are several lease contracts that include variable lease payments which are further discussed below.

The Group has choosen not to utilise the exemption on short-term leases and the leasing of low-value assets.

Group and Company

10.1 Right-of-use assets

	Buildings P'000	Telecommuni-cation Sites P'000	Network Assets P'000	Motor Vehicles P'000	Total P'000
COST					
Recognised on 1st of April on adoption of standard	13,998	122,363	14,282	2,586	153,229
IAS 17 Deferred lease balance written-off	(212)	(1,852)	(216)	(39)	(2,319)
Additions	3,650	1,576	-	-	5,226
At end of the year	17,436	122,087	14,066	2,547	156,136
DEPRECIATION					
Depreciation charge for the year	5,162	13,756	1,407	1,449	21,774
At end of the year	5,162	13,756	1,407	1,449	21,774
NET BOOK VALUE					
At beginning of the year	-	-	-	-	-
At end of the year	12,274	108,331	12,659	1,098	134,362

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

10 LEASES [Continued]

10.2 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Buildings P'000	Telecommunication Sites P'000	Network Assets P'000	Motor Vehicles P'000	Total P'000
Recognised on 1st of April on adoption of standard	13,998	122,363	14,282	2,586	153,229
Additions during the year	3,650	1,576	-	-	5,226
Accretion of interest	888	7,601	890	115	9,494
Payments	(5,361)	(10,126)	(1,930)	(1,553)	(18,970)
As at end of the year	13,175	121,414	13,242	1,148	148,979

Comprising:	
Current liabilities	16,409
Non Current liabilities	132,570
	148,979

The maturity analysis of undiscounted lease liabilities are disclosed in Note 21.8

The following are the amounts recognised in profit or loss:

Depreciation expense on right-of-use assets	21,774
Interest expense on lease liabilities	9,494
Variable lease payments (included in other operating expenses)	2,085
Total amount recognised in profit or loss	33,353

There were no leases not yet commenced to which the Group as lessee is committed.

11 INVENTORIES

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Comprising:				
Consumable stores	42,999	50,916	42,999	50,916
Customer premises equipment	6,257	3,678	6,257	3,678
Total inventories at the lower of cost and net realisable value	49,256	54,594	49,256	54,594

The above inventory is disclosed at the lower of cost and estimated net realisable value.

The advent of the COVID-19 pandemic had both positive and negative impact on the closing inventory holdings. As a result of the national lockdown, there was a significant increase in the demand for internet services in preparation for the eventuality of working from home and a ramp up of provision of services through online platforms such as the education sector. This led to an increase in sales and high utilisation of inventory.

However, with challenges and restrictions in international travel or logistics and increased demand across the world, there were critical stock outs and shortages for some inventory stock.

12 TRADE AND OTHER RECEIVABLES

	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
Trade receivables	266,326	277,074	266,326	277,074
Receivables from related parties	135,878	46,143	135,878	46,143
Trade receivables from interconnect balances	45,404	61,371	45,404	61,371
Contract assets	19,512	21,940	19,512	21,940
Staff advances	7,862	8,920	7,862	8,920
Receivables from global connectivity projects (EASSy & WACS)	9,455	9,455	9,455	9,455
Other receivables	15,982	3,524	15,982	3,524
Debtors impairment	(261,852)	(243,611)	(261,852)	(243,611)
Net trade and other receivables	238,567	184,816	238,567	184,816
Prepayments	145,670	209,404	145,670	209,404
Related party prepayment (Indefeasible right of use)	99,621	37,000	99,621	37,000
Total trade and other receivables	483,858	431,220	483,858	431,220
Comprising:				
Trade and other receivables	464,346	409,280	464,346	409,280
Contract assets	19,512	21,940	19,512	21,940
	483,858	431,220	483,858	431,220

The Group's trade and other receivables are non-interest bearing. For terms and conditions relating to related party receivables, refer to Note 20. Trade receivables from interconnect balances and other receivables are generally 30 to 90 day terms, interest free, unsecured and settlement occurs in cash.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12 TRADE AND OTHER RECEIVABLES [Continued]

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 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 and contract liabilities from contracts with customers:

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Contract assets				
Current - Receivables which are included in 'Trade and Other Receivables'	9,941	3,874	9,941	3,874
Non-Current - Contract assets relating to long term customer contracts	9,571	18,066	9,571	18,066
Total contract assets	**19,512**	**21,940**	**19,512**	**21,940**

Significant changes in the contract assets and 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 years.

	Group 2020	Group 2019	Company 2020	Company 2019
Revenue recognised that was included in the contract liability balance at the beginning of the period.	19,134	12,165	19,134	12,165
	19,134	**12,165**	**19,134**	**12,165**

UNSATISFIED PERFORMANCE OBLIGATIONS IN LONG TERM CONTRACTS

The following table shows unsatisfied performance obligations resulting from long term customer contracts:

	Group 2020	Group 2019	Company 2020	Company 2019
Aggregate amount of the transaction price allocated to long term	13,925	6,657	13,925	6,657
	13,925	6,657	13,925	6,657

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.

12 TRADE AND OTHER RECEIVABLES [Continued]

UNSATISFIED PERFORMANCE OBLIGATIONS IN LONG TERM CONTRACTS [Continued]

The Group 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 20.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due. The Group 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 2020 or before 1 April 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Given the short nature of its trade receivables, the Group 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 (2019: 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 Group 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 Group 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 forward looking information and general economic conditions of the industry as at the reporting date.

Management included an overlay to consider the expected impact of the current COVID -19 stress. 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. Based on this, the ECL for trade reciavables has increased by P7 678 000 under the provision matrix method.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12 TRADE AND OTHER RECEIVABLES [Continued]

Exposure to credit risk [Continued]

	2020	2019	2020 P'000	2020 P'000	2019 P'000	2019 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)
Bucketing (Days past due)						
Current	4%	3%	111,035	4,408	103,110	2,666
31-60 days past due	33%	27%	53,216	17,474	25,379	6,846
61-90 days past due	54%	39%	19,800	10,777	17,396	6,742
91-120 days past due	75%	70%	48,719	36,517	25,572	17,830
121-150 days past due	73%	74%	21,052	15,334	28,295	20,997
More than 150 days past due	89%	71%	198,775	177,342	226,748	188,530
Total			452,597	261,852	426,500	243,611

Reconciliation of loss allowance

The following table shows the movement in the loss allowance (expected credit losses) for trade and other receivables.

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Opening balance in accordance with IAS 39 as at 31 March 2018	-	235,894	-	235,894
Adjustments upon application of IFRS 9	-	4,567	-	4,567
Adjusted opening balance in accordance with IFRS 9	243,611	240,461	243,611	240,461
Provision raised on new trade reciavables	18,241	3,150	18,241	3,150
Balance at the end of the year	261,852	243,611	261,852	243,611

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

13 STATED CAPITAL

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Balance	478,892	478,892	478,892	478,892
Authorised and issued capital				
Authorised shares				
1,050,000,000 (March 2019: 1,050,000,000) ordinary shares of no par value	478,892	478,892	478,892	478,892
Ordinary shares issued and fully paid				
1,050,000,000 (March 2019: 1,050,000,000) ordinary shares of no par value	478,892	478,892	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.

Cash dividends on ordinary shares paid:	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
Final dividend for 2019: 5.73 thebe per share: (2018: 9.70 thebe per share)	60,165	101,850	60,165	101,850
Interim dividend for 2020 3.73 thebe per share: (2019 : 3.53 Thebe per share)	37,485	37,065	37,485	37,065
	97,650	138,915	97,650	138,915

The dividend is paid net of 7.5% withholding tax as per the Botswana Income Tax Act.

BTCL 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.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

14 REVALUATION RESERVE

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Properties revaluation reserve (land and buildings)				
Balance at the beginning of the year	340,683	360,056	340,683	360,056
Depreciation transfer for land and buildings	(20,591)	(19,373)	(20,591)	(19,373)
Balance at the end of the year	320,092	340,683	320,092	340,683
Total other reserves	320,092	340,683	320,092	340,683

15 DEVELOPMENT GRANTS

	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
Balance at the beginning of the year	88,025	109,078	88,025	109,078
Additions for the year	-	2,865	-	2,865
Receivable	-	5,739	-	5,739
Recognised as income during the year	(29,862)	(29,657)	(29,862)	(29,657)
Balance at end of the year	58,163	88,025	58,163	88,025
Comprising:				
Current portion of development grant	29,862	29,657	29,862	29,657
Non-Current portion of development grant	28,301	58,368	28,301	58,368
	58,163	88,025	58,163	88,025

Nteletsa projects

The cumulative grants received to end of March 2020 are P509,325,984 (March 2019: P509,325,984). These grants are for the purpose of funding the Group'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 receivable is P8 604 318 of which 33.3% (P2 865 237) had been received in accordance with the grant agreement.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Trade payables	74,519	136,754	74,519	136,754
Contract liabilities	33,357	20,030	33,357	20,030
Contract liabilities - deferred revenue	23,325	9,671	23,325	9,671
Interconnection balances	8,276	9,223	8,276	9,223
Accruals and other payables	86,169	166,405	86,169	166,405
	225,646	342,083	225,646	342,083
Comprising:				
Trade and other payables	192,289	322,053	192,289	322,053
Contract liabilities	33,357	20,030	33,357	20,030
	225,646	342,083	225,646	342,083

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

Contract liabilities are recognised when BTC has received advance payment for goods and services that have not 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 receivables,revenue related contract assets and contract liabilities from contracts with customers:

Contract liabilities

	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
Current	11,259	2,883	11,259	2,883
Non-Current	22,098	17,147	22,098	17,147
Total contract liabilities - IFRS 15	33,357	20,030	33,357	20,030
Contract liabilities - deferred revenue	23,325	9,671	23,325	9,671

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 P23 325 028 (March 2019: P9 671 055).

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

17 EMPLOYEE RELATED PROVISIONS

Group and Company

	Leave Pay P'000	Gratuity P'000	Other P'000	Total P'000
Balance at 31 March 2018	24,061	34,273	1,320	59,654
Charged to employee expenses	5,921	31,568	14,951	52,440
Utilised	(3,382)	(28,890)	(15,418)	(47,690)
Balance at 31 March 2019	26,600	36,951	853	64,404
Charged to employee expenses	5,132	20,042	15,957	41,131
Utilised	(9,196)	(44,371)	(15,261)	(68,828)
Balance at 31 March 2020	22,536	12,622	1,549	36,707

	2020 P'000	2019 P'000
Comprising:		
Current liabilities	24,085	27,453
Non current liabilities	12,622	36,951
	36,707	64,404

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.

18 STATEMENT OF CASH FLOWS

	Notes	Group		Company	
		2020 P'000	2019 P'000	2020 P'000	2019 P'000
18.1 Operating profit before working capital changes:					
Profit before tax		127,478	196,712	130,025	196,712
Adjustment for non cash movements:					
Depreciation of property, plant and equipment	7	184,958	176,368	184,958	176,368
Amortisation of intangible assets	8	34,361	22,999	34,361	22,999
Depreciation on Right of Use Assets	10.1	21,774	-	21,774	-
Profit on disposal of property, plant and equipment	3	(2,105)	(246)	(2,105)	(246)
Amortisation of IRU		8,494	2,467	8,494	2,467
Movement in other reserves**		4,158	-	-	-
Exchange gain		(1,437)	(3,130)	(1,437)	(3,130)
Development grant recognised as income	14	(29,862)	(29,657)	(29,862)	(29,657)
Movement in provisions		(27,697)	4,750	(27,697)	4,750
Operating profit before working capital changes		320,122	370,263	318,511	370,263

For the purpose of the cash flow statement the working capital changes arising from trade and other receivables and trade and other payables take into account the cash effects of the interest receivable at both the beginning and end of the year.

** Relates to the BTC Foundation reserves for the prior year. The results of the BTC Foundation have been consolidated from the current year.

	Group 2020 P'000	Group 2019 P'000	Company 2020 P'000	Company 2019 P'000
18.2 Net Income tax				
Opening balance	12,013	(3,072)	12,013	(3,072)
Charge for the year (Note 6.1)	(1,829)	(9,154)	(1,829)	(9,154)
Withholding tax on interest	840	891	840	891
Closing balance	(13,100)	(12,013)	(13,100)	(12,013)
Net cash paid	(2,076)	(23,348)	(2,076)	(23,348)
18.3 Net cash and cash equivalents at end of the year:				
Cash at bank and on hand	35,311	36,226	33,700	36,226
Short term deposits	84,389	269,230	84,389	269,230
Net cash and cash equivalents at end of the year	119,700	305,456	118,089	305,456

The call deposits had effective interest rates of between 0.25% and 0.85% (March 2019: 0.25% and 1%).

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.

18.4 Banking Facilities

The Group has facilities with its bankers amounting to P15,000,000 (March 2019: P15,000,000) in respect of letters of credit and guarantees. The banking facilities are unsecured.

The unutilised portion of the banking facilities amounted to P8.7million as at 31 March 2020 (USD 508,378 has been utilised as a performance bond with BOCRA ,expiring 31 December 2020, for Fixed Wireless Access Spectrum in Frequency 2300-2400 MHZ)

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

19 CAPITAL COMMITMENTS

	Group		Company	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Contracted but not paid	79,437	485,211	79,437	485,211
Authorised but not contracted	265,827	153,270	265,827	153,270
Total capital commitments	345,264	638,481	345,264	638,481

These commitments will be financed by development grants and internally generated funds.

OPERATING LEASE COMMITMENTS-COMPANY AS LESSEE

Future minimum lease payments payable under non-cancellable operating leases are as follows:
Group and Company

	Group	Company
	2019 P'000	2019 P'000
Operating leases	19,998	19,998
	19,998	19,998
Balance due not later than one year	5,512	5,512
Balance due later than one year and not later than five years	11,315	11,315
Balance due after five years	3,171	3,171
	19,998	19,998

OPERATING LEASE COMMITMENTS-COMPANY AS LESSOR

Future minimum lease receivables under non-cancellable operating leases are as follows:

Operating leases	1,457	1,457
Balance due not later than one year	1,344	1,344
Balance due later than one year and not later than five years	113	113
Balance due after five years	-	-
	1,457	1,457

In addition to the above, the Group has entered into service and maintenance contracts with third parties. The majority of the operating leases with the company as lessor are in respect of sites on which network premises have been built and sub-let by the company to its customers. These leases comprise of fixed rentals payable on a monthly basis with annual escalations of up to 10% per annum generally with a one month notice period.

The above disclosure is relevant for prior the year as per IAS 17 and in the current year this has been reported under IFRS 16 (Note 10).

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

20 RELATED PARTY TRANSACTIONS

Relationships

Shareholder with 54.16% ownership	Government of Botswana
Members of the Board of Directors	Refer to the General information page
Members of Key management	Anthony Masunga
	Aldrin Sivako
	Edward Wicks
	Abel Bogatsu
	Peter Olyn
	Lebudi Kgetse
	Same Kgosiemang
	Boitumelo Masoko
	Mmamotse Monageng
	Sidney Mganga
	Malebogo Mosinyi
	Nelson Disang
	Kutlo Mokgosana

Directors, Management and employees shareholdings

The Group has employees who hold shares that were purchased on the open market. 814 488 shares were held by certain members of the Board of Directors and 308 700 shares were held by certain members of key management.

Trading transactions

The following related party transactions were on an arm's length basis:

	Billing		Balance due	
	2020 P'000	2019 P'000	2020 P'000	2019 P'000
Sales and outstanding balances from related parties				
The Government of the Republic of Botswana	378,860	315,242	116,253	33,960
Parastatals	122,587	103,086	19,625	12,183
	501,447	418,328	135,878	46,143
Purchases from related parties				
Parastatals	364,314	316,616	26,094	61,552

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 Group. 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.

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 is governed by a Board of Trustees. Their main focus is to support community projects that are aligned to the following focus areas; health, sports development; education, arts and culture. During the year under review, BTC did not donate to the Foundation (March 2019: P2,219,475). As at 31 March 2020, the foundation had an unexpended cash balance of P1 611 552 (March 2019: P3 463 701).

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

20 RELATED PARTY TRANSACTIONS [Continued]

Individually significant transactions

Global Connectivity projects (EASSY and WACS)

The Government of Botswana owes BTC P9,455,478 (Mar 2019: 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 on an arms length basis network capacity from BoFiNet. The balance is disputed and the amount has been fully impaired as per the requirements of IAS 24.18.

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 which translates to an annual charge of P34 million to the Profit or loss account. The P340 million has been fully paid.

In the prior year, BTC entered into a second 15 year IRU agreement with BoFiNet for P555 million translating to an annual charge of P37 million to the Profit or loss account. A discount of P98 million staggered over the first 6 years was obtained reducing the annual charge to P17million in 2019 increasing to P27million in 2024. Unlike the first IRU, this particular agreement gives BTC unlimited capacity up to an aggregate of 300Gbps.

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.

Compensation of key management personnel	2020 P'000	2019 P'000
Short-term benefits	18,722	14,213
Termination benefits	-	202
	18,722	14,415

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 Group.

Directors' Interests

Emoluments per director (in Pula) (2020)

Director	Fees	Renumeration	Bonus	Fringe and other benefits	Total
Anthony Masunga (Managing Director)	-	2,023,898	113,927	191,221	2,329,046
Lorato Boakgomo-Ntakhwana	229,000	-	-	-	229,000
Maclean Letshwiti	115,000	-	-	-	115,000
Choice Pitso	98,000	-	-	-	98,000
Serty Leburu	155,000	-	-	-	155,000
Andrew Reginald Johnson	118,000	-	-	-	118,000
Ranjith Priyalal De Silva	275,000	-	-	-	275,000
Bafana Molomo	165,000	-	-	-	165,000
Thari Pheko	130,000	-	-	-	130,000
Total emoluments paid	1,285,000	2,023,898	113,927	191,221	3,614,046

20 RELATED PARTY TRANSACTIONS [Continued]

Directors' Interests [Continued]

Emoluments per director (in Pula) (2019)

Director	Fees	Renumeration	Bonus	Fringe and other benefits	Total
Anthony Masunga (Managing Director)	-	1,863,000	-	220,872	2,083,872
Lorato Boakgomo-Ntakhwana	181,000	-	-	-	181,000
Maclean Letshwiti	100,000	-	-	-	100,000
Choice Pitso	83,000	-	-	-	83,000
Serty Leburu	113,000	-	-	-	113,000
Andrew Reginald Johnson	87,000	-	-	-	87,000
Ranjith Priyalal De Silva	157,000	-	-	-	157,000
Bafana Molomo	60,000	-	-	-	60,000
Thari Pheko	65,000	-	-	-	65,000
Total emoluments paid	846,000	1,863,000	-	220,872	2,929,872

21 FINANCIAL RISK MANAGEMENT

21.1 Financial risk management objectives and policies

The Group's principal financial liabilities are trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group 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 Group'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 Group's business.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21 FINANCIAL RISK MANAGEMENT [Continued]

21.2 Currency risk:

The Group 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 Group'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 2020	AUD P'000	EUR P'000	USD P'000	ZAR P'000	BWP P'000	Total P'000
Closing exchange rate	0.1305	0.0785	0.0810	1.4610	1.0000	
Trade Payables	84	-	22,103	611	51,721	74,519
Interconnection balances	-	-	1,650	-	6,626	8,276
Total Liabilities	**84**	**-**	**23,753**	**611**	**58,347**	**82,795**
Interconnect balances	-	-	14,411	-	30,993	45,404
Total assets	**-**	**-**	**14,411**	**-**	**30,993**	**45,404**
Net Position	84	-	9,342	611	27,354	37,391
March 2019						
Closing exchange rate	0.1265	0.0850	0.0900	1.3915	1.0000	
Trade Payables	173	210	22,762	1,240	112,369	136,754
Interconnection balances	-	142	8,957	-	125	9,224
Total Liabilities	**173**	**351**	**31,719**	**1,240**	**112,495**	**145,978**
Interconnect balances	-	-	20,825	1	40,545	61,371
Total assets	**-**	**-**	**20,825**	**1**	**40,545**	**61,371**
Net Position	173	351	10,894	1,239	71,950	84,607

The Group'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.

21 FINANCIAL RISK MANAGEMENT [Continued]

21.3 Foreign Currency sensitivity analysis

The Group 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 Group'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)	2020 P'000	2019 P'000
10% decrease		
Rand	(61)	(240)
United States Dollar	(934)	(9)
Euro	-	(1)
Australian Dollar	(8)	-
Net Effect	(1,003)	(250)
10% increase		
Rand	61	240
United States Dollar	934	9
Euro	-	1
Australian Dollar	8	-
Net Effect	1,003	250

21.4 Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Trade receivables

The Group applied 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 Group 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 2020, the ECL provision was P261 852 000 (Mar 2019: P243 611 000)

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21 FINANCIAL RISK MANAGEMENT [Continued]

21.4 Credit Risk [Continued]

Trade receivables are considered irrecoverable where;

- the customer has not made any payment within 150 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;

Contract Assets
There are no ECL provisions arising from contracts with customers

Cash & cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group'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 Group does have significant credit risk exposure to single counterparties or groups of counterparties having similar characteristics. The Group 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: P60,514,202 (2019: P29,035,493)
Short term deposits with financial institutions: P84,388,765 (2019: P204,761,025)

The carrying amount of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk. The Group holds no collateral with which to secure its financial assets.

Financial assets and other credit exposures (Not rated)	2020 P'000	2019 P'000
Trade debtors including those from related parties	238,567	221,816
Short term call deposits	84,389	269,230
Cash and bank	33,700	36,226
	356,656	527,272

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21 FINANCIAL RISK MANAGEMENT [Continued]

21.5 Financial instruments designated at fair value through profit and loss

At the reporting date the Group held no financial instruments designated at fair value through profit and loss (FVTPL).

21.6 Financial assets held or pledged as collateral

At the reporting date the Group held $60,000 received from a counterparty as security for potential bad debts. The Group had not pledged any of its financial assets as collateral.

21.7 Interest income by financial instrument category

Group and Company	Financial assets at amortised cost P'000
2020	
Interest income	7,303
Net interest income	7,303
2019	
Interest income	17,606
Net interest income	17,606

21.8 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 Group'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 Group's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21 FINANCIAL RISK MANAGEMENT [Continued]

21.8 Liquidity and interest risk management [Continued]

The following table details the Group's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets except where the Group anticipates that the cash flow will occur in a different period.

Financial Assets	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	Total P'000
2020				
Trade and other receivables	111,035	73,016	268,546	452,597
	111,035	73,016	268,546	452,597
2019				
Trade and other receivables	103,110	42,775	186,432	332,317
	103,110	42,775	186,432	332,317

The following table details the Group'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 Group can be required to pay. The table includes both interest and principal cash flows.

Financial Liabilities	Less than 1 month P'000	1 - 3 months P'000	3 months to 1 year P'000	1 - 5 years P'000	5+ years P'000	Total P'000
2020						
Trade and other payables	-	225,646	-	-	-	225,646
Lease liabilities	2,133	6,325	16,549	84,802	72,615	182,424
	2,133	231,971	16,549	84,802	72,615	408,070
2019						
Trade and other payables	-	342,083	-	-	-	342,083
Lease liabilities	-	-	-	-	-	-
	-	342,083	-	-	-	342,083

The Group maintains an overdraft facility with Standard Chartered Bank Botswana Limited. At 31 March 2020, the Group had cash and cash equivalents of P120 million (2019: P305 million).

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21 FINANCIAL RISK MANAGEMENT [Continued]

21.9 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 Group's exposure to the risk of changes in market interest rates relate to the fixed deposits and call deposits with the financial institutions.

To manage interest rate risk, the Group enters into fixed deposits with financial institutions, in which the Group 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 Group's profit and equity reserves would be as shown in the table below:

		Increase (decease) in pre tax profit/ (loss) for the year P'000
2020		
Interest rate risk		
Change in interest rate	+1%	844
	-1%	(844)
2019		
Interest rate risk		
Change in interest rate	+1%	2,692
	-1%	(2,692)

21.10 Fair values

Set out below is a comparison, by class, of the carrying amount and fair values of the Group's financial instruments:

	Group		Company	
2020 Financial assets	Carrying amount P'000	Fair value P'000	Carrying amount P'000	Fair value P'000
Trade and other receivables	219,055	219,055	464,346	464,346
Contract assets	19,512	19,512	19,512	19,512
Cash and cash equivalents	119,700	119,700	118,089	118,089
	358,267	358,267	601,947	601,947
Financial liabilities				
Trade and other payables	192,289	192,289	192,289	192,289
Contract liabilities	33,357	33,357	33,357	33,357
	225,646	225,646	225,646	225,646

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

21 FINANCIAL RISK MANAGEMENT [Continued]

21.10 Fair values [Continued]

	Group		Company	
2019	Carrying amount P'000	Fair value P'000	Carrying amount P'000	Fair value P'000
Financial assets				
Trade and other receivables	162,876	162,876	162,876	409,280
Contract assets	21,940	21,940	21,940	21,940
Cash and cash equivalents	305,456	305,456	305,456	305,456
	490,272	490,272	490,272	736,676
Financial liabilities				
Trade and other payables	322,053	322,053	322,053	322,053
Contract liabilities	20,030	20,030	20,030	20,030
	342,083	342,083	342,083	342,083

Management assesed 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.

22 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.

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 2018, the properties fair values were based on valuations performed by Willy Kathurima Associates, an accredited independent valuer who has 25 years valuation experience for similar properties in Botswana. Fair value measurement disclosures for revalued land and buildings are provided below:

Following the revaluation done in 2018, management has reassessed the valuation and determined that the values remained relevant for the year ended 31 March 2020.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

22 FAIR VALUE HIERACHY [Continued]

Assets measured at Fair Value	Significant unobservable inputs (level 3) 2020 P'000	2019 P'000
Land & Buildings	514,601	535,340

Revaluations are performed on 3 year intervals with the last valuation having been done on 31 March 2018.

The significant unobservable valuation inputs were:		Price range per square meter		Total square meters	Average value per square meter
Land		From	To		
Urban areas	Pula	100	2,500	209,163	592
Rural areas	Pula	10	65	566,424	34

Significant increases/(decreases) in estimated price per square meter in isolation would result in a significantly higher/(lower) fair value.

Significant unobservable inputs for the management/director assessment done on 31 March 2020 have been disclosed above.

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.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

23 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure continuity as a going concern for the Group while at the same time maximising the shareholders' return through the optimisation of the debt and equity balances. The Group has access to financing facilities, the total unused portion amounting to P8.7 million (2019: P12.3 million) at the reporting date. The Group expects to meet its other obligations from operating cash flows and the proceeds of maturing financial assets. The capital structure of the Group consists of trade and other payables, share capital, reserves and retained earnings.

	Group		Company	
	2020	2019	2020	2019
Debt	P'000	P'000	P'000	P'000
Trade and other payables	225,646	342,083	225,646	342,083
Total debt	225,646	342,083	225,646	342,083
Equity				
Stated Capital	478,892	478,892	478,892	478,892
Revaluation reserve	320,092	340,683	320,092	340,683
Accumulated profits	1,294,875	1,261,392	1,293,264	1,261,392
Total equity	2,093,859	2,080,967	2,092,248	2,080,967
Total capital	2,319,505	2,423,050	2,317,894	2,423,050
Gearing ratio	11%	16%	11%	16%

Total capital is derived by adding total equity and total debt less cash and short term deposits.

24 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 Group given the integrated nature of the Group'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.

25 LEGAL PROCEEDINGS AND PROCEDURES

The Group operates in the telecommunications industry and is subject to legal proceedings in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

The Group is also subject to telecommunications regulations and has complied with all regulations. There are no contingencies associated with the Group's compliance or lack of compliance with such regulations.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

26 EVENTS AFTER THE REPORTING PERIOD

COVID -19

COVID-19 was first diagnosed in Africa in March 2020 just before the BTC financial year end date of 31 March 2020. The World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic on 11 March 2020. Many governments globally took increasingly stringent steps to help contain the spread of the virus. The Botswana Government introduced various measures including extreme social distancing measures to help curb the spread of the virus. As a result of that the country was placed under a nationwide lock-down on 02 April 2020. The results of the business for the period to 31 March were largely not affected by the closure of the local economy, except for customers in the tourism and hospitality sectors who had started to feel the effects of restricted international travel due to lock-downs across the globe much earlier.

In response to the catastrophic effects of the pandemic on lives and business activity, the Group swiftly formulated and implemented a COVID-19 focused Business Continuity Plan ("BCP").

There has been no significant negative impact on the business of the Corporation as a result of the COVID-19 lockdown for the year ended 31 March 2020.

The disease has continued spreading across the continent beyond the BTC reporting date and the full extent of the health and economic outcomes remain uncertain as the pandemic is an unprecedented challenge for humanity and for the economy globally.

Between the reporting date and the date these financial statements were approved by the BTC Board, Management concluded that the effect of the pandemic and the measures taken to contain its spread were non-adjusting post-balance sheet events. Management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of these financial statements and is of the view that the significant uncertainty associated with COVID-19 does not cast significant doubt on the Group's ability to continue as a going concern.

Without quantifying, due to the difficulty of doing so, Management has considered the following in its assessment of the impact of COVID-19 on the Group thus far and prospectively:

Demand for services by subscribers

The telecommunications industry was declared as an essential service in Botswana which allowed the Group to continue to fulfill customer orders during the national lock-down period responding to the surge in the demand for home internet services and online business services to support working from home.

In the months of April and May 2020, economic activity in Botswana was subdued and this impacted collection of receivables and fixed voice calls traffic primarily due to the closure of Government offices and corporates. There were no significant contract modifications that took place in the lock-down period.

BTC Network

BTC has, over the years, invested in the Fixed Broadband Network (FTTX) and Mobile Broadband Network (4G) and has a wide network coverage across the country providing high speed internet to most of the residential areas across the country. The push for digital services has significantly increased the utilization of the network, accelerating benefit realization from the investment.

Even with the challenges of COVID-19 Management remains optimistic and focused on growth, leveraging on the momentum seen during the lock-down period. Management believes there will be no adverse impact on network capacity/availability and by extension minimal negative impact in revenues and cash flows going forward.

Management estimates that extreme social distancing national lockdown will negatively affect revenues as follows:

- 1-2 months: 1% to 2%
- 3-4 months: 2% to 3%

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

26 EVENTS AFTER THE REPORTING PERIOD [Continued]

Supply chain

BTC experienced delays in the delivery of certain critical stocks due to restrictions in international air travel. However, the impact on the business was minimal as there were sufficient spares in-country for the maintenance of the network. No major outages were experienced during the lock-down period as a result of unavailability of spares. However, sourcing Customer Premises Equipment to meet the unexpected surge in demand related to COVID-19 related was a challenge.

Following the easing of the lock-down restrictions in the month of June 2020 most of the Botswana based suppliers have been able to restore services, support and capacity to pre-COVID levels.

COVID-19 implications on the impairment assessment

Scenarios associated with the potential impact of COVID-19 on future cashflow projections have been considered given the evidence available at the time of finalizing the annual financial statements.

These scenarios considered the following:

- The length of the lockdown and the potential impacts
- Impact of job losses and limited resources to further squeeze low-income consumers
- Expected decline in GDP
- Inflation and movement in foreign exchange rates

Further, several possible macro trends emerging, that will potentially shape the face of the telecoms industry were factored into management's assessment.

Operating expenses

In response to some of the social distancing related protocols a number of BTC staff have had to work remotely from home. Management anticipates an increase in information technology (IT) communication and cyber-security costs. However, these are expected to be offset by office utility and travel cost savings as well as higher productivity levels.

Currency volatility

The Pula experienced significant volatility against the Rand and the United States Dollar during the lock-down period. The continued strengthening of the United States Dollar will adversely impact capital expenditure and for imported network elements and foreign currency denominated support and maintenance contracts.

Credit losses on receivables

Management has stress tested the Expected Credit Loss (ECL) models to evaluate potential defaults as a result of the possible closure of some businesses and potential job losses across the economy as the uncertain effects of COVID-19 continue to unravel.

CONSOLIDATED NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

26 EVENTS AFTER THE REPORTING PERIOD [Continued]

Government stimulus package

The Government has announced the introduction of The Economic Recovery and Transformation Plan (ERTP) as part of broad measures to mitigate the impact of COVID-19 pandemic. The ERTP in part is intended to support and fast-track digital transition of the economy and is expected to stimulate the use of telecommunication services.

The stimulus includes the following specific digital services initiatives:

- Addressing digital infrastructure gaps
- Digital Land Registration
- Faster rollout of e-GOV services
- Biometric National Identity
- Electronic Billing Machines (Botswana Unified Revenue Services)
- Cashless payment infrastructure

Regulatory interventions

Botswana Communications Regulatory Authority (BOCRA) engaged the telecommunications operators to discuss opportunities for reducing prices for data as a way of improving access especially during lockdowns. Management has assessed its pricing structures and determined that prices were already in line with the expectations of the Regulator, so price changes were not affected as a result of COVID-19.

Dividends

The BTC directors have declared that no further dividend be paid for the financial year ended March 2020. An interim dividend of 3.57 thebe per share was paid in February 2020 hence the total annual dividend declared in respect of the financial year is 3.57 thebe per share.

In March 2019, a dividend of 5.73 thebe per share was declared. Dividends are paid net of 7.5% witholding tax as per the requirements of the Botswana Income Tax Act.

SHAREHOLDING ANALYSIS

FOR THE YEAR ENDED 31 MARCH 2020

Share Analysis- Ordinary Shareholders

	Shareholders		Shares held	
	Number of holders	% of holders	Shares held	% of issued shares
1-2000	25,861	59.37%	31,958,375	3.04%
2001-5000	9,551	21.93%	40,045,207	3.81%
5,001-10,000	4,192	9.62%	38,525,985	3.67%
10,001- 50,000	3,033	6.96%	76,023,545	7.24%
50,001-100,000	493	1.13%	40,689,202	3.88%
100,001- 500,000	351	0.81%	85,075,224	8.10%
500,001 - 1,000,000	46	0.11%	34,364,955	3.27%
1000,000 - 100,000,000	33	0.08%	167,817,507	15.98%
OVER 100,000,000	1	0.00%	535,500,000	51.00%
TOTAL	**43,561**	**100.00%**	**1,050,000,000**	**100.00%**

Top 25 shareholders

NAME	HOLDINGS	%
BOTSWANA PRIVATISATION ASSET HOLDINGS	535,500,000	51.00%
GOVERNMENT OF BOTSWANA - MINISTRY OF TRANSPORT & COMMUNICATIONS	33,230,800	3.16%
FNB BOTSWANA NOMINEES (PTY) LTD RE: ALLANGRAY BPOPF EQUITY PORTFOLIO B	25,465,802	2.43%
FNB BOTSWANA NOMINEES (PTY) LTD RE: AA BPOPF EQUITY	17,739,339	1.69%
FNB BOTSWANA NOMINEES (PTY) LTD RE: BIFM BPOPF-EQUITY	10,746,769	1.02%
FNB BOTSWANA NOMINEES (PTY) LTD RE: IAM BPOPF EQUITY	8,711,891	0.83%
FNB NOMS BW (PTY) LTD RE: BPOPF EQUITY PORTFOLIO C - ALLAN GRAY	8,679,810	0.83%
FAROUK ISMAIL	12,471,814	1.19%
BOTSWANA POLICE SAVINGS AND LOANS GUARANTEE SCHEME	5,884,495	0.56%
BOTSWANA PRIVATISATION ASSET HOLDINGS - MARKET MAKER ACCOUNT	4,502,790	0.43%
MOTOR VEHICLE ACCIDENT FUND	4,232,400	0.40%
FNBBN (PTY) LTD RE:KGORI CAPITAL ALEXANDER FORBES RETIREMENT FUND	3,719,577	0.35%
STANDARD CHARTERED BANK BOTSWANA PENSION FUND	3,299,636	0.31%
STANBIC NOMINEES BOTSWANA RE: INVESTEC DEBSWANA PENSION FUND	3,211,904	0.31%
MBIGANYI CHARLES TIBONE	2,800,756	0.27%
DITIRO CLEMENT LENTSWE	2,483,741	0.24%
MORULA RE: DEBSWANA PENSION FUND	2,247,870	0.21%
SIMON HIRSCHFELD	2,051,934	0.20%
FNB BOTSWANA NOMINEES (PTY) LTD RE:KGORI CAPITAL - AON AGRESSIVE PORTFOLIO	1,472,140	0.14%
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:IAM BBDCSPF	1,224,418	0.12%
JAMALUDDIN KADER	1,140,482	0.11%
OTHERS	355,169,021	33.83%
TOTAL	**1,050,000,000**	**100.00%**

		SHAREHOLDERS		SHAREHOLDING	
CLASSIFICATION	**CATEGORY**	NUMBER	%	NUMBER	%
Public shareholders	CORPORATE BODIES	376	0.86%	43,537,104	4.15%
	NOMINEES COMPANIES	54	0.12%	102,905,994	9.80%
	PRIVATE INDIVIDUALS	43,110	98.96%	332,755,621	31.69%
	TRUSTS	8	0.02%	947,293	0.09%
Non-Public shareholders	NON PUBLIC SHAREHOLDERS	13	0.03%	569,853,988	54.27%
	TOTAL	**43,561**	**100.00%**	**1,050,000,000**	**100.00%**

NOTICE OF THE 2020 ANNUAL GENERAL MEETING

Notice is hereby given that the 2020 Annual General Meeting of BOTSWANA TELECOMMUNICATIONS CORPORATION LIMITED will be held by means of audio or audio and visual communication in Gaborone, Botswana on 23rd October 2020 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 2020, 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 3.57 thebe per share that was declared by the Directors and paid by the Company.

4. Ordinary Resolution No.3

   Appointment of Directors

   To confirm the appointment of the following Director in accordance with Clause 17.4 the Constitution:

   4.1 Ms. Gaone Macholo

   The brief CV of the Director is contained in the Annual Report.

   The Board recommends the appointment of the Director.

5. Ordinary Resolution No.4

   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.

   5.1 Mr. Thari Pheko

   5.2 Mr. Bafana Molomo

   5.3 Ms. Serty Leburu

   The Board recommends the re-election of these Directors.

6. Ordinary Resolution No.5

   Retirement of Directors

   To note the retirement of the following Director from the Company:

   6.1 Ms. Choice Pitso

NOTICE OF THE 2020 ANNUAL GENERAL MEETING

7. Ordinary Resolution No. 6

   Remuneration of Non-Executive Directors

   To consider and approve the remuneration paid to Non-Executive Directors of the Company for the year ended 31st March 2020 as reflected on page 103 of the Annual Report.

8. Ordinary Resolution No.7

   Appointment of External Auditors

   To appoint Deloitte & Touché, upon recommendation of the Audit and Risk Committee, as the independent registered auditors of the company for the ensuing year.

9. Ordinary Resolution No.8

   Remuneration of external auditors

   To approve the remuneration paid to the external auditors, Ernst & Young for the year ended 31st March 2020.

10. Ordinary Resolution No.9

    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:

    10.1 Mr. Ranjith Priyalal De Silva

    10.2 Mr. Bafana Molomo

    10.3 Ms. Serty Leburu

    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.

    The Board recommends the appointment and re-election of these Directors to the Audit and Risk Committee.

11. Any Other Business

    To answer any questions put by shareholders in respect of the affairs and the business of the company.

12. 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 authorised 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

PROXY FORM

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 Friday 23rd October 2020 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 Friday 23rd October 2020 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.

		For	Against	Abstain
Ordinary resolution 1	Agenda item No 2			
Ordinary resolution 2	Agenda item No 3			
Ordinary resolution 3	Agenda item No 4			
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			
Ordinary resolution 9	Agenda item No 10			

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 speak and 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 -10 on the reverse side hereof

NOTES TO THE PROXY FORM

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.

2. 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 authorise 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 authorise 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.

3. 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.

4. 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.

5. The date must be filled on this proxy form when it is signed.

6. Any alterations or corrections made to this form of proxy must be initialled by the signatory/ies.

7. 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.

8. 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.

9. 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.

10. Forms of Proxy must be lodged or posted to the Transfer Secretaries, Central Securities Depository Company of Botswana (CSDB), Private Bag 00417, Gaborone

11. 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.

ANNEXURE A

Ms. Gaone Macholo

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

Currently the Chairperson of G4S Botswana Limited, Gaone is a strong believer in the alignment of people strategies to employees' productivity, age and professional experience and prioritises maintaining cordial and constructive relations with the Union.

She holds a BA in in Social Sciences from the University of Botswana and a Masters 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.

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