

# LEADING BELIZE'S DIGITAL FUTURE!

ANNUAL REPORT  
FISCAL YEAR 2021-2022





Our National Telecom

# TABLE OF CONTENTS

	1.0	OUR COMPANY	P. 04
P. 16	2.0	2021-2022 HIGHLIGHTS	
	3.0	STRATEGIC REPORT	P. 45
P. 56	4.0	CHIEF FINANCIAL OFFICER'S REVIEW	
	5.0	GOVERNANCE	P. 72
P. 86	6.0	AUDITED CONSOLIDATED FINANCIALS	

## 1.1 ABOUT BELIZE TELEMEDIA LIMITED

Belize Telemedia Limited (BTL), branded as Digi “Our National Telecom”, is committed to keeping Belizeans connected and leading the development of the nation’s digital future.

BTL owns and operates the largest and most extensive Telecommunications Network throughout the country including Mobile, Fixed Telephony, Broadband, and Business Solutions.



Our over 500 specialized and skilled employees countrywide continue to be at the forefront of BTL’s operations and play an integral role in delivering on the company’s strategy and purpose, while ensuring that the company meets customer expectation and needs.

We offer turnkey solutions for business, residential and transient customers while roaming. Our extensive range of products, services and solutions include:

- **Mobile Voice, SMS, and Data Services via a 4G LTE Advanced Mobile Network**
- **International Voice, Text, and Data Roaming Services**
- **Residential and Business Fixed Line Telephony and Voice over Broadband (VoBB) Services**
- **Residential and Business Broadband Services via Fibre to the Home (FTTH) Network**
- **National and International Data Networks**
- **Digi Business Solutions**
- **Financial Technology (FinTech) Services through its digital mobile payment platform**

BTL remains focused on maintaining its state-of-the-art network, infrastructure, and technologies with continued priority on the investment and development of its engineering capabilities and expanding its core products and services, while creating shareholder value. Our aim is to provide world class communications and over-the-top (OTT) services, offering our customers countrywide access and reliability.

# 1.2 DIGIWALLET

On March 23, 2022, we launched DigiWallet Limited (DWL), offering the only mobile wallet solution in Belize and contributing to the country's National Financial Inclusion Strategy.

DWL is a limited liability company incorporated in Belize and is operating under the regulation of the Central Bank of Belize with a Payment Service Provider Licence. DWL partnered with Telepin, a global leader in mobile financial services software, as its cloud-based solution service provider to power countrywide access to mobile financial services.



There is a high percentage of mobile device users in Belize, who are underbanked or unbanked but still require access to financial services as an essential component of economic and social development. DWL addresses these needs by providing access to financial products and services, including the ability to conduct offline digital transactions via a short code (\*2274#) or through its mobile application. Particularly, users can access the following services:

- Cash-In and Cash-Out
- Person to Person Transfer
- Person to Merchant Transfer
- Merchant to Merchant Transfer
- Digi Mobile Services & TopUp
- Bill Payment
- Promotional Services
- Bank to Wallet Transfer Services



Additional products and services will launch during the Fiscal Year 2022-2023.

With BTL's established distribution network of 2,000 agents, 13 stores, and over 200,000 mobile customers countrywide, DWL is a superior and complete mobile wallet solution.

DWL has 15 agents and 500 merchants transacting within their communities. We are looking forward to growing our mobile wallet service offerings, driving further financial inclusion, and becoming a leader in the FinTech industry in Belize.

## 1.3 CHAIRMAN OF THE BOARD'S STATEMENT



This report holds special significance as it is the first occasion that our new Board of Directors (BOD) has served a complete year at the helm of the organization since assuming office in December 2020. This BOD has come together for a common purpose: to establish a functional governance system, provide strategic direction and ensure accountability to guarantee BTL's financial stability in the interest of shareholders' while driving Belize's digital economy.

Like other telcos globally, the company experienced periods of volatility and uncertainty on account of the global economic and financial vulnerability exacerbated by the pandemic.

Markhelm Lizarraga  
Chairman of the Board of Directors

Nonetheless, with strong leadership and unwavering commitment to the communities we serve, we continue to persevere and delivered key accomplishments including:

- Intensifying the network expansion and deployment efforts across the country and providing reliable, affordable, and fast connectivity when it was most needed; while
- Continuing to grow our business offerings, including the introduction of DigiWallet, supporting Belize's national financial inclusion efforts and as part of our Product Diversification Strategy; and
- Continuing to bolster investor confidence through our sustained efforts to improve Return on Equity (ROE) performance from 8% to 12% over the next 5 years.

All these achievements embody BTL's core objective of delivering strong financial performance and leading the digital transformation in Belize. In this regard, I applaud the Legacy Copper System Decommissioning Program; an important step in our cost optimization efforts, and commitment to reducing the environmental impact of BTL's operations when moving forward with Belize's digital transformation.

The company's remarkable progress over the last year, particularly its strong financial performance, inspires our confidence. We delivered a strong consolidated revenue performance of \$141.3 million and a significant improvement in the company's Net Income performance to \$16.1 million. Our focus on continued operational excellence has resulted in this 197% increase in profits over the previous year.

We are equally satisfied with the level of Board involvement and oversight to ensure good corporate governance through close collaboration between the Board's sub-committees and the Executive Leadership Team in the areas of technology, human resources, and internal audit.

Our diversified and balanced teams continue to promote accountability and transparency throughout the organization. We continue fostering a customer-centric mindset at all levels of BTL by implementing employee voice surveys and greater engagement with employees through our internal digital platforms and quarterly virtual Town Hall meetings where ALL employees are invited to participate.

Our Social Corporate Responsibility programs remained a key focus during the year. We made significant investments in initiatives designed to support the country's economic and social recovery and collaborated with the government, civil society, industries, and other key stakeholders towards this objective.

Our accomplishments in the 2021-2022 fiscal year reflect the fortitude and determination of our employees to respond effectively to risks, overcome challenges and embrace opportunities. Our employees continue to embody the very BTL culture we need to propel our continued success into the future. We sincerely thank them for their deep commitment to our purpose and vision.

We are grateful for our esteemed shareholders and their sustained confidence in BTL. We thank our valuable customers for their immense support and patronage. We thank our distinguished members of the Board of Directors for their guidance and unstinted cooperation.

Moving forward, at the core of our strategic endeavours, BTL will continue to accelerate digital transformation and inclusiveness in Belize encouraging the highest level of customer confidence and satisfaction while remaining the preferred and trusted digital provider.

Sincerely,

Markhelm Lizarraga  
Chairman of the Board of Directors

## 1.4 CHIEF EXECUTIVE OFFICER'S STATEMENT



Ivan N. Tesucum  
Chief Executive Officer

Over the past year, we remained laser focused on connecting customers, improving lives and developing our communities thereby delivering on our purpose of being “Our National Telecom”. Even though barriers, associated with new normal living, continued to confront us, we persevered and are proud of our results this financial year.

BTL is strong, our business is growing, and we are well positioned for the future. We demonstrated our firm resolve to continue being the leaders in communication and in building Belize's digital future. We advanced our plans to continue building resilient and reliable digital highways, developing rich ecosystems, and connecting more individuals, businesses, and societies. This was thanks to the dedication and hard work of our staff.

The expansion of our Fibre to the Home (FTTH) network, now providing accessibility to over 90% of all homes in the country, was a notable achievement during the year. Our investment in modernising and expanding our network infrastructure, resulting in the

Legacy Copper System Decommissioning Program, has better positioned us to be more efficient, whilst facilitating sustained growth. We delved into the convergence of FinTech and Telco with the introduction of Belize's only mobile payment platform, DigiWallet, into the market, providing expanded financial service offerings and charting the way for revenue diversification and building greater brand loyalty.

We have progressed significantly this fiscal year. We have demonstrated that we have the resilience, capacity, and team to emerge successfully post pandemic, whilst preparing the company for an accelerating digital economy.

### BUILDING AND DEPLOYING NETWORK INFRASTRUCTURE

Providing affordable, accessible, and reliable connectivity to Belizeans across the country, drove our intense focus on network expansion efforts. We installed two new mobile cell sites at island destinations in our Southern Districts and six FTTH deployments throughout Belize. We moved forward with the decommissioning of our legacy systems that will facilitate our continued digital transformation. Furthermore, we continued to provide affordably priced solutions to individuals and families to help close the digital inequality one customer at a time. With Belize's largest modern infrastructure and unparalleled expertise, we continued to be the leading dependable partner to our private and public sector stakeholders.



### CELEBRATING STRONG BUSINESS PERFORMANCE

We achieved impressive business performance in 2021 from multiple successes. Our collective efforts to maximise value from our core infrastructure by working them more effectively, drove our strong financial results. Consequently, we expanded and solidified our leadership in the country. Outstandingly, Net Profit improved Year on Year (YoY) by \$10.7 million to \$16.1 million; a 197% increase, despite gross revenues remaining flat at \$141.3 million. The increase in net profitability reflects the favourable performance in DigiNet and Roaming Revenues, and increased efficiency and productivity, resulting in reduced costs. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to \$70.1 million, representing a YoY increase of 11% and resulting in a stellar EBITDA margin of 50%.



Across the business we have demonstrated strong financial performance when compared with 2020, despite unprecedented disruptions in our market.

The launch of DigiWallet, expansion of our FTTH and Mobile Networks and our focus on operational excellence all contributed to solid financial returns for BTL. We continue to identify opportunities to diversify and expand our digital footprint through both organic growth and identification of potential targets for merger and acquisition.

## CONNECTING WITH THE TEAM

Internally, we directed our attention to making BTL a great place to work. We repositioned our operations, initiatives, and strategy with an aim for 100% employee engagement. Accordingly, we implemented the Annual Employee Voice Survey, Quarterly Staff Townhalls and published the Quarterly CEO's Core Brief to provide information on the company's performance. We also launched frequent Executive District Visits and increased communication with our teams through electronic bulletins and by using the Yammer platform, among other initiatives. We remain deeply committed to building a positive work culture that inspires our team and helps our organization thrive.



## ACTING RESPONSIBLY

A strong, guiding value at BTL has always been our responsibility to develop the communities we serve. We continue to reinforce this commitment, which is fundamental to our business success, enabling us to create long-term value, earn the confidence of our customers, business partners, shareholders, employees, and communities. We remained resolute in our commitment to education and to the future of Belize through Digi's Scholarship Programme and our Free Internet

for Schools Programme. Moreover, we continued to empower our youth in developmental activities including sports and sponsored participation at the regional level. We were also at the forefront of national efforts to encourage trust and willingness to embrace vaccination among the Belizean population, through strategic communication approaches in partnership with the Government of Belize. Our accomplishments in this regard, and in other areas, showcase the unified relationship between our purpose and principles.

We now move forward on our digital journey to evolve. We remain determined to push well beyond the traditional ways of doing business. We are moving steadfast towards becoming more agile, more competitive, and more responsive to the needs of our customers, business partners, shareholders, and key stakeholders. This transformation is critical to remain relevant, grow our market share and expand our operations.

It is with much excitement that I share this year's annual report with you. As you will see in the sections that follow, our strategies are well defined, our purpose is clear, and our potential is far-reaching. Thank you to everyone—our Board of Directors for their vision and support, our employees for their dedication, our customers for their trust, and our shareholders for their confidence in our ability to deliver on our strategic ambitions. I am confident about our future and look forward to a very exciting year ahead as we continue to drive growth and deliver consistent earnings.

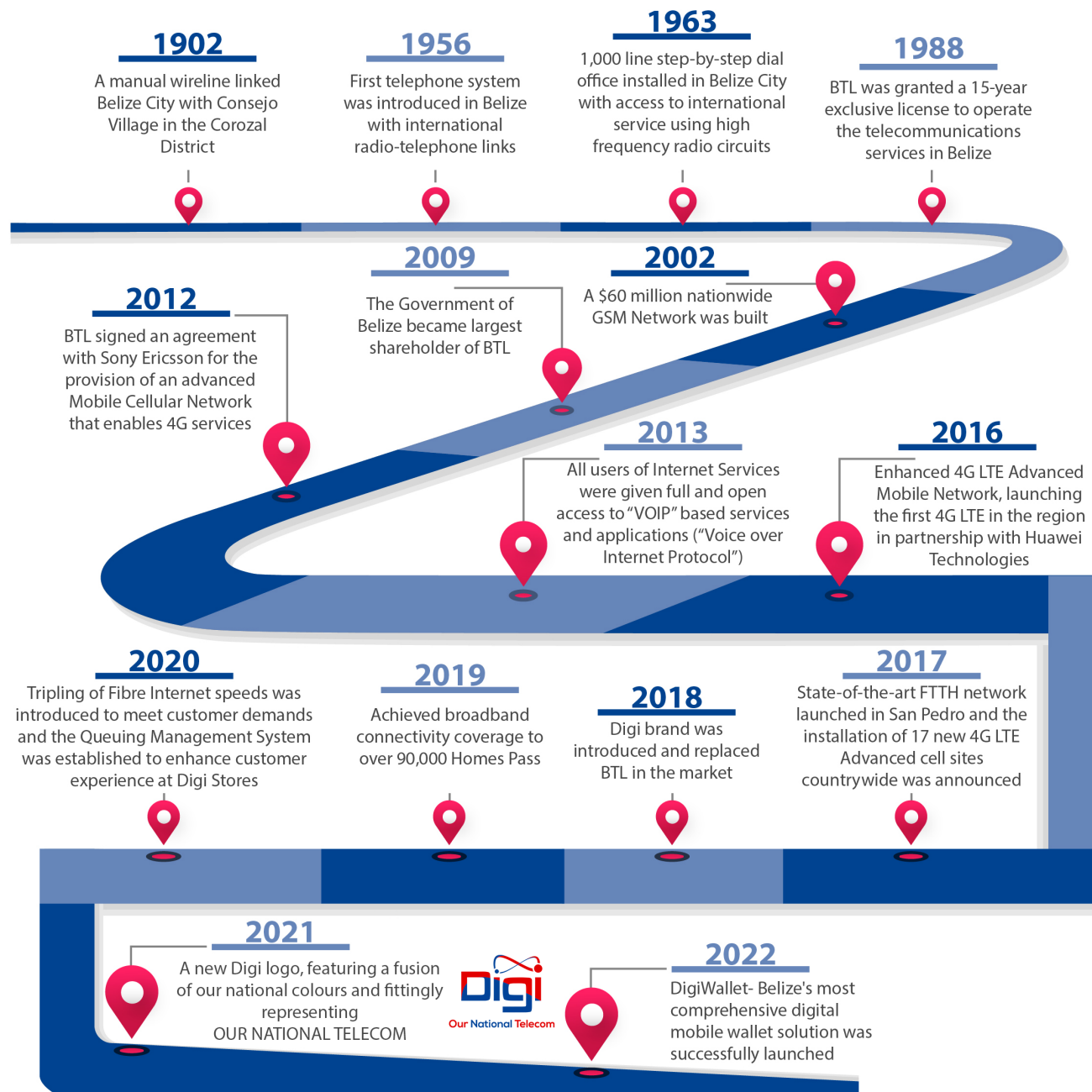
Sincerely,

Ivan N. Tesucum  
Chief Executive Officer

## 1.5 OUR JOURNEY

As we celebrate thirty-three years, we have retained the leadership position in the telecommunications sector in Belize throughout the years and have positioned ourselves as a strong competitor in the FinTech industry with the introduction of our mobile payment solution.

### KEY MILESTONES



## What Makes Us Who We Are

- 1 Longstanding brand value and awareness
- 2 Best and largest Mobile and Fibre Network Infrastructure
- 3 Most complete one-stop-shop offering for Business to Business
- 4 Largest customer base in Belize with the biggest consumer and commercial footprint across all segments





# 2.0

## 2021-2022 HIGHLIGHTS

- 2.1 Digi - Our National Telecom**
- 2.2 DigiWallet**
- 2.3 Expanding Our Future Proof Infrastructure**
- 2.4 Products & Promotions**
- 2.5 Human Capital**
- 2.6 Responsible Business**
- 2.7 A Renewed Vision for a Connected Future**



## 2.1 DIGI - OUR NATIONAL TELECOM

Guided by an unwavering purpose to build the digital avenues that connect people, improve lives, and develop Belize, Digi remains committed to powering individuals, households, and businesses. With the introduction of DigiWallet into the market, Digi became a trailblazer in Belize's telecom sector by becoming the first telecoms company to venture into the FinTech industry in the country.

With our fibre broadband infrastructure, 4G LTE Advanced Mobile Network and our digital mobile payment solution being the foundations of our operations, Digi is meeting the demands of our customers and is well positioned to efficiently evolve with the growing customer demands into the future.

**Number of customers being served by our key product offerings**

Product	Mar-20	Mar-21	Mar-22
Broadband	32,000	31,000	31,000
Mobile	205,000	194,000	204,000
Fixed voice	18,000	15,700	13,500

**Be it remote working, distance learning, or mobile digital payment systems, Digi has acted as an anchor for the Belizean society.**



## 2.2 DRIVING BELIZE'S TELCO & FINTECH REVOLUTION WITH DIGIWALLET

Digi is expanding its service offerings by bringing together two powerful industries – Telco and FinTech – to merge innovations, products, and markets with the introduction of DigiWallet in Belize.

Our National Telcom is maximizing its strong and incomparably broad reach as it entered the FinTech industry in March 2022, bringing secure solutions and strengthening national efforts to accelerate financial inclusion in Belize.

The introduction of DigiWallet is creating new revenue opportunities for the company, as well as supporting our vision to upscale our operations to meet consumer demand for contactless, tailored services and an enhanced customer experience.



## LEVERAGING GROWTH MOMENTUM AN OPPORTUNE TIME

**Consumer demand for contactless transaction**

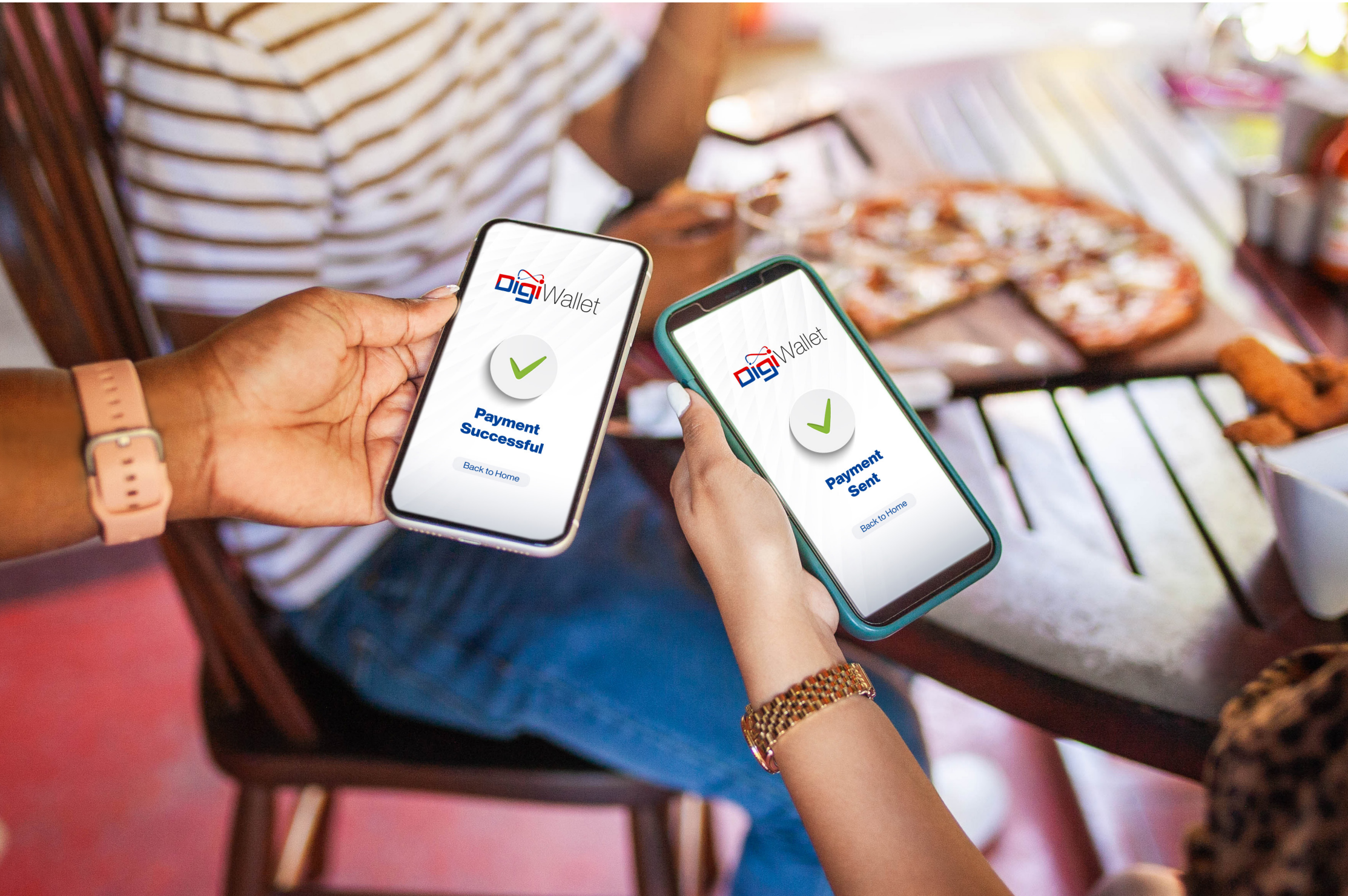
**Opportunity to synergize business ventures**

**Support National Financial Inclusion Strategy to increase financial access**

**Opportunity to TopUp & Bill Pay 24/7 from your mobile**

**Majority market share of mobile customers in country**

**High mobile penetration supporting digital financial products**



## DELIVERING A FULL END TO END MOBILE PAYMENT PLATFORM SOLUTION!

### BENEFITS

- Instant, convenient & secure
- Reduced need for cash and cards
- Lowest processing fees
- Reduced fraud risk
- Promotes financial access & inclusion

### TRANSACTIONS MODES

- Mobile Application
- USSD (via short code \*2274#)
- QR Code

## 15 SUPER AGENTS

Cash-In & Cash-Out Services  
and Customer Support

## 500 MERCHANTS

Accepting in-person or  
Remote Payments

## 2.3 EXPANDING OUR FUTURE PROOF INFRASTRUCTURE

Connecting Belizeans over the most reliable and secure networks is imperative to deliver a better, more inclusive connected living.

We continued to build and maintain our digital network leadership through expanded reach, capacity and quality across our FTTH and 4G LTE Advanced Mobile Networks.

### TWO NEW MOBILE SITES - SOUTHERN BELIZE



COCO PLUM ISLAND



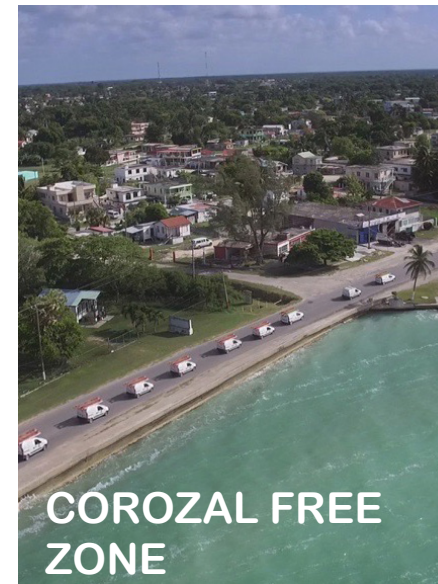
MANTA ISLAND

We continued to modernize our infrastructure by working diligently towards the decommissioning of our legacy copper network and rolling out modern technology to introduce new functionality, improved reliability, and operational efficiency. Consequently, we have migrated 99% of our customers to our robust FTTH network.

Digi remained committed to driving digital inclusion by providing access to reliable and competitively priced connectivity. Accordingly, the company introduced a new price point which saw the launch of a \$49 DigiEntry plan and boosted speeds by 33% for new and existing plans.

## SIX DIGINET FTTH DEPLOYMENTS

Digi expanded its FTTH Network to an additional 1,200 Homes Passed throughout the country.



COROZAL FREE ZONE



CENTRAL FARM



CONSEJO SHORES



SPANISH LOOKOUT



SAN PEDRO SOUTH



CAYE CAULKER NORTH

## 2.4 CONNECTING EVERYONE

Digi continues to work relentlessly to bring our customers better products and services enabling them to achieve, engage and experience more.

### CREATING AN ENGAGING MOBILE EXPERIENCE

With 150 mobile cell sites across Belize, Digi has the largest nationwide mobile connectivity with over 200,000 DigiCell PrePaid and PostPaid customers.

This year, Digi introduced exciting and value-added promotions that gave our customers the best plans for individuals, families, and businesses ranging from more data to low-cost solutions.

#### BELIZE @ 40

In the spirit of the September celebrations, DigiCell PrePaid customers enjoyed 400MB for only \$4.00 using their BONUS CREDIT. This one-day exclusive offer was valid on Friday, September 10, 2021.

#### EXCLUSIVE LOYALTY OFFERS

Qualified Digi PrePaid mobile customers enjoyed Exclusive Loyalty Offers with "TopUp Rewards" and "OMG Data" which offered 100% more data in our promo plans. Digi continued to offer real-time, relevant incentives and added value to our loyal customers through this new automated solution.



#### TOPUP PROMOTIONS

PrePaid customers continued to enjoy the benefit of Digi's most sought after TopUp promotion, offering 100% more credit when a customer recharged their account at any Agent countrywide, or 200% more credit when a customer is recharged via DigiWallet.

#### ENHANCED MOBILE POSTPAID PLANS

Digi's revamped Mobile PostPaid Plans now combine both the Standard and Weekend 4G LTE data allowances into one allowance of Anytime data that can be accessed any time throughout the month!

#### DALLA DATA PLAN

In celebration of Garifuna Settlement Day, Digi's PrePaid customers had an opportunity to get 1GB of 4G LTE data for only \$1.

#### DOUBLE THE DATA

We introduced Double the Data in Digi's PrePaid Data Plans, offering PrePaid Mobile customers 100% more data for the same affordable price over various weekends throughout the year.

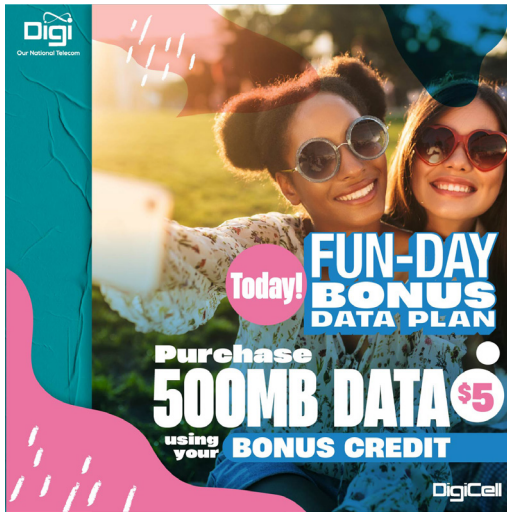
#### WEEKEND DATA PLAN

Digi's PrePaid customers were able to get 1GB of LTE data for as low as \$5 to use over the weekend.

#### U-TALK AND TEXT PLAN

Digi's PrePaid customers enjoyed unlimited talk and text to all local numbers for 24 hours.





### FUN DAY DATA PLAN

Digi's PrePaid customers had the benefit of purchasing 500MB of data out of their Bonus Credit! For only \$5 Bonus Credit, customers had access to 4G LTE data for up to 24 hours.



### BLACK FRIDAY PLAN

2GB of 4G LTE data, 50 local talk & text, 50 international talk & text for the unbeatable price of \$5.99 for 3 days. Digi's PrePaid customers were able to indulge in the ultimate Black Friday deal.

### FREE SERVICES WITH ANY DEVICE PURCHASE

Customers who shopped at our DigiStore benefited from our monthly promotions offering affordable phones, tablets, laptops, and accessories. Every phone purchased came with either free bonus credit or talk, text and data to ensure a positive customer experience on the Digi Mobile network.

### HEROES WEEKEND BUNDLE

To ensure that our PrePaid Mobile customers enjoyed the Heroes Holiday, Digi offered unlimited talk, text & 4GB of 4G LTE data for only \$3.99 for up to 48 hours.

### 2-DAY DATA PLAN

Two days of data to do more with 2GB of 4G LTE data for only \$3.50.

### OFFERING MORE TO OUR PREPAID BASE

Through Digi's All in One Bundles, PrePaid customers were offered the right amount of talk, text & data to stay connected. Customers enjoyed reduced prices, unlimited texts, and an overall greater value in all plans!





## ON DEMAND SUPPORT

Managing Digi accounts on the bigger and better network has never been easier!

### NEW FEATURES AVAILABLE

#### POSTPAID CUSTOMERS

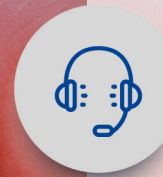
- Monitor your data usage
- View account and plan details
- View your monthly bill & receive bill pay alerts
- Purchase DigiCell services including voice, text, data, roaming plans and TopUp

#### PREPAID CUSTOMERS

- Check your primary & bonus credit balance, including expiration date
- Check your voice, text, and data usage, including expiration date
- Purchase DigiCell services including voice, text, data, roaming plans and TopUp
- Send Mi Credit



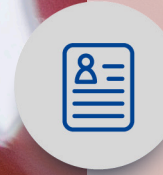
STORE LOCATOR  
VIA GOOGLE MAPS



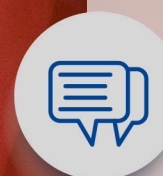
CALL & TALK  
TO AN AGENT



LIVE CHAT  
WITH AN AGENT



SHARE FEEDBACK  
OR REPORT AN  
ISSUE





VIEW  
FREQUENTLY  
ASKED QUESTIONS





## ACHIEVING MORE WITH THE BEST DEALS ON DIGINET PLANS

Digi offers the best internet plans to suit customers' lifestyles. In February 2022, super-fast plans for as low as \$49 per month were introduced, making it more accessible for Belizeans to connect to the fastest, most reliable fibre network in Belize.

**THE BEST**  
Fiber Home Internet Service

Get 20Mbps for

**\$49**

**PER MONTH**

\*INCLUDES MODEM RENTAL

NEW SIGN UPS ONLY! LIMITED TIME OFFER!



Digi launched its \$49 DigiNet plan to bridge the digital divide that had become more pronounced during the COVID-19 pandemic. The need to connect people to healthcare, to enable organizations to allow remote-working, for schools to facilitate distance learning, and to help people connect with family, no longer made connectivity nice-to-have but a need-to-have by everyone.

With its robust FTTH network, Digi went above and beyond the call to keep Belizeans connected and introduced a new price point of \$49 to its DigiNet plans, the most accessible and affordable broadband plan that the company has offered to date.

At a time when the Belizean economy underwent an overall inflation of  $\approx 6\%$  and witnessed shifts in consumer spending, Digi was remarkably responsive to the surging needs for digital connectivity. The company accelerated the adoption for digital platforms through the introduction of our new low-income broadband plan which also drove digital engagement, enhanced flexibility, and provided greater access to all Belizeans.



## PARTNERING WITH A GLOBAL TECHNOLOGY LEADER

Digi along with Samsung's local authorized distributor, Cellular World, led the introduction of the Samsung brand in Belize with the successful implementation and launch of the brand in all 13 Digi Stores countrywide.

# SAMSUNG

## Gift a Galaxy

Enter to win up to **\$10,000** in prizes with every purchase

**Raffle extended** until December 31<sup>st</sup>, 2021

**8 Winners**  
6 S20 FE  
2 Galaxy Buds

**1 Year local Warranty**

A02 | A03S | A12 | A22 | A32 | A72 | S20FE  
TAB A7 LITE | TAB A7 LTE

Authorized Reseller **digi**  
Authorized Distributor **CELLULAR WORLD**

Through this partnership, Digi continues to grow, innovate, and challenge the status quo. We have successfully enhanced our interactive store display solutions, and boosted customer confidence in our device offerings by providing access to official certified technicians. Furthermore, providing quality products has encouraged brand trust and improved customer retention rates.

Digi's partnership with Samsung followed the announcement of the brand's official presence in the country through collaboration with Cellular World, Samsung's authorized distributor in Belize.



## REMAINING THE PREFERRED DIGITIZATION PARTNER FOR BUSINESS

As Belize's leader in digital solutions, Digi not only provides the digital highways on which companies, from micro, small and medium-sized enterprises (MSMEs) to enterprise corporations, run their business but also acts as the technology catalyst for their growth by offering a comprehensive portfolio of digital solutions to take them to the next level with our innovative solutions.



## 2.5 HUMAN CAPITAL

BTL recognizes that human capital is key to its success. The company's dedicated, highly specialized and experienced personnel are instrumental to achieving the demanding objectives and advancing the capabilities of the company to better serve our customers.

The company is the largest telecommunications solutions and service provider in Belize and offers diverse and rewarding careers to highly qualified and career-oriented individuals.



### DRIVING ENGAGEMENT

BTL offers a fast-paced, success-oriented and rewarding working environment fuelled by the talent and skills of our people who are among the best in the industry. This year the company launched employee engagement initiatives to drive greater involvement and participation of our teams irrespective of their duty stations.

These included the introduction of our Employee Voice Survey which produced a deeper understanding of engagement drive within the organization and facilitated targeted action for meaningful change.

The implementation of Town Hall Sessions at the beginning of 2021 and the introduction of the CEO's Core Brief sought to combine alignment and leadership focused approaches to employee engagement. These opened opportunities for our teams to feel connected and appropriately involved in the organization's activities and priorities while setting realistic expectations on the issues that matter to them. Recognizing the importance of engaging and inspiring our employees, members of the executive team led by our CEO afforded our staff a platform to discuss challenges and successes during periodic virtual meetings.

### CREATING CONNECTIONS

Determined to support the work of our people and encourage them to remain authentic to the core values of the company, BTL celebrated Employee Appreciation Day and showed our appreciation to our hard-working team with “thank you” gestures throughout the course of the day. To culminate the celebration, members of the team who celebrated milestones at the company were recognized through our Employee Recognition Tribute. This activity, which amplified their achievement and dedication, enabled us to nurture a strong culture of recognition at BTL.

### MANAGING HEALTH & SAFETY

The year 2021 continued to pose health threats to our workforce. Consequently, for the rest of the year we continued to enable our employees to work remotely, where possible, or made strong provisions to protect those whose duties required them to be physically at work. These included mandatory mask wearing, physical distancing requirements and the establishment of temporary COVID-19 on-site vaccination clinics. The latter which was carried out in partnership with the Ministry of Health and Wellness, encouraged COVID-19 vaccination among employees and saw an increase in the number of fully vaccinated members of staff.



### RETURNING TO WORK

Considering the significant progress made in our fight against the COVID-19 pandemic with 99% of our employee population vaccinated, the steady decline in the number of positive cases among our employees and the adjusted COVID-19 regulations by the MOHW, the company implemented safety protocols to have employees safely return to the office towards the end of the fiscal year.

Safety continued to be of utmost importance during this return-to-office process. Basic hygiene strategies continued to be employed as we transitioned into this phase along with mask wearing and social distancing practices, prompt identification and isolation of any sick employees, visitors' limitations, among others. Our employees were requested to adhere to the guidelines and to escalate any breaches in protocol as a matter of urgency to keep customers and staff protected.



## 2.6 RESPONSIBLE BUSINESS

BTL considers corporate social responsibility (CSR) a fundamental attribute of a modern company. Business success is based on the ability to create and maintain meaningful relationships with our stakeholders, including customers, shareholders, regulators, and local communities. We have positioned ourselves as a responsible corporate citizen on a mission to become Belize's best through our activities in the field of CSR. We feel committed not only to the quality of our products, but also to the interests of our partners that extend beyond the short-term financial results.

### INVESTING IN THE FUTURE

BTL remained committed to advancing education as a means of accelerating development in the country. Since its inception in 1991, the Digi Scholarship Program has provided educational opportunities for students to attend high school institutions of their choice. The company continues to support scholarship recipients with costs of tuition and textbooks. We offer scholarships to students across Belize who aspire to further their education, possess the academic qualifications but are in need of financial aid to complete their secondary education. Digi is committed to investing in youth to enhance the quality of life in their local communities, empower them to further their studies and enable them to participate in the future employment marketplace.

To mitigate the digital divide and connectivity disparity exacerbated by the pandemic, the company launched its EDU Data Plan with 50% savings to facilitate remote teaching and distance learning. The plan offered 25GB of mobile LTE data for only \$35 and was made available to all teachers nationwide. This initiative continued to demonstrate BTL's commitment to education by enabling educators and the future leaders of Belize to carry out their educational activities.



### GROWING DIGITAL ACCESS

One transformative response to accelerating development is by enabling greater connectivity access at educational institutions. Since the establishment of Digi's Free Internet for Schools Program in 1995, the company continues to expand its free service offering of up to 130Mbps to educational institutions and non-governmental organizations across Belize. Presently, the program supports over 250 institutions, creating opportunities by enabling access to online tools and resources for thousands of students and teachers in the country. Our super-fast broadband connectivity continued to support online learning during the pandemic.

### CREATING OPPORTUNITIES FOR YOUNG PEOPLE

BTL recognizes the importance of sports in helping build the nation and supported athletes through monetary donations, other forms of assistance or provision of communication facilities. During this reporting period, the company supported Belize's National Rugby Team as they travelled to Turks and Caicos Islands to participate in their first ever World Rugby Tournament. As the leader in telecommunications, BTL helped the team stay in contact with family and friends as they represented the country on the world stage.



### PROMOTING VACCINATION UPTAKE

Through partnership with its largest shareholder, the Government of Belize, BTL took a leadership role in building momentum, promoting vaccine confidence, and encouraging COVID-19 vaccine uptake as the MOHW rolled out its vaccination campaign as a safe and strong protection against serious illness, hospitalization, and death from COVID-19. In July 2021, BTL launched its Vax and Win Campaign and achieved its 10% double dose vaccination target within week three of launch. We are satisfied with the success of our campaign, undertaken in close coordination with our major shareholder, that supported the government's national vaccination efforts in 2021.

Digi partnered with the Government of Belize through the Ministry of Health and Wellness to encourage all Belizeans to join the world by getting vaccinated. For doing their part and getting vaccinated, Belizeans had the opportunity to win cash prizes, free Digi services, and a vacation getaway courtesy of Muy'Ono Resorts.





**Digi**  
Our National Telecom

## 2.7 A RENEWED VISION FOR A CONNECTED FUTURE

As we delve into the new fiscal year, BTL remains laser-focused on our purpose to build digital avenues that connect people, improve lives, and develop our society. We remain strong in our resolve to continue to: “Build Belize’s Digital Future”



# 3.0 STRATEGIC REPORT

**3.1 Financial Highlights**

**3.2 Strategic Overview**

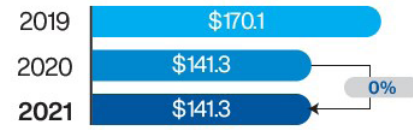
**3.3 Market Overview**



Note: Numbers and percentages may vary slightly due to rounding

### 3.1 FINANCIAL HIGHLIGHTS

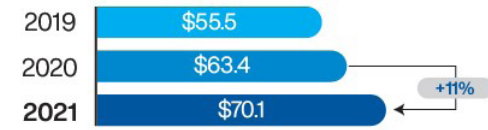
**Revenue**  
(\$ Millions)



**Common Dividend**  
Per Share \$0.00



**EBITDA**  
(\$ Millions)



**EBITDA Margin**  
(%)



**Net profit**  
(\$ Millions)



**Net profit**  
(%)



**Capex Investment**  
(\$ Millions)



**Capex/Revenue**  
(%)



**Free Cash Flow**  
(\$ Millions)



**Free Cash Flow Margin**  
(%)



\*Numbers and percentages may vary slightly due to rounding







## 3.2 STRATEGY OVERVIEW

### BUILDING FROM STRONG FOUNDATIONS

BTL serves over 240,000 subscribers countrywide. With our strong financial performance in 2021, we posted \$141.3 million in consolidated revenues. This was complemented by a highly efficient operating model that contributed to an exemplary EBITDA performance. BTL's extraordinary performance came as no surprise having laid the foundations of a world class core telecommunications business built on modern infrastructure and customer experience. However, going forward, BTL is not content to rest on the solid performance of its core business. While the company is excelling as a telco, BTL's future is certainly larger and broader. Its telecommunications operations will continue to provide a robust foundation for the company.

### RESPONDING TO THE DIGITAL FUTURE WITH A NEW VISION & PURPOSE

The global digital revolution accelerated by the impact of the pandemic is rapidly changing the world for businesses and customers alike. This change creates new white spaces; emerging gaps that provide massive opportunities for new and innovative solutions. BTL has what it takes to grab these opportunities of the future to become a leader in a range of technology fields, from Fintech to Entertainment, with the largest digital premium content. We are accelerating our footprint in these ground-breaking technology solutions to increase value for our shareholders and bring new possibilities to our customers.

To excel in these spaces BTL must transform itself across a range of levers. For example, BTL will carry on building new capabilities, bring innovative solutions to the market, forge new ecosystem partnerships, further modernise its technology infrastructure and adopt agile methods. BTL has set itself an ambitious yet achievable strategic vision to transform itself to remain the telecom provider of choice, to satisfy our customers' telecommunications, FinTech and Entertainment needs.

BTL's transformation journey is well under way with its technology footprint growing and broadening to reach future milestones in 2022. The company's journey includes becoming a leading consumer ecosystem player, starting with Fintech and expanding into Entertainment. BTL will capitalize on the growing demand of consumer digital services by scaling up new business operations, as well as supporting the core telecommunication services and optimising these core revenues.

Amongst a portfolio scope covering a wide range of potential services, Fintech and Multimedia will continue to lead the initial scale-up. Both areas present a sizeable and growing market opportunity. Additionally, these industries possess strategic advantages that can result in successful business scale-up for the company considering its large customer base, an extensive distribution network, rich sources of data, superior network infrastructure and platforms along with differentiated technology capabilities.

In Fintech, BTL aspires to become a leading player in the country within a five-year period. In so doing, the company is determined to create a Super-App platform in the Fintech ecosystem powered by partnerships. This platform can see the introduction of use cases spanning from payments and remittance to open banking services, insurance, wealth management and micro lending.

In Multimedia, BTL aspires to create a 360-degree media and entertainment business by leveraging high value premium content as well as expanding the portfolio of products into video gaming and audio. These would be distributed via OTT services over BTL's FTTH network as well as via Business-to-Business white label solutions.

**BTL will achieve its strong growth ambition through a balanced combination of organic and inorganic opportunities.**

## 3.3. MARKET OVERVIEW

Around the world economic growth returned, the pace of digital disruption accelerated, and the telecoms sector showed its resilience during 2021 as the persistent volatility and ongoing challenges occasioned by the socio-economic effects of the COVID-19 pandemic continued to unevenly impact individuals, organisations, and sectors.

### GLOBAL TELECOMMUNICATIONS AND ICT KEY TRENDS IN 2021

- Returning to revenue growth - Rebounding from a highly challenging 2020, telecommunications sector revenues improved in 2021 as widespread vaccine availability supported increased mobility, despite not having yet returned to pre-pandemic levels. Moreover, broadband services ended stronger than ever, as we benefitted from businesses' continuation of remote working schedules and increases in consumer consumption of streaming services, e-commerce, e-learning, gaming, and social videos.
- Pursuing new opportunities – Telecommunication operators increased investment and focus on enabling a new generation of networked entertainment services, with several operators providing edge cloud gaming capabilities for cloud gaming services. In the business market, operators aimed to launch cloud-based solutions, combining unified communications, security, and remote access for home workers.
- 5G - As markets around the world deploy 5G services, adoption remains below expectation and wireless spectrum deployment strategies vary for each carrier, impacting availability. However, as 5G spectrum is deployed and more technology advanced 5G handsets are made available in a recovering economy, consumer adoption of 5G wireless services continued to gain momentum.

- Accelerating automation efforts – Operators automation efforts are already reducing costs and headcount for routine work. Following their experiences during the pandemic, operators accelerated their efforts to drive automation to their networks.
- Increasing disruption from Fintech – The Fintech sector experienced growth during the pandemic as consumers and retailers embraced cashless transactions and digital banking. This trend continued in 2021 and as fintech companies continue to diversify, it has the potential to spark consolidation across the industry.
- Adoption of digital channels – Operators have been promoting digital channels for some time. These are featured in most operators' main strategic objectives. Operators typically try to use digital channels to balance improved customer experience with cost savings. Consequently, the pandemic accelerated the adoption of digital channels, with operators keen to “lock in” the behavioural changes of 2020 and continue to deliver cost savings through digital experiences initiatives.





## CELEBRATING STRONG BUSINESS PERFORMANCE

Across our business we have shown strong financial performance compared with 2020 despite persistent challenges in the market in which we operate, including regulatory measures and uneven recovery rates from the unpredictable COVID-19 pandemic. This period of uncertainty required for our company leaders to plan, adapt, and respond with resilient leadership. The overwhelming global challenges brought on by the COVID-19 pandemic adversely impacted the Belizean economy due to lockdowns and business slowdown as our Country's GDP contracted. The local telecommunications industry was not spared as overall business shrunk at levels never seen by BTL.

BTL continued its legacy network decommissioning programme this year which will be completed by July 2022. We renew our efforts to provide safe, efficient, and environmentally responsible products and services that help mitigate climate change. We are also looking at key initiatives to reduce our carbon footprint and make use of natural resources through solar energy solutions to reduce our carbon footprint, as well as operating costs.

To surmount the looming economic crisis of fiscal year 2021, BTL continued to respond with bold strategies to balance the demand of all stakeholders. We focused on protecting the economic health of the business whilst positioning the company to remain profitable. Annual Consolidated revenues were at \$141.3 million. The continued effectiveness of the strategies employed enabled the company to achieve a \$10.7 million improvement in its Net Income performance over the same period last year.

The company continued its activities directly related to cost optimisation and re-balancing capacity. BTL employed a laser focused approach to reducing operating costs to secure a strong and continued financial performance now and for the future.

Through the strategic activities and well-coordinated efforts, the company was able to achieve a significant \$9.3 million reduction in its operating costs. The continued efforts have included identification of key material contracts for re-negotiation and cost optimisation. BTL also engaged in the required organisational restructuring to right size the organisation and its operations, because of the current lower economic conditions, rising inflation impacted businesses both nationally and internationally.

As of 31 March 2022, the company achieved net operating profit after tax (NOPAT) of \$16.1 million, up by \$10.7 million from the previous year's figure of \$5.4 million (restated). The level of profitability has been achieved despite gross revenues remaining flat at \$141.3 million. The revenue performance in these unprecedented times was mainly due to a \$58.6 million in Mobile Services, \$71.8 million in Fixed Internet and Voice Services, and \$4.4 million in ICT Services.

The contraction in revenue was however offset by a significant reduction in operating costs of \$9.3 million, the reduction in operating costs included decreases of \$1 million in Facilities and Infrastructure, \$4.6 million or 14% in General and Administrative expenses; \$3.9 million or 15% in Network and other fees.

BTL is thankful for the dedication from all its stakeholders, who personally shared and assisted the company through this unparalleled challenge in our history. The positive impact of these combined strategies is reflected in the solid financial results for this financial year in review.

## REALISING OUR ASPIRATIONS

Our achievements in 2022 are clear indicators that we are well placed to re-align our business operations to best serve our customer segments and shareholders. We are pursuing new, fast-growing business models in the digital space for both our consumer and enterprise segments for further accelerated growth. This includes identifying future business opportunities to scale grow the business through revenue diversification, as well as potential merger and acquisition opportunities.



## BTL ENTERPRISE

To execute BTL's strategy of accelerating growth and unlocking additional value from the ICT adjacencies, our rationale is to accelerate growth in cloud, cybersecurity, and Internet of Things (IoT). This in turn has led the company to the formulation of a clear goal, guiding the future growth trajectory of BTL's enterprise services.

## ADOPTION OF DIGITAL CHANNELS

Operators have been promoting digital channels for some time and these feature in most operators' main strategic objectives. Operators typically try to use digital channels to balance improved customer experience with cost savings. The pandemic accelerated the adoption of digital channels, with operators keen to "lock in" the behavioural changes of 2020 and continue to deliver cost savings through their digital experience initiatives.



# 4.0

## CHIEF FINANCIAL OFFICER'S REVIEW



## 4.0 CHIEF FINANCIAL OFFICER'S REVIEW



Ian Cleverly  
Chief Financial Officer

Demonstrating our unique market proposition, financial strength and operational resilience, BTL continued its strategic growth journey this year. The company achieved significant milestones in profitability, brand value and the launch of its digital mobile wallet, while overcoming the economic headwinds. Regardless of the impacts of higher inflation and the uneven revenue recovery as a result of the global pandemic, BTL delivered exceptional financial results, positioning the company for continued growth and shareholder value creation for the future.

During a year of recovery in the Belize market, BTL continued to invest in its FTTH network infrastructure and continued with the decommissioning of its legacy copper network.

BTL network assets are comparable to any leading network operator in the world in terms of network performance. This underscores our commitment to offering the latest technology, building the best quality networks, and providing a superior customer experience across the country.

This performance supported our products and services, resulting in consolidated revenues of \$141.3 million in 2021- 2022.

The impact of the COVID-19 pandemic and the ongoing changes in the uneven revenue mix continued to weigh down our operations and results, particularly in terms of softer mobile revenues. The latter was due to reduced roaming and increased penetration of VoIP applications, as well as an overall reduction of economic activity across the country.

However, our disciplined and agile financial approach ensured a strong improvement in the company's EBITDA performance while sustaining a strong net margin performance of 11%, through focused cost optimisation efforts, driving increased profitability and earnings. Accordingly, net profit increased by \$10.7 million, achieving for the fiscal year a balance of \$16.1 million.

## DIVERSIFICATION: DRIVING GROWTH AND PROFITABILITY

As a reflection of the strength of BTL's diversified portfolio built over the previous years, we achieved a resilient set of results and business growth.

Consolidated revenues for the year totalled \$141.3 million. As we move forward, we are encouraged by the revenue trend due to the strong customer acquisition strategy across DigiNet, and ISP traffic. International Roaming and Settlement revenues have continued to improve post pandemic as the tourist sector began its recovery. Mobile revenues continue to recover slowly and not to the pre-pandemic levels as a result of customers continuing to take full advantage of VoIP solutions directly competing with our mobile revenue performance in the year. The uneven improvement in mobile revenues is being seen across the globe with all companies operating in this sector, while broadband services have seen an improvement.

Consolidated EBITDA as of March 2022 increased to \$70.1 million, resulting in an EBITDA margin of 50%, despite the uneven changes in the revenue mix, EBITDA performance increased by \$6.7 million or 11%.

Embedded across the company's operations and corporate culture are our cost optimisation programmes which continued to create value during 2021. These supported our continued strategies to identify new ways to improve efficiencies and reduce costs for our customers and shareholders. COVID-19 magnified the importance of these optimisation programmes. Given the operational and financial uncertainties, BTL used the momentum to further identify opportunities to redefine processes and reduce costs. The company continues to enhance its operating process through digital transformation, which will fuel investments and new revenue streams to support future growth.

Overall, the company delivered a healthy growth in Net Profits which rose by 197% to reach \$16.1 million for the year, while earnings per share amounted to \$0.29 as of 31 March 2022, an increase of \$0.22 when compared to the previous year.

The increase in the company's profitability was driven by several factors, including our focus in core revenues which continue to make up a sizeable part of our revenue. This, together with our actions to leverage our networks and capabilities to grow new revenue streams; our strong resolve to increase cost optimisation efforts; our goal to lower net finance costs due to the optimised debt profile; the significant improvements in customer collection activities and strategies have contributed to the company's overall profitability.

## ROBUST BALANCE SHEET AND CASH FLOW

Continuously strengthening our balance sheet and ensuring the strong financial position of the company remain our priority. During 2021, we maintained high liquidity supported by our strong cash flow resulting in a cash balance of \$22.2 million as of the 31 March 2022 compared to \$5.3 million as of 31 March 2021. This significant improvement in cash of \$16.9 million providing a strong cash position and providing greater financial flexibility moving forward.

Consolidated capital expenditure doubled when compared to prior year spending to reach \$17.6 million, resulting in an improvement of the capital intensity ratio of 2.3, compared to prior year. Capital spending was driven by ongoing network expansion of the FTTH network and the continued decommission of the legacy copper networks. Operating Free Cash Flow (FCF) remained strong and slightly decreased by 10% year over year to \$45.4 million with FCF margin at 32% of revenue.

Total consolidated debt amounted to \$56.5 million as of 31st March 2022, as compared to \$77.8 million as at the end of 2021; a drop of \$21.3 million due to the company's improving debt profile.

### Balance Sheet Summary

BZ\$ millions	2022	2021 (Restated)
Cash and Cash Equivalents	\$22.2	\$5.3
Current Assets	\$71.7	\$54.2
Non Current Assets	\$278.7	\$303.8
Total Equity	\$241.1	\$230.1

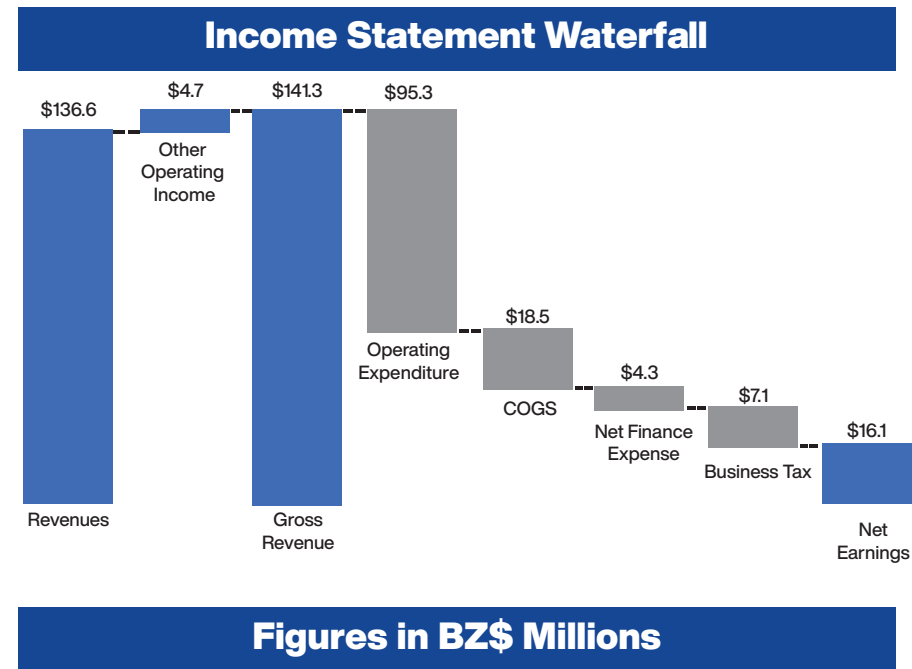
### Cash Flow Summary

BZ\$ millions	2022	2021 (Restated)
Operating Activities	\$65.7	\$43.7
Investing Activities	(\$16.9)	(\$5.1)
Financing Activities	(\$31.9)	(\$38.7)
Net Change in Cash & Cash Equivalents	\$16.8	(\$0.0)
Cash & Cash Equivalent - Opening Balance	\$5.3	\$5.4
Cash & Cash Equivalent - Closing Balance	\$22.1	\$5.3

## NET INCOME

For the year ending 31 March 2022, Net Income performance increased by 197% to \$16.1 million from \$5.4 million (restated) in 2021. Revenue performance remained flat at \$141.3 million when compared to prior year. As a continuation of the post-pandemic business recovery, mobile revenues, which were impacted the most by the pandemic, are beginning to recover very slowly; a trend seen globally as customers divert their mobile activities into broadband products utilising Wi-Fi and increased usage of data bundles. The DigiNet revenue performance and International and Roaming revenues have seen a significant improvement year on year. This is as a result of the easing of the safety restrictions and the rollout of the vaccines that has been imposed globally.

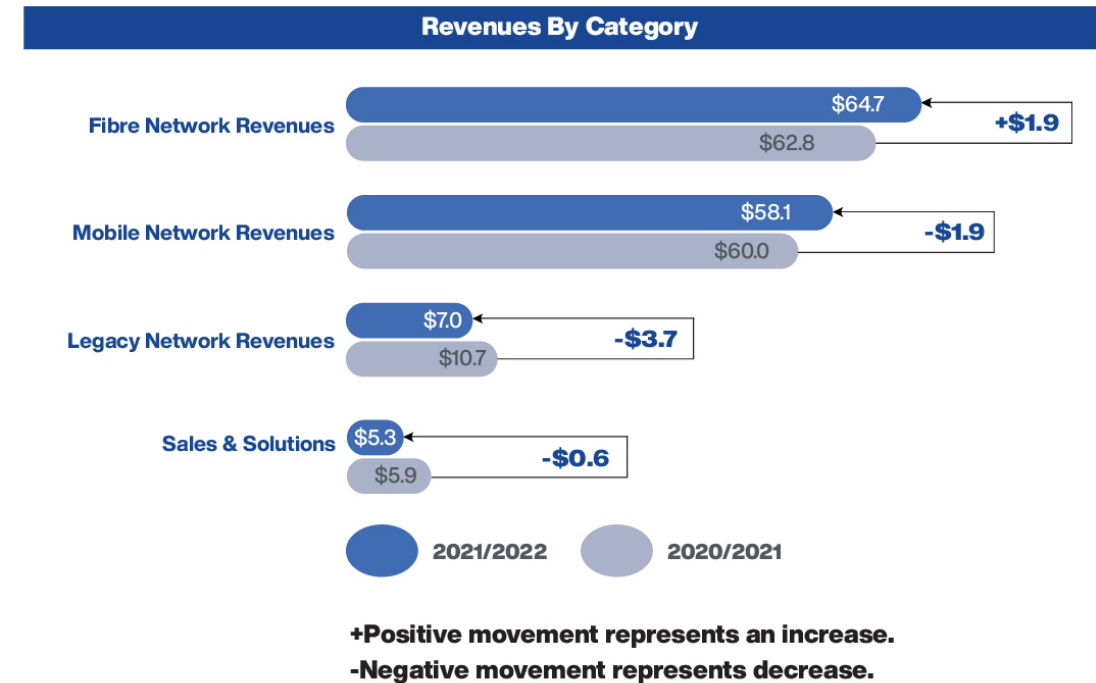
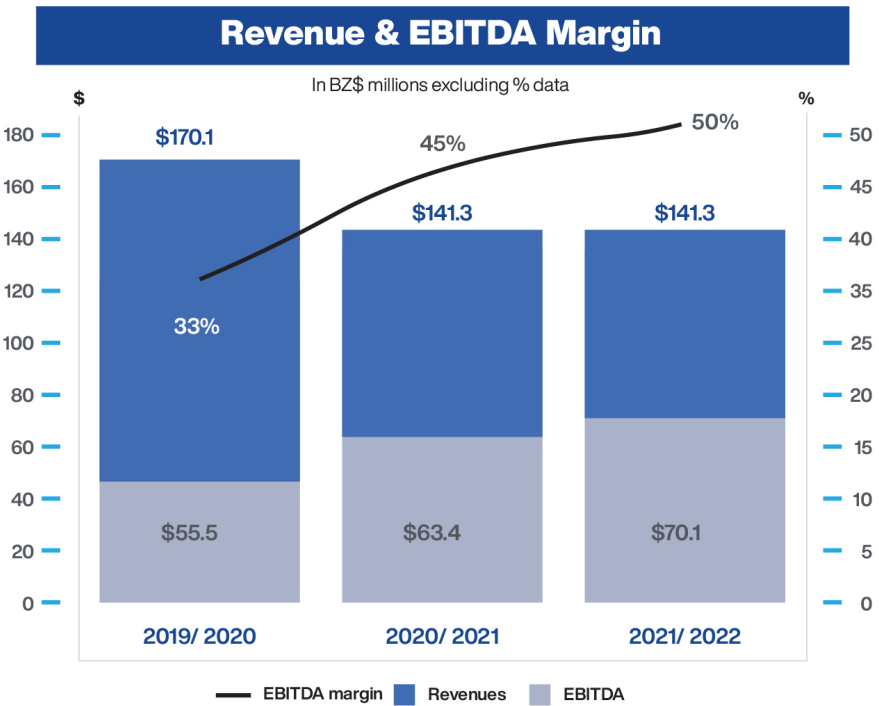
The significant increase in Net Income during the financial year has been achieved by the strong cost optimization strategies that the company implemented. The most significant cost savings were in Cost of Sales, improving the overall Gross Margin performance, with significant reductions in Operating Costs as a result of lower Bad Debt provisions, Maintenance activities, Staff costs, and other General and Administrative expenses. Total expenses for 2021-2022 excluding business tax declined by 8% or \$9.3 million.



## CONSOLIDATED REVENUES (GROSS)

Total consolidated revenue for the fiscal year of \$141.3 million impacted by the COVID-19 pandemic resulted in similar revenue performance YoY. The uneven revenue recovery has been in the performance of mobile revenues as customers have opted to utilise broadband products and solutions. This is reflected in the strengthening of DigiNet revenues during the year. We have also seen a slower recovery in merchandise revenues and one-time sales and solutions revenues as the country remained impacted by the pandemic and started recovery during Q3 and Q4 of the fiscal year. This revenue performance is a global issue for all telecoms companies who have all experienced slower recovery of their mobile revenues post pandemic, which is not unique to Belize.

The company experienced a strong recovery performance of EBITDA to \$70.1 million from \$63.4 million in March 2021. This \$7 million improvement of 11% when compared to the prior year was achieved in spite of the revenue results being successfully offset by the strategic cost optimisation initiatives. These measures contributed to the overall operating costs and reduction of credit facilities. Additionally, our significant improvement in cash collection activities have resulted in a reduction in the overall bad debt exposure during the year and were significant to enable the company to manage its Working Capital efficiently.



**Total FY 2021/22 revenues amounted to \$141.3 million**

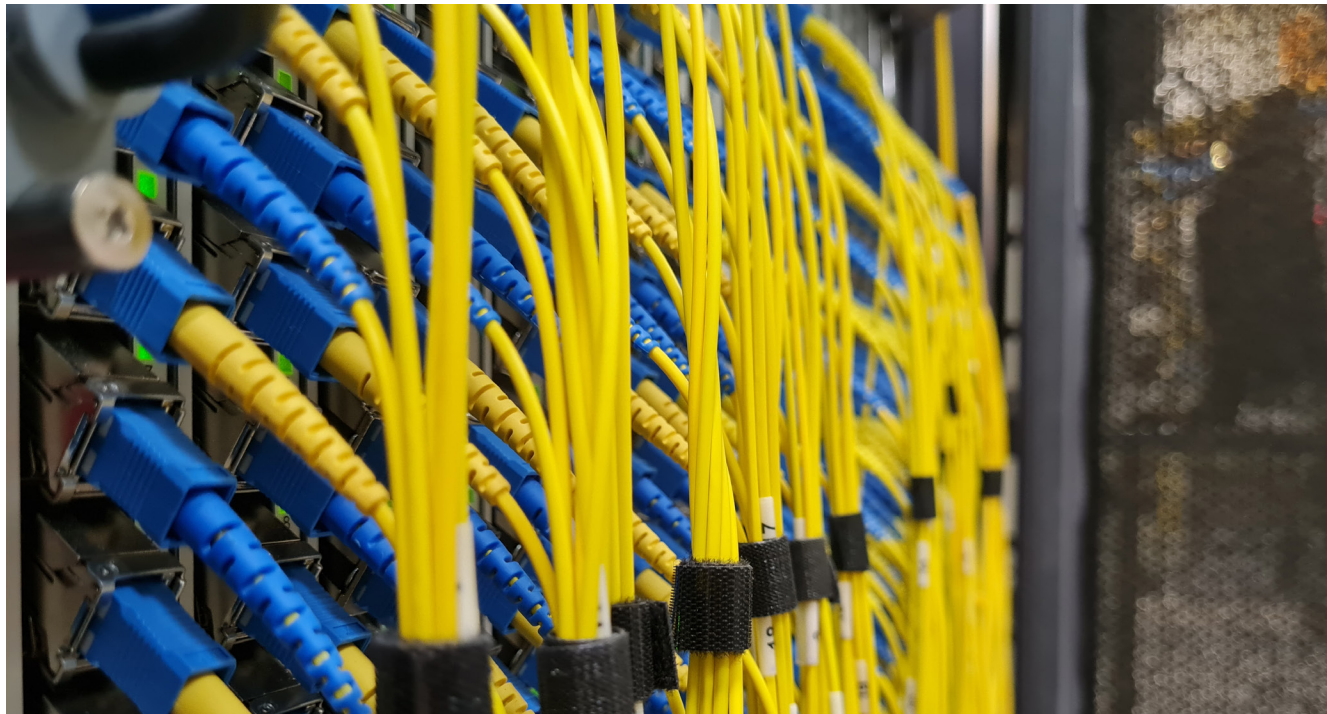
Figures in BZ\$ millions



BTL continues its FTTH investments and with the decommissioning of its legacy copper network as part of its strategy to migrate customers to the ultra-fast and future proof FTTH infrastructure. The migration activity continued throughout the 2021-2022 fiscal year and is scheduled to be completed by July 2022. The company will see the full and seamless decommissioning of all legacy switches and all related equipment. The significant efficiencies as a result of this network simplification will result in lower cost in relation to network maintenance and electricity, as well as a reduction in the level of headcount.

### **As of 31 March 2022, 99% of our legacy customer connections have been fully migrated to our mobile and FTTH network.**

Fibre Revenue Streams during 2021-2022 were \$64.7 million, representing 46% of total revenues, followed by mobile revenue of \$58.1 million accounting for 41% of the company's revenues. Legacy network revenues have continued to decline as anticipated due to the decommissioning of the legacy copper network and the 100% migration of customers to the FTTH network. Fibre network revenues increased by \$1.8 million or 3% when compared to the prior year. This was achieved by the quality and reliability of our FTTH Diginet and DigiTel services. Regarding the Legacy Network, revenues for the fiscal year 2021-2022, this stood at a \$7 million; a reduction of \$3.7 million or 34% when compared to the previous year.



### **FIBRE NETWORK REVENUES**

At the close of Fiscal Year 2021-2022, our FTTH network had expanded to cover over 90% of all homes. As a result, revenues grew by \$1.8 million when compared to the previous year. Our Fibre network continues to deliver its traditional wire-line services, including our premier broadband services DigiNet. The continued expansion of the DigiNet rollout, including the value-added service bundles, has been very successful in our customer acquisition strategy. Moreover, it has enabled us to migrate our customers from the legacy copper network to our world leading network infrastructure. Since the commencement of the project, the customer base has increased to 31,000 connections.

As of 31 March 2022, the company's fibre network customer base improved across our B2B business with an increase of 8%. This is despite the continued economic conditions which contributed to the decrease in our customers' discretionary spending. The company continues to innovate its products and services, and to ensure that, at all times, the products are competitively priced and demonstrate tangible value to both Business and Residential customers.

We continue to invest and build out the fibre network as part of our continued focus on future proofing our infrastructure to ensure we can develop and deliver innovative products and services while maximising the financial returns from these assets. Going forward our expectation is that new products and services can be developed and delivered with minimal future capital investments to ensure we maximise the financial returns to our shareholders.

### **MOBILE REVENUES**

Mobile revenues have not yet returned to their pre-pandemic levels. Overall mobile revenues have decreased by \$1.9 million to \$58.1 million when compared to prior year of \$60.8 million. With the additional burden of increasing inflation and other economic factors, mobile continues to be a challenge. This challenge is a global issue across all telecom companies who have seen a slower recovery of their mobile revenues being offset to some extent by broadband and data bundles to recover the mobile revenue shortfall.

### **ROAMING & INTERNATIONAL SETTLEMENT REVENUES**

Roaming Revenues have increased when compared to the financial performance of the prior year. This financial performance improvement is directly attributed to the opening of the tourism sector from international tourists since the travel restrictions were gradually lifted during the first half of the financial year. We are projecting that the international and roaming revenues will continue to improve as the restrictions relating to COVID-19 have been lifted. Pre-travel screening has now stopped, and we are confident that we can stabilise our international and roaming revenues as long

as the current regulations in place continue. We have seen a steady month increase in the number of unique roamers which is encouraging. Key to this stabilisation is the increase in the levels of the population being vaccinated against COVID-19 and we are anticipating that our revenues will fully stabilise by mid-2022 barring any further significant outbreaks or new variants that disrupt the travel and tourism sector.

Despite the challenges, the investments in network quality have proved to be successful in our ability to manage and reduce the levels of churn and maximise our retention strategies to expand the pre-paid and post-paid customer base. To support these initiatives, we will continue with focused marketing and new products and services to ensure we continue to deliver the digitisation agenda for the people of Belize. We are determined to deliver financial returns to our shareholders.

### LEGACY NETWORK REVENUES

Legacy network revenues will continue to drop as we manage the migration from our legacy copper network to our state of the art, world leading fibre network. The planned migration to the fibre network, has declined by 34% or \$3.7 million when compared to previous financial year. The continuing strategy of migrating the legacy customers is further illustrative of BTL's cost leadership strategies that enable the company to consolidate its numerous legacy networks into two key networks being the mobile and FTTH by the end of July 2022.

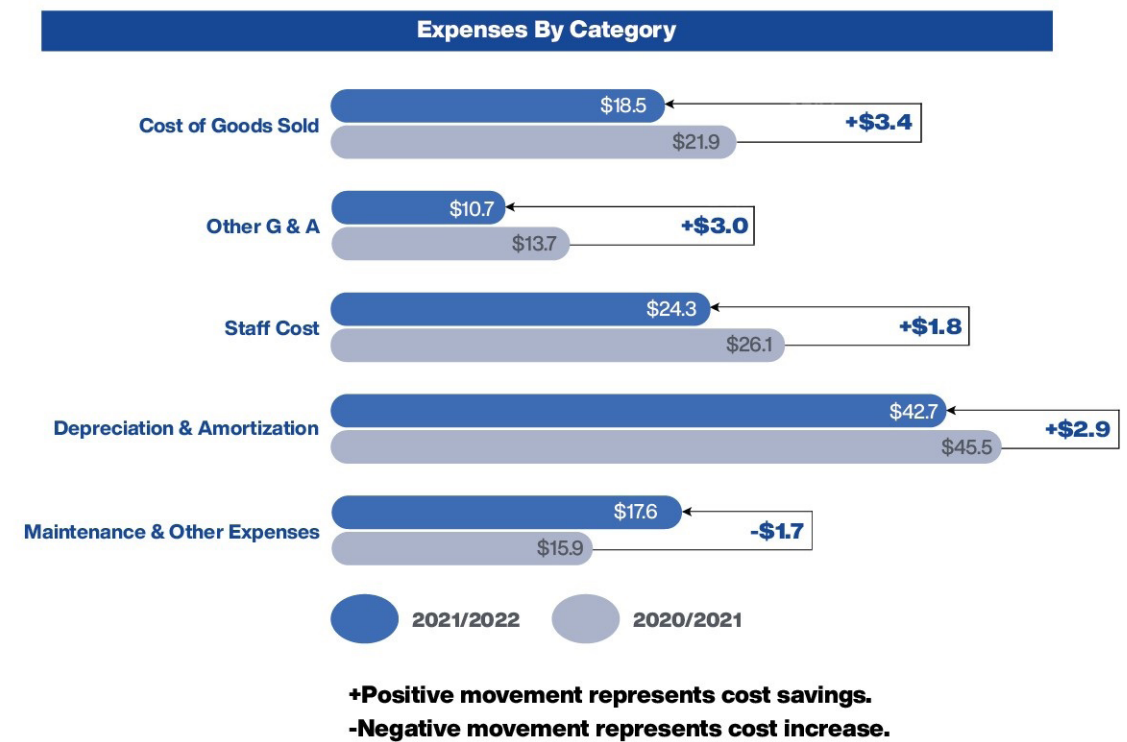
### SALES AND SOLUTIONS REVENUES

Sales and Solutions revenues including emerging ICT solutions and services such as MS 365 Licences, DigiWiFi for Businesses and Schools, and Cloud Partnership Agreements account for up to 4% of total revenues in this fiscal year. This is \$5.3 million when compared to prior year of \$5.9 million; a decrease of 10% or \$0.6 million due to decreases in handset merchandise and reduced one-time service and solution. Merchandise revenues decline is due to the reduced level of spending by customers on mobile devices and a change in the commercial model with the continuation of the consignment model relating to mobile devices. The consignment model has impacted our gross revenue performance but is a positive contributor to the company's Net Margin and Net Income performance. The company will continue to focus on ICT digital technologies as we transition and diversify from non-core telecom to meet the digital needs of our customers and key stakeholders.

One-time sales opportunities relating to Corporate Solutions declined by \$3 million as a result of BTL not securing the Microsoft licence renewal contract with the Government of Belize. Current year revenues for One-time Sales were \$1.5 million compared with the previous year of \$3.6 million. BTL, within its product portfolio, is still offering corporate customers Microsoft 365 productivity suite licenses. The company continues with the collaboration of platform products where we saw

an increase in sales. Other recurring revenues amounted to \$1.2 million relating to office rental, interconnection, and other telephony related income during the period. These partially offset the loss of the GOB Microsoft 365 contract.

We are expecting to continue with the current trend as we evolve with our digital transformation strategy as business start to recover from the disruption as a result of the COVID-19 pandemic. BTL will continue to partner and work with Government and the business community to expand services such as DigiWiFi for Schools and Safe Cities amongst other solutions.



### Total Operating Expense Savings Amounted To \$9.3 Million

Figures in BZ\$ Millions

BTL's total operating expenses excluding business tax ended the reporting period with a decrease of \$9.3 million or 8% to \$113.8 million from \$123.2 million when compared to prior year. The continued cost optimisation strategies are generating incremental savings this financial year and will continue as we look to drive additional business synergies and efficiencies as part of additional cost savings over the coming year.

## DEPRECIATION & AMORTIZATION

Depreciation and Amortization expenses decreased by \$2.9 million or 6% when compared to prior year to \$42.7 million as the company continued its investment in its FTTH network, as well as the continuation of the decommissioning of the legacy copper network and migration of those customers to the fibre network.

## COST OF GOODS SOLD

Cost of Goods Sold expenses have decreased by \$3.4 million or 15% when compared to prior year. Fiscal year 2020-2021 amounted to \$21.9 million and current fiscal year of \$18.5 million. The decrease is primarily as a result of the continuation of the mobile device consignment model which had the effect of eliminating the device acquisition cost of merchandise devices when comparing against the previous financial year.

The renegotiation of international bandwidth capacity contracts assisted with the reduction in expenses by \$1.4 million or 11% when compared to prior period.

Expenses relating to the Cost of Sales for the business solutions revenue stream have decreased by \$1.8 million due to the loss of Microsoft License Renewals which also impacted the Gross Revenue Performance.

## STAFF COSTS

Salaries and benefits decreased by approximately \$1.8 million or 7% when compared with the prior financial year. The reduction is associated with a number of staff initiatives which the company implemented in response to COVID-19 pandemic. The management initiatives and strategies continued with recruitment activities being placed on hold, reduced allowances, reduction of overtime hours and a change in policy relating to the capitalisation of staff costs and other related overheads for work performed on capital projects which increased as a result of the continued capital investment of the company.

## MAINTENANCE & OTHER OPERATING COSTS

Maintenance and Other operating costs over the period have increased by \$1.7 million to \$17.6 million when compared to the previous financial year. This is as result of business-critical maintenance activities that were postponed in the previous year as a result of COVID-19. The company with improved operating results has now started the necessary maintenance activities that had previously been postponed at exchanges, towers, and office premises whilst continuing the focus on cost optimisation strategies. There were other decreases in electricity and office supplies which had a direct result on the company's continued cost optimization efforts.

## OTHER GENERAL & ADMINISTRATIVE COSTS

Other General and Administrative expenses decreased by \$3 million or 22% when compared to the prior year to \$10.7 million. Allowances, staff activities, advertising, and bad debt expenses are the major contributors to the net decrease. Due to the social distancing restrictions which limited social gathering, allowances and staff activities decreased by \$0.3 million; a 30% reduction over prior year. Advertising decreased by \$0.1 million or 17% due to reduction in overall spending. This included renegotiated billboard contracts, cancelled promotional events and minimal purchases of promotional items. Bad debt expense decreased by \$0.5 million or 11% as compared to the previous year's figure of \$4.6 million as we continued engaging and providing payment plants to our customers. This resulted in a significant increase in cash collections performance reducing overall receivables from our customers despite the challenging economic conditions.






### Consolidated Balance Sheet, Year ended 31 March

	Audited 2022	Restated Audited 2021	Variance \$	Variance %
	BZ\$' 000	BZ\$' 000	BZ\$' 000	
<b>Assets</b>				
Current assets	71,688	54,249	17,439	32%
Non Current Assets	278,741	303,837	(25,096)	-8%
<b>TOTAL ASSETS</b>	<b>350,429</b>	<b>358,086</b>	<b>(7,657)</b>	<b>-2%</b>
<b>Liabilities</b>				
Current Assets	64,248	68,815	(4,567)	-7%
Non Current Assets	45,047	59,211	(14,164)	-24%
<b>Total Liabilities</b>	<b>109,295</b>	<b>128,026</b>	<b>(18,731)</b>	<b>-15%</b>
Retained earnings	91,171	80,097	11,074	14%
other shareholders' equity	149,963	149,963	-	0%
<b>Total Shareholders' Equity</b>	<b>241,134</b>	<b>230,060</b>	<b>11,074</b>	<b>5%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>350,429</b>	<b>358,086</b>	<b>(7,657)</b>	<b>-2%</b>

### BALANCE SHEET (AUDITED)

#### Financial Ratio Analysis

	2022	2021	2022 vs 2021
<b>Current Ratio</b>	0.8	0.6	 33%
<b>Return on Assets</b>	4.5%	2.3%	 96%
<b>Return on Equity</b>	8.6%	4.8%	 80%

### CAPITAL EXPENDITURES

BTL operates the largest and most extensive telecom network in Belize and has been continuously investing in same. To date BTL has over 150 mobile sites and over 2,500 miles of backbone, backhaul and FTTH fibre. During 2019-2020, the company invested \$37.5 million in capital expenditures. In 2020-2021, however, there was a deceleration in investments to \$6.2 million. This is due both to the completion of the major network expansion projects as well as the deferral of some capital projects to next fiscal until it had a better projection of the negative macroeconomic impact. The investments in these 12 months were geared to improving our customer's experience, creating opportunities for us to provide the latest enhancements and capabilities for our customers. More specifically, the capital expenditure of \$17.6 million was spent on property, plant, and equipment, including the FTTH network, our 4G LTE Advanced Mobile Network and our convergent customer billing system.

### RETURN ON EQUITY

For the fiscal year 2021 - 2022, the Return on Equity increased by 80% to 8.6% when compared with the previous year of 4.8%. The performance improvement is as a result of the significant improvement in the Net Income performance of \$10.7 million, combined with significant reductions in capital expenditures of \$11.4 million when compared to the previous year. With the continued level of capital investment projects and the company's focus on improving the operating efficiencies of these assets and the continued decommissioning of the legacy copper network, the company is positioned to improve its Return on Equity as we move forward. The company's strategic initiatives are to increase the Return on Equity to levels of between 8% and 12% over the next 5 years.

### SHAREHOLDER RETURNS

For the twelve-month period ending 31st March 2022, the company delivered a Net Profit of \$16.1 million an increase of \$10.7 million or 197% when compared to the previous year of \$5.4 million (restated).

As a result, the level of Earnings per Share has increased to \$0.29 cents from \$0.07 cents when compared on a per share basis in the previous financial year.

Shareholders' Equity increased by \$11 million or 5% to \$241.1 million from \$230.1 million following the transfers of Net Profits and after the payment of dividends.

# 5.0 GOVERNANCE

**5.1 Board of Directors**

**5.2 Corporate Governance**

**5.3 Executive Leadership Team**





## 5.1 DIRECTORS OF THE BOARD

The Board of Directors (BOD) provides strategic guidance and supervision, pursuing the main objective of creating value for shareholders in the medium-long term, also considering the legitimate interests of the other stakeholders, with a view to the sustainable success of the company.

To nurture a culture of accountability and transparency, a well-defined company structure with specific lines of responsibility has been established. As a result, members of the BoD have been assigned duties and specific authority to ensure effective and independent stewardship. To this end, the Board has created sub-committees in the areas of technology, human resources, and audit. Members of these subcommittees come from diverse professional background and experience and have been tasked to assist the Board in executing its governance responsibilities and oversight function.

The Government of Belize as holder of the Special Share, appoints the Chairman, Markhelm Lizarraga and one other Director, Marconi Leal. As holder of 49.3% of issued ordinary shares, the Government of Belize appoints 4 more Directors: Jose Urbina, Denise Courtenay, Michael Bowen, and Jermie Usher. The Social Security Board, as holder of 34.3% of issued ordinary shares appoints three directors: Nigeli Sosa, Michael Hyde, and Emogene Habet. One Publicly Elected Director is appointed: Eric Eusey.



### MARKHELM LIZARRAGA, CHAIRMAN

Markhelm Lizarraga brings to the Board of BTL his extensive experience in the private and public sector, including Statutory Bodies, of Belize. He is the Chairman of Southside Group, parent company of a few companies that focus on consumer goods, construction, and distribution services since 1979. In previous roles, Markhelm served as President of the Belize Chamber of Commerce and Industry from 2002 to 2004; membership which he joined in 1995. He sat on the Belize Social Security Board (SSB) from 2005 to 2014 and was a member of the Board of Trustees of the SSB's Pension Fund from 2008 to 2014. These, together with other past board experiences such as at the Crimes Control Council, National Economic Council, and the National Tax Reform Committee, have afforded Markhelm the opportunity to make substantial contributions towards improving the country's economic landscape. Representing the Business sector at parliament for eight years since 2012, he is highly regarded as having been a strong debater and advocate of accountability and transparency, earning the respect of the Belizean people. Markhelm's passion and vision for the development of Belize propels his drive to continue transforming BTL while ensuring that the company sustains high performance and growth, as well as continues to lead the market it serves.



### MARCONI LEAL, DEPUTY CHAIRMAN

Marconi is an executive with a diverse career experience in both the public and private sectors. He was appointed Chief Executive Officer at the Ministry of Youth, Sports, and Transport in January 2022 after serving a CEO at the Ministry of Public Utilities, Energy and Logistics since December 2020. Marconi has over twelve years of experience in the telecom and fast-moving consumer goods industries. He has considerable experience in product management, sales, marketing, retail, and brand management for both local and global brands. Marconi's international exposure includes Sales, Marketing and Merchandizing residency programs hosted by multinational companies in Aruba, Costa Rica, the Kingdom of the Netherlands and the United States of America. He possesses a dual undergraduate degree in Economics and Finance from the University of Indianapolis and Galen University and is finalizing a Master of Business Administration from the University of Birmingham in the United Kingdom.



### **JOSE URBINA, DIRECTOR**

Jose Urbina is an accomplished professional in the fields of business, technology, engineering, and governance with over fifteen years of service and training in the telecommunications industry. He has been actively serving the Belizean populace since November 2020 through significant leadership roles with the Government of Belize, first as the CEO at the Ministry of Youth, Sports, and E-Governance and currently, as the CEO at the Ministry of Public Utilities, Energy, Logistics, and E-Governance. Jose has had the opportunity to apply his skill and knowledge as Manager of Mobile Planning and Engineering at BTL; Technology Manager at Prudential Management Firm; and Solutions and Implementation Consultant at Soar Belize. His early experience

as the Operations Manager at Centaur Communications Corporations Ltd. allowed him to add practical expertise to the knowledge and skill, he had obtained from Universidad de Quintana Roo, where he earned his Degree in Energy Systems Engineering. He went on to complement his experience in telecommunications with a Master's Degree in Business Administration from the Universidad Interamericana para el Desarrollo.



### **DENISE COURTENAY, DIRECTOR**

Denise Courtenay S.C. is an Attorney at Law who has been admitted to practice in Belize and Jamaica. She has over 30 years of professional experience as an Attorney at Law and was elevated to the rank of Senior Counsel in January 2005. She is currently Managing Partner at Courtenay Coye LLP and her practice areas include Conveyancing, Commercial and Banking Law, Company Law, Contract Law, Adoptions, Labor Law, Estates and Succession, Landlord and Tenant and General Practice. She has also served on the General Legal Council of the Bar Association, as well as Board Member and Chairman of Belize Elementary School, and a Board Member of the Belize Ports Authority and the National Institute for Culture and History.



### **MICHAEL BOWEN, DIRECTOR**

In 2010 Michael became the CEO of Bowen & Bowen and focused the company's objectives and strategies on the Mission Statement, "Pursuing excellence for a stronger Belize." Bowen & Bowen is the holding company of several companies, including B&B Beverages (beverages), BEC Motors (automotive), Gallon Jug Estate (tourism), Cerberus (security), Belize Imports & Goods (packaged consumer goods), R & B Group (food service), and BAPCoL (energy). With the renewed energy and focus, Bowen & Bowen, a third-generation family business, continues to grow and expand into new industries. Michael holds a Bachelor of Arts in Markets & Management and History from Duke University.



### **JERMIE USHER, DIRECTOR**

Jermie Usher is a self-employed businessman who possesses more than a decade's worth of management expertise. He is a veteran of identifying, leveraging, developing, and managing service-oriented enterprises. Jermie began his career in 2010 when he established his first tech company. He is now an experienced entrepreneur, brand builder and career coach. He takes a vision and transforms it into reality through effective strategy development.



### **NIGELI SOSA, DIRECTOR**

Nigeli Sosa is an Economist with over 30 years of professional work experience. She started her career in 1989 as an Economist at the Central Bank of Belize up until 1997 when she joined the Belize Chamber of Commerce as the Market Information Specialist. During the period 2000 to 2007, she performed in various capacities with the Government of Belize including Director of Industry and Forestry and Deputy Financial Secretary and served on various Boards both at the Nationally and Internationally. She is currently the Chairperson of the Social Security Board; the General Manager of GS-COM, a private retail business which she co-owns with her husband; and mother to three daughters and one son.



### **MICHAEL HYDE, DIRECTOR**

Michael Hyde has been the General Manager of KREM Radio since 1998. He is a St. John's Junior College alum and is an active philanthropist in his community, a sports and youth enthusiast and a small farmer. Michael was appointed as one of the five members representing the Government of Belize at the Social Security Board of Directors in 2020. For several years now, he serves as a Board Member and Community Representative at the Welcome Resource Center, an NGO that aims to assist the mentally ill and homeless population in Belize. Michael is also an Executive Committee Member of the Belize Volunteer Blood Donors Association. With the vision of inspiring a generation of farming entrepreneurs, Michael continues to encourage and support budding young adults to venture into this sector.



### **EMOGENE HABET, DIRECTOR**

Emogene Habet is the Managing Director and Operations Manager of the Belmopan Service Station Limited. She has ten years of management experience including with her role as the Environment, Health, and Safety (EHS) Manager at Belize Natural Energy Limited where she had overall responsibility for the development, implementation, oversight and strategic direction of the company's EHS system and programs. She served for six years as a member of the Board of Governors of Sacred Heart College and as a project-based member of the Labour Sub-council Committee of the Belize Chamber of Commerce and Industry. Emogene holds a Master's Degree from the University of Westminster in London and a Bachelor's Degree from the University of South Florida in Tampa. She resides in San Ignacio, Cayo with her husband and two sons.



### **ERIC EUSEY, DIRECTOR**

Eric Eusey is a former Commissioner of Income Tax at the Government of Belize. In January 2014, he was appointed as the Director of the Financial Intelligence Unit (FIU), body responsible for investigating and prosecuting financial crimes with particular reference to crimes relating to money laundering and terrorist financing in Belize. Eric is the longest serving member of BTL's Board of Directors.



### **MELISSA BALDERAMOS MAHLER, CORPORATE SECRETARY**

Melissa Balderamos Mahler is an Attorney-at-Law in private practice for the past twenty years. During this time, she has amassed extensive experience in corporate, commercial, and banking law, conveyancing and real property law, debt collection, estates and succession, family law, civil litigation, mediation, and arbitration. She is a member of the Chartered Institute of Arbitrators and the International Trademark Association and currently serves on the Board of Directors of St. Catherine Academy and World Pediatric Project Belize. She is also a member of the Bar Association of Belize and serves on the General Legal Council of the Bar Association. She holds a Bachelor of Law Degree from the University of the West Indies and a Legal Education Certificate from Norman Manley Law School. She also holds a Bachelor of Arts Degree in Sociology from St. Leo University.



## 5.2 CORPORATE GOVERNANCE

The BoD ensures that the highest standard of corporate governance is observed. In so doing, the Board sets and steers the direction of the company and brings independent, informed and effective judgement on decisions reserved for that governing authority. The Board also plays a crucial role in ensuring that strategy, performance, and sustainable development considerations, among others, are integrated into the decision-making process.

### ATTENDANCE

Directors attendance to meetings of the board for the period of April 1, 2021 to March 31, 2022

MEETING	DATE	ATTENDANCE
Meeting 1	April 13, 2021	11/11
Meeting 2	April 29, 2021	11/11
Meeting 3	May 20, 2021	11/11
Meeting 4	June 17, 2021	11/11
Meeting 5	July 22, 2021	11/11
Meeting 6	August 5, 2021	11/11
Meeting 7	August 31, 2021	11/11
Meeting 8	September 16, 2021	11/11
Meeting 9	October 22, 2021	9/11
Meeting 10	November 18, 2021	10/11
Meeting 11	December 16, 2021	10/11
Meeting 12	January 20, 2022	10/11
Meeting 13	February 17, 2022	11/11
Meeting 14	March 17, 2022	11/11

## SUBCOMMITTEES OF THE BOARD

### AUDIT SUB-COMMITTEE

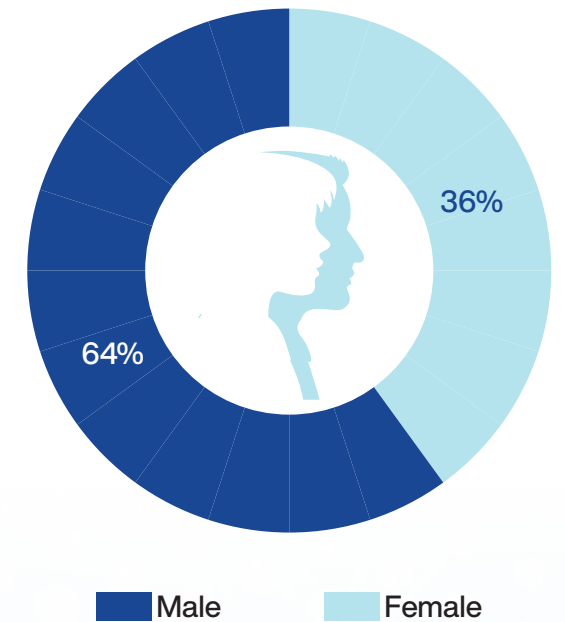
Michael Bowen, Chair  
Eric Eusey  
Nigeli Sosa  
Michael Hyde

### HUMAN RESOURCES SUB-COMMITTEE

Denise Courtenay, Chair  
Marconi Leal  
Jose Urbina

### TECHNOLOGY SUB-COMMITTEE

Jose Urbina, Chair  
Jermie Usher  
Emogene Habet



## REPRESENTATION

### BOARD SKILLS AND DIVERSITY

The Board is diverse in skills and experience with members having a range of skillsets that bring value in the interest of all stakeholders.

### INTERNATIONAL EXPERIENCE

Regional

### NATIONAL EXPERIENCE

Private Sector  
Public Sector including Statutory Bodies

### FUNCTIONAL EXPERIENCE

- Leadership & Management
- Technology
- Business
- Engineering
- Governance
- Operations
- Sales and Marketing
- Product Management & Brand Management
- Consumer Goods
- Legal: Arbitration, Commercial and Banking Law; Company Law; Labour Law
- Intellectual Property
- Environment, Health, and Safety
- Industry & Commerce
- Energy
- Security
- Automotive
- Tourism

## 5.3 EXECUTIVE LEADERSHIP TEAM



### IVAN N. TESUCUM, CHIEF EXECUTIVE OFFICER

With over 20 years of accomplished leadership, financial and operation experience in Belize and the USA, Ivan joined BTL in 2007 having roles with increased responsibilities to executive when he was promoted to CFO in 2012. In 2019 he was promoted to the position of CEO. Prior to joining the BTL team, Ivan held positions with Belize Water Services as Chief Commercial Officer and Director of Operations for International Telecommunications Ltd after holding positions in finance and operations in the USA. He is a Chartered Accountant (CPA, ACCA) and holds an MBA with concentrations in Corporate Finance and International Business from the Crummer Graduate

School of Business, Rollins College in Orlando, Florida, and a B.Sc. in Business Administration with a concentration in Accounting from the University of Montana.



### IAN CLEVERLY, CHIEF FINANCIAL OFFICER

Ian Cleverly joined the company in October 2021 and is responsible for Accounting, Financial Planning & Analysis, Treasury, Tax, Procurement, and Inventory Management. He is a qualified Chartered Accountant (ACMA, CGMA) and a member of the Chartered Institute of Management Accountants. Ian has 27 years of international telecoms, Fintech, and FMCG experience and has led finance, legal, regulatory and compliance teams in global companies with significant scale and complexity.



### KENDRA SANTOS, CHIEF HUMAN RESOURCES OFFICER

Kendra Santos is a human resource management and development specialist with 20 years of experience within the English and Dutch Caribbean region. In her current role, Kendra is responsible for leading Digi's overall human resources strategy. She continues to lead efforts to enhance the function and impact of HR across the company to support business objectives, as well as the needs and aspirations of its over 500 employees. Her approach includes embedding culture change through a well-defined HR strategy that incorporates senior

resourcing, employee engagement, talent management, organizational redesign, operational efficiencies and labor relations. Kendra holds an Executive Masters of Business Administration with a concentration in General Management from The University of the West Indies, Cave Hill Barbados and an undergraduate degree in Business Administration with a major in Human Resources Management/Entrepreneurship/Leadership from Loyola Marymount University in Los Angeles, California.



### LEONARDO CALLE, CHIEF OPERATIONS OFFICER

Leonardo Calle has more than 28 years of experience in the telecommunications industry and possesses a passion for technology, having worked in many countries in South and Central America and the Caribbean. Leonardo has the combined experience of working with Telecom Operators such as TIGO, ENTEL and SPEEDNET, as well as Telecom Equipment Providers as Ericsson, Nokia, and Huawei. Leonardo has BSc in Electronic Engineering, a MSc in Business Administration and currently is pursuing an MSc in Big Data and Artificial Intelligence.



### DIONNE CLARKE-EMTAGE, CHIEF COMMERCIAL OFFICER

Dionne has more than 20 years of experience working in the telecommunications industry across various jurisdictions in the Caribbean region from the start of her career at Cable & Wireless to her most recent post in Group Commercial Operations at Digicel Group. She has held a series of senior roles within the industry which have contributed to her vast experience in Retail Sales and Distribution, Customer Experience Management, Product Management, Commercial Strategy Delivery, Broadband Content Delivery, among other. She holds a Post Graduate Degree in Business Administration and Management from the University of Leicester and a Leadership Certification from the Wharton University.

**AUDITORS**

For the end of the fiscal year 2021/2022, HLB Belize, LLP are the appointed external auditors of the company. A resolution to re-appoint them or to appoint another competent accounting firm as auditors of the company for the financial year 2022/2023 will be proposed at BTL's Annual General Meeting.

By order of the Board of Directors,



Melissa Balderamos Mahler  
Corporate Secretary  
Belize Telemedia Limited



# 6.0 AUDITED CONSOLIDATED FINANCIALS

- 6.1 Independent Auditors' Report**
- 6.2 Consolidated Statements of Financial Position**
- 6.3 Consolidated Statements of Comprehensive Income**
- 6.4 Consolidated Statements of Changes in Equity**
- 6.5 Consolidated Statements of Cash Flows**
- 6.6 Notes to Consolidated Financial Statements**



# **BELIZE TELEMEDIA LIMITED**

*Consolidated Financial Statements for the  
Years Ended March 31, 2022 and 2021 and  
Independent Auditors' Report*

## **BELIZE TELEMEDIA LIMITED**

### **TABLE OF CONTENTS**

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	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2022 AND 2021:	
Consolidated statements of financial position	3 - 4
Consolidated statements of comprehensive income	5
Consolidated statements of changes in equity	6
Consolidated statements of cash flows	7
Notes to consolidated financial statements	8 - 44

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders  
of: Belize Telemedia Limited and its Subsidiaries

### Opinion

We have audited the consolidated financial statements of Belize Telemedia Limited and its Subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2022 and 2021 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Belize Telemedia Limited and its Subsidiaries as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

### 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 *Auditors' Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of Belize Telemedia Limited in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Belize Telemedia Limited and its Subsidiaries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Belize Telemedia Limited and its Subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Belize Telemedia Limited and its Subsidiaries' financial reporting process.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; to design and perform audit procedures responsive to those risks; and to 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Belize Telemedia Limited and its Subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during the audit.

The engagement partner on the audit resulting in this independent auditors' report is Giacomo Sanchez.

*HLB Belize, LLP*

Chartered Accountants  
Belize City, Belize  
August 11, 2022

**BELIZE TELEMEDIA LIMITED**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)**

	<u>Notes</u>	<u>2022</u>	<u>Restated 2021</u>	<u>Restated April 1, 2020</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	2h. 2i. 3.	\$ 22,151	\$ 5,334	\$ 5,444
Trade receivables	2h. 2j. 4.	27,162	31,533	25,906
Other receivables	2h. 2k. 5.	7,200	3,939	9,742
Financial lease receivable - net	2h. 2l. 6.	746	731	717
Prepayments	2m. 7.	4,555	2,507	4,024
Inventories	2n. 2r. 8.	9,874	10,205	13,236
Total current assets		<u>71,688</u>	<u>54,249</u>	<u>59,069</u>
<b>NON-CURRENT ASSETS:</b>				
Finance lease receivable - net	2h. 2l. 6.	14,096	14,841	15,572
Right-of-use assets - net	2l. 2r. 9.	1,318	1,186	2,056
Intangible assets - net	2o. 2r. 10.	18,281	18,329	20,411
Property, plant and equipment - net	2p. 2r. 11.	243,342	267,434	301,531
Other non-current assets	2r. 12.	1,704	2,047	2,391
Total non-current assets		<u>278,741</u>	<u>303,837</u>	<u>341,961</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 350,429</u></b>	<b><u>\$ 358,086</u></b>	<b><u>\$ 401,030</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Deferred income	2s.	\$ 3,229	\$ 2,890	\$ 7,227
Trade and other payables	2h. 2t. 13.	27,638	19,440	24,746
Lease liabilities	2h. 2l. 9.	517	429	653
Borrowings	2h. 2u. 14.	12,511	21,437	34,188
Dividends payables	2h. 2x.	13,754	18,867	23,486
Customer deposits	15.	6,599	5,752	5,031
Total current liabilities		<u>64,248</u>	<u>68,815</u>	<u>95,331</u>
<b>NON-CURRENT LIABILITIES:</b>				
Trade and other payables	2h. 2t. 13.	163	2,023	2,600
Lease liabilities	2h. 2l. 9.	903	825	1,413
Borrowings	2h. 2u. 14.	43,981	56,363	74,830
Total non-current liabilities		<u>45,047</u>	<u>59,211</u>	<u>78,843</u>
Total liabilities		<u>109,295</u>	<u>128,026</u>	<u>174,174</u>

Continued on page 4.

Notes related to restatement are disclosed in Note 27.

The notes on pages 8 to 44 are an integral part of these financial statements.

**BELIZE TELEMEDIA LIMITED**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)  
AS AT MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)**

	<u>Notes</u>	<u>2022</u>	<u>Restated 2021</u>	<u>Restated April 1, 2020</u>
<b>EQUITY:</b>				
Ordinary shares	2y. 16.	49,552	49,552	49,552
Preference shares	2y. 17.	48,500	48,500	48,500
Share premium	18.	15,274	15,274	15,274
Capital reserve - non distributable	19.	36,637	36,637	36,637
Retained earnings		91,171	80,097	76,893
Total equity		<u>241,134</u>	<u>230,060</u>	<u>226,856</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>\$ 350,429</u></b>	<b><u>\$ 358,086</u></b>	<b><u>\$ 401,030</u></b>

The financial statements on page 3 to 7 were approved and authorized for issue by the Board of Directors on August 11, 2022 and are signed on its behalf by:

  
Chairman

  
Director

Notes related to restatement are disclosed in Note 27.

The notes on pages 8 to 44 are an integral part of these financial statements.

**BELIZE TELEMEDIA LIMITED**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

	<u>Notes</u>	<u>2022</u>	<u>Restated 2021</u>
<b>CONTINUING OPERATIONS</b>			
Revenue	2z. 20.	\$ 136,611	\$ 134,426
Other operating income	2z. 20.	4,720	6,859
<b>Total revenue</b>		<b>141,331</b>	141,285
Operating cost	2aa. 2ab. 21.	(113,835)	(123,162)
<b>Gross profit</b>		<b>27,496</b>	18,123
Interest income	2ac.	987	761
Dividend income		2	5
Interest expense	2v.	(5,253)	(6,243)
<b>Profit before tax</b>		<b>23,232</b>	12,646
Business tax	2ad. 22.	(7,146)	(7,234)
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>16,086</b>	5,412
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>\$ 16,086</b>	\$ 5,412
<b>Profit attributable to:</b>			
Owners of the Company		<b>\$ 16,086</b>	\$ 5,412
<b>Earnings per share attributable to the owners of the company:</b>			
Basic and diluted earnings per share	23.	<b>\$ 0.29</b>	\$ 0.07

Notes related to restatement are disclosed in Note 27.

The notes on pages 8 to 44 are an integral part of these financial statements.

**BELIZE TELEMEDIA LIMITED**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

	Share capital	Preference shares	Share premium	Capital reserve, non distributable	Retained earnings	Total
<b>March 31, 2020 as previously stated</b>	\$ 49,552	\$ 48,500	\$ 15,274	\$ 36,637	\$ 78,223	\$228,186
<b>Impact of correction of errors (Note 27)</b>	-	-	-	-	(1,330)	\$ (1,330)
<b>Balance at April 1, 2020 after restatement</b>	<b>\$ 49,552</b>	<b>\$ 48,500</b>	<b>\$ 15,274</b>	<b>\$ 36,637</b>	<b>\$ 76,893</b>	<b>\$226,856</b>
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	5,412	5,412
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	5,412	5,412
<b>Transactions with owners of the Company</b>						
Dividends declared to ordinary shareholders (Note 24)	-	-	-	-	(268)	(268)
Dividends declared to preferred shareholders (Note 24)	-	-	-	-	(1,940)	(1,940)
<b>Total transactions with owners of the Company</b>	-	-	-	-	(2,208)	(2,208)
<b>March 31, 2021</b>	<b>\$ 49,552</b>	<b>\$ 48,500</b>	<b>\$ 15,274</b>	<b>\$ 36,637</b>	<b>\$ 80,097</b>	<b>\$230,060</b>
<b>April 1, 2021</b>	\$ 49,552	\$ 48,500	\$ 15,274	\$ 36,637	\$ 80,097	\$230,060
<b>Comprehensive income</b>						
Profit for the year	-	-	-	-	16,086	16,086
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	16,086	16,086
<b>Transactions with owners of the Company</b>						
Dividends declared to ordinary shareholders (Note 24)	-	-	-	-	(3,072)	(3,072)
Dividends declared to preferred shareholders (Note 24)	-	-	-	-	(1,940)	(1,940)
<b>Total transactions with owners of the Company</b>	-	-	-	-	(5,012)	(5,012)
<b>March 31, 2022</b>	<b>\$ 49,552</b>	<b>\$ 48,500</b>	<b>\$ 15,274</b>	<b>\$ 36,637</b>	<b>\$ 91,171</b>	<b>\$241,134</b>

Notes related to restatement are disclosed in Note 27.

The notes on pages 8 to 44 are an integral part of these financial statements.



## BELIZE TELEMEDIA LIMITED

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

	<u>2022</u>	<u>Restated</u> <u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Profit for the year	\$ 16,086	\$ 5,412
Adjustments for non-cash items:		
Depreciation and amortization	42,660	45,520
Gain on disposal of property, plant and equipment	(13)	(199)
Obsolescence expense	1,514	278
Re-measurement of expected credit loss	500	4,597
Business tax	7,146	7,234
Interest expense	5,253	6,243
Operating profit before working capital changes	<u>73,146</u>	<u>69,085</u>
Changes in working capital:		
Trade receivables	3,871	1,386
Other receivables	(3,261)	(5,803)
Prepayments	(2,048)	1,519
Inventories	(1,183)	2,753
Deferred income	339	(4,337)
Trade and other payables	6,085	(5,950)
Lease liabilities	-	(812)
Customer deposits	847	(721)
Cash provided by operating activities	<u>77,796</u>	<u>57,120</u>
Business tax paid	(7,100)	(7,209)
Interest paid	(5,046)	(6,208)
<b>Net cash provided by in operating activities</b>	<u>65,650</u>	<u>43,703</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(13,172)	(4,299)
Purchase of intangible assets	(4,506)	(1,886)
Proceeds from disposal of fixed assets	73	328
Proceeds from finance lease	730	715
<b>Net cash used in investing activities</b>	<u>(16,875)</u>	<u>(5,142)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends provided and paid to shareholders	(10,125)	(6,827)
Proceeds from borrowings	-	3,471
Repayment of borrowings	(21,308)	(34,689)
Principal elements of lease payments	(525)	(626)
<b>Net cash used in financing activities</b>	<u>(31,958)</u>	<u>(38,671)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>16,817</u>	<u>(110)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>5,334</u>	<u>5,444</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 22,151</u>	<u>\$ 5,334</u>

Notes related to restatement are disclosed in Note 27.  
The notes on pages 8 to 44 are an integral part of these financial statements.

## BELIZE TELEMEDIA LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

#### 1. GENERAL INFORMATION

Belize Telemedia Limited (the Company) and its subsidiaries (together referred to as the 'Group') provide communication products, services and a broad range of voice, broadband and data communication services including fixed and mobile telephone services and internet services within Belize.

Belize Telemedia Limited is a public limited liability company incorporated and domiciled in Belize. The address of its registered office is #1 St. Thomas Street, Esquivel Telecom Centre, Belize City, Belize.

The Group includes Belize Telemedia Limited (the parent company) which provides telecommunication services and its wholly-owned subsidiaries include the:

- Telemedia Free Zone Limited which provides telecommunication services in the Commercial Free Zone at Santa Elena, Corozal;
- BTL DigiCell Limited which operates the LTE Advanced network;
- Business Enterprises Systems Limited ("BESL"), which rents equipment, and provides other non-telecommunications services;
- International Communication Services Limited and International Communication Services (Belize District) Limited which operate in the E-Business Freezone Park at Mile 13 1/2 on the Northern Highway;
- Belize Telecommunications (Overseas) Limited;
- BTL Mobile Services Limited;
- DigiWallet Limited;
- Telemedia Investment Limited;
- Belize Telemedia Limited British Virgin Island; and
- Belize Telemedia International Inc.

The Company operates under an Individual Telecommunications License, issued by the Public Utilities Commission ("PUC"). The License expires on December 28, 2022 and thereafter is renewable for consecutive periods of five years, unless the PUC or the Licensee serves not less than one year's written notice to the contrary.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Belize Telemedia Limited and its subsidiaries.

##### a. Statement of compliance

The consolidated financial statements of the Belize Telemedia Limited Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities measured at fair value and assets held for sale measured at fair value less costs to sell.

c. Functional and presentation currency

The financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Belize dollars' (BZ\$), which is the Group's functional and presentation currency. Except as indicated, the financial information presented in Belize dollars has been rounded to the nearest thousand.

d. Foreign currency translations

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or expense'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'sundry income/expense'.

e. Principles of consolidation

*(i) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Principles of consolidations (Continued)

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of subsidiaries are changed if necessary to ensure consistency with Group policies.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in comprehensive income.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IFRS 9 either in comprehensive income or as a change to other comprehensive income. A contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

*(ii) Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to comprehensive income.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Principles of consolidations (Continued)

*(iii) Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

f. Change in accounting policies

The accounting policies adopted are consistent with those used in the previous consolidated financial statements for the year ended March 31, 2021. In addition, commencing April 1, 2021, the following amendments which are now effective, have been adopted:

**Interest Rate Benchmark Reform - Phase 2**

**(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)**

Effective for annual reporting periods beginning on or after 1 January 2021

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendment was adopted, but has no current impact on the financial statements.

**Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)**

Effective for annual reporting periods beginning on or after 1 April 2021

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The amendment was adopted, but has no current impact on the financial statements.

**Standards issued but not yet effective**

*The standards and interpretations that are issued, but not yet effective, up to the end of the reporting period are disclosed below.*

**Reference to the Conceptual Framework (Amendments to IFRS 3)**

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

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Change in accounting policies (Continued)

**Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)**

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

**Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)**

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

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

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

Effective for annual reporting periods beginning on or after 1 January 2023

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

**IFRS 9 (Annual improvements to IFRS standards 2018 - 2020)**

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

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The annual improvement will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f. Change in accounting policies (Continued)

##### **Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)**

Effective for annual reporting periods beginning on or after 1 January 2023

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

##### **Definition of Accounting Estimates (Amendments to IAS 8)**

Effective for annual reporting periods beginning on or after 1 January 2023

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

##### **IFRS 16 (Annual improvements to IFRS standards 2018 - 2020)**

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

The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The annual improvement will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

#### g. Significant accounting judgments and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### g. Significant accounting judgments and estimates (Continued)

- The Group provides for bad and doubtful debts based on an evaluation of the collectability of individual debtor balances. The Group estimates expected credit losses based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.
- The estimate for obsolete inventories is based on an evaluation of slow-moving item, particularly inventories that have not moved in line with its useful life.
- The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there have been no changes to the useful life of assets.
- The Group's intangible assets mainly consists of licenses and computer software. Licenses are amortized over their estimated useful lives of three to five years and computer software over five years.
- The Group measures non-current assets classified as held for sale at the lower of its carrying amount and fair value less costs to sell. Fair value less costs to sell is determined through the engagement of an independent expert experienced in the sale of such assets.
- The fair value of items sold on a finance lease is estimated to be the discounted cash flows arising from the payments due under the finance lease agreement.
- The Group applies judgement in determining whether a contract is, or contains, a lease and in estimating the incremental borrowing rate of the lease.

#### h. Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

##### **Financial Assets**

###### *(i) Classification*

The Group classifies financial assets in the following measurement categories:

- (a) those to be measured subsequently at fair value, either through OCI or profit and loss;
- (b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or OCI.

The Group reclassifies its financial instruments when and only when its business model for managing those assets changes.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### h. Financial instruments (Continued)

##### *(ii) Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

##### *(iii) Measurement*

At initial recognition, in the case of a financial asset not at fair value through profit or loss ("FVPL"), the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

A financial asset is measured at amortized cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss ("FVPL") unless it is measured at amortised cost or at fair value through other comprehensive income ("FVOCI") in accordance with the criteria mentioned in the preceding paragraphs.

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

#### **Financial Liabilities**

The Group's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method.

A financial liability (or part of it) is extinguished when the debtor either:

- (a) discharges the liability (or part of it) by paying the creditor, normally with cash, other financial assets, goods or services; or
- (b) is legally released from primary responsibility for the liability (or part of it) either by process of law or by the creditor.

#### **Impairment of financial assets**

The Group recognizes loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortized cost and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### h. Financial instruments (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The Group recognizes loss allowances for ECLs on a financial asset in default when it meets the following criteria:

- (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realizing security if any is held; or
- (ii) the financial asset is more than 90 days past due.

Life-time ECLs are the ECLs that result from all possible default events over the expected life of the financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over the Group is exposed to credit risk.

#### Measurement of ECLs:

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

#### Credit-impaired financial assets:

At each reporting date, the Group assess whether financial assets carried at amortized costs are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position:

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### h. Financial instruments (Continued)

Write-off: The gross carrying amount of a financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'bad debts recoveries' in the statement of profit or loss.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### i. Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts which are repayable on demand and which forms an integral part of the Group's cash management. Bank overdraft facilities available to finance capital expenditures are included in borrowings.

#### j. Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group recognises lifetime expected credit losses ("ECL") for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience and an analysis of the debtor's current financial position, adjusted for various factors. The factors include issues specific to the debtors, the general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The time value of money is included where appropriate.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

#### k. Other receivables

Other receivables are amounts due from foreign telephone network companies, input tax, staff and management loans, deposits and other miscellaneous accounts. The carrying amount of the receivable is considered a reasonable approximation of fair value (which is measured at amortised cost) is expected to be paid within twelve months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i. Leases

##### (i) *Leases where the Group is the lessor*

As a lessor the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. Subsequently, the recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Lease income from operating leases are recognised in income on a straight-line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognised as an expense.

##### (ii) *Leases where the Group is the lessee*

For any new contracts entered, the Group considers whether the contract is, or contains a lease. A lease is defined as 'a contract or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time on exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- (a) The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- (b) The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- (c) The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in its statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Subsequently, lease payments are apportioned between the finance charge and the reduction of the outstanding liability.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i. Leases (Continued)

At commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities are shown separately from other assets and liabilities.

#### m. Prepayments

Prepayments represent costs paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is received.

#### n. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the "first-in" (FIFO) method. Cost comprises of direct material costs (which includes all shipping, importation costs and delivery costs to the warehouse), direct labour and overheads that have been incurred in bring the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less cost to complete and sell and the impairment loss is recognized immediately in the statement of comprehensive income.

Goods held on consignment are excluded from inventories and are covered by the Group's all risk insurance, as declared in the listing, in the event of loss.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### o. Intangible assets

##### (i) Licenses

Separately acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. They have a finite useful life and are subsequently carried at cost less accumulated depreciation and impairment losses.

##### (ii) Computer software

Computer software comprises computer software purchased from third parties. Software integral to an item of hardware equipment is classified as property, plant, equipment.

Costs associated with maintaining computer software programs are recognized as an expense when they are incurred.

#### p. Property, plant and equipment

Property, plant and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items and any cost incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to comprehensive income during the financial period in which they are incurred.

Land and assets in the course of construction are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amount to their residual values over their estimated useful lives, as follows:

Types of assets:	Useful life
Buildings (wood, concrete)	25 or 40 years
Transmission equipment	7-10 years
Switching equipment	5-20 years
Tower equipment	10-20 years
Other plant and equipment	10-20 years
Motor vehicles	5 years
Computer equipment	4-5 years

The residual values of assets, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## BELIZE TELEMEDIA LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Property, plant and equipment (Continued)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other Income" in the Statement of Comprehensive Income.

q. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position.

r. Impairment of non-financial assets

Assets that have an indefinite useful life or assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

s. Deferred income

Deferred income represents funds received from customers for services that have not yet been delivered. Deferred income is recognized as revenue in the period in which the service is provided to the customer.

t. Trade and other payables

Trade and other payables principally comprise liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## BELIZE TELEMEDIA LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

v. Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

w. Provisions

Provisions for legal claims, restructuring costs and environmental restoration are recognized when the Group has a present legal or constructive obligation as a result of past events; if it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably measured. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used reflects current market assessments of the time value of money and the risks specific to the obligation.



## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x. Dividend distribution

In accordance with Section 128 (B) of the Company's Articles of Association: "Unless otherwise agreed in writing by the holder of the Special Share, upon the 21st day after the publication of the audited balance sheet and accounts for each financial year (the Dividend Date), the Directors shall be deemed to have recommended and the Company in a general meeting be deemed to have declared a final dividend payable in cash such that the total dividends shall be equivalent to 45% of the Company's profits available for distribution divided by the total ordinary shares". (in addition) Section 128 (D), " The Company's profits available for distribution are its accumulated realized profits, so far as not previously utilized by distribution or capitalization, less any accumulated realized losses, so far as not previously written off in a reduction or reorganization of capital duly made".

y. Ordinary shares

Ordinary and Preference Shares are classified as Equity. Preference Shares are shares which entitles the holder to a fixed dividend, whose payment takes priority over that of common stock dividends.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Where any company within the Group purchases the parent company's shares (treasury shares), the consideration paid is deducted from the equity attributable to the parent company's equity holders.

z. Revenue recognition

In accordance with IFRS 15, the Group recognizes revenue when a performance obligation specified in a contract with a customer is performed, the amount of the transaction price allocated to the performance of that obligation is identified, and the Group expects to be entitled to the said consideration in exchange for transferring the contracted goods and services to the customer. Revenue is measured based on the consideration receivable, excluding amounts collected on behalf of third parties and shown net of general sales tax, returns, rebates and discounts. Group revenue is reported after eliminating sales within the

*(a) Sales of services*

The Group earns revenue mainly from providing the following telecommunication services: access charges, airtime usage, fixed line usage, messaging, interconnection fees, data services and information provision, connection fees and equipment sales. Products and services may be sold separately or in bundled packages. Revenue for access charges, airtime usage and messaging by contract customers is recognized as revenue when the services are performed, with unbilled revenue resulting from services already provided, billed at the end of the billing cycle. Unearned revenue from services to be provided in future period is deferred. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the credit or it expires.

Revenue from interconnection fees is recognized at the time the services are performed.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

z. Revenue recognition (Continued)

Revenue from data services is recognized when the Group has performed the related service and depending on the nature of the service, is recognized either the gross amount billed to the customer or the amount receivable by the Group as commission for facilitating the service.

Customer connection revenue is recognized together with the related equipment revenue to the extent that the aggregate equipment and connection revenue does not exceed the fair value of the equipment delivered to the customer. Any customer connection revenue not recognized together with related equipment revenue is deferred and recognized over the period in which services are expected to be provided to the customer.

Revenue from prepaid sales is recognized based on the extent of consumption by customer. Allocations are done to respective revenue streams based on the type of service usage.

*(b) Sale of goods*

Revenue for device sales is recognized when the device is delivered to the end customer and the sale is considered complete. For device sales made to intermediaries, revenue is recognized if the significant risks associated with the device are transferred to the intermediary and the intermediary has no general right of return. If the significant risks are not transferred, revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of the right of return.

*(c) Multiple element sales*

Bundled offers that combine different elements are assessed to determine whether it is necessary to separate the different identifiable components and apply the corresponding revenue recognition policy to each element. Under IFRS 15, bundled packages that combine voice, text and data services, the total revenue will be treated as one single performance obligation and will be recognised when (or as) the obligation is satisfied.

*Sales of SIMs in bundled packages:*

Under IFRS 15, the total consideration in the contract must be allocated to all the products and services provided, for example, SIMs and mobile telecommunication services, based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells the SIMs and telecommunication services.

*Bundled packages:*

When revenue arrangements include multiple deliverables, the revenue recognition criteria are applied separately to each transaction. In certain circumstances it is necessary to separate a transaction into identifiable components to reflect the separate obligations of the transaction. Deliverables are separated into individual transactions when the following two conditions are met:

- (i) the deliverable has value to the customer on a stand-alone basis and
- (ii) there is evidence of the fair value of the item. The arrangement consideration is then allocated to each separate unit of accounting based on its relative fair value.

## BELIZE TELEMEDIA LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### z. Revenue recognition (Continued)

The Group has adopted the practical expedients associated with the application of the new criteria that were adopted in the implementation of the standard with the objective of reducing the complexity in its application. The main practical expedients that the Group adopted are:

- (i) The financial component is not considered significant as the period between the moment when the promised good or service is transferred to a customer and the moment when the customer pays for that good or service is less than one year. The vast majority of contracts issued do not include a significant financing component.
- (ii) Costs to obtain a contract are recognised as expenses when incurred as the amortisation period of the asset that the Group would otherwise recognise is less than one year.

##### aa. Cost of sales and operating costs

Cost of sales and operating costs are recognized in the period incurred.

##### ab. Employee benefits

###### (i) Pension obligations

The Group has two defined pension contribution plans, one for management and one for non-management staff. The defined contribution plans are pension plans under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay employees the benefits relating to employee service in the current and prior periods. The plans are administered by separate Board of Trustees and the funds are held outside the Group.

The Group pays contributions to privately administered pension plans on a mandatory or contractual basis. The contributions are recognized as staff pension expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognized as an asset.

###### (ii) Termination benefits

The Group recognizes termination benefits in accordance with the labour laws of Belize, union agreement and Group policy.

##### ac. Interest Income

Interest income is recognized using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

## BELIZE TELEMEDIA LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ad. Business tax

The tax expense for the period comprises of current year tax. The tax charge is calculated on the basis of the tax laws enacted at the statement of financial position date. Management evaluates situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of the amounts expected to be paid to the tax authorities.

Taxes are based on monthly gross revenue receipts and are payable within the following month.

Deferred taxation accounting pursuant to International Accounting Standard (IAS) 12 is not applicable.

##### ae. Exceptional items

Exceptional items are disclosed separately in the financial statements, when it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that are shown separately due to the significance of their nature or amount.

##### af. Segment reporting

The Group has one operating segment. This is based on the management and internal reporting structure which combines the Group's business units and is consistent with the manner in which internal reporting is provided to and reviewed by the Group's Chief Operating Decision-Maker. The Group has determined the Board of Directors as its Chief Operating Decision-Maker.

#### 3. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 178	\$ 569
Bank balances	21,973	4,765
	<u>\$ 22,151</u>	<u>\$ 5,334</u>

#### 4. TRADE RECEIVABLES

	<u>2022</u>	<u>2021</u>
Trade receivables	\$ 44,835	\$ 52,085
Less: expected credit loss (ECL)	(17,673)	(20,552)
	<u>\$ 27,162</u>	<u>\$ 31,533</u>

##### **Provision for credit losses as follows:**

Brought forward, beginning of year	\$ 20,552	\$ 16,191
Re-measurement of ECL	500	4,597
Receivables written off during the year	(3,379)	(236)
Carried forward, ending of year	<u>\$ 17,673</u>	<u>\$ 20,552</u>

**BELIZE TELEMEDIA LIMITED**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)**
**5. OTHER RECEIVABLES**

	<u>2022</u>		<u>2021</u>
Foreign telephone network administrations receivable	\$ 2,997	\$	1,371
Input tax receivable	1,129		888
Other receivables	3,074		1,680
	<u>\$ 7,200</u>	\$	<u>3,939</u>

**6. FINANCE LEASE RECEIVABLE**

	<u>2022</u>		<u>2021</u>
Amounts receivable under finance leases:			
No later than one year	\$ 1,036	\$	1,036
Later than one year and no later than five years	4,143		4,143
Later than five years	12,328		13,365
Undiscounted lease payments	17,507		18,544
Less: Unearned future finance income	(2,665)		(2,969)
Net investment in finance lease	<u>\$ 14,842</u>	\$	<u>15,575</u>

## Current receivables:

Finance lease - gross receivable	\$ 1,036	\$	1,036
Unearned finance income	(290)		(305)
	<u>\$ 746</u>	\$	<u>731</u>

## Non-current receivables:

Finance lease - gross receivable	\$ 16,471	\$	17,506
Unearned finance income	(2,375)		(2,665)
	<u>\$ 14,096</u>	\$	<u>14,841</u>

## The net investment in finance lease may be analysed as follows:

No later than one year	\$ 746	\$	731
Later than one year and no later than five years	3,136		3,075
Later than five years	10,960		11,769
	<u>\$ 14,842</u>	\$	<u>15,575</u>

The Group, as Lessor, has entered into a Finance Lease Agreement which gives the lessee the exclusive right to use specific strands of Dark Fiber within specified cable routes. The lease is for a period of 20 years with minimum lease payments of \$86 (Eighty Six thousand dollars per month).

**7. PREPAYMENT**

	<u>2022</u>		<u>2021</u>
Purchases	\$ 2,000	\$	659
Maintenance and support services	1,564		1,031
Insurance	392		393
Other	599		424
	<u>\$ 4,555</u>	\$	<u>2,507</u>

**BELIZE TELEMEDIA LIMITED**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)**
**8. INVENTORIES**

	<u>2022</u>		<u>2021</u>
Spares, goods for resale and other consumable supplies	\$ 11,519	\$	10,654
Less: provision for obsolete inventories	(1,645)		(449)
	<u>\$ 9,874</u>	\$	<u>10,205</u>

**Provision for obsolete stock is comprised of:**

Brought forward, beginning of year	\$ 449	\$	699
Increase/ decrease in provision recognized	1,514		278
Stock written off	(318)		(528)
Carried forward, ending of year	<u>\$ 1,645</u>	\$	<u>449</u>

**9. RIGHT-OF-USE ASSETS**

	Tower space	Office space	Motor vehicles	Total
<b>Right-of-use 2022</b>				
Brought forward, beginning of year	\$ 667	\$ 399	\$ 120	\$ 1,186
Addition	811	-	-	811
Derecognition*	-	-	(120)	(120)
Depreciation	(414)	(145)	-	(559)
Carried forward, ending of year	<u>\$ 1,064</u>	\$ 254	\$ -	\$ 1,318

	Tower space	Office space	Motor Vehicles	Total
<b>Right-of-use 2021</b>				
Brought forward, beginning of year	\$ 1,314	\$ 544	\$ 198	\$ 2,056
Addition	79	-	-	79
Derecognition*	(264)	-	-	(264)
Depreciation	(462)	(145)	(78)	(685)
Carried forward, ending of year	<u>\$ 667</u>	\$ 399	\$ 120	\$ 1,186

\*Derecognition of the right-of-use assets is as a result of BTL's cancellation of lease contracts.

Right-of-use assets relate to leased office space, tower space, and vehicles. With the exception of short-term leases and leases of low-value assets. Leases are recognized on the Statement of Financial Position as a right-of-use asset and a corresponding lease liability at the date on which the leased asset is available for use by the Group.

Leases of tower space, tower room and office space are generally limited to a lease term of between 3 to 5 years with the exception of three tower space leases with where terms extended between 15-20 years. Leases relating to motor vehicles are for 3 years.

Each lease generally imposes a restriction that, unless there is contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases related to tower and office spaces, the Group must keep these properties in a good state of repair and return the properties to their original state and condition at the end of the lease term.

**BELIZE TELEMEDIA LIMITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

**9. RIGHT-OF-USE ASSETS (CONTINUED)**

	<u>2022</u>	<u>2021</u>
<b>Lease liabilities:</b>		
Current	\$ 517	\$ 429
Non-current	903	825
	<u>\$ 1,420</u>	<u>\$ 1,254</u>

The maturity analysis of undiscounted lease liabilities recognised on the Group balance sheet are as follows:

	Lease payments	Finance charges	Net present value
Within one year	\$ 495	\$ 82	\$ 413
Between one and two years	386	56	330
Between two and three years	255	34	221
Between three and four years	81	22	59
Between four and five years	50	18	32
Due after five years.	263	64	199
	<u>\$ 1,530</u>	<u>\$ 276</u>	<u>\$ 1,254</u>

Amounts recognized in the Statement of Comprehensive Income:

	<u>2022</u>	<u>2021</u>
Interest expense included in finance expense	\$ 120	\$ 130
Short-term and low value leases included in operating cost	\$ 80	\$ 799

The total cash outflow relating to leases in the financial year ended March 31, 2022 was \$686,228 (2021 - \$799,432).

**10. INTANGIBLE ASSETS**

	<u>2022</u>	<u>2021</u>
<b>Cost</b>		
Brought forward, beginning of year	\$ 53,197	\$ 51,074
Additions	4,506	1,886
Transfers	-	237
Carried forward, ending of year	<u>\$ 57,703</u>	<u>\$ 53,197</u>
<b>Accumulated amortization and impairment</b>		
Brought forward, beginning of year	\$ 34,868	\$ 30,663
Charge for the year	4,554	4,205
Carried forward, ending of year	<u>\$ 39,422</u>	<u>\$ 34,868</u>
Carrying amount		
As at March 31	<u>\$ 18,281</u>	<u>\$ 18,329</u>

Intangible assets consist of purchased software mainly for billing, value added services and licenses relating to Microsoft products and any additional software utilised by the Group.

**BELIZE TELEMEDIA LIMITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

**11. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings	Network equipment	Other assets	Under construction	Total
<b>Cost</b>					
Brought forward, April 1, 2021	\$ 64,674	\$ 626,772	\$ 41,990	\$ 13,856	\$ 747,292
Additions		13,091	62	19	13,172
Transfers	95	1,922	1,080	(3,097)	-
Disposals	(60)	(4,961)	(120)		(5,141)
Carried forward, March 31, 2022	<u>64,709</u>	<u>636,824</u>	<u>43,012</u>	<u>10,778</u>	<u>755,323</u>
<b>Accumulated depreciation</b>					
Brought forward, April 1, 2021	17,063	427,082	35,713	-	479,858
Additions	1,627	32,705	2,872	-	37,204
Disposals	(60)	(4,907)	(114)	-	(5,081)
Carried forward, March 31, 2022	<u>18,630</u>	<u>454,880</u>	<u>38,471</u>	<u>-</u>	<u>511,981</u>
<b>Net book value</b>					
<b>March 31, 2022</b>	<u>\$ 46,079</u>	<u>\$ 181,944</u>	<u>\$ 4,541</u>	<u>\$ 10,778</u>	<u>\$ 243,342</u>
<b>Cost</b>					
Brought forward, April 1, 2020	\$ 64,693	\$ 625,056	\$ 43,672	\$ 11,619	\$ 745,040
Additions	9	16	5	4,269	4,299
Transfers to intangibles	(28)	1,700	123	(2,032)	(237)
Disposals	-	-	(1,810)	-	(1,810)
Carried forward, March 31, 2021	<u>64,674</u>	<u>626,772</u>	<u>41,990</u>	<u>13,856</u>	<u>747,292</u>
<b>Accumulated depreciation</b>					
Brought forward, April 1, 2020	15,474	391,058	34,721	-	441,253
Additions	1,589	36,024	2,673	-	40,286
Disposals	-	-	(1,681)	-	(1,681)
Carried forward, March 31, 2021	<u>17,063</u>	<u>427,082</u>	<u>35,713</u>	<u>-</u>	<u>479,858</u>
<b>Net book value</b>					
<b>March 31, 2021</b>	<u>\$ 47,611</u>	<u>\$ 199,690</u>	<u>\$ 6,277</u>	<u>\$ 13,856</u>	<u>\$ 267,434</u>

**BELIZE TELEMEDIA LIMITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

**11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Other assets comprises of vehicles, computers and other equipment.

Assets in course of construction (Special Project Assets) at March 31, 2022 consist mainly of material and cables for installation, additions for LTE network, FTTH network and other projects focused on network expansion.

Transfers for the fiscal year ended March 31, 2022 from assets in the course of construction to LTE sites were materials for a number of customer installations and long haul projects.

**12. OTHER NON-CURRENT ASSET**

(I) Americas Region Caribbean Ring System (ARCOS-1)

	<u>2022</u>	<u>2021</u>
<b>Cost</b>		
Brought forward, beginning of year	\$ 8,103	\$ 8,103
Additions	-	-
Carried forward, ending of year	<u>8,103</u>	<u>8,103</u>
<b>Accumulated amortization and impairment</b>		
Brought forward, beginning of year	6,070	5,726
Charge for the year	343	344
Carried forward, ending of year	<u>6,413</u>	<u>6,070</u>
<b>Carrying amount</b>		
As at March 31	<u>\$ 1,690</u>	<u>\$ 2,033</u>

BTL is a party to the Americas Region Caribbean Ring System (ARCOS-1), an optical fiber submarine cable system available to facilitate the provision of international telecommunication services in the region. The original project cost was approximately \$801.7 million of which BTL funded \$8.006 million.

The ARCOS-1 system became operational in March 2002. Its total cost is being amortized over its estimated service life of twenty-five years, commencing March 2002.

II. Intra-Group Shares

	<u>2022</u>	<u>2021</u>
A Group subsidiary, BTL (Overseas) Limited, holds 2,624 shares in Belize Telemedia Limited, at a cost of \$11 thousand dollars.	\$ 11	\$ 11
A Group subsidiary, BTL Telemedia Investments Limited, holds 500 shares in Belize Telemedia Limited, at a cost of \$3 thousand dollars.	3	3
	<u>\$ 14</u>	<u>\$ 14</u>

**BELIZE TELEMEDIA LIMITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

**13. TRADE AND OTHER PAYABLES**

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 4,790	\$ 6,149
Accruals	13,326	4,504
Foreign telephone network administrations payable	508	455
Interest payable	794	1,001
License fees	3,819	4,371
Other payable	4,564	4,983
	<u>27,801</u>	<u>21,463</u>
Less: non-current portion	(163)	(2,023)
	<u>\$ 27,638</u>	<u>\$ 19,440</u>

**14. BORROWINGS**

	<u>2022</u>	<u>2021</u>
Amount drawn down on BZ\$10 million Atlantic Bank overdraft facility, secured, with interest at 6.25% per annum, to assist with working capital requirements, the installation of the 4G LTE Advance network, fiber network and the MIND Convergent Billing system.	\$ -	\$ 3,472
Atlantic Bank loan for BZ\$30 million, secured, payable within seven years, with the payment of interest only during the first three years with the principal and interest during the remaining four years. BZ\$2 million is repayable with interest at 7% per annum. BZ\$4 million (US\$2 million) is repayable with interest at 6.25%. Repayment of principal will consist of eight semi-annual instalments of BZ\$3.75 million, exclusive of interest.	22,500	30,000
Amount drawn down on a 12-year loan of USD\$17.5 million (BZD\$35 million) from Taiwan International Cooperation and Development Fund (Taiwan ICDF), secured, with payment of interest only at 5.5% per annum for the first three years, and principal and interest during the remaining nine years. Repayment of principle will consist of 18 semi-annual instalments of US\$972 thousand, exclusive of interest.	31,111	35,000
Balance of BZ\$25.8 million payable to Government of Belize (GOB), at its fair value of BZ\$23 million, for full and final settlement of all claims and or obligations arising under the nationalized British Caribbean Bank Loan Agreement. The balance is to be settled over 44 months, commencing the fiscal year ended March 31, 2019.	437	6,238

## BELIZE TELEMEDIA LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

#### 14. BORROWINGS (CONTINUED)

	<u>2022</u>	<u>2021</u>
St. John's Credit Union Limited bank loan for BZ\$3.5 million, secured, with interest at 5.75% per annum, repayable in six years, with payment of interest only during the first year and principal and interest during the remaining five years. Repayment of principal will consist of sixty monthly instalments of BZ\$67.9 thousand, inclusive of interest.	2,444	3,090
	<u>56,492</u>	77,800
Less: current portion	<u>(12,511)</u>	<u>(21,437)</u>
	<u>\$ 43,981</u>	<u>\$ 56,363</u>
Loan amounts repayable are as follows:		
2022-2023	\$ 12,511	
2023-2024	12,114	
2024-2025	12,157	
2025-2026	4,155	
2026 thereafter	<u>15,555</u>	
	<u>\$ 56,492</u>	

Borrowing costs capitalised during the year totaled to \$3 thousand (2021 - \$78 Thousand).

#### 15. CUSTOMER DEPOSITS

Customer deposits comprise of upfront payments made by customers as security deposits. These security deposits are refundable at the end of the service contract, less any damage incurred on the property.

#### 16. ORDINARY SHARES

	<u>2022</u>	<u>2021</u>
Authorized:		
100,000,000 ordinary shares of \$1 par value	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Issued and fully paid:		
49,551,652 ordinary shares of \$1 par value and 1 Special Share of \$1 par value	<u>\$ 49,552</u>	<u>\$ 49,552</u>

#### 17. PREFERENCE SHARES

	<u>2022</u>	<u>2021</u>
Issued and fully paid:		
48,500,000 4% non-redeemable, cumulative preference shares of \$1 par value	<u>\$ 48,500</u>	<u>\$ 48,500</u>

## BELIZE TELEMEDIA LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

#### 18. SHARE PREMIUM

In July 2007, a rights issue was offered to shareholders at \$3 per share. As a result of this offer an additional 8,216,725 Ordinary Shares were issued. After the transaction was completed, the average share price was \$2.859 due to the discount offered when payments were made in US dollars.

#### 19. CAPITAL RESERVE - NON DISTRIBUTABLE

At the close of business, on May 29, 2007, the assets and liabilities of Belize Telecommunications Limited were vested in Belize Telemedia Limited. Within the Belize Telemedia financial statements, at that date, the non-distributable portion of the excess of total assets less total liabilities, less equity shares issued and fully paid, was placed in a Non-Distributable Capital Reserve.

#### 20. REVENUE AND OTHER OPERATING INCOME

Revenue from contracts with customers is disaggregated by major products and services.

	<u>2022</u>	<u>2021</u>
Fixed internet and voice services	\$ 71,827	\$ 72,551
Mobile services	58,585	60,105
Roaming and international settlements	6,228	1,803
	<u>136,640</u>	<u>134,459</u>
ICT services	4,418	6,658
<b>Revenues from contracts with customers</b>	<u>141,058</u>	<u>141,117</u>
Other	273	168
	<u>\$ 141,331</u>	<u>\$ 141,285</u>

#### 21. OPERATING COST

	<u>2022</u>	<u>2021</u>
Facilities and infrastructure	\$ 59,685	\$ 60,600
General and administrative expenses	32,054	36,620
Network and other fees	22,096	25,942
	<u>\$ 113,835</u>	<u>\$ 123,162</u>

#### 22. TAXATION

In accordance with the Ninth Schedule of the Income and Business Tax Act, as revised, the Group is subject to business tax at a rate of 1.75% on gross revenue receipts from Internet and Data Services and Non-Telecommunication Services, 19% on gross revenue receipts from telecommunication services, and 3% on gross revenue receipts relating to rent.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 22. TAXATION (CONTINUED)

Government amended the Income and Business Tax Act (amendment No. 25 of 2019 effective January 1, 2020) that no Income Tax shall be payable upon the chargeable income of a company, other than a company engaged in petroleum operations. The Government of Belize is in the process of updating the Income and Business Tax Act, Chapter 55 of the Laws of Belize, Revised Edition 2020, to provide for further clarity regarding tax status with respect to DPA's.

International Communication Services Limited, International Communication Services (Belize District) Limited and Telemedia Free Zone are operating under an approved Designated Processing Area (DPA) status. Benefits include exemptions from customs and excise duties, consumption tax, trade turnover tax and property and land tax.

A general sales tax of 12.5% is levied on goods and services. The General Sales Tax (GST) is a tax on consumer spending that is collected in stages, at the point of importation of the business purchases and on the sales of the business' good and services when the goods are sold or service is provided. The payment of tax on purchases and collection of tax on sales are netted monthly and the net tax paid to the Government of Belize. The tax is consistently excluded from the cost of goods sold of the Group.

### 23. EARNINGS PER SHARE

Basic Earnings per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding.

Diluted Earnings per Share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding adjusted for its dilutive potential.

	<u>2022</u>	<u>2021</u>
<b>Profit attributable to ordinary shareholders (basic and diluted)</b>		
Profit for the year attributable to Ordinary Shareholders	\$ 16,086	\$ 5,412
Effect of dividends paid on cumulative Preference Shares	<u>(1,940)</u>	<u>(1,940)</u>
<b>Profit for the year attributable to Ordinary Shareholders (basic)</b>	<b>14,146</b>	<b>3,472</b>
Dilutive effects	-	-
<b>Profit for the year attributable to Ordinary Shareholders (diluted)</b>	<b>\$ 14,146</b>	<b>\$ 3,472</b>
<b>Weighted-average number of Ordinary Shares (basic and diluted)</b>		
Outstanding Ordinary Shares	49,552	49,552
Effect of Intra-group shares (held by subsidiary companies)	<u>(3)</u>	<u>(3)</u>
<b>Weighted average number of Ordinary Shares (basic)</b>	<b>49,549</b>	<b>49,549</b>
Dilutive effects	-	-
<b>Weighted average number of Ordinary Shares (diluted)</b>	<b>49,549</b>	<b>49,549</b>
<b>Earnings per Share (basic)</b>	<b>\$ 0.29</b>	<b>\$ 0.07</b>
<b>Earnings per Share (diluted)</b>	<b>\$ 0.29</b>	<b>\$ 0.07</b>

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 24. DIVIDENDS

The following dividends were declared and paid by the Company:

	<u>2022</u>	<u>2021</u>
Final dividend for the year ended March 31, 2021 at 0.062 cents per Ordinary Share (March 31, 2020 - 0.0054 cents per share)	\$ 3,072	\$ 268
Final dividend for the year ended March 31, 2021 at 4 cents per Non-Redeemable Preference Share (March 31, 2020 - 4 cents per share)	<u>1,940</u>	<u>1,940</u>
	<b>\$ 5,012</b>	<b>\$ 2,208</b>

### 25. COMMITMENTS AND CONTINGENCIES

#### Capital commitments

	<u>2022</u>	<u>2021</u>
Capital expenditure authorized and contracted:		
MIND billing system	\$ 473	\$ 728
FTTH/ NBP	14	5,168
MS E365	1,091	3,085
Huawei software upgrade	7,953	-
other projects	<u>1,638</u>	<u>652</u>
	<b>\$ 11,169</b>	<b>\$ 9,633</b>
<b>Capital expenditure planned but not contracted</b>	<b>\$ 4,945</b>	<b>\$ 2,067</b>

### 26. RELATED PARTY TRANSACTIONS

The Government of Belize (GOB) owns 49.3% of the Ordinary Shares and 100% of the Preference Shares of the Company (Parent). The Belize Social Security Board owns 34.3% of the Ordinary Shares of the parent company. GOB is also the majority shareholder of Belize Electricity Limited.

The following transactions were carried out with related parties:

#### (a) Sales of goods and services

	<u>2022</u>	<u>2021</u>
Sales of services:		
- Belize Social Security Board	\$ 1,288	\$ 1,040
- Government of Belize	18,528	17,475
- Belize Electricity Limited	2,668	1,574
- Belize Water Services Limited	465	479
	<u>\$ 22,949</u>	<u>\$ 20,568</u>

**BELIZE TELEMEDIA LIMITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

**26. RELATED PARTY TRANSACTIONS (CONTINUED)**

Goods and services are sold to related parties on the same terms and conditions that would be available to third parties.

**(b) Purchases of goods and services**

	<u>2022</u>	<u>2021</u>
Purchase of services:		
- Entities controlled by key management	\$ -	\$ 15
- Belize Electricity Limited	1,470	1,353
- Belize Water Services Limited	94	18
	<u>\$ 1,564</u>	<u>\$ 1,386</u>

Goods and services are bought from related parties on normal commercial terms and conditions.

**(c) Key management compensation**

The total remuneration paid to key management which includes executive and non-executive directors was:

	<u>2022</u>	<u>2021</u>
Salaries and other short-term benefits	\$ 5,150	\$ 5,086
Termination benefits/ post-employment benefits	174	182
	<u>\$ 5,324</u>	<u>\$ 5,268</u>

**(d) Year-end balances arising from sales and purchases of goods and services:**

	<u>2022</u>	<u>2021</u>
Receivable from related parties:		
- Government of Belize	\$ 2,825	\$ 2,862
- Belize Social Security Board	66	103
- Belize Electricity Limited	17,521	18,998
- Belize Water Services Limited	57	181
	<u>\$ 20,469</u>	<u>\$ 22,144</u>

Receivables from related parties arise mainly from the sale of telecommunication, data and related services and are due in the month following the date of sale, except for the sale of dark fiber to BEL under a finance lease agreement. Receivables are unsecured and bear no interest, except for the sale of dark fiber.

	<u>2022</u>	<u>2021</u>
Payable to related parties:		
- Government of Belize	\$ 437	\$ 6,238
- Belize Electricity Limited	365	420
- Belize Water Services Limited	10	6
	<u>\$ 812</u>	<u>\$ 6,664</u>

**BELIZE TELEMEDIA LIMITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

**26. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(e) Year-end balances receivable from key management**

	<u>2022</u>	<u>2021</u>
Advances and loans to key management, interest free with no fixed maturity date	\$ 234	\$ 246

**27. RESTATEMENT**

Opening balances of the Statement of Financial Position as at April 1, 2020 and March 31, 2021 were restated as follows:

(a) The group identified close projects whose capital expenditure had not been transferred from Work in Progress to Network Equipment. The related assets had been placed in service in prior reporting periods which resulted in additional depreciation.

(b) The Group also identified operating expenses and capital charges which were not properly recorded in prior reporting periods. The errors have been corrected which resulted additional capital expenditure and operating expenses.

The following tables summarise the impact on the Group's consolidated financial statements:

Consolidated Statements of Financial Position

	<u>Impact of correction of errors</u>		
	<u>As previously reported</u>	<u>Adjustments</u>	<u>As restated</u>
<b>April 1, 2020</b>			
Property, plant and equipment	\$ 304,649	\$ (3,118)	\$ 301,531
Others	99,499		99,499
<b>Total Assets</b>	<u>404,148</u>	<u>(3,118)</u>	<u>401,030</u>
Trade and other payables	28,764	(1,418)	27,346
Others	147,198	(370)	146,828
<b>Total Liabilities</b>	<u>175,962</u>	<u>(1,788)</u>	<u>174,174</u>
Retained earnings	78,223	(1,330)	76,893
Others	149,963	-	149,963
<b>Total Equity</b>	<u>\$ 228,186</u>	<u>\$ (1,330)</u>	<u>\$ 226,856</u>



**BELIZE TELEMEDIA LIMITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

**27. RESTATEMENT (CONTINUED)**

	As previously reported	Adjustments	As restated
<b>March 31, 2021</b>			
Property, plant and equipment	\$ 271,178	\$ (3,744)	\$ 267,434
Others	91,038	(386)	90,652
<b>Total Assets</b>	<b>362,216</b>	<b>(4,130)</b>	<b>358,086</b>
Trade and other payables	18,991	2,472	21,463
Others	108,586	(2,023)	106,563
<b>Total Liabilities</b>	<b>127,577</b>	<b>449</b>	<b>128,026</b>
Retained earnings	84,677	(4,580)	80,097
Others	149,963	-	149,963
<b>Total Equity</b>	<b>\$ 234,640</b>	<b>\$ (4,580)</b>	<b>\$ 230,060</b>

Consolidated Statements of Comprehensive Income

	<u>Impact of correction of errors</u>		
	As previously reported	Adjustments	As restated
<b>For the year ended March 31, 2021</b>			
Revenue	\$ 141,285	\$ -	\$ 141,285
Operating cost	(119,912)	(3,250)	(123,162)
Others	(12,711)	-	(12,711)
<b>Profit</b>	<b>\$ 8,662</b>	<b>\$ (3,250)</b>	<b>\$ 5,412</b>
<b>Total Comprehensive Income</b>	<b>\$ 8,662</b>	<b>\$ (3,250)</b>	<b>\$ 5,412</b>

**28. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The following table shows the carrying amounts of financial assets and financial liabilities of each category of financial instruments held by the Group:

	<u>2022</u>	<u>2021</u>
<b>Financial assets at amortized cost</b>		
Cash and cash equivalents	\$ 22,151	\$ 5,334
Trade receivables	27,162	31,533
Other receivables	7,200	3,939
Financial lease receivable - net	14,842	15,572
<b>Total financial assets</b>	<b>\$ 71,355</b>	<b>\$ 56,378</b>

**BELIZE TELEMEDIA LIMITED**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

**28. CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)**
**Financial liabilities at amortized cost**

Trade and other payables	\$ 27,801	\$ 21,463
Lease liabilities	1,420	1,254
Borrowings	56,492	77,800
Dividends payable	13,754	18,867
<b>Total financial liabilities</b>	<b>\$ 99,467</b>	<b>\$ 119,384</b>

**29. FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks, mainly, credit risk, foreign currency risk, interest rate risk and liquidity risk.

**(a) Credit Risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, and credit exposures to customers.

*(i) Risk Management*

Credit risk is managed on a Group basis. For cash and cash equivalents and deposits with banks and financial institutions, the Group does business with only reputable entities.

For customers, the Group has adopted credit policies which include assessing the customer's credit worthiness, requesting a deposit before credit is granted, regular review of credit limits and pursuing legal recourse to collect overdue balances.

*(ii) Impairment of Financial Assets*

The Group's only type of financial asset that would be subjected to the expected credit loss model is trade receivables.

Whilst cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the impairment loss identified was considered immaterial.

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 shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before March 31, 2020 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 customers to settle the receivables. The Group has identified the COVID-19 pandemic and its significant negative impact on employment and the economy of Belize to be the most relevant factors.

On that basis, the loss allowance as at March 31, 2022 and March 31, 2021 was determined as follows:

**BELIZE TELEMEDIA LIMITED**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)**
**29. FINANCIAL RISK MANAGEMENT (CONTINUED)**

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
March 31, 2022					
Expected loss rate	9.32%	15.85%	27.96%	32.75%	
Gross carrying amount	\$ 9,391	\$ 3,489	\$ 3,842	\$ 28,113	\$ 44,835
Loss allowance	<u>\$ 875</u>	<u>\$ 553</u>	<u>\$ 1,074</u>	<u>\$ 9,206</u>	<u>\$ 11,708</u>
March 31, 2021					
Expected loss rate	11.20%	16.20%	17.10%	48.40%	
Gross carrying amount	\$ 7,759	\$ 4,281	\$ 1,408	\$ 38,704	\$ 52,152
Loss allowance	<u>\$ 867</u>	<u>\$ 694</u>	<u>\$ 241</u>	<u>\$ 18,750</u>	<u>\$ 20,552</u>

The loss allowance for Trade Receivables as at March 31 reconciled to the opening loss allowance as follows:

	2022	2021
Opening loss allowance at beginning of year	\$ 20,552	\$ 16,191
Increase in loan loss allowance recognized during the year	500	4,597
Receivables written off during the year as uncollectible	(3,379)	(236)
<b>Carried forward, end of year</b>	<u>\$ 17,673</u>	<u>\$ 20,552</u>

Trade Receivables are written off where there is no reasonable expectation of recovery which include failure of customer to engage in a repayment plan, and a failure to make contractual payments for a period greater than 120 days past due.

Impairment Losses on Trade Receivables are presented as Net Impairment Losses within Operating Profit and a subsequent recoveries of amounts previously written off are credited against the same line item.

**(b) Foreign Currency Risk**

Foreign currency risk - is the risk that the value of a financial transaction will fluctuate because of the changes in foreign exchange rate. The Group incurs currency risk exposure in respect of overseas trade purchases and commitments made in currencies other than Belize dollars and repayable in foreign currencies, mainly in US dollars. Its exposure to losses from currency risk is mitigated by the fact that the official exchange rate for the Belize dollar is tied to the US dollar at BZ\$2 to US\$1.

**BELIZE TELEMEDIA LIMITED**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)**
**29. FINANCIAL RISK MANAGEMENT (CONTINUED)**
**(c) Interest Rate Risk**

Interest rate risk - is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group has no significant exposure to interest-rate risk on its assets held in the form of bank deposits since these assets earn fixed interest rates. The Group has managed to mitigate changes in interest and interest rate risk on borrowings by negotiating fixed interest rates and terms with the local and foreign financial institutions that provide funding to the Group.

**(d) Liquidity Risk**

Liquidity risk - is the risk that an entity's available cash may not be sufficient to meet its ongoing working capital obligations. The Group performs cash flow forecasting to ensure that it has sufficient cash to meet operational needs whilst maintaining sufficient buffer in its undrawn committed borrowing facilities so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

In addition, the Group maintains the following lines of credit:

- Secured \$10 million overdraft facility. Interest is paid at 6.25%. The facility has a 365 days maturity that renews automatically at the option of the Group.
- Secured \$15 million overdraft facility. Interest is paid at 6.25%. The facility has a 365 days maturity that renews automatically at the option of the Group.

The following are the remaining contractual maturities of financial liabilities at the reporting date.

	Within 3 months	3 months to 1 year	Between 1 and 5 years	Over 5 years	Total
<b>March 31, 2022</b>					
Trade and other payables	\$ 8,925	\$ 18,713	\$ 163	\$ -	\$ 27,801
Lease liabilities	-	517	903	-	1,420
Borrowings	1,924	10,587	28,426	15,555	56,492
	<u>\$ 10,849</u>	<u>\$ 29,817</u>	<u>\$ 29,492</u>	<u>\$ 15,555</u>	<u>\$ 85,713</u>
<b>March 31, 2021</b>					
Trade and other payables	\$ 8,149	\$ 8,819	\$ 2,023	\$ -	\$ 18,991
Lease liabilities	-	429	825	-	1,254
Borrowings	9,121	12,170	36,799	19,710	77,800
	<u>\$ 17,270</u>	<u>\$ 21,418</u>	<u>\$ 39,647</u>	<u>\$ 19,710</u>	<u>\$ 98,045</u>

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Market Risk

Market risk- relates to unforeseeable factors that could occur both within the local market and also within the international telecommunication market. Local market risk examples include the impact to the Group's business arising from activities of new or existing competitors; local socio-economic factors which affect the public and changes to the regulatory environment. International market risk examples include availability of capacity from the international telecommunications market and pricing of such capacity and global socio-economic factors which impact the local market.

The Group minimizes its exposures to market risks by maintaining informational networks that allow early recognition of and response to changing market conditions and also through maintaining close contacts with its customer base, local regulatory and other governing authorities and international parties.

### 30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are to maintain a strong capital base so as to maintain investor, creditor and market confidence, to sustain future development of the business, to maintain an optimal capital structure and to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a ratio of 'debt to equity'. Debt is calculated as total liabilities as shown in the statements of financial position. Total capital is calculated as total equity as shown in the statements of financial position.

The Group's policy is to keep the ratio below 2.00. The Group's 'debt to equity' ratio at March 31 was as follows:

	<u>2022</u>	<u>2021</u>
Total liabilities	\$ 109,295	\$ 128,026
Total equity	\$ 241,134	\$ 230,060
<b>Debt to equity ratio</b>	<u>0.45</u>	<u>0.56</u>

### 31. LITIGATION

(a) Claim No. 362 of 2019, Gustavo Mendez v Belize Telemedia Limited was filed by a former employee Gustavo Mendez against BTL seeking severance payments of \$30,151. The claim is before newly assigned Justice of the Supreme Court and parties now await a decision.

(b) Claim No. 751 of 2019, Oscar Gongora v Belize Telemedia Limited was filed by a former employee Oscar Gongora against BTL seeking severance payments of \$34,344. The claim was dismissed by the Supreme Court. Mr. Gongora has filed an appeal in respect of the Supreme Court's decision. The appeal is scheduled to be heard during the October 2022 Court of Appeal session.

## BELIZE TELEMEDIA LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED MARCH 31, 2022 AND 2021 (IN THOUSANDS OF BELIZE DOLLARS)

### 31. LITIGATION (CONTINUED)

(c) Claim No. 514 of 2011 International Telecommunications Company Limited ("INTELCO") v Belize Telemedia Limited was filed against the Company for \$49.1 million purportedly as a remainder of the purchase price for assets allegedly purchased by BTL INTELCO also seeks damages in the alternative for alleged breach of contract. A Case Management Conference (CMC) scheduled for June 12, 2012 was later adjourned. The Company has applied for a new CMC, no date has been set. At March 31, 2019, this matter is still outstanding and an invite has been sent to the Registrar of the Supreme Court to bring the matter to the attention of the Chief Justice with no response to date. The Claimant has taken no further steps in the claim. As at March 31, 2022 the Company is contemplating an application to the Court to strike out the matter for want of prosecution.

(d) Claim No. 690 of 2014, Curtis Dale Swasey v Belize Telemedia limited et al, was filed by Mr. Curtis Dale Swasey against Belize Telemedia Limited for breach of an information Exchange Agreement. BTL continues to defend the claim. On February 23, 2016 the Court awarded \$25,000 in damages and assessed costs to the Claimant. Both the Claimant and Belize Telemedia Limited appealed to the Court of Appeal. As at March 31, 2018, the Court of Appeal listed the matter for hearing in the June 2018 sitting of the Court. As at March 31, 2019, the Court of Appeal has heard the matter and ruled in favor of BTL in October 2020. Mr. Swasey filed an application for leave to appeal to the Caribbean Court of Justice (CCJ). Mr. Swasey did not comply with the conditions of the Court therefore the appeal to the CCJ is deemed abandoned.

### 32. POST-REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the March 31, 2022 reporting date and date of authorization.

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