



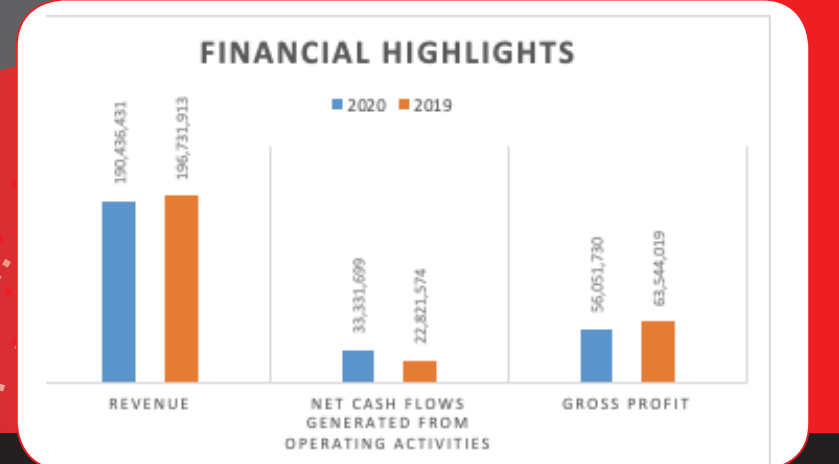
G4S (Botswana) Limited

Audited Financial Statements

for the year ended 31 December 2020

Financial Highlights | GROUP KPI'S

REVENUE	GROSS PROFIT	OPERATING CASH FLOW	MSS REVENUE	MSS PROFIT BEFORE TAX
3.2 % Reduction	11.8% Reduction	46.1% Increase	12% Increase	618% Increase
BWP190.4m	BWP56m	BWP33.3m	BWP82.9m	BWP3.4m
(2019: BWP196.7m)	(2019: BWP63.5m)	(2019: BWP22.8m)	(2019: BWP74m)	(2019: BWP-0.6m)



Statements of Comprehensive Income for the year ended 31 December 2020

	GROUP	
	2020 P	2019 P
Continuing operations		
Revenue	190 436 461	196 731 913
Cost of goods sold	(7 684 803)	(6 777 287)
Cost of providing services	(126 699 928)	(126 410 607)
Gross profit	56 051 730	63 544 019
Other income	1 281 559	895 617
Movement in credit loss allowances	(3 626 100)	(3 540 809)
Impairment of goodwill	(8 350 979)	-
Administrative expenses	(37 434 307)	(35 104 147)
Operating profit	17 921 903	25 794 680
Finance income	3 237 055	3 198 794
Finance costs	(1 328 436)	(2 194 840)
Profit before taxation	19 830 522	26 798 634
Taxation	(6 307 962)	(7 037 359)
Profit from continuing operations	13 522 560	19 761 275
Discontinued operations	(3 075 162)	359 012
Profit for the year	10 447 398	20 120 287
Other comprehensive income	-	-
Total comprehensive income for the year	10 447 398	20 120 287
Profit attributable to:		
Owners of the parent of the company	11 049 385	19 778 267
Non-controlling interest	(601 987)	342 020
	10 447 398	20 120 287
Profit attributable to:		
Owners of the parent:		
From continuing operations	13 522 560	19 761 275
From discontinued operations	(2 473 175)	16 992
	11 049 385	19 778 267
Non-controlling interest:		
From discontinued operations	(601 987)	342 020
Earnings per share from operations attributable to the ordinary equity holders of the company		
From continuing and discontinued operations		
Basic earnings per share from continuing operations (thebe)	16.90	24.70
Basic earnings per share from discontinuing operations (thebe)	(3.09)	0.02
Earnings per share (thebe)	13.81	24.72
Headline earnings per share		
Basic headline earnings per share (thebe) - continuing operations	16.39	24.16
Basic headline earnings per share (thebe) - discontinued operations	7.41	0.02
	23.80	24.18

Statements of Financial Position for the year ended 31 December 2020

	GROUP	
	2020 P	2019 P
Assets		
Non-Current Assets		
Property, plant and equipment	8 782 553	12 742 840
Right-of-use assets	10 728 751	17 707 353
Goodwill	9 715 123	18 066 102
Deferred tax	4 597 840	2 359 181
	33 824 267	50 875 476
Current Assets		
Inventories	3 944 697	4 451 604
Amounts due from related parties	54 731 987	51 148 713
Trade and other receivables	23 834 540	34 904 770
Current tax receivable	-	3 254 748
Cash and cash equivalents	31 888 346	18 862 794
	114 399 570	112 622 629
Non-current assets held for sale	6 479 106	-
Total Assets	154 702 943	163 498 105
Equity and Liabilities		
Equity		
Equity Attributable to Equity Holders of Parent		
Stated capital	1 804 557	1 804 557
Retained income	111 145 658	100 096 266
	112 950 215	101 900 823
Non-controlling interest	1 753 101	2 355 088
	114 703 316	104 255 911
Liabilities		
Non-Current Liabilities		
Lease liabilities	6 249 724	10 584 455
Current Liabilities		
Trade and other payables	19 953 947	25 486 507
Amounts due to related parties	1 170 685	9 791 605
Lease liabilities	7 392 568	12 466 460
Current tax payable	3 728 257	-
Provisions	601 027	913 167
	32 846 484	48 657 739
Non-current liabilities of held for sale	903 419	-
Total Liabilities	39 999 627	59 242 194
Total Equity and Liabilities	154 702 943	163 498 105

Statements of Cash Flows for the year ended 31 December 2020

	GROUP	
	2020 P	2019 P
Cash flows from operating activities		
Cash flows generated from operations	40 748 355	35 220 683
Finance costs	(1 328 436)	(2 194 840)
Taxation paid	(1 180 330)	(10 636 307)
Cash flows (used in)/generated from assets held for sale	(4 907 890)	432 038
Net cash flows generated from operating activities	33 331 699	22 821 574
Cash flows from investing activities		
Purchase of property, plant and equipment	(5 092 208)	(6 418 492)
Sale of property, plant and equipment	1 287 377	388 468
Cash flows of assets held for sale	(354 585)	-
Interest received	17 161	25 073
Net cash flows utilised in investing activities	(4 142 255)	(6 004 951)
Cash flows from financing activities		
Payment on lease liabilities	(12 747 773)	(12 343 955)
Dividends paid	-	(21 480 000)
Net cash flows utilised in financing activities	(12 747 773)	(33 823 955)
Movement in cash and cash equivalents	16 441 671	(17 007 332)
Cash and cash equivalents at the beginning of the year	18 862 794	35 870 126
Cash and cash equivalents of discontinued operations	(3 416 119)	-
Total cash and cash equivalents at the end of the year	31 888 346	18 862 794

Statements of Changes in Equity for the year ended 31 December 2020

	Stated capital	Retained income	Total	Non-controlling interest	Total equity
	P	P	P	P	P
Group					
Balance at 1 January 2019	1 804 557	101 797 999	103 602 556	2 013 068	105 615 624
Profit for the year	-	19 778 267	19 778 267	342 020	20 120 287
Dividends paid	-	(21 480 000)	(21 480 000)	-	(21 480 000)
Balance at 31 December 2019	1 804 557	100 096 266	101 900 823	2 355 088	104 255 911
Balance at 1 January 2020	1 804 557	100 096 273	101 900 830	2 355 088	104 255 918
Profit for the year	-	11 049 385	11 049 385	(601 987)	10 447 398
Other comprehensive income	-	-	-	-	-
Balance at 31 December 2020	1 804 557	111 145 658	112 950 215	1 753 101	114 703 316

GENERAL INFORMATION

G4S (Botswana) Limited is a company registered under the Companies Act, 2003 of Botswana and domiciled in Botswana. The financial statements comprise the company and its subsidiary (together referred to as the 'Group').

BASIS OF PREPARATION

The annual financial statements for the year ended 31 December 2020, have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The summarised financial results are presented according to the accounting standard IAS 34 Interim Financial Reporting and in accordance with the framework, concepts, measurement and recognition requirements set out in IFRS.

The financial information is presented in Botswana Pula. The annual financial statements have been prepared under the supervision of the Finance Director, Mr J du Plooy CA (SA) and have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The annual financial statements for the year ended 31 December 2020 were approved for issue by the board on 31 March 2021.

The audited annual financial statements and the auditors' report thereon are available for inspection at the company's physical address.

ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. Amendments to IFRS effective for the financial year ending 31 December 2020 have been addressed during the year. New accounting standards and interpretations that have been published that are not effective for 31 December 2020 reporting periods have not been early adopted by the Group. These standards are not expected to have a material impact on the entity or its transactions in the current or future reporting periods.

USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were similar to those applied to the consolidated financial statements for the year ended 31 December 2019.

KEY HIGHLIGHTS & FINANCIAL PERFORMANCE YEAR ON YEAR COMPARISON

COVID-19 has had a measurable impact on the financial performance of the Group for the 2020 financial period. G4S, as a service provider to a wide range of customers in various industries, have been impacted by COVID-19 triggered revenue reductions and have recorded a consolidated revenue reduction of -3.2% across all our operating service lines. The reduction in revenue has been most prominent in our Security Systems service line, which has seen a reduction in year on year revenue of -19.6% (P12m). The combination of COVID-19 financial pressures, specifically in the residential sector alarm monitoring and response space coupled with a notable delay in capital expenditure projects in the pure technology corporate environment, has led to a reduction in our alarm monitoring and response customer base and decreased pure technology revenue for the period. Our Cash business also saw a decline in revenue driven mainly by the reduced utilisation of cash by the public during extended lockdown periods. Revenue in the Manned Guarding service line increased by 12% year on year.

While all reasonable adjustments to the fixed cost structures of the business were made to mitigate the impact of reduced revenue for the period, we remain a labour intensive business and was therefore impacted by the national state of emergency and the subsequent inability to right size our labour force. The additional costs incurred on labour were however offset by the receipt of P9m of COVID-19 aid received from government through the wage subsidy, reported as other income. Gross profit reduced by P7.5m / 11.8% year on year.

Net Profit for the year reduced by P9.7m and was further impacted by the impairment of goodwill of P8.4m following the reclassification of our cleaning and facility management service lines as discontinued operations.

OUTLOOK

The Group continues to focus on growing revenue following increases in revenue quarter on quarter for both Q3 and Q4 2020, indicating that revenue lost during H1 2020 is systematically being recovered. We will continue driving the sale of integrated security solutions to ensure that we remain at the forefront of security capability in Botswana. The deployment of integrated security solutions is expected to yield improved margins compared to traditional security offerings and aligns the company to market demands in a post COVID-19 environment. The continued focus on modernising our service offering will be backed by relevant investments in 2021 to ensure that the company remains sustainable over the medium to long term. Our strong market position, commercial discipline and growing expertise in technology will provide reassurance to the stakeholders off an improved outlook year on year in accordance with our management strategy plan (Revenue growth at 6% recovery to PBITA levels of 18% and OCF at 110% of PBITA).

NON-CURRENT ASSETS HELD FOR SALE

The Group has decided to dispose of the operations of its subsidiary, G4S Facility Management Botswana (Proprietary) Limited. The decision was made by the board of directors due to the lack of return on investment stemming from unfavourable changes in the regulatory environment. The reclassification triggered a goodwill impairment of P 8.4m for the period. The Group expects that the disposal will be effected by 30 June 2021.

RELATED PARTY TRANSACTIONS

There has been no significant change in the nature of related party transactions from those reported in the annual financial statements for the year ended 31 December 2019.

EVENTS OCCURRING AFTER REPORTING DATE

There were no significant events that occurred after the reporting date that require adjustment to or disclosure in the annual financial statements for the year ended 31 December 2020.

SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographic segment) which is subject to risks and rewards that are different from those of other segments. The business activities of the Group are concentrated in the segment of security related services and are provided within the geographical region of Botswana, therefore geographical segmental information is not considered necessary.

Management identifies three of its five service lines as its reportable segments. The Executive Management monitors the performance of these service lines and makes decisions on the allocation of resources to them. Segmental performance is monitored using adjusted segment operating results. Revenue and assets of reportable segments exceed 10 per cent of the consolidated revenue and assets reported by the Group.

There are no sales between business segments. The revenue from external parties reported is measured in a manner consistent with that in the income statement.

SEGMENT RESULTS

GROUP Business Segments 2020	Security Systems	Manned Security	Cash Solutions
	P	P	P
Revenue	49 113 080	82 946 390	58 258 658
Direct labour	(14 751 013)	(58 762 580)	(16 221 835)
Direct vehicles	(2 405 903)	(2 501 485)	(5 656 841)
Direct other costs	(12 087 040)	(8 193 982)	(11 193 714)
Cost of sales	(29 243 956)	(69 458 047)	(33 072 390)
Gross profit	19 869 123	13 488 342	25 186 268
SG&A labour	(3 935 299)	(6 669 446)	(4 915 808)
SG&A vehicles	(57 227)	(96 646)	(67 913)
SG&A other costs	(4 306 810)	(8 092 392)	(5 953 528)
SG&A expenses	(8 299 336)	(14 858 487)	(10 937 549)
Trading profit	11 569 788	(1 370 145)	14 248 719
Other income/expenses	2 812 930	4 750 719	3 335 740
Profit before taxation	14 382 718	3 380 573	17 585 459
Taxation	(1 340 651)	(2 264 206)	(1 590 300)
Profit for the period	13 042 067	1 116 367	15 995 159

Material non-cash items

Group and company - 2020

Depreciation	(4 395 481)	(2 665 895)	(6 121 511)
Finance income	834 828	1 409 930	990 286
Finance cost	(342 600)	(578 613)	(406 397)

Segment assets

Group and company - 2020

Total assets	66 580 014	37 829 553	45 395 464
Total liabilities	(13 949 404)	(7 925 798)	(9 510 957)

GROUP Business Segments 2019

GROUP Business Segments 2019	Security Systems	Manned Security	Cash Solutions
	P	P	P
Revenue	61 093 535	74 068 818	61 131 956
Direct labour	(16 602 023)	(52 277 748)	(17 009 244)
Direct vehicles	(3 177 404)	(2 837 404)	(7 689 062)
Direct other costs	(13 842 020)	(7 488 976)	(7 432 762)
Cost of sales	(33 621 447)	(62 604 128)	(32 131 068)
Gross profit	27 472 088	11 464 689	29 000 887
SG&A labour	(4 491 071)	(5 637 542)	(4 977 388)
SG&A vehicles	(392 681)	(234 273)	(824 166)
SG&A other costs	(5 503 873)	(6 444 071)	(6 686 313)
SG&A expenses	(9 602 263)	(11 847 340)	(10 839 535)
Trading profit	17 869 826	(382 651)	18 161 353
Other income/expenses	(222 694)	(269 990)	(222 824)
Profit before taxation	17 647 132	(652 641)	17 938 519
Taxation	(2 188 743)	(2 653 597)	(2 190 119)
Profit for the period	15 458 389	(3 306 238)	15 748 400

Material non-cash items

Group and company - 2019

Depreciation	(4 395 481)	(2 665 895)	(6 121 511)
Finance income	834 828	1 409 930	990 286
Finance cost	(342 600)	(578 613)	(406 397)