

# 2021 Audited Abridged Financial Statements

for the year ended 31 December 2021

## Consolidated and Separate Statements of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2021

	GROUP	
	2021	2020
	P	P
<b>Continuing operations</b>		
Revenue	194 688 706	190 436 461
Cost of goods sold	(5 493 232)	(7 684 803)
Cost of providing services	(138 314 019)	(126 699 927)
<b>Gross profit</b>	<b>50 881 455</b>	<b>56 051 731</b>
Other income	2 517 637	11 281 559
Movement in credit loss allowances	3 854 089	(3 626 100)
Impairment of goodwill	-	(8 350 979)
Administrative expenses	(34 675 281)	(37 434 307)
<b>Operating profit</b>	<b>22 577 900</b>	<b>17 921 904</b>
Finance income	3 005 297	3 237 055
Interest paid	(1 555 779)	(1 328 436)
<b>Profit before taxation</b>	<b>24 027 418</b>	<b>19 830 523</b>
Taxation	(4 803 479)	(6 307 962)
<b>Profit from continuing operations</b>	<b>19 223 939</b>	<b>13 522 561</b>
<b>Discontinued operations</b>		
Profit/(loss) from discontinued operations	347 004	(3 075 162)
<b>Profit for the year</b>	<b>19 570 943</b>	<b>10 447 399</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>19 570 943</b>	<b>10 447 399</b>
<b>Profit attributable to:</b>		
Owners of the parent of the company	19 415 920	11 049 386
Non-controlling interest	155 023	(601 987)
<b>Profit attributable to:</b>	<b>19 570 943</b>	<b>10 447 399</b>
<b>Owners of the parent:</b>		
From continuing operations	19 223 939	13 522 561
From discontinued operations	191 981	(2 473 175)
<b>19 415 920</b>	<b>11 049 386</b>	
<b>Non-controlling interest:</b>		
From discontinued operations	155 023	(601 987)
<b>Earnings per share from operations attributable to the ordinary equity holders of the company</b>		
<b>From continuing and discontinued operations</b>		
Basic earnings per share from continuing operations (thebe)	24.03	16.90
Basic earnings per share from discontinued operations (thebe)	0.24	(3.09)
<b>Earnings per share (thebe)</b>	<b>24.27</b>	<b>13.81</b>

## Consolidated and Separate Statements of Financial Position

For the year ended 31 December 2021

	GROUP	
	2021	2020
	P	P
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	14 309 484	8 782 553
Right-of-use assets	14 987 688	10 728 751
Goodwill	9 715 123	9 715 123
Deferred tax	5 478 867	4 597 840
	<b>44 491 162</b>	<b>33 824 267</b>
<b>Current Assets</b>		
Inventories	5 477 540	3 944 697
Amounts due from related parties	59 327 088	54 731 987
Trade and other receivables	37 470 231	23 834 540
Current tax receivable	672 392	-
Cash and cash equivalents	16 026 851	31 888 346
	<b>118 974 102</b>	<b>114 399 570</b>
Non-current assets held for sale	5 264 326	6 479 106
<b>Total Assets</b>	<b>168 729 590</b>	<b>154 702 943</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
<b>Equity Attributable to Equity Holders of Parent</b>		
Stated capital	1 804 557	1 804 557
Retained income	114 861 578	111 145 659
	116 666 135	112 950 216
Non-controlling interest	1 398 124	1 753 101
	<b>118 064 259</b>	<b>114 703 317</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Lease liabilities	12 117 354	6 249 724
<b>Current Liabilities</b>		
Trade and other payables	27 207 778	19 953 946
Amounts due to related parties	3 392 643	1 170 685
Lease liabilities	5 413 451	7 392 568
Current tax payable	-	3 728 257
Provisions	983 759	601 027
	<b>36 997 631</b>	<b>32 846 483</b>
Non-current liabilities of held for sale	1 550 346	903 419
<b>Total Liabilities</b>	<b>50 665 331</b>	<b>39 999 626</b>
<b>Total Equity and Liabilities</b>	<b>168 729 590</b>	<b>154 702 943</b>

Consolidated and Separate Statements of Changes in Equity As at 31 December 2021	Stated Capital	Retained Income	Total	Non Controlling Interest	Total Equity
<b>GROUP</b>					
Balance at 1 January 2020	1 804 557	100 096 273	101 900 830	2 355 088	104 255 918
Profit for the year	-	11 049 386	11 049 386	(601 987)	10 447 399
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>11 049 386</b>	<b>11 049 386</b>	<b>(601 987)</b>	<b>10 447 399</b>
Balance at 31 December 2020	1 804 557	111 145 659	112 950 216	1 753 101	114 703 317
Balance at 1 January 2021	1 804 557	111 145 659	112 950 216	1 753 101	114 703 317
Profit for the year	-	19 415 920	19 415 920	155 023	19 570 943
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>19 415 920</b>	<b>19 415 920</b>	<b>155 023</b>	<b>19 570 943</b>
Dividends paid	-	(15 700 001)	(15 700 001)	(510 000)	(16 210 001)
<b>Balance at 31 December 2021</b>	<b>1 804 557</b>	<b>114 861 578</b>	<b>116 666 135</b>	<b>1 398 124</b>	<b>118 064 259</b>

## Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2021

	GROUP	
	2021	2020
	P	P
<b>Cash flows from operating activities</b>		
Cash flows generated from operations	30 793 478	40 748 355
Taxation paid	(10 085 155)	(1 180 330)
Cash flows generated/(used in) discontinued operations	3 320 683	(4 907 889)
<b>Net cash flows generated from operating activities</b>	<b>24 029 006</b>	<b>34 660 136</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(13 106 872)	(5 092 208)
Sale of property, plant and equipment	60 634	1 287 377
Cash flows of discontinued operations	2 023	(354 585)
Interest received	66 044	17 161
Dividends received	-	-
<b>Net cash flows utilised in investing activities</b>	<b>(12 978 171)</b>	<b>(4 142 255)</b>
<b>Cash flows from financing activities</b>		
Payment on lease liabilities	(8 032 555)	(12 747 773)
Dividends paid	(16 210 001)	-
Interest paid	(1 555 779)	(1 328 436)
<b>Net cash flows utilised in financing activities</b>	<b>(25 798 335)</b>	<b>(14 076 209)</b>
<b>Movement in cash and cash equivalents</b>	<b>(14 747 500)</b>	<b>16 441 672</b>
Cash and cash equivalents at the beginning of the year	31 888 346	18 862 793
Cash and cash equivalents of discontinued operations	(1 113 995)	(3 416 119)
<b>Total cash and cash equivalents at the end of the year</b>	<b>16 026 851</b>	<b>31 888 346</b>

## 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 abridged financial statements have been extracted from the audited annual financial statements, which have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, as modified by the measurement of assets held for disposal at fair value. This extract has not been reviewed by the auditors. The accounting policies followed in preparation of the annual financial statements are consistent with those applied in the prior year.

The Company's auditors, PricewaterhouseCoopers, have issued an unqualified audit opinion of the annual financial statements on which these abridged annual financial statements are based. A copy of their opinion and the full set of annual financial statements are available for inspection at the registered office of the Company. Any investment decisions by investors should be based on consideration of such a complete set of consolidated financial statements.

## 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 2021 have been addressed during the year. New accounting standards and interpretations that have been published that are not effective for 31 December 2021 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 expenses. 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 2020.

## KEY HIGHLIGHTS & FINANCIAL PERFORMANCE YEAR ON YEAR COMPARISON

Revenue for the period increased by 2.2% year on year (-3.2% PY) showing a marginal improvement in the national appetite for security spend following the emergence of the economy from a COVID-19 lockdown marred 2020. Our manned guarding (+6.9%, P5.5m) and cash (+4.6%, P2.7m) service lines showed year on year growth on the back of an increased focus to leverage our relationships with our trading partners, while our electronic services service line declined (-8.1%, -P4m) owing to the emergence of new entrants at low service rates into the alarm monitoring and response market. The lingering impact of COVID-19 on household expenditure, being the primary driver for the price sensitivity of the residential sector, has seen alarm customers reducing services due to affordability, or migrating services to the cheapest available alternative.

Gross profit for the period declined by 9.2% attributable to the revenue mix of the Group, with revenue increasing in less profitable service lines while simultaneously seeing a revenue reduction in more profitable service lines. The increase in the price of fuel for the entity also had a significant impact on profitability, increasing 55% year on year, while the period also saw increased maintenance costs incurred for vehicles which were not in use during 2020 due to the reduced service requirement at that time. The business is managing the increasing cost base through the bulk purchase of fuel, while maintenance costs will reduce through the replacement of our ageing fleet as part of our asset replacement plan.

Other income declined by 77.7% compared to the prior period owing to the non-recurrence of P9m COVID-19 aid received from the government in 2020 through the wage subsidy. Profit before tax however increased by 21.2% owing to a recovery in the expected credit loss allowance for the period of P3.8m (-P3.6m PY) as well as the non-recurrence of goodwill impairment of P8.4m recognised in 2020. Administrative expenses reduced by P2.8m year on year.

The group expects to increase the price of its services in the cash and manned guarding service lines in 2022 to recover the continued increase of the cost of providing services.

## OUTLOOK

The Group continues to focus on growing revenue following growth in both our cash solutions and manned guarding service lines during the period under review. With the COVID-19 impact on the economy taking longer than expected to subside, the Group is deploying new and innovative ways of offering our products and services efficiently and in a more affordable manner to our customers. The heightened national security risk, observable from security events reported during the last quarter of 2021, has bolstered our resolve to invest in modern security technology to better and safely serve our customers, and offers an opportunity to design modern security offerings to the market across all service lines. 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 a long-term improvement in margins compared to traditional security offerings and aligns the company to market demands in a post COVID-19 environment. The acquisition of G4S globally by Allied Universal provides an opportunity to tap into new cutting-edge technology, which enables us to deliver improved solutions tailored to our customers, and we plan to introduce these exciting offerings into the local market in the year ahead. A combination of these factors and the growth trajectory experienced this year, makes us confident that the year ahead will generate greater value for all our stakeholders. It is our firm belief that the market still offers attractive growth opportunities despite the various challenges that exist.

## NON-CURRENT ASSETS HELD FOR SALE

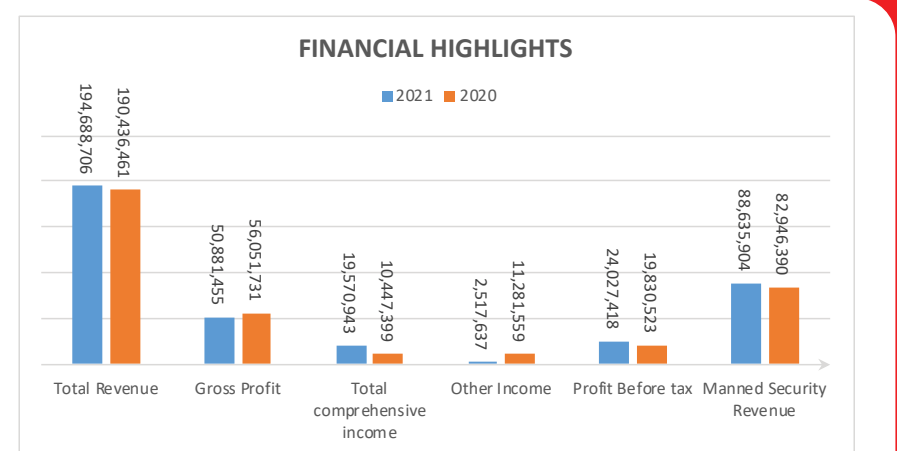
The Group decided to dispose the operations of its subsidiary, G4S Facility Management Botswana (Proprietary) Limited in 2020. The sale was however delayed pending the outcome of litigation matters brought against the entity during 2021, and was not finalised during the 2021 financial period. The Board is of the view that these matters have been reasonably resolved, and the anticipated disposal date of the entity is August 2022.

## 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 2020.

## 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 2021.



## Percentage changes in 2021

Total Revenue	2.20%	Increase
Gross Profit	-9.20%	Reduction
Total comprehensive income	87.30%	Increase
Other Income	-77.70%	Reduction
Profit Before tax	21.20%	Increase
Manned Security Revenue	6.90%	Increase

## 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.

## SEGMENT RESULTS

Group and Company Business Segments	31 December 2021		
	Security Systems	Manned Security	Cash Solutions
	P	P	P
Revenue	45 114 118	88 635 904	60 938 684
Direct labour	(14 859 538)	(64 648 008)	(17 152 385)
Direct vehicles	(5 152 539)	(3 557 700)	(7 953 591)
Direct other costs	(10 064 626)	(6 327 165)	(12 509 566)
<b>Cost of sales</b>	<b>(30 077 103)</b>	<b>(74 532 873)</b>	<b>(37 615 542)</b>
Gross profit	15 037 015	14 103 031	23 323 142
SG&A labour	(4 342 184)	(7 609 582)	(4 924 726)
SG&A vehicles	(120 093)	(139 717)	(68 788)
SG&A other costs	(3 709 541)	(4 004 867)	(3 684 408)
<b>SG&amp;A expenses</b>	<b>(8 171 818)</b>	<b>(11 754 166)</b>	<b>(8 677 922)</b>
<b>Trading profit</b>	<b>6 865 207</b>	<b>2 348 864</b>	<b>14 645 220</b>
Other income/expenses	139 676	274 422	188 670
<b>Profit before taxation</b>	<b>7 004 883</b>	<b>2 623 286</b>	<b>14 833 890</b>
Taxation	(1 057 912)	(2 078 485)	(1 428 994)
<b>Profit for the period</b>	<b>5 946 971</b>	<b>544 801</b>	<b>13 404 896</b>
<b>Material non-cash items - Group and company</b>			
<b>31 December 2021</b>			
Depreciation	(3 429 791)	(1 717 117)	5 033 348
Finance income	696 401	1 368 222	940 675
Finance cost	(334 736)	675 658	452 151
<b>Segment assets - Group and company</b>			
<b>31 December 2021</b>			
Total assets	69 199 624	39 317 968	47 181 562
Total liabilities	(15 959 666)	(9 067 992)	(10 881 590)

Group and Company Business Segments	31 December 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)
<b>Cost of sales</b>	<b>(29 243 956)</b>	<b>(69 458 047)</b>	<b>(33 072 390)</b>
<b>Gross profit</b>	<b>19 869 123</b>	<b>13 488 342</b>	<b>25 186 268</b>
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)	(5 953 828)
<b>SG&amp;A expenses</b>	<b>(8 299 336)</b>	<b>(14 858 487)</b>	<b>(10 937 549)</b>
<b>Trading profit</b>	<b>11 569 788</b>	<b>(1 370 145)</b>	<b>14 248 719</b>
Other income/expenses	2 812 930	4 750 719	3 335 740
<b>Profit before taxation</b>	<b>14 832 718</b>	<b>(1 370 145)</b>	<b>14 248 719</b>
Taxation	(1 340 651)	(2 264 206)	(1 590 300)
<b>Profit for the period</b>	<b>13 042 067</b>	<b>1 116 368</b>	<b>15 994 159</b>
<b>Material non-cash items - Group and company -</b>	</		