

Audited Abridged Consolidated Financial Statements

For the year Ended 31 December 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2023

	GROUP	
	2023	2022 Restated *
<i>Figures in Pula</i>		
Revenue	214,857,558	212,460,324
Cost of goods sold	-9,876,721	-8,065,884
Cost of providing services	-167,237,344	-165,478,731
Gross profit	37,743,493	38,915,709
Other income gains/(losses)*	1,536,498	-335,275
Net impairment losses on financial assets*	-3,595,272	-7,678,495
Administrative expenses*	-47,547,297	-43,588,207
Impairment of goodwill	-826,123	-
Operating loss	-12,688,701	-12,686,268
Finance income	1,861,588	2,372,578
Finance costs	-1,473,462	-1,345,892
Loss before taxation	-12,300,575	-11,659,582
Taxation	1,120,335	97,406
Loss for the year	-11,180,240	-11,562,176
Other comprehensive income	-	-
Total comprehensive loss for the year	-11,180,240	-11,562,176
Loss attributable to:		
Owners of the parent	-11,632,886	-11,025,212
Non-controlling interest	452,646	-536,964
	-11,180,240	-11,562,176
Total comprehensive loss attributable to:		
Owners of the parent	-11,632,886	-11,025,212
Non-controlling interest	452,646	-536,964
	-11,180,240	-11,562,176

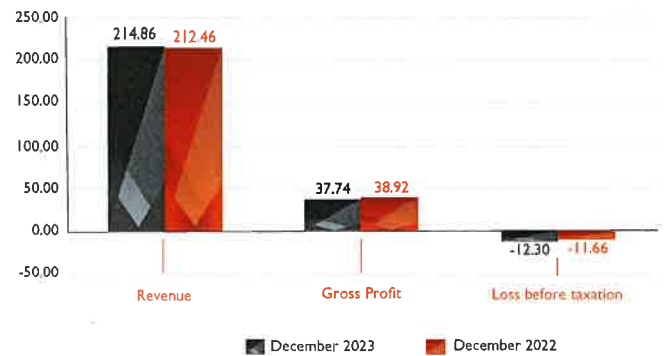
Loss per share		
Per share information		
Basic and diluted loss per share (thebe)	-14.54	-13.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 31 December 2023

	GROUP	
	2023	2022 Restated *
<i>Figures in Pula</i>		
Assets		
Non-Current Assets		
Property, plant and equipment*	19,609,960	21,557,002
Right-of-use assets	15,415,432	11,650,847
Goodwill	8,889,000	9,715,123
Deferred tax	7,864,986	6,677,657
	51,779,378	49,600,629
Current Assets		
Inventories	6,778,083	5,556,272
Amounts due from related parties	52,194,022	50,193,868
Trade and other receivables*	21,700,428	26,779,871
Current tax receivable	5,805,104	5,805,104
Cash and cash equivalents	13,500,382	12,051,124
	99,978,019	100,386,239
Total Assets	151,757,397	149,986,868
Equity and Liabilities		
Equity		
Equity Attributable to Equity Holders of Parent		
Stated capital	1,804,557	1,804,557
Retained income*	92,203,480	103,836,366
	94,008,037	105,640,923
Non-controlling interest	1,313,806	861,160
	95,321,843	106,502,083
Liabilities		
Non-Current Liabilities		
Lease liabilities	9,083,280	9,351,505
Current Liabilities		
Trade and other payables*	35,093,770	27,741,832
Amounts due to related companies	2,914,434	1,091,609
Lease liabilities	9,056,924	5,299,839
Provisions	287,146	-
	47,352,274	34,133,280
Total Liabilities	56,435,554	43,484,785
Total Equity and Liabilities	151,757,397	149,986,868

Key Highlights

Key highlights in million Pula Full Year ended 31 December 2023



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2023

	GROUP				
	Stated capital	Retained income	Total	Non controlling interest	Total equity
<i>Figures in Pula</i>					
GROUP					
Balance at 01 January 2022	1 804 557	114,861,578	116,666,135	1,398,124	118,064,259
Loss for the year - as restated*	-	-11,025,212	-11,025,212	-536,964	-11,562,176
Total comprehensive Loss for the year	-	-11,025,212	-11,025,212	-536,964	-11,562,176
Balance at 31 December 2022 - as restated*	1 804 557	103,836,366	105,640,923	861,160	106,502,083
Balance at 01 January 2023 - as restated*	1 804 557	103,836,366	105,640,923	861,160	106,502,083
Loss for the year	-	-11,632,886	-11,632,886	452,646	-11,180,240
Total comprehensive Loss for the year	-	-11,632,886	-11,632,886	452,646	-11,180,240
Balance at 31 December 2023	1 804 557	92,203,480	94,008,037	1,313,806	95,321,843

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2023

	GROUP	
	2023	2022 Restated *
<i>Figures in Pula</i>		
Cash generated from operations		
Loss before taxation*	-12,300,575	-11,659,582
Depreciation	18,560,750	16,343,867
Losses on sale of assets	-	87,304
Unrealised losses on exchange differences	69,672	-
Increase/(decrease) in provisions	287,146	-983,759
Scrapping cost of property, plant and equipment	-	-33,785
Lease modification gains	-14,618	-
Gain on disposal of right-of-use asset	-169,405	-
Net impairment losses on financial assets*	3,595,272	7,678,495
Impairment of investment in subsidiary	826,123	-
Interest income - related party	-1,844,968	-2,357,786
Interest income - bank	-16,620	-14,792
Interest paid	1,473,462	1,345,892
Changes in working capital:		
(Increase)/decrease in inventories	-1,221,811	983,642
Decrease in trade and other receivables*	1,484,171	4,935,609
(Increase)/decrease in amounts due from related parties	-155,186	1,491,006
Increase/(decrease) in trade and other payables*	7,301,378	-1,489,163
(Decrease) in amounts due to related parties*	-315,746	-2,301,034
	17,559,045	14,025,914

*The comparative information has been restated as a result of the prior period error.

Audited Abridged Consolidated Financial Statements (contd)

For the year Ended 31 December 2023

CONSOLIDATED STATEMENT OF CASH FLOWS (contd) for the year ended 31 December 2023

Figures in Pula	GROUP	
	2023	2022 Restated*
Cash flows from operating activities		
Cash generated from operations*	17,559,045	14,025,914
Tax paid	-66,994	-5,132,712
Net cash flows generated from operating activities	17,492,051	8,893,202
Cash flows utilised in investing activities		
Purchase of property, plant and equipment*	-7,699,628	-16,228,437
Cash receipts on repayments of amounts due from related parties	-	10,000,000
Interest received	16,620	14,792
Net cash flows utilised in investing activities	-7,683,008	-6,213,645
Cash flows utilised in financing activities		
Cash repayments on lease liabilities-capital portion	-6,886,323	-6,423,387
Interest paid	-1,473,462	-1,345,892
Net cash flows utilised in financing activities	-8,359,785	-7,769,279
Total cash movement for the year	1,449,258	-5,089,722
Cash and cash equivalents at the beginning of the year	12,051,124	17,140,846
Cash and cash equivalents at the end of the year	13,500,382	12,051,124

*The comparative information has been restated as a result of the prior period error.

GENERAL INFORMATION

G4S (Botswana) Limited is a public limited company registered under the Companies Act, Chapter 42:01 of Botswana and domiciled in Botswana. G4S (Botswana) Limited is listed on the Botswana Stock Exchange and primarily operates in Botswana. The consolidated financial statements of the company comprise the company and its subsidiaries (together referred to as the 'Group').

BASIS OF PREPARATION

The abridged consolidated financial results of G4S (Botswana) Limited and its subsidiaries are extracted from the Group financial statements that have been prepared on the going concern basis in accordance with, and in compliance with, IFRS[®] Accounting Standards as issued by the International Accounting Standards Board issued and effective at the time of preparing the Group financial statements. The financial information is presented in Botswana Pula, which is the group and company's functional currency.

The financial statements have been prepared under the supervision of the finance director, Mrs Boitumelo Molefe (FCMA, FCGMA). The Board approved the financial statements for the year ended 31 December 2023 on 30 July 2024.

ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. Amendments to IFRS Accounting Standards effective for the financial year ending 31 December 2023 have been adopted during the year. New accounting standards and interpretations that have been published that are not effective for the 31 December 2023 reporting period have not been 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 reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. 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. Judgements and estimates were similar to those applied to the consolidated financial statements as restated for the year ended 31 December 2022.

2022 FINANCIAL STATEMENT RESTATEMENT

In the prior year, certain financial closing adjustments were incorrectly posted resulting in the overstatement of trade receivables by P3.7 million, overstatement of uniforms (included in property, plant and equipment) by P1.9 million and retained earnings by P5.7 million. The errors were a result of adjustments posted as overlays and accounting records not being adequately maintained.

The Group had assessed and concluded, at the time, to limit the recognition of deferred tax assets to the extent of sufficient taxable income that would be available in the future to offset the assessed tax losses at the end of the prior reporting period. As such, no additional deferred tax asset arising from the correction of the prior period error has been recognised.

The effect of the restatement has been summarised below and in note 34 of the Annual Financial Statements.

Figures in Pula	GROUP		
	As previously reported	Adjustment	Restated Amount
Consolidated and Separate Statements of Profit or Loss			
Other income/(expenses)	1,129,302	-1,464,577	-335,275
Net impairment losses on financial assets	-4,326,701	-3,351,794	-7,678,495
Bad debt	-2,988,755	-773,175	-3,761,930
		-5,589,546	
Consolidated and Separate Statements of Financial position			
Property, plant and equipment	23,455,781	-1,898,779	21,557,002
Trade and other receivables	30,451,307	-3,671,436	26,779,871
Retained income	109,425,912	-5,589,546	103,836,366
Trade and other payables	27,722,502	19,331	27,741,833
Consolidated and Separate Statement of Cash Flows			
Net impairment losses on financial assets	4,326,701	3,351,794	7,678,495
Decrease in trade and other payables	4,615,967	319,642	4,935,609
Decrease in trade and other payables	-1,508,494	19,331	-1,489,163
Purchase of property, plant and equipment	-18,127,216	1,898,779	-16,228,437
		5,589,546	

KEY HIGHLIGHTS & FINANCIAL PERFORMANCE YEAR ON YEAR COMPARISON

The Group revenue performance for the year increased modestly by 1.1% year on year as the full impact of Government's preferential policy on 100% citizen owned Guarding service providers continued to affect the Group's ability to access contract opportunities in that space, resulting in reduction of the service line by 2% year on year. Fortunately this trend

was, in turn, offset by growth in the Cash service line and marginal increase was also evidenced on the security systems service line. The Group delivered a weaker gross profit due to, in part, the impact of the reduced margin from one of the top long standing customers (biggest contract by value in the guarding portfolio) which was retained in November 2022 at a lower margin, than prior period, in line with the customer retention strategy. Other aspects impacting the 3% gross margin reduction include costs associated with vehicles, primarily maintenance costs due to an ageing fleet and insurance premiums which escalated in the prior year due to a heightened risk environment.

Management continued to focus on cost reduction strategies and significant savings were realised in lowering direct labour costs compared to the prior year, and fuel costs due to fuel management efficiencies and strategic sourcing.

Administrative expenses which increased by 9% year on year were mainly due to a penalty provision for a value added tax (VAT) delayed payment of P3.2 million, increased audit cost overruns. These were the main contributors to the loss before tax of P12.3 million against the restated prior year's loss of P12.7 million.

Management continues to roll out effective debt collection methods, as an urgent action, and these have finally started to bear fruits as evidenced by the significant reduction of movement in receivables impairment in the current year of P1.3 million, from an increase of P141 thousand in the prior year. In addition, these efforts by management have led to marked improvements during the year where the carrying amount of trade receivables decreased from P56.0 million, as in 2022, to P48.2 million in the reporting period, a reduction of 13.89%. Days sales outstanding and operating cash flows also showed a marked improvement in the year under review.

During 2023, the Group losses increased significantly compared to 2022 (as restated) due to a high provision on unpaid VAT on sales invoices from January 2023 and a goodwill impairment of P826 123.

Encouragingly, during 2023, the Group's subsidiary G4S Facilities Management Proprietary Limited ('FMB') made a profit of just below P1 million, compared to the loss in 2022.

OUTLOOK

Despite the setbacks experienced during 2023, the company continues to focus on improving the internal controls environment, growing sales, reducing costs of sales and operational expenses in line with the devised costs reduction strategy, improving customer retention strategies and increasing focus on profitable contracts to ensure that G4S Botswana continues not only as a going concern but a leading 'go to' security services provider through harnessing of its competitive advantage. This is evidenced by the continued growth on the top line for three consecutive years albeit at lower gross margins due to stiff competition. A differentiated and niche strategy is being rolled out as well as an innovative digital strategy that infuses technology into our product offerings across all our service lines, tapping into the experiences of other G4S operations in the Group's regional and global networks.

Going forward, management's focus is on addressing challenges related to high administrative expenses and debt collection strategies, which started bearing fruit in 2023. The Board and Management of the Group are confident that the Group will continue as a going concern and turn the loss-making position into profit within the next reporting period.

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 2022 as restated. The amounts due from related parties are unsecured and payable on demand.

EVENTS OCCURRING AFTER REPORTING DATE

No significant events occurred after the reporting date that required adjustment to or disclosure in the annual financial statements for the year ended 31 December 2023.

INTERNAL CONTROLS

The effectiveness of the internal controls system is monitored through management reviews, internal audits by the regional hub as well as external auditor's reviews and testing of appropriate aspects of the system during their statutory examination of the company and the Group. The group and company directors have considered the results of these reviews and are aware of certain internal control deficiencies and have committed to actioning highlighted red flags in order to close the identified gaps. We believe that with the company having engaged more competent and experienced staff in the finance department, the control environment will improve and elevate its position to a more viable level in future. The G4S Group Internal Audit function offers an internal audit service with the last review conducted in the last half of 2023. Additionally, no breakdowns involving material loss except for the potential VAT penalty have been reported to the directors in respect of the year under review.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in unique business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group has three primary operating segments: Cash Solutions, Guarding Services and Electronic Security Services. Management generally follows the Group's service lines representing its main products and services in identifying these operating segments. Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. Segment performance is monitored using adjusted segment operating results. Revenue and assets of reportable segments exceed 10 percent of the consolidated revenue and assets reported by the Group.

AUDITORS REPORT

The auditor Deloitte & Touche has issued its unmodified opinion on the consolidated financial statements for the year ended 31 December 2023. These are available for inspection at the registered G4S (Botswana) Limited office. This publication has been extracted from those financial statements. This abridged financial information and any reference to future financial performance has however not been audited by the auditors.

CONCLUSION

The directors of G4S (Botswana) Limited (the Company) are responsible for the financial statements of the Company and its subsidiaries. Their responsibility includes the maintenance of financial records and the preparation of financial statements consistent with the accounting policies of G4S (Botswana) Limited which comply with IFRS Accounting Standards. The company and its subsidiaries maintain systems of internal control which are designed to provide reasonable assurance that the financial records accurately reflect their transactions and to provide protection against serious misuse of the Group's assets. The directors are also responsible for design, implementation, maintenance and monitoring of these internal controls. The internal control environment requires improvements and will continue to be an area of focus for 2024.

The board of directors has reviewed and approved the accompanying condensed financial statements for issue on 30 July 2024.

Signed on behalf of the Board of Directors


T. Mbaakanyi
Board Chairperson


M. Molokomme
Managing Director

30 July 2024