

It should be noted that the opinion relates to the audited consolidated financial statements and not the abridged financial statements/Xnews publication. The opinion should be read in conjunction with the audited consolidated financial statements which are available for inspection at the Company's registered office.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF G4S (BOTSWANA) LIMITED

### Opinion

We have audited the consolidated and separate financial statements ('the financial statements') of G4S (Botswana) Limited ('the Company') and its subsidiaries ('the Group'), set out on pages 9 to 64, which comprise the consolidated and separate statements of financial position as at 31 December 2023, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 31 December 2023, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Adequacy of the debtors allowance for expected credit losses "ECL" (consolidated and separate)

The Group and Company has a significant debtor's book which comprises a large number of debtors which are overdue. At 31 December 2023, the Group recognised net trade receivables of P19.1 million after recognising a total ECL of P29.2 million and the Company recognised net trade receivables of P19.4 million after recognising a total ECL of P28.7 million.

The Directors use a provision model under the simplified approach to estimate the ECL, in accordance with IFRS 9 - Financial Instruments. The Directors apply a provisioning matrix as a practical expedient to determine the ECL for trade receivables. Trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics and by grouping these based on days past due.

Expected loss rates are based on the payment profile of credit sales over the thirty-six months preceding 31 December 2023, as well as corresponding historical credit losses during the period. These rates are then adjusted to reflect current and forward-looking macroeconomic factors, which are likely to impact on customers' ability to settle the outstanding amount.

Trade receivables are considered irrecoverable when the customer has not made any payment within 180 days from the date of invoice, made no alternative payment arrangements with the Group and where subsequent external collection efforts (mainly through external debt collection agencies) have failed.

In determining the impairment, key judgements were applied by the Directors in selecting and applying an appropriate model and in determining the ECL which are expected to be incurred once it is considered irrecoverable.

Accordingly, we identified the adequacy of the debtors allowance for ECL as a key audit matter as a result of the judgements applied in determining the allowance by the Directors and the quantitative significance of the ECL.

Disclosures with respect to the debtors allowance for ECL are included in:

- Note 1.2 "Accounting estimates and judgements Impairment of Trade Receivables";
- Note 1.8 - "Financial Instruments - Measurement and recognition of expected credit losses";
- Note 2 - "Financial instruments and risk management - Credit Risk"; and
- Note 20 - "Trade and other receivables".

Our procedures included the following:

- We assessed the Group's and Company's provision model against the requirements of IFRS 9 - Financial Instruments ("IFRS 9").
- We evaluated the design and tested the implementation of relevant controls over the governance processes implemented for credit models and inputs into the ECL models and how the Directors ensure they have appropriate oversight of the ECL.
- We tested the mathematical accuracy of the Group's and Company's ECL.
- We assessed and challenged the Directors on the data inputs and key assumptions into the ECL models, which includes the evaluation of shared credit risk characteristics, estimated macroeconomic inputs and the estimated probability of default, and loss given default.
- We performed a retrospective review of the ECL previously raised against the actual debts still outstanding or written off.
- We tested, on a sample basis, the data utilised in the impairment model on 31 December 2023, including ageing of debtor balances and debt recovery rates achieved after initial credit default.
- We performed an independent assessment of the allowance for ECL taking into account the above factors by updating the model with our own judgements.
- We evaluated the adequacy of the financial statement disclosures including key assumptions and judgements.

In conclusion, we considered the judgements and estimates used for the assessment of the ECL and related disclosures to be appropriate.

From a design and implementation of relevant controls we have concluded that the review control over the governance processes implemented for credit models and inputs into the ECL models and how the Directors ensure they have appropriate oversight of the ECL require enhancement.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF G4S (BOTSWANA) LIMITED

### Weak control environment over financial reporting and the impact on the financial statements

The completeness and accuracy of the financial statements and its overall reliability is dependent on strong internal controls over the financial reporting process.

The Group and Company's control environment exhibited various control weaknesses, specifically control deficiencies over reconciliation of financial reporting information, deficiencies in reviews of information produced by the entity and the financial statements, and deficiencies in data management and record keeping. In addition, weaknesses were identified in the IT environment within which the controls function.

The deficiencies in oversight and monitoring of internal controls resulted in heightened risks of material misstatement in various financial statement areas, including trade accounts receivable, tax assets (current and deferred), uniforms capitalised, goodwill, leases, other payables and revenue. The deficiencies resulted in significant management effort to appropriately address the matters identified and delayed the audit process and the resultant reporting on the financial statements.

The weak control environment and the extent to which these deficiencies are linked to a likelihood of material misstatement including the risk of fraud and error, had a significant and pervasive impact on the overall timing, level of expertise and effort associated with the current year audit of the financial statements and thus is a key audit matter.

Given the quantum and pervasiveness of the control deficiencies identified, we adopted a fully substantive audit approach.

In addition, in order to address the key audit matter the following additional audit effort was required:

- We applied auditor judgement to consider the appropriateness of the nature, timing and extent of our audit procedures performed over financial statement account balances and where appropriate altered them to address additional risks based on control deficiencies identified.
- The audit process was delayed to allow management and the directors sufficient time to close out on the key reconciliations, prior period error investigation, position papers and judgment areas.
- We evaluated the results from the prior period error investigation and extended the work performed on overlays/journal adjustments processed directly to the financial statements.
- We evaluated our scoping and testing thresholds considering the weak control environment.
- We revised our sample sizes and selections to address the risk arising from the weak control environment and internal control deficiencies.
- All reports produced by the systems were subjected to increased substantive testing in order to determine whether reliance could be placed on them.
- We increased the level of involvement by our senior audit team members to evaluate key judgements made in the financial statements including accuracy and completeness of disclosures.
- We evaluated the sufficiency of audit evidence obtained by reassessing the results of audit procedures performed, including the appropriateness of the nature and extent of such evidence.

Based on the audit procedures performed and the level of expertise and effort associated with the current year audit, we are satisfied that our audit procedures were sufficient to mitigate the audit risks arising from the weak control environment.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF G4S (BOTSWANA) LIMITED

### Other Information

The Directors are responsible for the other information. The other information comprises the General Information, the Directors' Responsibilities and Approval Statement, and the Detailed Income Statement which we obtained prior to the date of this auditor's report as the other parts of the Annual Report which will be made available after the date of our independent auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group/ and or the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's and Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE SHAREHOLDERS OF G4S (BOTSWANA) LIMITED

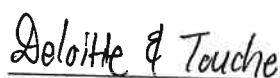
### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Deloitte & Touche**

Firm of Certified Auditors

Practicing Member: Magritha Juanita Wotherspoon (CAP 0032 2024)

31 July 2024

Gaborone