



An ALLIED UNIVERSAL Company

G4S (Botswana) Limited

Unaudited Consolidated Summarised Financial Results for the half year ended 30 June 2022

Statement of Comprehensive Income

For the half year ended 30 June 2022

	6 months ended 30 June 2022 (Unaudited) P'000	6 months ended 30 June 2021 (Unaudited) P'000	12 months ended 31 Dec 2021 (Audited) P'000
Continuing operations			
Revenue	105,423	95,237	194,689
Cost of sales	-79,142	-71,023	-143,807
Gross profit	26,280	24,214	50,881
Other income	959	124	2,518
Movement in credit loss allowances	-3,325	3,898	3,854
Administrative expenses	-21,455	-17,722	-34,675
Operating profit	2,459	10,514	22,578
Finance income	1,342	1,472	3,005
Interest paid	-604	-644	-1,556
Profit before taxation	3,198	11,342	24,027
Taxation	-703	-1,725	-4,803
Profit from continuing operations	2,494	9,617	19,224
Profit/(loss) from discontinued operations	-236	41	347
Profit for the period	2,258	9,658	19,571
Other Comprehensive income	0	0	0
Total comprehensive income for the 6 months	2,258	9,658	19,571
Profit attributable to:			
Owners of the parent of the company	2,326	9,647	19,416
Non-controlling interest	-67	11	155
Basic earnings per share from continuing operations (thebe)	3.12	12.02	24.03
Basic earnings per share from discontinuing operations (thebe)	-0.21	0.04	0.24
Earnings per share (thebe)	2.91	12.06	24.27

Statement of Financial Position

For the half year ended 30 June 2022

	6 months ended 30 June 2022 (Unaudited) P'000	6 months ended 30 June 2021 (Unaudited) P'000	12 months ended 31 Dec 2021 (Audited) P'000
Assets			
Non-Current Assets			
Property, plant and equipment	19,613	6,600	14,309
Right-of-use assets	12,807	16,336	14,988
Goodwill	9,715	9,715	9,715
Deferred tax	5,479	4,598	5,479
Total Non-Current Assets	47,614	37,249	44,491
Current Assets			
Inventories	5,722	5,433	5,478
Amounts due from related parties	49,949	30,207	59,327
Trade and other receivables	48,268	56,681	37,470
Current tax receivable	1,646	1,859	672
Cash and cash equivalents	13,294	37,215	16,027
Total Current Assets	118,878	131,395	118,974
Non-current assets held for sale	6,067	5,240	5,264
Total Assets	172,559	173,884	168,730
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Stated capital	1,805	1,805	1,805
Retained income	117,187	105,092	114,862
Non-controlling interest	1,331	1,280	1,398
Total Equity	120,323	108,177	118,064
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	11,025	12,719	12,117
Total Non-Current Liabilities	11,025	12,719	12,117
Current Liabilities			
Trade and other payables	28,719	24,011	27,208
Loans from group companies	602	676	3,393
Finance lease liabilities	4,390	6,104	5,413
Deferred income	5,914	5,052	0
Provisions	947	-	984
Dividend payable	0	15,700	0
Total Current Liabilities	40,571	51,543	36,998
Non-current liabilities of held for sale	640	1,445	1,550
Total Liabilities	52,236	65,707	50,665
Total Equity and Liabilities	172,559	173,884	168,730

Statements of Changes in Equity

As at 30 June 2022	Stated capital	Retained income	Total	Non Controlling interest
	P'000	P'000	P'000	P'000
Balance at 01 January 2021 (Audited)	1,805	111,146	112,950	1,753
Profit for the year		19,416	19,416	155
Dividends paid		-15,700	-15,700	-510
Balance at 31 December 2021 (Unaudited)	1,805	114,862	116,666	1,398
Balance at 1 January 2022 (Audited)	1,805	114,862	116,666	1,398
Profit for the 6 months		2,326	2,326	-67
Balance at 30 June 2022 (Unaudited)	1,805	117,187	118,992	1,331

30 June 2022

The Consolidated Summarised financial Statements were prepared under the historical cost convention using accounting policies that comply with International Financial Reporting Standards ("IFRS"), with no significant changes in recognition of measurement rules applied compared to the previous financial year.

Subsequent Events

The Board and Management are not aware of any material events that have occurred subsequent to the end of the reporting period that require adjustment or disclosure in the financial statements.

Financial Performance

Group revenue increased by 10.7% year on year, driven mainly by increased revenue in the MSS service line (+20.4%) attributable to large contract wins and strong customer retention during H2 2021. An 8.5% increase in Gross Profit for the period is a result of additional revenue growth, offset by increases in the price of fuel, the implementation of a national minimum wage increase in January and the impact of inflation on cost of goods sold. The AMR business included as part of the ESS service line continued to see erosion in the customer base resulting in a net reduction of portfolio revenue recorded, directly impacting margin. Technology innovation in H2 2022 is expected to address the continued decline of the service line. Administrative expenses increased by 55% (P21.4m 2021 vs P13.8m 2021) for the reporting period, a result of the P7.2m year on year variance in the movement of credit loss allowances for the period driven by comparatively weaker collections in H1 2022 compared to the same period in 2021. The business has firmed up its dunning process in order to address the increase in outstanding debt. These drivers have led to a reduction in profit before taxation for the period of P8.2m (P3.1m 2022 vs P11.3m 2021).

Prospects

The Group is looking forward to the following prospects in H2 2022:

- Launch of security product distribution subsidiary.
- Revision of AMR service offering in order to directly compete with new entrants into the market.
- Continued integration of our Deposita devices with our various banking partners, allowing the provision of immediate value to customer bank accounts once funds are deposited into the Deposita device.

Dividend Proposal

The Board has assessed the solvency and liquidity of the Group, in conjunction with short term working capital and capital investment requirements and has taken the decision not to declare an interim dividend. The Board notes that despite an increase in revenue year on year, profitability and operating cash flow has declined. The dividend proposal will be revisited based on full year results.

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'). The condensed financial statements have not been reviewed nor audited.

The condensed financial statements were approved for issue on 29 September 2022.

Basis of Preparation

These financial statements for the half year ended 30 June 2022 have been prepared in accordance with IAS 34, Interim Financial Reporting.

For comparisons, the condensed financial statements should be read in conjunction with the audited annual financial statement for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year.

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 the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

Key Highlights and Financial Performance

- Revenue increase of 10.7% year on year.
- MSS revenue increased by 20.4% year on year.
- Gross profit increase of 8.5% year on year.
- Administrative expenses increased by 55.2% year on year.
- Profit before tax reduction of 71.8%
- Other Income increased by 673.1% year on year.

Outlook

Challenging trading conditions are expected to remain prevalent across all service lines for the remainder of the year, with increases in the price of fuel and high inflation rates hampering growth opportunities and pressuring margins. The business will also come under pressure with the potential loss of MSS contracts that are up for rebid in H2 2022 in light of 100% citizen ownership requirements. In order to mitigate the above risks, management has adopted an alternative growth strategy focusing on the incorporation of integrated technology solutions in our service offerings. This approach is currently, and is expected to continue to bear fruit, with additional innovation expected in our AMR service offering towards the end of the year. Revenue in the Cash service line has remained flat year on year with limited growth opportunities during the reporting period.

To address the ESS business decline and lower levels of pure technology projects undertaken, the business will set up a technology-focused distribution subsidiary in order to bring quality, affordable security products directly to our customers, specifically the SME and residential markets. A major focus on cost containment for the remainder of the year has been put in place without compromising on quality service delivery.

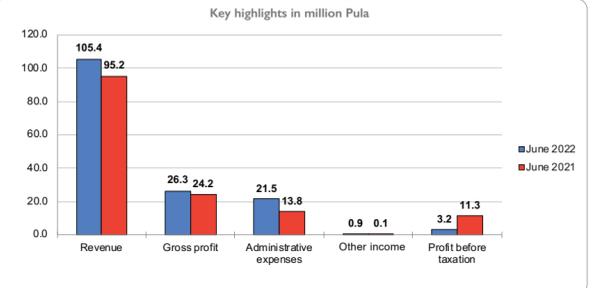
Related party transactions

There has been no significant change in the nature of related party transactions from those reported in the half year financial statements as at 30 June 2021.

Events occurring after reporting date

There were no other material changes in the affairs of the Company between the 30 June 2022 reporting period and the date of the approval of this condensed consolidated financial information.

FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS | GROUP

REVENUE	BWP105.5M 2021: BWP95.2M	10.7% INCREASE
MSS REVENUE	BWP50.7M 2021: BWP42.1M	20.4% INCREASE
GROSS PROFIT	BWP26.2M 2021: BWP24.2M	8.5% INCREASE
OTHER INCOME	BWP0.9M 2021: BWP0.1M	673.1% INCREASE
ADMINISTRATIVE EXPENSES	BWP21.4M 2021: BWP13.8M	55.2% INCREASE
PROFIT BEFORE TAXATION	BWP3.1M 2021: BWP11.3M	71.8% DECREASE

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.

Segments

Income statement June 2022	30 June 2022			30 June 2021		
	Cash Guarding Systems			Cash Guarding Systems		
Revenue	31,711	50,707	23,005	30,633	42,102	22,501
Direct Labour	-8,487	-36,908	-7,604	-8,659	-31,161	-7,237
Direct Vehicles	-5,286	-2,612	-3,985	-3,359	-1,391	-1,660
Direct Other Costs	-2,020	-880	-2,022	-6,333	-4,700	-5,375
Cost of Sales	-19,790	-44,194	-17,016	-18,351	-37,252	-14,272
Gross Profit	11,921	6,513	5,989	12,283	4,851	8,230
Admin Labour	-3,247	-4,710	-2,585	-2,405	-3,483	-2,058
Admin Vehicles	-44	-100	-108	-32	-57	-47
Admin Other Costs	-3,319	-4,683	-7,798	-2,435	-3,235	-729
Administrative Expenses	-6,609	-9,492	-10,490	-4,872	-6,775	-1,376
Trading Profit	5,608	-2,506	-4,287	7,411	-1,924	6,854
Other income	665	1,063	482	160	220	118
Profit Before Taxation	5,411	-2,821	-4,429	7,571	-1,704	6,971

Balance Sheet June 2022

	30 June 2022			30 June 2021		
	Cash Guarding Systems			Cash Guarding Systems		
Non Current Assets	29,082	24,235	42,653	29,780	24,817	43,678
Current Assets	17,423	14,519	25,553	21,301	17,694	34,221
Total Assets	46,504	38,754	68,207	51,081	42,511	77,899
External Current debt	10,254	8,545	15,039	-5,647	-4,706	-8,282
Trade and other payables	-5,263	-4,386	-7,719	-6,154	-5,128	-9,025
IC Current Liabilities	-27	-22	-39	-64	-54	-94
Current Liabilities	-10,023	-8,353	-14,701	-11,865	-9,888	-17,402
Non Current Liabilities	-2,975	-2,479	-4,364	-2,804	-2,337	-4,112
Total Liabilities	-12,999	-10,832	-19,065	-14,669	-12,224	-21,514
Net Assets	33,506	27,922	49,142	36,412	30,287	56,384
Equity	-33,506	-27,922	-49,142	36,412	30,287	56,384

The Directors would like to thank our valued customers, suppliers, shareholders and all stakeholders for their unwavering support that has contributed to success of G4S Botswana. Appreciation is also extended to management and staff for the tremendous efforts shown during the year to ensure the business remains profitable.

The directors of G4S (Botswana) Limited ("the Company") are responsible for the financial statements of the Company and its subsidiary. Their responsibility includes the maintenance of financial records and the preparation of the financial statements consistent with the accounting policies of G4S (Botswana) Limited, which comply with International Financial Reporting Standards ("IFRS"). The company and subsidiary maintains systems of internal control, which are designed to provide reasonable assurance that the financial records accurately reflect its transactions, and to provide protection against serious misuse of Group's assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these internal controls. Nothing has come to the attention of the directors to indicate that any significant break down in the functioning of these systems has occurred during the period under review.

The Board of Directors has reviewed and approved the accompanying condensed financial statements, set out on pages 1 to 5, for issue on 29 September 2022.

Signed on behalf of the Board of Directors

M Molokomme
Managing Director

J du Plooy
Finance Director

29 September 2022

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BOARD OF DIRECTORS
M. Molokomme*, T. Mbaakanyi*, L. Mosethanyane*, J. Du Plooy**, R. Smit**
* Botswana ** South African