



Consolidated and Separate Financial Statements

For the 6 months ended 30 June 2023

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME for the 6 months ended 30 June 2023

GROUP	6 months ended 30 June 2023 <i>(Unaudited)</i> P'000	6 months ended 30 June 2022 <i>(Unaudited)</i> P'000	12 months ended 31 Dec 2022 <i>(Audited)</i> P'000
Revenue	109,923	105,423	212,460
Cost of goods sold	-5,076	-2,823	-8,066
Cost of providing services	-80,211	-76,555	-165,479
Gross profit	24,636	26,045	38,916
Other income	-112	959	1,129
Movement in credit loss allowances	-2,198	-3,325	-4,327
Administrative expenses	-21,784	-21,455	-42,815
Operating profit	541	2,224	-7,097
Finance income	1,375	1,342	2,373
Interest paid	-676	-604	-1,346
Profit before taxation	1,240	2,962	-6,070
Taxation	-122	-703	97
Total comprehensive income (loss) for the year	1,119	2,258	-5,973
Profit (loss) attributable to:			
Owners of the parent of the company	992	2,326	-5,436
Non-controlling interest	126	-67	-537
	1,119	2,258	-5,973
Earnings per share (thebe)	2.10	2.91	-6.79

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION for the 6 months ended 30 June 2023

GROUP	6 months ended 30 June 2023 <i>(Unaudited)</i> P'000	6 months ended 30 June 2022 <i>(Unaudited)</i> P'000	12 months ended 31 Dec 2022 <i>(Audited)</i> P'000
Assets			
Non-Current Assets			
Property, plant and equipment	23,116	25,680	23,456
Right-of-use assets	16,966	12,807	11,651
Goodwill	9,715	9,715	9,715
Deferred tax	6,678	5,479	6,678
	56,475	53,681	51,499
Current Assets			
Inventories	8,858	5,722	5,556
Amounts due from related parties	50,725	49,949	50,194
Trade and other receivables	40,238	48,268	30,451
Current tax receivable	5,683	1,646	5,805
Cash and cash equivalents	12,783	13,294	12,051
	118,288	118,878	104,058
Total Assets	174,762	172,559	155,557
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Stated capital	1,805	1,805	1,805
Retained income	110,418	117,187	109,426
	112,223	118,992	111,230
Non-controlling interest	988	1,331	861
	113,210	120,323	112,092
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	11,461	11,665	9,352
Current Liabilities			
Trade and other payables	34,674	28,719	27,723
Loans from group companies	1,960	602	1,092
Finance lease liabilities	7,740	4,390	5,300
Deferred income	5,716	5,914	0
Provisions	0	947	0
	50,092	40,571	34,114
Total Liabilities	61,552	52,236	43,465
Total Equity and Liabilities	174,762	172,559	155,557

ABRIDGED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

GROUP	Stated capital	Retained income	Total	Non controlling interest
	P'000	P'000	P'000	P'000
Balance at 01 January 2022 (Audited)	1,805	114,862	116,666	1,398
Profit for the year		-5,436	-5,436	-537
Dividends paid		0	0	0
Balance at 31 December 2022 (Audited)	1,805	109,426	111,230	861
Balance at 1 January 2023 (Audited)	1,805	109,426	111,230	861
Profit for the 6 months	0	992	992	126
Balance at 30 June 2023 (Unaudited)	1,805	110,418	112,223	988

ABRIDGED CONSOLIDATED STATEMENTS OF CASH FLOWS for the 6 months ended 30 June 2023

GROUP	6 months ended 30 June 2023 <i>(Unaudited)</i> P'000	6 months ended 30 June 2022 <i>(Unaudited)</i> P'000	12 months ended 31 Dec 2022 <i>(Audited)</i> P'000
Cash flows from operating activities			
Cash flow generated from operations	5,608	34,114	15,925
Taxation paid	0	-10,085	-5,133
Net cash flows generated from operating activities	5,608	24,029	10,792
Cash flows from investing activities			
Purchase of property, plant and equipment	-381	-13,105	-18,127
Sale of property, plant and equipment	0	61	0
Loans to related parties prepaid	0	0	10,000
Interest received	7	66	15
Net cash flows utilised in investing activities	-373	-12,978	-8,112
Cash flows from financial activities			
Payment on lease liabilities	-3,827	-8,033	-6,423
Dividends paid	0	-16,210	0
Interest paid	-676	-1,556	-1,346
Net cash flows utilised in financing activities	-4,503	-25,798	-7,769
Movement in cash and cash equivalents	732	-14,748	-5,090
Cash and cash equivalents at the beginning of the year	12,051	30,774	17,141
Total cash and cash equivalents at the end of the year	12,783	16,027	12,051

NOTES

The Condensed 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.

Significant 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 4.3% year on year mainly due to increases in the cash, systems and cleaning business services. While there were some contract reductions in the Cash business, there was resultant growth of 6% mainly due to Deposita sales and new business. The Systems business service grew as a result of new alarm installations as well as revenue from the new security technology store, Access and Beyond.

The guarding business declined by 6.5% year on year mainly as a result of the loss of key contracts, contract scope reductions and the 100% Citizen ownership national policy. During the year however, there were wins from growth in existing contracts as well as new business.

Gross profit reduced by 6.3% year on year mainly as a result of increases in direct vehicle costs as a result of steep fuel price increases and higher insurance premiums. Administration costs also increased mainly as a result of upgrading security technology to manage the risks of heists and theft. The Operating Cash Flow for the half year ended June 2023 improved mainly due to better collections in the first half of the year as compared to the previous year.

Prospects

Looking forward, the Group intends to grow the new product distribution subsidiary, Access and Beyond as well as the AMR service offering. There is also increased focus on reducing debt and continuing to exploit growth opportunities in our cash Deposita devices.

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 has declined. The dividend proposal will be revisited based on full year results.

General Information

G4S Botswana 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 externally reviewed or audited.

The condensed financial statements were approved for issue on 22 September 2023.

Basis of Preparation

The financial statements for the half year ended 30 June 2023 have been prepared in accordance with IAS 34, Interim Financial Reporting.

For comparison, the condensed financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2022, 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 judgments 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 2022.

Key highlights and Financial Performance

- Revenue increase of 4.3% year on year
- Cash revenue increase of 7.6% year on year
- Systems revenue increase of 6.9% year on year
- Gross Profit reduction of 6.5% year on year
- Profit before tax reduction of 61.2% year on year

Outlook

Challenging trading conditions are expected to remain prevalent across service lines for the remainder

KEY HIGHLIGHTS IN MILLION PULA FULL YEAR ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS | GROUP KPI'S

REVENUE	BWPI09.9 M 2022: BWP105.4 M	4.3% INCREASE
CASH REVENUE	BWP34.1 M 2022: BWP31.7 M	7.6% INCREASE
SYSTEMS REVENUE	BWP24.6 M 2022: BWP23.0 M	6.9% INCREASE
GROSS PROFIT	BWP24.6 M 2022: BWP26.3 M	6.46% DECLINE
PROFIT BEFORE TAXATION	BWPI,240 M 2022: BWP3,198 M	61.2% DECLINE

SEGMENTS

	June 23	June 22
CASH REVENUE	34,133	31,711
CASH GROSS PROFIT %	39.3%	37.6%
GUARDING REVENUE	47,412	50,707
GUARDING GROSS PROFIT %	4.2%	12.8%
SYSTEMS REVENUE	24,587	23,005
SYSTEMS GROSS PROFIT %	29.4%	26.0%

of the year with competition and high debt hampering growth opportunities and putting margins under pressure. The business will also come under pressure with the potential loss of MSS contracts that are up for rebidding in H2 2023 in light of 100% Citizen ownership requirements. In order to mitigate against the above risks, management will continue to focus on growing its technology focussed subsidiary, addressing and enhancing the ESS business line and containing costs without compromising on the quality of service.

While there has been a decline in the MSS business year on year, management continues to pursue profitable contracts and has extended the pipeline to target quality viable business.

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 2022.

Errors 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.

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 area 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. Segmented performance is monitored using adjusted segment operating results (revenue and assets) of reportable segments exceeding 10% 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 of the income statement.

The Directors would like to thank our valued customers, suppliers, shareholders and all stakeholders for their unwavering support that has contributed to the success of G4S (Botswana) Limited. 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 subsidiaries. The responsibility includes the maintenance of policies of G4S (Botswana) Limited which comply with International Financial Reporting Standards ("IFRS"). The Company and its subsidiaries maintain 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 the 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 22 September 2023.

Signed on behalf of the Board of Directors


M Molokomme
Managing Director


B Molefe
Finance Director

22 September 2023

Registered Address

Plot 20584 Western Bypass P.O. Box 1488 Gaborone Botswana
Auditors: Deloitte & Touche, Deloitte House, Plot 64518, Fairgrounds, Gaborone, Botswana,
BOARD OF DIRECTORS
T. Mbaakanyi (Chairman)*, C. Motswaio*, W. Ramaphoi*, T. Matthews* R. Smit**
M. Molokomme (Managing Director)* B. Molefe (Finance Director)*
* Motswana ** South African