



An ALLIED UNIVERSAL Company

Unaudited Consolidated Financial Statements

For the six months ended 30 June 2024

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the 6 months ended 30 June 2024

Figures in Pula

	GROUP		
	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 Dec 2023
	Unaudited	Unaudited	Audited
Revenue	115,770,486	109,922,890	214,857,558
Cost of goods sold	-3,608,456	-5,076,301	-9,876,721
Cost of providing services	-91,888,414	-80,210,808	-167,237,344
Gross profit	20,273,616	24,635,781	37,743,493
Other income gains/(losses)	83,348	-112,418	1,536,498
Net impairment losses on financial assets	-6,722,618	-2,198,457	-3,595,272
Administrative expenses	-22,011,364	-21,784,161	-47,547,297
Impairment of goodwill -	-	-	826,123
Operating loss	-8,377,018	540,745	-12,688,701
Finance income	814,255	1,375,200	1,861,588
Finance costs	-600,951	-675,709	-1,473,462
Loss before taxation	-8,163,714	1,240,236	-12,300,575
Taxation	-371,387	-121,658	1,120,335
Loss for the year	-8,535,101	1,118,578	-11,180,240
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-8,535,101	1,118,578	-11,180,240
Total comprehensive loss attributable to:			
Owners of the parent of the company	-8,699,883	992,196	-11,632,886
Non-controlling interest	164,782	126,382	452,646
	-8,535,101	1,118,578	-11,180,240
Loss per share			
Per share information			
Basic and diluted loss per share (thebe)			-14.54

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION 30 June 2024

Figures in Pula

	GROUP		
	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 Dec 2023
	Unaudited	Unaudited	Audited
Assets			
Non-Current Assets			
Property, plant and equipment	16,156,430	23,116,334	19,609,960
Right-of-use assets	12,270,007	16,965,653	15,415,432
Goodwill	8,889,000	9,715,123	8,889,000
Investments in subsidiaries	-	-	-
Deferred tax	7,864,986	6,677,657	7,864,986
	45,180,423	56,474,767	51,779,378
Current Assets			
Inventories	5,915,558	8,857,857	6,778,083
Amounts due from related parties	54,095,811	50,725,095	52,194,022
Trade and other receivables	29,679,878	40,238,365	21,700,428
Current tax receivable	5,805,104	5,683,446	5,805,104
Cash and cash equivalents	14,218,978	12,782,959	13,500,382
	109,715,329	118,287,722	99,978,019
Total Assets	154,895,752	174,762,489	151,757,397
Equity and Liabilities			
Equity			
Equity Attributable to Equity Holders of Parent			
Stated capital	1,804,557	1,804,557	1,804,557
Retained income	83,503,594	110,418,104	92,203,480
	85,308,151	112,222,661	94,008,037
Non-controlling interest	1,478,588	987,542	1,313,806
	86,786,739	113,210,203	95,321,843
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	5,232,280	11,460,732	9,083,280
Current Liabilities			
Trade and other payables	50,910,874	34,674,457	35,093,770
Amounts due to related companies	2,633,595	1,960,290	2,914,434
Finance lease liabilities	9,143,119	7,740,418	9,056,924
Current tax payable	134,748	5,716,389	-
Provisions	54,397	-	287,146
	62,876,733	50,091,554	47,352,274
Total Liabilities	68,109,013	61,552,286	56,435,554
Total Equity and Liabilities	154,895,752	174,762,489	151,757,397

Key Highlights Group KPIs

HALF YEAR ENDED 30 JUNE 2024 <i>Million Pula</i>		
REVENUE	BWP 115.8 M 2023: BWP 109.9 M	5.4% INCREASE
GROSS PROFIT	BWP 20.3 M 2023: BWP 24.6 M	17.5% DECLINE
LOSS BEFORE TAX	BWP - 8.2 M 2023: BWP 1.2 M	783% DECLINE

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY for the six months ended 30 June 2024

Figures in Pula

	Stated capital	Retained income	Total	Non controlling interest	Total equity
GROUP					
Balance at 01 January 2022	1,804,557	103,836,366	105,640,923	861,160	106,502,083
Loss for the 6 months	-	-11,632,886	-11,632,886	452,646	-11,180,240
Total comprehensive Loss for the 6 months	-	-11,632,886	-11,632,886	452,646	-11,180,240
Audited Balance at 31 December 2023	1,804,557	92,203,480	94,008,037	1,313,806	95,321,843
Unaudited Balance at 01 January 2024	1,804,557	92,203,480	94,008,037	1,313,806	95,321,843
Loss for the 6 months	-	-5,765,533	-5,765,533	-	-5,765,533
Total comprehensive Loss for the 6 months	-	-5,765,533	-5,765,533	-	-5,765,533
Unaudited Balance at 30 June 2024	1,804,557	86,437,947	88,242,504	1,313,806	89,556,310

STATEMENTS OF CASH FLOWS for the six months ended 30 June 2024

Figures in Pula

	GROUP		
	Six months ended 30 June 2024	Six months ended 30 June 2023	Year ended 31 Dec 2023
	Unaudited	Unaudited	Audited
Cash generated from operations			
Loss before taxation	-8,456,718	1,240,236	-12,300,575
Depreciation	7,422,208	6,469,601	18,560,750
Unrealised losses on exchange differences	293,004	-	69,672
Increase/(decrease) in provisions	-232,749	-	287,146
Lease modification gains	-	-	-14,618
Gain on disposal of right-of-use asset	-	-	-169,405
Net impairment losses on financial assets	6,722,618	2,198,457	3,595,272
Impairment of investment in subsidiary	-	-	826,123
Interest income- related party	-806,980	-1,367,966	-1,844,968
Interest income- bank	-7,275	-7,234	-16,620
Interest paid	600,951	675,709	1,473,462
Deferred income	-	5,716,389	-
Scrapping cost of property, plant and equipment	-	40,750	-
Changes in working capital:			
(Increase)/decrease in inventories	862,525	-3,301,585	-1,221,811
Decrease/(increase) in trade and other receivables	-14,702,068	-11,985,515	1,484,171
(Increase) decrease in amounts due from related parties	-	2,246,646	-155,186
Increase/(decrease) in trade and other payables	15,817,101	4,213,903	7,301,378
(Decrease)/increase in amounts due to related parties	-280,839	-531,227	-315,746
	7,231,778	5,608,164	17,559,045
Cash flows from operating activities			
Cash generated from operations	7,231,778	5,608,164	17,559,045
Tax paid	-236,639	-	-66,994
Net cash flows generated from operating activities	6,995,139	5,608,164	17,492,051
Cash flows utilised in investing activities			
Purchase of property, plant and equipment	-341,468	-380,653	-7,699,628
Purchases of investment in subsidiary	-	-	-
Cash advanced on amounts due from related parties	-1,901,789	-	-
Interest received	814,255	7,234	16,620
Net cash flows utilised in investing activities	-1,429,002	-373,419	-7,683,008
Cash flows utilised in financing activities			
Cash repayments on lease liabilities-capital portion	-4,246,590	-3,827,201	-6,886,323
Interest paid	-600,951	-675,709	-1,473,462
Net cash flows utilised in financing activities	-4,847,541	-4,502,910	-8,359,785
Total cash movement for the 6 months	718,596	731,835	1,449,258
Cash and cash equivalents at the beginning of the 6 months	13,500,382	12,051,124	12,051,124
Cash and cash equivalents at the end of the 6 months	14,218,978	12,782,959	13,500,382

Unaudited Consolidated Financial Statements (contd)

For the six months ended 30 June 2024

GENERAL INFORMATION

The summarised unaudited Financial Statements, for the Period Ended 30 June 2024, were prepared under the historical cost convention method 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 occurred after the end of the reporting period that require adjustment or disclosure in the financial statements.

Financial Performance

Revenue for the six months period ended June 2024 was 5% higher than similar period in the prior year which ended 30 June 2023. This was mainly due to improvement in performance from the Manned Security Services (MSS) line, following a price increase (PI) necessitated by a statutory wage increase of 23.5% levied in February 2024, as well as sales growth in the portfolio.

The good performance in MSS was offset by the lower performance in the Cash Services line due to lower Deposita sales compared to the prior year. In the first half of 2023, a once-off sale of Depositats was secured from one of our key banking clients. Depositats are cash deposit machines that allow customers to deposit cash quickly and efficiently without the need for standing in long queues. In today's fast-paced world, everyone is looking for a hassle-free and time-saving way to complete their banking transactions. Therefore, despite the slower first half of the year, the Deposita investment by G4S Botswana continues to signify a good return on capital employed (ROCE) as well as a promising asset turnover ratio and we anticipate a good close on this department's sales by end of the year.

The Electronic Security Services line (ESS) performance has reduced compared to the prior year due to terminated non-performing alarm customer accounts and lower installations, and maintenance, for the period due to the continued tough trading conditions and economic outturn. The terminations are a good opportunity to improve the quality of the debt book, which will result in much lower financial credit losses. Better onboarding processes have also been implemented, especially for retail clients on the alarm business which makes up 37% of the book.

Cost of sales increased compared to as at 30 June 2023 driven by the increase in direct labour costs following the statutory wage increase of 23.5% which was effective from February 2024. This was a significant increase given that national inflation at the time was around 3.9%. Due to this labour costs increase, the severance and leave provisions were revalued at the new rate and had a further adverse impact on the year-on-year cost of sales. Despite this once off impact, the Manned Guarding service line has shown improved year on year performance.

Net impairment losses on financial assets for the current period were well above, the prior year's, as a result of a full depreciation charge in the first six months of 2024, whereas there had been a debt recovery in the same period last year. The other reasons for the increase was lower debt collections in the first half of the year and the basis of calculation of the estimated credit loss that differed between the models used, where the model applied in 2023 assumed a longer period of 60 months versus 36 months in 2024. Due to the high impairment, the loss before taxation for the half-year to June 2024 was P8,164 million compared to a profit before tax of P1,240 million for the period up to 30 June 2023.

Management continues to manage costs and as a result the administration expenses increased only slightly by 1% comparatively between the two periods of 30 June 2024 and 30 June 2023. Management has also continued to focus on debt collection, and it is expected that the position will improve by the year end due to the various initiatives that have been implemented.

On the Statement of Financial Position, goodwill was impaired down to P8,889,000 from P9,715,123 in the previous year mainly due to a reduction in the performance of the MSS line. Of the three main service lines of Cash, ESS and MSS, only the latter makes up the company goodwill. Despite this, the business has a strong balance sheet with the cash position showing an improvement and Trade receivables reduced by 36% year on year, mainly due to increased collections between July and December 2023.

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 to not declare an interim dividend. The Board notes that despite an increase in revenue year on year, the Group is still in a loss position, for the current period. 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 the 26th September 2024.

Basis of Preparation

The financial statements for the half year ended 30 June 2024 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 2023, 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 2023.

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 2023.

Errors occurring after reporting date

Between the 30 June 2023 and the date of approval of these condensed consolidated unaudited financial statements, the December 2022 Annual Financial Statements were restated following several errors that were unearthed during the December 2023 audit. The detail regarding the errors is available in the December 2023 Annual Financial Statement publication.

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.

Directors Responsibilities

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 unaudited financial statements set out on pages 1 to 11, for issue on 30 September 2024.

Signed on behalf of the Board of Directors

T. Mbaakanyi
Board Chairperson

M. Molokomme
Managing Director

30 September 2024