

UNAUDITED SUMMARISED GROUP INTERIM RESULTS

Metrofile Group

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

SHORT FORM

REVENUE
R474M
↑4%

EBITDA
R157M
↑1%

OPERATING PROFIT
R112M
↓2%

NET DEBT REDUCED TO
R448M
↓5%

EPS
14.9c
↑1%

HEPS
14.9c
↑1%

DPS
9c
↑29%

SUMMARISED FINANCIALS

R'000	Unaudited six months ended 31 Dec 21	Unaudited six months ended 31 Dec 20	% change
Revenue	474 289	454 498	4%
EBITDA	157 327	155 074	1%
Operating profit	112 356	114 179	(2%)
Profit for the period	68 208	65 300	4%
EPS (cents)	14.9	14.8	1%
HEPS (cents)	14.9	14.8	1%
DPS (cents)	9.0	7.0	29%
Net debt	447 570	472 203	5%

INTRODUCTION

Metrofile has an established reputation of being a leading records and information management specialist to organisations of all sizes and sectors across South Africa, Kenya, Botswana, Mozambique and the Middle East for almost four decades. We operate from 68 facilities at 36 locations covering 117 411 square meters of warehousing space.

Metrofile's services assist clients in structuring, managing, and accessing their information in any format, in any location, at any given time. Our clients are guided to ensure that adherence to all legislative requirements is met and that their most valuable asset, their information, is protected.

We have deepened our digital offerings through the acquisition of IronTree, which is a leading provider of data management services including cloud backup, disaster recovery and specialised hosting in a private cloud. IronTree also offers cybercrime and ransomware prevention, ongoing privacy law compliance management and business continuity planning services.

Empowerment partner and strategic shareholder, Mineworkers Investment Company, owns 38.16% of Metrofile's equity.

FINANCIAL REVIEW

Revenue
Revenue increased by 4% to R474 million (1HFY2021: R455 million).

Despite unforeseen events that affected two significant operating regions during the period, namely South Africa and Kenya, we have had a positive start to the year. In South Africa, social unrest during July 2021 impacted our first quarter results as two of our regions, Gauteng and KwaZulu Natal, were affected. Fortunately, our warehouses were not damaged in the unrest, however, several image processing projects were put on hold while we incurred the relative cost for most of the first quarter. Our box intake for the region was also impacted as collections were put on hold, particularly during July 2021. During the first quarter we experienced destructions

of higher priced boxes from various sectors following the implementation of POPIA. In the second quarter there was an increase in box intake and a reduction in destructions, however local government elections impacted the timing of various government related projects, which we expect to conclude in the second half of the financial year.

MRM Middle East has demonstrated significant growth over the past 18 months and is now our largest region outside of South Africa for both revenue and operating profit contribution. The addition of IronTree to the Group will enhance our core capabilities in providing value-add services in virtual storage and information risk management.

Secure storage contributed 58% to Group revenue and was down 5% year-on-year due to a 5% reduction in paper services and paper storage being flat year-on-year. Closing box volumes for the Group as at 31 December 2021 were 11.3 million (30 June 2021: 11.1 million) as net box volume increased by 1% for the six-month period. New box volume intake for the six months increased 3% from new and existing clients and was offset following destructions and withdrawals. Net box volumes grew in all territories with South Africa growing by 0.3%, Rest of Africa growing by 3% and the Middle East growing by 2%.

Digital services contributed 20% to Group revenue and was up 43% year-on-year mainly as a result of an increase in digital projects in South Africa as well as an increase in digitisation activities in the Middle East. Digital services is now our second largest revenue stream contributor and growth over the past 18 months has demonstrated the effect of the Group's introduction of relevant digital service offerings. Currently digital services is more project orientated and we expect growth in the project pipeline to be reflective of global digitisation trends, however we are currently working towards building a strong digital annuity base.

Products and solutions decreased by 7% due to local challenges that impacted demand for archiving products, however business support services grew 35%, mainly as a result of increased demand in confidential destruction. Products and solutions and business support services contributed 14% and 8% respectively to Group revenue.

Operating profit and EBITDA

Operating profit before acquisition related cost decreased by 2% to R112 million (1HFY2021: R114 million) mainly as a result of a decline in higher margin paper services' activities, offset by increased digital services. EBITDA increased by 1% to R157 million (1HFY2021: R155 million).

Cash and debt

Net finance costs decreased by 11% to R23 million (1HFY2021: R26 million). Excluding the impact of IFRS 16, net finance costs reduced by 15% as a result of lower debt levels. Net debt reduced by 5% to R448 million for the 12 month period since 31 December 2020 despite the new acquisition in 1HFY2022.

OUTLOOK

The contribution of digital services has now exceeded 20% of revenue. We anticipate we will achieve growth by extending and defending our market position in the information storage space, as well as scaling our position in information management through growing our digital services offerings. With our current gearing levels, we will continue to focus on appropriate levels of capital allocation, improving efficiencies and integrating our services to provide enhanced value to our clients. Predictable annuity-based revenue will continue to be the key characteristic in both information storage and information management service offerings. Since the acquisition of IronTree, we have experienced a positive response from our clients. Furthermore, we expect an increase in office activity due to less restrictive lockdown measures and an improvement in performance in the second half of the financial year.

7 March 2022

DIVIDEND DECLARATION

The Board has reviewed the dividend policy in light of Metrofile's healthy cash generation and reduced net debt levels and has resolved to update the dividend cover policy to a range of between 1.5x and 2.0x. Notice is hereby given that an interim gross cash dividend of 9 cents per share in respect of the period ended 31 December 2021 has been declared payable, from income reserves, to the holders of ordinary shares recorded in the books of the Company on Friday, 1 April 2022. The last day to trade cum-dividend will therefore be Tuesday, 29 March 2022 and Metrofile shares will trade ex-dividend from Wednesday, 30 March 2022. Payment of the dividend will be on Monday, 4 April 2022. Share certificates may not be dematerialised or rematerialised from Wednesday, 30 March 2022 (which is ex-date) to Friday, 1 April 2022, both days inclusive. Withholding tax on dividends will be deducted for all shareholders who are not exempt in terms of the legislation at a rate of 20% which will result in a final net cash dividend of 7.2 cents per share. The Company's issued share capital at the end of the period is 433 699 958 shares and the Company's tax number is 9375/066/71/0.

This shortform announcement is the responsibility of the directors and is only a summary of the information in the full announcement. The information contained herewith has not been reviewed or reported on by the auditors. The full announcement is published on:

- The JSE website at <https://senspdf.jse.co.za/documents/2022/jse/isse/mlf/MFLH1FY22.pdf>
- The Company's website at <https://www.metrofilegroup.com/investor-relations/>

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement. Electronic copies of the full announcement may be requested by contacting Paige Atkins: paige@rspconsulting.co.za, and will be available for inspection at Metrofile's registered office.

Metrofile Group

Metrofile Holdings Limited: Incorporated in the Republic of South Africa ("Metrofile" or "the Company" or "the Group")

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