

METROFILE HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration number 1983/012697/06)

Share Code: MFL ISN: ZAE000061727

("Metrofile" or "the Company" or "the Group")

ANNUAL FINANCIAL RESULTS

FOR THE YEAR ENDED 30 JUNE 2022

SALIENT FEATURES

REVENUE INCREASED BY 5% TO R980 MILLION

EBITDA INCREASED BY 1% TO R325 MILLION

OPERATING PROFIT BEFORE ACQUISITION RELATED COSTS REMAINED FLAT AT R240 MILLION

DPS INCREASED BY 20% TO 18C FOR THE YEAR, WITH A FINAL DIVIDEND OF 9C DECLARED

EPS AND HEPS DECREASED 3% TO 30.8C AND 30.7C RESPECTIVELY

FINANCIAL REVIEW

REVENUE

Revenue increased by 5% to R980 million (FY2021: R933 million). Excluding the acquisition of IronTree, revenue increased by 1% to R943 million (FY2021: R933 million). FY2022 was characterised by a turbulent trading environment with unforeseen challenges both locally and internationally. This in turn severely impacted our customers as well as our operations in the South African and Kenyan markets as we experienced longer lead times in customer decision making and client dependencies became more challenging. Despite this, we have grown market share in all territories in which we operate. During the first quarter of the year destructions of higher priced boxes from various sectors followed the implementation of POPIA, however, since the second quarter, we have experienced an increase in box intake and a reduction in destructions. MRM Middle East has demonstrated significant growth over the past 18 months and is now our largest revenue and operating profit contributor outside of South Africa. The addition of IronTree to the Group will enhance our core capabilities in providing value-add services in virtual storage and information risk management.

OPERATING PROFIT AND EBITDA

Operating profit before acquisition related costs remained flat at R240 million (FY2021: R241 million) mainly as a result of a decline in higher margin paper services' activities, offset by increased digital services. EBITDA increased by 1% to R325 million (FY2021: R323 million). Excluding the IronTree acquisition, EBITDA decreased by 3% to R314 million (FY2021: R323 million) mainly as a result of the change in revenue mix.

CASH AND DEBT

Net finance costs were flat at R49 million (FY2021: R49 million). Excluding the impact of IFRS 16, net finance costs reduced by 5% as a result of lower debt levels in H1FY2022. Net debt increased by 3% to R446 million following the acquisition of IronTree for R66 million, and reduced dividend cover.

REVIEW OF OPERATIONS

MRM SOUTH AFRICA

Revenue from MRM South Africa decreased by 2% to R539 million (FY2021: R549 million) due to a decline in demand for paper services, however, this was partially offset by greater demand for solutions requiring less physical space, including digital services, specifically image processing projects. Core storage remained in line with the prior year. The decline in higher yield paper services, as well as additional costs incurred during the period of social unrest in Gauteng and KwaZulu Natal, resulted in an overall decline in operating margin with operating profit decreasing by 7% to R199 million (FY2021: R214 million).

MRM REST OF AFRICA

MRM Rest of Africa consists of operations in Kenya, Botswana and Mozambique. Kenya experienced several headwinds, particularly in the financial services sector that contributed to the majority of the operation's revenue. The financial services sector encountered regulatory moratoriums on lending repayments and premiums, which led to significant cost reduction measures within this sector. This in turn led to pressure on the services' revenue within Metrofile Kenya, specifically active filing and image processing. Revenue decreased by 9% to R91 million (FY2021: R100 million) despite an improvement in net box volume growth of 6%. Operating profit was similarly impacted, which resulted in a decrease of 20% to R28 million (FY2021: R35 million).

MRM MIDDLE EAST

MRM Middle East consists of operations in the United Arab Emirates and Oman. This region continued to grow and expand its digital project pipeline with revenue increasing by 10% to R86 million (FY2021: R77 million) with a respective increase in operating profit of 31% to R17 million (FY2021: R13 million).

PRODUCTS AND SERVICES SOUTH AFRICA

Our Products and Services South Africa suite of offerings includes Tidy Files, Cleardata, Global Continuity, Metrofile Vysion and the recently acquired IronTree. While operating in a challenging trading environment during 1H FY2022, this segment performed in line with expectations, with significant growth being achieved particularly through the digital offering of Metrofile Vysion, which provides business process automation, as well as increased confidential destruction through Cleardata. Tidy Files experienced a difficult year due to loadshedding and the impact of competitor pricing, resulting in a decline in revenue and margin. Overall, revenue increased by 28% to R264 million (FY2021: R207 million). Operating profit increased by 65% to R28 million (FY2021: R17 million) as a result of the improved operational performance and digital projects.

IronTree's results were included for the seven months from 1 December 2021. IronTree's revenue of R37 million and operating profit of R8 million are included in the figures above. The performance is in line with expectations in relation to the growth targets set at acquisition as we settled the second top up payment in full, and further expect to settle the remaining deferred purchase consideration in full.

REPORT OF THE INDEPENDENT AUDITORS

The summarised consolidated financial statements for the year ended 30 June 2022 have been audited by Deloitte & Touche, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which the summarised consolidated financial statements were derived. The consolidated financial statements and auditor's report, including the key audit matter, are available on the Company's website <https://www.metrofilegroup.com/investor-relations/>.

SHARE BUY-BACK PROGRAMME

The Board has authorised a share buy-back programme under the general authority of the Company for the first time since the 2018 financial year. The general authority of the Company is valid until the annual general meeting scheduled for 22 November 2022.

DIVIDEND DECLARATION AND FINAL DIVIDEND

The Board has reviewed the dividend policy in light of Metrofile's healthy cash generation and reduced net debt levels and has updated the dividend cover policy to a range of between 1.5x and 2.0x. The Board has declared a final cash dividend of 9 cents per share, bringing the total dividend for the year to 18 cents per share. Notice is hereby given that a final gross cash dividend of 9 cents per share in respect of the year ended 30 June 2022 has been declared payable from income reserves, to the holders of ordinary shares recorded in the books of the Company on Friday, 7 October 2022. The last day to trade cum-dividend will therefore be Tuesday, 4 October 2022 and Metrofile shares will trade ex-dividend from Wednesday, 5 October 2022. Payment of the dividend will be on Monday, 10 October 2022. Share certificates may not be dematerialised or rematerialised from Wednesday, 5 October 2022 (which is ex-date) to Friday, 7 October 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 period end is 433 699 958 shares and the Company's tax number is 9375/066/71/0.

OUTLOOK

The expansion of our core capabilities in digital and cloud services has distinguished Metrofile from both traditional competitors and digital providers in our industry. Revenue contribution from digital services has validated our strategy of innovating across our core offerings, including cloud services, to assist our customers in becoming digitally transformed enterprises. We are transforming our Company and making it digital and cloud ready by pivoting our investments to strategic growth areas that enable us to focus on accelerated growth opportunities in the market. This puts us on a strong trajectory as we drive our attention towards taking advantage of the current and future digital opportunities.

We remain fully dedicated to our customers' growth plans and to this end we have strengthened our approach to the market by appointing industry experts. This will enhance our focus, ensure a quick response to market and a comprehensive provision of end-to-end integrated solutions and services to our customers. We remain committed to working closely with our local and international solution providers to efficiently implement practical solutions for our customers. As we transform Metrofile through a greater contribution from digital services, we expect these solutions to potentially dilute our operating margin. This will be necessary for the evolution of Metrofile but ultimately we recognise the valuable contribution that these solutions will make towards our customers' growth plans. Interactions with our customers have demonstrated an optimistic future in the data and information management sector. Metrofile is well positioned, capable and ready to be at the core of this exciting journey.

Metrofile will host a webcast and conference call on the financial results at 10:30 on Thursday 15 September 2022.

Registration for the webcast:

<https://78449.themediaframe.com/links/metrofile220915.html>

Registration for the conference call:

<https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=4389403&linkSecurityString=950392b23>

The presentation will also be available on the Group's website: www.metrofilegroup.com

This shortform announcement is the responsibility of the directors and is only a summary of the information in the full audited announcement and does not contain full or complete details. The full audited announcement is published on:

- The JSE website at <https://senspdf.jse.co.za/documents/2022/jse/isse/mfl/MFLFY22.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 audited announcement which is also available for inspection at our registered offices at no charge during office hours. Full electronic copies may be requested from Elmarie Smuts: elmaries@metrofileholdings.co.za and from the sponsor at jesponsor@standardbank.co.za.

12 September 2022

DIRECTORS

P Langeni (Chairman)[^], MS Bomela (Deputy Chairman)^{*}, PG Serima (CEO), S Mansingh (CFO), SV Zilwa[†], A Khumalo[^], LE Mthimunye[^], CS Seabrooke[^], STM Seopa[^], DL Storom^{*}, L Rood (Alternate)[^].

[^]Independent ^{*}Non-executive [†]Lead independent

ACTING COMPANY SECRETARY

E Smuts

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www.metrofilegroup.com

SPONSOR

The Standard Bank of South Africa Limited

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd

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