



Metrofile
Group



2020

INTEGRATED
ANNUAL REPORT

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ABOUT THIS REPORT

ABOUT THIS REPORT

Thank you for reading Metrofile Holdings Limited's ("Metrofile's") integrated annual report. Our report aims to provide our stakeholders with a concise, material, transparent and understandable assessment of our governance, strategy, prospects, business model and performance. Although this report is produced specifically for shareholders and stakeholders, it complements further information provided on our website: www.metrofilegroup.com and other media.

PREPARATION AND PRESENTATION

Metrofile's 2020 integrated annual report was prepared for the period 1 July 2019 to 30 June 2020 and covers the activities of Metrofile Holdings Limited, its subsidiaries and associates operating globally. The executive directors and senior management were instrumental in preparing this report and the Board has fulfilled its responsibilities in terms of the King Report on Governance South Africa 2016 (King IV™) principles.

FRAMEWORKS APPLIED

This integrated annual report accords with the parameters of the Companies Act, No. 71 of 2008 (Companies Act), the JSE Listings Requirements and the principles of King IV™ reporting. The Group's annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). This integrated annual report has been compiled in accordance with the principles of the International Integrated Reporting Council's (IIRC) International Reporting (IR) Framework. Metrofile's Board of Directors and management have endorsed the IR Framework's concepts, guiding principles and content elements. This report contains a number of extracts and quotes from the King IV™ report. The Group recognises and respects the Institute of Directors in South Africa's copyright and trademarks in relation to King IV™ and this is accordingly acknowledged.

THE BUSINESS MODEL AND VALUE CREATION

To assist with clarity of understanding for the reader, we have utilised the IR Framework 'six capitals' and 'business model' concepts to show how Metrofile creates value.

MATERIALITY DETERMINATION

The principle of materiality informed our preparation of this report. A matter is considered material if it can substantively affect the Group's ability to create and sustain value over the short-, medium- or long-term. The Board and management are of the view that the material matters published in this report offer a balanced mix of information, allowing readers to assess the Group's performance and prospects. These material matters were identified through our risk management process, strategy workshops and stakeholder engagement. Matters raised through stakeholder engagement are assessed in terms of the stakeholder's influence, legitimacy and urgency.

PURPOSE

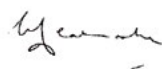
This integrated annual report is intended to concisely and accurately inform our stakeholder universe of our strategy, governance, performance and prospects in terms of value creation over the short-, medium- and long-term.

DIRECTORS' STATEMENT OF RESPONSIBILITY

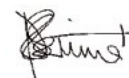
Our process of integrated reporting continues to evolve and at this stage the Group has not sought external assurance of the content or part thereof apart from the annual financial statements, on which the external auditor, Deloitte & Touche ("Deloitte"), has provided assurance, as confirmed in the independent auditor's report included in the annual financial statements available on the Company's website. The Board, assisted by its Audit, Governance and Risk Committee and other sub-committees, is ultimately responsible for overseeing the integrity of the integrated annual report.

The directors are responsible for the accuracy of financial information included from the annual financial statements in this report. The directors confirm that the Company complies with the laws of establishment and its MOI.

The Board has applied its collective mind to the preparation and presentation of the integrated annual report and concluded that it is presented in accordance with the IIRC IR Framework. On the recommendation of the Audit, Governance and Risk Committee, the Board of Directors approved the 2020 integrated annual report on 26 October 2020.



Chris Seabrooke
Chairman



Pfungwa Serima
Group Chief Executive Officer

FORWARD-LOOKING STATEMENTS

Many of the statements in this integrated annual report constitute forward-looking statements. These are not guarantees or predictions of future performance. As discussed in the report, Metrofile faces risks and other factors outside its control. This may lead to outcomes unforeseen by the Group. These are not reflected in the report. Readers are warned not to place undue reliance on forward-looking statements. Any forward-looking statements in this report have not been reviewed and reported on by the external auditor of the Company.

FEEDBACK

We welcome your feedback on this report. Please email your comments to info@metrofileholdings.co.za.

OUR VISION, MISSION AND VALUES

Metrofile's vision, mission and values are crafted around delivering quality service to all of our clients.

OUR VISION

To be our clients' trusted records and information management partner

OUR MISSION

To enable organisations and their people to manage their records and information securely, rapidly, intelligently and cost effectively

OUR VALUES

Metrofile is built on four promises:

COMMITMENT

We are dedicated to serving our clients

RESOURCEFULNESS

We find ways to work smarter

RELIABILITY

We deliver on our promises

INTEGRITY

We act in the best interests of our stakeholders

WHO WE ARE

The Metrofile Group is a leading global records and information management specialist, providing clients with end-to-end solutions for the complete information management lifecycle, allowing them to extract maximum value from their information assets.

Metrofile's traditional Secure Storage business, along with digital services and product offerings, enable businesses to manage their greatest risk, the security of information. The Group has an acclaimed track record in organising, backing up, managing and protecting large volumes of active and inactive documents, images and data, in physical or electronic format. To perform this critical function, Metrofile offers solutions specifically designed and developed to meet diverse needs, all of which are implemented by specially trained staff.

While the physical management of records and information remains core and continues to grow in volume and revenue, the provision of digital services is expanding and is integral to the strategy. Our solutions based end-to-end service offering covers both aspects as we work with clients on the digital transformation of records across the full paper to digitisation spectrum.

With the new wave of technological advances, Metrofile is well placed to assist clients in bridging the gap between physical storage and new digital platforms. Besides storing physical documents, our clients are now digitally originating, signing, storing, retrieving and archiving all content in secure digital form. This ensures their relevance in today's digital economy.

From origination, we are assisting our clients to leverage digital options, applying the latest technological developments in artificial intelligence and analytics. The Group ensures that clients benefit by achieving significant cost savings, maximum efficiencies and freeing up of valuable space, while ensuring the accuracy and security of valuable documents, more accurate client intelligence, mitigation of risks associated with complex processes, as well as ensuring legislative compliance.

Data and information management is growing in importance as the world becomes increasingly digitally connected. As the value of transforming raw data into usable information is recognised and becomes widespread, the wealth of data that Metrofile stores and digitises is increasingly a sought-after resource.

The business was formed in 1983 through the merger of two early innovators in records management and archiving. More than 37 years later, Metrofile is Africa's market leader in records and information management, offering a range of physical storage and digital services, as well as the confidential destruction of records. Today, our operations are international with subsidiaries servicing clients of all sizes and sectors across Africa and the Middle East.

OUR COMPANIES
OPERATE FROM

63

FACILITIES

Metrofile clients trust that we store and manage information securely, giving them peace of mind and confidence to make better decisions and offer improved service to their customers.

AT
35
LOCATIONS

COVERING
113 400
SQUARE METRES OF
WAREHOUSING SPACE

OUR GLOBAL PRESENCE

Our operations are global in nature with subsidiaries servicing clients of all sizes and sectors across South Africa, Botswana, Kenya, Mozambique and the Middle East.

MRM SOUTH AFRICA

Metrofile Records Management (MRM) South Africa is a market leader in physical and digital records and information management, with a strong brand and track record. Our base of ~9 000 clients across all industries includes multinationals, corporates, financial institutions as well as small businesses, such as doctors, churches and schools. Throughout the information lifecycle MRM helps businesses manage their physical and electronic records through digitisation, backups, storage and management. MRM has a particular strength in the financial services sector, with experience in developing processes to reduce clients' reliance on paper-based records, underpinned by business intelligence, speed-to-market, client satisfaction and effective collateral management.

MRM provides an integrated electronic filing system across multiple departments and divisions, including barcoding, tracking and seamless integration into client systems with highly advanced tracking capability, which reduces the risk of losing documents.

MRM REST OF AFRICA

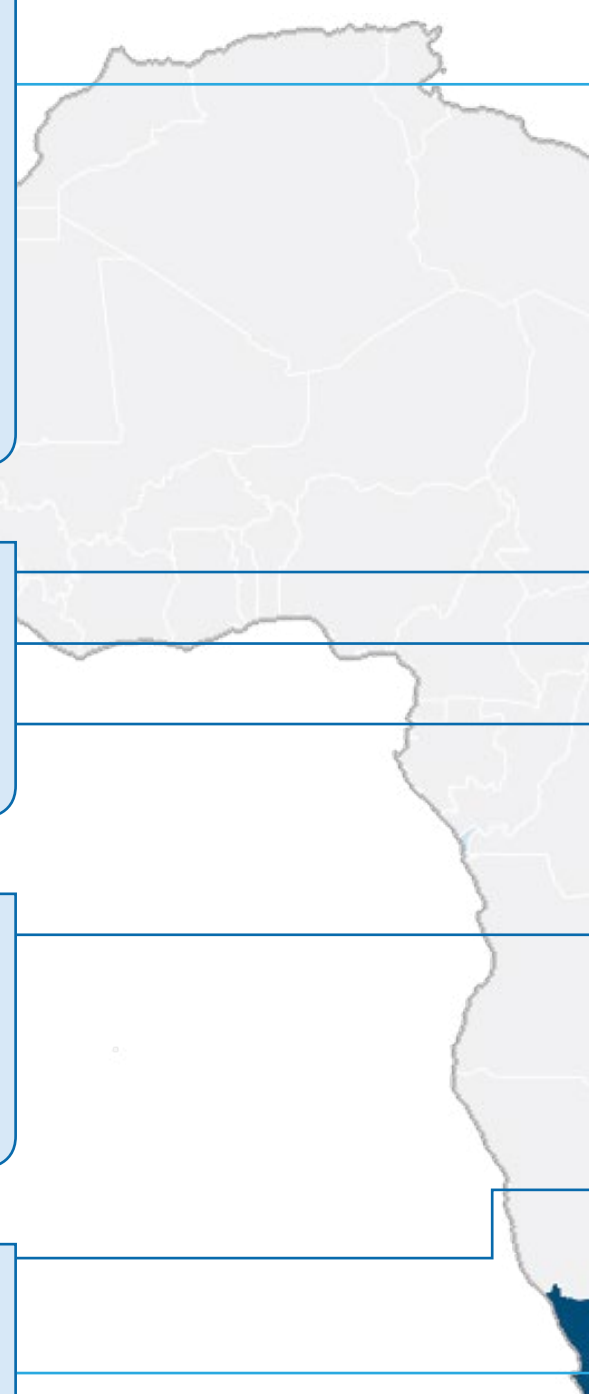
MRM Rest of Africa has operations in Botswana, Kenya and Mozambique. Metrofile is one of the major service providers in records and information management in the region. We specialise in all aspects of corporate archiving and records management, indexing, retrieval, tracking, imaging, data storage and destruction. We also offer specialist teams dedicated to compliance both at clients' premises and offsite. We have clients in financial services, healthcare, retail, mining, construction and telecommunications.

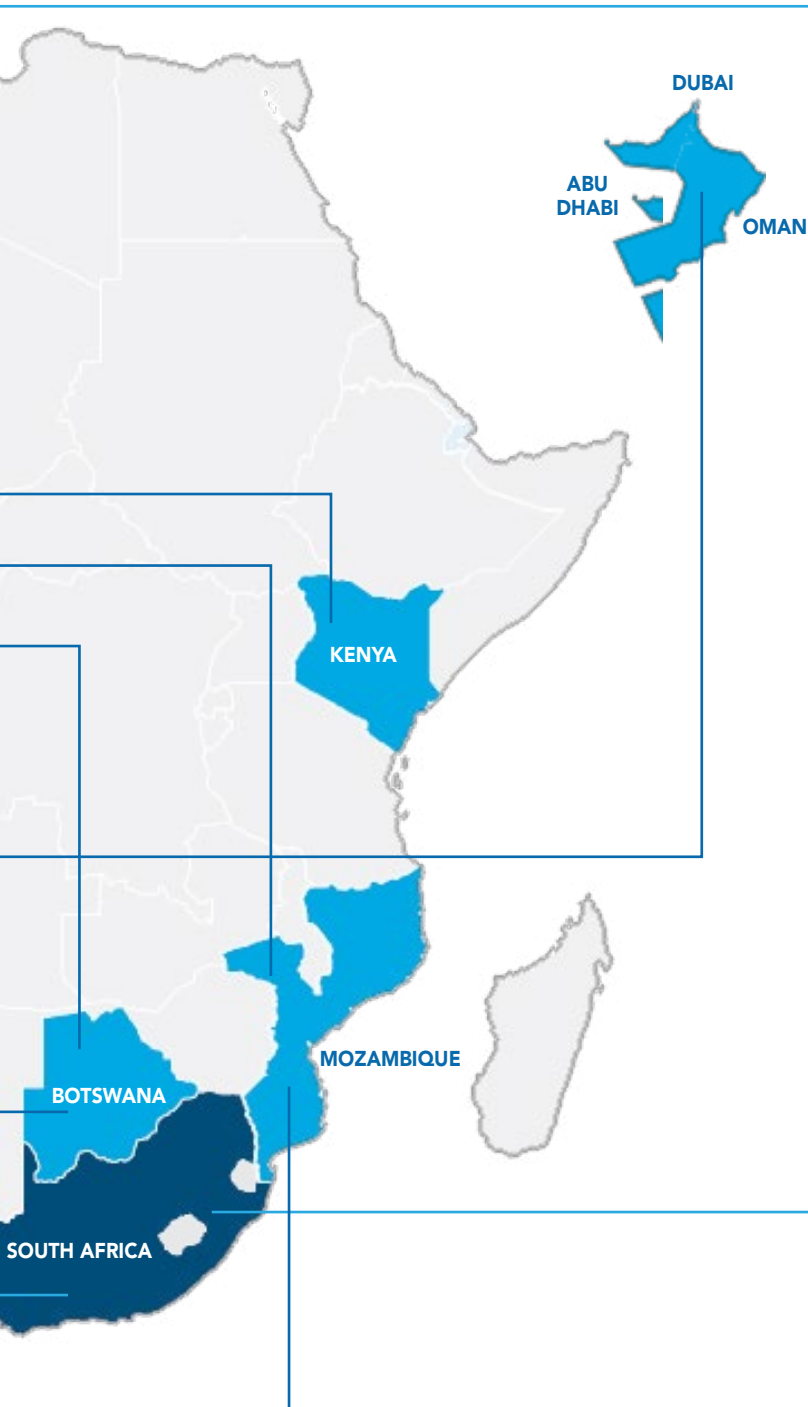
MRM MIDDLE EAST

With our operations in the Middle East, which include Dubai, Abu Dhabi and Oman, Metrofile is one of the major service providers in records and information management in the region, particularly in imaging processing and related digital services. In addition to the traditional records storage and information management, we offer digital services using the latest innovations and techniques, as well as consultancy services, image processing and digitisation.

PRODUCTS AND SERVICES

Tidy Files, Cleardata and Global Continuity form part of this division. Tidy Files is one of the leading manufacturers of end-to-end document products and storage solutions. Tidy Files also uses proprietary technology, combined with robotics process automation to provide a comprehensive range of solutions. Cleardata is a nationwide provider of secure onsite and offsite confidential document destruction and recycling. Global Continuity specialises in business continuity and disaster recovery, with sites across South Africa, Botswana and Mozambique. Services cover business impact and risk assessment, business continuity strategies and recovery plans.





REVENUE STREAMS

SECURE STORAGE

- Records storage and management, including backup and protection of active and inactive documents, images and data in physical and electronic format
- Management of the risk of loss of information
- Data capturing, enrichment and verification services

DIGITAL SERVICES

- Evaluation and digital transformation of business processes and tools, supported by machine learning and modern visualisation
- Business outsource services:
 - Proof of delivery processing
 - Track and trace management
 - Sensitive information protection
 - Procurement tracking
 - Claims processing
 - HR document management
 - Data protection
- Imaging services
- Turnkey digitisation
- Electronic document management services: e-Tracker and dataStor
- Online backup

BUSINESS SUPPORT SERVICES

- Full range of business continuity and disaster recovery services, including work area recovery
- Records management consultancy services
- Confidential document destruction and recycling

PRODUCTS AND SOLUTIONS

- Comprehensive range of filing solutions ensuring access to records and information
- Office filing stationery
- Archive filing boxes
- Bulk filing solutions
- Filing cabinets
- Shelving and steel products
- Scanners

HIGHLIGHTS

REVENUE
R903M

 1%

OPERATING
PROFIT
R217M

 3%

NET DEBT
IMPROVED TO
R524M

 11%

FINANCE
COSTS
R59M

 18%

EPS
(3.4c)

 >100%

HEPS
24.8c

 21%

NHEPS
26.8c

 2%

DPS
13c

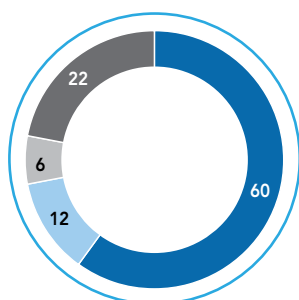
 30%

SUMMARISED SEGMENTAL INFORMATION

R'000	Revenue		EBITDA	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
MRM South Africa	543 027	555 885	254 151	233 652
MRM Rest of Africa	106 030	104 612	48 160	39 249
MRM Middle East	54 666	41 869	4 692	(5 602)
Products and Services South Africa	199 549	211 049	25 115	29 707
Central and Eliminations	–	–	(30 422)	(25 833)
Total	903 272	913 415	301 696	271 173
South African operations	742 576	766 934	248 844	237 526
Non-South African operations	160 696	146 481	52 852	33 647

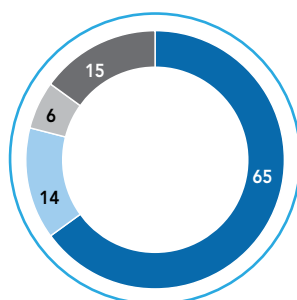
R'000	Operating profit		Tangible assets	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
MRM South Africa	207 280	204 165	708 403	669 190
MRM Rest of Africa	30 345	34 539	149 293	81 136
MRM Middle East	1 997	(8 286)	59 537	37 290
Products and Services South Africa	7 726	19 338	98 837	87 532
Central and Eliminations	(30 074)	(26 022)	(17 168)	(941)
Total	217 274	223 734	998 902	874 207
South African operations	184 932	197 481	790 072	755 781
Non-South African operations	32 342	26 253	208 830	118 426

SEGMENTAL REVENUE (%)



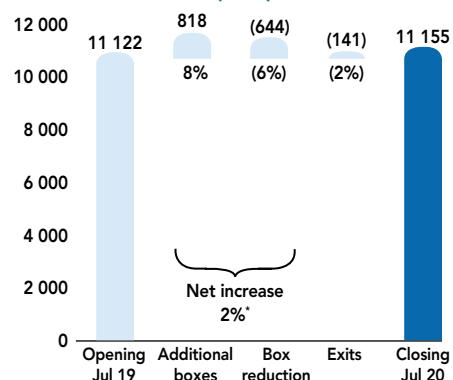
	(R'000)
MRM South Africa	543 027
MRM Rest of Africa	106 030
MRM Middle East	54 666
Products and Services South Africa	199 549

REVENUE DRIVERS (%)



	(R'000)
Secure Storage	588 160
Digital Services	124 708
Business Support Services	57 001
Products and Solutions South Africa	133 404

BOX MOVEMENTS ('000)



* Net box volume growth of 2% from existing operations, offset following exits from Zambia and Nigeria.

CHAIRMAN'S STATEMENT



CHRIS SEABROOKE
CHAIRMAN

“Our Secure Storage business strategy remains our core and is fundamental to all four pillars of our strategy. Metrofile’s business model remained resilient following the impact of lockdown measures and we anticipate Digital Services to be a key area of growth in the future.”

STRATEGY

Metrofile’s strategic pillars and revenue drivers remain Secure Storage, Digital Services, Business Support Services and Products and Solutions provided through Metrofile Records Management in South Africa, Rest of Africa and the Middle East and our Products and Services business unit comprising Tidy Files, Cleardata and Global Continuity. The annuity based business model is sound and remains resilient.

During the financial year, we exited the non-core businesses in Egypt, Nigeria and Zambia.

Our Secure Storage strategy remains fundamental to all four pillars of our strategy as we anticipate future growth from our Digital Services offerings. Digital Services currently contributes approximately 14% to revenue, and growth is expected in the future as more clients adopt technology in their processes. The COVID-19 related lockdowns have highlighted the increased importance of digitisation of clients’ business processes and the fast-growing demand for the conversion of data into insights. In an effort to rationalise our operations we are automating our image processing bureaus. Metrofile, together with its specialist partners, can add value through automation and solutions that streamline customers’ processes.

FINANCIAL OVERVIEW

The Group was trading well for most of the financial year despite challenging economic conditions, however the lockdown measures

had negatively impacted operational performance, particularly in the fourth quarter of the financial year. Despite servicing essential services clients, trading in April, May and June was lower than in the previous year. Revenue and operating profit from continuing operations decreased to R903 million and R217 million respectively, while EBITDA from continuing operations rose to R302 million. Strong cash generation helped to reduce net debt to R524 million. The Board declared a final dividend of 7 cents which, together with the interim dividend of 6 cents, resulted in a total dividend for the year of 13 cents per share.

SUSTAINABLE VALUE

Metrofile is committed to continual improvement in all aspects of sustainable value. This includes being a client-centric organisation and the supplier of choice for its over 13 000 customers. In providing an empowering environment for its employees, Metrofile works with its primary B-BBEE shareholder to improve employment equity ratios at all levels and this year we have achieved level 2 status. The Company engages regularly with all of its stakeholders, and in particular its shareholders, to obtain feedback and input on its value proposition. The Group’s environmental concern extends to operating policies for the reduction of emissions and a focus on waste management, with a particular priority being recycling. During the financial year, the management incentive scheme was reviewed and revised, and approved by shareholders at the AGM in November 2019.

DIRECTORATE AND CORPORATE GOVERNANCE

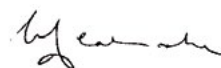
The Board and management continued to maintain the highest levels of governance. Metrofile is built on four promises, namely commitment, integrity, reliability and resourcefulness which support our vision of being our clients' trusted records and information management partner. As such, the Group's business philosophy requires that directors, employees and business partners conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour. The Company has adopted a Code of Ethics, the purpose of which is to prevent unethical business practices and to provide guidelines to ensure that all our business dealings and partnerships are conducted fairly and ethically.

The directors are accountable for the approval and execution of the Group's strategy and its operating performance. This year the directors have all given advice and oversight as management has dealt with the COVID-19 regulations. The Board is also the arbiter and monitor of risk and the custodian of Metrofile's corporate governance policies and procedures. As chairman, I guide the directors in these primary functions and am satisfied that the Board is not only diverse, but comprises a well-balanced spread of technical, entrepreneurial, financial and business skills. The Board is composed of two executive and seven non-executive directors of whom four are independent. We have four black and four female directors, evidence of our focus on transformation and diversity.

There were no changes to the Board during the financial year.

APPRECIATION

I record my appreciation to our CEO, CFO, management and staff for their dedicated and ongoing efforts on behalf of the Company in an uncertain and challenging environment. I thank our bankers and advisors for their continued support and on behalf of the Board I reaffirm our commitment to Metrofile's shareholders, clients and all stakeholders.



Chris Seabrooke
Chairman

CEO'S REPORT



PFUNGWA SERIMA
GROUP CHIEF EXECUTIVE OFFICER

“During the 2020 financial year we have made good progress in addressing key operational areas that should provide a stronger foundation across our lines of business in the future, irrespective of the current economic environment.”

OVERVIEW

Records and information management is a commercial imperative requiring compliance with a number of legislative regulations. Metrofile stores and manages information securely, building trust among clients and providing the assurance that their information is secure and readily available, giving them peace of mind and confidence in making better business decisions in order to provide excellent service to their customers. The core of Metrofile's business is the physical and digital management of records and information, with a diversity of solutions available to clients.

Our companies operate from 63 facilities at 35 locations servicing clients of all sizes and sectors across South Africa, Botswana, Kenya, Mozambique and the Middle East. We offer the infrastructure, technology and solutions to securely manage each phase of the document's lifecycle until its ultimate destruction and recycling.

During the 2020 financial year we have made good progress in addressing key operational areas that should provide a stronger foundation across our lines of business in the future, irrespective of the current economic environment. We produced strong results in the first nine months of trading and were on track for an excellent full year, were it not for the significant impact we experienced due to lockdown.

Our annuity based business proved resilient and helped us in dealing effectively with the impact of the pandemic during the last three months of the year. We, however, experienced severe challenges in the non-subscription part of our business, namely Tidy Files, and all projects-based assignments, such as image processing, that required the physical participation of our workforce.

IMPACT OF LOCKDOWN

The impact of lockdown measures highlighted the critical need for secure and safe information management. We reacted early, quickly and decisively to the crisis. The safety and health of our people was paramount and we speedily implemented operational health, safety and compliance measures. As an essential service we retained only critical labour onsite to facilitate required volume levels. We also introduced daily screening, sanitising/hand washing stations, social distancing, operational hygiene, training and awareness, use of face masks and PPE, ongoing compliance monitoring and reporting as well as the quarantine and specialised handling of boxes.

During the lockdown period, we experienced less retrievals, handling of boxes and shredding, reduced box intake, product sales and image processing, followed by a gradual ramp-up since May 2020. In response, we reduced costs significantly and renegotiated lease rental renewals with improved terms.

ACHIEVEMENTS

We made good progress on the five key priorities we set for the year. Active capital management included healthy cash generation, 21% reduction in capital expenditure, meticulous capital allocation and a 94% operating cash conversion ratio. We reduced net debt significantly with the resultant decrease in finance costs and we improved active cash management. In the UAE we secured new digitisation contracts but further productisation of digital solutions was hampered by the lockdown measures.

Although we achieved improved trading prior to lockdown, the impact of the restrictions resulted in impairment of goodwill. We finalised the review of our incentive scheme, which was approved by shareholders at the November 2019 AGM. Other achievements during the financial year included exiting the non-core businesses in Zambia, Egypt and Nigeria and changing the operating model to a subscription basis in the Middle East business, which now has a solid three-year pipeline.

In addition, I am pleased to report that during the year we achieved level 2 B-BBEE status.

STRATEGY

Metrofile's four strategic pillars and revenue drivers are Secure Storage, Digital Services, Business Support Services and Products and Solutions. Within these areas the Company provides solutions-based, end-to-end services, which cover the full paper to digitisation spectrum.

Our key strategic areas of focus:

- The physical storage business model, which remains at the core of our offering, despite a reduction of paper movement as customers elect digitisation.
- Driving our digital offering in an unpredictable environment in which the time-to-market has become a key differentiator. We focus on aggregation and provide line-of-business solutions through strategic partnerships with complementary solution providers.
- Ensuring appropriate internal IT solutions to support the business in order to introduce further efficiency and controls and to cut operational costs.
- Concentration on key financial metrics including 15% ROI on all expansionary capital investments, 40% EBITDA to revenue ratio, continuing to de-gear the balance sheet and improving our revenue to cost ratio.

OPERATIONAL HIGHLIGHTS

MRM South Africa

Revenue from MRM South Africa decreased by 2% to R543 million (FY2019: R556 million) following the reduction in digital services, specifically image processing, as a result of the lockdown. This was offset by a 1% improvement in net box volume growth. Operating profit increased by 1% to R207 million (FY2019: R204 million) following the reduction in costs. New box volume intake is expected to continue to increase, however the continued reduction in box related services is expected to persist in the short-term. The continued operationalisation of the digital services pipeline will be a key priority for the 2021 financial year.

MRM Rest of Africa

MRM Rest of Africa consisted of operations in Kenya, Botswana and Mozambique. Revenue was stable with a marginal increase of 1% to R106 million (FY2019: R105 million) as a result of an improvement in net box volume growth of 9%, offset by 14% due to exiting Zambia and Nigeria. Service related revenue was impacted by the lockdown measures. Operating profit decreased by 12% to R30 million (FY2019: R35 million) mainly as a result of the increased IFRS 9 ECL assumptions in relation to the provisions for doubtful debt. Net box volume growth is expected to continue going forward, particularly in the greater East African region.

MRM Middle East

MRM Middle East consists of operations in the United Arab Emirates and Oman. Egypt, which was partially included for the first half of the financial year before the Group's exit from this operation, contributed negatively to the operating profit for the year. Following a significantly improved project pipeline, revenue increased by 31% to R55 million (FY2019: R42 million) and operating profit improved from a loss of R8 million in FY2019 to a profit of R2 million.

Products and Services

Products and Services consists of Tidy Files, Cleardata and Global Continuity. This segment has been the most significantly impacted due to the lockdown measures as revenue decreased by 5% to R200 million (FY2020: R211 million). Operating profit decreased by 60% to R7.7 million (FY2019: R19 million). Through the existing pipeline, performance is expected to improve in the 2021 financial year.

OUTLOOK

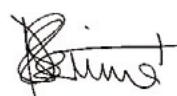
As we look to the 2021 financial year, the pace of change and the accompanying challenges are expected to increase even further. Our business model is resilient and will be further strengthened by our recent acceleration of our digital offerings based on the subscription model. The impact of the pandemic has shifted customers' attention towards automation and rationalisation of their business processes. Our solutions to assist customers in the new digital workplace will be at the core of what Metrofile and its selected partners will offer the market in the future. Trust from our stakeholders remains paramount to our success and we will achieve this by always delivering according to our existing commitments and by evolving our offer to lead the industry through the changes and challenges ahead.

We have considered, and will continue to monitor closely, the potential impact of the pandemic on our business and the macro-economic outlook. Furthermore, the extensive cost reduction exercise we have concluded will ensure that profitability is protected despite the expected economic challenges.

CONCLUSION

I wish to express my gratitude to the Board members for their direction and guidance during this unprecedented and difficult year.

Finally, may I thank all the Metrofile employees for their commitment and dedication throughout the year and their continued compliance with COVID-19 regulations and measures. Staying safe and healthy while offering excellent service to our clients is what enables us to be their supplier of choice.



Pfungwa Serima
Group Chief Executive Officer

CFO'S REPORT



SHIVAN MANSINGH
GROUP CHIEF FINANCIAL OFFICER

“Our strategic focus on stringent capital management, rigid cost controls and operational restructuring ensured that despite the challenging and unique external environment, Metrofile Group produced solid financial results.”

The 2020 financial year began with a solid foundation following the completion of the debt review, the sale of CSX and the exit from Nigeria and Dexterity in 2019. The operating and financial performance in the first nine months of the year under review was strong and positioned the Group for a good second half. Traditionally the second six months have been stronger than the first and we were on track to exceed the prior year's results. We produced record revenue, operating profit and EBITDA in the third quarter of the year. The COVID-19 pandemic and resultant stringent lockdown measures drastically altered this trend, significantly impacting our product and image processing businesses. Not only were our operations temporarily stopped but many of our clients were also closed, with employees working remotely from home. Overall our revenue for the year decreased 1% and our operating profit by 3%.

Our strategic focus on stringent capital management, rigid cost controls and operational restructuring ensured that despite the challenging and unique external environment, Metrofile Group produced solid financial results.

FINANCIAL REVIEW

The salient features of the financial results for the financial year ended 30 June 2020 were as follows:

- Revenue from continuing operations decreased by 1% to R903 million.

- Operating profit from continuing operations decreased 3% to R217 million following the reduced trading performance during the last quarter of the financial year.
- Net debt (excluding lease liabilities) improved by 11% to R524 million following the improved focus on cash generation.
- Finance costs (excluding interest on leases) improved by 18% to R59 million as a result of lower debt, following improved working capital management and focus on capital allocation.
- Earnings per share decreased by more than 100% to (3.4c) mainly as a result of the R118 million impairment of goodwill relating to the MRM Rest of Africa CGU and Tidy Files.
- Headline earnings per share increased 21% to 24.8c primarily due to improved finance costs, which were partially offset by lower trading during the lockdown.
- Normalised headline earnings per share decreased by 2% to 26.8c following an increase in the number of shares in issue and the adoption of IFRS 16 Leases.
- Dividends per share increased by 30% to 13c and included a final cash dividend of 7 cents per share.

Revenue from continuing operations decreased by 1% to R903 million (FY2019: R913 million) due to the impact of the lockdown measures on the Digital Services and Products and Solutions revenue streams. Secure Storage contributed 65% to Group revenue and was up 4% year-on-year mainly as a result of increased box volumes. This was partially offset by a reduction in box related services, such as

handling fees and transport of boxes. Closing box volumes for the Group at 30 June 2020 were 11.1 million (30 June 2019: 11.1 million) as net box volume growth of 2% from existing operations, offset by exiting Zambia and Nigeria, was achieved for the year. New box volume intake for the year increased 7% from new and existing customers and was partially offset by destructions and withdrawals. Net box volume growth in South Africa was 1%, Middle East 3% and Rest of Africa 9% (offset by 14% due to exiting Zambia and Nigeria).

Digital Services contributed 14% to Group revenue and was down 8% year-on-year, along with Products and Solutions which contributed 15% to Group revenue and was down 15% year-on-year. Lockdown measures impacted Digital Services, which experienced a reduction in scanning activity in the second half, and Products and Solutions which underwent the mandatory temporary closure of the manufacturing facility during the April 2020 level 5 lockdown. It was subsequently reopened in May 2020 under level 4 lockdown restrictions, and saw a gradual ramp-up to June 2020. Business Support Services contributed 6% to Group revenue, an improvement of 6% year-on-year as a result of improved trading in the first half of the financial year.

Operating profit from continuing operations decreased by 3% to R217 million (FY2019: R224 million) mainly as a result of the decrease in revenue and was offset by a reduction in costs. EBITDA from continuing operations increased by 11% to R302 million (FY2019: R271 million) as a result of the adoption of IFRS 16 Leases.

Net finance costs were 6% lower following the adoption of IFRS 16, however excluding the impact of the new accounting standard, finance costs improved by 18% as a result of lower debt levels. Net debt reduced by 11% to R524 million following improved cash generation, working capital management and focus on capital allocation. The Board declared a final cash dividend of 7 cents per share bringing the total dividend declared for the year to 13 cents per share.

The trading performance of the second half was impacted by the various COVID-19 related lockdown measures. When compared to the second half of FY2019 revenue from continuing operations decreased 10% to R431 million for the second half of the year. Due to the annuity based income of Secure Storage, this revenue stream was marginally higher at 2% as growth in box volumes was partially offset by a reduction in box related services, such as handling fees and transport of boxes. Our Business Support Services also increased marginally by 3%; however the lockdown measures had a significant impact in Digital Services and Products and Solutions as these businesses decreased by 22% and 39% respectively. Our Digital Services business was largely impacted due to the reduction in activity

in scanning during the lockdown, as well as prioritisation of resources by some clients. Products and Solutions was largely impacted by the mandatory temporary closure during April, but gradually improved during May and June.

In order to mitigate the impact of the reduced revenue performance during the lockdown period, various cost reduction initiatives were undertaken, and these resulted in a decrease in operating profit by 14% for the second half of the financial year to R109 million (2HFY2019: R127 million). The impact of this reduction in operating profit resulted in a year-on-year decrease in earnings per share of 3 cents. Further to this, and following the reduced levels of activity, the Group's staff count is expected to reduce by approximately 160 employees and, as a result, retrenchment costs of R12 million have been recognised in FY2020.

OUTLOOK

We have had a good start to the new financial year following the cost reduction measures, and despite the current economic challenges, we expect profitability to return to historical levels.

While we continue to contain costs, capital allocation and cash generation will be priorities in the 2021 financial year. Our de-gearing is expected to continue as we remain focused on capital allocation for the year ahead as we enforce strict allocation, timing and return on investment. We will also enhance our digital product offering as we partner with specialists in this area to provide solutions for our clients.



Shivan Mansingh
Group Chief Financial Officer

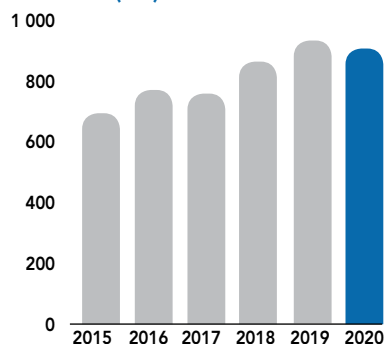
SIX-YEAR REVIEW

R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000
INCOME STATEMENT						
Revenue	903 272	913 415	873 531	769 239	777 577	701 898
Operating income	82 661	150 460	222 560	212 412	199 287	186 790
EBITDA	301 696	271 173	271 689	247 329	235 024	218 426
Net finance cost	(65 313)	(69 375)	(46 241)	(18 056)	(14 687)	(13 084)
Profit before taxation	17 348	81 085	176 319	194 356	184 600	173 706
Taxation	(33 743)	(55 342)	(50 185)	(54 979)	(48 949)	(46 244)
(Loss)/profit after taxation	(16 395)	(4 558)	123 854	139 377	135 651	127 462
Non-controlling interests	(1 570)	(12 117)	(3 759)	(4 358)	(5 522)	(2 842)
Attributable (loss)/profit	(14 825)	7 559	127 613	135 019	130 129	124 620
BALANCE SHEET						
Assets						
Property, plant and equipment	598 162	581 113	589 818	538 103	497 452	460 400
Intangibles and goodwill	367 159	496 182	544 073	216 938	220 890	194 615
Right-of-use asset	126 185	–	–	–	–	–
Long-term receivables	–	3 500	2 419	375	559	1 574
Deferred taxation asset	12 177	5 128	9 455	5 906	4 257	3 673
Current assets excluding cash	237 367	254 612	248 608	184 143	201 789	160 888
Cash resources	37 187	34 983	52 331	27 866	25 717	120 517
Total assets	1 378 237	1 375 518	1 456 057	981 070	950 364	941 667
Equity and liabilities						
Ordinary shareholders' interest	499 085	564 987	608 683	624 007	643 397	617 520
Non-controlling interests	8 797	(3 157)	13 170	23 636	16 943	12 887
Deferred taxation liability	43 877	43 845	43 759	25 074	21 646	19 035
Current liabilities [#]	133 963	169 409	126 594	95 167	95 876	88 737
Long-term lease liabilities	103 543	–	–	–	–	–
Long-term interest-bearing liabilities	520 110	560 053	597 118	156 904	123 297	156 125
Short-term lease liabilities	29 667	–	–	–	–	–
Short-term interest-bearing liabilities	39 195	40 381	66 734	56 282	49 205	47 363
Total equity and liabilities	1 378 237	1 375 518	1 456 057	981 070	950 364	941 667
Ordinary shares in issue [*]	(‘000) 433 700	424 906	416 164	421 103	425 084	427 084
Weighted average ordinary shares in issue	(‘000) 431 170	417 764	417 233	424 554	424 554	425 831
Headline earnings per ordinary share	(cents) 24.8	20.5	28.9	31.8	30.5	29.3
Dividends per share	(cents) 13.0	10.0	21.0	30.0	30.0	21.0

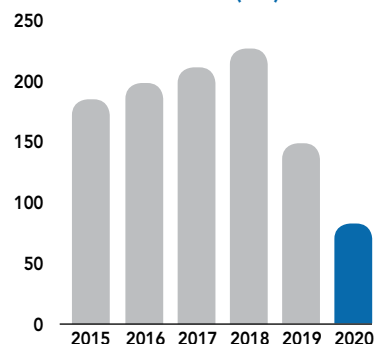
[#] Excluding short-term portion of lease liabilities and interest-bearing borrowings.

^{*} Net of treasury shares

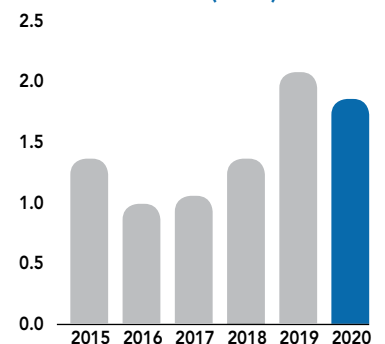
REVENUE (Rm)



OPERATING INCOME (Rm)



DIVIDEND COVER (times)



	2020	2019	2018	2017	2016	2015
FINANCIAL RATIOS						
Liability	1.7	1.4	1.4	0.5	0.5	0.5
Current	1.4	1.4	1.6	1.4	1.6	2.1
Quick liabilities	1.3	1.3	1.4	1.3	1.4	2.0
Interest cover (times)	1.3	2.2	4.8	11.8	13.6	14.3
Dividend cover (times)	1.9	2.1	1.4	1.1	1.0	1.4
Debt:equity (%)	138.8	106.3	109.1	34.2	26.8	33.0
Return on property, plant and equipment (%)	(2.5)	1.3	21.6	26.1	27.2	28.3
Return on capital employed (%)	6.9	13.4	18.5	27.3	26.0	24.1
Return on equity (%)	(3.0)	1.3	21.0	21.7	20.2	20.2
PROFITABILITY						
Operating income to revenue (%)	9.2	16.5	25.5	27.6	25.6	26.6
Operating income to average assets employed (%)	6.0	10.6	18.3	22.0	21.1	21.3
Number of employees	1 461	1 598	1 615	1 208	1 282	1 274

* From continued operations

RATIO DEFINITIONS

Liability

Liabilities to ordinary shareholders' interest

Current

Current assets to current liabilities

Quick liabilities

Current assets (excluding inventories) to current liabilities

Interest cover

Operating income to net finance costs

Dividend cover

Headline earnings per share to dividend per share for the year

Debt:equity ratio

Debt (excluding bank and cash) to ordinary shareholders' interest

Return on property, plant and equipment

Attributable income to property, plant and equipment

Return on capital employed

Operating income to ordinary shareholders' interest and interest-bearing liabilities

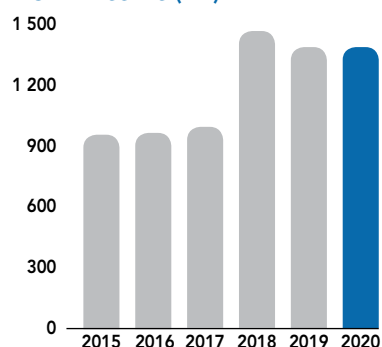
Return on equity

Attributable income to ordinary shareholders' interest

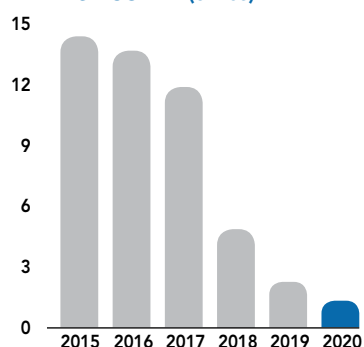
Average assets employed

Average total assets at the beginning and end of the financial year

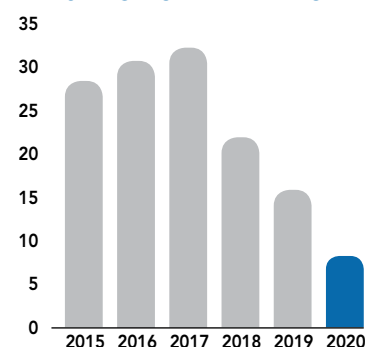
TOTAL ASSETS (Rm)



INTEREST COVER (times)



RETURN ON CAPITAL EMPLOYED (%)



CREATING VALUE SUSTAINABLY

For a truly integrated report, Metrofile must show the flow of strategising and decision-making that leads to value creation for shareholders, other stakeholders, employees and communities. We use our business model to create value for all our stakeholders by investing in the resources and relationships impacting our value. In creating value we take the operating environment into account and evaluate the risks and opportunities. Equally important, we offer material insights into our short-, medium- and long-term strategy.






When deciding on which items of information to include in this report, the Board and executive management considered the relative importance of each matter in terms of its known or potential effects on Metrofile’s ability to continue creating value. We prioritised these matters for relevance to the report users, so that information deemed as less important could be allocated to ancillary channels or set aside as irrelevant for informed shareholder and stakeholder decision-making.

OPERATING ENVIRONMENT  page 17	RISKS AND OPPORTUNITIES  page 20	STAKEHOLDER MAP  page 33
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KEY STRATEGIC PILLARS

SECURE STORAGE Managing the loss of information by backing-up, managing, storing and protecting large volumes of active and inactive documents, images and data in physical and electronic formats.	DIGITAL SERVICES Digitally transforming traditional business processes and tools into solutions that provide insights through machine learning and modern visualisation.	BUSINESS SUPPORT SERVICES An extensive range of business support services to ensure client peace of mind, allowing them to concentrate on core business.	PRODUCTS AND SERVICES A world class range of records and information management products and solutions for ensuring safe storage and data optimisation of client records.
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MATERIAL MATTERS 2020

COVID-19  page 21	BUSINESS SUSTAINABILITY, GROWTH AND THE EXPANSION OF SERVICES  page 22	DIGITAL TRANSFORMATION  page 23	MULTI-JURISDICTIONAL LEGAL AND REGULATORY COMPLIANCE  page 24	INFRASTRUCTURE AND OPERATIONAL RISKS  page 25
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VALUE CREATION

OPERATING ENVIRONMENT

The external environment has an impact on the Group's ability to create stakeholder value. This informs our thinking on material matters and identification of issues that could substantially affect the creation and sustainability of value in the short-, medium- and long-term (refer to pages 21 to 25).

GLOBAL CONTEXT

POSITIVE FACTORS

- Significant technological advances in robotics and artificial intelligence provide possibilities and opportunities.
- Continued economic and business prospects in the Middle East.
- Governments are passing and implementing new laws to ensure higher standards for data privacy.

CHALLENGES

- COVID-19 pandemic and related lockdown measures.
- Slow global economic growth linked to political uncertainties in major economies.
- Metrofile is exposed to various economies, growing at different speeds.
- Intense globalised competition.
- Complex regulatory environment.

SOUTH AFRICAN CONTEXT

POSITIVE FACTORS

- Data privacy and protection legislation provides opportunities for Metrofile.

CHALLENGES

- Temporary closure of operations in April 2020 due to COVID-19 related lockdowns.
- Some employees working from home.
- Challenging macro-economic and market environment impacted revenue growth and operating costs.
- Competition and commoditisation of record storage.
- Volatile exchange rates impacted global earnings.
- Scarce skills in SA in terms of network and information security, and technology expertise.

INDUSTRY TRENDS TO CONSIDER

POSITIVE FACTORS

- Opportunities created by the new digital work environment highlighted during COVID-19 lockdowns.
- Records and information management continues to be important for organisations.
- Increasing obligations regarding data, breach notification, trans-border data transfers, and appointment of data protection officers.
- Businesses moving to automate document management and workflow processes.
- Digitisation increasing.
- Paradigm shift in use of 'big data'.
- Move towards a mobile, digital workforce.

CHALLENGES

- Users demand technology to provide real-time information.
- Cyber-crime threat.

OUR RESPONSE

- We will continue to engage our clients and work closely with our technology partners to co-innovate value-adding solutions powered by emerging technologies.
- We will continue to invest in governance and compliance toolkits, privacy compliance, cyber-security and ransomware protection services.

- Rigid cost management.
- Standardise key solutions and translate projects into repeatable services.
- Expand the client base and offer digital services to new and existing clients.
- Attract and retain technical and specialist talent.
- Digital solutions in response to needs highlighted by COVID-19 lockdowns.

- The physical management of records and information continues to be core to Metrofile's business, with the provision of digital services becoming equally important.
- Investment in automation, robotics, AI and scanning processes.
- Systems continuity, cyber-security and IT governance recognised as top priorities.

STRATEGY

Records and information management is a commercial imperative. Metrofile stores and manages information securely, building trust among clients and providing the assurance that their information is secure and readily available, giving them peace of mind and confidence in making better business decisions in order to provide excellent service to their customers.

The core of Metrofile's business is the physical and digital management of records and information, with a diversity of solutions available to clients.

Metrofile's four strategic pillars and revenue drivers are Secure Storage, Digital Services, Business Support Services and Products and Solutions. Within these areas the company provides solutions based, end-to-end services, which cover the full paper to digitisation spectrum.



PERFORMANCE AGAINST STRATEGIC OBJECTIVES

HEALTHY CASH GENERATION AND EFFICIENT BALANCE SHEET

- Active management of working capital and balance sheet efficiencies
- Improvement in operating cash conversion ratio to 94%

Substantially achieved

REDUCE DEBT AND FINANCE COSTS

- Net debt reduced by 11% to R524 million
- Finance costs decreased by 18% to R59 million

Substantially achieved

PRODUCTISE DIGITAL SOLUTIONS AND DRIVE DIGITAL SERVICES REVENUE GROWTH

- Our digital strategy is integral to all revenue streams
- Reduced activity due to lockdown led to lower revenue from Digital Services

Good progress made in first 9 months but impacted by COVID-19 lockdown measures

OPERATIONALISE KEY OPPORTUNITIES IN EAST AFRICA

- Net box volume growth of 6%
- Service related revenue impacted by lockdown

Moderate progress

FINALISE NEW INCENTIVE SCHEME

- Incentive scheme reviewed, revised and approved at November 2019 AGM
- New scheme implemented

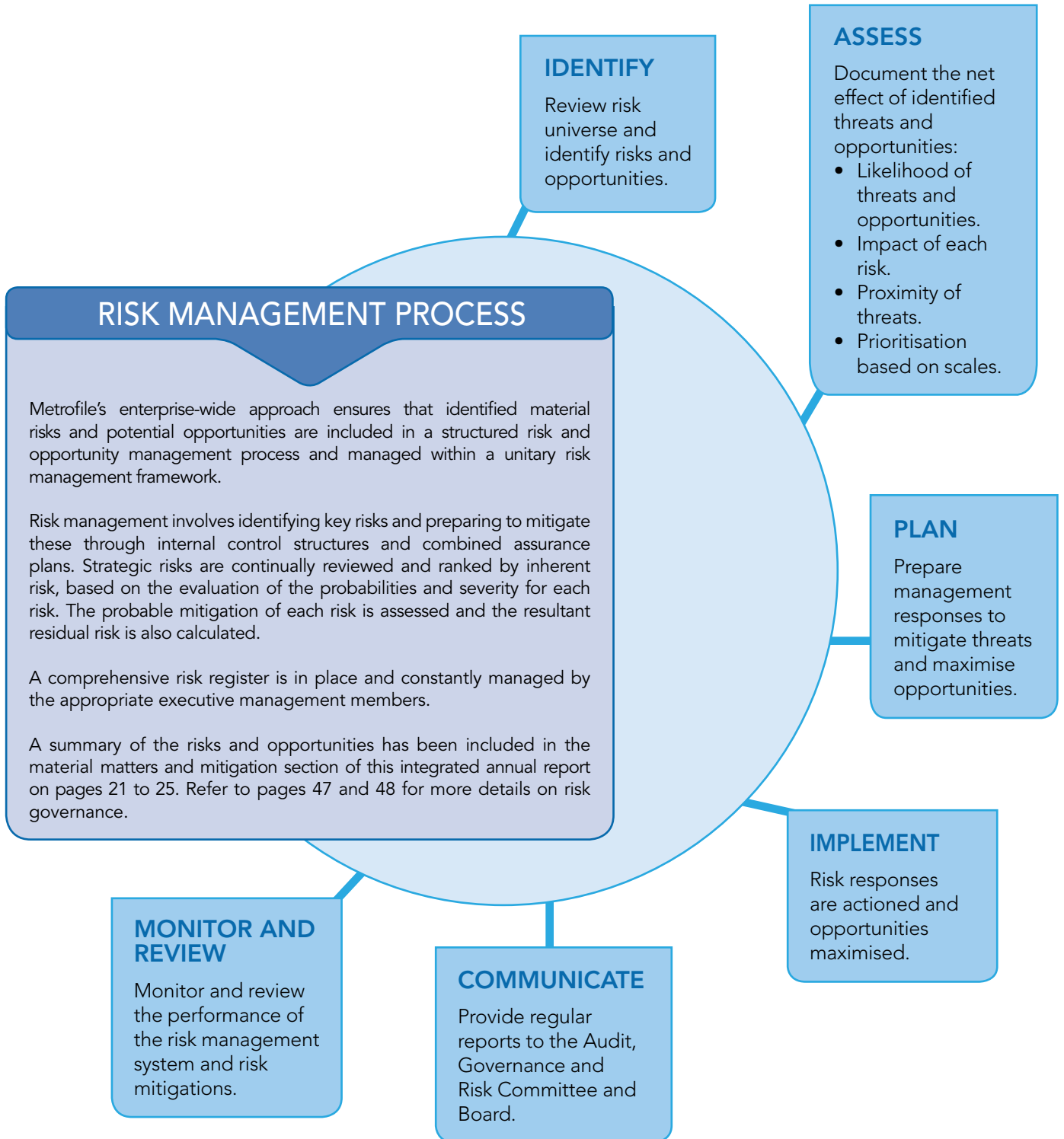
Achieved

RISKS AND OPPORTUNITIES

RISK PHILOSOPHY

Sound management of risks and opportunities enables the Group to anticipate and respond to changes in its business environment, and to take informed decisions under uncertain conditions.

Metrofile recognises that risk in business is complex and must be identified and prepared for across its operations. Risk management is intended to help achieve organisational objectives. Commitment to Metrofile’s risk and opportunity management philosophy ensures a safe and healthy work environment for employees and preserves assets and value creation for the benefit of all stakeholders.



MATERIAL MATTERS AND MITIGATIONS

MATERIALITY

Metrofile's Board and executive management present the information in this integrated annual report as relevant or 'material' to our shareholders and key stakeholders for a fully informed understanding of Metrofile's performance over the past year. We offer material insights into our short-, medium- and long-term strategy (refer to page 18 for our strategic pillars).

MATERIAL MATTERS

Metrofile's potential material matters emerge through our risk management process and stakeholder feedback.

Once identified, these potentially material matters are subjected to a materiality process that considers a matter's qualitative and quantitative aspect, influence, legitimacy, urgency, and Metrofile's ability to effect change with regard to our impact.

Our most material matters were determined in an integrated approach through:

- Understanding the consequences and implications of our external environment.
- Assessing stakeholder feedback in terms of the stakeholder's influence, legitimacy and urgency.
- Considering our current risks and opportunities.

The Group's material matters, associated risks and opportunities and key mitigations, in no particular order, are noted below:

MATERIAL MATTERS 2020

COVID-19 PANDEMIC AND RELATED LOCKDOWNS

The COVID-19 pandemic, various lockdowns and additional regulatory requirements had an impact on the Group as a whole.

STRATEGIC OBJECTIVES

- Healthy cash generation and efficient balance sheet.
- Productise digital solutions and drive Digital Services revenue growth.
- Operationalise key opportunities in East Africa.

ASSOCIATED RISKS AND OPPORTUNITIES

KEY MITIGATIONS

OCCUPATIONAL HEALTH AND SAFETY (OHS) OF EMPLOYEES, BUSINESS PARTNERS AND CLIENTS

In the current COVID-19 environment, OHS and compliance with COVID-19 related regulations are of critical importance to limit the spread of the disease and to ensure the safety of our employees, business partners and clients.

- Implemented operational health and safety measures to enable compliance with COVID-19 related legislation and regulations:
 - Compliance officers.
 - Daily screening, sanitising/hand washing stations, social distancing, operational hygiene, training/awareness, face masks and PPE.
 - Quarantine boxes.
- Ongoing compliance monitoring and reporting.

BUSINESS CONTINUITY, SUSTAINABILITY, CASH FLOW AND LIQUIDITY

Due to subdued trading and the negative impact of the pandemic on the macro-economic environment, business sustainability, cash flow and liquidity could be under pressure.

- BCP's in place.
- Strict cost control, cash flow and liquidity monitoring.
- Monitored and managed debtor balances.
- Non-critical capex and opex delayed and spend required executive approval.
- Rental leases re-negotiated with improved terms.
- Only critical labour onsite and aligned to volumes.
- Right-sized organisation with retrenchments due to lower operational volumes.
- Captured the opportunities provided to our industry due to lockdown measures in order to assist clients with the conversion of paper records to digital records.

POTENTIAL INCREASED CYBER-SECURITY THREATS

Working-from-home strategies increased the potential for cyber-security threats during the lockdown.

- Configured secure VPN connections.
- Designed and implemented two-factor authentications.
- Devices enabled with correct level of anti-virus and patches.
- Enhanced cyber-security communication and awareness.

MATERIAL MATTERS AND MITIGATIONS CONTINUED

BUSINESS SUSTAINABILITY, GROWTH AND THE EXPANSION OF SERVICES	ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
<p>Metrofile remains the records and information management market leader in South Africa, but the required level of growth can only be achieved by entering promising markets and expanding the Group's suite of service offerings.</p> <p>Metrofile is driving growth through:</p> <ul style="list-style-type: none"> • Targeting direct organic growth to widen our client base in South Africa. • Broadening our offering of products and services, particularly in the digital space. • Partnerships with software and technology specialists. 	<p>COVID-19</p> <p>The COVID-19 pandemic and various lockdowns could have a severe negative impact on the Group's sustainability and growth.</p>	<ul style="list-style-type: none"> • Reviewed business model in all service lines to ensure applicability in a post COVID-19 environment. • Reviewed cost base to enhance business sustainability. • Captured the opportunities provided to our industry due to lockdown measures to assist clients with the conversion of paper records to digital records.
	<p>FINANCIAL PERFORMANCE</p> <p>Having the optimal debt structure, cost reduction initiatives and cash generation plans in place to ensure a financial performance which creates value for shareholders.</p>	<ul style="list-style-type: none"> • Optimised debt structure. • Focused on healthy cash generation and conversion through active management of working capital components and balance sheet efficiencies. • Continued to optimise cost structures, key measurement ratios and efficiencies.
	<p>CLIENT SATISFACTION</p> <p>Expanding our services presents an opportunity to retain existing clients and gain new clients.</p>	<ul style="list-style-type: none"> • Executive call-in visits to clients. • Group executive sponsorships for strategic clients. • Negotiated global contracts. • Client needs assessed and solutions identified. • Revisited the core of the business on a regular basis to ensure that focus is maintained. • Ensured that services being offered are robust and can be supported. • Introduced business initiatives that are closely associated with our core business offerings.
<p>STRATEGIC OBJECTIVES</p> <ul style="list-style-type: none"> • Healthy cash generation and efficient balance sheet. • Productise digital solutions and drive Digital Services revenue growth. • Reduce debt. • Operationalise key opportunities in East Africa. • Finalise new incentive scheme. 	<p>ALIGNING PROCESSES AND PROCEDURES ACROSS ALL GEOGRAPHIES</p> <p>Harmonising business practices across the Group presents an opportunity for streamlining operational efficiencies.</p>	<ul style="list-style-type: none"> • Standardised Group best practices and criteria. • Regular business reviews and strategic discussions. • Standard reporting of financial results and Group consolidation tool in place. • Standardised and optimised operations across records and information businesses.
	<p>INTEGRATION OF SYSTEMS</p> <p>Maintaining the integrity of operational and financial information across multiple geographies remains a priority. This includes comprehensive reviews of all platforms and systems.</p>	<ul style="list-style-type: none"> • Standard reporting of financial results and Group consolidation tool in place. • Reconciliation of operational and financial systems.
	<p>APPROPRIATE SKILLS</p> <p>Astute talent management is required to ensure that competent staff with the necessary skills are recruited and retained.</p>	<ul style="list-style-type: none"> • Succession plans for executive directors, senior Group and subsidiary management in place. • Critical skills and responsibilities identified and remunerated accordingly, while high potential employees were given career building and leadership opportunities. • Market related remuneration packages to retain competent staff.
	<p>COMPETITOR BEHAVIOUR</p> <p>Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge.</p>	<ul style="list-style-type: none"> • Built and maintained good client relationships at all contact points within the business units. • Pre-empted competitor actions so as to maintain market leadership. • Built awareness to monitor non-traditional competitors entering our market.

DIGITAL TRANSFORMATION

Our Digital Services business currently contributes approximately 14% to revenue, and growth is expected in the future, as more clients adopt technology in their processes.

The COVID-19 lockdowns have highlighted the increased importance of digitisation of clients' business processes.

Metrofile keeps abreast of fast-growing demand for the conversion of data into insights. Besides technological advancements, this involves a more urgent drive towards co-innovation, organic growth and strategic partnerships.

Our digital strategy is fundamental to all four pillars of our strategy, but also has a particular focus on partnerships under the Digital Services pillar.

STRATEGIC OBJECTIVES

- Healthy cash generation and efficient balance sheet.
- Productise digital solutions and drive Digital Services revenue growth.

ASSOCIATED RISKS AND OPPORTUNITIES

KEY MITIGATIONS

DIGITAL STRATEGY IMPLEMENTATION

Delay of a fully implemented digital strategy could lead to missed opportunities, which could affect growth and market reputation.

- Revisited the digital strategy.
- Communicated digital strategy to stakeholders.
- Captured the opportunities provided to our industry due to lockdown measures to assist clients with the conversion of paper records to digital records.

PEOPLE SKILLS

Risk of not being positioned to attract and retain technical solution driven skillsets.

- Digital strategy and services defined and aligned these to people skillset requirements.

CLIENT SATISFACTION

Digital transformation, especially in a post COVID-19 environment, is a major opportunity to maintain Metrofile's status as market leader, satisfy our clients and gain market share.

- Executive call-in visits to clients.
- Client needs assessed and solutions identified.
- Introduced business initiatives that are closely associated with our core business offerings.

IT AND DATA SECURITY, PRIVACY AND INTEGRITY

Physical and digital security, confidentiality and handling of client information need to be protected.

Inadequate IT and data security could potentially lead to data breaches and reputational losses.

Non-compliance with privacy regulations in geographies could result in fines and reputational risk.

- Group IT Committee oversight.
- Continuous enhancement of information security, data protection and privacy protocols.
- Adequacy of external perimeter security controls regularly reviewed.
- Firewall continuously monitored and upgraded.
- Vulnerability assessments, penetration testing, malware protection and password controls in place to protect data.
- Vehicles and premises adequately secured.
- Confidentiality agreements, NDAs, background screening and MIE checks in place.

COMPETITOR BEHAVIOUR

Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge.

- Pre-empted competitor actions so as to maintain market leadership.
- Built awareness to monitor non-traditional competitors entering our market.
- Excelled in the delivery of client and operational service.

IT INFRASTRUCTURE, ENTERPRISE SOLUTIONS AND SOFTWARE

It is important to regularly upgrade the IT systems and infrastructure to keep abreast of improved technologies and to align to and be able to deliver the Group's strategy.

- Reviewed systems and infrastructure for applicability and improvements.
- Invested in upgrades and new software.
- Appointed specialists with IT expertise.
- Continuous enhancement of information security, data protection and privacy measures.

MATERIAL MATTERS AND MITIGATIONS CONTINUED

MULTI-JURISDICTIONAL LEGAL AND REGULATORY COMPLIANCE	ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
<p>Our operations cover a broad range of regulatory regimes. Compliance with regulations, laws and contractual commitments must be vigilantly monitored and managed.</p> <p>Accepting that each economy will have its own business idiosyncrasies, laws and trade patterns, we build relationships with credible local suppliers and advisers.</p>	<p>REGULATORY, LEGAL AND CONTRACTUAL COMPLIANCE</p> <p>Non-compliance with regulations, laws and contractual commitments could lead to fines, penalties, liabilities and reputational damage.</p>	<ul style="list-style-type: none"> Reviewed regulatory and business changes for compliance. Maintained a register of applicable regulations and laws which are considered in all business dealings.
<p>STRATEGIC OBJECTIVES</p> <ul style="list-style-type: none"> Healthy cash generation and efficient balance sheet. Operationalise key opportunities in East Africa. 	<p>LOCALISATION AND B-BBEE TRANSFORMATION REQUIREMENTS</p> <p>Country specific localisation policies might not be met in all geographies of operation.</p> <p>Localisation and B-BBEE transformation are essential, as are the indigenisation requirements of our various countries of operation.</p> <p>Indigenisation facilitates strong stakeholder relationships with local communities and bolsters the Group’s acceptability, relevance, and appropriateness as we operate in different geographies.</p>	<ul style="list-style-type: none"> In South Africa: <ul style="list-style-type: none"> Directed skills development throughout the organisation in a consistent manner in keeping with B-BBEE legislative requirements. B-BBEE strategy and plan in place to maintain and approve B-BBEE level over time. Transformation in Metrofile’s South African businesses closely monitored by executive management and linked to executive KPIs and remuneration. For Rest of Africa, managed applicable local content according to requirements.
	<p>OCCUPATIONAL HEALTH AND SAFETY (OHS)</p> <p>Non-compliance with legislation could result in penalties, liabilities or claims.</p>	<ul style="list-style-type: none"> Regular risk assessments and a comprehensive compliance framework. First line assurance by subsidiary management via SafeCyte compliance system. Third line assurance over health and safety compliance. New employees formally inducted into operational procedures and training provided in first aid, fire-fighting and evacuation procedures, in line with regulations. OHS compliance programme enhanced to incorporate COVID-19 compliance aspects.
	<p>BRIBERY AND CORRUPTION</p> <p>Development in global anti-bribery and anti-corruption enforcement points to the need for a broad, multi-jurisdictional compliance approach.</p>	<ul style="list-style-type: none"> Anti-bribery, anti-corruption and anti-competitive behaviour policies in place. Gift and declaration policy and procedure in place. Anti-bribery and anti-corruption training undertaken. Annual compliance declarations. Three quote system in place for procurement, with approval in line with authority frameworks. Supplier selection and evaluation process in place. Sales and pricing policies and procedures in place.
	<p>IT AND DATA SECURITY, PRIVACY AND INTEGRITY</p> <p>Physical and digital security, confidentiality and handling of client information need to be protected.</p> <p>Inadequate IT and data security could potentially lead to data breaches and reputational losses.</p> <p>Non-compliance with privacy regulations in geographies could result in fines and reputational risk.</p>	<ul style="list-style-type: none"> Group IT Committee oversight. Continuous enhancement of information security, data protection and privacy protocols. Adequacy of external perimeter security controls regularly reviewed. Firewall continuously monitored and upgraded. Vulnerability assessments, penetration testing, malware protection and password controls in place to protect data. Vehicles and premises adequately secured. Confidentiality agreements, NDAs, background screening and MIE checks in place.

INFRASTRUCTURE AND OPERATIONAL RISKS

Infrastructure upgrades are made continuously to ensure safe and healthy work environments for employees and to securely manage information assets.

A rolling capital expenditure plan is in place to ensure continuous upgrading of automatic firefighting, smoke detection equipment and IT infrastructure.

We have invested considerable financial capital and management time to enhance infrastructure and safety and to mitigate operational risks.

STRATEGIC OBJECTIVES

- Healthy cash generation and efficient balance sheet.

ASSOCIATED RISKS AND OPPORTUNITIES

KEY MITIGATIONS

FIRE

Damaged facilities would lead to severe interruption of business operations, while destroyed documents will result in reputational damage.

- Minimal electricity in warehouses.
- Thermographic scans conducted on electrical distribution boards.
- Early warning fire detection continuously upgraded under asset management programme.
- Automatic and handheld fire suppression/ fighting systems and gas suppression systems in vaults.
- Regular servicing of fire equipment.
- Quarterly emergency drills and a post-emergency analysis.

RACKING COLLAPSE

Falling materials and collapsing loads could impact business operations, endanger employees and result in damage to clients' information.

- All racking supplied and installed in terms of standards.
- Annual racking inspected by suppliers, with remedial reports.
- Risk assessments undertaken to identify risks early and implement remedial action within given timeframes.

OCCUPATIONAL HEALTH AND SAFETY (OHS)

Non-compliance with legislation could result in penalties, liabilities or claims and an unsafe work environment for employees, contractors and visitors.

- Regular risk assessments and a comprehensive compliance framework.
- First line assurance by subsidiary management via SafeCyte compliance system.
- Third line assurance over health and safety compliance.
- New employees formally inducted into operational procedures and training provided in first aid, firefighting and evacuation procedures, in line with regulations.
- OHS compliance programme enhanced to incorporate COVID-19 compliance aspects.

SECURITY MEASURES

Without adequate security measures, the Company may face severe operational disruption, financial losses, reputational damage and/or injury to staff.

- Perimeter controls, including electric fences linked to armed response and security guard patrols.
- Biometric access control.
- Site access controls for visitors.
- Sites monitored by outsourced security personnel.
- Actively monitored Company vehicles for suspicious activities and panic signals.
- Formal barcoded lock down procedures followed at the end of each business day, with a security presence after hours.

IT INFRASTRUCTURE

It is important to regularly upgrade the IT systems and infrastructure to keep abreast of improved technologies and to align with and be able to deliver the Group's strategy.

- Reviewed systems and infrastructure for applicability and improvements.
- Invested in upgrades and new software.
- Appointed specialists with IT expertise.
- Continuous enhancement of information security, data protection and privacy measures.

BUSINESS MODEL

Metrofile's business model draws on six capital inputs: financial, manufactured (built), intellectual, human, social (relationship) and natural capital, and shows how its activities transform them into outputs. In the adjacent business model schematic, we show how we manage each capital and how we have performed.

INPUTS (Refer to pages 28 to 34)

FINANCIAL CAPITAL

- Market capitalisation
- Debt funding

MANUFACTURED CAPITAL

- Warehouses
- Racking
- Processing centres
- Data storage vaults
- Disaster recovery facilities
- Vehicles
- Equipment

NATURAL CAPITAL

- Energy
- Resources

INTELLECTUAL CAPITAL

- Human capital
- Business systems and processes

SOCIAL AND RELATIONSHIP CAPITAL

- Reputation and brand
- Transparency
- Stakeholder relationships
- Integrity, ethical standards and governance

HUMAN CAPITAL

- Skilled workforce
- Learnership programmes
- Employee wellness

RISK MANAGEMENT AND PHILOSOPHY

EXTERNAL OPERATING ENVIRONMENT

OUR APPROACH TO VALUE CREATION

OUR VISION

To be our clients' trusted records and information management partner



Metrofile's business model is based on the lifecycle of a physically or digitally recorded document. Once a document is passed on to Metrofile for backup, security or storage, we offer the in-house infrastructure, technology and specific services to securely manage each phase of the document's lifecycle until its ultimate destruction and recycling.

Reliable records and information management is a vital responsibility. Modern organisations cannot function without secure and timely information. In an era in which data is being increasingly targeted by hackers for financial leverage, information has gained in economic, legal, fiscal, risk management and competitive value.

OUR STRATEGIC PILLARS AND OBJECTIVES (Refer to pages 18 and 19)



GOVERNANCE

Sound management of risks and opportunities enables the Group to anticipate and respond to changes in its business environment as well as provide the ability to take informed decisions under certain conditions.

Our external environment presents conditions that affect our ability to generate value every time. We face conditions such as political and economic volatility in South Africa, Rest of Africa and the Middle East, as well as legal and regulatory compliance, and the recent global impact of COVID-19.

OUR MISSION

To enable organisations and their people to manage their records and information securely, rapidly, intelligently and cost-effectively



Governments and business regulators are introducing stricter measures for securing and storing information or data. Failing to protect critical information or client data can lead to reputational damage, loss of business and financial penalties.

Metrofile deploys all accepted forms of records and information management, including paper, analogue and digital content.

METROFILE'S SUITE OF SERVICES

Corporate culture, ethics, performance and value creation, adequate and effective control, regulatory compliance.

OUTPUTS (Refer to pages 28 to 34)

FINANCIAL CAPITAL

- Revenue
- Profit
- Return on capital
- Dividends
- Cash generated by operations

MANUFACTURED CAPITAL

- Secure Storage
- Digital Services
- Business Support Services
- Products and Solutions

NATURAL CAPITAL

- Emissions
- Waste

INTELLECTUAL CAPITAL

- Secure Storage
- Digital Services
- Business Support Services
- Products and Solutions

SOCIAL AND RELATIONSHIP CAPITAL

- Around 13 000 clients
- Service delivery
- Level 2 B-BBEE scorecard

HUMAN CAPITAL

- 89% of our workforce are historically disadvantaged South Africans, of which 38% are black women
- Level 2 B-BBEE scorecard
- 15% employee turnover
- Succession plan

OUTCOMES (Refer to pages 28 to 34)

FINANCIAL CAPITAL

- Cash generative, based primarily on annuity revenue from stable and renewable contracts
- Cash reserve for strategic upgrading and acquisitions

MANUFACTURED CAPITAL

- ICT infrastructure
- Secure facilities and safe workplaces

NATURAL CAPITAL

- Cleaner mobility
- Low-energy warehouses
- Paper recycling

INTELLECTUAL CAPITAL

- Trust and confidence
- Performance improvement
- Trend awareness
- Competitiveness

SOCIAL AND RELATIONSHIP CAPITAL

- Commitment to transparency, quality and integrity
- Insight into clients' requirements
- Improved Group collaboration
- Socio-economic development
- Contributed 1% of NPAT to SED initiatives

HUMAN CAPITAL

- Skilled workforce
- Succession planning
- Diversity and transformation
- Inflow of women, young people and the disabled

CAPITAL OUTCOMES

FINANCIAL CAPITAL

Our financial capital inputs are made up of cash generated by our operations and debt and equity financing. These funds provide working capital to run our business and finance both expansion and replacement capital expenditure. The funds are also used to pay interest on borrowed money and distribute dividends to shareholders, when appropriate. Our financial capital is reinvested in all the other capitals in a measured way to grow and sustain our business, after careful consideration of the returns they will generate.

TRADE-OFFS IN OUR USE OF FINANCIAL CAPITAL OUTCOMES

- Sustaining and growing our expansion, products, solutions, people and communities using financial capital, with positive impacts on most other capital stocks.
- Use of financial capital to build new infrastructure and invest in our vehicle fleets may negatively impact on natural capital.

KEY INPUTS

- Market capitalisation R1 018m (2019: R719m).
- Cash and cash equivalents R32.1m (2019: R34.9m).
- Net asset value R507.9m (2019: R561.8m).
- Net debt improved 11% to R524m (2019: R588m).

OUTPUTS

- Revenue decreased by 1% to R903m (2019: R913m).
- EBITDA increased to R302m (2019: R271m).
- Closing box volumes of 11.1m (2019: 11.1m).
- Group HEPS 24.8c (2019: 20.5c).
- Group NHEPS 26.8c (2019: 27.2c).
- Cash generated from operations before net working capital changes R282m.
- R56m capital expenditure was incurred, of which R41m was expansionary capital.

HOW WE ACHIEVED THESE OUTCOMES

- Efficient capital allocation.
- Net box volume growth, offset by exiting Nigeria and Zambia.
- Working capital management.
- Exiting non-core businesses – Egypt, Nigeria and Zambia.
- Stringent cost control.

MANUFACTURED CAPITAL

We leverage our asset base, including warehouses, properties, data storage vaults, disaster recovery facilities, vehicles, specialised equipment and high-end dedicated fibre, to service our clients. We rely on IT equipment and software to provide new products and solutions to our clients. Investment in warehousing, infrastructure, processing facilities and other assets is essential to deliver quality products reliably to our clients. Metrofile constantly explores new technology and ways to operate our assets more efficiently and effectively.

TRADE-OFFS IN OUR USE OF MANUFACTURED CAPITAL OUTCOMES

- Pursuing excellence in operating manufactured assets across the value chain underpins performance in safety, reliability and cost-effectiveness.
- Adopting advanced technology results in more efficient business processes and allows us to offer digital tools and solutions to clients.
- Although our warehouses make use of natural light as far as possible, transport and courier services contribute to Scope 3 emissions.

KEY INPUTS

- Properties, buildings and warehouses:
 - The Group operates from 63 facilities, at 35 locations, covering 113 400 square metres of warehousing space, 56% of which is owned (based on square metres).
 - 17 processing centres.
 - 20 data storage vaults.
 - 4 disaster recovery facilities.
 - 1 specialised document destruction facility.
 - 1 printing and die-cutting facility.
 - 1 wood-working factory.
- Fleet of vehicles, including specialised mobile shredding trucks.
- Sophisticated ICT infrastructure.
- Other equipment (including scanners, forklifts, fire suppression and security equipment).

OUTPUTS

- Secure Storage.
- Digital Services.
- Business Support Services.
- Products and Solutions.

HOW WE ACHIEVED THESE OUTCOMES

- Manufactured capital is managed strictly in line with best practice to include:
 - Physical access controls supported by security and fire detection systems.
 - Adequate insurance of assets.
 - Ongoing maintenance of buildings and fleet.
- A rolling capital expenditure plan ensures continuous upgrading of infrastructure.
- Metrofile owns or leases premises based on the prevailing economic realities in each country in which we operate.
- Investments were made in IT infrastructure, motor vehicles, racking, equipment and mobile shredding equipment.
- Capital investment plans for the next financial year amount to R67m, of which R36.8m relates to expansion.
- Facilities are designed to maximise space and are purpose-built with designed racking matching height-specific requirements to weight.
- Customised data vaults are tightly secured, equipped with fire suppression, environmentally controlled and constantly monitored by CCTV cameras.
- Warehouses make use of natural light as far as possible, to reduce potential fire ignition sources.
- In-house vehicle fleets combined with outsourced couriers to maximise client service and fleet.
- Upgrading and updating secure ICT infrastructure.

CAPITAL OUTCOMES CONTINUED

NATURAL CAPITAL

Metrofile continues to manage its impact on the natural environment. The nature of our business enables us to drive our environmental commitment by focusing on the importance of recycling which is the primary business of Cleardata. Our environmental impact is offset by recycling boxes and documents which is our single largest environmental contribution. In the past financial year, Metrofile recycled approximately 6 500 tons of paper. We remain aware of global environmental concerns, and continue to monitor our usage of water, electricity and fuel. Management is working towards establishing baseline reporting data, to enable better monitoring of consumption and to show year-on-year improvements, and encouraging recycling of all materials at our operations.

TRADE-OFFS IN OUR USE OF NATURAL CAPITAL OUTCOMES

- Our use of non-renewable resources, such as fossil fuels, and our emissions and wastes, negatively impact natural capital.
- We convert natural capital into value-added services and boost the stocks of other capitals.
- Recycling significant volumes of paper saves transport and handling costs.

KEY INPUTS

- Electricity generated primarily from fossil fuels.
- Petrol and diesel used to fuel vehicles and generators.

OUTPUTS

- Scope 3 emissions.
- Reduced waste-to-landfill.
- Continued focus on reducing electricity consumption.

HOW WE ACHIEVED THESE OUTCOMES

ELECTRICITY

- Warehouses are designed with minimum power usage so as to reduce costs and the risk of fire. Natural light is used as much as possible through the use of translucent sheeting.
- In conjunction with natural light, employees working in warehouses utilise headlamps to ensure that their safety is optimised at all times whilst reducing the requirement for and risk of powered lighting.
- Lights are switched off when offices and meeting rooms are not in use and low-energy bulbs have been installed.
- Geysers temperatures are managed.

WATER

- All staff are aware that water is a precious natural resource which must be used sparingly.
- Leaks are reported and repaired timeously.

FUEL

- The Group has implemented the efficient use of its fleet:
- Reduction in the number of vehicles utilised.
 - Monitoring of the driving techniques of our drivers.
 - Structured maintenance and replacement policy.

CARBON FOOTPRINT

We continue to work on understanding our carbon footprint:

- Group and regional offices have been equipped with video-conferencing facilities to reduce internal travel.
- The COVID-19 pandemic resulted in greater use of virtual meetings.
- Offices and warehouses are strategically located near to public transport hubs, to enable staff to access and use public transport.
- We monitor our carbon footprint in relation to business travel and are considering programmes to generate carbon credits.
- Metrofile is under the threshold for mandatory Greenhouse Gas (GHG) reporting and thus will not be required to pay carbon tax.

INTELLECTUAL CAPITAL

Our intellectual capital is derived from our extensive industry experience, combined with technology, procedures and processes developed by the Group. Metrofile keeps abreast of industry and consumer trends to stay relevant in the future, while delivering excellence in the present. In this dynamic industry, Metrofile focuses on innovation of products and services and the introduction of specialist skills to develop innovative solutions for our clients. Metrofile's investment in research and development has led to an ever-expanding range of products and solutions.

TRADE-OFFS IN OUR USE OF INTELLECTUAL CAPITAL OUTCOMES

- Intellectual capital dovetails with human capital through employee competence, skills, training and development.
- Intellectual capital exists in all key support functions such as financial, administration, client relations and IT.
- The cumulative value of the intellectual capital that Metrofile has refined over nearly four decades informs and drives our evolving business strategy. Building onto the other five capitals, it enables Metrofile to remain sustainable and ahead of our competitors.

KEY INPUTS

- Skilled, experienced and technically qualified human capital.
- Business systems and processes.
- Experienced leadership responsive to the changing environment and client needs.

OUTPUTS

- Secure Storage.
- Digital Services.
- Business Support Services.
- Products and Solutions.

HOW WE ACHIEVED THESE OUTCOMES

The Group's intellectual capital is refined through a continuous improvement process based on:

- Responding to changing needs.
- Competitive intelligence.
- Anticipating the future needs of clients.
- Collaborating internally with Group businesses to pool intellectual capital.
- Consulting with clients to create tailor-made solutions that fit their unique records and information management needs.
- Partnering with the best providers of forward-thinking technology solutions and services.
- Acquiring product lines in emerging technologies.
- Continuously assessing product and service gaps, as well as identifying adjacent opportunities.
- Improving operational efficiencies and cost management.
- Identifying and mitigating risks.
- Upskilling and motivating our workforce.
- Metrofile's range of consultancy services is designed to help clients navigate the world of records management.
- Specialised records management software includes dataStor and e-Tracker.
- Examples of services:
 - Archiving of 3D operational data.
 - Single electronic platform for credit communications.
 - Integrated electronic systems.
 - Robotics processing.

CAPITAL OUTCOMES CONTINUED

SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital forms an integral part of the values of Metrofile. It involves our business and institutions associated with it, as well as the relationships with employees, communities, shareholders, clients, suppliers, industry and government. Through ongoing engagements with our stakeholders, we endeavour to create transparent trust-based relationships to understand their views, and inform our response to their unique needs. At the heart of our social and relationship capital plan is a need for Metrofile to support and meaningfully contribute towards social and economic transformation for the people whose lives we touch.

TRADE-OFFS IN OUR USE OF SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES

- Positive impact on the communities we serve, which promotes our brand awareness and, in the long-term has a positive impact on our financial capital.
- Building human and intellectual capital, which positively impacts social transformation and Metrofile’s competitive edge in providing excellent service to our clients.

KEY INPUTS

Central to Metrofile’s social and relationship capital plan are our Socio-economic Development (SED) initiatives, which are focused on specific needs of surrounding black communities. The initiatives (such as bursaries and sponsorships for school and tertiary education, and healthcare support) enable the previously disadvantaged to gain sustainable access to the economy. We invest a minimum of 1% annually of our net profit after tax (NPAT) in these initiatives.

The following are our key inputs towards social and relationship capital for the reported period:

- Continued constructive engagements with all stakeholders.
- Close engagement with shareholders and investors.
- Donation of storage space to healthcare facilities for the storage of confidential data.
- Conducting business in a transparent manner that is mutually beneficial and sustainable.
- Around 70% of our total procurement from B-BBEE compliant suppliers.
- Youth empowerment through education bursaries for unemployed black youth in local communities aspiring to be teachers.
- Outreach activities by our employees and donations towards community charities/organisations.
- Employee engagement through surveys and ethical workplace practices.

HOW WE ACHIEVED THESE OUTCOMES

- Metrofile ensured that matters arising from stakeholder engagements were reviewed considering stakeholders’ perspectives, to ensure alignment of Metrofile’s services to its stakeholders’ expectations.
- Metrofile and its subsidiaries established a consistent Group-wide approach to stakeholder engagement to ensure effective messaging and interactions (refer to diagram on the next page).
- We continued to honour our commitment to contribute a minimum of 1% of our NPAT to initiatives focused on achieving sustainable social transformation. In 2020, our SED spend amounted to 3% of our NPAT.

OUTPUTS

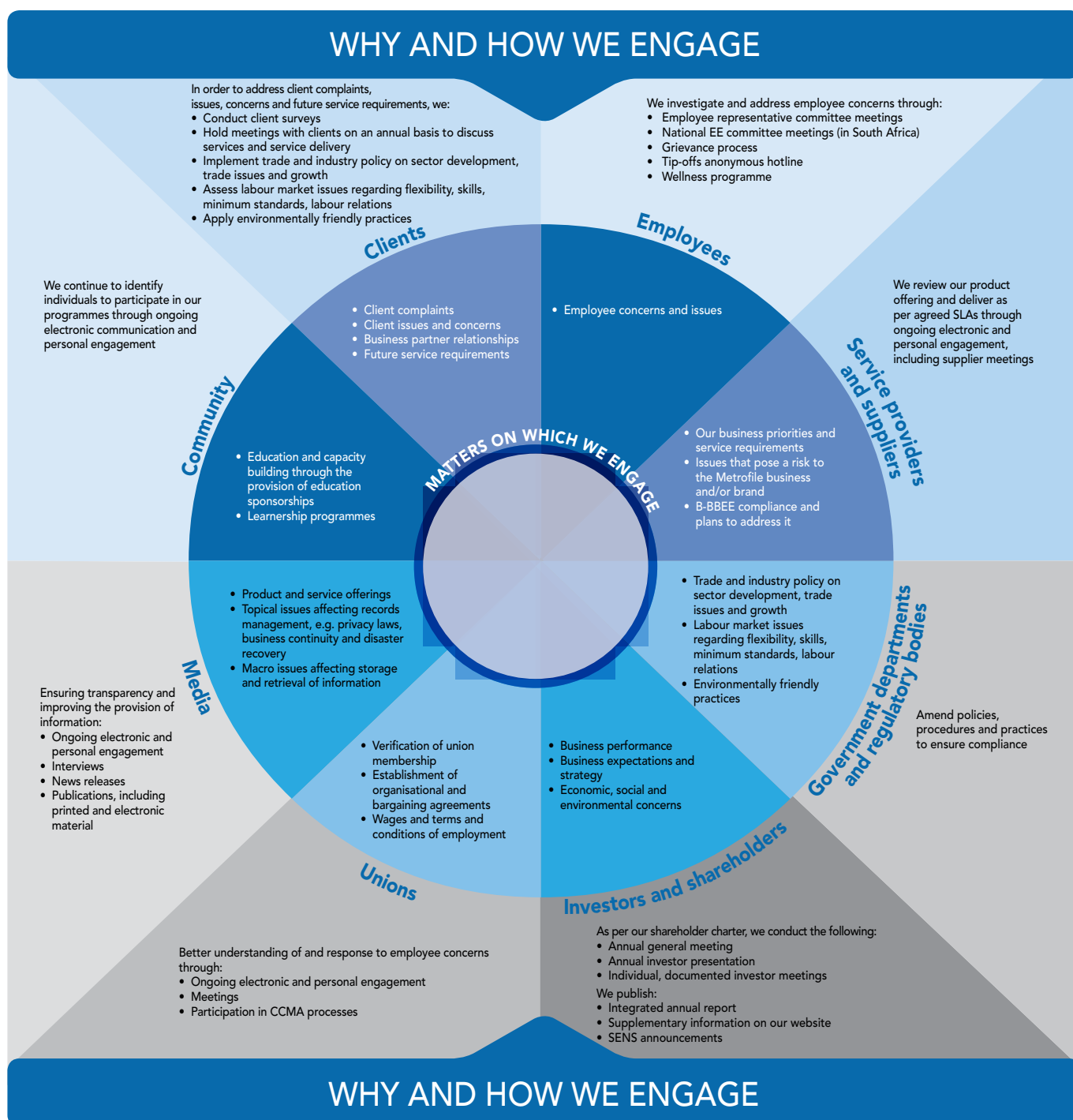
- Consistent high quality service.
- Level 2 B-BBEE scorecard.
- Ongoing interactions with government and tax authorities.
- The funds we donate towards community charities/ organisations enable them to deliver and expand their social transformation mandates.
- Funding towards education of children and unemployed youth improves their access to the job market and creates a talent pipeline for the business.

STAKEHOLDER ANALYSIS

Engaging with stakeholders is an important part of our business. We recognise that we depend on sound relationships with all our stakeholders in order to grow our business and provide value. We are committed to collaboration, positive partnerships, engagement, consultation and teamwork to achieve common goals. Through our various functional disciplines, we have implemented processes to monitor stakeholder engagement.

Key stakeholders are identified according to their interests, areas of expertise and levels of influence. Areas of concern and opportunities to improve are escalated to the responsible executive, and to the Board where required.

As stakeholders change, stakeholder mapping and analysis is undertaken regularly. Our primary stakeholders are our employees, suppliers, government departments and regulatory bodies, shareholders, unions, media, communities and clients. These groups are presented in the stakeholder map below.



CAPITAL OUTCOMES CONTINUED

HUMAN CAPITAL

Although Metrofile is becoming increasingly technology-focused, many processes still rely on manual labour and physical handling. We depend on the expertise and experience of our people, their health, skills and safety, to operate our facilities safely and efficiently, and in so doing assist in the delivery of our strategy. Our people management methodology contributes to resolving inequalities in the workplace, and our ongoing investment in employee training and development is aimed at preparing our people for a digital future.

Our subsidiaries and associated companies in Africa and the Middle East have indigenisation policies in place, which are managed by local partners and management.

TRADE-OFFS IN OUR USE OF HUMAN CAPITAL OUTCOMES

- To attract and retain technical and specialist skills, we maintain and improve productivity levels and innovate around new technology solutions.
- Training and development build competencies and collective values around safety, operational excellence and innovation.
- Remuneration strategies focus on entrenching a performance-driven culture, which supports cost optimisation.
- Effective management of risks associated with industrial action by building partnerships with trade unions and engaging in other structured forums.

KEY INPUTS

- Leadership.
- Skilled workforce with the relevant knowledge and experience:
 - South Africa: 1 160.
 - Outside of South Africa: 301.
- Metrofile's learnership programmes in South Africa:
 - During the 2020 financial year trained a total of 195 learners, 136 unemployed learners and 59 employed learners. Of the above learners 195 are black and 109 are female.
- Active pursuit of transformation.
- Employee wellness programme.
- COVID-19 safety and hygiene protocols.

OUTPUTS

- Level 2 B-BBEE status.
- 15% employee turnover.
- Succession planning in place.
- 89% of our workforce are historically disadvantaged South Africans of which 38% are black women.
- 26 COVID-19 positive cases. No deaths.

HOW WE ACHIEVED THESE OUTCOMES

- Compliance with labour legislation.
- The Group has a mature, well-entrenched range of effective human resource policies and procedures in place, which are introduced to new employees during induction.
- Our people operate within a clearly defined framework and must adhere to the Group's code of conduct and business ethics.
- Training of marginalised groups such as women and the youth is prioritised.
- Executive and senior management performance in reaching transformation targets is linked to their remuneration.
- In accordance with our skills development initiatives, Metrofile in South Africa has several learnership programmes underway for employed staff and unemployed learners.
- In South Africa, Metrofile is a fully accredited member of the Services SETA and reclaims its full development levies every year.
- Metrofile works with our primary B-BBEE shareholder, the Mineworkers Investment Company, to grow the skills of our people and improve employment equity ratios at all levels.
- The South African operations have a set policy of procuring services and supplies from black-owned businesses, with black woman-owned businesses as first choice.
- Metrofile facilities in South Africa are regularly visited by our wellness service provider, which offers basic health checks, advice, guidance and counselling.
- Metrofile conducts a comprehensive HIV/Aids strategy and programme, based on the core principle that the human rights and dignity of any employee infected by the virus should be upheld.
- Metrofile embedded the SafeCyte compliance system to monitor and maintain safe workplaces. We maintain a register of all workplace accidents and no serious injuries were reported over the past year, and no significant loss of time due to injury.
- Staff members are actively involved in health and safety committees, with health and safety training conducted each year.
- Zero tolerance for any form of discrimination or unfair treatment.
- Employees receive regular performance reviews.
- Engagement with unions in the spirit of free association.
- COVID-19 health, safety and compliance measures implemented.

CORPORATE GOVERNANCE

Metrofile Holdings Limited and its subsidiaries confirm their commitment to driving positive governance outcomes through principles, as advocated by the King IV™ Report on Corporate Governance for South Africa, 2016 ("King IV™"), and remain committed to complying with legislation, regulations and best practices relevant to the business.

During the year ended 30 June 2020 and up to the date of approval of this integrated annual report, the principles articulated in the JSE Listings Requirements and the King IV™ Report have been substantially applied.

Throughout the reporting period, action plans identified during the previous financial year have been implemented to further align the Company's governance principles with the King IV™ philosophy, principles and governance outcomes.

Throughout this section, we have reported on these action plans, as well as highlighted key focus areas for the next financial year.

VALUE CREATION

The Board regards governance as fundamental to the success of Metrofile's business. It is committed to applying the principles of good governance in directing and managing the Group in order to achieve its strategic objectives.

As reported in the creating value sustainably section of this report (refer to pages 16 to 34), the integration of our stakeholder engagement, material matters assessment, strategy and business model development, together with our performance management and outlook, ultimately encapsulates the value creation story of the Group, overseen by our governance framework.

The Group endeavours to provide relevant reporting in a transparent manner to its stakeholders through the medium of the integrated annual report, annual and interim financial results, as well as supplementary reports and engagement with various stakeholders throughout the year.

Communicating with all stakeholders is a fundamental part of Metrofile's drive to provide timely, transparent and full disclosure. Metrofile is further committed to transparent reporting to all its stakeholders.

During this financial year, we continued to enhance our stakeholder communication and investor relations to ensure that more relevant information is provided to our stakeholders, through improved disclosure. This will continue to be a key focus area for the 2021 financial year.

BUSINESS CONDUCT, ETHICS AND PREVENTION OF CORRUPTION

Metrofile is built on four promises, namely commitment, integrity, reliability and resourcefulness, which support our vision of being our clients' trusted records and information management partner. As such, the Group's business philosophy requires that directors, employees and business partners conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour.

The Company has adopted a Code of Ethics, which is available on the website. The purpose of the Code of Ethics is to prevent unethical business practices and to provide guidelines to ensure all our business dealings and partnerships are conducted fairly and ethically. The Code of Ethics stipulates, among other things, that the Company must ensure it practices good business ethics, as well as ensuring that all of its subsidiaries and business partners adhere to the Code of Ethics.

The Board considers sustainability to encompass social and environmental responsibility, good corporate governance and ethics, which are fundamental to the way the Company interacts with its stakeholders, investors, clients, suppliers, employees and the community.

Metrofile is committed to govern its activities in a manner that is commensurate with the overarching corporate governance principles of fairness, accountability, responsibility and transparency.

The Board, CEO and CFO lead by example in terms of commitment, honesty and integrity. The leadership team continually supports and promotes an integrity-driven culture.

ETHICAL AND RESPONSIBLE LEADERSHIP

As a member of Professional Records and Information Services Management (PRISM) International, a non-profit trade association for the commercial information management industry, Metrofile subscribes to a philosophy of professionalism towards clients, fellow PRISM members and the public.

The Group subscribes to a whistle-blowing hotline, which was established in order to create a channel for anonymous tip-offs relating to any matter of concern impacting the Group or our stakeholders. All tip-offs are investigated and a summary of the tip-off reports, the investigation undertaken, and the outcome thereof, are reported to the Audit, Governance and Risk Committee, as well as the Social, Ethics and Transformation Committee. This summary also includes any reports received via channels other than the whistle-blowing hotline. No material reports were made via these channels for the reporting period.

In addition, an annual declaration process exists for the Company's directors and management team covering gifts, disclosure of interest and compliance. No material matters were identified for reporting through this channel.

Organisational ethics is overseen by the Social, Ethics and Transformation Committee. As in the past, we continue to emphasise the following key themes to our staff regarding business conduct, ethics, exchange of gifts and entertainment, anti-bribery, anti-corruption and anti-competitive behaviour within the Group:

- Any wrong-doing, in accordance with the governance policies, should be reported via the anonymous whistle-blowing hotline;
- Any non-compliance with Metrofile's values and rules will not be tolerated; and
- Managing fears that reporting unethical behaviour will lead to victimisation.

For the 2021 financial year we will continue to conduct training sessions and advertising campaigns for Group companies and formalise programmes to monitor organisational ethics further.

RESPONSIBLE CORPORATE CITIZENSHIP

Corporate citizenship underpins Group strategy and reputation in so far as human, social and relationship and natural capital are concerned.

Corporate citizenship is overseen by the Social, Ethics and Transformation Committee and is reported on in the capitals outcomes section (refer to pages 32 to 33 for social and relationship capital feedback).

The Board acknowledges its responsibility to consider the impact of the Company's operations on the economy, community, environment and stakeholders in its decision-making and is committed to the principles of sustainability in achieving Metrofile's strategy. For Metrofile, sustainability encompasses social and environmental responsibility as well as corporate governance and ethics. The Group retains overall control of its subsidiaries, which ensures that its sustainable business model of long-term growth, built on a responsible, social and environmental platform, is filtered throughout the Company.

Metrofile strives to minimise its own impact on the natural environment and utilisation of resources. In this regard, we commissioned a review to better understand our Greenhouse Gas emissions and to assist in setting longer-term environmental targets. These initiatives will be the focus for 2021.

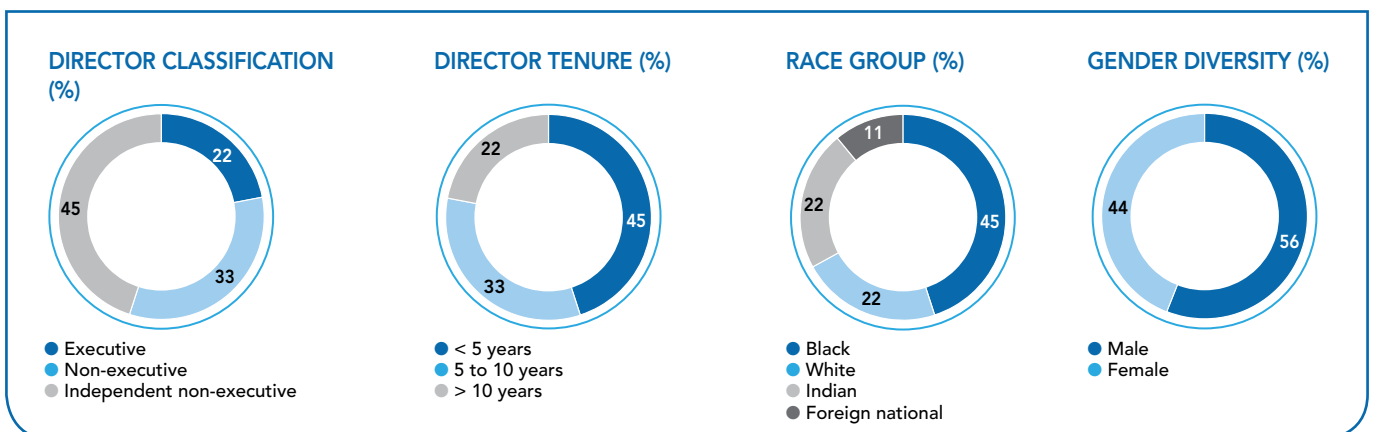
COVID-19

The COVID-19 pandemic introduced one of the most difficult and challenging times for employers and employees as we balanced the health and safety of our employees, servicing our clients, saving jobs and ensuring business survival, as we faced an uncertain future.

A priority during this time was to ensure that our people were aware of COVID-19 and educated on the safe practices in managing the spread of the virus in the workplace and at home. We swiftly implemented our COVID-19 business continuity plan, together with supporting practices and processes.

From a health and safety perspective, workplaces were deep cleaned and prepared, additional masks and sanitisers were provided, and social distancing in our operations became the new norm. We continue to ensure compliance with new legislation and regulations issued throughout our territories of operation regarding operational health, safety and compliance measures.

BOARD DIVERSITY



BOARD OF DIRECTORS

For more information on the Board of Directors, please visit our website www.metrofilegroup.com



CHRISTOPHER STEFAN SEABROOKE (67)

BCom, BAcc, MBA, FCMA

Independent non-executive Chairman



MARY SINA BOMELA (47)

BCom (Hons), CA(SA), MBA

*Non-executive director
and deputy chairman*



PFUNGWA GORE SERIMA (55)

BSc (CompSc) and Business Studies

Group Chief Executive Officer



SHIVAN MANSINGH (34)

BaccSci, HDipAcc, CA(SA), MBA

Group Chief Financial Officer



MUHAMMED ZAHEER ABDULLA(33)

BSc (Actuarial Science) Honours

Non-executive director



PHUMZILE LANGENI (46)

BCom, (Acc), BCom (Hons) MCom

Lead independent non-executive director



LINDIWE EVARISTA MTHIMUNYE (46)

BCom, CA(SA), MCom, HDip Tax Law

Independent non-executive director



GRAHAM DUNBAR WACKRILL (66)

BCompt

Non-executive director



SINDISWA VICTORIA ZILWA (53)

BCompt (Hons), CA(SA), CD(SA)
Advanced Diploma in Financial Planning (UFS)
Advanced Diploma in Taxation (UNISA)
Advanced Diploma in Banking (RAU)
Independent non-executive director



LEON ROOD (43)

BCom, LLB

*Independent non-executive alternate
director to Chris Seabrooke*

BOARD OF DIRECTORS CONTINUED

COMPOSITION

The Board comprises a diverse group which has adequate and appropriate knowledge, skills and experience. This is necessitated by the size and nature of Metrofile's business, in order to act in the best interest of the Company and its stakeholders.

Each director brings independent judgement and experience to Board deliberations and decisions. The directors' technical, entrepreneurial, financial and business skills are well balanced.

Throughout the reporting period, the Board, which is chaired by an independent non-executive director, comprised four independent non-executive directors, three non-executive directors and two executive directors.

Chris Seabrooke continues his role as Chairman of the Board and Pfungwa Serima is the Group CEO. The separation of these two roles ensures a balance of authority and precludes any one director from exercising unfettered powers of decision-making. An official succession plan for the role of Chairman and CEO is in place.

The Nominations Committee has approved the continuance of the current Chairman. Notwithstanding Chris Seabrooke's tenure of 17 years on the Board and his family's indirect economic interest of 4.28% in Metrofile as at 30 June 2020, the other Board members have unanimously determined that Chris continue to exercise strong independent judgement and leadership in his capacity as Chairman of the Group.

The Board continues to have a lead independent non-executive director, Phumzile Langeni, in order to strengthen independence of the Board. The lead independent non-executive director's duties include:

- Assisting the Board to deal with management of any actual or perceived conflicts of interest that arise on the part of the Chairman;
- Presiding at all meetings of the Board at which the Chairman is not present or where the Chairman is conflicted, including any sessions of the independent directors;
- Serving as principal liaison between the independent directors and the Chairman;
- Performing all such functions that cannot be performed by the Chairman due to his absence or the existence of a conflict of interest; and
- Liaising with major shareholders if requested by the Board in circumstances or transactions in which the Chairman is conflicted.

All director appointments are a matter for the Board as a whole and are formal and transparent. The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. No changes were made to the Board of Directors during this year.

The Board has adopted a Board diversity policy, which reflects race and gender targets and measures. At Board level the intent is to maintain a voluntary target of 40% female and 50% race representation. The Board is currently meeting these targets with 44% of our members being female, 45% being black and 22% being Indian.

Brief biographical details of each Board member are reported on page 37, with more detail available on the Company's website.

BOARD ROLES AND RESPONSIBILITIES

In making its decisions, the Board strives to achieve the appropriate balance between the various stakeholder groupings, while adhering rigorously to its fiduciary duty to act in the best interests of the Company.

The Board charter, as well as the dynamic and well-balanced composition of the Board, ensures the best interests of the Group.

The Board of Metrofile is responsible for directing the Group towards achieving its vision and mission. The Board is ultimately accountable for the development and execution of the Group's strategy, operating performance and financial results, practised within the Group's formal governance and authority frameworks, with the objective of creating sustainable value for all stakeholders. The Board is responsible for its own composition, the appointment of the Chairman and Group CEO, its constitution and composition of its Committees.

The Board's roles and responsibilities are reflected in the Board charter, which has been published on the Company's website. The purpose of the charter is to regulate how business is to be conducted by the Board in accordance with the principles of good corporate governance. The charter sets out the specific roles and responsibilities to be discharged by the Board collectively, the individual Board member roles expected, as well as the requirements for its composition and meeting procedures. The charter is reviewed and updated annually. The Board has an annual work plan in order to ensure deliberation on all aspects as required by the charter.

The executive directors, being involved with the day-to-day business activities of the Group, are responsible for ensuring that the decisions, strategies and views of the Board are implemented.

To fulfil their responsibilities, Board members have full and unrestricted access to relevant information and the services and advice of the Company Secretary. Directors may also obtain independent professional advice at the expense of the Company.

BOARD MEETINGS

The Board meets at least four times a year (attendance for this reporting period is detailed in the table on page 39). The Board works to a formal agenda that covers strategy, structure, operating performance, growth initiatives, Group functional reporting, feedback from Board sub-committees and other key activities of the Group. To do so effectively, formal documents and minutes of all Board Committees are included in the Board papers.

At each Board meeting the executive directors report to the Board on board related matters. The executive directors' reports are supplemented by reports from the managing directors of major subsidiaries and Group functional heads (HR, IT, risk and operations). The chairmen of the Board sub-committees also report to the Board on delegated matters.

During the year, the Board received presentations from management on the strategic plans, budgetary matters and performance, as well as any other items requiring in-depth coverage in terms of the Group's authority framework. The Group's authority framework is reviewed and approved by the Board on an annual basis.

During 2020 the Board of Directors delivered in terms of the following key focus areas: healthy cash generation and conversion through active management of working capital components and balance sheet efficiencies, reduced levels of net debt and lower finance costs, active management of capital allocation, operationalisation of key opportunities in East Africa (which was impacted by the lockdown), finalisation of the review of the new incentive scheme as approved at the 2019 AGM and conclusion of the strategic review (exiting Nigeria, Zambia and Egypt).

Apart from the standing agenda items, the following key priorities were deliberated at Board meetings:

SEPTEMBER TO NOVEMBER

- Integrated annual report
- New incentive scheme for approval at November 2019 AGM

DECEMBER TO FEBRUARY

- Strategy deliberations (subsidiaries and Group)

MARCH TO MAY

- Approval of interim financial results
- Risk register, policy and framework review
- Review and approval of Group authority framework
- Concluding strategic review
- Strategy deliberations (digital)
- Changes to JSE Listings Requirements
- COVID-19 measures and impact

JUNE TO SEPTEMBER

- Budget approval and strategy deliberations
- Approval of combined assurance plan FY2021 and review of overall assurance conclusions FY2020
- COVID-19 measures and impact
- Approval of annual financial results

Continuous emphasis on key financial metrics (including healthy cash generation and conversion, active management of working capital components, reducing levels of net debt and lower finance cost), productising digital solutions and driving our digital offering, rationalisation of operations, the physical storage business model and internal IT solutions will remain key focus areas for 2021.

Directors' attendance at Board and Committee meetings during the 2020 financial year is depicted in the following table:

	Board	Audit, Governance and Risk Committee	Remuneration Committee	Nominations Committee	Social, Ethics and Transformation Committee
Chris Seabrooke	4/4		3/3	3/3	
Mary Bomela	2/4		2/3	2/3	3/3
Pfungwa Serima (CEO)	4/4				3/3
Shivan Mansingh (CFO)	4/4				3/3
Zaheer Abdulla	4/4				
Phumzile Langeni	3/4	2/3	2/3	2/3	3/3
Lindiwe Mthimunye	4/4	3/3			1/3
Graham Wackrill	4/4				
Sindi Zilwa	4/4	3/3			3/3

BOARD OF DIRECTORS CONTINUED

PERFORMANCE EVALUATIONS

Every alternate year, the Board conducts formal performance evaluations. Board members complete an evaluation of the effectiveness of the Chairman via questionnaire, the results of which are sent directly to the Company Secretary and lead independent non-executive director for assessment, collation and feedback to the Chairman.

The Board assessments also include a comprehensive formal performance evaluation of the Group CEO and Group CFO, comprising an evaluation by each member of the Board via a questionnaire that allows for detailed responses and comments. The Chairman provides a summary and feedback of these evaluations to the CEO and CFO, and they are encouraged to probe and debate any aspect of the evaluation with the full Board.

All Board and Committee members complete a detailed self-assessment probing the composition, duties, responsibilities, process and effectiveness of the Board and Committees. The respective Committee chairmen assesses the performance of individual Committee members and the Board evaluates the respective Committee chairmen's performance. The results of the self-assessments are discussed at Board and Committee meetings. These appraisals enable each Committee to evaluate its effectiveness objectively and to conclude that it is operating effectively under the terms of reference in its charter.

The performance evaluations are collated by the Company Secretary. On behalf of the Board, the Company Secretary confirms that, based on the latest evaluation of the Chairman, the performance and commitment of Chris Seabrooke throughout his period of office has been highly satisfactory. On behalf of the Board, the Chairman confirms that based on the latest evaluation of the Board and individual directors, the performance and commitment, of all directors available for re-election, throughout their periods of office, have been highly satisfactory.

Evaluations are considered an integral part of the re-election process. The Board is satisfied that the evaluation process is improving its performance and effectiveness. No action plans of a material nature were noted. Where material action plans are noted in future, these will be disclosed accordingly in the integrated annual report and JSE compliance certificate.



BOARD STATEMENT

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period and that it has complied with its legal and regulatory responsibilities throughout the period under review.

INDEPENDENCE

We specifically consider the independence of directors and their other commitments annually. This is done to determine whether a director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily.

The Chairman and the Board re-assess the independence of independent directors on an annual basis. The King IV™ code suggests that the re-appointment of an independent director after a term of nine years should be seriously considered as it is suggested that after nine years their independence may be impaired. Non-executive directors of the Company may continue to serve, in an independent capacity, for longer than nine years if, upon an assessment by the Company conducted every year after nine years, it is concluded that the director exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

The Board is of the view that all independent non-executive directors are independent, in accordance with the King IV™ code. We have reconfirmed the independence of our non-executive Chairman who has been in office for more than nine years. We did this after considering, among other matters, the extent to which the diversity of his views, skills and experience continue to enhance the Board's effectiveness and he is able to question management judgement objectively and inclusively.

All existing non-executive directors are subjected to a rigorous review by the Nominations Committee, irrespective of tenure. Notwithstanding Mary Bomela's tenure of 10 years and Graham Wackrill's tenure of 16 years, the Nominations Committee and other Board members have unanimously determined that Mary and Graham continue to exercise strong independent judgement.

The directors' interests are disclosed in the annual financial statements available on the Company's website. There have been no changes to the directors' interest between the end of the financial year and the date of approval of this integrated annual report.

BOARD ROTATION

In terms of the Group's Memorandum of Incorporation (MOI), all non-executive directors retire by rotation every three years. In the event that no directors are due for rotation, the two with the longest period since re-appointment automatically retire. Retiring directors are proposed for re-election by shareholders.

At the 2020 AGM, Chris Seabrooke, Graham Wackrill and Sindi Zilwa will retire by rotation and, being eligible, will offer themselves for re-election.

COMPANY SECRETARY

The Board has outsourced this function to an independent Company Secretary in order to meet the requirements of the Companies Act and the JSE Listings Requirements.

The duties of the Company Secretary include:

- Ensuring that Board procedures are followed and reviewed regularly.
- Ensuring compliance with the applicable rules and regulations for the conduct of the affairs of the Board.
- Providing the Board and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company and in line with good governance.
- Providing counsel and guidance to the Board on its individual and collective powers and duties.
- Eliciting responses, input and feedback for Board and Board Committee meetings.
- Preparing and circulating Board and Board Committee papers timeously.
- Ensuring preparation and circulation of proper minutes of shareholder, Board and Board Committee meetings.
- Maintaining statutory records in accordance with legal requirements.
- Reporting to the Board on any non-compliance with the MOI or Companies Act.
- Certifying in the annual financial statements that the Group has filed the required notices and returns timeously in accordance with the Companies Act.
- Ensuring that the Group's annual financial statements are properly distributed.
- Carrying out the other functions required of a Company Secretary by the Companies Act and the JSE Listings Requirements.
- Considering the regulatory universe, preparing and providing the Board with updates and proposed changes to laws and regulations affecting the Group.

- Assisting the Nominations Committee with the appointment of directors.
- Advising the Nominations Committee on all legal and regulatory matters, including legal frameworks and processes.
- Advising the Nominations Committee with respect to all regulatory filing and public disclosure relating to the Company's governance processes.
- Assisting with director induction and training programmes.
- Ensuring that the Board charter and the terms of reference of Board Committees are kept up-to-date.
- Drafting annual work plans with the Chairman of the Board and the individual Board Committee chairmen.
- Assisting with the evaluation of the Board, Board Committees and individual directors.
- Keeping abreast of current corporate governance thinking and practice, and informing the Board accordingly.

The Board has considered and satisfied itself of the Company Secretary's competence, qualifications and experience. The Company Secretary has over 12 years' experience in the role and the Board is satisfied that she has carried out her duties as set out above and that the arrangements, for access to the services offered by the Company Secretary, are effective.



BOARD STATEMENT

The Board confirms that the Company Secretary has maintained an arm's length relationship with the Board, that she is not a director of the Company and that she performs no other functions on behalf of the Group or the Board.

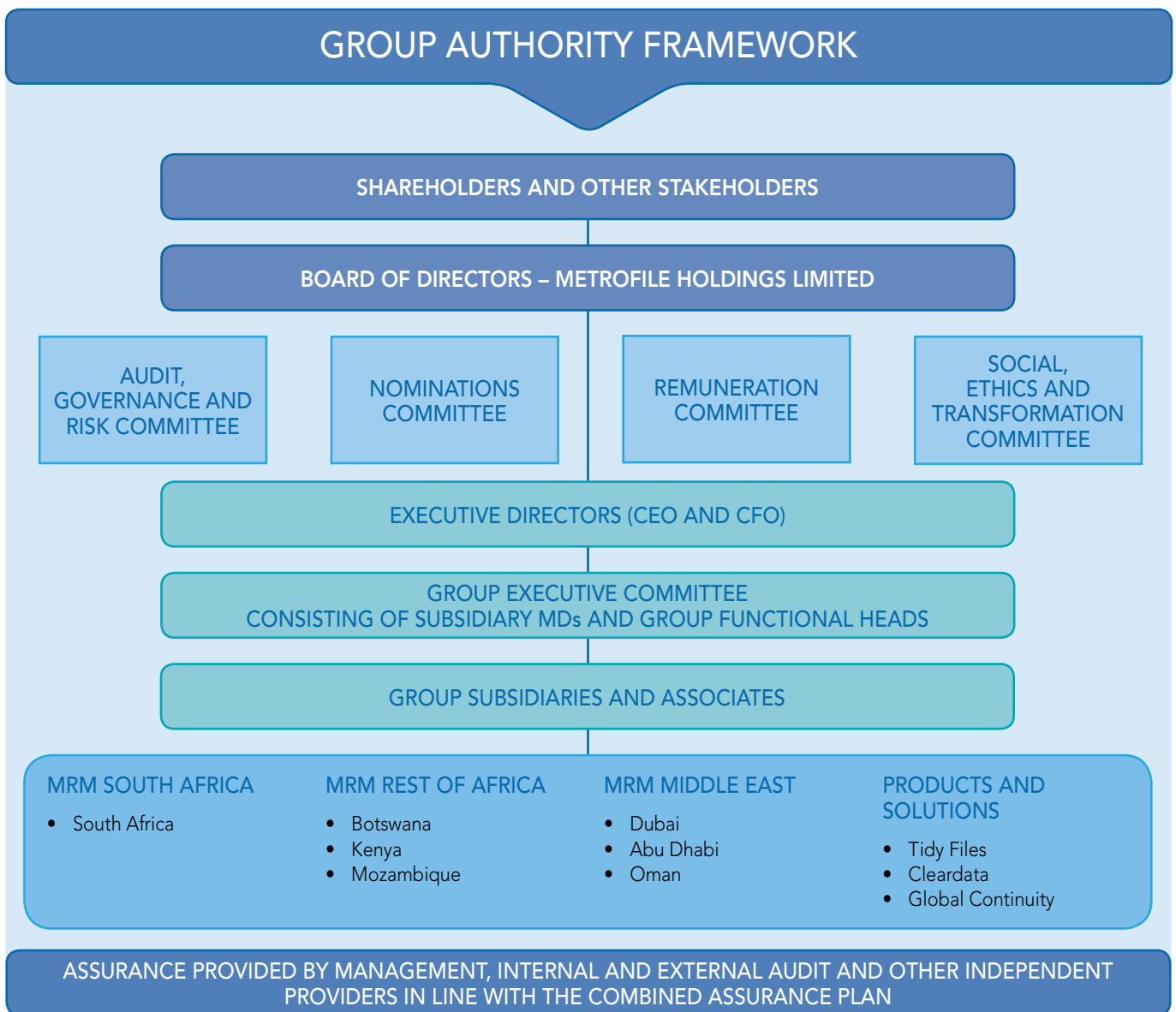
GOVERNANCE FRAMEWORK AND DELEGATION OF AUTHORITY

The Group’s governance structure provides for delegation of authority while enabling the Board to retain effective control.

The Board has established four Committees to assist with its duties, namely the Audit, Governance and Risk Committee, the Nominations Committee, the Remuneration Committee and the Social, Ethics and Transformation Committee. The structure and composition of the Committees remain unchanged compared to the previous reporting period.

The Committee charters are available on the Group’s website or from the Company Secretary. The Committee charters are reviewed annually in line with King IV™. The individual Committee feedback is detailed in the next section of this report.

The Board delegates authority to these established Board Committees as well as to the executive directors with clearly defined mandates. The Board is satisfied that the Group’s authority framework contributes to role clarity and the effective exercise of authority and responsibilities. The Board is responsible for setting strategic and operational direction and policy and this is filtered down to all subsidiaries. The Nominations Committee reviews executive director and senior management succession plans and is satisfied that a robust succession plan is in place at a Group and subsidiary level.



SUB-COMMITTEE STRUCTURE AND REPORT BACK

Each sub-committee's roles and responsibilities, composition requirements and meeting procedures are reflected in the respective charters, which are published on the Company's website. The purpose of the charters is to regulate how business is to be conducted by the sub-committees in accordance with the principles of good corporate governance and other legal requirements. The charters are reviewed and updated annually.

AUDIT, GOVERNANCE AND RISK COMMITTEE (AGRC)

COMPOSITION

Members

Sindi Zilwa (Chairman)
Phumzile Langeni
Lindiwe Mthimunye

Other regular attendees

Pfungwa Serima
Shivan Mansingh
Members of executive
management
Internal audit
External audit

Permanent invitees

Chris Seabrooke
Graham Wackrill
Zaheer Abdulla

ON THE 2020 AGENDA

Apart from the standing agenda items and statutory requirements, the Committee specifically focused on the following matters during the reporting period:

- Cash generation and conversion through active management of working capital components and balance sheet efficiencies.
- Reducing levels of net debt and lowering finance costs.
- JSE proactive monitoring of financial statements.
- Financial reporting in terms of IFRS 16.
- COVID-19 disclosure requirements and compliance measures.
- Tracking of IT strategy and roll out of three-year roadmap.
- Rest of Africa governance and oversight functions.

MEETING SCHEDULE

The Committee met three times in 2020.

ADDITIONAL 2021 FOCUS AREAS

- CEO/CFO statement on financial controls as per JSE Listings Requirements.
- Tracking of IT strategy and three-year roadmap implementation.
- COVID-19 compliance measures and reporting requirements.

CAPITALS FORMING PART OF THE AGENDA

- Financial capital.
- Manufactured capital (properties, buildings, warehouses, assets, IT equipment).
- Human capital (CFO, finance function, risk and compliance function).
- Intellectual capital (information and technology).

REPORT BACK IN TERMS OF THE FOLLOWING GOVERNANCE FUNCTIONAL AREA

- Risk and opportunity management.
- Technology and information.
- Compliance and share dealings.
- Combined assurance plan.
- Internal control and management reporting.
- External audit.
- Internal audit.
- CFO and Group finance function.

COMMITTEE STATEMENT

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Also refer to the Audit, Governance and Risk Committee report in the annual financial statements available on the Company's website.

SUB-COMMITTEE STRUCTURE AND REPORT BACK CONTINUED

NOMINATIONS COMMITTEE (NOMCOM)

COMPOSITION

Members

Chris Seabrooke (Chairman)
Mary Bomela
Phumzile Langeni

Occasional invitees

Pfungwa Serima
Shivan Mansingh

Permanent invitee

Graham Wackrill

ON THE 2020 AGENDA

Apart from the standing agenda items, the Committee specifically focussed on the following matters during the reporting period:

- Board, Chairman, CEO, CFO and Committee performance evaluation.
- Board and Committee composition and independence.
- Succession planning for the Board, CEO, CFO and senior management.

MEETING SCHEDULE

The Committee met three times in 2020 .

CAPITALS FORMING PART OF THE AGENDA

- Human capital (Board, senior management).

ADDITIONAL 2021 FOCUS AREAS

Review of relevance of performance evaluation questions.

REPORT BACK IN TERMS OF THE FOLLOWING GOVERNANCE FUNCTIONAL AREA

- Board of Directors.
- Compliance.



COMMITTEE STATEMENT

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

REMUNERATION COMMITTEE (REMCOM)

COMPOSITION

Members

Phumzile Langeni (Chairman)
Mary Bomela
Chris Seabrooke

Permanent invitee

Graham Wackrill

Occasional invitees

Pfungwa Serima
Shivan Mansingh
(neither may take part in any
discussions regarding their own
remuneration)

The Committee employs the services of specialist consultants in the field of executive remuneration to assist the Committee when necessary. The consultant retained in this role to date is PricewaterhouseCoopers (PwC).

MEETING SCHEDULE

The Committee met three times in 2020.

ADDITIONAL 2021 FOCUS AREAS

Focus on providing transparency on pay ratios, the income gap and trends with respect to the gender pay gap.

ON THE 2020 AGENDA

The main issues considered and approved by the Remuneration Committee for the 12 months ended 30 June 2020 were:

- Updated LTI rules, incorporating malus and clawback criteria for STIs, were tabled and approved at the 2019 AGM.
- Finalisation and implementation of the updated LTI rules, and STIs following the November 2019 AGM.
- Updated the remuneration policy to incorporate these changes.
- Ensured that STIs meet business objectives and generate shareholder value.
- Reviewed the applicability of TGP increases for executive directors, prescribed officers and senior management due to the impact of lockdown on business performance.
- Approved STI targets for executive directors, prescribed officers and other staff.
- Approved STI outcomes for 2020.
- Reviewed the applicability of LTIs for 2020.
- Corporate governance on remuneration aspects.
- Reviewed employee benefits.
- Reviewed the remuneration policy and approved the remuneration report and strategy.
- Reviewed fees payable to non-executive directors.

CAPITALS FORMING PART OF THE AGENDA

- Human capital.
- Social and relationship capital.

REPORT BACK IN TERMS OF THE FOLLOWING GOVERNANCE FUNCTIONAL AREA

- Compliance.
- Remuneration report.

COMMITTEE STATEMENT

- The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.
- Refer to the remuneration report on pages 52 to 61 for more details on Metrofile's remuneration philosophy, policy and implementation report.
- The Committee is satisfied that PwC is independent and objective in the field of executive remuneration.



SUB-COMMITTEE STRUCTURE AND REPORT BACK CONTINUED

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE (SETCOM)

COMPOSITION

Members

Mary Bomela (Chairman)
Phumzile Langeni
Shivan Mansingh
Lindiwe Mthimunye
Pfungwa Serima
Sindi Zilwa

Permanent invitees

Members of executive management

MEETING SCHEDULE

The Committee met three times in 2020.

ADDITIONAL 2021 FOCUS AREAS

- Code of Ethics to be reviewed, approved and re-published.
- Continue to conduct ethics training sessions and advertising campaigns for the Group companies.
- Formalise programmes to monitor organisational ethics further.
- Refining environmental targets and measures.
- COVID-19 compliance measures.

ON THE 2020 AGENDA

Apart from the standing agenda items and statutory requirements, the Committee specifically focussed on the following matters during the reporting period:

- Human rights, equality, corruption, health, public safety, consumer and labour relations and empowerment.
- COVID-19 compliance measures, education and training, as well as testing, counselling and support to staff.
- Retrenchment assistance to staff (eg updating CVs, assisting with potential job placements, etc).
- Social and economic development.
- Transformation and B-BBEE compliance.
- Considered longer-term environmental targets, which will be refined during 2021.

CAPITALS FORMING PART OF THE AGENDA

- Human capital.
- Social and relationship capital.
- Natural capital.

REPORT BACK IN TERMS OF THE FOLLOWING GOVERNANCE FUNCTIONAL AREA

- Business conduct, ethics and prevention of corruption.
- Compliance.



COMMITTEE STATEMENT

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. Also refer to the Social, Ethics and Transformation Committee report in the annual financial statements available on the Company's website.

GOVERNANCE FUNCTIONAL AREAS

The governance functional areas contemplated in King IV™ are essentially embedded in the underlying elements of our integrated reporting and thought process. Oversight and report back of these functional areas is maintained by the Board and its sub-committees as follows:

FUNCTIONAL AREA	COMMITTEE OVERSIGHT	REPORT BACK THROUGHOUT THIS INTEGRATED ANNUAL REPORT	PAGE REFERENCE
Risk and opportunity management	AGRC	Risks and opportunities	20
		Material matters and mitigation	21 to 25
		Risk governance	47 and 48
Technology and information	AGRC	Material matters and mitigation	21 to 25
		Information technology	48 and 49
		Information and privacy	49
Compliance governance	AGRC	Compliance	49
Assurance	AGRC SETCOM	Share dealings	49
		About this report	1
		Combined assurance plan	49 and 50
		Internal control and management reporting	50
		External audit	50 and 51
Stakeholder relationship	SETCOM	Internal audit	51
		CFO and finance function	51
		Independent auditor's report	*
Corporate citizenship	SETCOM	Audit, Governance and Risk Committee's report	*
		Material matters and mitigation	21 to 25
		Social and relationship capital	32 and 33
Remuneration	REMCOM	Stakeholder analysis	33
		Natural capital	30
		Social and relationship capital	32 and 33
		Human capital	34
		Remuneration report	52 to 61

* Available in the annual financial statements on the Company's website.

RISK GOVERNANCE

The Board of Directors has committed to a process of risk and opportunity management that is aligned to generally accepted good practice as well as the principles of corporate governance as reflected in the King IV™ code. The Group's process of risk and opportunity management is contained in the Metrofile integrated risk and combined assurance policy and framework and it is expected that all subsidiaries, functions and departments within Metrofile will be subject to these risk management principles.

As there is no separate Risk Committee, the Audit, Governance and Risk Committee takes responsibility for matters relating to risk and the mitigation thereof.

The Audit, Governance and Risk Committee sets the Group's risk strategy, as delegated by the Board of Directors, in liaison with the executive directors and senior management, making use of generally recognised risk management and internal control models and frameworks in order to maintain a sound system of risk management and internal control.

The responsibility and accountability for implementation of risk management rests with management and staff. The Board of Directors retains accountability and responsibility for the overall process of risk and opportunity management and has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. The Board and the Audit, Governance and Risk Committee monitor risk management activities as a standard item on their agendas and have a specific risk-focussed meeting once a year. The Group Risk Officer reports to Shivan Mansingh, the Group CFO, and is responsible for risk management within the Group.

The Audit, Governance and Risk Committee identifies and monitors, at least annually, key performance indicators and key risks or opportunities that could affect the Company's business model, the six capitals and the environment, society and economy in which the Company operates. The realisation of Metrofile's business strategy depends on its management being able to take calculated risks in a way that does not jeopardise the direct interests of stakeholders.

GOVERNANCE FUNCTIONAL AREAS CONTINUED

An enterprise-wide approach to risk management has been adopted by the Group, which means that identified material risks are included in a structured and systematic process of risk and opportunity management. These are managed within a unitary framework that is aligned to the entity's corporate governance responsibilities.

Metrofile is committed to establishing appropriate mechanisms to serve as early warning for emerging or unpredictable risks.

The risk management process involves the identification of the key risks facing the business and the implementation of controls to mitigate the risks, where possible, by means of formalised incident reporting and expanded combined assurance plans. Strategic risks are continually reviewed and ranked by inherent risk based on the evaluation of the probabilities and severity for each risk.

The mitigation of each risk is assessed based on controls put in place and the resultant residual risk is also calculated. A comprehensive risk register is in place and constantly managed by the appropriate executive management members. A summary of the risks and opportunities has been included in the material matters section of this integrated annual report on pages 21 to 25.

The Board obtains assurance that the controls over the identified risks are operating effectively by means of the combined assurance framework and plan (more detail is provided on pages 49 and 50 under combined assurance plan). Equally, compliance with relevant legislation is ensured through these processes and fulfils the expectations of employees, communities, the shareholders and other stakeholders in terms of due care and corporate governance.

The Board sets the level of risk tolerance and limits of risk appetite for Metrofile as part of its strategic direction setting of the Group. No risks outside the Company's tolerance level were noted, however, risks and related mitigations continue to receive the appropriate Board and executive management attention in order to reduce residual risk exposures in line with set targets.

In evaluating the risk of acquiring new businesses and entering new geographies, as well as directing the development of existing businesses and technologies, the Board takes a prudent approach to risk, informed by many years of experience in the Group's main business streams.

The Board also draws on the experience of its non-executive directors in other fields of business in setting the Group's approach to risk in a wider context.

During the reporting period, the Audit, Governance and Risk Committee has reviewed, and recommended to the Board for approval, the integrated risk and combined assurance policy and framework, as well as the Company's strategic risk register. In addition, the Committee reviewed and considered the consolidated subsidiary related strategic risk dashboard in order to assess that the integrated risk and combined assurance policy and framework has been embedded throughout the Group. Senior management within the Group also track action plans identified to enhance the related control environments in order to reduce the residual risk profile of the Group further.

The impact of COVID-19 and the related territorial lockdowns were an unexpected risk during this reporting period and have been described in more detail in the material matters section of this integrated annual report on page 21.

For 2021, further focus will be placed on tracking risk action plans for the Company and subsidiary Group companies. In addition, the effectiveness of the risk management function will be reviewed.

TECHNOLOGY AND INFORMATION

INFORMATION TECHNOLOGY

As displayed throughout this integrated annual report, information and technology is a key strategic enabler and a focus area across the Group. Within Metrofile, the value of information as an asset is well understood and the importance of technology in providing and securing information is key.

Continuous improvement of our technologies and associated platforms is a key enabler allowing the Group to maximise efficiencies and effectiveness within their operations. Evolution and innovation in technology has created opportunities for the Group to offer additional services to our clients as outlined in the strategy section on page 18 and the material matters section on pages 21 to 25 of this report.

Technology is governed in accordance with the Group information technology committee charter, which guides the structure and mandate of technology within the Group and is aligned to the requirements of the Board and its sub-committees, King IV™, as well as governance and security standards adopted by the Group.

The Group information technology strategy is aligned to the business strategy and focuses on information security, data governance, business continuity, financial management, technology architecture, innovation, automation, integration, resilience and operations.

Part of the risk and opportunity management process described earlier in this report includes identifying information and technology related risks and mitigating them as best as possible. Systems continuity, cyber-security and IT governance are of critical importance to the Group and as such are incorporated in the Group's strategic risks.

Obtaining assurance on information and technology related risks forms part of the combined assurance plan, where the effectiveness of controls in place to mitigate these risks is assured. The results of assurance activities, including ongoing vulnerability assessments, periodic penetration tests and the IT resilience of the Group, are reported to the Audit, Governance and Risk Committee as standing agenda items.

Highlights for FY2020 include the following:

- Improved operational efficiencies focusing on systems' availability and stability.
- Improved information security practices.
- COVID-19 work-from-home enablement.
- Effective implementation of Group IT strategy across all regions of operation as per defined three-year roadmap.

Focus for 2021 and beyond:

- Acceleration of Metrofile Group's IT strategy ensuring alignment to business objectives.
- Continuous improvement of cyber, business continuity and data governance posture.
- Modernisation of Group IT portfolio.

INFORMATION AND PRIVACY

In South Africa and the other jurisdictions in which we operate, the Group is governed by laws that control the processing and security of personal information, both the information we process on behalf of our clients and our own information, including information about our employees. The Group takes necessary precautions and actions to ensure the protection of the personal information of our clients, employees and other third parties.

During the 2020 financial year, we continued with high-level training covering privacy and confidentiality and we determined the privacy risk landscape. The focus for the 2021 financial year will be to work towards enhanced compliance with applicable data protection legislation and regulations including POPIA (Protection of Personal Information Act) and GDPR (General Data Protection Regulation).

Metrofile's compliance efforts are in terms of the following privacy risk themes:

- Management of third parties that process personal information on our behalf.
- Alignment of business practices with the required controls relating to privacy.
- Further targeted awareness and training around the protection of information.
- Physical and technical controls for information security.
- Governance structures for privacy.
- Embedding mechanisms to give effect to individual rights for privacy.

COMPLIANCE GOVERNANCE

COMPLIANCE

Compliance matters are the responsibility of subsidiary MDs and functional heads, who report on these matters to the Executive Directors and Group functional heads (IT, risk, HR and operations), who are invitees to the Audit, Governance and Risk Committee meetings and/or members of the Social, Ethics and Transformation Committee.

The assurance activities planned as part of the combined assurance plan are to assist management and the Board in identifying potential non-compliance issues. In addition, the subsidiary MDs and functional heads are responsible for annually confirming compliance with applicable legislation, regulations and internal Company policies and procedures of a material nature. Quarterly incident reporting is in place in order to report risk incidents and material or repeat non-compliant matters. During the reporting period, no material or repeat non-compliant issues were identified.

As in previous years, the Group's regulatory universe, listing the prioritised high-risk acts, was reviewed and updated. Prioritisation is

based on the applicability of the act and its potential consequences (impact of non-compliance). Due to the COVID-19 related lockdowns instituted within South Africa and the other territories of operations, the legislation and regulations governing COVID-19 compliance measures were added to the Group's regulatory universe.

The prioritised high-risk acts have been assigned an owner, who is responsible for ensuring that material compliance aspects are covered in the respective processes, procedures and policies.

Our regulatory universe and risk compliance processes ensure that key internal controls are in place to mitigate the compliance risk and compliance with new or changed legislation.

A key area of focus for the last quarter of the 2020 financial year was compliance with various COVID-19 directives published by the authorities in the territories in which the Group operate. The subsidiaries continue to monitor compliance with these to limit the spread of the disease and its impact on our operations. The traditional OHS and risk compliance control environment and information security also received continued compliance attention.

During 2021, a key focus area will be to further enhance the Group's compliance monitoring capabilities, by linking the regulatory universe to legislation in other jurisdictions in which the Group operates. In addition, compliance with privacy laws will be a continued focus area.

SHARE DEALINGS

All share dealings by a director or prescribed officer must be authorised by either the Chairman or CEO. Any dealings by the CEO are authorised by the Chairman and dealings by the Chairman are authorised by the CEO. A formal share dealing guideline has been adopted by the Board. Restrictions are imposed upon directors and senior management in the trading of Metrofile shares and upon all employees regarding the exercising of Metrofile share-based incentives during certain closed periods. In light of the JSE Listings Requirements, the insider-trading laws and good corporate governance, the Remuneration Committee has advised that employees are not permitted to exercise their share options during closed periods or when in possession of unpublished price-sensitive or inside information relating to Metrofile.

The closed periods begin the day after each reporting date (these reporting dates being 31 December and 30 June) and end on release of Group results. A closed period also applies whenever Metrofile issues a cautionary announcement until it is withdrawn.

ASSURANCE

COMBINED ASSURANCE PLAN

The Audit, Governance and Risk Committee, and ultimately the Board of Directors, is responsible for ensuring a robust combined assurance plan for the Group. A combined assurance plan aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the Group. The Board implemented a formal combined assurance plan in order to co-ordinate and monitor the provision of assurance.

GOVERNANCE FUNCTIONAL AREAS CONTINUED

The objectives of the combined assurance plan are to:

- Identify and specify all the sources of assurance over Metrofile's risks.
- Co-ordinate the efforts of, and increase collaboration between, management, internal and external assurance providers.
- Be used for the purposes of planning the assurance provided by management, Group oversight functions, internal and external assurance providers across business processes associated with identified business risks and exposures.
- Provide the Board, Audit, Governance and Risk Committee and management with information and comfort on the completion and efficiency of the assurance being obtained from all the assurance parties.
- Demonstrate good governance through the linking of risk management with assurance.
- Provide a basis for identifying any areas where additional assurance may be required.
- Allow for the elimination of duplicated and/or excessive assurance.
- Assist the Board in forming its opinion on the effectiveness of the risk management system.

The Group's strategic risk register forms the basis for determining the combined assurance plan for Metrofile. The plan is developed through analysis of the key exposures facing Metrofile, in order to ensure the completeness of the risk universe, and aligning these risks to strategic value drivers. The risks are further linked to assurance providers in order to ensure a robust assurance universe. The assurance provided is also categorised into four levels of "defence", which for the Group are classified as follows:

- First level: Subsidiary management and line functions provide assurance on a more informal basis, including strategy development and implementation, performance measurement, risk management, and company control and monitoring of compliance to laws and regulations.
- Second level: Group oversight functions provide assurance with more formality. This includes the risk and compliance management structures of the Company such as risk management, compliance officers, occupational health and safety, legal services and internal control units as well as finance, human resources and strategic/Group management.
- Third level: Independent assurance providers (e.g. internal audit, external audit and others).
- Fourth level: Oversight structures – made up by the Metrofile Holdings Board and the over-arching oversight structures in the Company including the Board sub-committees.

The combined assurance plan is prepared in order to achieve the objectives above and to ensure that Metrofile obtains a high level of assurance coverage over its key risks. Within Metrofile there are several assurance providers that directly or indirectly assure the Board and management over the effectiveness of controls for which they have responsibility. These controls include mitigating the risks identified in the risk assessment process described earlier in this report.

The primary assurance provider is Metrofile management, supported by the other levels of "defence". Annually, the combined assurance plan is reviewed and assurance activities are formalised to be completed. The results of these activities are reported to the Audit, Governance and Risk Committee in order to enhance the overall control environment.

Metrofile has a comprehensive and robust assurance plan in place, which is subject to the effective provision of assurance by all responsible parties. The Audit, Governance and Risk Committee therefore recommended the combined assurance plan and assurance activities to the Board for approval. The Audit, Governance and Risk Committee is satisfied with the effectiveness of the combined assurance plan and arrangements, and that it meets the objectives detailed above.

INTERNAL CONTROL AND MANAGEMENT REPORTING

The Board is responsible for the Group's system of internal control, including internal financial control, which is designed to ensure operational effectiveness and efficiency, compliance with laws, regulations and policies, safeguarding of assets, prevention and detection of error and fraud, to ensure the accuracy and completeness of accounting records and the reliability of financial statements.

The execution of the Group's combined assurance plan, and subsequent reporting of results thereof, enhances the reliance on the effectiveness of the design and implementation of the Group's system of internal control.

The Group has established management reporting disciplines, which include the preparation of annual budgets by subsidiaries. Monthly results and the financial status of subsidiaries are reported against approved budgets. Financial forecasting, inclusive of revenue, profit, interest, capital expenditure, cash flows and dividends, are reviewed regularly. Working capital, borrowing facilities and compliance with bank covenants are monitored on an ongoing basis. All financial reporting by the Group, including external financial reporting and internal management reporting, is generated from financial systems, subject to the internal controls and risk management procedures, as described in this report.

While we recognise that systems of internal control can provide only reasonable and not absolute assurance, none of the internal audit or other assurance provider reviews conducted indicated that the system of internal control was inappropriate or functioning unsatisfactorily. Throughout the year, key financial controls within the Rest of Africa operations and IT controls received attention to further strengthen the Group's internal control environment.

Based on assurance given by management, Group oversight functions, both the internal and external auditors and other assurance providers, the directors believe that the financial records can be relied on for preparing the annual financial statements and maintaining accountability for assets and liabilities.

A key focus area for the 2021 financial year will be the CEO/CFO statement of financial controls as required by the JSE Listings Requirements.

EXTERNAL AUDIT

The Audit, Governance and Risk Committee reviews the scope, independence and objectivity of the external auditors and agree on appropriate fees. During the financial year, Deloitte was the external auditor for the majority of the Group companies.

The Committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent.

Shareholders ratified the appointment of Deloitte as external auditor to the Group at the previous annual general meeting and its re-appointment will be sought at the annual general meeting on Tuesday, 24 November 2020. Deloitte has been the auditor of Metrofile Holdings Limited for 20 years. The external auditor has a policy of rotating the lead audit partner every five years as prescribed by the Companies Act. The Committee is satisfied with the quality of the external audit and its decision is informed by the outcome of external inspections conducted by the IRBA and the internal monitoring process of Deloitte.

The external auditor has unrestricted access to the Audit, Governance and Risk Committee and presents formal reports at the Committee meetings.

The external auditor carries out an annual audit of all the Group's major subsidiaries in accordance with International Standards and Auditing (ISA) and reports in detail on the results of the audit to the Audit, Governance and Risk Committee. The external auditor is thus the main external assurance provider for the Board in relation to the Group's financial results for each financial year.

The nature and extent of non-audit services provided by the external auditor is reviewed annually to ensure that fees for such services do not become significant enough to call into question their independence of Metrofile. The Audit, Governance and Risk Committee regularly reviews the external auditor's independence and maintains control over the non-audit services, provided by the external auditor.

The Committee has adopted a guideline that fees paid to the Group external auditor for non-audit services should not exceed the level of audit fees charged to the Group. If it appears that this guideline will be breached consistently, non-audit services will be outsourced to a third-party auditor. Pre-approved permissible non-audit services performed by the external auditor include taxation and due diligence services. Non-audit services provided by the external auditor are required to be specifically approved by the Chairman of the Committee or by the full Committee if the fees are likely to be in excess of R500 000 in aggregate. The external auditor is prohibited from providing non-audit services, including valuation and accounting work where its independence might be compromised by later auditing its own work. During the current and previous financial years, Deloitte provided certain non-audit services, including tax reviews and advice, as well as reviews of information technology systems and applications.

Also refer to the Audit, Governance and Risk Committee report in the annual financial statements available on the Company's website.

INTERNAL AUDIT

Metrofile has outsourced the internal audit function of the Group to KPMG. The Audit, Governance and Risk Committee reviews the operation of the Group's internal audit function and the internal audit charter annually, and recommends it to the Board for approval.

The purpose of internal audit is to have an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance processes. Internal audit assists the Board, through the Audit, Governance and Risk Committee, to effectively discharge its responsibilities.

Internal audit is a key assurance provider and provides the Board, through the Audit, Governance and Risk Committee, with a report of its activities which, along with other sources of assurance, is used by the Board in making its assessment of the Group's system of internal controls, risk management and corporate governance.

The internal audit function operates within defined terms of reference as set out in its charter and authority granted to it by the Audit, Governance and Risk Committee and the Board. Audit plans are presented in advance to the Audit, Governance and Risk Committee and are based on an assessment of risk areas involving an independent review of the Group's own risk assessments and the combined assurance framework.

The internal audit function goes through an independent quality review in line with the Institute of Internal Auditors' standards as set out in the internal audit and Audit, Governance and Risk Committee charters. KPMG performs regular internal quality reviews of its internal audit accounts. These reviews are conducted by senior KPMG personnel who are independent from the engagement team's office(s).

The KPMG audit team reports to the Group Risk Officer and CFO on day-to-day matters.

The Audit, Governance and Risk Committee is satisfied with the effectiveness of the internal audit arrangements and that internal audit has met its responsibilities for the year with respect to its terms of reference.

CFO AND GROUP FINANCE FUNCTION

As required by the JSE Listings Requirements and King IV™, the Audit, Governance and Risk Committee annually considers and satisfies itself of the appropriateness of the expertise and experience of the Group CFO. His biographical details can be found on the Company's website. Furthermore, the Committee considers annually the appropriateness of the expertise and adequacy of resources of the Group's finance function and the experience of senior management responsible for the finance function.

For the year under review, the Committee has satisfied itself on these points.

REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

The Remuneration Committee (REMCOM) is pleased to present the remuneration report for the 12 months ended 30 June 2020, highlighting key issues considered during this period. In line with the principles of King IV™, this report is presented in three parts: this background statement which is part 1, an overview of the remuneration policy in part 2, and the implementation report in part 3.

The Remuneration Committee has considered the impact of King IV™ and has implemented a number of the suggested practices, which are presented in part 3 of this report.

This remuneration report is presented against the background of the Group's performance, feedback from the November 2019 AGM and the corresponding remuneration outcomes.

Our remuneration practices have been designed to deliver performance for the short- and long-term, with appropriate KPIs having been defined for each of these periods.

The impact of COVID-19 and the consequent government lockdown made for a challenging year, which impacted our overall results.

The results negatively impacted the long-term incentive ("LTI") scheme, and there was no vesting of conditional share plan awards during this reporting period.

The Remuneration Committee supports and is aligned to principle 14 of the King IV™ code and will continue working with the business to ensure that remuneration is fair and responsible and at a level sufficient to promote the achievement of business objectives. Work on the income gap will continue to be the focus of activities for 2021.

SUMMARY OF REMUNERATION ACTIVITIES/DECISIONS

The main issues considered and approved by the Remuneration Committee for the 12 months ended 30 June 2020:

- Updated LTI rules, incorporating malus and clawback and criteria for short-term incentive ("STI") schemes, were tabled and approved at the 2019 AGM.
- Finalisation and implementation of the updated LTI rules, and STIs following the November 2019 AGM.
- Updated the remuneration policy to incorporate these changes.
- Ensured that STIs meet business objectives and generate shareholder value.
- Reviewed the applicability of TGP increases for executive directors, prescribed officers and senior management due to the impact of lockdown on business performance.
- Approval of STI targets for executive directors, prescribed officers and other staff.
- Approval of STI outcomes for 2020.
- Reviewed the applicability of LTIs for 2020.
- Corporate governance on remuneration aspects.
- Review of employee benefits.
- Review of the remuneration policy, approval of the remuneration report and strategy.
- Review of fees payable to non-executive directors.

FOCUS AREA FOR FY2021

Providing transparency on pay ratios, the income gap and trends with respect to the gender pay gap.

STAKEHOLDER ENGAGEMENT

Metrofile is committed to engaging key stakeholders on its remuneration policy, as well as the consistent implementation of its remuneration policy.

On an annual basis, Metrofile will put the remuneration policy (part 2) and implementation report (part 3) to two separate, non-binding votes at the AGM. For this year, the AGM will be held on 24 November 2020.

In the event that 25% or more of the shareholders vote against either the remuneration policy and/or implementation report, Metrofile will include a note in its SENS announcement for the AGM results, inviting dissenting shareholders to engage with it on their reasons for voting against either or both of these resolutions.

The precise method of shareholder engagement will be decided by the Remuneration Committee.

The results of the shareholder engagement, and the Remuneration Committee's response to shareholder concerns will thereafter be published in the remuneration report at the end of the following financial year.

Based on the shareholder feedback received with regard to performance conditions and alignment to market practice, Metrofile underwent a process of determining appropriate performance conditions in order to incentivise and motivate executives, whilst creating shareholder value.

Metrofile has also established a malus and clawback policy and incorporated same into its rules.

The updated LTI rules, incorporating malus and clawback, were approved at the 2019 AGM, and have been implemented.

The Remuneration Committee is confident that with the changes to the remuneration policy, the Group's remuneration policy and practices are aligned with its strategy and with market best practice. This Group remuneration policy is subject to a rigorous review each year.

Where it is evident that the remuneration policy should be reconsidered to adapt to changing business realities and to maximise shareholder value, or where shareholders have legitimate and reasonable concerns regarding an aspect of the remuneration policy, the Remuneration Committee will consider amending the relevant aspects of the Group's remuneration framework.

The Committee is satisfied that the principles laid down by the Companies Act 2008 and King IV™ have been adhered to, unless otherwise stated in this report. The view of the Committee is that the remuneration policy achieved its stated objectives.

We have set out the results of our November 2019 AGM below:

Resolution	Percentage of shares in issue* %	For** %	Against** %	Abstained* %
Ordinary resolution number 1: Adoption of the audited consolidated annual financial statements	74.67	99.99	0.01	0.28
Ordinary resolution number 2: Election of Mr S Mansingh as a director	74.67	99.99	0.01	0.28
Ordinary resolution number 3: Re-election of Mrs MS Bomela as a director	74.67	98.64	1.36	0.28
Ordinary resolution number 4: Re-election of Ms P Langeni as a director	74.67	99.27	0.73	0.28
Ordinary resolution number 5: Re-election of Ms LE Mthimunye as a director	74.67	99.06	0.94	0.28
Ordinary resolution number 6: Appointment of Deloitte & Touche as auditor of the Company	74.67	98.57	1.43	0.27
Ordinary resolution number 7: Amendments to the Metrofile STIs	74.64	99.73	0.27	0.30
Ordinary resolution number 8: Amendments to the Metrofile LTI conditional share plan ("CSP")	74.69	99.69	0.31	0.25
Ordinary resolution number 9: Amendments to LTIs in terms of the malus and clawback changes	74.69	99.95	0.05	0.25
Ordinary resolution number 10: Authority to directors to implement changes to the STIs, LTI CSP, including the allotment and issue of ordinary shares	74.69	99.95	0.05	0.25
Ordinary resolution number 11: Remuneration policy	74.69	99.69	0.31	0.25
Ordinary resolution number 12: Implementation of the remuneration policy	74.67	99.37	0.63	0.28
Ordinary resolution number 13: Appointment of Mrs SV Zilwa as a member of the Audit, Governance and Risk Committee	74.67	99.37	0.01	0.28
Ordinary resolution number 14: Appointment of Ms P Langeni as a member of the Audit, Governance and Risk Committee	74.67	99.27	0.73	0.28
Ordinary resolution number 15: Appointment of Ms LE Mthimunye as a member of the Audit, Governance and Risk Committee	74.67	99.06	0.94	0.28
Special resolution number 1: General authority to repurchase shares	74.67	99.98	0.02	0.27
Special resolution number 2: Remuneration of non-executive directors	74.50	99.94	0.06	0.44
Special resolution number 3: Granting of financial assistance in terms of section 44 of the Companies Act	74.69	99.53	0.47	0.26
Special resolution number 4: Granting of financial assistance in terms of section 45 of the Companies Act	74.69	99.27	0.73	0.26
Ordinary resolution number 16: General authority to issue shares for cash	70.43	98.93	1.07	4.51
Ordinary resolution number 17: Specific authority to issue shares pursuant to a reinvestment option	74.67	99.04	0.96	0.28
Ordinary resolution number 18: General authority to allot and issue ordinary shares	74.67	98.76	1.24	0.27
Special resolution number 5: General authority to allot and issue shares pursuant to the CSP	74.69	99.42	0.58	0.25
Ordinary resolution number 19: Authority to directors to implement the resolutions	74.67	99.98	0.02	0.28

* Based on 452 649 116 shares in issue at the date of the AGM.

**In relation to the total number of shares voted at the AGM.

REMUNERATION REPORT CONTINUED

PART 2: REMUNERATION POLICY

REMUNERATION COMMITTEE

The role of the Remuneration Committee, its members and terms of reference are explained in detail on page 45 in the corporate governance section of this integrated annual report.

The remuneration policy has been designed so that it will continue to attract, engage, retain and motivate the right, diverse talent required to deliver sustainable profit growth in line with the Group strategy.

OUR REMUNERATION POLICY

Metrofile's remuneration policy is designed to support a high performance environment and comprises a basic annual total cost package and performance related variable pay linked to short- and long-term targets (refer to table below).

The Group's policy is to pay cost-to-company packages between the median and 75th percentile for comparable positions, in order to ensure that the business is able to attract and retain the correct/appropriate calibre of senior management and executive talent.

Fixed remuneration	Basic, annual cost package including benefits	This fixed element of remuneration is referred to as the total guaranteed pay and includes salary, car allowance, retirement funding, risk cover and voluntary medical contributions.
Variable remuneration	STIs	An annual STI is paid to support the achievement of the Company's short- and medium-term goals, with payment levels based on both Company and individual performance.
	LTI	LTI comprise a CSP which comprises performance awards which can be settled in shares or in cash. Vesting is subject to Company performance vesting conditions. Retention awards were issued in year 1, but all subsequent awards made under the plan have been performance awards.

Executive director and senior management remuneration comprises three components designed to balance short- and long-term objectives, while aligning to shareholder interests.

The main objective of the basic annual total cost package is to provide individuals with a fixed income aligned to the job they perform.

The performance related remuneration is designed to encourage and reward superior performance and align the interests of the executive directors and senior executives as closely as possible to the interests of the shareholders.

Long-term incentives, although performance based, are inherently retentive, but there are no schemes specifically in place for the sole purpose of the retention of key employees.

In addition to primary incentives, the executive directors and senior executives also receive retirement and other benefits as part of their basic total annual cost-to-company.

The policy conforms to King IV™ and is based on the following principles:

- Remuneration practices are aligned to corporate strategy.
- Total rewards are set at competitive levels in the relevant market.
- Incentive based rewards are earned by achieving demanding performance conditions consistent with shareholder interests over the short- and long-term.
- Incentive plans, performance measures and targets are structured to operate effectively throughout the annual business cycle.
- The design of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk.

REMUNERATION FRAMEWORK

	Guaranteed pay	Benefits	Discretionary bonus	Short-term annual incentive	Additional sales incentive	Long-term incentive
Participation	Permanent employees	<ul style="list-style-type: none"> Retirement fund (includes risk cover) Voluntary medical aid Company cell phone/cell phone allowance for specific roles in the business Fuel/fuel card for business travel for specific roles in the business 	Applies to permanent employees in the Paterson A and B bands Based on the concept of a "not guaranteed" 13th cheque	Permanent employees in the Paterson D, E and F bands	Permanent MD's of the Group companies	Permanent employees in the Paterson E and F bands
Purpose	Attraction and retention		Delivery of short-term business objectives	Delivery of short-term business and role specific objectives	Reward achievement of revenue and EBIT targets for the Company	Delivery of business strategy over four years
Performance period	Monthly	On-going	One year	One year	One year	Four years
Mechanics	Market related and individual performance	Included in monthly salary payment	Company and individual performance	Calculated based on the achievement of both company wide and role specific performance metrics agreed for the specific financial year	Calculated on 100% achievement of revenue and EBIT target at 1H and 2H. Achievement must be at 100% to earn a cash incentive Underperformance in 1H is banked and performance is assessed at the end of 2H	Participants are awarded a conditional right to Metrofile shares, subject to the achievement of forward looking performance conditions and employment over the vesting period (fourΔ20 years)
Method of delivery	Cash	Monthly salary	Cash	Cash	Cash	Metrofile shares
Performance measures	N/A	N/A	Role specific KPIs	Depending on the level of seniority, there will be a weighting between business performance measures and personal performance measures. For executive directors there will be a 70%/30% split in favour of business performance measures		Employment conditions and Company performance conditions

On appointment considerations for executive directors, senior management and scarce skills include:

- Sign-on bonus: with a work back period
- Sign-on shares: with an employment condition

REMUNERATION REPORT CONTINUED

CHANGES TO THE REMUNERATION POLICY FOR FY2020

Changes which were approved at the November 2019 AGM, to focus the executive and senior management team on delivering business priorities of the Board and shareholders, have been implemented, including:

- Refocussing the performance measures of the short-term annual incentive scheme.
- Changing the performance conditions and vesting period of the long-term CSP.
- Implementing malus and clawback.

In the remainder of this part of the report, we provide a detailed explanation of the policy as it applies to the executive directors (prescribed officers) of the Company.

DETAIL ON EXECUTIVE DIRECTORS' (PRESCRIBED OFFICERS') REMUNERATION

OVERVIEW

The Remuneration Committee seeks to ensure that executive directors and senior managers are rewarded for their contribution to the Group's operating and financial performance at levels which take into account country benchmarks.

There are no direct industry comparisons to be made, therefore we compare our remuneration to that of the general market. Performance-linked variable pay and share based incentives are important elements of aligning executive incentives with shareholder interests.

The remuneration policy enables executive directors and senior management to receive remuneration that is appropriate to their scale of responsibility and required performances. It is designed to attract, motivate and retain individuals of the necessary calibre.

There are two executive directors, who are the only two prescribed officers: Group CEO and Group CFO.

PACKAGE DESIGN

The Company's policy for the Group executive directors results in a significant portion of the remuneration received being dependent on Company performance. In part 3 of this report the actual total pay outcomes for the 12 months ending 30 June 2020 are depicted.

The total pay opportunities for the CEO and CFO (prescribed officers) are dependent on the achievement of Company performance targets.

BASIC PACKAGE

The basic annual total cost package of the executive directors and senior management is subject to an annual review by the Remuneration Committee and is set with reference to individual performance and external market data relating to that of the general market.

For this benchmarking process, the Committee has determined to set a basic annual cost package for executive directors of between the median and 75th percentile of comparator groups because, in its view, this is essential to attract and retain the necessary calibre of management.

Included in the annual basic total package are compulsory contributions to the Group's retirement scheme and voluntary participation in the Group's medical scheme. In addition to the basic annual total cost package, allowances are paid with respect to cell phones and fuel for purposes of business travel.

SHORT-TERM INCENTIVES

Annual performance incentives are paid based on the achievement of short-term performance targets set out for each individual.

The incentives are directly linked to the performance achieved during a financial year and are determined by the Remuneration Committee. These include measures of corporate or divisional financial performance and individual objectives, which are aligned to the business strategy.

The elements making up the performance targets include financial elements and vary depending on the individual's business division, job role and function and are payable on achieving budgeted targets. Qualitative elements are included, in addition to financial performance, and these elements are at least partially dependent on the financial targets being met.

STIs are agreed with the Committee each year at the beginning of the new financial year, and are then paid to the executive directors, in cash, in September of the following year, following the conclusion of the year-end audit and finalisation of business results.

Each individual is allocated a base incentive, which becomes payable on a sliding scale once financial results have been finalised. This incentive is calculated, based on the agreed performance metrics for the financial year and is limited to two times the defined base.

Specific performance criteria and weightings are reviewed annually by the Remuneration Committee.

At the end of each financial year, the achievement of the corporate financial targets is measured utilising the audited results and the achievement of qualitative targets is assessed by the Remuneration Committee.

For the financial year ended 30 June 2020, the on-target incentive level was set at 100% of the basic annual total cost package for the CEO, with a 75% quantitative and 25% qualitative split, and 60% of the basic annual total cost package for the CFO. These percentages and split for the CEO and CFO will remain the same in the upcoming financial year.

Annual performance incentives are paid in cash, less appropriate income tax.

The incentives payable to the executive directors in respect of the year ended 30 June 2020 and the comparative period are disclosed in part 3 of this report.

The following table illustrates STIs approved by the AGM for the executive directors in FY2020:

SHORT TERM INCENTIVES (STI)		
PROPOSED PERFORMANCE CRITERIA		
METRIC (WEIGHTING)	MEASUREMENT	
Business performance measures (70%)	EBITDA growth (23%)	Threshold – CPI + GDP Target – CPI + GDP + 4% Stretch – CPI + GDP + 6%
	Group HEPS (23%) (FY2019 HEPS to be based on normalised tax)	Threshold – CPI + GDP Target – CPI + GDP + 4% Stretch – CPI + GDP + 7%
	Cash conversion ratio (24%) (Cash generated from operations/EBITDA)	Threshold – 85% Target – 90% Stretch – 95%
Transformation and personal performance measures (30%)	Transformation (10%)	Threshold – 85% Target – 100% Stretch – 110%
	KPIs linked to role and strategy (20%)	Threshold – 85% Target – 100% Stretch – 110%

LONG-TERM INCENTIVES

The Group operated an equity-settled share based incentive schemes for executive directors and senior management in the form of a CSP.

The CSP provides for conditional performance awards, which provide participants with the conditional right to receive shares in the future upon achievement of specific performance conditions. It is intended that awards to executive directors will be settled in shares, whilst awards to other participants can be settled in cash.

The vesting of performance awards are subject to an employment condition and the fulfilment of the performance conditions. The performance condition has been measured over a period of four years. The CSP makes provision for retention awards, which are only subject to an employment condition. Retention awards were only made in the first year of the CSP; all subsequent awards have been performance awards.

The vesting of performance shares, already issued in terms of the previous rules of the CSP, are subject to the following performance condition and vesting percentage:

Performance measure and corresponding vesting percentage	Threshold	Target
Profit before interest and tax	CPI + 2% per annum	CPI + 5% per annum
Resulting vesting percentage	30%	100%

Linear vesting will be applied for performance between the above levels.

There were no awards made in FY20.

REMUNERATION REPORT CONTINUED

Performance conditions for awards to be made going forward were approved at the AGM in November 2019. Approval includes a four-year vesting period, and the introduction of malus and clawback. These performance conditions which have been implemented for the 2020 financial year are as follows:

Metric and weighting	Measurement
Return on Capital Employed ("ROCE") (60%) (NOPAT/(average equity plus long term debt))	Threshold – long-bond rate +4% Target – long-bond rate +6% Stretch – long-bond rate +9%
HEPS growth (25%) (FY2019 HEPS to be based on normalised tax)	Threshold – CPI + GDP Target – CPI + GDP + 4% Stretch – CPI + GDP + 7%
Digital Services revenue growth (7.5%)	Threshold – average CAGR CPI + 5% Target – average CAGR CPI +10% Stretch – average CAGR CPI +13%
Secure Storage revenue growth (7.5%)	Threshold – average CAGRCPI + 2% Target – average CAGR CPI + 4% Stretch – average CAGRCPI + 6%
Vesting period:	4 years

MALUS AND CLAWBACK

For the 2020 financial year, Metrofile implemented malus and clawback to ensure that the Company is able to protect itself and its shareholders in the event of a corporate governance failure.

The purpose behind the implementation of malus and clawback is to provide the Company with the discretion to either:

- Reduce or forfeit unvested conditional awards offered under the CSP (malus); or
- Recover cash payments made in relation to the new CSP for a number of years after the payment thereof (clawback) in the event of a trigger event.

Trigger events include the following:

- Material misstatement of financial results of the Company.
- Gross misconduct, incompetence, fraud, dishonesty.
- Gross negligence or a material breach of obligations to the Company.
- Harm to the Company's reputation.

The Board retains the absolute discretion to invoke malus/clawback in part or in full, on a collective or individual basis, where a trigger event has occurred.

The CSP rules have been updated to contain the provisions applicable to malus as well as the trigger events. While share awards are unvested, they will be subject to malus. Clawback on the other hand is post vesting.

EXECUTIVE DIRECTORS' SERVICE CONTRACTS

To properly reflect their spread of responsibilities, the executive directors, Pfungwa Serima (Group CEO) and Shivan Mansingh (Group CFO) have employment contracts with Metrofile Management Services Proprietary Limited.

These contracts include the stipulation that the Group CEO and Group CFO or Metrofile could terminate their contracts giving a nine-month or three-month notice period respectively. Restraint agreements of one year apply to both the Group CEO and Group CFO contracts.

The following provides an overview of executive directors' service contracts during this reporting period.

Name	Term of employment	Notice period	Restraint agreement
Group CEO – Pfungwa Serima	Joined the business on 1 February 2016	Nine-month notice period	One-year restraint of trade
Group CFO – Shivan Mansingh	Joined the business on 1 April 2019	Three-month notice period	One-year restraint of trade

NON-EXECUTIVE DIRECTORS

Non-executive directors receive annual fees for their roles as directors and as Board Committee members. The Board does not regard separate attendance fees as appropriate or necessary unless the time allocated to meetings expected of directors is materially more than normal in a particular year.

The Committee did not consider it necessary to split directors' fees into a base fee and attendance fee, because of the satisfactory attendance record of directors at Board meetings and time spent outside these on request from the Chairman or Company Secretary.

The terms and conditions of the appointment of non-executive directors are available on request from the Company Secretary.

Non-executive directors are not eligible to participate in the short-term incentive plan or any of the long-term incentive plans.

All the non-executive directors have letters of appointment with Metrofile Holdings Limited. For the services of Mary Bomela (deputy chairman) and Zaheer Abdullah (non-executive director), a service contract is in place with MIC for payment of related service fees.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote in respect of part 2 of this report, at the AGM on 24 November 2020.

PART 3: IMPLEMENTATION REPORT

This implementation report is presented as follows:

- 2020 guaranteed pay adjustment.
- 2020 STI outcomes.
- 2020 LTI outcomes.
- Total remuneration for executive directors is presented in a remuneration table which indicates both potential earnings and actual remuneration.

2020 TOTAL GUARANTEED PAY (TGP) ADJUSTMENT

Annual salary increases for executives and prescribed officers are effected in July each year, taking account of market benchmark movements and Company affordability.

The percentage increase granted to executives for this period was 5%.

2020 STI OUTCOMES

The quantum of these incentives is in accordance with the achievement of business performance objectives. The following performance criteria and relative weightings were applied to the prescribed officers and approved STIs are reflected below:

Group CEO: Pfungwa Serima:

STI performance criteria: FY2018/2019 for performance review and payment consideration by Remuneration Committee in September 2019:

	REMCOM approved STI
Quantitative incentive bonus: 75% of package	
Group revenue	20%
Group PBIT	65%
Group transformation	10%
B-BBEE: achievement of B-BBEE level as per B-BBEE plan	5%
Qualitative incentive bonus: 25% of package	
Performance indicators: Africa expansion, B-BBEE targets, government business, investor relations, procurement process	
Total approved incentive	R412 500

Group CFO: Shivan Mansingh

STI performance criteria: FY2018/2019 for performance review and payment consideration by Remuneration Committee in September 2019.

Approved REMCOM STI was as per pro-rated incentive for the last quarter of the financial year, as per the Group CFO employment contract, in the amount of R495 000.

2020 LTIs AWARDED

There were no LTI awards in the 2020 financial year due to scheme being under review.

REMUNERATION REPORT CONTINUED

TOTAL REMUNERATION FOR EXECUTIVE DIRECTORS

GROUP CEO: PFUNGWA SERIMA	STRUCTURE OF PACKAGE: POTENTIAL EARNINGS			ACTUAL REMUNERATION EARNED	
	PERCENTAGE OF GP	RAND VALUE OF GP	RAND VALUE OF GP		
		FY2019	FY2020	FY2019	FY2020
Guaranteed package (GP)	100%	R 5 620 000	R 5 880 000	R 5 620 000	R 5 880 000
STI	75%	R 4 215 000	R 4 410 000	R 3 945 707	R 4 12 500
Qualitative incentive	25%	R 1 405 000	R 1 470 000	R 1 000 000	
LTI*	80%	R 4 496 000	R 4 704 000		
Total value of remuneration		R 15 736 000	R 16 464 000	R 10 565 707	R 6 292 500

*Note 1: 2019 LTI awards at VWAP 3.29: number of shares

1 366 565

*Note 2: 2020 LTI – no awards were made during this period

GROUP CFO: SHIVAN MANSINGH	STRUCTURE OF PACKAGE: POTENTIAL EARNINGS			ACTUAL REMUNERATION EARNED	
	PERCENTAGE OF GP	RAND VALUE OF GP	RAND VALUE OF GP		
		FY2019	FY2020	FY2019	FY2020
Guaranteed Package (GP)	100%	R 825 000	R 3 450 000	R 825 000	R 3 450 000
STI	60%		R 2 070 000		R 495 000
LTI*	60%		R 2 070 000		
Sign-on bonus		R 250 000		R 250 000	
Sign-on shares**		R 300 000		R 300 000	
Total value of remuneration		R 1 375 000	R 7 590 000	R 1 375 000	R 3 945 000

** Note 1: Sign-on share awards at VWAP 1.76: number of shares

170 455

** Note 2: No LTI awards have been made during this period

SHARE SCHEMES

Details of grants issued to date under the Metrofile Holdings Limited SARS and CSP schemes are reflected in note 8 on page 30 of the annual financial statements on the Company's website.

CSP awards and allocation summary may be found in note 8 on page 30 of the annual financial statements on the Company's website.

INTERESTS OF DIRECTORS AND PRESCRIBED OFFICERS IN SHARE CAPITAL

The aggregate direct beneficial holdings of directors and their immediate families in the issued ordinary shares of the Company are detailed in the directors' report on page 2 of the annual financial statements on the Company's website.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors agreed not to increase their fees to the business for two years. The non-executive directors' fees for this reporting period:

NON-EXECUTIVE DIRECTORS' FEES	30 JUNE 2020 R
Chairman	860 000
Deputy Chairman	*
Lead independent director	480 000
Non-executive directors	350 000
Chairman of the Audit, Governance and Risk Committee	370 000
Chairman of the Nominations Committee	180 000
Chairman of the Remuneration Committee	180 000
Chairman of the Social, Ethics and Transformation Committee	*
Audit, Governance and Risk Committee member	170 000
Nominations Committee member	85 000
Remuneration Committee member	85 000
Social, Ethics and Transformation Committee member	85 000
Mineworkers Investment Company	85 000

**For the services of Mary Bomela (Deputy Chairman), and Zaheer Abdulla, a service contract is in place with MIC for payment of related service fees.*

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote in respect of part 3 of this report, at the AGM on 24 November 2020.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

For a full set of financial statements, please visit our website: www.metrofilegroup.com

	CONSOLIDATED		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Continuing operations:				
Revenue	903 272	913 415	–	–
Direct costs	(451 602)	(403 191)	–	–
Gross profit	451 670	510 224	–	–
Other income	15 604	7 359	–	–
Profit before indirect expenditure	467 274	517 583	–	–
Indirect expenditure	(165 578)	(246 410)	(1 703)	(1 488)
Operating profit/(loss) before depreciation, exceptional items and net finance costs	301 696	271 173	(1 703)	(1 488)
Depreciation and amortisation	(84 422)	(47 439)	–	–
Operating profit/(loss) before exceptional items and net finance costs	217 274	223 734	(1 703)	(1 488)
Loss on disposal of business	(4 199)	–	–	–
Loss on sale of subsidiary	(222)	–	–	(34 298)
Restructuring and retrenchment costs	(11 788)	(17 480)	–	–
Impairment of goodwill	(118 404)	(18 332)	–	–
Impairment of subsidiary loan	–	–	(180 304)	(16 130)
Impairment of investment in joint venture and associate	–	(8 362)	–	(2 576)
Impairment of plant and equipment	–	(29 099)	–	–
Impairment of investment in subsidiary	–	–	(14 980)	–
Operating profit/(loss) before net finance costs	82 661	150 460	(196 987)	(54 492)
Finance income	2 004	1 798	–	–
Finance costs	(67 317)	(71 173)	–	–
Profit/(loss) before taxation	17 348	81 085	(196 987)	(54 492)
Taxation	(33 743)	(55 342)	–	–
(Loss)/profit for the year from continuing operations	(16 395)	25 743	(196 987)	(54 492)
Discontinued operations				
Loss for the year from discontinued operations	–	(30 301)	–	–
Loss for the year	(16 395)	(4 558)	(196 987)	(54 492)
Attributable to:				
Owners of the parent	(14 825)	7 559	(196 987)	(54 492)
– Continuing operations	(14 825)	37 860	–	–
– Discontinued operations	–	(30 301)	–	–
Non-controlling interests	(1 570)	(12 117)	–	–
Loss for the year	(16 395)	(4 558)	(196 987)	(54 492)
Loss attributable to owners of the parent				
Basic (loss)/earnings per share (cents)	(3.4)	(1.8)		
Diluted (loss)/earnings per share (cents)	(3.4)	(1.8)		

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

For a full set of financial statements, please visit our website: www.metrofilegroup.com

	CONSOLIDATED		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Loss for the year	(16 395)	(4 558)	(196 987)	(54 492)
Other comprehensive income/(loss) for the year[#]				
Currency movement on translation of foreign subsidiaries	2 475	(3 370)	–	–
Total comprehensive loss for the year	(13 920)	(7 928)	(196 987)	(54 492)
Attributable to:				
Owners of the parent	(12 350)	3 171	(196 987)	(54 492)
Non-controlling interests	(1 570)	(11 099)	–	–

[#] All items will subsequently be reclassified to profit and loss.

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2020

For a full set of financial statements, please visit our website: www.metrofilegroup.com

	CONSOLIDATED		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	598 162	581 113	–	–
Right-of-use asset	126 185	–	–	–
Intangible assets	50 498	57 480	–	–
Goodwill	316 661	438 702	–	–
Investment in unlisted subsidiaries	–	–	264 018	278 998
Long-term vendor consideration	–	3 500	–	–
Deferred taxation assets	12 177	5 128	–	–
	1 103 683	1 085 923	264 018	278 998
Current assets				
Inventories	16 507	17 494	–	–
Trade receivables	185 414	191 257	–	–
Vendor consideration	3 500	10 532	–	–
Other receivables	31 946	35 329	196	220
Cash and cash equivalents	37 187	34 983	5	480
Amounts owing by subsidiaries – non-interest-bearing	–	–	549 291	614 160
	274 554	289 595	549 492	614 860
Total assets	1 378 237	1 375 518	813 510	893 858
EQUITY AND LIABILITIES				
Equity				
Ordinary share capital and share premium	573 833	555 059	963 924	945 150
Accumulated (loss)/profit	(79 765)	7 150	(471 565)	(225 226)
Other reserves	5 017	2 778	–	–
Equity attributable to owners of the parent	499 085	564 987	492 359	719 924
Non-controlling interests	8 797	(3 157)	–	–
	507 882	561 830	492 359	719 924
Non-current liabilities				
Interest-bearing liabilities	520 110	560 053	–	–
Lease liabilities	103 543	–	–	–
Deferred taxation liabilities	43 877	43 845	–	–
	667 530	603 898	–	–
Current liabilities				
Trade and other payables	100 078	109 750	2 728	2 400
Provisions	13 297	9 233	–	–
Deferred revenue	12 277	11 103	–	–
Taxation	3 323	2 606	–	–
Bank overdraft	4 988	36 717	–	–
Interest-bearing liabilities	39 195	40 381	–	–
Amounts owing to subsidiaries – non-interest-bearing	–	–	318 423	171 534
Lease liabilities	29 667	–	–	–
	202 825	209 790	321 151	173 934
Total equity and liabilities	1 378 237	1 375 518	813 510	893 859

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

For a full set of financial statements, please visit our website: www.metrofilegroup.com

	Share capital R'000	Share premium R'000	Accumulated profit/(loss) R'000	Other reserves R'000	Attributable to owners of the parent R'000	Non-controlling interests R'000	Total equity R'000
CONSOLIDATED							
Balance at 30 June 2018	2 675	539 874	50 184	15 950	608 684	13 170	621 854
IFRS 2 equity reserve relating to share schemes	–	–	–	(8 784)	(8 784)	–	(8 784)
Minority contribution on disposal of subsidiary	–	–	5 976	–	5 976	(5 228)	748
Dividends declared	–	–	(44 059)	–	(44 059)	–	(44 059)
Scrip dividends declared	–	12 510	(12 510)	–	–	–	–
Total comprehensive income for the year ended 30 June 2019	–	–	7 559	(4 388)	3 171	(11 099)	(7 928)
Balance at 30 June 2019	2 675	552 384	7 150	2 778	564 987	(3 157)	561 830
IFRS 2 expense	–	–	–	(236)	(236)	–	(236)
Transactions with NCI*	–	–	(22 738)	–	(22 738)	14 480	(8 258)
Disposal of subsidiary	–	–	–	–	–	(956)	(956)
Dividends declared	–	–	(30 578)	–	(30 578)	–	(30 578)
Scrip dividends declared	–	18 774	(18 774)	–	–	–	–
Total comprehensive loss for the year ended 30 June 2020	–	–	(14 825)	2 475	(12 350)	(1 570)	(13 920)
Balance at 30 June 2020	2 675	571 158	(79 765)	5 017	499 085	8 797	507 882
* During the year the Group acquired the remaining 38% shareholding in Metrofile Nigeria (Pty) Ltd and an additional 20% shareholding in E-file Masters LLC.							
COMPANY							
Balance at 30 June 2018	2 675	929 965	(114 165)				818 475
Dividends declared	–	–	(44 059)				(44 059)
Scrip dividend declared	–	12 510	(12 510)				–
Total comprehensive loss for the year ended 30 June 2019	–	–	(54 492)				(54 492)
Balance at 30 June 2019	2 675	942 475	(225 226)				719 924
Dividends declared	–	–	(30 578)				(30 578)
Scrip dividend declared	–	18 774	(18 774)				–
Total comprehensive loss for the year ended 30 June 2020	–	–	(196 987)				(196 987)
Balance at 30 June 2020	2 675	961 249	(471 565)				492 359

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED JUNE 2020

For a full set of financial statements, please visit our website: www.metrofilegroup.com

	CONSOLIDATED		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations before net working capital changes	281 724	250 614	(1 703)	(1 488)
Decrease in net working capital	2 541	2 910	118	35
Cash generated/(utilised) by operations	284 265	253 524	(1 585)	(1 453)
Net finance costs	(65 784)	(65 428)	–	–
Finance costs paid	(67 788)	(67 226)	–	–
Finance income received	2 004	1 798	–	–
Normal taxation paid	(39 400)	(57 332)	–	–
Net cash inflow/(outflow) from operating activities	179 081	130 764	(1 585)	(1 453)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditure: expansion	(41 227)	(49 540)	–	–
Capital expenditure: replacement	(14 946)	(21 825)	–	–
Proceeds on disposal of property, plant and equipment	5 909	–	–	–
Vendor loan proceeds received	10 532	–	–	–
Proceeds on disposal of subsidiary	5 543	(1 442)	–	–
Increase in investments	–	–	–	2 120
Acquisition of subsidiaries	–	(3 673)	–	–
Net cash (outflow)/inflow from investing activities	(34 189)	(76 480)		2 120
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term liabilities	(40 649)	(63 322)	–	–
Payment of lease liabilities	(34 034)	–	–	–
Acquisition of non-controlling interest	(8 258)	–	–	–
Dividends paid	(30 208)	(43 769)	(30 342)	(44 059)
Net decrease in loans with Group companies	–	–	31 452	43 600
Net cash (outflow)/inflow from financing activities	(113 149)	(107 091)	1 110	(459)
Net increase/(decrease) in cash and cash equivalents	31 742	(52 807)	(475)	208
(Overdraft)/cash and cash equivalents at the beginning of the year	(1 734)	49 043	480	272
Effects of exchange rate movement on cash balances	2 191	2 030	–	–
Cash and cash equivalents/(overdraft) at the end of the year	32 199	(1 734)	5	480
Represented by:	32 199	(1 734)	5	480
Cash and cash equivalents	37 187	34 983	5	480
Bank overdraft	(4 988)	(36 717)	–	–

ANALYSIS OF SHAREHOLDING

	2020				2019			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
SHAREHOLDER SPREAD								
1 – 10 000	3 732	80.20	5 673 097	1.26	3 100	77.13	5 626 713	1.27
10 001 – 50 000	629	13.52	14 181 286	3.13	642	15.97	14 442 346	3.25
50 001 – 100 000	120	2.58	8 753 204	1.93	110	2.74	8 096 731	1.82
100 001 – 250 000	79	1.70	12 405 537	2.74	81	2.02	12 526 186	2.82
250 001 shares and over	93	2.00	411 635 992	90.94	86	2.14	403 162 910	90.83
Totals	4 653	100.00	452 649 116	100.00	4 019	100.00	443 854 886	100.00
DISTRIBUTION OF SHAREHOLDERS								
Banks/brokers	69	1.48	22 301 467	4.93	63	1.57	19 045 638	4.29
Close corporations	41	0.88	922 573	0.20	47	1.17	1 935 785	0.44
Endowment funds	8	0.17	615 556	0.14	5	0.12	232 892	0.05
Individuals	4 018	86.35	46 605 269	10.30	3 495	86.96	42 702 716	9.62
Insurance companies	11	0.24	9 503 696	2.10	13	0.32	12 223 111	2.75
Medical schemes	1	0.02	1 992 430	0.44				
Mutual funds	32	0.69	97 151 608	21.46	43	1.07	101 837 872	22.94
Other corporations	34	0.73	265 218	0.06	35	0.87	188 354	0.04
Private companies	97	2.08	195 222 849	43.13	94	2.34	191 727 002	43.20
Public companies	11	0.25	29 529 584	6.52	11	0.27	28 865 768	6.50
Retirement funds	144	3.09	15 889 028	3.50	8	0.20	12 618 106	2.84
Treasury stock	1	0.02	18 949 158	4.19	1	0.02	18 949 158	4.27
Trusts	186	4.00	13 700 680	3.03	204	5.08	13 528 484	3.05
Totals	4 653	100.00	452 649 116	100.00	4 019	100.00	443 854 886	100.00
PUBLIC/NON-PUBLIC SHAREHOLDERS								
Non-public shareholders	13	0.28	238 099 516	52.60	10	0.25	183 638 325	41.37
Directors, management and associates of the Company	7	0.15	53 669 913	11.86	4	0.10	2 995 853	0.67
Treasury shares	1	0.02	18 949 158	4.18	1	0.02	18 949 158	4.27
Strategic holdings	5	0.11	165 480 445	36.56	5	0.12	161 693 314	36.43
Public shareholders	4 640	99.72	214 549 600	47.40	4 009	99.75	260 216 561	58.63
Totals	4 653	100.00	452 649 116	100.00	4 019	100.00	443 854 886	100.00

ANALYSIS OF SHAREHOLDING CONTINUED

	Number of shares	%
BENEFICIAL SHAREHOLDERS HOLDING 2% OR MORE (Top 10)		
As at 26 June 2020		
Mineworkers Investment Company	165 480 445	36.56
Sabvest Investments (Pty) Limited	50 147 662	11.08
Ninety One Asset Management	35 794 172	7.91
Metrofile Management Services (Pty) Limited	18 949 158	4.19
Prudential Investment Managers	15 007 986	3.32
ClucasGray Investment Management	13 635 815	3.01
Sanlam Investment Management	12 223 118	2.70
Momentum Metropolitan Holdings	11 130 481	2.46
Kuwait Investment Authority	9 823 815	2.17
Alexander Forbes Investments Retirement Funds	9 209 876	2.03
Totals	341 402 528	75.43
BENEFICIAL SHAREHOLDERS HOLDING 2% OR MORE (Top 10)		
As at 28 June 2019		
Mineworkers Investment Company	161 693 314	36.43
Sabvest Investments (Pty) Limited	49 000 000	11.04
Investec Asset Management	36 023 768	8.12
Sanlam Investment Management	23 661 354	5.33
Metrofile Management Services (Pty) Limited	18 949 158	4.27
Prudential Investment Managers	15 294 519	3.45
MMI Holdings Limited	11 796 639	2.66
ClucasGray Investment Management	9 877 165	2.23
Fund 561	9 598 991	2.16
Alexander Forbes Investments Retirement Funds	8 899 553	2.01
Totals	344 794 461	77.68

Subsequent to the approval of the annual financial statements and before the publication of this integrated annual report, the interests of the directors and prescribed officers in the shares of the Company increased due to on-market share purchases:

Directors and officers	Beneficial		Non-beneficial		Total shares
	Direct	Indirect	Direct	Indirect	
Muhammed Zaheer Abdulla [†]					
Mary Sina Bomela [†]					
Phumzile Langeni					
Shivan Mansingh	150 000				150 000
Lindiwe Evarista Mthimunya					
Christopher Stefan Seabrooke			50 147 662		50 147 662
Pfungwa Gore Serima	46 035				46 035
Graham Dunbar Wackrill	3 019 985				3 019 985
Sindiswa Victoria Zilwa					

[†]Mary Bomela and Zaheer Abdulla are CEO and Senior Investment Manager of MIC respectively, which owns 165 480 445 shares.

SHARE PRICE AND VOLUME TRADED

R'000	2020	2019	2018	2017
Market price				
Close (30 June) (cents per share)	225	162	345	470
High (cents per share)	413	368	465	526
Low (cents per share)	120	130	315	406
Market capitalisation (R)	1 018 460 511	719 044 915	1 501 233 925	2 045 159 260
Value of shares traded (R)	185 264 182	141 833 319	500 599 609	342 758 000
Value of shares traded as % of market capitalisation (%)	18.19	19.73	33.35	16.76
Volume of shares traded	74 391 707	56 415 323	132 307 599	75 500 000
Volume of shares traded as % of number in issue (%)	16.43	12.71	30.41	16.70
Dividend yield	3.91	6.17	6.09	6.38
Earnings yield	10.31	12.65	8.38	6.77
Shares in issue	452 649 116	443 854 886	435 140 268	435 140 268
Average number of shares in issue	450 324 928	436 922 919	435 140 268	435 140 268
Shares issued/repurchased	8 794 230	8 714 618	0	0
Number of shareholders	4 653	4 019	4 129	3 794

SHAREHOLDERS' DIARY

Publication of integrated annual report	27 October 2020
Annual general meeting	24 November 2020
Results of the general meeting published on SENS	25 November 2020
Interim results announcement	March 2021
Financial year-end	30 June 2021
Annual results announcement	September 2021

CORPORATE INFORMATION

DIRECTORS

Christopher Stefan Seabrooke (67)*

BCom, BAcc, MBA, FCMA
Independent non-executive Chairman
17 years' service (Appointed 28 January 2003)
Chairman of the Nominations Committee

Mary Sina Bomela (47) †*

BCom (Hons), CA(SA), MBA
Non-executive director and deputy chairman
10 years' service (Appointed 8 September 2010)
Chairman of the Social, Ethics and Transformation Committee

Pfungwa Gore Serima (55)#

BSc (CompSc) and Business Studies
Group Chief Executive Officer
Three years' service (Appointed 1 February 2016)

Shivan Mansingh (34)#

BAccSci, HDipAcc, CA(SA), MBA
Group Chief Financial Officer
18 months' service (Appointed 1 April 2019)

Phumzile Langeni (46) ††#

BCom (Acc), BCom (Hons) MCom
Lead independent non-executive director
Chairman of Remuneration Committee
Eight years' service (Appointed 30 March 2012)

Muhammed Zaheer Abdulla (33)

BSc (Actuarial Science) Honours
Non-executive director
Two years' service (Appointed 15 September 2018)

Lindiwe Evarista Mthimunya (46) †#

BCom, CA(SA), MCom, H Dip Tax Law
Independent non-executive director
Three years' service (Appointed 1 July 2017)

Graham Dunbar Wackrill (66)

BCompt
Non-executive director
16 years' service (Appointed 1 July 2004)

Sindiswa Victoria Zilwa (53)#

BCompt (Hons), CA(SA), CD(SA)
Advanced Diploma in Financial Planning (UFS)
Advanced Diploma in Taxation (UNISA)
Advanced Diploma in Banking (RAU)
Independent non-executive director
Eight years' service (Appointed 17 October 2012)
Chairman of the Audit, Governance and Risk Committee

Leon Rood (43)

BCom, LLB
20 months' service (appointed 1 February 2019)
Independent non-executive alternate director to Christopher Seabrooke

SECRETARY AND REGISTERED OFFICE

Paige Atkins

First Floor, 28 Fricker Road, Illovo, 2196, Gauteng, South Africa
P O Box 40264, Cleveland, 2022, Gauteng, South Africa
Telephone +27 10 001 6380

COMPANY REGISTRATION NUMBER

1983/012697/06

DATE OF INCORPORATION

18 November 1983

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196,
Gauteng, South Africa
P O Box 61051, Marshalltown, 2107, Gauteng, South Africa
Telephone +27 11 370 5000
Facsimile +27 11 688 5200

AUDITOR

Deloitte & Touche
5 Magwa Crescent, Waterfall City, Waterfall, 2090, Gauteng,
South Africa
Private Bag X6, Gallo Manor, 2052, Gauteng, South Africa

BANKERS

The Standard Bank of South Africa Limited

INVESTMENT BANK AND JSE SPONSOR

The Standard Bank of South Africa Limited
30 Baker Street, Rosebank, 2196, Gauteng, South Africa
P O Box 61344, Marshalltown, 2107, Gauteng, South Africa
P O Box 61771, Marshalltown, 2107, Gauteng, South Africa

INVESTOR RELATIONS

Anne Dunn: Anne Dunn Communications
Telephone +27 82 448 2684
Email anne@annedunn.co.za

WEBSITE

www.metrofilegroup.com

† Audit, Governance and Risk Committee member

‡ Nominations Committee member

* Remuneration Committee member

Social, Ethics and Transformation Committee member



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