



Revenue
R1 134m
▲ 16%



EBITDA
R345m
▲ 6%



EPS
32.1c
▲ 4%



HEPS
32.1c
▲ 5%



DPS
18c
(maintained)



Share buy-back
R33.8m
(10m shares)

Summarised financials

	12 months ended 30 June 2023	12 months ended 30 June 2022
Revenue (R'000)	1 134 380	979 677
EBITDA (R'000)	344 682	324 782
Operating profit (R'000)	254 620	240 402
EPS (cents)	32.1	30.8
HEPS (cents)	32.1	30.7
Number of shares in issue*	423 655 204	433 699 958

*Net of treasury shares

Results overview

Results overview for the year:

- Revenue increased by 16% to R1 134 million.
- EBITDA increased by 6% to R345 million and operating profit increased by 6% to R255 million.
- EPS and HEPS increased by 4% and 5% respectively to 32.1c.
- Dividend per share was maintained at 18c for the year, with a final dividend of 9c declared.
- Purchased 10 044 754 shares (R33.8 million) under the share buy-back programme.

Financial review

Revenue

Revenue increased by 16% to R1 134 million (FY2022: R980 million). Metrofile concluded the acquisition of IronTree Internet Services (Pty) Ltd (IronTree) in the prior period and this acquisition has now been included for the full twelve months under review. Excluding the acquisition related revenue growth of IronTree, organic revenue increased by 13% primarily as a result of significant growth in digital services. The 2023 financial year saw the return to offices by some of our clients which has increased the demand for both our products and services. Furthermore, actions taken in the last quarter of the prior financial year, including the investment in the go-to-market industry team, yielded positive results with growth in storage, image processing and products and solutions. Outside South Africa, Botswana and Middle East traded in line with expectations however, Kenya and Mozambique experienced challenges in their respective operating environments. Gross box volumes intake increased by 6% from new and existing clients and was offset by destructions and withdrawals of 9%. Closing box volumes for the Group as at 30 June 2023 were 11.1 million (30 June 2022: 11.4 million) as net box volume decreased by 3%.

Operating profit

Operating profit, before acquisition related costs, grew by 6% to R255 million (FY2022: R240 million) as a result of increased revenue. Operating margin was lower due to additional costs as well as a change in revenue mix, mainly as a result of lower margin related to image processing. Additional costs were driven mainly by inflationary pressure, investment in the go-to-market industry team and an increase in IT related costs following the upgrades to our IT infrastructure and application environment, which are now complete.

Cash and debt

Net finance costs were 18% higher at R58 million (FY2022: R49 million) following an increase in interest rates and net debt. Net debt rose by 11% to R496 million (FY2022: R446 million). This was due to increased working capital mainly attributable to higher trade and other receivables as well as capital allocated to the share buy-back programme and the increase in the investment in our Middle East operation. Interest-bearing liabilities were refinanced post year-end following a revised debt facilities agreement, with

the new term facilities effective on 31 August 2023. This process has resulted in total debt facilities of R852 million comprising R652 million committed and R200 million uncommitted.

Review of operations

MRM South Africa

Revenue from MRM South Africa increased by 14% to R613 million (FY2022: R539 million) mainly as a result of growth in image processing, paper services and improved sales volumes of flat boxes. Operating profit grew by 5% to R208 million (FY2022: R199 million) as a result of revenue growth and includes the additional costs related to the go-to-market industry team. Operating margin reduced due to the change in revenue mix, however we anticipate a recovery in margin as growth in revenue will result in improved utilisation of the investment made in the go-to-market team.

MRM Rest of Africa

MRM Rest of Africa consists of operations in Kenya, Botswana and Mozambique. Revenue increased by 15% to R105 million (FY2022: R91 million) and operating profit decreased by 4% to R27 million (FY2022: R28 million) due to various once-off costs within the region following changes in the operational environment, which we anticipate will improve going forward. Positive operational results were achieved in all territories with growth in net box volumes as well as digital services from existing and new clients.

MRM Middle East

MRM Middle East consists of operations in the United Arab Emirates and Oman. This region continued to grow and expand its digital project pipeline with revenue increasing by 15% to R99 million (FY2022: R86 million). Operating profit increased by 30% to R22 million (FY2022: R17 million).

Products and Services South Africa

Our Products and Services South Africa suite of offerings includes Tidy Files, Cleardata, Metrofile VYSION and IronTree. Overall, revenue increased by 20% to R318 million (FY2022: R264 million) with operating profit increasing by 33% to R38 million (FY2022: R28 million). Tidy Files achieved improved revenue due to increased demand from our clients, notwithstanding a challenging operating environment due to the flooding that occurred during December 2022 and January 2023, which along with extended loadshedding schedules, impacted productivity. Metrofile VYSION, which was launched 24 months ago, has continued to grow significantly with workflow automation related sales improving. IronTree continues to grow ahead of expectations and we are currently planning the expansion of its services into the other geographies within which we operate.

Report of the independent auditors

The summarised consolidated financial statements for the year ended 30 June 2023 have been audited by BDO South Africa Incorporated, who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated financial statements from which the summarised consolidated financial statements were derived. The consolidated financial statements and auditor's report, including the key audit matter, are available on the Company's website <https://www.metrofile.com/investor-relations/>.

Share buy-back programme

The Board has authorised the continuation of the share buy-back programme under the general authority of the Company. During FY2023 the Company purchased 10 044 754 shares (R33 761 399) at an average price of R3.36 per share, which we anticipate will achieve an accretive return. The Board considers the value-add to shareholders of the capital allocation decisions relating to acquisitions, expansion, share buy-backs and dividends, as well as the judicious use of available cash and debt resources.

Dividend declaration and final dividend

The dividend cover policy range of between 1.5x and 2.0x remains in place. The Board declared a final cash dividend of 9 cents per share, bringing the total dividend for the year to 18 cents per share.

Notice is hereby given that a final gross cash dividend of 9 cents per share in respect of the year ended 30 June 2023 has been declared payable, from income reserves, to the holders of ordinary shares recorded in the books of the Company on Friday, 6 October 2023. The last day to trade cum-dividend will therefore be Tuesday, 3 October 2023 and Metrofile shares will trade ex-dividend from Wednesday, 4 October 2023. Payment of the dividend will be on Monday, 9 October 2023. Share certificates may not be dematerialised or rematerialised from Wednesday, 4 October 2023 to Friday, 6 October 2023, both days inclusive. Withholding tax on dividends will be deducted for all shareholders who are not exempt in terms of the legislation at a rate of 20% which will result in a final net cash dividend of 7.2 cents per share. The Company's issued share capital at the period end was 433 699 958 shares (423 655 204 net of treasury shares) and the Company's tax number is 9375/066/71/0.

Outlook

We are pleased to announce the successful award of a significant contract in the South African public sector to the value of R417 million over 3 years which is currently being contested by one of the unsuccessful bidders. Furthermore, we have also been awarded a significant contract in the United Arab Emirates to the value of R180 million over 2 years. These contracts are subject to the finalisation of various service level agreements and the successful on-boarding of our relevant services, which we anticipate to be the key focus area for the 2024 financial year. We expect continued organic growth in all regions with enhanced profitability.

The expansion of our core capabilities in digital and cloud services has distinguished Metrofile from traditional competitors. Continued growth in the revenue contribution from digital services has validated our strategy of innovating across our core offerings. We are transforming our Company and preparing it for accelerated digital and cloud adoption by shifting our investments to strategic growth areas that will allow us to focus on accelerated market growth opportunities. Metrofile continues to be well positioned, capable and ready to be at the core of this exciting journey.

Metrofile will host a webcast of the financial results at 10:30 on Wed 13 September 2023.

Registration for the webcast:

<https://78449.themediaframe.com/links/metrofile230913.html>

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

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

- The JSE website at <https://senspdf.jse.co.za/documents/2023/jse/isse/mfl/MFLFY23.pdf>
- The Company's website at <https://www.metrofile.com/investor-relations/>

Any investment decisions by investors and/or shareholders should be based on consideration of the audited annual financial statements, which are also available for inspection at our registered offices at no charge during office hours. Full electronic copies may be requested from Elmarie Smuts: elmarie@metrofileholdings.co.za and from the sponsor at jsesponsor@standardbank.co.za