# INTEGRATED ANNUAL REPORT
# 2023

metrofile

## Our reporting guidelines

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. Reference is made to the UN Global Compact and the UN Sustainable Development Goals as well as the GRI Standards (our GRI content index can be found online www.metrofile.com/investor-relations/. The Group's annual financial statements were prepared in accordance with the Companies Act of South Africa, International Financial Reporting Standards (IFRS) and the SA financial reporting requirements. 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.



# Contents

# About this report

Thank you for reading Metrofile Holdings Limited's (Metrofile) 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.

During the year, we continued our review of our environmental, social and governance (ESG) strategy, management and reporting to further refine our approach. We are embedding ESG practices in all our operations and business activities in order to better manage our impact on our stakeholders and the environment, in line with our ESG framework and three year roadmap. It is our intention to create sustainable value for all our stakeholders (S) in a responsible way (G) while making a positive impact on the environment (E). In this report we refer to our approach and progress on our ESG journey.

Although this report is produced specifically for shareholders and stakeholders, it complements further information provided on our website: www.metrofile.com and other media.

## Preparation and presentation

Metrofile's 2023 integrated annual report was prepared for the period 1 July 2022 to 30 June 2023 and covers the global operations and activities of Metrofile Holdings Limited and its subsidiaries. The executive directors and senior management were instrumental in preparing this report and the Board has fulfilled its responsibilities in terms of the principles of the King Report on Governance South Africa 2016 (KingIV™).

## 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 deliberations 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.

## 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 which may lead to outcomes unforeseen by the Group. These may lead to outcomes unforeseen by the Group. These are not reflected in the report. Readers are cautioned 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.

## 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, BDO South Africa Incorporated, 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 in 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 2023 integrated annual report on 25 October 2023.

**Phumzile Langeni**
*Chairman*

**Pfungwa Serima**
*Group CEO*

### Feedback

**We welcome your feedback on this report.**

**Please email your comments to info@metrofileholdings.co.za**

# Our vision, mission and core values

Metrofile's vision, mission and values are centred around delivering a quality, trusted service to all our clients and creating sustainable value for all stakeholders. We have a value driven mindset which focuses on creating value in the social/people, environment, economic and governance dimensions.

## Our vision

To be our clients' trusted records and information management partner.

## Our mission

Helping our clients address challenges and leverage opportunities; always looking for better ways, directional, never static, embracing change.

## Our values

Our five core values guide us in being a trusted partner to our stakeholders.

### We show Committment

We are passionate about and committed to providing quality service to our clients above all else.

### We act with Integrity

We earn trust by consistently doing things the right way and delivering on our commitments every day. We hold ourselves accountable for results, creating a culture of responsibility and reliability.

### We manifest Resourcefulness

We act with courage and creativity and are agile and adaptable in finding new and smarter ways to grow our Company and each other to achieve a better and more sustainable future for all.

### We embody Collaboration

We work together, across boundaries, to meet the needs of our clients and develop mutually beneficial relationships. We appreciate that, as teams, we can do more.

### We embrace Diversity

We know it takes people with different ideas, strengths, interests and cultural backgrounds to make our Company, and our clients, succeed.

# Who we are

Over the past four decades, Metrofile has established a credible and trusted reputation of being leaders in information governance and management offering quality products and services to organisations of all sizes and sectors across South Africa, Kenya, Botswana, Mozambique and the Middle East. We operate from 70 facilities at 35 locations covering 117 525 square meters of warehousing space.

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

Whilst retaining our core offerings, such as the physical management of records and information, and our expertise in space optimisation through a vast range of products, we have deepened our digital offerings. These digital offerings include the provision of data management services, including cloud backup, disaster recovery and specialised hosting in a private cloud, as well as business process optimisation through the use of advanced electronic information management systems. By providing end-to-end services across all aspects of the information management lifecycle, we are well placed to meet the evolving demands of our clients and to assist them on their digital transformation journey, which includes digitising processes from end-to-end.

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 becomes widespread, Metrofile's solutions enhance the value of data and it is becoming an increasingly sought-after resource.

Our end-to-end information management lifecycle solution enables our clients to bridge any gaps in their digital transformation journey. From content management and publishing capabilities to storage, archiving, search and analytics management across many content types – images, videos, files, audio – clients can optimise their content and make it available throughout their organisation anytime, anywhere.

Metrofile assists clients to maximise their data's potential value with our 4-pillar optimisation solution to assist in eliminating the mistakes and risks involved in storing, managing and accessing their information. This includes records management, cloud, content services and information advisory services (refer to page 17).

**Facilities**

**70**

**Warehousing**

**117 525**
sq metres space

**Locations**

**35**

**Paper**

**9 000**
tons recycled
(FY22: 8 000 tons)

**Backups**

**1 300**
TB daily business data backups
(FY22: 880 TB)

**Storage**

**11.1**
million boxes in storage
(FY22: 11.4m)

# Our global presence

We are a multinational company, with a footprint across South Africa, Botswana, Kenya, Mozambique and the Middle East, servicing all aspects of information management for clients in all industries, no matter how large or small.

The combined capabilities of all these businesses ensure that Metrofile offers holistic information management services from inception to destruction.


## South African operations

### MRM South Africa

With a strong brand, credible reputation and collaboration with our customers, MRM South Africa is a leading end-to-end solution provider for physical and digital records and information management. Our comprehensive records management solutions are backed by a reliable sales and service force, an extensive fleet and world-class secure facilities, ensuring customer satisfaction and effective records management across South Africa.

MRM provides an integrated electronic filing system across multiple departments and divisions, to capture, create, access, distribute, use, store, secure and retrieve the records and information entrusted to us for safekeeping. Our process, which includes barcoding with advanced tracking capabilities to significantly reduce the risk of misplacing documents, seamlessly integrates into a client's system ensuring immediate access to information by multiple users from any location.

We provide services to manage information through its complete lifecycle, including records management, cloud, content services and information advisory services.

Since inception 40 years ago, we have grown our client base to include many flagship multinationals and public sector departments. As our offerings can be scaled to accommodate industries of any size or sector, our clients also include medical practices, churches, universities and schools.

### Products and services

Our products and services suite of offerings includes Tidy Files, Cleardata, Metrofile VYSION and IronTree.

Tidy Files is one of the leading providers of end-to-end document products and storage solutions. We are a provider of choice to most public sector departments. We have the capability to scale our manufacturing to meet the diverse requirements of our extensive client base.

Cleardata has 11 000 consoles in businesses across South Africa, and is one of the main providers of onsite and offsite secure document destruction processes that comply with all legislative requirements. Our services include certification of destruction as well as outsourced paper recycling.

Metrofile VYSION is a business process optimisation service provider. Using best-in-class technology and our deep understanding of document management, we streamline and optimise business processes by eliminating manual and paper processes to drive efficiency, to reduce costs and eliminate human errors, saving clients' time to focus on core business. Our services consists of tailored advisory services, workflow optimisation, robotic process automation, and seamless integration with existing systems. Managed on our Electronic Document Management System (EDMS) platform, Metrofile VYSION ensures a smooth and secure transformation of our clients' business information into valuable knowledge, unlocking the full potential of our clients' data.

IronTree provides data and backup management, recoverability, prevention, compliance and planning services that enable our clients to overcome the disruptions and disasters that may affect their businesses.

## Non-South African operations

### MRM Rest of Africa

With physical offices in Botswana, Kenya and Mozambique and a wide network of partners, Metrofile is well positioned to offer our services to the Rest of Africa.

These services include all aspects for comprehensive and specialised records management solutions, inclusive of storage and information records management, indexing, retrieval, tracking, scanning, data storage, destruction and consultancy work.

With these services remaining at the core of our business, our vision of expanding in the digital space is realising pleasing growth.

We see opportunities through the content services that we offer, as well as services in the cloud space.

With deep expertise in ensuring that regulations are adhered to, our client base includes financial services, healthcare, retail, mining, construction and telecommunications industries.

Botswana | Kenya | Mozambique

### MRM Middle East

Since inception in 2006, we have earned a reputation for being a trusted and preferred service provider to fulfil the full spectrum of records and information management.

Digital services have yielded significant growth with several opportunities for expansion identified within the UAE and the broader region.

Our solutions for document scanning, digital transformation and document management systems streamline document workflows, reducing storage requirements while increasing accessibility.

While we lead with digital, physical records and information management services continue to grow with further opportunities in the digital space resulting from these services.

United Arab Emirates | Oman

# Salient features

**Revenue**
**R1 134m**
16%

**EBITDA**
**R345m**
6%

**EPS**
**32.1c**
4%

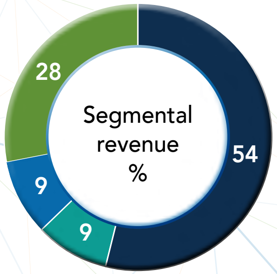
**HEPS**
**32.1c**
5%

**DPS**
**18c**
maintained

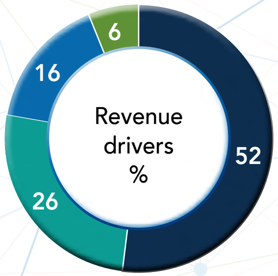
**Share buy-back**
**R33.8m**
10m shares

**Level 1 B-BBEE**
rating achieved

**ESG**
All businesses included in carbon emission calculations

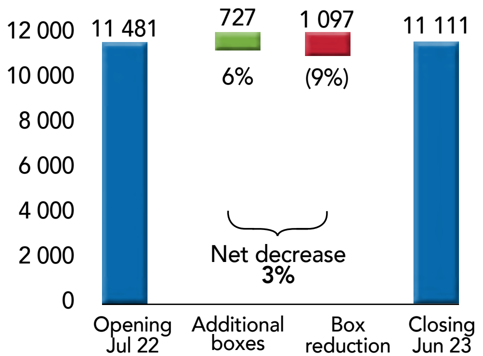



| | (R'000) |
|---|---|
| MRM South Africa | 613 322 |
| MRM Rest of Africa | 104 651 |
| MRM Middle East | 98 646 |
| Products and Services South Africa | 317 761 |




| | (R'000) |
|---|---|
| Secure storage | 592 382 |
| Digital services | 295 685 |
| Products and solutions | 178 087 |
| Business support services | 68 225 |

### Box movements ('000)




# Summarised segmental information

| R'000 | Revenue | | EBITDA | |
|---|---|---|---|---|
| | Audited 12 months ended 30 June 2023 | Audited 12 months ended 30 June 2022 | Audited 12 months ended 30 June 2023 | Audited 12 months ended 30 June 2022 |
| MRM South Africa | 613 322 | 539 083 | 250 796 | 249 534 |
| MRM Rest of Africa | 104 651 | 91 077 | 44 288 | 43 401 |
| MRM Middle East | 98 646 | 85 540 | 27 239 | 18 884 |
| Products and Services South Africa | 317 761 | 263 977 | 57 426 | 47 245 |
| Central and Eliminations | – | – | (35 066) | (34 282) |
| **Total** | **1 134 380** | **979 677** | **344 682** | **324 782** |
| South African operations | 931 083 | 803 060 | 273 156 | 262 497 |
| Non-South African operations | 203 297 | 176 617 | 71 526 | 62 285 |

| R'000 | Operating profit | | Tangible assets | |
|---|---|---|---|---|
| | Audited 12 months ended 30 June 2023 | Audited 12 months ended 30 June 2022 | Audited 12 months ended 30 June 2023 | Audited 12 months ended 30 June 2022 |
| MRM South Africa | 207 750 | 198 692 | 750 380 | 704 370 |
| MRM Rest of Africa | 27 096 | 28 156 | 144 143 | 136 690 |
| MRM Middle East | 22 288 | 17 091 | 101 058 | 69 356 |
| Products and Services South Africa | 37 552 | 28 190 | 135 595 | 151 595 |
| Central and Eliminations | (40 067) | (31 727) | (16 249) | (23 597) |
| **Total** | **254 620** | **240 402** | **1 114 927** | **1 038 414** |
| South African operations | 205 235 | 195 155 | 869 726 | 832 368 |
| Non-South African operations | 49 384 | 45 247 | 245 200 | 206 046 |

# Chairman's statement

**Phumzile Langeni**
Chairman

## Introduction

The global environment for the 2023 financial year, continued to be characterised by economic volatility due to rising inflation, higher interest rates, currency fluctuations and continued geo-political tensions and upheavals, have impacted businesses and markets around the world. Metrofile's resilient business model has continued to focus on the areas under its control and achieved a pleasing set of results.

In South Africa, the deteriorating micro-economic environment, which has been exacerbated by continued load shedding, widening bond spreads and the adverse impact that poor rail and port operations have had on mining, continue to depress the economy. Despite these challenges, it is pleasing to see the partnership between government, business and various other stakeholders to constructively address these material issues which impact the economy and livelihoods negatively.

## Strategy

Increasingly, many organisations have devoted more resources to expand their digital and technological capabilities and have invested in the digitising of their data to ensure economic viability and to remain sustainably competitive. Metrofile is well positioned as a leader in the provision of digital solutions for data preservation, cloud services, disaster recovery and cybersecurity to its growing customer base.

The introduction of cloud services as well as content services over the last two years has enhanced our digital services offering. As we augment our traditional provision of end-to-end services across all aspects of the information management lifecycle, we are well placed to meet the evolving demands of our clients and to assist them on their digital transformation journey.

Our strategy is focused on growth in the four core areas of the business: records management, cloud services, digital content services and information advisory services.

The strategy is further underpinned by the introduction of industry experts to the employee complement which has resulted in cross selling these services across the Metrofile Group.

In response to increased demand from our customers, we have increased our capacity to strengthen our product offering and to partner with best-in-class providers of digital solutions.

## Financial performance

The strategic decisions over the past few years have resulted in a resilient business. This year we celebrate achieving a significant milestone,  turnover in excess of R1 billion for the first time, with the resultant performance evident in the higher operating profit for the year.

Revenue for FY2023 increased by 16% to R1 134 million (FY2022: R980 million). The business also recorded improved EBITDA and operating profit performance by 6% compared to the prior year; with HEPS increasing by 5%.

## Our business

Capital allocation was well managed and the Company has operated well within its covenants. While the traditional secure storage business remains a strong contributor, digital services is growing significantly with revenue from digital services for FY2023 being R296 million (FY2022: R204 million). Digisation of records as well as enhanced contributions from our cloud and content services have made substantial contributions to our growth rate and we anticipate this will continue going forward.

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. We continued the share buy-back programme, purchasing just over 10 million shares which we anticipate will be financially beneficial to the Company as we expect the reduction in shares to enhance HEPS and earnings to shareholders.

# Chairman's statement continued

## ESG

Our heightened ESG approach has been well received and continues to be enhanced at strategic and operational level. Our ESG framework is embedded in the operations and our roadmap ensures that ESG elements are measured and reported on annually. ESG practices are being entrenched in all our operations and business activities to better manage our impact on our stakeholders and the environment. We are committed to creating sustainable value for all our stakeholders (S) in a responsible way (G) while making a positive impact on the environment (E).

## BEE

We have worked tirelessly to ensure that BEE is integral to the business. This year we are proud to report that Metrofile is a Level 1 B-BBEE company.

Our intentional efforts to transform our organisation are yielding fruit; as a company we have seen significant improvement in representation at the senior management level.

## Corporate governance

The Board regards governance as fundamental to the success of Metrofile's business; we continue to ensure that the Group governs its activities in a manner that is commensurate with the overarching corporate governance principles of fairness, accountability, responsibility and transparency. Our Code of Ethics ensures ethical business practices and provides guidelines to ensure that all our business dealings and partnerships are conducted fairly and ethically.

The diversity of the Board, with a well-balanced spread of technical, entrepreneurial, financial and business skills, has been a key contributor to good governance and leadership.

## Changes to the Board

The Board which comprises two executive and eight non-executive directors of whom six are independent, underwent no changes during the financial year.

Elmarie Smuts was appointed as the Company Secretary in a permanent capacity, in addition to her role as the Group Risk Officer, effective 1 November 2022.

## Appreciation

I would like to thank my fellow Board members for their continued contribution and commitment to the success of Metrofile; and our executive team, Pfungwa Serima and Shivan Mansingh, and all our senior managers and staff who have continued transforming the business and making it fit for the future.

**Phumzile Langeni**
*Chairman*

# CEO's report

**Pfungwa Serima**
Group CEO

## The Group in context

Over the past four decades, Metrofile has established a credible and trusted reputation of being a leader in information governance and management offering quality products and services to organisations of all sizes and sectors across South Africa, Kenya, Botswana, Mozambique and the Middle East.

Whilst retaining our core offerings, such as the physical management of records and information, and our expertise in space optimisation through a vast range of products, we have deepened our digital offerings. These include data management services, cloud backup, disaster recovery and specialised hosting in a private cloud, as well as business process optimisation through the use of advanced electronic information management systems.

## Positive results

This year, for the first time in our history, our revenue has exceeded R1 billion. This was due to investment in our people and in technology, both of which have enabled us to achieve positive operational results in all territories. We have built on our solid secure storage annuity base to expand our digital suite of offerings to both existing and new clients.

## Key priorities

I am pleased to report that we have performed well against the five key priorities we set for 2023, to ensure a robust and sustainable platform from which to capture opportunities to grow the business.

Firstly, in meeting our objective to expand digital content and cloud services, we have had 44% revenue growth in this area. Secondly, our continuous engagements with our local and international partners have enabled us to offer innovative solutions to our clients. We are expanding geographically, leading with our digital services, and have had recent success in Australia, New Zealand and Ireland. Thirdly, in transforming Metrofile, we have augmented our best-in-class data preservation capabilities with being a cloud ready provider. We have expanded our services such as digitisation of historical records, data mining, cloud services, software solutions and cybersecurity.

Our fourth objective was to appoint industry experts. Our investment in our go-to-market industry team has led to growth in secure storage, image processing and products and solutions. Our fifth priority was to enhance our end-to-end integrated solutions and services. We have achieved this by leveraging off our trusted record management solutions. At the same time, we have a heightened focus on our ESG positioning as we promote a paperless environment, recycling and digital services.

## Strategy

The expansion of our core capabilities in digital and cloud services has distinguished Metrofile from our traditional competitors. Technology plays a significant role in the way we drive our business and our acquisition of IronTree has strengthened our cloud services offering.

Our strategic direction remains focused on the four key areas of records management, digital content services, cloud services and information advisory services, underpinned by data migration, enterprise information management, business continuity management and digital risk management across all our businesses.

The growth opportunities span the use of robotics and automation in workflow processes, data recovery and preservation, cybersecurity, hosting and data storage, as well as compliance and governance. We continue to strengthen relationships with our partners and will seek relevant value adding investments.

*The expansion of our core capabilities in digital and cloud services has distinguished Metrofile from our traditional competitors. Technology plays a significant role in the way we drive our business and our acquisition of IronTree has strengthened our cloud services offering.*

# CEO's report continued

## ESG

Our ESG strategy, overseen by our Social, Ethics and Transformation committee of the Board, and driven by the executive committee, continues to be implemented across the business. Our ESG roadmap contains targets and reporting standards for every operation and we have increased our disclosure this year in the ESG review (pages 33 to 42).

Our investment in a solar project started this year and we will focus on the completion in FY2024.

Our transformation statistics are strong, including the fact that in South Africa we are a Level 1 B-BBEE contributor. As a regulation-driven business, we have robust governance structures, policies and procedures.

## Review of operations

We have experienced growth in all revenue streams, adding customers in the SME and enterprise sectors, as well as expanding into new territories. Although we have become less reliant on paper, as our digital services increase in importance to our clients, revenue from secure storage improved 4% despite a 3% reduction net box volumes. With the return to office of some of our clients, our products and services have been in greater demand.

Digital services is our second largest revenue contributor and largest growth area as a result of significant rise in demand for our workflow automation solutions, electronic document management systems, cloud services and cybersecurity. Revenue from products and solutions and business support services improved following an increase in confidential destruction offset by a reduction in our work area recovery services.

### MRM South Africa

Revenue increased by 14%. However a change in revenue mix, high inflation and significant municipal and logistics price increases, created cost pressure with EBITDA increasing by 1% and reduced operating profit margin. In our storage business, an additional 6% new boxes and 10% withdrawals resulted in a net 4% decrease in boxes. This is a reflection of the business environment as more companies move to digitisation.

While two customers in the public sector reduced their use of secure storage – one through a destruction drive and the other, a permanent withdrawal – others in the sector have moved to our digital services. We are seeing good volumes in the health, retail and mining sectors.

### MRM Rest of Africa

MRM Rest of Africa, which consists of operations in Kenya, Botswana and Mozambique, experienced revenue growth despite some once off costs to reposition the business in Kenya. The contribution of digital services in this region is relatively small and will be an area of focus in the new year.

### MRM Middle East

MRM Middle East, which comprises operations in the United Arab Emirates and Oman, is the leading digital services provider in the region. We have grown revenue by 15% and EBITDA by 44% in the past year and have also increased our investment in the business.

### Products and Services South Africa

Our Products and Services suite of offerings includes Tidy Files, Cleardata, Metrofile VYSION and IronTree. In addition to our shredding business, we have introduced confidential destruction of electronic equipment.

This segment has performed well, with 20% revenue growth and 22% EBITDA growth. 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 performed ahead of expectations and we are planning to expand its services to the other geographies in which we operate.

## New contracts

We are pleased to announce the successful award of two significant contracts. The first, valued at R417 million over three years, is in the South African public sector and is currently being contested by one of the unsuccessful bidders. The other is in the United Arab Emirates to the value of R180 million over two 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.

# CEO's report continued

## Outlook

We commit to continue to harness the power of technology, analytics and generative AI in our thinking and approach to the market. Our primary efforts in the year ahead will be focused on data analytics, our investment in cloud services and strengthening our robotics offering and we will take advantage of opportunities in AI. We will continue to invest in meeting the needs of our customers for innovation and digitisation.

To this end, we have partners in Australia and New Zealand and have recently been approached by partners in Ireland with regard to selling our products. We are also branching into Saudi Arabia, which could become a significant market for us. We will consider acquisitions that augment and strengthen our current offerings. As a result, we expect continued organic growth with enhanced profitability in all regions.

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.

## Appreciation

I would like to thank the Chairman and Board members for their leadership and guidance, and all the Metrofile employees for their commitment and dedication throughout the year.

Interactions with our customers continue to indicate an optimistic future in the data and information management sector and Metrofile is well positioned, capable and ready to be at the heart of this exciting journey.

**Pfungwa Serima**
*Group CEO*

# CFO's report

## Shivan Mansingh
Group CFO

### Introduction

We have achieved a pleasing improvement in operational and financial metrics during the financial year, underpinned by value added by the IronTree acquisition and strategic actions concluded in the prior year. Our investment in the go-to-market industry team yielded positive results with growth in storage, image processing and products and solutions. During the 2023 financial year some of our clients returned to working in their offices, which increased the demand for both our products and services.

Digital services has continued to be our second largest revenue contributor and largest growth area over the recent years, demonstrating the impact of our introduction of relevant digital service offerings.

## Financial review

### Revenue

For the first time in Metrofile's history, our turnover reached R1 billion. Revenue increased by 16% to R1 134 million (FY2022: R980 million) which included the IronTree acquisition for the full twelve months. Excluding the acquisition related revenue growth of IronTree, organic revenue improved by 13%, primarily as a result of significant growth in digital services.

Secure storage contributed 52% to Group revenue and was up 4% due to increased paper services following additional requests from our clients as they continued to return to their offices. 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%. Gross box volumes intake increased by 6% from new and existing clients and was offset by destructions and withdrawals of 9%. Net box volumes decreased in South Africa by 4% but showed growth in the Rest of Africa and the Middle East of 3% and 10% respectively.

Digital services contributed 26% to Group revenue and was up 44%. Excluding acquisition related growth from the full inclusion of IronTree, digital services increased by 32% following the increase in the digitisation of physical records across the various geographical territories. Significant growth was achieved in our workflow automation solutions through Metrofile VYSION, including increased deployment of electronic document management systems, specifically DataStor.

Products and solutions increased by 24% as demand returned for filing solutions through Tidy Files, as well as growth in the number of flat boxes sold. Business support services increased by 7% following an increase in confidential destruction which was offset by a reduction in our work area recovery services. Products and solutions and business support services contributed 16% and 6% respectively to Group revenue.

### Operating profit

EBITDA increased by 6% to R345 million (FY2022: R325 million) and operating profit, before acquisition related costs, grew by 6% to R255 million (FY2022: R240 million) as a result of increased revenue. A change in revenue mix, higher inflation and additional costs, mainly due to lower margin image processing, led to a reduction in our operating margin. Additional costs were driven mainly by inflationary pressure, investment in the go-to-market industry team, fuel and transport costs and municipal costs. We had an increase in IT related costs following the upgrades to our IT infrastructure and application environment, which are now complete. The exchange rate volatility had a dilutionary impact on the EBITDA margin. Earnings per share and headline earnings per share increased by 4% and 5% respectively to 32.1 cents.

### Cash and debt

We experienced a decrease in our operating cash conversion ratio from 95% to 81% due to working capital requirements linked to revenue growth; however, our cash conversion remains satisfactorily high.

> *We have achieved a pleasing improvement in operational and financial metrics during the financial year, underpinned by value added by the IronTree acquisition and strategic actions concluded in the prior year.*

# CFO's report continued

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 R33.8 million capital allocated to the share buy-back programme and the 15% increase in the investment in our Middle East operation.

Net debt:EBITDA increased 1.67 times compared to 1.55 times in the previous year. Interest-bearing liabilities were refinanced after the year-end as a consequence of a revised debt facilities agreement, with new term facilities effective on 31 August 2023. This process has resulted in total debt facilities of R852 million, comprising R652 million committed facilities and R200 million uncommitted facilities. We remain well within our covenants.

### Capex

Capital expenditure during the year reduced 22% and was relatively low at R47 million as we move towards being a less capex intensive business and as our expansion initiatives came to an end. The expenditure was divided almost evenly between maintenance and expansion. The highest expenditure was on IT system upgrades and software as part of our digital transformation journey.

## 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 improved by 5% to R208 million (FY2022: R199 million) as a result of revenue growth offset by 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

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.

### MRM Middle East

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

IronTree was included in this segment for the full 12 months. Overall, revenue increased by 20% to R318 million (FY2022: R264 million) with operating profit increasing by 33% to R38 million (FY2022: R28 million).

## 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 we purchased 10 044 754 shares at an average price of R3.36 per share, for a total consideration of R33 761 399, which we believe will achieve an accretive return.

## 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.

## Outlook

We expect the rising interest rate cycle to have a significant impact on the business in the year ahead, mitigated by our interest rate swaps and the more favourable rate negotiated on our debt package.

Our focus will be on achieving double digit topline organic growth as we change our revenue mix and introduce more digital services. We have two large contracts to be onboarded and our go-to-market team will work hard to augment our healthy pipeline. Our capital allocation will continue to facilitate growth and transformation. We will consider and evaluate appropriate opportunities in the digital arena to enhance our customer proposition and shareholder value.

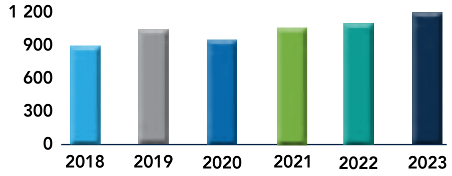
## Appreciation

I would like to thank all members of the Metrofile team for their professionalism and efforts throughout the year. My special thanks to the finance team for the production of the results and this integrated report.

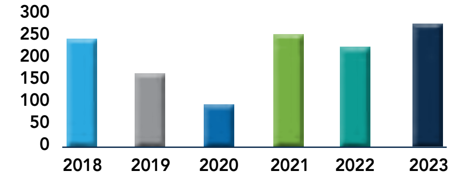
**Shivan Mansingh**
*Group CFO*

# Six-year review

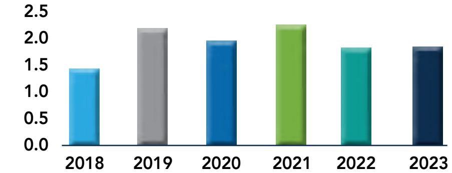
Revenue (Rm)



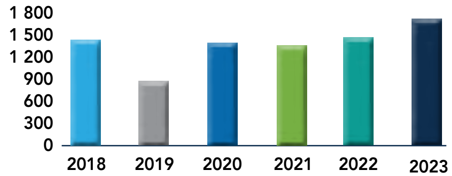

Operating profit before finance cost (Rm)



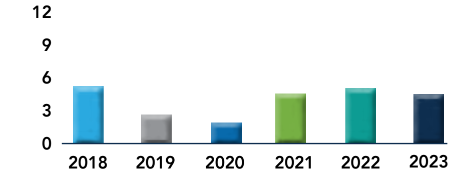

Dividend cover (times)



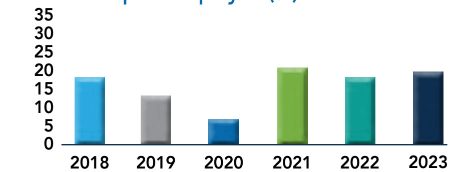

Total assets (Rm)




Interest cover (times)




Return on capital employed (%)




| R'000 | | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| **Income statement** | | | | | | | |
| Revenue | | 1 134 380 | 979 677 | 933 465 | 903 272 | 913 415 | 873 531 |
| Operating profit before finance cost | | 254 620 | 234 508 | 240 801 | 82 661 | 150 460 | 222 560 |
| EBITDA | | 344 682 | 324 782 | 322 651 | 301 696 | 271 173 | 271 689 |
| Net finance cost | | (57 619) | (48 780) | (49 447) | (67 317) | (69 375) | (46 241) |
| Profit before taxation | | 197 001 | 185 728 | 191 354 | 17 348 | 81 085 | 176 319 |
| Taxation | | (57 912) | (46 390) | (49 384) | (33 743) | (55 342) | (50 185) |
| Profit/(loss) after taxation | | 139 089 | 139 338 | 141 970 | (16 395) | (4 558) | 123 854 |
| Non-controlling interests | | 1 175 | 5 750 | 3 664 | (1 570) | (12 117) | (3 759) |
| **Attributable profit/(loss)** | | **137 914** | 133 588 | 138 306 | (14 825) | 7 559 | 127 613 |
| **Balance sheet** | | | | | | | |
| **Assets** | | | | | | | |
| Property, plant and equipment | | 606 524 | 609 699 | 595 454 | 598 162 | 581 113 | 589 818 |
| Intangibles and goodwill | | 443 336 | 440 138 | 357 814 | 367 159 | 496 182 | 544 073 |
| Right-of-use asset | | 111 818 | 129 582 | 113 337 | 126 185 | – | – |
| Long term receivables | | 3 500 | 3 500 | 3 500 | – | 3 500 | 2 419 |
| Deferred taxation asset | | 17 080 | 13 730 | 14 136 | 12 177 | 5 128 | 9 455 |
| Current assets excluding cash | | 334 452 | 255 092 | 231 140 | 237 367 | 254 612 | 248 608 |
| Cash resources | | 58 632 | 40 541 | 37 184 | 37 187 | 34 983 | 52 331 |
| **Total assets** | | **1 575 342** | 1 492 282 | 1 352 565 | 1 378 237 | 1 375 518 | 1 456 057 |
| **Equity and liabilities** | | | | | | | |
| Ordinary shareholders' interest | | 562 559 | 559 591 | 558 732 | 499 085 | 564 987 | 608 683 |
| Non-controlling interests | | 6 069 | 18 285 | 11 061 | 8 797 | (3 157) | 13 170 |
| Deferred taxation liability | | 49 313 | 49 755 | 46 055 | 43 877 | 43 845 | 43 759 |
| Current liabilities# | | 237 895 | 159 905 | 144 862 | 133 963 | 169 409 | 126 594 |
| Long term acquisition related liabilities | | – | 72 247 | – | – | – | – |
| Long term lease liabilities | | 101 902 | 114 791 | 97 741 | 103 543 | – | – |
| Long term interest-bearing liabilities | | – | 441 556 | 430 129 | 520 110 | 560 053 | 597 118 |
| Short term lease liabilities | | 34 367 | 33 391 | 24 092 | 29 667 | – | – |
| Short term acquisition related liabilities | | 91 924 | 3 566 | – | – | – | – |
| Short term interest-bearing liabilities | | 491 313 | 39 195 | 39 893 | 39 195 | 40 381 | 66 734 |
| **Total equity and liabilities** | | 1 575 342 | 1 492 282 | 1 352 565 | 1 378 237 | 1 375 518 | 1 456 057 |
| Ordinary shares in issue | ('000) | 423 655* | 433 700 | 433 700 | 433 700* | 424 906* | 416 164* |
| Weighted average ordinary shares in issue | ('000) | 429 229 | 433 700 | 433 700 | 431 170 | 417 764 | 417 233 |
| Headline earnings per ordinary share | (cents) | 32.1 | 30.7 | 31.8 | 24.8 | 20.5 | 28.9 |
| Dividends per share | (cents) | 18.0 | 18.0 | 15.0 | 13.0 | 10.0 | 21.0 |

*# Excluding short term portion of lease liabilities, interest-bearing borrowings and acquisition related liabilities.*
** Net of treasury shares.*

| | | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|---|
| **Financial ratios** | | | | | | | |
| Liability | | **1.8** | **1.6** | **1.4** | **1.7** | 1.4 | 1.4 |
| Current | | **1.1** | **1.4** | **1.3** | **1.4** | 1.4 | 1.6 |
| Quick liabilities | | **1.0** | **1.3** | **1.2** | **1.3** | 1.3 | 1.4 |
| Interest cover | (times) | **4.4** | **4.8** | **4.9** | **1.3** | 2.2 | 4.8 |
| Dividend cover | (times) | **1.8** | **1.7** | **2.1** | **1.9** | 2.1 | 1.4 |
| Debt: equity | (%) | **136.7** | **135.0** | **106.0** | **138.8** | 106.3 | 109.1 |
| Return on property, plant and equipment | (%) | **22.7** | **22.0** | **23.2** | **(2.5)** | 1.3 | 21.6 |
| Return on capital employed | (%) | **19.9** | **18.6** | **20.9** | **6.9** | 13.4 | 18.5 |
| Return on equity | (%) | **24.5** | **23.9** | **24.8** | **(3.0)** | 1.3 | 21.0 |
| **Profitability** | | | | | | | |
| Operating income to revenue | (%) | **22.4** | **24.0** | **25.8** | **9.2** | 16.5 | 25.5 |
| Operating income to average assets employed | (%) | **16.6** | **16.5** | **17.6** | **6.0** | 10.6 | 18.3 |
| Number of employees | | **1 234** | **1 230** | **1 306** | **1 461** | 1 598 | 1 615 |

## 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

# Creating value responsibly

Creating value responsibly is core to Metrofile's approach and decision making for all stakeholders, including customers, shareholders, employees and communities. We strive to do so in a responsible way while making a positive impact on the environment. Our business model encompasses integrated value creation through our investment in resources and relationships.

In this report, we offer material insights into our short, medium and long term strategy, the environment in which we operate and our evaluation of relevant risks and opportunities.

In determining the material reportable information, the Board and executive management evaluated and considered the relative importance of each matter in terms of its direct or potentially indirect effects on Metrofile's ability to create value responsibly and sustainably.

Operating environment

refer to page 16

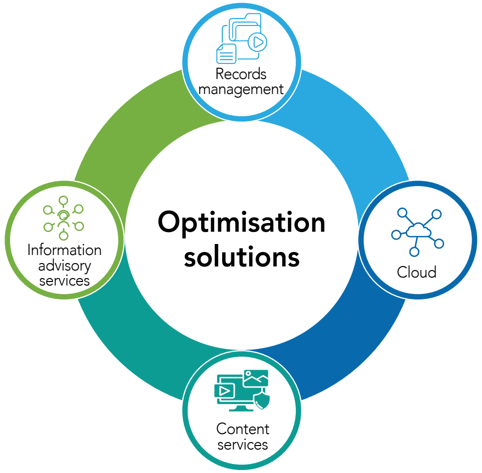
Risks and opportunities

refer to page 19

Stakeholders

refer to page 31

## Strategy underpinned by our 4-pillar optimisation solutions




## Revenue streams

- Secure storage
- Digital services
- Business support services
- Products and solutions

## ESG strategic pillars

Caring for the environment

refer to page 35

Caring for our employees

refer to page 37

Caring for our stakeholders

refer to page 40

Integrating ESG responsibly

refer to page 42

## Material matters

Digital transformation and strategy execution

refer to page 21

Business sustainability, growth and the macro-economic environment

refer to page 22

Multi-jurisdictional legal and regulatory compliance

refer to page 23

Business continuity, infrastructure and operational risks

refer to page 24

# Operating environment

The macro-economic 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 affect the creation and sustainability of value in the short, medium and long term (refer to pages 20 to 24).

## Global context

**Positive factors**

- Data is a significant component of every business and digitisation of data is growing exponentially
- Significant technological advances in robotics and artificial intelligence provide possibilities and opportunities
- Partnerships with international digital workflow suppliers are creating opportunities in new geographies
- Governments are passing and implementing new laws to ensure higher standards for data privacy

**Challenges**

- Intense globalised competition
- Complex regulatory environment
- Reduction in use of paper due to the adoption of digitisation
- The impact of the macro-economic environment in territories in which the Group operates

## Industry trends

**Positive factors**

- Opportunities created by the digital work environment
- Records and information management continued to be important for organisations
- Growth in digitisation and businesses moving to automate document management and workflow processes
- Increasing obligations regarding data and information security placed on all entities
- Paradigm shift in use of 'big data'
- Move towards a mobile, digital workforce

**Challenges**

- Users demand technology to provide real-time information
- Cybercrime threat

## Territories in which we operate

**Positive factors**

- Data privacy and protection legislation continued to provide opportunities for Metrofile
- Growing move to digital solutions and automation
- Companies returned to working in offices which increased demand for products and solutions

**Challenges**

- Higher interest rates, municipal costs and loadshedding in South Africa increase cost and margin pressures
- Competition and commoditisation of record storage
- Scarce skills in terms of information security and technology expertise

## Our response

- Continue to engage our clients and work closely with our technology partners to co-innovate value-adding solutions powered by emerging technologies
- Continue to invest in governance and compliance toolkits, privacy compliance, cybersecurity and ransomware protection services
- Rigid cost management
- Standardise key solutions to 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, including industry experts
- Digital solutions in response to needs
- Focus on both physical management of records and information as well as the provision of digital services
- Investment in automation, robotics, AI and scanning processes
- Prioritise system continuity, cybersecurity and IT governance
- Accelerate our strategy in digital content management and wrap around our current customer base with additional services we offer in the technology field

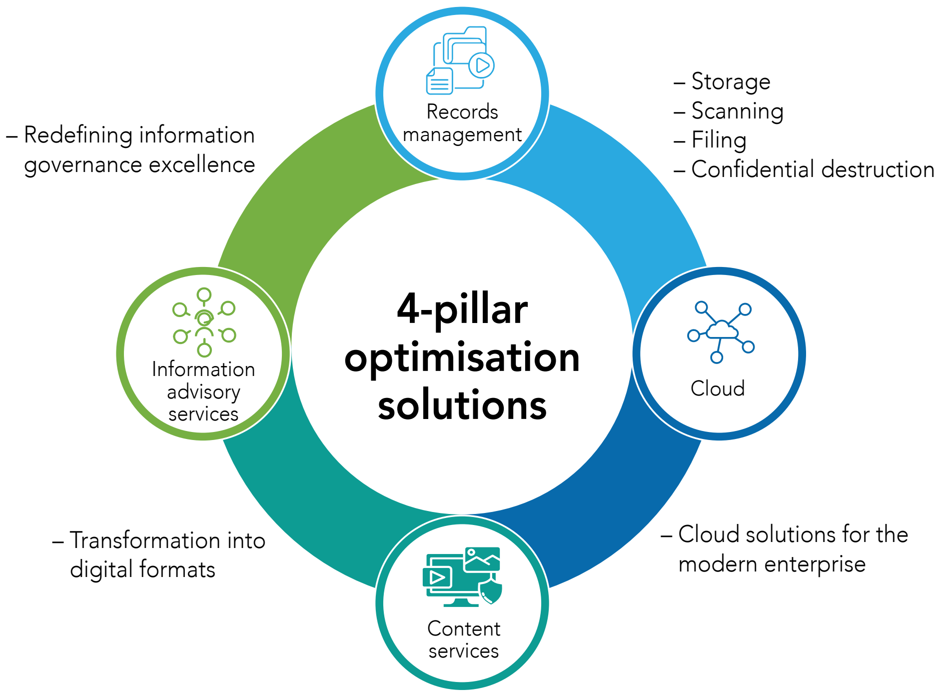
# Strategy

Records and information management is a commercial imperative for all businesses. 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.

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

Metrofile's strategy is bult on our 4-pillar optimisation solutions, namely records management, cloud services, content services and information advisory services. This allows us to ensure growth in our four revenue streams: secure storage, digital services, business support services and products and solutions.

Embedded in Metrofile's overall strategy is accountable corporate citizenship involving the co-creation of sustainable value for all stakeholders in a responsible way while making a positive impact on the environment. The four distinct ESG dimensions on which we focus are care for the environment, for our employees, our stakeholders, as well as responsible integration of ESG.




## Revenue streams

**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 clients' peace of mind, allowing them to concentrate on core business.

**Products and solutions**
A world class range of records and information management products and solutions for ensuring safe storage and data optimisation of client records.

# Strategy continued

## Performance against 2023 strategic objectives

### Expand digital content and cloud services

- Second largest revenue contributor
- Largest growth area over recent years
- Revenue up 44%

### Innovate across core offerings

- Continuous engagements with local and international service providers to offer most innovative solutions to clients
- Geographic expansion strategy leading with digital services

### Transform Metrofile

- Augmented best in class records management with being a cloud ready provider
- Growth in digital services - digitisation of historical records, data mining, cloud services, software solutions and cybersecurity

### Enhance end-to-end integrated solutions and services

- Enhanced core capabilities through leveraging off our trusted record management solutions
- Enhanced ESG positioning by promoting paperless environments, recycling and digital services

### Appoint industry experts

- Growth in secure storage, image processing and products and solutions due to investment in go-to-market industry team

## 2024 strategic priorities

- Lead with digital in key territories
- Expand into new territories
- Continue to evaluate potential acquisitions and other areas of capital allocation
- Explore opportunities to aggregate/augment our go-to-market solutions

# Risk 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 embraces all areas of the business, as well as all the dimensions of ESG. 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.

## Risk management process

Metrofile's enterprise-wide approach ensures that identified material risks and potential opportunities are included in a structured risk and opportunity management process and managed within a unitary risk management framework.

Risk management involves identifying key risks and preparing to mitigate these through internal control structures and combined assurance plans. Strategic risks are continually reviewed and ranked by inherent risk, based on the evaluation of the probabilities and severity of each risk. The probable mitigation of each risk is assessed 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 and mitigation section of this integrated annual report on pages 20 to 24. Refer to pages 56 to 57 for more details on risk governance.

### Metrofile risk identification and management process

**Identify**

Review risk universe and identify risks and opportunities

**Assess**

Document the net effect of identified threats and opportunities:
- Likelihood of threats and opportunities
- Impact of each risk
- Proximity of threats
- Prioritisation based on scales

**Communicate**

Provide regular reports to management, the Audit, Governance and Risk Committee and Board

**Plan**

Prepare management responses to mitigate threats and maximise opportunities

**Implement**

Risk responses are actioned and opportunities maximised

**Monitor and review**

Monitor and review the performance of the risk management system and risk mitigations

# Material matters and mitigations

The Group's material matters and mitigations that could substantially affect the Group's ability to create, preserve and prevent the erosion of value, associated risks, opportunities and key mitigations, in no particular order, are noted in the adjacent table. We have also included a link to our strategic objectives (refer to page 18) and our ESG objectives (refer to page 34).

## 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 pages 17 to 18).

### 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 qualitative and quantitative aspects, 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.

### Digital transformation and strategy execution

The strategy of the Company needs to be constantly reviewed and acted upon. Our digital services business continues to grow as more clients adopt technology in their processes, requiring Metrofile to improve and enhance its offering to assist clients in driving efficiencies.

**ESG dimensions:**
- Environment
- Stakeholders

**Strategic objectives:**
- Expand digital and cloud services
- Innovate across offerings
- Transform Metrofile
- Enhance end-to-end integrated solutions
- Appoint industry experts

### Business sustainability, growth and the macro-economic environment

Achieving predefined growth for revenue targets, EBIT and profit to ensure business sustainability and shareholder value.

**ESG dimensions:**
- Environment
- Stakeholders

**Strategic objectives:**
- Expand digital and cloud services
- Innovate across offerings
- Transform Metrofile
- Enhance end-to-end integrated solutions
- Appoint industry experts

### Multi-jurisdictional legal and regulatory compliance

Compliance with regulations, laws and contractual commitments must be vigilantly monitored and managed in all territories in which we operate.

**ESG dimensions:**
- Environment
- Employees
- Stakeholders
- Integrating ESG

**Strategic objectives:**
- Innovate across offerings
- Transform Metrofile

### Business continuity, infrastructure and operational risks

Infrastructure upgrades are made continuously to ensure a safe and healthy work environment for employees, to securely manage information assets and to ensure business continuity. Continuous improvement in operational excellence and optimisation of operations enhances the business, financially and reputationally.

**ESG dimensions:**
- Employees
- Stakeholders

**Strategic objectives:**
- Innovate across core offering
- Appoint industry experts

# Material matters and mitigations continued

## Digital transformation and strategy execution

The strategy of the Company needs to be constantly reviewed and acted upon to ensure that it is applicable to market needs and trends, and remain agile and adaptable in an ever changing environment.

Our digital services business currently contributes approximately 26% to revenue, and continued growth is expected in the future, as more clients adopt technology in their processes.

The accelerated rate at which we continue to implement our approved digital strategy remains a key opportunity.

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.

| Associated risks and opportunities | Key mitigations |
|---|---|
| **Digital strategy**<br>Accelerated rate at which we continue to implement the approved digital strategy to ensure that there are no missed opportunities | – Digital strategy execution and continued communication to stakeholders<br>– Strategies implemented to assist clients with the conversion of paper records to digital records<br>– Cross-selling of services in the Group to provide end-to-end solutions across all aspects of the information managment cycle |
| **People skills**<br>Risk of not being positioned to attract and retain technical solution driven skillset | – Digital strategy and services defined and aligned to people skillset requirements<br>– Resource plan established based on needs assessment, which is continuously revised<br>– Continuous training |
| **Client satisfaction**<br>Digital transformation 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<br>– Client needs assessed and solutions identified<br>– Introduced business initiatives that are closely associated with our core business offerings<br>– Cross-selling of services in the Group to provide end-to-end solutions across all aspects of the information managment cycle |
| **Competitor behaviour**<br>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<br>– Built awareness to monitor non-traditional competitors entering our market<br>– Excelled in the delivery of client and operational service |
| **Traditional forms of data protection vs other mediums**<br>The speed at which our clients replace traditional forms of data protection with other mediums and therefore the related speed at which we grow the alternative options, including our ability to offer these to our clients to replace paper as a means of data protection | – Continuous review of business model diversification options and focus on alternative means of data protection<br>– Continued to drive digital services throughout all businesses and regions<br>– Metrofile's 4-pillar optimisation solution to provide end-to-end solutions across all aspects of the information management cycle |
| **IT infrastructure, enterprise solutions and software**<br>To leverage technology to remain at the forefront of digital trends, 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<br>– Invested in upgrades and new software<br>– Appointed specialists with IT expertise<br>– Continuous enhancement of information security, data protection and privacy measures |

# Material matters and mitigations continued

## Business sustainability, growth and the macro-economic environment

Achieving predefined growth revenue targets, EBIT and profit to ensure business sustainability and shareholder value.

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 and executing the Group's strategy.

Cost pressure in the current macro-economic environment is due to rise in inflation, interest rates and the rise in other costs. In addition, investor confidence in South Africa and the uncertainty around elections in 2024 elevates this risk further.

| Associated risks and opportunities | Key mitigations |
|---|---|
| **Financial performance, information and working capital management**<br>Having the optimal debt structure, cost reduction initiatives and cash generation plans in place to ensure financial performance which creates shareholders value. This requires reliable financial information on which to base business decisions and active working capital management | – Optimised debt structure<br>– Focused on capital allocation, as well as healthy cash generation and conversion through active management of working capital components and balance sheet efficiencies<br>– Continued to optimise cost structures, key measurement ratios and efficiencies<br>– On-time and standard reporting of results<br>– Executive sponsorships for strategic clients |
| **Client satisfaction**<br>Cross-selling the service offerings within the Group to deliver a quality and seamless comprehensive service offering to clients | – Client needs assessed and solutions identified, multi-service engagement per client<br>– Ensured that services being offered are robust and can be supported<br>– Introduced business initiatives that are closely associated with our core business offerings<br>– Cross-selling of services in the Group to provide end-to-end solutions across all aspects of the information managment cycle. |
| **Integration of systems**<br>Maintaining the integrity of operational and financial information across multiple geographies remains a priority. This includes comprehensive reviews of all platforms and systems | – Standard reporting of financial results<br>– Reconciliation of operational and financial systems<br>– Ongoing improvement of internal and external facing technologies and platforms |
| **Appropriate skills**<br>Astute talent management is required to ensure that competent staff with the necessary skills are recruited and retained to ensure business sustainability and continued growth | – Succession plans in place for executive directors, senior Group and subsidiary management<br>– Critical skills and responsibilities identified and remunerated accordingly, while high potential employees were given career building and leadership opportunities<br>– Market related remuneration packages to retain competent staff<br>– HR effectiveness |
| **Competitor behaviour**<br>Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge | – Built and maintained good client relationships at all contact points within the business units<br>– Pre-empted competitor actions so as to maintain market leadership<br>– Built awareness to monitor non-traditional competitors entering our market |

# Material matters and mitigations continued

## Multi-jurisdictional legal and regulatory compliance

Our operations cover a broad range of regulatory regimes. Compliance with regulations, laws and contractual commitments must be vigilantly monitored and managed.

| Associated risks and opportunities | Key mitigations |
|---|---|
| **Regulatory, legal and contractual compliance**<br>Non-compliance with regulations, laws and contractual commitments could lead to fines, penalties, claims, liabilities or reputational damage | – Reviewed regulatory and business changes for compliance<br>– Maintained a Group regulatory universe of high priority regulations and legislation, with assigned responsibilities<br>– System of internal controls |
| **Localisation and B-BBEE transformation requirements**<br>Country specific localisation policies might not be met in all geographies of operation<br>Localisation and B-BBEE transformation are essential, as are the indigenisation requirements of our various countries of operation<br>Indigenisation facilitates strong stakeholder relationships with local communities and bolsters the Group's acceptability, relevance and appropriateness, as we operate in different geographies | – In South Africa:<br>• B-BBEE strategy and plan in place to maintain and approve B-BBEE level over time<br>• Transformation in Metrofile's South African businesses closely monitored by executive management and linked to executive KPIs and remuneration<br>– For Rest of Africa, managed applicable local indigenisation or transformation requirements |
| **Occupational health and safety (OHS)**<br>Non-compliance with legislation could result in penalties, liabilities or claims | – Regular risk assessments and comprehensive compliance framework and programme<br>– Compliance system and ongoing health and safety compliance monitoring<br>– New employees formally inducted into operational procedures and training provided in first aid, fire-fighting and evacuation procedures, for example |
| **Crime effects on business including bribery, corruption, fraud and theft**<br>Development in global anti-bribery and anti-corruption enforcement points to the need for a broad, multi-jurisdictional compliance approach. Without a Group view and related controls the Company may face operational disruption, financial losses, reputational damage or injury to staff | – Anti-bribery, anti-corruption, anti-competitive behaviour and Code of Ethics policies and training<br>– Annual compliance declarations<br>– System of internal controls<br>– Insurance cover<br>– Governance frameworks established |
| **Information security, privacy and integrity**<br>Physical and digital security, confidentiality and handling of client information need to be protected<br>Inadequate information security, or non-compliance with privacy regulations in geographies in which we operate, could potentially lead to data breaches, fines, penalties, liabilities or reputational losses | – Defined and implemented information security, data protection and privacy policies, procedures and protocols which are continuously enhanced and monitored for compliance<br>– Adequacy of external perimeter security controls regularly reviewed<br>– Vulnerability assessments, penetration testing, malware protection and password controls in place to protect data |

# Material matters and mitigations continued

## Business continuity, infrastructure and operational risks

Continuous improvement in operational excellence and optimisation of operations is key to enhance business, financially and reputationally.

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

This includes the continuous upgrading of automatic fire-fighting and smoke detection equipment, facilities and IT infrastructure.

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

In South Africa continued loadshedding is impacting businesses. The availability of utilities, like electricity and water for business continuity remains a key focus from a risk point of view.

| Associated risks and opportunities | Key mitigations |
|---|---|
| **Fire risk**<br>Damaged facilities would lead to severe interruption of business operations, while destroyed documents will result in reputational damage and potential liabilities | – Minimal electricity in warehouses<br>– Thermographic scans conducted on electrical distribution boards<br>– Early warning fire detection continuously upgraded under asset management programme<br>– Automatic and handheld fire suppression systems and gas suppression systems in vaults<br>– Regular servicing of fire equipment<br>– Quarterly emergency drills and a post-emergency analysis<br>– Insurance and legal instruments<br>– Compliance system |
| **Racking collapse**<br>Falling materials and collapsing loads could impact business operations, endanger employees and result in damage to clients' information | – Racking supplied and installed in terms of standards<br>– Annual racking inspection with remedial reports<br>– Risk assessments undertaken to identify risks early and implement remedial action within given timeframes |
| **Physical security measures**<br>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<br>– Biometric access control and site access controls for visitors<br>– Sites monitored by outsourced security<br>– Tracking of Company vehicles<br>– Lock down procedures followed at the end of each business day, with a security presence after hours |
| **IT infrastructure**<br>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<br>– Invested in upgrades and new software<br>– Appointed specialists with IT expertise<br>– Continuous enhancement of information security, data protection and privacy measures |
| **Operational excellence and rationalisation**<br>Lack of optimisation of operations could potentially impact cost efficiencies, client satisfaction and operational excellence | – Facility optimisation<br>– Warehouse capacity management<br>– Group operational framework ccontinuously reviewed and enhanced<br>– Ongoing compliance monitoring |
| **Business continuity**<br>Business continuity failures, including system and utility failures, could have a severe impact on the business and result in reputational damage | – Business continuity plans in place, reviewed and tested<br>– Systems continuity policies, procedures and protocols tested and continuously enhanced<br>– Infrastructure reviewed and managed<br>– In South Africa, assessed back-up power supply requirements in order to minimise impact of continuous loadshedding. This include a solar installation project that started towards the end of FY2023 |
| **Aligning processes and procedures across all geographies**<br>Aligning business practices across the Group presents an opportunity for streamlining operational efficiencies | – Standardised Group best practice criteria<br>– Regular business reviews and strategic discussions<br>– Standard reporting of financial results<br>– Continuous focus on standardising and optimising operations |

# Business model

## Inputs

refer to pages 26 to 32

### Financial capital
- Market capitalisation
- Debt funding

### Manufactured capital
- Warehouses
- Racking
- Processing centres
- Data storage vaults
- Disaster recovery facilities
- Vehicles
- Equipment to enable digital and physical services

### 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
- Transformation

Material matters page 20 • ESG pages 33 to 42

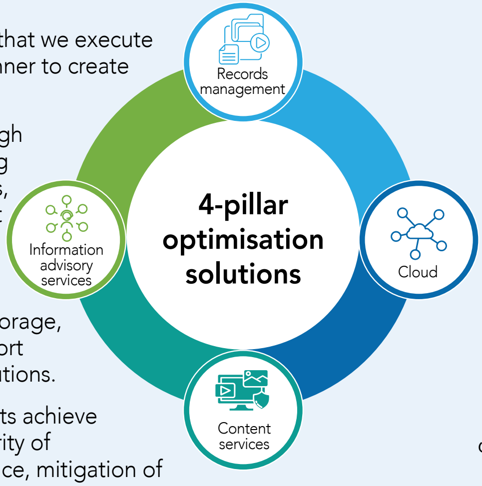
Robust, corporate governance and risk management pages 43 to 61

Vision, mission and core values page 2

Our business activities ensure that we execute our strategy in an efficient manner to create value for all our stakeholders.

We manage information through its complete lifecycle, including physical and electronic records, backup, storage, management and destruction. Our 4-pillar optimisation solution allows us to ensure growth in our f our revenue streams: secure storage, digital services, business support services and products and solutions.

Our solutions ensure that clients achieve cost savings, efficiencies, security of valuable documents, intelligence, mitigation of risks and legislative compliance.




Creating value responsibly page 15

## Outputs

refer to pages 26 to 32

### Financial
- Revenue
- EBITDA
- Box volumes
- HEPS
- Cash generated by operations
- Capex

### Manufactured
- Revenue from:
  - Secure storage
  - Digital services
  - Business support services
  - Products and solutions

### Natural
- Emissions
- Waste
- Electricity and water
- Paper recycling

### Intellectual
- Records management
- Cloud services
- Content services
- Information advisory services

### Social and relationship
- Responsible corporate citizen
- Level 1 B-BBEE provider
- Other regulatory compliance

### Human
- Transformation
- Level 1 B-BBEE provider
- Employee turnover
- Succession plan

Strategy pages 17 to 18

## Outcomes

refer to pages 26 to 32

### Financial
- Capital allocation
- Net box volume growth
- Working capital management and cost control
- Acquisitions
- Dividend cover
- Cash generation

### Manufactured
- Safe and secure facilities
- Upgrading of infrastructure
- ICT infrastructure
- Ongoing maintenance
- Capital investment

### Natural
- Electricity, fuel and water usage
- Carbon footprint

### Intellectual
- Trust and confidence
- Continuous improvement
- Trend awareness
- Competitiveness

### Social and relationship
- Stakeholder engagement
- Socio-economic development

### Human
- People policies and programmes
- Skilled workforce
- Succession planning
- Diversity and transformation
- Inflow of women, young people and the disabled

# Capital outcomes

## Financial capital

Our financial capital inputs comprised cash generated by our operations and debt and equity financing.

These funds provided working capital to run our business and finance both expansion and replacement capital expenditure. The funds were also used to pay interest on borrowed money, distribute dividends to shareholders and effect our share buy-back programme.

Our financial capital was 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.

### Key inputs

- Market capitalisation R1 410 million (2022: R1 431 million)
- Cash and cash equivalents R59 million (2022: R41 million)
- Net asset value R569 million (2022: R578 million)
- Net debt R496 million (2022: R466 million)

### Outputs

- Revenue increased by 16% to R1 134 million (2022: R980 million)
- EBITDA increased by 6% to R345 million (2022: R325 million)
- Closing box volumes of 11.1 million (2022: 11.4 million)
- Group HEPS 32.1c (2022: 30.7c)
- Cash generated from operations, before net working capital changes, of R344 million (2022: R328 million)
- R47 million capital expenditure was incurred, of which R34 million was expansionary capital

### Outcomes achieved

- Efficient capital allocation
- Working capital management
- Stringent cost control
- Cash generative
- Share buy-backs
- Dividends

### 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 acquire new infrastructure and invest in our vehicle fleets and/or IT infrastructure, may negatively impact natural capital

# Capital outcomes continued

## 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, IT infrastructure and software, 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.

### Key inputs

- Properties, buildings and warehouses:
  - The Group operates from 70 facilities, at 35 locations, covering 117 525 square metres of warehousing space, 56% of which is owned (based on square metres)
  - 20 data storage vaults
  - 17 processing centres, including image processing
  - 2 disaster recovery facilities
  - 1 specialised document destruction facility
  - 1 printing, die-cutting and assembly facility
- Fleet of vehicles, including specialised mobile shredding trucks
- Sophisticated ICT infrastructure and software
- Other equipment (including scanners, forklifts, fire suppression and security equipment)

### Outputs

- Revenue from:
  - Secure storage
  - Digital services
  - Business support services
  - Products and solutions

### Outcomes achieved

- Manufactured capital managed in line with best practice to ensure secure facilities and safe workplaces
- Rolling capital expenditure plan ensures continuous upgrading of infrastructure
- Metrofile owns or leases premises based on the economics of each country in which we operate
- Investment in IT infrastructure, motor vehicles, racking, equipment and mobile shredding equipment
- Upgrading and updating secure ICT infrastructure and software
- Capital investment for the next financial year amounts to R68 million, (2022: R73 million)

### Trade-offs in our use of manufactured capital outcomes

- Pursuing excellence in operating manufactured assets across the value chain underpins performance, reliability and cost-effectiveness
- Adopting advanced technology results in more efficient business processes and allows us to offer digital tools and solutions to clients

# Capital outcomes continued

## Natural capital

Metrofile continues to manage its impact on the natural environment. We remain aware of global environmental concerns, and continue to monitor our usage of water, electricity and fuel.

Management actively encourages recycling of materials at our operations. 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 9 000 (2022: 8 000) tons of paper.

### Key inputs

- Electricity generated primarily from fossil fuels
- Petrol and diesel used to fuel vehicles and generators
- Water used by business units
- Non-renewable energy consumption
  - 20 324 Gigajoules (GJ)
  - Volume of electricity purchased 2 817 megawatts (MWh)
- Fuel usage:
  - Diesel for vehicles: 380 645 litres
  - Petrol for vehicles: 99 227 litres
  - Diesel for generators: 114 394 litres due to increased loadshedding
- Volume of water consumed 19 698 kilolitres

### Outputs

- Scope 1 $CO_2e$: 1 700 tonnes
- Scope 2 $CO_2e$: 3 402 tonnes
- Scope 3 $CO_2e$: 192 tonnes
- Total carbon emissions: 4 933
- $CO_2e$ below the level for the payment of carbon tax
- Continued focus on reducing electricity and water consumption
- Planning for solar installation project
- Recycling of paper
- Reduced waste-to-landfill

### Outcomes achieved

- **Electricity**
  Minimum power usage which reduces costs as well as the potential risk of fire
- **Fuel**
  Optimal use of the fleet
- **Water**
  Established a 'save our water' project team to identify opportunities to save water
- **Carbon footprint**
  Mapping our carbon footprint in order to set targets for reduction of GHG emissions

### Trade-offs in our use of natural capital outcomes

- Our use of non-renewable resources, such as fossil fuels, and our emissions and waste, negatively impact natural capital
- We convert natural capital into value-added services and boost the stocks of other capitals
- Recycling of paper saves transport and handling costs
- Although our warehouses make use of natural light as far as possible, transport and courier services contribute to Scope 3 emissions
- Metrofile recognises the importance of ensuring that all business activities limit environmental impacts. While none of our business activities have any known impact on biodiversity, further reviews at operations are currently underway

Refer to pages 35 to 36 in our ESG review for further information

# Capital outcomes continued

## 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 and commitment to partnerships have led to an ever-expanding range of products and solutions.

### Key inputs

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

### Outputs

- Records management
- Cloud services
- Content services
- Information advisory services

### Outcomes achieved

Our 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 tailormade solutions to fit their needs
- Partnering with forward-thinking technology solutions and services providers
- Acquiring product lines in emerging technologies
- Continuously assessing product and service gaps and opportunities
- Improving operational efficiencies and cost management
- Identifying and mitigating risks
- Upskilling and motivating our workforce
- Our consultancy services assist clients to navigate the world of records management
- Specialised records management software includes DataStor and eTracker

### 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 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

# 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.

Central to Metrofile's social and relationship capital plan are our socio-economic development (SED) and skills development 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.

Refer to pages 40 to 41 in our ESG review for further information

### Key inputs

- Continued constructive engagements with all stakeholders
- Socio-economic development (SED) and skills development initiatives
- Donation of space to healthcare facilities for storage of confidential data
- Conducted business in a transparent manner that is mutually beneficial and sustainable
- 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

### Outputs

- Consistent high quality service
- Level 1 B-BBEE provider
- Ongoing interactions with government and tax authorities
- Funds donated towards community charities/organisations to enable them to deliver and expand their social transformation mandates
- Funding towards education of children and unemployed youth to improve their access to the job market and create a talent pipeline for the business
- Implementation of procurement policy, which prioritises procurement from black-owned and black women-owned businesses

### Outcomes achieved

- Matters arising from stakeholder engagements are reviewed, considering stakeholders' perspectives, to ensure alignment of Metrofile's services to its stakeholders' expectations
- Established a consistent Group-wide approach to stakeholder engagement to ensure effective messaging and interactions (refer to diagram on the next page)
- Continued to honour commitment to contribute a minimum of 1% of NPAT to initiatives focused on achieving sustainable socio-economic transformation
- Funding of disadvantaged students aligned to our business strategy and provides potential talent pipeline for future
- Provision of skills reduces poverty and inequality in pursuit of 2030 target
- 100% of enterprise beneficiaries are potential suppliers in our supply chain
- 100% of our investment in enterprise and supplier development is allocated to beneficiaries directly aligned with our supply chain.

### 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 being a responsible corporate citizen

# Capital outcomes
## continued

### 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 on the right.

In order to address client complaints, issues, concerns and future service requirements, we:
- Conduct client surveys
- Ongoing engagement with clients to discuss services and service delivery
- Implement trade and industry policy on sector development, trade issues and growth
- Assess labour market issues regarding flexibility, skills, minimum standards, labour relations
- Apply environmentally friendly practices

We investigate and address employee concerns through:
- Employee representative committee meetings
- National EE committee meetings (in South Africa)
- Grievance process
- Tip-offs anonymous hotline
- Wellness programme

We continue to identify individuals to participate in our programmes through ongoing electronic communication and personal engagement

We review our product offering and deliver as per agreed SLAs through ongoing electronic and personal engagement, including supplier meetings


Ensuring transparency and improving the provision of information:
- Ongoing electronic and personal engagement
- Interviews
- News releases
- Publications

We amend policies, procedures and practices to ensure compliance

As per our shareholder charter, we conduct the following:
- Annual general meeting
- Annual investor presentation
- Individual, documented investor meetings

We publish:
- Financial results
- Integrated annual report
- Supplementary information on our website
- SENS announcements

Better understanding of and response to employee concerns through:
- Ongoing electronic and personal engagement
- Meetings
- Participation in CCMA processes

## Why and how we engage

# 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.

### Key inputs

- Leadership
- Skilled workforce with relevant knowledge and experience:
  - SA: 944
  - Outside SA: 290
  - R15.6m spent on internal (employees) and external (non employees) skills development
- 410 employees in skills training, 43 being disabled
- 1 778 414 total person hours worked in FY2023

### Outputs

- Level 1 B-BBEE status
- 71% of employees are between 30 and 50; 17% are over 50; and 11% are new entrants and under 30
- 15% employee turnover
- Succession planning
- Zero fatalities and 3 lost time injuries
- Zero person days lost due to industrial action

### Outcomes achieved

- Compliance with labour legislation
- Well-entrenched policies and procedures, introduced to new employees during induction
- Our people operated within a clearly defined framework and adhered to the Group's code of conduct and business ethics
- Executive and senior management performance in reaching transformation targets linked to remuneration
- Prioritised training of marginalised groups, such as women and youth
- Fully compliant, levy paying member of services SETA in SA and reclaimed skills development levies for mandatory grants
- Worked with primary B-BBEE shareholder, the Mineworkers Investment Company, to grow the skills of our people and improve employment equity ratios at all levels, overseen by our SETCOM
- Facilities in South Africa regularly visited by wellness service provider, which offers basic health checks, advice, guidance and counselling
- 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
- SafeCyte compliance system monitored and maintained safe workplaces. Staff members actively involved in health and safety committees, with health and safety training conducted annually
- Zero tolerance for any form of discrimination or unfair treatment
- Employees received regular performance reviews
- Engagement with unions in the spirit of free association

### 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
- Partnerships with trade unions and engaging in other structured forums

Refer to pages 37 to 39 in our ESG review for further information

# ESG review

ESG has historically been, and continues to be, an embedded focus area within our strategy and operations.

Metrofile has followed an integrated approach in the development of our ESG landscape and this has structured our ESG vision and roadmap. This included stakeholder mapping, materiality analysis and benchmarking. Furthermore, our implementation roadmap includes project priorities, resources, timelines, KPIs and risks, with a tracking system to monitor our progress.

The implementation of our ESG programme is an ongoing process within our business platforms.

## Our fundamental ESG principles are:

1 Governance is the foundation through which we enable organisations and people to manage their records and information in a responsible, trustworthy, secure and sustainable manner

2 We are committed to foster sound relationships with all our stakeholders as we believe that it will afford growth and provide sustainable value

3 We partner, collaborate, engage, consult, co-create and co-innovate with our key stakeholders (including employees) to find ways to work smarter and become more sustainable

4 We ensure that our employees and the communities in the areas in which we operate, are empowered to live a better life

5 We empower our suppliers through the provision of resources and skills to effectively and sustainably manage their businesses

6 We continuously seek opportunities to reduce and improve our energy usage and offset our GHG emissions

7 We believe that water is a precious natural resource. We use it sparingly

8 We proactively and actively align Metrofile ESG initiatives with the UN sustainable development goals

Our **focus** is on ensuring that we continually reduce our carbon footprint, creating a carbon neutral business which supports our goal of being 'net zero' by 2050.

**Our ESG proposition**

We strive to go beyond profit generation in co-creating sustainable value for all our stakeholders (S) in a responsible way (G) while making a positive impact on the environment (E).

# ESG strategy

## Our ESG strategy

| | Caring for the environment (E) | Caring for our employees (S) | Caring for our stakeholders (S) | Integrating ESG responsibly (G) |
|---|---|---|---|---|
| | refer to page 35 | refer to page 37 | refer to page 40 | refer to page 42 |
| **Objectives** | 1 Reduce emissions (GHG)<br>2 Save water<br>3 Encourage recycling | 1 Reduce inequality<br>2 Transform and diversify<br>3 Develop and retain our people<br>4 Actively engage our people<br>5 Improve health, safety and wellness | 1 Focused socio-economic development (SED)<br>2 Source ethically and locally<br>3 Supplier and enterprise development<br>4 Active stakeholder engagement | 1 Manage ESG risks and opportunities<br>2 Drive and govern ESG responsibly |
| **UN SDGs** | 6 Clean water and sanitation<br>7 Affordable and clean energy<br>12 Responsible consumption and production<br>13 Climate action | 1 No poverty<br>2 Zero hunger<br>3 Good health and well-being<br>4 Quality education<br>5 Gender equality<br>8 Decent work and economic growth<br>10 Reduced inequalities | 4 Quality education<br>5 Gender equality<br>8 Decent work and economic growth<br>17 Partnerships for the goals | 16 Peace, justice and strong institutions |

**Actions**

**Our roadmap to build the momentum to integrate ESG in our business**

**FY2023**
- Map carbon footprint (completed)
- Establish baseline measures, with 2023 being the baseline year (completed)
- Set targets, including reduction of GHG emissions by 2025 (in progress)
- Establish measurement tracking system (tracking tool being tested)
- Prioritise initiative for solar energy installation (in progress)

**FY2024**
- Track progress against targets to ensure on track to achieve reduction of GHG emission aligned to overall carbon neutral target by 2030
- Formalise ESG tracking tool and reporting dashboard
- Align to IFRS reporting requirements
- Continue gathering Scope 3 emission data

**FY2025**
- Review and report progress against targets by ESG pillar
- Review progress as per the SDGs
- Track scope 3 upstream and downstream emissions
- Ensure accurate IFRS reporting

**FY2026**
- Review progress towards achieving carbon neutral target by 2030
- Identify specific projects to enable achievement of carbon neutral target
- Review reporting requirements and dashboard

**We have established the targets, linked to our strategic objectives, as set out on pages 34 to 42**

# ESG strategy continued

## Caring for our environment (E)

At Metrofile, we believe that protecting and improving our natural environment is everyone's responsibility and as a Company we want to play our part so that future generations can continue to benefit. Although our business does not have a significant negative impact on the environment, we have set targets to reduce our emissions, to save water and to encourage recycling. Metrofile's $CO_2e$ remain below the limit for carbon neutral tax reporting and payment. These targets are aligned to reducing GHG emissions and the use of fossil fuels by 2025, reducing our carbon footprint in support of our goal to be carbon neutral by 2030 and 'net zero' by 2050.

| UN SDGs | SDGs & targets | ESG objectives | GRI standards | Metrics | KPIs | FY2023 update | Capitals | Material matters |
|---|---|---|---|---|---|---|---|---|
| 7 Affordable and clean energy<br>13 Climate action | – Integrate climate change measures into policies, strategies and planning<br>– Increase the share of renewable energy in the business energy mix by 2030<br>– Improve energy efficiency<br>(SDG 7 & 13) | 1 Reduce emission (GHG) 15% by 2025 | GRI 305 1-2 | 1.1 Climate change policies, strategy and planning | Improve integration and implementation of climate change measures | The implementation of our solar installation project in the business is underway. This will enable the generation of renewable energy to run our businesses in SA, thus lessening the dependence on purchased electricity as well as diesel to run our generators during loadshedding. We expect to achieve a reduction in use of non-renewable energy of between 10% and 15% due to the use of solar by 2025.<br>We focused on tracking our GHG emissions as per Scope 1 and Scope 2 emissions and we started tracking our Scope 3 emissions. Total $CO_2$ emissions for FY2023 is 4 933:<br>– Scope 1 $CO_2e$: 1 700 tonnes<br>– Scope 2 $CO_2e$: 3 402 tonnes<br>– Scope 3 $CO_2e$: 192 tonnes<br>GHG intensity measure as at 30 June 2023: 4.73.<br>As per our commitment to the UN SDG13, we will be considering the development of a policy on climate change as it is relevant to our business and its operations. | – Natural (page 28) | – Digital transformation and strategy execution (page 21)<br>– Business sustainability, growth and the macro-economic environment (page 22)<br>– Multi-jurisdictional legal and regulatory compliance (page 23) |
| | | | | 1.2 GHG intensity | Reduce GHG intensity | | | |
| | | | | 1.3 Renewables | Increase in renewable energy | | | |
| | | | | 1.4 Energy efficiency | Improvement in energy efficiency | | | |
| | | | | 1.5 GHG scope 1 (direct emissions) | Reduce in GHG scope 1 | | | |
| | | | | 1.6 GHG scope 2 (electricity) | Reduce in GHG scope 2 | | | |
| | | | | 1.7 GHG scope 3 (indirect emissions) | Manage GHG scope 3 | | | |

# ESG strategy continued

## Caring for our environment (E) continued

| UN SDGs | SDGs & targets | ESG objectives | GRI standards | Metrics | KPIs | FY2023 update | Capitals | Material matters |
|---|---|---|---|---|---|---|---|---|
| 6 CLEAN WATER AND SANITATION | – Increase water use efficiency<br>(SDG 6) | 2 Save water | GRI 303<br>GRI 305-3 | 2.1 Water intensity | Increase water intensity | We have established our baseline of water usage in the business. In FY2023 19 698 kilolitres of water were consumed.<br>We are initiating a water project for the use of rainwater tanks and to assess the feasibility of water recycling. This will reduce dependence on municipal water in the areas in which we operate.<br>Actively tracking water leakage and fast tracking repairs to leaking pipes and taps is an entrenched part of our water project. | – Natural (page 28) | – Digital transformation and strategy execution (page 21)<br>– Business sustainability, growth and the macro-economic environment (page 22)<br>– Multi-jurisdictional legal and regulatory compliance (page 23) |
| | | | | 2.2 Water efficiency | Increase in efficiency in water use | | | |
| | | | | 2.3 Total water use | Track total water use | | | |
| | | | | 2.4 Reported water spills | Track reported spills | | | |
| | | | | 2.5 Alternative water | Identify alternative water supply | | | |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | – Reduce waste generated through prevention, reduction, recycling and re-use<br>(SDG 12) | 3 Encourage recycling | GRI 306 | 3.1 Recycling activities | Track recycling activities | We recycled 9 000 (2022: 8 000) tons of paper in FY2023, a 12.5% increase when compared to FY2022, thus reducing waste to landfill. We will be identifying a project team to focus on a 'reuse project'. | | |
| | | | | 3.2 Total landfill waste | – Track waste to landfill<br>– Reduce waste to landfill | | | |
| | | | | 3.3 Reuse activities | Increase in reuse | | | |

### Risks

– Not getting business buy-in to measures required to reduce GHG emissions and to save water
– Cost of measures deemed to be too high relative to the benefit
– Businesses going digital results in less paper available for recycling
– Lack of accurate measurement of the impact of initiatives

### Opportunities

– Exploring alternative technologies for emission reduction in transport services
– Leveraging technology to reduce need for physical transport of documents, eg cloud and digital services
– Reducing electricity usage, exploring solar projects

### Highlights

– Exploring the use of electric vehicles for transport of documents
– Commenced implementing of solar power to enable sufficient power generation for our businesses
– Established baseline measures with 2023 being the baseline year

### Longer term aspirations

– Generation of sufficient renewable energy from solar to be independent of the grid
– Leverage technology to minimise the need for physical transportation of documents
– Increase utilisation of hybrid and electric vehicles where physical transport of documents is required

# ESG strategy continued

## Caring for our employees (S)

Our business is built on our employees who assist us in ensuring that our clients' vital records management needs are met. It is our intention to build an equitable workplace culture that values diversity, equity and inclusion. Our employee value proposition includes fair compensation, rewards and benefits, stability and mutual respect.

The Social, Transformation and Ethics Committee of the Board is responsible for monitoring the Group's activities relating to human rights, empowerment, B-BBEE, equality, corruption, ethics, health, public safety, consumer and labour relations.

| UN SDGs | SDGs & targets | ESG objectives | GRI standards | Metrics | KPIs | FY2023 update | Capitals | Material matters |
|---|---|---|---|---|---|---|---|---|
| 5 GENDER EQUALITY<br>8 DECENT WORK AND ECONOMIC GROWTH | – Achieve gender equality<br>– Promote decent work for all<br>(SDG 5 & 8) | 1 Reduce inequality | GRI 405-1<br>GRI 406-1 | 1.1 Recruitment and advancement of women in the workplace | – Number of women in the workplace as a percentage of all employees<br>– Achieving internal targets for the number of women and black people in senior roles | We are particularly proud of the progress we have made on this objective, with 40% of our employees being women and 91% of employees in SA being deemed HDSA, 44% are black women and 2% disabled. In addition, management in SA is 90% HDSA and 40% are women.<br>We will continue to promote the advancement of gender equality and empowerment in our business including our policies to attain equal pay for equal work by 2030.<br>We remain committed to the UN Global Compact Principles and thus do not support forced labour or human trafficking. | – Intellectual (page 29)<br>– Social and relationship (page 30)<br>– Human (page 32) | – Business sustainability, growth and the macro-economic environment (page 22)<br>– Multi-jurisdictional legal and regulatory compliance (page 23) |
| | | | | 1.2 Business and HR policies which are in place | Policies which do not discriminate on the basis of gender, and actively promote empowerment | | | |
| | | | | 1.3 Equal pay for equal work | Roadmap to achieve equal pay for equal work by 2030 | | | |
| | | | | 1.4 We do not support forced labour or human trafficking | Actively support the UN Global Compact Principles | | | |

metrofile

# ESG strategy continued

## Caring for our employees (S) continued

| UN SDGs | SDGs & targets | ESG objectives | GRI standards | Metrics | KPIs | FY2023 update | Capitals | Material matters |
|---|---|---|---|---|---|---|---|---|
| 10 REDUCED INEQUALITIES | – Reduce inequality<br>– Support B-BBEE<br>(SDG 10) | 2 Transform and diversify | GRI 405-1<br>GRI 406-1 | 2.1 B-BBEE Level as per most recent audit | Attain and maintain Level 1 | We have taken on the challenge to transform and diversify our business and to maintain our hard won Level 1 B-BBEE.<br>Running learnerships is central to our investment in the development of talent and skills in the economy and our business with our spend being R11 million. 99 people are in learnership programmes in SA, of which 95 are black learners and 48% being black females.<br>Our own staff are receiving study assistance and our university student bursary support programme is gaining momentum.<br>Employee turnover remains at 15% for FY2023. Central to our engagement with our staff is the engagement survey which we have conducted. Action plans are being developed to address concerns identified. | – Intellectual (page 29)<br>– Social and relationship (page 30)<br>– Human (page 32) | – Business sustainability, growth and the macro-economic environment (page 22)<br>– Multi-jurisdictional legal and regulatory compliance (page 23) |
| | | | | 2.2 By 2030 achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average | Remuneration policy which adopts higher percentage increase for lower-level staff | | | |
| 4 QUALITY EDUCATION | – Inclusive and equitable quality education and life-long learning<br>(SDG 4) | 3 Develop and retain our people | | 3.1 Implementation of learnership programmes | Number of learners | | | |
| | | | | 3.2 Supporting tertiary education for our own staff | Number of employees receiving study assistance | | | |
| | | | | 3.3 Supporting tertiary education for university students | Number of university students receiving funding | | | |
| | | | | 3.4 Employee turnover | % of employees who left the business | | | |
| 10 REDUCED INEQUALITIES | – Promote decent work for all<br>(SDG 10) | 4 Actively engage our people | N/A | 4.1 Employee engagement survey | Identification and tracking of top three priorities | | | |

# ESG strategy continued

## Caring for our employees (S) continued

| UN SDGs | SDGs & targets | ESG objectives | GRI standards | Metrics | KPIs | FY2023 update | Capitals | Material matters |
|---|---|---|---|---|---|---|---|---|
| 1 NO POVERTY<br>2 ZERO HUNGER<br>3 GOOD HEALTH AND WELL-BEING | – Promote wellbeing for all employees<br>(SDG 1, 2, 3) | 5 Improve health, safety and wellness | GRI 403-3<br>GRI 403-9<br>GRI 403-10 | 5.1 By 2030, end of the AIDS epidemic in the business and provide for on-going wellness assessments | – % of staff on HIV programme<br>– % of staff participating in wellness assessments | Our HIV programme has been running for 19 years and has contributed to less than 10% of our staff being HIV+ and 90% of these being in treatment programmes and are fully productive members of our business. Voluntary health assessments are available to all staff, and currently we have a 30% participation rate in our wellness assessments. Counselling services are available to our staff on a 24/7 basis, and in these extremely difficult times we have a 25% participation rate in this service.<br>We do not tolerate the abuse of drugs or alcohol and our policy actively supports staff with substance abuse problems.<br>As part of our employee wellness initiative we will be actively driving the compulsory membership of medical aid starting with our blue-collar workers. | – Intellectual (page 29)<br>– Social and relationship (page 30)<br>– Human (page 32) | – Business sustainability, growth and the macro-economic environment (page 22)<br>– Multi-jurisdictional legal and regulatory compliance (page 23) |
| | | | | 5.2 Make available psycho-social and counselling support to staff | % of staff making use of counselling services | | | |
| | | | | 5.3 Strengthen prevention and treatment of substance abuse | – Promote substance abuse policy<br>– Promote smoking policy | | | |
| | | | | 5.4 Achieve inclusive medical aid coverage | % of staff participating in medical aid programmes which are available | | | |

### Risks

- Long term retention of management and employees
- Accelerated development of high potential employees

### Opportunities

- Implementation of formal career development plans

### Highlights

- Level 1 B-BBEE obtained through development and implementation of 3-year transformation strategy
- Implementation of the Metrofile university student bursary programme

### Longer term aspirations

- Ensure that our employees are fully engaged, and able to realise career goals within the business
- Update BEE strategy to focus on retaining Level 1 B-BBEE status

# ESG strategy continued

## Caring for our stakeholders (S)

We have a wide range of stakeholders, including investors, customers, suppliers and the communities in which we operate (refer to page 31 for our stakeholder map). We are committed to fostering sound relationships with all stakeholders to ensure growth and sustainable value creation. As a Group, we are intent on deliberate engagement, development and local procurement. We are willing to partner, collaborate, engage, consult, co-create and co-innovate with our key stakeholders to find ways to work smarter and become more sustainable.

| UN SDGs | SDGs & targets | ESG objectives | GRI standards | Metrics | KPIs | FY2023 update | Capitals | Material matters |
|---|---|---|---|---|---|---|---|---|
| 4 QUALITY EDUCATION | – Inclusive and equitable quality education and life-long learning<br>(SDG 4) | 1 Focused socio-economic development (SED) | GRI 203-2<br>GRI 204-1<br>GRI 413-1<br>GRI 413-2 | 1.1 SED spend | % of SED spend | 1.6% (R616k) of our NPAT was invested in our SED spend, of which R447k was spent on education and R104k on health. Our education support of the St Peter's Foundation teacher intern programme enters its 5th year. Our association has resulted in the graduation of four HDSA teachers qualifying to enter the teaching profession. We are excited to bring on board two maths and science teacher interns from January 2024.<br>Continuing our commitment to BEE through the development of small business, we have spent 1.64% (R544k) on supplier development, and 0.64% (R211k) on enterprise development. Four ESD programme beneficiaries have graduated from the programme and are suppliers.<br>We continue to drive the suppprt of local beneficiaries in our supply chain.<br>76% of our spend during the reported period went to local B-BBEE compliant suppliers for the provision of goods and services, of which 40% are black women-owned businesses. | – Social and relationship (page 30) | – Digital transformation and strategy execution (page 21)<br>– Business sustainability, growth and the macro economic environment (page 22)<br>– Multi-jurisdictional legal and regulatory compliance (page 23)<br>– Business continuity, infrastructure and operational risks (page 24) |
| | | | | 1.2 SED education supported initiatives | – St Peters Foundation teacher interns<br>– Etc | | | |
| 8 DECENT WORK AND ECONOMIC GROWTH | – Promote sustained inclusive and sustainable economic growth<br>(SDG 8) | 2 Source ethically and locally | GRI 204-1 | 2.1 Source from local businesses as far as possible | % of local businesses providing goods and services as a percentage of total procurement spend | | | |
| 5 GENDER EQUALITY | – Ensure women's full participation and equal opportunities at all levels of economic and public life<br>(SDG 5) | 3 Supplier and enterprise development | GRI 203-2<br>GRI 204-1<br>GRI 413-1<br>GRI 413-2 | 3.1 SD and ED spend | % of SD and ED spend with small businesses | | | |
| | | | | 3.2 Procurement from 51% black women owned businesses | % of spend with 51% black women owned businesses as a percentage of total procurement spend | | | |

# ESG strategy continued

## Caring for our stakeholders (S) continued

| UN SDGs | SDGs & targets | ESG objectives | GRI standards | Metrics | KPIs | FY2023 update | Capitals | Material matters |
|---|---|---|---|---|---|---|---|---|
| 17 PARTNERSHIPS FOR THE GOALS | – Strengthen partnerships for sustainable development<br>(SDG 17) | 4 Active stakeholder engagement | N/A | 4.1 Active engagement with upstream and downstream suppliers in terms of sustainability | Prioritisation of upstream and downstream suppliers<br><br>Stakeholder engagement plan developed and agreed | Engagement with our upstream and downstream suppliers has commenced. | – Social and relationship (page 30) | – Digital transformation and strategy execution (page 21)<br>– Business sustainability, growth and the macro economic environment (page 22)<br>– Multi-jurisdictional legal and regulatory compliance (page 23)<br>– Business continuity, infrastructure and operational risks (page 24) |

### Risks

– Becoming complacent rather than driving long term sustainable stakeholder goals

### Opportunities

– Continue to work with suppliers on B-BBEE improvement plans

### Highlights

– 76% procurement from B-BBEE compliant suppliers
– 100% of Metrofile university student bursaries towards unemployed HDSA youth

### Longer term aspirations

– Effectively integrate stakeholders into our ESG programmes

# ESG strategy continued

## Integrating ESG responsibly (G)

Our aim is to identify ESG targets, risks and opportunities. The implementation of identified ESG initiatives will be tracked and reported on.

| UN SDGs | SDGs & targets | ESG objectives | GRI standards | Metrics | KPIs | FY2023 update | Capitals | Material matters |
|---|---|---|---|---|---|---|---|---|
| 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | – Develop an effective, accountable and transparent institution (SDG 16.6) | 1 Manage ESG risks and opportunities | GRI 2-27<br>GRI 205-3<br>GRI 411-1<br>GRI 416-2<br>GRI 417-2<br>GRI 417-3<br>GRI 418-1 | 1.1 Identify risks | Prioritise risks | Focus for FY2023 has been on regular ESG reporting and updates to SETCOM through our reporting tool and Excel driven dashboard. | – Financial (page 26) | – Multi-jurisdictional legal and regulatory compliance (page 23) |
| | | | | 1.2 Develop risk mitigation plan | Implement risk mitigation plan | | | |
| | | | | 1.3 Identify and prioritise opportunities | Develop implementation plan for prioritised ESG opportunities | | | |
| | | 2 Drive and govern ESG responsibly | N/A | 2.1 Active engagement with upstream and downstream suppliers re sustainability | – Regular ESG reporting<br>– Prioritised ESG initiatives | | | |

### Risks

- Lack of business buy-in and commitment of budget to specific ESG projects and initiatives

### Opportunities

- Refine our reporting on ESG
- Implementation of and reporting on specific initiatives will make ESG more visible in our business and to our stakeholders

### Highlights

- KPIs and metrics have been identified to enable more effective tracking of ESG in the business

### Longer term aspirations

- Proper measurement and tracking system for ESG to be developed and 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 2023 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.

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 value creation and ESG sections of this report (refer to pages 15 to 42), the integration of our stakeholder engagement, material matters assessment, strategy and business model development, together with our performance management, outlook and ESG aspects, 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.

**2023**

We continued to focus on our stakeholder communication and investor relations to ensure that important and relevant information is provided to our stakeholders. During 2023 we built on the foundations laid during 2022 regarding ESG disclosure and related reporting.

**2024**

Stakeholder communication, investor relations and related governance disclosure will continue to be key focus areas for the 2024 financial year.

## Business conduct, ethics and prevention of corruption

Metrofile is built on five promises, namely commitment, integrity, diversity, resourcefulness and collaboration, 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 communicated to all employees and 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 environmental and social 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 the International Secure Information Governance and Management Association™ (i-SIGMA®), a non-profit trade association for the commercial information management industry, Metrofile subscribes to a philosophy of professionalism towards clients, fellow i-SIGMA® members and the public.

The Group subscribes to a whistle-blowing hotline, which is a channel for anonymous tip-offs relating to any matter of concern impacting the Group or our stakeholders. All tip-off reports 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
- Managing fears that reporting unethical behaviour will lead to victimisation

All employees signed a confidentiality and privacy agreement as an addendum to their employment contracts. This addendum covers aspects around confidentiality, privacy and ethics and includes the Group and individual employee's commitment towards ethics.

**2023**

For the 2023 year, we continued to conduct refresher training and internal campaigns to maintain focus on organisational ethics.

**2024**

During 2024, we will conduct an ethics survey to determine the culture with regard to ethics throughout the Group.

## 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 30 and 31 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 environmental and social responsibility as well as corporate governance and ethics. The Group retains overall control of its subsidiaries, to ensure that its sustainable business model of longer term growth, built on a responsible, social and environmental platform, is filtered throughout the Company.

**2023**

We continued to build and deliver on our ESG KPIs as reported in the ESG section of this report.

**2024**

We will set clear goals and KPIs to enable us to deliver on our ESG promise, which is focused on being carbon neutral by 2030.

# Board of directors

There were no changes to the Board of Directors throughout the 2023 financial year and up to the date of issuing this report.

**Phumzile Langeni (49)**
BCom (Acc), BCom (Hons), MCom
*Independent non-executive Chairman*

**Mary Sina Bomela (50)**
BCom (Hons), CA(SA), MBA
*Non-executive director and deputy Chairman*

**Pfungwa Gore Serima (58)**
BSc (CompSc) and Business Studies
*Group Chief Executive Officer*

**Shivan Mansingh (37)**
BaccSci, HDipAcc, CA(SA), MBA
*Group Chief Financial Officer*

**Sindiswa Victoria Zilwa (56)**
BCompt (Hons), CA(SA), CD(SA), Advanced Diploma in Financial Planning (UFS), Advanced Diploma in Taxation (UNISA), Advanced Diploma in Banking (RAU)
*Lead independent non-executive director*

**Andile Khumalo (45)**
BCom (Accounting), Post Graduate Diploma in Accounting, CA(SA)
*Independent non-executive director*

**Lindiwe Evarista Mthimunye (49)**
BCom, CA(SA), MCom, HDip Tax Law
*Independent non-executive director*

**Christopher Stefan Seabrooke (70)**
BCom, BAcc, MBA, FCMA
*Independent non-executive director*

**Stanley Thabo Moloko Seopa (59)**
BCom (Accounting), Higher Diploma in Tax Law, Diploma in Finance, Diploma in Management
*Independent non-executive director*

**Dominic Lebohang Storom (35)**
BCom (Hons), CA(SA), MCom, MBA
*Non-executive director*

**Leon Rood (46)**
BCom, LLB
*Independent non-executive alternate director to Chris Seabrooke*

*Phumzile Langeni, Mary Bomela, Pfungwa Serima and Shivan Mansingh*

*Sindi Zilwa, Andile Khumalo, and Lindiwe Mthimunye*

*Chris Seabrooke, Thabo Seopa, Lebohang Storom and Leon Rood*

### Board statement

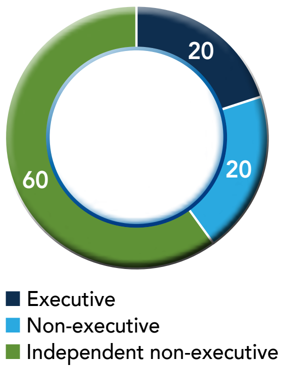
The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period and that it has complied with its legal and regulatory responsibilities throughout the period under review.

# Board of directors continued

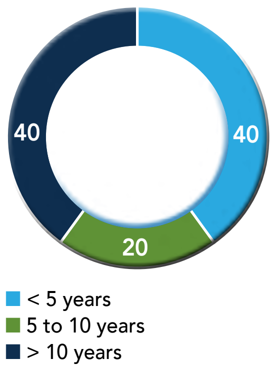
## Composition

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 interests of the Company and its stakeholders.

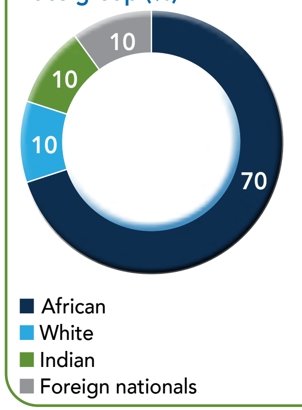
### Director classification (%)



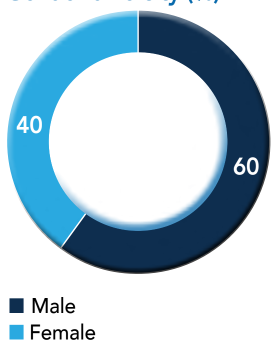

### Director tenure (%)




### Race group (%)




### Gender diversity (%)




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

The Board is chaired by Phumzile Langeni, an independent non executive director, 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 Board comprises six independent non-executive directors, two non-executive directors and two executive directors.

Notwithstanding Phumzile Langeni's tenure of 11 years on the Board and her indirect beneficial interest of 0.10% in Metrofile as at 30 June 2023, the other Board members unanimously determined that Phumzile will continue to exercise strong independent judgement and leadership in her capacity as Chairman of the Group.

The Board continues to have a lead independent non-executive director, Sindi Zilwa, in order to strengthen the 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 functions that cannot be performed by the Chairman due to his/her absence or the existence of a conflict of interest
- 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.

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% black. The Board met these targets at the date of publishing this integrated annual report, with 40% of our members being female, 70% being African and 10% being Indian.

Brief biographical details of each Board member are reported on page 45, 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 the 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.

# Board of directors continued

The charter, which is reviewed and updated every two years, 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 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 adjacent table). 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 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, performance, as well as any other items requiring in-depth coverage in terms of the Group's authority framework. This authority framework is reviewed and approved by the Board on an annual basis.

### Board and Committee attendance throughout 2023

| | Board | AGRC | REMCOM | NOMCOM | SETCOM | STRATCOM |
|---|---|---|---|---|---|---|
| Phumzile Langeni | 5/5 | | 3/4 | 2/2 | 3/3 | 1/1 |
| Mary Bomela | 4/5 | | 3/4 | 2/2 | 2/3 | 1/1 |
| Pfungwa Serima (CEO) | 5/5 | | | | 3/3 | 1/1 |
| Shivan Mansingh (CFO) | 5/5 | | | | 3/3 | 1/1 |
| Sindi Zilwa | 5/5 | 3/3 | | 2/2 | 3/3 | |
| Andile Khumalo# | 5/5 | 3/3 | | | | |
| Lindiwe Mthimunye | 3/5 | 2/3 | 4/4 | | 3/3 | |
| Chris Seabrooke$ | 3/5 | | 2/4 | 1/2 | | 1/1 |
| Thabo Seopa^ | 5/5 | | | | 3/3 | 1/1 |
| Lebohang Storom | 5/5 | | | | | |

# *Andile Khumalo was appointed as a member of the Social Ethic, Ethics and Transformation Committee effective 1 July 2023.*
$ *Chris Seabrooke was represented by his alternate, Leon Rood, at meetings for which he tendered his apologies.*
^ *Thabo Seopa resigned as a member of the Social, Ethics and Transformation Committee and was appointed as a member of the Audit, Governance and Risk Committee effective 1 July 2023.*

### 2023

During 2023 the Board of Directors delivered in terms of the following key focus areas: digital content and cloud services, innovating across core offerings with local and international solution providers, transforming Metrofile, appointing industry experts and end-to-end integrated solutions and services.

### 2024

Leading with digital in key territories, expansion into new territories, continuing to evaluate potential acquisitions and other areas of capital allocation, and exploring opportunities to aggregate/augment our go-to-market solutions will be key focus areas for 2024.

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

#### September to November
- Integrated annual report and ESG disclosures
- Monitor integration of IronTree

#### December to February
- Share buy-back
- Increase shareholding in eFile

#### March to May
- Approval of interim financial results
- Risk register, policy and framework review
- Review and approval of Group authority framework
- Committee changes

#### June to September
- Budget approval and strategy deliberations
- Approval of combined assurance plan FY2024 and review of overall assurance conclusions FY2023
- Approval of annual financial results

# 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 for assessment, collation and feedback to the Chairman.

The Board assessments also include a 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 assess 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 Phumzile Langeni throughout her 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.

## 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 2023 AGM, Chris Seabrooke, Sindi Zilwa and Mary Bomela will retire by rotation and, being eligible, will offer themselves for re-election.

## 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 reconfirmed the independence of our non-executive Chairman who had been in office for two years and who has been a member of the Board of Directors for 11 years.

All existing non-executive directors are subjected to a rigorous review by the Nominations Committee, irrespective of tenure. Notwithstanding Chris Seabrooke's tenure of 20 years, Mary Bomela's tenure of 13 years and Sindi Zilwa's tenure of 11 years, the Nominations Committee and other Board members have determined that these Board members 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' interests between the end of the financial year and the date of approval of this integrated annual report.

# Company Secretary

Paige Atkins resigned as Company Secretary effective 31 July 2022 and Elmarie Smuts was appointed as the Company Secretary in a permanent capacity, in addition to her role as the Group Risk Officer, effective 1 November 2022.

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

## Statement

- The Board confirms that for the 2023 financial year, the Company Secretary has maintained an arm's length relationship with the Board and that she was not a director of the Company. The Board further confirms that the Company Secretary remained independent, irrespective of her role as Group Risk Officer.
- The Board has considered and satisfied itself of the Company Secretary's competence, qualifications and experience throughout the reporting period. The Board is satisfied that the Company Secretary has carried out her duties as set out above.

# 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 five Committees to assist with its duties, namely the Audit, Governance and Risk Committee, the Nominations Committee, the Remuneration Committee, the Social, Ethics and Transformation Committee and the Strategy and Investment Committee. The principles of ESG, as well as the four dimensions of Metrofile's approach to ESG are embedded in the tasks and actions of the Committees and, the Committees specifically report on ESG as it applies to their roles and responsibilities.

The structure and composition of these Committees are reported on in the next section of this report. The Committee charters, which are available on the Group's website, are reviewed every two years in line with King IV™. The individual Committee feedback is also 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 and Social, Ethics and Transformation Committee review executive director and senior management succession plans and are satisfied that robust succession plans are in place at Group and subsidiary level.

## Group authority framework

**Shareholders and other stakeholders**

**Board of directors – Metrofile Holdings Limited**

- Audit, Governance and Risk Committee
- Remuneration Committee
- Social, Ethics and Transformation Committee
- Nominations Committee
- Strategy and Investment Committee

**Executive directors (Group CEO and CFO)**

**Group executive committee consisting of subsidiary MDs and Group functional heads**

**Group subsidiaries and associates**

**South Africa**

- MRM
- Products and services including:
  - Tidy Files
  - Cleardata
  - Metrofile VYSION
  - IronTree

**Rest of Africa**

- Botswana
- Kenya
- Mozambique

**Middle East**

- UAE
- Oman

# Sub-committee structure and report back

## Audit, Governance and Risk Committee (AGRC)

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 every two years.

### Agenda

#### On the 2023 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
- Levels of net debt and lowering finance costs
- JSE proactive monitoring of financial statements
- Tracking of IT strategy, roll out of three-year roadmap and information security
- CEO and CFO responsibility statement on internal financial and financial reporting controls as per JSE Listings Requirements
- ERP roll-out
- On-boarding of BDO as auditor
- Further enhancing ESG disclosure

#### 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

### Meeting schedule

The Committee met three times in 2023

### Additional 2024 focus areas

- Enhance cybersecurity awareness

### Composition

**Members**
Sindi Zilwa (Chairman)
Lindiwe Mthimunye
Andile Khumalo
Thabo Seopa*

**Permanent invitees**
Chris Seabrooke
Lebohang Storom

**Other regular attendees**
Pfungwa Serima
Shivan Mansingh
Members of executive management
Internal audit
External audit

** Thabo Seopa was appointed as a member to the Committee effective 1 July 2023.*

### 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

## Remuneration Committee (REMCOM)

### 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 62 to 70 for more details on Metrofile's remuneration philosophy, policy and implementation report

### Agenda

#### On the 2023 agenda

The main issues considered and approved by the Remuneration Committee for the 12 months ended 30 June 2023:

- Ensured that STIs continue to meet business objectives and aligned to shareholder value
- Reviewed market relatedness of total guaranteed package (TGP) increases for prescribed officers, executive directors and senior management
- Approved STI targets for prescribed officers and executive directors
- Approved STI outcomes for 2023
- Reviewed and approved allocations of LTIs for 2023
- Corporate governance on remuneration aspects reviewed
- Reviewed employee benefits
- Reviewed the remuneration policy, approved the remuneration report and strategy
- Reviewed fees payable to non-executive directors
- Consideration of remuneration, reward and retention policy with specific focus on employees who meet our diversity, equity and transformation requirements

#### 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

### Meeting schedule

The Committee met four times in 2023

### Additional 2024 focus areas

- Providing transparency on pay ratios, the income gap and trends with respect to the gender pay gap
- KPIs for ESG objectives will be considered in the future

### Composition

**Members**

Lindiwe Mthimunye (Chairman)
Mary Bomela
Chris Seabrooke
Phumzile Langeni

**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

# Sub-committee structure and report back

## Social, Ethics and Transformation Committee (SETCOM)

### Agenda

#### On the 2023 agenda

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

- Reviewing management transformation in line with transformation targets
- Focusing on key actions from the employee engagement survey
- Sustainability policy approved and published
- Reporting tool and Excel dashboard for ESG being piloted
- Baseline GHG emission data and future projects for the business

#### 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
- ESG review

### 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 Social, Ethics and Transformation Committee report in the annual financial statements available on the Company's website.

### Meeting schedule

The Committee met three times in 2023

### Additional 2024 focus areas

- Ensure that ESG reporting is aligned to IFRS reporting requirements

### Composition

**Members**
Mary Bomela (Chairman)
Phumzile Langeni
Shivan Mansingh
Lindiwe Mthimunye
Pfungwa Serima
Thabo Seopa*
Sindi Zilwa
Andile Khumalo*

**Permanent invitees**
Members of executive management

** Effective 1 July 2023, Thabo Seopa resigned as a member of the Committee and Andile Khumalo was appointed.*

# Sub-committee structure and report back

## Nominations Committee (NOMCOM)

### Agenda

#### On the 2023 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 process
- Board and Committee changes, composition and independence
- Succession planning for the Board, CEO, CFO and senior management

#### Capitals forming part of the agenda

- Human capital (Board, senior management)

#### Report back in terms of the following governance functional area

- Board of Directors
- Compliance

### Meeting schedule

The Committee met twice in 2023

### Additional 2024 focus areas

- Technical digital skillset of the Board

### Composition

**Members**
Phumzile Langeni (Chairman)
Chris Seabrooke
Mary Bomela
Sindi Zilwa

**Occasional invitees**
Pfungwa Serima
Shivan Mansingh

### Statement

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

# Sub-committee structure and report back

## Strategy and investment Committee (STRATCOM)

### Agenda

#### On the 2023 agenda

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

- Considered specific proposals for acquisitions, disposals or investments
- Reviewed the Group's acquisition, disposal and investment policies and parameters
- Considered the Group's property portfolio
- Reviewed the share buy-back programme
- Commenced a review of the Group's financial facilities

#### Capitals forming part of the agenda

- Financial capital
- Manufactured capital

#### Report back in terms of the following area

- Strategy

### Statement

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

### Meeting schedule

The Committee met once in 2023

### Additional 2024 focus areas

- Finalise refinancing agreements

### Composition

**Members**

- Mary Bomela (Chairman)
- Phumzile Langeni
- Shivan Mansingh
- Chris Seabrooke
- Thabo Seopa
- Pfungwa Serima

# 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<br>Material matters and mitigation<br>Risk governance | 19<br>20 to 24<br>56 and 57 |
| Technology and information | AGRC | Material matters and mitigation<br>Information technology<br>Information and privacy | 20 to 24<br>57 and 58<br>58 |
| Compliance governance | AGRC<br>SETCOM | Compliance<br>Share dealings | 58 and 59<br>59 |
| Assurance | AGRC | About this report<br>Combined assurance plan<br>Internal control and management reporting<br>External audit<br>Internal audit<br>CFO and finance function<br>Independent auditor's report<br>Audit, Governance and Risk Committee's report | 1<br>59 and 60<br>60<br>60 and 61<br>61<br>61<br>*<br>* |
| Stakeholder relationship | SETCOM | Material matters and mitigation<br>Social and relationship capital<br>Stakeholder analysis | 20 to 24<br>30 and 31<br>31 |
| Corporate citizenship | SETCOM | Natural capital<br>Social and relationship capital<br>Human capital | 28<br>30 and 31<br>32 |
| ESG | AGRC<br>SETCOM | ESG review | 33 to 42 |
| Remuneration | REMCOM | Remuneration report | 62 to 70 |

* *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.

# Governance functional areas continued

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.

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. Risks are further informed by means of formalised incident reporting. 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 20 to 24.

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 59 and 60 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.

**2023**

Focus was placed on tracking risk action plans for the Company and subsidiary Group companies to further mitigate identified risks.

**2024**

Focus will be placed on reporting against key risk indicators (KRIs) set.

## Technology and information

### Information technology

Information technology (IT) is a considerable enabler for our digital transformation journey and a strategic imperative for Metrofile. We leverage technology to provide digital solutions that generate value for our stakeholders.

### IT strategy

IT is deeply entrenched in the way the Group conducts its business in a globalised and increasingly complex environment. The Group information technology strategy aligns with the Group strategy and sets the strategic direction of the IT function within the Group.

**2023**

Highlights for FY2023 included the following:

- Improved operational efficiencies focusing on systems' availability and stability
- Modernisation of core internal group applications
- Improved information governance and information security practices
- Completion of several critical business and technology projects
- Modernisation of the Group IT and infrastructure portfolio

### IT governance

Our Group Audit, Governance and Risk Committee, supported by the Group IT Steering Committee and the Group CIO, is responsible for the governance and management of IT.

IT is governed in accordance with the Group information technology charter and the Group ICT governance and management framework, which guides the structure and mandate of information 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.

# Governance functional areas continued

### IT risk

Technology and Information are critical to our business. Risks that may affect the stability, security, availability and integrity of information systems and business operations are proactively managed by identifying, assessing and mitigating these risks within the Group risk framework. The following risks remain top priority and are of critical importance to the Group and as such are incorporated in the Group's strategic risks:

- **Information security and cybersecurity** risks remain a high focus area due to the increased sophistication and prevalence of cyberattacks. The nature of our business and presence in the healthcare, financial and legal sectors elevates this risk. A cyberattack aimed at Metrofile could lead to significant business interruption, substantial operational costs, increased regulatory scrutiny and reputational damage.
- **Technological resiliency** risk is a continuous focus area as a failure to recover from a disruptive event will severely affect business operations and services.
- **Third party** risk from partners providing various supporting services within the Group IT function, making them an extension of our service provision. A compromise on their environments may have an adverse impact the delivery and availability of Metrofile's services to our internal and external clients. We therefore ensure that, at a minimum, they comply with the same standards as the Group and we monitor these risks and compliance with our standards on an ongoing basis.

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

### Data stewardship

We have a fiduciary duty to protect the data we collect and, therefore, we have appropriate measures across the Group to support data integrity, confidentiality, privacy and security. Metrofile has, therefore, adopted and implemented best practice frameworks and standards for information security.

**2024**

- Acceleration of Metrofile Group's IT strategy ensuring alignment to business objectives
- Continuous improvement of cybersecurity, IT resilience and data governance posture
- Modernisation of the Group application 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 through our implemented privacy policies, procedures and protocols to ensure the protection of the personal information of our clients, employees and other third parties.

**2023**

There was a continued focus on embedding privacy related policies, procedures and processes throughout the Group, and compliance monitoring against these.

**2024**

A key priority for FY2024 will be the continued enhancement of the privacy control environment.

## 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 and/or members of the Audit, Governance and Risk Committee and 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 matters 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). The prioritised high-risk acts have been assigned an owner, who is responsible for ensuring that material compliance aspects are covered in the respective policies, processes and procedures.

In addition, by linking the regulatory universe to similar pieces of legislation in other jurisdictions in which the Group operates, the Group's compliance monitoring capabilities are further enhanced.

# Governance functional areas continued

Our regulatory universe and risk compliance processes ensure that key internal controls are in place to mitigate the compliance risk and to ensure compliance with new or changed legislation. In addition, by linking the regulatory universe to similar pieces of legislation in other jurisdictions in which the Group operates, the Group's compliance monitoring capabilities are further enhanced.

**2023**

During FY2023, the OHS and risk compliance control environment, information security and privacy received continued compliance attention.

A key focus area was to automate certain approvals, linked to the authority framework, via the new ERP system, in order to drive compliance further.

**2024**

A key focus area will be to enhance the Group's compliance monitoring capabilities.

### Share dealings

All share dealings by a director, the Company Secretary 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 period (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 and 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.

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 amongst 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 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.

# Governance functional areas continued

The assurance provided is also categorised into four levels of 'defence', which for the Group are classified as follows:

**1 1st level**

Subsidiary management and line functions provide assurance on a more informal basis, including strategy development and implementation, performance measurement, risk management, company control and monitoring of compliance with laws and regulations.

**2 2nd 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 Group management.

**3 3rd level**

Independent assurance providers (e.g. internal audit, external audit and others).

**4 4th level**

Oversight structures – made up by the Metrofile Holdings Board and the over-arching oversight structures in the Company including the Board sub-committees.

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.

**Statement**

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.

**2023**

During the 2023 financial year, management continued to enhance its policies, procedures and processes in order to enable the CEO and CFO responsibility statement on internal financial and financial reporting controls as required by the JSE Listings Requirements 3.84(k). The Audit, Governance and Risk Committee had overall oversight over this process and concluded accordingly in the Audit, Governance and Risk Committee report in the annual financial statements, available on the Company's website. In addition, the authority frameworks were reviewed and amended to enhance the internal control environment.

**2024**

For 2024, we will continue to enhance the control environments based on processes and procedures that have been established in the past.

## External audit

The Audit, Governance and Risk Committee reviews the scope, independence and objectivity of the external auditor and agree on appropriate fees. The Committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent.

# Governance functional areas continued

During 2022, following the conclusion of a tender process, the Audit, Governance and Risk Committee recommended, and the Board endorsed, the proposed appointment of BDO South Africa Incorporated to succeed Deloitte & Touche as the company's external auditor, effective for the financial period ending 30 June 2023.

Shareholders ratified the appointment of BDO South Africa Incorporated as external auditor to the Group at the previous annual general meeting. This was the first year that BDO has conducted the year-end audit. BDO is the external auditor for all Group companies.

**Statement**

For the reporting period, 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 BDO South Africa Incorporated.

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 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 and approved 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. 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.

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. Internal 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 of the engagement team's office(s).The KPMG audit team reports to the Group Risk Officer and CFO on day-to-day matters.

**Statement**

The Audit, Governance and Risk Committee is satisfied with the effectiveness of the internal audit arrangements and that internal audit has met is 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.

**Statement**

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 2023, 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.

### Statement

- The Remuneration 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.

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 2022 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 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.

### Summary of remuneration activities/decisions

Main issues considered and approved by REMCOM:
- Ensured that STIs continued to meet business objectives and generate shareholder value
- Reviewed market relatedness of total guaranteed package (TGP) increases for prescribed officers, executive directors and senior management
- Approved STI targets for prescribed officers and executive directors
- Approved STI outcomes for 2023
- Reviewed and approved allocations of LTIs for 2023
- 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
- Consideration of remuneration, reward and retention policy with specific focus on employees who meet our diversity, equity and transformation requirements

### 2024

Focus on:
- Providing transparency on pay ratios, the income gap and trends with respect to the gender pay gap
- KPIs for ESG objectives will be considered in the future

### 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. This year, the AGM will be held on 23 November 2023.

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 of 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 it into its rules.

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

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.

# Remuneration report continued

We have set out the results of our November 2022 AGM below:

| Resolution | Percentage of shares in issue* % | For** % | Against** % | Abstained* % |
|---|---|---|---|---|
| **Ordinary resolution number 1:** Adoption of the audited consolidated annual financial statements | 66.33 | 100.00 | 0.00 | 0.02 |
| **Ordinary resolution number 2:** Re-election of DL Storom as a non-executive director | 66.33 | 99.99 | 0.01 | 0.02 |
| **Ordinary resolution number 3:** Re-election of P Langeni as a non-executive director | 66.33 | 100.00 | 0.00 | 0.02 |
| **Ordinary resolution number 4:** Re-election of LE Mthimunye as a non-executive director | 66.34 | 99.99 | 0.01 | 0.02 |
| **Ordinary resolution number 5:** Re-election of SV Zilwa as a member of the Audit, Governance and Risk Committee | 66.34 | 95.79 | 4.21 | 0.02 |
| **Ordinary resolution number 6:** Re-election of A Khumalo as a member of the Audit, Governance and Risk Committee | 66.34 | 99.99 | 0.01 | 0.02 |
| **Ordinary resolution number 7:** Re-election of LE Mthimunye as a member of the Audit, Governance and Risk Committee | 66.34 | 99.99 | 0.01 | 0.02 |
| **Ordinary resolution number 8:** Appointment of BDO as auditor of the Company | 66.33 | 100.00 | 0.00 | 0.02 |
| **Ordinary resolution number 9:** Approval of the remuneration policy | 66.34 | 99.99 | 0.01 | 0.02 |
| **Ordinary resolution number 10:** Approval of the implementation of the remuneration report | 66.34 | 99.99 | 0.01 | 0.02 |
| **Special resolution number 1:** Remuneration of non-executive directors | 66.33 | 99.99 | 0.01 | 0.02 |
| **Special resolution number 2:** General authority to acquire the Company's own shares | 66.33 | 95.80 | 4.20 | 0.02 |
| **Special resolution number 3:** Approval of the granting of financial assistance in terms of section 44 of the Companies Act | 66.33 | 100.00 | 0.00 | 0.03 |
| **Special resolution number 4:** Approval of the granting of financial assistance in terms of section 45 of the Companies Act | 66.33 | 99.99 | 0.01 | 0.03 |
| **Ordinary resolution number 11:** General authority to issue shares for cash | 66.33 | 91.91 | 8.09 | 0.02 |
| **Ordinary resolution number 12:** General authority to alot and issue ordinary shares | 66.33 | 99.19 | 0.81 | 0.02 |
| **Special resolution number 5:** General authority to alot and issue shares persuant to the conditional share plan | 66.34 | 99.99 | 0.01 | 0.02 |
| **Ordinary resolution number 13:** General authority to directors | 66.34 | 99.99 | 0.01 | 0.02 |

* *Based on 433 699 958 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 52 in the corporate governance section of this integrated annual report.

### Our remuneration policy

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.

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 adjacent table).

| | | |
|---|---|---|
| **Fixed remuneration** | Basic, annual cost package including benefits | This fixed element of remuneration is referred to as the total guaranteed pay and includes salary, travel allowance, retirement funding, risk cover and voluntary medical scheme 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. |
| **Variable remuneration** | LTIs | LTIs comprise a CSP which comprises performance awards which can be settled in shares or in cash. Vesting is subject to Company performance vesting conditions. |

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.

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.

### Changes to the remuneration policy for FY2023

There were no material changes to the remuneration policy for 2023. The weightings for the metrics of the STI changed and are reflected on page 67.

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.

# Remuneration report continued

## Remuneration framework

| | Guaranteed pay | Benefits | Discretionary bonus | Short term annual incentive | Additional sales incentive | Long term incentive |
|---|---|---|---|---|---|---|
| **Participation** | Market related and individual performance | – Retirement fund (includes risk cover)<br>– Voluntary medical aid<br>– Company cell phone/cell phone allowance for specific roles<br>– Fuel/fuel card for business travel for specific roles | Applies to permanent employees in Paterson A and B bands<br>Based on the concept of a 'not guaranteed' 13th cheque | Permanent employees in Paterson D, E and F bands | Permanent MD's of Group companies | Permanent employees in Paterson E and F bands |
| **Purpose** | Attraction and retention | Attraction and retention | Delivery of short term business objectives | Delivery of short term business and role specific objectives | Reward achievement of revenue and EBITDA targets | Delivery of business strategy over four years |
| **Performance period** | Monthly | Ongoing | 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 achievement of both Company-wide and role specific performance metrics agreed for the specific financial year | – Calculated on 100% achievement of revenue and EBITDA target at 1H and 2H. Achievement must be at 100% to earn a cash incentive<br>– 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 achievement of forward-looking performance conditions and employment over vesting period (four years) |
| **Method of delivery** | Cash | Monthly salary | Cash | Cash | Cash | Metrofile shares |
| **Performance measures** | N/A | N/A | Role specific KPIs | Depending on level of seniority, a weighting between business performance measures and personal performance measures. For executive directors a 70%/30% split in favour of business performance measures. Personal KPIs are split between transformation (10%) and individual KPIs (20%) | | Employment condition 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

## 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 2023 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 (STIs)

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 2023, the on-target incentive level was set at 100% of the basic annual total cost package for the CEO, and 60% of the basic annual total cost package for the CFO. This will remain the same for the CEO in the upcoming financial year. For the CFO, this is being reviewed to assess against the market to determine whether this should potentially be at 100%, split 80%/20% qualitative/quantitative.

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 2023 and the comparative period are disclosed in part 3 of this report.

# Remuneration report continued

The following table illustrates STIs approved by the Remuneration Committee for the executive directors for FY2023:

| | Short term incentives (STI) – Proposed performance criteria: Metric (weighting) | Measurement |
|---|---|---|
| Business performance measures (70%) | EBITDA growth (30%) | Threshold – CPI + GDP<br>Target – CPI + GDP + 4%<br>Stretch – CPI + GDP + 6% |
| | Group HEPS (30%) | Threshold – CPI + GDP<br>Target – CPI + GDP + 4%<br>Stretch – CPI + GDP + 7% |
| | Cash conversion ratio (10%) (Cash generated from operations/ EBITDA) | Threshold – 85%<br>Target – 90%<br>Stretch – 110% |
| Transformation and personal performance measures (30%) | Transformation (10%) | Threshold – 85%<br>Target – 100% |
| | KPIs linked to role and strategy (20%) | Threshold – 85%<br>Target – 100%<br>Stretch – 110% |

## Long term incentives (LTIs)

The Group operated an equity-settled share based incentive scheme for executive directors and senior management in the form of a conditional share plan (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 may be settled in cash.

The vesting of performance awards is 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.

Awards made for FY2023 are reflected in the implementation report and are in accordance with the rules of the scheme as per the November 2019 AGM.

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. Performance conditions which have been implemented for the 2023 financial year are as follows:

| Metric and weighting | Measurement |
|---|---|
| Return on capital employed ("ROCE") (60%)<br><br>(NOPAT/(average equity plus long term debt)) | Threshold – long-bond rate +4%<br>Target – long-bond rate +6%<br>Stretch – long-bond rate +9% |
| HEPS growth (25%) | Threshold – CPI + GDP<br>Target – CPI + GDP + 4%<br>Stretch – CPI + GDP + 7% |
| Digital services revenue growth (7.5%) | Threshold – average CAGR CPI + 5%<br>Target – average CAGR CPI +10%<br>Stretch – average CAGR CPI +13% |
| Secure storage revenue growth (7.5%) | Threshold – average CAGR CPI + 2%<br>Target – average CAGR CPI + 4%<br>Stretch – average CAGR CPI + 6% |
| Vesting period | 4 years |

# Remuneration report continued

## Malus and clawback

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 and 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.

Non-executive directors have letters of appointment with Metrofile Holdings Limited. For the services of Mary Bomela (deputy chairman) and Lebohang Storom (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 23 November 2023.

# Remuneration report continued

## Part 3: Implementation report

This implementation report is presented as follows:

- 2023 guaranteed pay adjustment
- 2023 STI outcomes
- 2023 LTI outcomes

Total remuneration for executive directors is presented in remuneration tables on the right which indicate both potential earnings and actual remuneration.

### Total remuneration for executive directors

| Group CEO: Pfungwa Serima** | Structure of package: potential earnings – Percentage of GP | Rand value of GP FY2022 | Rand value of GP FY2023 | Actual remuneration earned FY2022 | Actual remuneration earned FY2023 |
|---|---|---|---|---|---|
| Guaranteed package (GP) | 100% | R6 085 800 | R 6 450 948 | R6 085 800 | R6 450 948 |
| STI | 100%* | R6 085 800 | R6 450 948 | R6 717 900 | R3 803 625 |
| Qualitative STI | 25% | R1 521 450 | R1 612 737 | | |
| **Total value of remuneration** | | **R13 693 050** | **R14 514 633** | **R12 803 700** | **R10 011 419** |

* *Note 1: Potential STI percentage includes the potential up to the stretch target.*

** *Note 2: No LTIs vested for reporting period. This table excludes the granting of LTIs for each respective year as these will only reach potential earnings on vesting date. Refer to the share scheme note below.*

| Group CFO: Shivan Mansingh | Structure of package: potential earnings – Percentage of GP | Rand value of GP FY2022 | Rand value of GP FY2023 | Actual remuneration earned FY2022 | Actual remuneration earned FY2023 |
|---|---|---|---|---|---|
| Guaranteed Package (GP) | 100% | R3 570 750 | R4 100 000 | R3 570 750 | R4 100 000 |
| STI | 90%* | R3 213 675 | R3 690 000 | R2 659 950 | R1 521 140 |
| LTI*** | 60% | R594 888** | | R594 888** | |
| **Total value of remuneration** | | **R7 379 313** | **R7 790 000** | **R6 825 588** | **R5 621 140** |

* *Note 1: Potential STI percentage includes the potential up to the stretch target.*

** *Note 2: Share scheme settlement of retention shares.*

*** *Note 3: No other LTIs vested for reporting period. This table excludes the granting of LTIs for each respective year as these will only reach potential earnings on vesting date. Refer to the share scheme note below.*

### Share schemes

Details of grants issued to date under the Metrofile Holdings Limited CSP scheme, as well as CSP awards and allocation summary, are reflected in note 19 on page 40 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 3 of the annual financial statements on the Company's website.

# Remuneration report continued

## Non-executive directors' fees

The non-executive directors' fees for FY2023 are indicated below:

| Non-executive directors' fees<br>R | 30 June 2023 | 30 June 2022 |
|---|---|---|
| Chairman of the Board | 943 506 | 890 100 |
| Deputy chairman | * | * |
| Lead independent non-executive director | 526 608 | 496 800 |
| Non-executive directors | 383 985 | 362 250 |
| Chairman of the Audit, Governance and Risk Committee | 405 927 | 382 950 |
| Chairman of the Nominations Committee | 197 478 | 186 300 |
| Chairman of the Remuneration Committee | 197 478 | 186 300 |
| Chairman of the Social, Ethics and Transformation Committee | * | * |
| Chairman of the Strategy and Investment Committee | * | * |
| Audit, Governance and Risk Committee member | 153 594 | 144 900 |
| Nominations Committee member | 93 254 | 87 975 |
| Remuneration Committee member | 93 254 | 87 975 |
| Social, Ethics and Transformation Committee member | 93 254 | 87 975 |
| Strategy and Investment Committee member | 123 424 | 116 438 |
| Mineworkers Investment Company* | 1 965 999 | 1 854 716 |

* *For the services of Mary Bomela (deputy chairman) and Lebohang Storom, 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 23 November 2023.

# Statements of profit or loss

## For the year ended 30 June 2023

For the full set of financial statements, please visit our website: www.metrofile.com

| R'000 | Consolidated 2023 | Consolidated 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| **Revenue** | **1 134 380** | 979 677 | **–** | – |
| Materials and consumables | **(127 594)** | (127 208) | **–** | – |
| Staff costs | **(379 074)** | (308 917) | **–** | – |
| Other operating expenses | **(299 022)** | (230 194) | **(1 467)** | (1 693) |
| Other operating income | **15 992** | 11 424 | **–** | – |
| **Operating profit/(loss) before interest, taxation, depreciation and amortisation (EBITDA)** | **344 682** | 324 782 | **(1 467)** | (1 693) |
| Depreciation on property, plant and equipment | **(38 128)** | (36 343) | **–** | – |
| Depreciation on right-of-use asset | **(38 757)** | (36 286) | **–** | – |
| Amortisation | **(13 177)** | (11 751) | **–** | – |
| **Operating profit/(loss) before items below** | **254 620** | 240 402 | **(1 467)** | (1 693) |
| Acquisition related costs | **–** | (5 894) | **–** | – |
| **Operating profit/(loss)** | **254 620** | 234 508 | **(1 467)** | (1 693) |
| **Net finance costs** | **(57 619)** | (48 780) | **–** | – |
| Finance income | **5 777** | 467 | **–** | – |
| Finance costs | **(63 396)** | (49 247) | **–** | – |
| **Profit/(loss) before taxation** | **197 001** | 185 728 | **(1 467)** | (1 693) |
| Taxation | **(57 912)** | (46 390) | **–** | – |
| **Profit/(loss) for the year** | **139 089** | 139 338 | **(1 467)** | (1 693) |
| **Attributable to:** | | | | |
| Owners of the parent | **137 914** | 133 588 | **(1 467)** | (1 693) |
| Non-controlling interests | **1 175** | 5 750 | **–** | – |
| **Profit/(loss) for the year** | **139 089** | 139 338 | **(1 467)** | (1 693) |
| **Profit/(loss) attributable to owners of the parent:** | | | | |
| Basic earnings per share (cents) | **32.1** | 30.8 | **–** | – |
| Diluted earnings per share (cents) | **30.9** | 30.0 | **–** | – |

# Statements of other comprehensive income

## For the year ended 30 June 2023

For the full set of financial statements, please visit our website: www.metrofile.com

| R'000 | Consolidated 2023 | Consolidated 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| **Profit/(loss) for the year** | **139 089** | 139 338 | **(1 467)** | (1 693) |
| **Other comprehensive (loss)/income for the year#** | | | | |
| Currency movement on translation of foreign subsidiaries | **(1 048)** | 5 307 | **–** | – |
| **Total comprehensive income/(loss) for the year** | **138 041** | 144 645 | **(1 467)** | (1 693) |
| **Attributable to:** | | | | |
| Owners of the parent | **134 607** | 141 338 | **(1 467)** | (1 693) |
| Non-controlling interests | **3 434** | 3 307 | **–** | – |

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

# Statements of financial position

## As at 30 June 2023

For the full set of financial statements, please visit our website: www.metrofile.com

| R'000 | Consolidated 2023 | Consolidated 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | **606 524** | 609 699 | **–** | – |
| Right-of-use asset | **111 818** | 129 582 | **–** | – |
| Intangible assets | **69 794** | 67 945 | **–** | – |
| Goodwill | **373 542** | 372 193 | **–** | – |
| Investment in unlisted subsidiaries | **–** | – | **264 018** | 264 018 |
| Long term vendor consideration | **3 500** | 3 500 | **–** | – |
| Amounts owing by subsidiaries – non-interest-bearing | **–** | – | **13 552** | 66 997 |
| Deferred taxation assets | **17 080** | 13 730 | **–** | – |
| | **1 182 258** | 1 196 649 | **277 570** | 331 015 |
| **Current assets** | | | | |
| Inventories | **18 129** | 16 209 | **–** | – |
| Trade receivables | **243 490** | 203 614 | **–** | – |
| Other receivables | **65 834** | 30 026 | **257** | 182 |
| Taxation receivable | **6 999** | 5 243 | **–** | – |
| Cash and cash equivalents | **58 632** | 40 541 | **–** | 269 |
| | **393 084** | 295 633 | **257** | 451 |
| **Total assets** | **1 575 342** | 1 492 282 | **277 827** | 331 466 |

| R'000 | Consolidated 2023 | Consolidated 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Ordinary share capital and share premium | **540 072** | 573 833 | **875 780** | 875 780 |
| Accumulated (loss)/profit | **23 683** | (14 007) | **(627 783)** | (548 250) |
| Other reserves | **(1 196)** | (235) | **–** | – |
| Equity attributable to owners of the parent | **562 559** | 559 591 | **247 997** | 327 530 |
| Non-controlling interests | **6 069** | 18 285 | **–** | – |
| | **568 628** | 577 876 | **247 997** | 327 530 |
| **Non-current liabilities** | | | | |
| Interest-bearing liabilities | **–** | 441 556 | **–** | – |
| Lease liabilities | **101 902** | 114 791 | **–** | – |
| Acquisition related liabilities | **–** | 72 247 | **–** | – |
| Deferred taxation liabilities | **49 313** | 49 755 | **–** | – |
| | **151 215** | 678 349 | **–** | – |
| **Current liabilities** | | | | |
| Trade and other payables | **120 193** | 115 637 | **2 003** | 2 036 |
| Provisions | **19 193** | 13 505 | **–** | – |
| Deferred revenue | **22 197** | 18 804 | **–** | – |
| Taxation payable | **13 273** | 6 354 | **–** | – |
| Bank overdraft | **63 039** | 5 605 | **37** | – |
| Interest-bearing liabilities* | **491 313** | 39 195 | **–** | – |
| Amounts owing to subsidiaries – non-interest-bearing | **–** | – | **27 790** | 1 900 |
| Lease liabilities | **34 367** | 33 391 | **–** | – |
| Acquisition related liabilities | **91 924** | 3 566 | **–** | – |
| | **855 499** | 236 057 | **29 830** | 3 936 |
| **Total equity and liabilities** | **1 575 342** | 1 492 282 | **277 827** | 331 466 |

* *Interest-bearing liabilities were refinanced following the finalisation of a revised debt facilities agreement post year-end.*

# Statements of changes in equity

## For the year ended 30 June 2023

For the full set of financial statements, please visit our website: www.metrofile.com

| R'000 | Share capital | Share premium | Accumulated profit/loss | Other reserves | Attributable to owners of the parent | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **CONSOLIDATED** | | | | | | | |
| **Balance at 30 June 2021** | 2 675 | 571 158 | (4 614) | (10 487) | 558 732 | 11 061 | 569 793 |
| IFRS 2 expense | – | – | – | 2 502 | 2 502 | – | 2 502 |
| Dividends declared | – | – | (74 168) | – | (74 168) | (878) | (75 046) |
| Acquisition of business | – | – | – | – | – | 4 795 | 4 795 |
| Redemption liability recognised directly in equity | – | – | (68 813) | – | (68 813) | – | (68 813) |
| Total comprehensive income for the year ended 30 June 2022 | – | – | 133 588 | 7 750 | 141 338 | 3 307 | 144 645 |
| **Balance at 30 June 2022** | 2 675 | 571 158 | (14 007) | (235) | 559 591 | 18 285 | 577 876 |
| IFRS 2 expense | – | – | – | 2 346 | 2 346 | – | 2 346 |
| Dividends declared | – | – | (77 477) | – | (77 477) | (5 540) | (83 017) |
| Transactions with NCI | – | – | (22 747) | – | (22 747) | (10 110) | (32 857) |
| Share buy back | – | (33 761) | – | – | (33 761) | – | (33 761) |
| Total comprehensive income for the year ended 30 June 2023 | – | – | 137 914 | (3 307) | 134 607 | 3 434 | 138 041 |
| **Balance at 30 June 2023** | **2 675** | **537 397** | **23 683** | **(1 196)** | **562 559** | **6 069** | **568 628** |
| **COMPANY** | | | | | | | |
| **Balance at 30 June 2021** | 2 675 | 873 105 | (472 828) | – | – | – | 402 952 |
| Dividends declared | – | – | (73 729) | – | – | – | (73 729) |
| Total comprehensive income for the year ended 30 June 2022 | – | – | (1 693) | – | – | – | (1 693) |
| **Balance at 30 June 2022** | 2 675 | 873 105 | (548 250) | – | – | – | 327 530 |
| Dividends declared | – | – | (78 066) | – | – | – | (78 066) |
| Total comprehensive loss for the year ended 30 June 2023 | – | – | (1 467) | – | – | – | (1 467) |
| **Balance at 30 June 2023** | **2 675** | **873 105** | **(627 783)** | **–** | **–** | **–** | **247 997** |

# Statements of cash flows

## For the year ended 30 June 2023

For the full set of financial statements, please visit our website: www.metrofile.com

| R'000 | Consolidated 2023 | Consolidated 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash generated from/(utilised by) operations before net working capital changes | **344 430** | 327 513 | **(1 467)** | (1 693) |
| Increase/(decrease) in net working capital | **(68 520)** | (19 421) | **(107)** | 135 |
| Cash generated from/(utilised by) operations | **275 910** | 308 092 | **(1 574)** | (1 558) |
| Net finance costs | **(57 569)** | (48 760) | **–** | – |
| Finance costs paid | **(63 346)** | (49 227) | **–** | – |
| Finance income received | **5 777** | 467 | **–** | – |
| Normal taxation paid | **(56 601)** | (42 107) | **–** | – |
| **Net cash inflow/(outflow) from operating activities** | **161 740** | 217 225 | **(1 574)** | (1 558) |
| **Cash flows from investing activities** | | | | |
| Capital expenditure: expansion | **(33 819)** | (47 466) | **–** | – |
| Capital expenditure: replacement | **(13 223)** | (12 559) | **–** | – |
| Proceeds on disposal of property, plant and equipment | **511** | 484 | **–** | – |
| Proceeds from loans to subsidiaries | **–** | – | **52 888** | – |
| Business combination | **–** | (65 604) | **–** | – |
| **Net cash (outflow)/inflow from investing activities** | **(46 531)** | (125 145) | **52 888** | – |

| R'000 | Consolidated 2023 | Consolidated 2022 | Company 2023 | Company 2022 |
|---|---|---|---|---|
| **Cash flows from financing activities** | | | | |
| Advances of loans from subsidiaries | **–** | – | **25 890** | 74 623 |
| Repayment of interest-bearing liabilities | **(40 041)** | (39 900) | **–** | – |
| Proceeds from interest-bearing liabilities | **50 000** | 50 000 | **–** | – |
| Payment of lease liabilities | **(33 677)** | (29 929) | **–** | – |
| Acquisition of non-controlling interest | **(15 286)** | – | **–** | – |
| Share buy back | **(33 761)** | – | **–** | – |
| Dividends paid | **(82 654)** | (74 989) | **(77 510)** | (73 205) |
| **Net cash (outflow)/inflow from financing activities** | **(155 419)** | (94 818) | **(51 620)** | 1 418 |
| Net decrease in cash and cash equivalents | **(40 210)** | (2 738) | **(306)** | (140) |
| Cash and cash equivalents at the beginning of the year | **34 936** | 35 558 | **269** | 409 |
| Effects of exchange rate movement on cash balances | **867** | 2 116 | **–** | – |
| **Cash and cash (overdraft)/equivalents at the end of the year** | **(4 407)** | 34 936 | **(37)** | 269 |
| **Represented by:** | **(4 407)** | 34 936 | **(37)** | 269 |
| Cash and cash equivalents | **58 632** | 40 541 | **–** | 269 |
| Bank overdraft | **(63 039)** | (5 605) | **(37)** | – |

# Analysis of shareholding

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Number of shareholders | % | Number of shares | % | Number of shareholders | % | Number of shares | % |
| **Shareholder spread** | | | | | | | | |
| 1 - 10 000 | 4 714 | 87.43 | 3 892 504 | 0.90 | 4 878 | 86.77 | 4 835 485 | 1.11 |
| 10 001 - 50 000 | 448 | 8.31 | 9 380 848 | 2.16 | 501 | 8.91 | 11 480 518 | 2.65 |
| 50 001 - 100 000 | 81 | 1.50 | 5 357 295 | 1.24 | 94 | 1.67 | 6 890 905 | 1.59 |
| 100 001 - 250 000 | 69 | 1.28 | 10 268 839 | 2.37 | 63 | 1.12 | 9 593 401 | 2.21 |
| 250 001 shares and over | 80 | 1.48 | 404 800 472 | 93.34 | 86 | 1.53 | 400 899 649 | 92.44 |
| **Total** | **5 392** | **100.00** | **433 699 958** | **100.00** | **5 622** | **100.00** | **433 699 958** | **100.00** |
| **Distribution of shareholders** | | | | | | | | |
| Banks/brokers | 58 | 1.08 | 31 125 042 | 7.18 | 58 | 1.03 | 32 363 259 | 7.46 |
| Close corporations | 34 | 0.63 | 493 400 | 0.11 | 38 | 0.68 | 678 027 | 0.16 |
| Endowment funds | 12 | 0.22 | 890 073 | 0.21 | 10 | 0.18 | 837 606 | 0.19 |
| Individuals | 4 285 | 79.47 | 31 103 459 | 7.17 | 4 615 | 82.09 | 38 480 784 | 8.87 |
| Insurance companies | 9 | 0.17 | 4 512 274 | 1.04 | 11 | 0.20 | 4 903 560 | 1.13 |
| Medical schemes | 1 | 0.02 | 1 300 000 | 0.30 | 1 | 0.02 | 1 992 430 | 0.46 |
| Mutual funds | 21 | 0.39 | 99 823 019 | 23.02 | 24 | 0.43 | 98 785 612 | 22.78 |
| Other corporations | 31 | 0.57 | 93 053 | 0.02 | 36 | 0.64 | 150 963 | 0.03 |
| Private companies | 84 | 1.56 | 192 474 481 | 44.38 | 99 | 1.76 | 192 799 452 | 44.45 |
| Public companies | 10 | 0.19 | 34 858 272 | 8.04 | 11 | 0.20 | 35 381 922 | 8.16 |
| Retirement funds | 707 | 13.11 | 14 662 610 | 3.38 | 552 | 9.82 | 14 390 935 | 3.32 |
| Treasury stock | 1 | 0.02 | 9 755 019 | 2.25 | – | – | – | – |
| Trusts | 139 | 2.58 | 12 609 256 | 2.91 | 167 | 2.97 | 12 935 668 | 2.98 |
| **Total** | **5 392** | **100.00** | **433 699 958** | **100.00** | **5 622** | **100.00** | **433 699 958** | **100.00** |
| **Public/non-public shareholders** | | | | | | | | |
| **Non-public shareholders** | 11 | 0.20 | 231 731 499 | 53.43 | 12 | 0.22 | 223 037 211 | 51.43 |
| Directors, management and associates of the Company | 5 | 0.09 | 56 496 035 | 13.03 | 7 | 0.13 | 57 556 766 | 13.27 |
| Treasury stock | 1 | 0.02 | 9 755 019 | 2.25 | – | – | – | – |
| Strategic holdings | 5 | 0.09 | 165 480 445 | 38.16 | 5 | 0.09 | 165 480 445 | 38.16 |
| **Public shareholders** | 5 381 | 99.80 | 201 968 459 | 46.57 | 5 610 | 99.78 | 210 662 747 | 48.57 |
| **Total** | **5 392** | **100.00** | **433 699 958** | **100.00** | **5 622** | **100.00** | **433 699 958** | **100.00** |

# Analysis of shareholding (continued)

| | Number of shares | % |
|---|---|---|
| **Beneficial shareholders holding 2% or more (top 10)** | | |
| As at 30 June 2023 | | |
| Mineworkers Investment Company | 165 480 455 | 38.16 |
| Sabvest Investments (Pty) Limited | 56 000 000 | 12.91 |
| NinetyOne Asset Management | 36 211 920 | 8.35 |
| ClucasGray Investment Management | 15 013 949 | 3.46 |
| M&G Investments | 15 007 986 | 3.46 |
| Momentum Metropolitan Holdings | 12 541 447 | 2.89 |
| Kuwait Investment Authority | 9 986 315 | 2.30 |
| Metrofile (Pty) Ltd | 10 044 754 | 2.32 |
| Alexander Forbes Investments Retirement Funds | 9 317 192 | 2.15 |
| Peresec Prime Brokers | 7 492 185 | 1.73 |
| **Total** | **337 096 193** | **77.73** |
| **Beneficial shareholders holding 2% or more (top 10)** | | |
| As at 30 June 2022 | | |
| Mineworkers Investment Company | 165 480 455 | 38.16 |
| Sabvest Investments (Pty) Limited | 56 000 000 | 12.91 |
| NinetyOne Asset Management | 36 211 920 | 8.35 |
| M&G Investments | 15 007 986 | 3.46 |
| ClucasGray Investment Management | 13 180 338 | 3.04 |
| Momentum Metropolitan Holdings | 11 996 982 | 2.77 |
| Kuwait Investment Authority | 9 823 815 | 2.27 |
| Alexander Forbes Investments Retirement Funds | 9 308 398 | 2.15 |
| Peresec Prime Brokers | 7 157 285 | 1.65 |
| Sanlam | 7 107 925 | 1.64 |
| **Total** | **331 275 104** | **76.40** |

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 did not change.

| Directors interest in shares | Beneficial | | Non-beneficial | | Percentage % |
|---|---|---|---|---|---|
| | Direct | Indirect | Direct | Indirect | |
| MS Bomela, DL Storom† | – | – | – | 165 480 445 | 38.16 |
| P Langeni# | – | 450 000 | – | – | 0.10 |
| S Mansingh | 150 000 | – | – | – | 0.03 |
| CS Seabrooke* | – | – | – | 56 000 000 | 12.91 |
| PG Serima | 46 035 | – | – | – | 0.01 |
| **Total** | **196 035** | **450 000** | **–** | **221 480 445** | **51.21** |

*† Mary Bomela and DL Storom are CEO and Group Financial Manager of MIC respectively, which owns 165 480 445 shares being an economic interest of 38.16%. As MIC's representatives on Metrofile's Board, they have no economic interest in MIC personally.*

*# Phumzile Langeni is the CEO of Afropulse (Pty) Ltd which owns 450 000 shares in the Company, being an economic interest of 0.10% of which she has a beneficial interest of 50%.*

** The Seabrooke Family Trust has an indirect interest of 40.50% in this shareholding through Sabvest Capital Limited, i.e. an effective economic interest of 5.23%.*

# Share price and volume traded

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Market price** | | | | |
| Close (30 June) (cents per share) | **325** | **330** | 316 | 225 |
| High (cents per share) | **328** | **355** | 376 | 341 |
| Low (cents per share) | **266** | **273** | 186 | 120 |
| Market capitalisation (R) | **1 409 524 864** | **1 431 209 861** | 1 370 491 867 | 1 018 460 511 |
| Value of shares traded (R) | **75 069 169** | **113 595 194** | 123 926 377 | 185 264 182 |
| Value of shares traded as % of market capitalisation (%) | **5.33** | **7.94** | 9.94 | 18.19 |
| Volume of shares traded | **23 115 386** | **35 060 675** | 46 037 234 | 74 391 707 |
| Volume of shares traded as % of number in issue (%) | **5.33** | **8.08** | 10.61 | 16.43 |
| Dividend yield (%) | **4.43** | **4.12** | 3.54 | 3.91 |
| Earnings yield (%) | **9.48** | **9.67** | 8.45 | 10.31 |
| Shares in issue | **433 699 958** | **433 699 958** | 433 699 958 | 452 649 116 |
| Shares in issue, net of treasury shares | **423 655 204** | **433 699 958** | 433 699 958 | 433 699 958 |
| Weighted average number of shares in issue | **429 228 504** | **433 699 958** | 433 699 958 | 431 170 111 |
| (Treasury shares cancelled)/shares issued | **10 044 754** | **–** | (18 949 158) | 8 794 230 |
| Number of shareholders | **5 392** | **5 622** | 5 222 | 4 653 |

# Shareholder diary

| | |
|---|---|
| Publication of integrated annual report | 26 October 2023 |
| Annual general meeting | 23 November 2023 |
| Results of the annual general meeting published on SENS | 23 November 2023 |
| Interim results announcement | March 2024 |
| Financial year end | 30 June 2024 |
| Annual results announcement | September 2024 |

# Corporate information^

## Directors

**Phumzile Langeni (49)[*#@]**
BCom (Acc), BCom (Hons), MCom
Independent non-executive Chairman
Eleven years' service (Appointed 30 March 2012)
Chairman of Nominations Committee

**Mary Sina Bomela (50)[‡*]**
BCom (Hons), CA(SA), MBA
Non-executive director and deputy Chairman
Thirteen years' service (Appointed 8 September 2010)
Chairman of Social, Ethics and Transformation Committee
Chairman of Strategy and Investment Committee

**Pfungwa Gore Serima (58)[#@]**
BSC (CompSc) and Business Studies
Group Chief Executive Officer
Seven years' service (Appointed 1 February 2016)

**Shivan Mansingh (37)[#@]**
BaccSci, HDipAcc, CA(SA), MBA
Group Chief Financial Officer
Four years' service (Appointed 1 April 2019)

**Sindiswa Victoria Zilwa (56)[#‡]**
BCompt (Hons), CA(SA), CD(SA)
Advanced Diploma in Financial Planning (UFS)
Advanced Diploma in Taxation (UNISA)
Advanced Diploma in Banking (RAU)
Lead independent non-executive director
Eleven years' service (Appointed 17 October 2012)
Chairman of Audit, Governance and Risk Committee

**Andile Khumalo (45)[#†]**
BCom (Accounting), Post Graduate Diploma in Accounting, CA(SA)
Independent non-executive director
Two years' service (Appointed 30 September 2021)

**Lindiwe Evarista Mthimunye (49)[†#]**
BCom, CA(SA), MCom, HDip Tax Law
Independent non-executive director
Six years' service (Appointed 1 July 2017)
Chairman of Remuneration Committee

**Christopher Stefan Seabrooke (70)[*‡@]**
BCom, BAcc, MBA, FCMA
Independent non-executive director
Twenty years' service (Appointed 28 January 2003)

**Stanley Thabo Moloko Seopa (59)[†@]**
BCom (Accounting)
Higher Diploma in Tax Law
Diploma in Finance
Diploma in Management
Independent non-executive director
Two years' service (Appointed 30 September 2021)

**Dominic Lebohang Storom (35)**
BCom (Hons), CA(SA), MCom, MBA
Non-executive director
Two years' service (appointed 26 March 2021)

**Leon Rood (46)**
BCom, LLB
Four years' service (appointed 1 February 2019)
Independent non-executive alternate director to Christopher Seabrooke

*^ As at date of issuing this integrated annual report*
*† Audit, Governance and Risk Committee member*
*‡ Nominations Committee member*
** Remuneration Committee member*
*# Social, Ethics and Transformation Committee member*
*@ Strategy and Investment Committee member*

## Company Secretary and registered office
Elmarie Smuts
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
Private Bag X9000, Saxonwold, 2132, Gauteng, South Africa
Telephone: +27 11 370 5000 or 086 11 00 933

## Auditor
BDO South Africa Incorporated
Wanderers Office Park
52 Corlett Drive
Illovo, 2196
Private Bag X60500, Houghton, 2041, South Africa

## Banker
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

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

## Website
www.metrofile.com

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