



Summarised financials

	Unaudited six months ended 31 December 2024	Unaudited six months ended 31 December 2023
Revenue (R'000)	537 426	577 047
EBITDA (R'000)	147 704	159 760
Operating profit (R'000)*	99 528	111 467
EPS (cents)	7.8	13.0
HEPS (cents)	8.1	13.0
DPS (cents)	4.0	7.0
Number of shares in issue***	422 175 219	422 175 219

* Operating profit before retrenchment, settlement and closure costs, loss on disposal of assets held for sale and impairment of goodwill
 ** Excluding lease obligations
 *** Net of treasury shares

Results overview

- Revenue decreased by 7% to R537 million mainly due to the exit of the Tidy Files manufacturing operation in the prior financial year. Excluding the Tidy Files contribution, revenue was up by 4% mainly as a result of growth in secure storage and cloud services, offset by a reduction in content services and image processing.
- Operating profit decreased by 11% to R100 million and EBITDA decreased by 8% to R148 million. The turnaround in MRM South Africa resulted in an improvement of 19% to R108 million in operating profit for this segment however this was offset by challenges in the Rest of Africa and Middle East.
- EPS decreased by 40% to 7.8c, HEPS decreased by 38% to 8.1c and NHEPS decreased by 18% to 10.7c.
- Dividend per share decreased by 43% with an interim dividend of 4c declared.
- Net debt reduced by 3% as a result of continued strong cash generation.

Results review

Results for the six months ended 31 December 2024 were positively impacted by the turnaround in MRM South Africa, however low volume growth and margin challenges persisted in Rest of Africa and Middle East. Pleasingly, strong cash generation continued, resulting in a reduction in net debt of 3% to R521 million (June 2024: R537 million).

Financial review

Revenue
 Revenue decreased by 7% to R537 million (1HFY2024: R577 million), mainly due to the reduction in product sales following the exit of the Tidy Files manufacturing operation. Excluding the Tidy Files contribution, revenue was up by 4% mainly as growth in secure storage and cloud services was offset by a reduction in content services and image processing. Demand for cloud services remained strong and now contributes 36% (1HFY2024: 31%) of our digital services revenue.

Secure storage contributed 60% to Group revenue and was up 4% mainly as a result of price increases as well as additional revenue generated from paper services, specifically destruction of overdue boxes. We have noted an increase in the number of destruction requests from our clients that has placed pressure on storage box volumes. Closing box volumes for the Group as at 31 December 2024 were 11.1 million (30 June 2024: 11.1 million) as net box volume remained the same. Gross box volume intake increased by 3% from new and existing clients and was offset by destructions and withdrawals of 3%. Net box volumes decreased in South Africa by 1% but showed growth in the Rest of Africa and the Middle East of 2% and 5% respectively.

Digital services contributed 27% to Group revenue and reduced by 4% year-on-year following a reduction in content services and the digitisation of physical records, particularly in South Africa. This reduction was offset by continued growth in cloud services, with a notable increase in hosting. Digital services continued to be our second

largest revenue contributor and despite a weaker period, this solution offering has been our largest growth area over the recent years.

Products and solutions' revenue decreased by 53% mainly due to the exit of the Tidy Files manufacturing operation. Business support services decreased by 5% following a reduction in work area recovery services. Products and solutions and business support services contributed 8% and 5% respectively to Group revenue.

Operating profit

Operating profit, before retrenchment, settlement and closure costs, reduced by 11% to R100 million (1HFY2024: R111 million). Positive progress has been made in resolving operational challenges from the prior year particularly in MRM South Africa that has yielded a significant improvement in operating profit for this segment. This was offset by volume decline in workflow sales, inflationary cost pressures as well as a reduction in profit margins in the Middle East.

Cash and debt

Net finance costs were 16% higher at R38 million (1HFY2024: R32 million) following the settlement of the final payment in relation to the IronTree acquisition at the end of the previous financial year. Net debt reduced by 3% to R521 million (FY2024: R537 million) as a result of continued strong cash generation.

Review of operations

MRM South Africa

Revenue from MRM South Africa's continuing operations increased by 3% primarily due to the growth in secure storage and product sales, which was offset by a reduction in image processing volumes. Following a challenging prior year, 2HFY2024 in particular, the action plans to address these challenges have resulted in improvements in financial performance, particularly towards the end of 1HFY2025. An enhanced focus on customer service, as well as the resolution of various operational challenges, has seen a recovery in margin as well as an increase in the sales pipeline. Revenue, including the Tidy Files manufacturing operation which was exited in the prior year, reduced by 12% to R352 million (1HFY2024: R399 million).

As a result of the positive progress due to the turnaround initiatives, operating profit increased by 19% to R108 million (1HFY2024: R91 million) and EBITDA increased by 15% to R133 million (1HFY2024: R116 million). Furthermore, when compared to the second half of the previous financial year, EBITDA has improved by 20%. Cash collections have increased and contributed to the overall group improvement in cash generated from operations following the successful resolution of various long-standing customer queries, enhanced customer engagement and the successful resolution of some operational challenges.

We anticipate continued recovery in the financial performance into the second half of the financial year.

MRM Rest of Africa

MRM Rest of Africa consists of operations in Kenya, Botswana and Mozambique. Revenue increased by 10% to R54 million (1HFY2024: R49 million) and operating profit decreased by 64% to R7 million (1HFY2024: R18 million). Botswana and Mozambique continue to generate growth and increased profitability in the period by 11%. The reduction in operating profit from the prior year was mainly due to the inclusion in the prior year of a once-off gain following the positive resolution of a long-standing dispute with a customer in Kenya. During the current period under review, additional costs incurred in Kenya related to Cloud Services' setup costs in line with the strategic introduction of the cloud offering, as well as higher operating costs. Excluding these items, the margin was similar and operating profit increased when compared to the prior year.

MRM Middle East

MRM Middle East consists of operations in the United Arab Emirates, Oman and Saudi Arabia. Following a slow down in the intake of projects, revenue decreased by 7% to R57 million (1HFY2024: R61 million). The region incurred an operating loss of R2 million (1HFY2024: R6 million operating profit) due to continued challenges on margins, however the

performance has seen a slight improvement when compared to the second half of the prior year. While we do not expect an immediate change in the environment in the Middle East, we have implemented various measures to mitigate these challenges.

Cloud and Content Services South Africa

Our Cloud and Content Services South Africa suite of offerings includes Metrofile VYSION and Metrofile Cloud (previously IronTree). Overall, revenue increased by 9% to R74 million (1HFY24: R68 million) with operating profit decreasing by 10% to R10 million (1HFY24: R11 million).

Metrofile Cloud continued to demonstrate consistent growth and improved operating profit by 10% to R11 million (1HFY24: R10 million), mainly as a result of growth in hosting services. Metrofile VYSION, which includes workflow automation services, had a challenging period as operating profit declined to a loss of R1 million (1HFY24: operating profit of R1 million).

Dividend declaration

The dividend cover policy range of between 1.5x and 2.0x remains in place. The Board declared an interim cash dividend of 4 cents per share.

Notice is hereby given that an interim gross cash dividend of 4 cents per share in respect of the period ended 31 December 2024 has been declared payable from income reserves to the holders of ordinary shares recorded in the books of the Company on Friday, 4 April 2025. The last day to trade cum-dividend will therefore be Tuesday, 1 April 2025 and Metrofile shares will trade ex-dividend from Wednesday, 2 April 2025. Payment of the dividend will be on Monday, 7 April 2025. Share certificates may not be dematerialised or rematerialised from Wednesday, 2 April 2025 to Friday, 4 April 2025, both days inclusive. Withholding tax on dividends will be deducted for all shareholders who are not exempt in terms of the legislation at a rate of 20% which will result in a final net cash dividend of 3.2 cents per share. The Company's issued share capital at the period end was 433 699 958 shares (422 175 219 net of treasury shares) and the Company's tax number is 9375/066/71/0.

Changes to the Board of Directors

The following changes were made to the Board for the six months ended 31 December 2024 and up to the date of this announcement:

- Effective 30 September 2024 Pfungwa Serima resigned as Group Chief Executive Officer and Thabo Seopa was appointed effective 1 October 2024.
- Effective 1 January 2025 Phumzile Langeni relinquished her role as Independent Non-Executive Chairman and was appointed as Executive Deputy Chairman. Lindiwe Mthimunywe was appointed as the Independent Non-Executive Chairman.

Outlook

Whilst we expect the turnaround in MRM South Africa to continue into the second half of the financial year, we anticipate trading conditions to remain challenging in the Middle East and Rest of Africa. As part of the turnaround, there will be a review of the geographical footprint of Metrofile. Leadership changes announced during the first half of this financial year have had a positive impact and we expect this to continue. Our focus is to ensure we build a robust digital offering and lay the foundation for our next generation of technology driven solutions. We remain agile in our approach as we adapt to the change in competitive landscape and we expect to continue to generate positive free cash flow for the remainder of the 2025 financial year, with a focus on de-gearing our balance sheet.

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

- The JSE clicklink at <https://sendspdf.jse.co.za/documents/2025/jse/isse/mlf/mlfh1f25.pdf>
- The Company's website at <https://www.metrofile.com/investor-relations/>

Any investment decisions by investors and/or shareholders should be based on consideration of the full announcement. Electronic copies of the full announcement may be requested by contacting Elmarie Smuts: elmaries@metrofileholdings.co.za and from the sponsor at jseponsor@standardbank.co.za and will be available for inspection Metrofile's registered office at no charge during office hours.