



Metrofile
Group

2021
INTEGRATED ANNUAL REPORT

CONTENTS

OUR BUSINESS

About this report	1
Our vision, mission and values	2
Who we are	3
Our global presence	4
Highlights	6
Summarised segmental information	7
Chairman's statement	8
CEO's report	10
CFO's report	12
Six-year review	14

CREATING SUSTAINABLE VALUE

Creating sustainable value	16
Operating environment	17
Strategy	18
Risks and opportunities	20
Material matters and mitigations	21
Business model	26
Financial capital	28
Manufactured capital	29
Natural capital	30
Intellectual capital	31
Social and relationship capital	32
Human capital	34

GOVERNANCE REVIEW

Corporate governance	35
Ethical and responsible leadership	36
Board of Directors	37
Company Secretary	41
Governance framework and delegation of authority	42
Sub-committee structure and report back	43
Governance functional areas	47
Remuneration report	52

SUMMARISED ANNUAL FINANCIAL STATEMENTS

Income statements	61
Statements of comprehensive income	62
Statements of financial position	63
Statements of changes in equity	64
Statements of cash flows	65

SHAREHOLDER INFORMATION

Analysis of shareholding	66
Share price and volumes traded	68
Shareholders' diary	68
Corporate information	69

ABOUT THIS REPORT

ABOUT THIS REPORT

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

PREPARATION AND PRESENTATION

Metrofile's 2021 integrated annual report was prepared for the period 1 July 2020 to 30 June 2021 and covers the activities of Metrofile Holdings Limited and its subsidiaries operating globally. The executive directors and senior management were instrumental in preparing this report and the Board has fulfilled its responsibilities in terms of the King Report on Governance South Africa 2016 (King IV™) principles.

FRAMEWORKS APPLIED

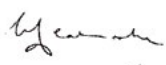
This integrated annual report accords with the parameters of the Companies Act, No. 71 of 2008 (Companies Act), the JSE Listings Requirements and the principles of King IV™ reporting. The Group's annual financial statements were prepared in accordance with International Financial Reporting Standards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

DIRECTORS' STATEMENT OF RESPONSIBILITY

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

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

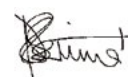
The Board has applied its collective mind to the preparation and presentation of the integrated annual report and concluded that it is presented in accordance with the IIRC (IR) Framework. On the recommendation of the Audit, Governance and Risk Committee, the Board of Directors approved the 2021 integrated annual report on 25 October 2021.



Chris Seabrooke
Outgoing Chairman



Phumzile Langeni
Chairman



Pfungwa Serima
Group CEO

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. These may lead to outcomes unforeseen by the Group. These are not reflected in the report. Readers are warned not to place undue reliance on forward-looking statements. Any forward-looking statements in this report have not been reviewed and reported on by the external auditor of the Company.

FEEDBACK

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

OUR VISION, MISSION AND VALUES

Metrofile’s vision, mission and values are centred around delivering a quality trusted service to all of our clients.



OUR VISION

To be our clients’ trusted records and information management partner



OUR MISSION

To enable organisations and their people to manage their records and information securely, rapidly, intelligently and in a cost effective manner



OUR VALUES

Metrofile is built on five promises:



COMMITMENT

We are dedicated to serving our clients



INTEGRITY

We act in the best interests of our stakeholders



RESOURCEFULNESS

We find ways to work smarter



RELIABILITY

We deliver on our promises



TRUST

We deliver a quality trusted service

WHO WE ARE

The business was formed in 1983 through the merger of two early innovators in records management and archiving. More than 38 years later, Metrofile is Africa's market leader in records and information management providing clients with end-to-end solutions for the complete information management lifecycle, allowing them to extract maximum value from their information assets. Today, our operations are international with subsidiaries servicing clients of all sizes and sectors across Africa and the Middle East.

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

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

With the new wave of technological advancements, Metrofile is well positioned to assist clients in bridging the gap between physical storage and new digital platforms. In addition to storing physical documents, our clients are now digitally originating, signing, storing, retrieving and archiving all content in secure digital form.

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

Data and information management is growing in importance as the world becomes increasingly digitally connected. As the value of transforming raw data into usable information becomes widespread, Metrofile's storage and digitisation enhance the value of data in becoming an increasingly sought after resource.

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



OUR COMPANIES
OPERATE FROM
67
FACILITIES



AT
36
LOCATIONS



COVERING
115 750
SQUARE METRES OF
WAREHOUSING SPACE

OUR GLOBAL PRESENCE

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

SOUTH AFRICA

MRM SOUTH AFRICA

MRM South Africa is a market leader in physical and digital records and information management, with a strong brand and track record. MRM provides an integrated electronic filing system across multiple departments and divisions, including barcoding, tracking and seamless integration into client systems with advanced tracking capability, which reduces the risk of losing documents. Our ~9 000 clients span all industries and include multinationals, corporates, financial institutions and small businesses, such as doctors, churches and schools. Throughout the information lifecycle MRM helps businesses manage their physical and electronic records through digitisation, backups, storage and management. MRM develops processes to reduce clients' reliance on paper-based records, underpinned by business intelligence, speed-to-market, client satisfaction and effective collateral management.

PRODUCTS AND SERVICES

Tidy Files, Cleardata and Global Continuity form part of this division.

Tidy Files is one of the leading manufacturers of end-to-end document products and storage solutions.

Cleardata is a nationwide provider of secure onsite and offsite confidential document destruction and recycling.

Global Continuity specialises in business continuity and disaster recovery. Services cover business impact and risk assessment, business continuity strategies and recovery plans.

METROFILE VYSION

Metrofile Vysion is a business process optimisation company which designs and accelerates digital processes while creating a single digital repository of documents.

The business increases clients' efficiency using digital innovation to manage and optimise their business processes. We introduce the use of best in class technology to our deep understanding of document management to help clients eliminate manual and paper processes resulting in cost and time savings and reduction of human error.

We use proprietary technology, combined with robotics process automation to provide a comprehensive range of solutions.

REST OF AFRICA

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

Botswana

Kenya

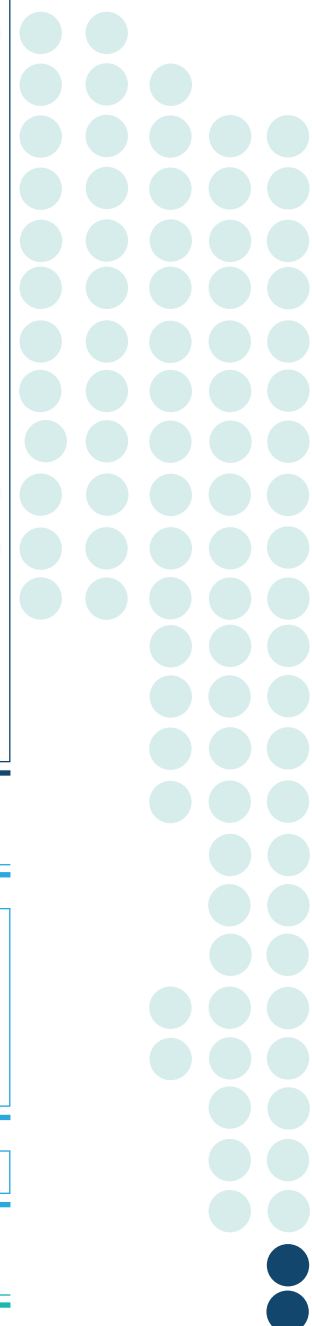
Mozambique

MIDDLE EAST

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

United Arab Emirates

Oman



REVENUE STREAMS

SECURE STORAGE

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

DIGITAL SERVICES

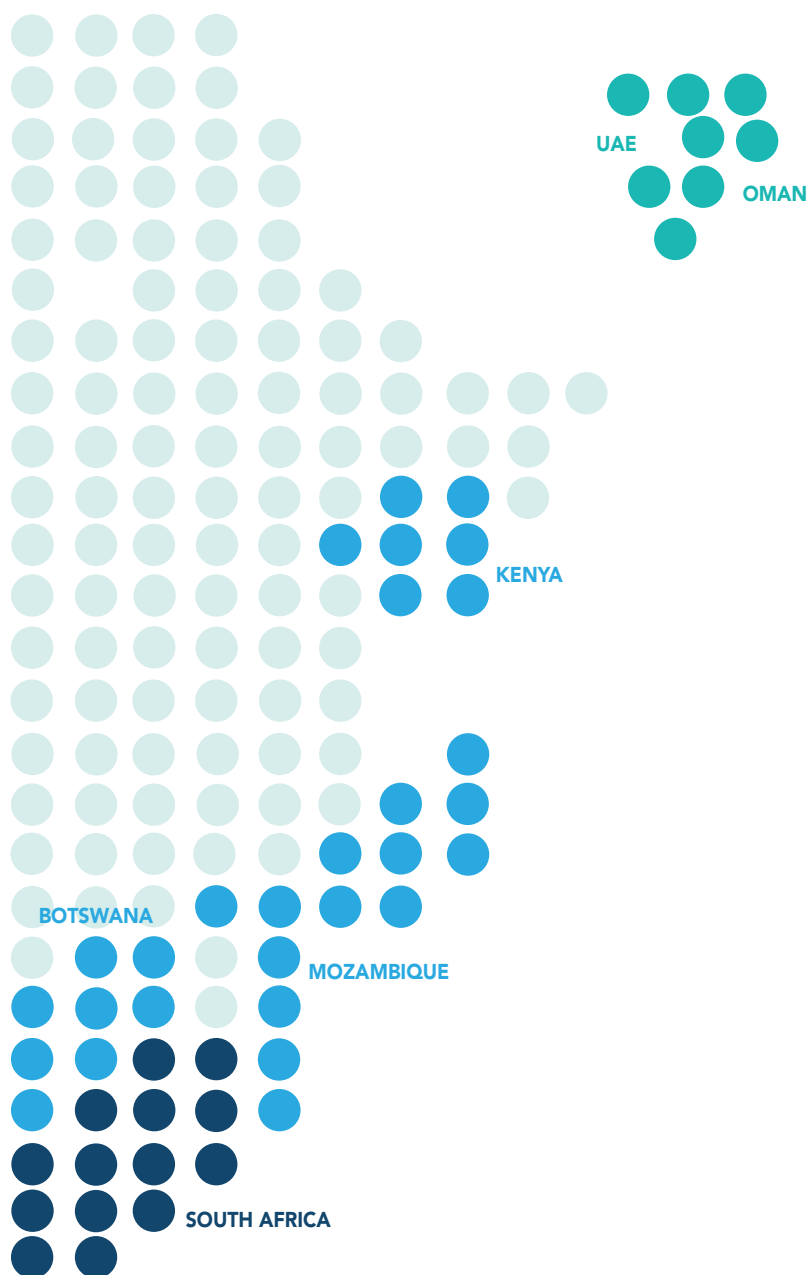
- Evaluation and digital transformation of business processes and tools, supported by machine learning and modern visualisation.
- Imaging services.
- Turnkey digitisation.
- Electronic document management services: e-Tracker and dataStor.
- Online backup.

BUSINESS SUPPORT SERVICES

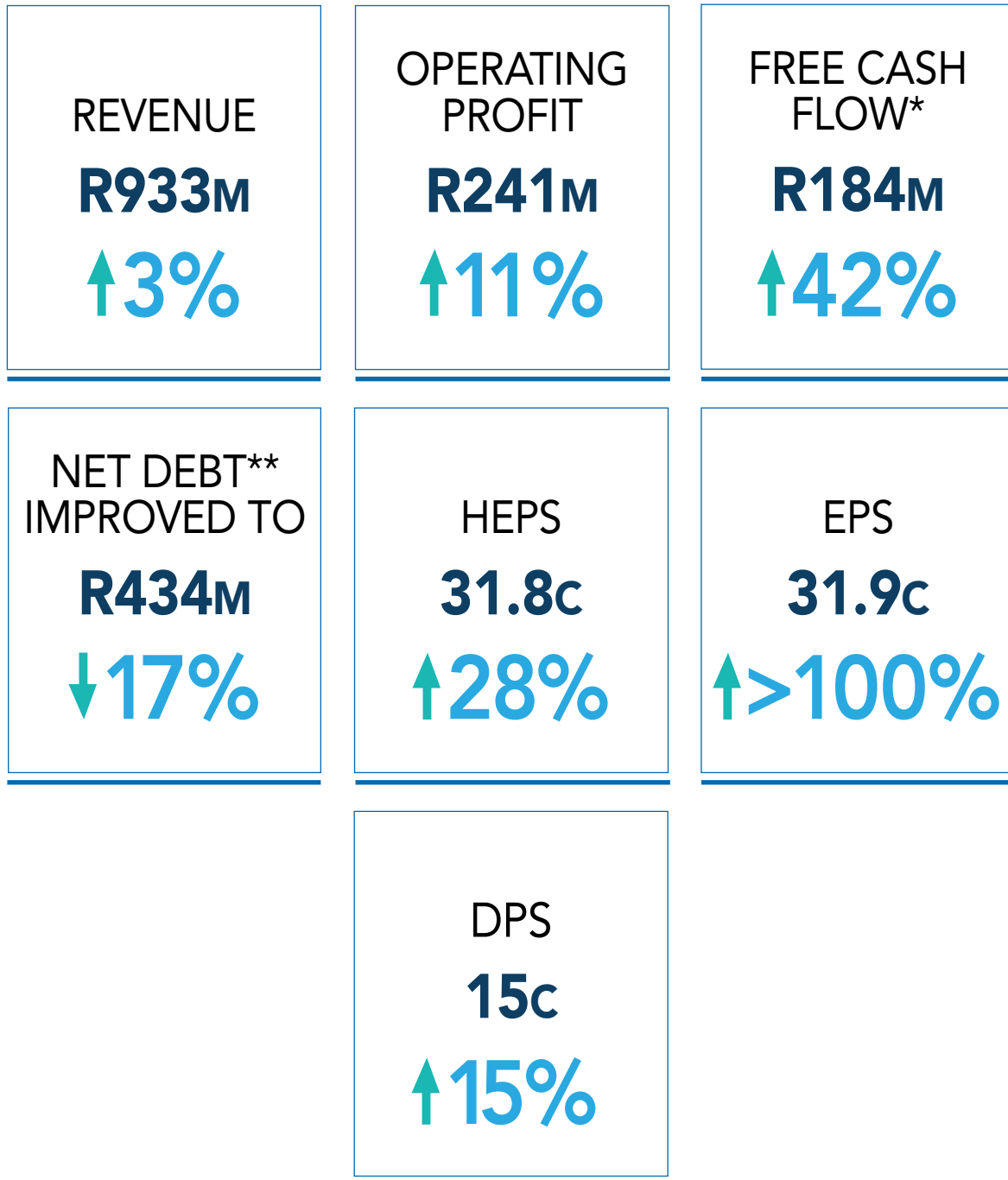
- Full range of business continuity and disaster recovery services, including work area recovery.
- Records management consultancy services.
- Confidential document destruction and recycling.

PRODUCTS AND SOLUTIONS

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



HIGHLIGHTS



* Non-IFRS measure

** Net debt excludes IFRS 16 lease liabilities

SUMMARISED SEGMENTAL INFORMATION

R'000	Revenue		EBITDA	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
MRM South Africa	549 210	543 027	253 518	254 151
MRM Rest of Africa	99 631	106 030	56 800	48 160
MRM Middle East	77 451	54 666	14 582	4 692
Products and Services South Africa	207 173	199 549	33 265	25 115
Central and Eliminations	–	–	(35 514)	(30 422)
Total	933 465	903 272	322 651	301 696
South African operations	756 383	742 576	251 269	248 844
Non-South African operations	177 082	160 696	71 382	52 852

R'000	Operating profit		Tangible assets	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
MRM South Africa	213 566	207 280	706 087	708 403
MRM Rest of Africa	34 955	30 345	132 939	149 293
MRM Middle East	13 046	1 997	48 441	59 537
Products and Services South Africa	16 974	7 726	116 489	98 837
Central and Eliminations	(37 740)	(30 074)	(23 341)	(17 168)
Total	240 801	217 274	980 615	998 902
South African operations	192 800	184 932	799 235	790 072
Non-South African operations	48 001	32 342	181 380	208 830

SEGMENTAL REVENUE (%)



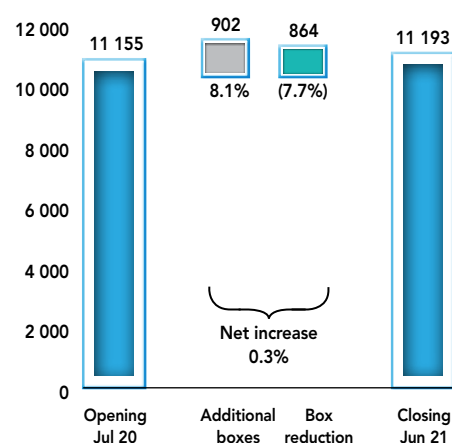
	(R'000)
MRM South Africa	549 210
MRM Rest of Africa	99 631
MRM Middle East	77 451
Products and Services South Africa	207 173

REVENUE DRIVERS (%)



	(R'000)
Secure storage	576 212
Digital services	153 072
Business support services	57 571
Products and solutions	146 610

BOX MOVEMENTS ('000)



CHAIRMAN'S STATEMENT



CHRIS SEABROOKE
OUTGOING CHAIRMAN

The past twelve months have been unprecedented in our history and were characterised by the ongoing COVID-19 pandemic and related health issues resulting in continued economic and social disruption across the world. The inability of many businesses to survive repeated lockdowns led to the loss of jobs and income. I would like to thank the Metrofile management team and staff for rising to the challenges and for ensuring that we continued to serve our clients with excellence and dedication.

The pandemic has compelled many organisations to review key elements of their business processes and to introduce technology. Some of the challenges faced by companies whose employees were required to move to working from home included accessibility of records and documents, compliance with regulations, security and confidentiality of information, as well as destruction of documents according to policy and legal requirements. The COVID-19 related lockdowns served to accelerate the already growing importance of, and demand for, digitisation of processes and information, as well as the conversion of data into insights. Metrofile has been well positioned to offer its solutions in this changing landscape, leveraging our in-depth knowledge and innovative partners to meet our clients' needs.

STRATEGY

Metrofile has been a leading global records and information management specialist for the past 38 years. Secure storage has been fundamental to our four core service offerings while our digital services offering has grown in volume and relevance over the past few years. Our business model, based on four revenue drivers – secure storage, digital services, business support services and products and solutions – remained sound and resilient during the past year.

The Company continually reviews its strategy and towards the end of the year, we reaffirmed our strategic priorities. As Metrofile positions itself for sustainable growth for the near and long term, we will take advantage of opportunities across three pillars. The first pillar of our strategy is to protect and organically grow our core and traditional business by focusing on and enhancing our customer service and experience. The second pillar is to further enhance our digital foundation and core capabilities for growth and scale. The third pillar is to establish a resource-lite prioritisation and development process to ensure we remain at the forefront of information management solutions.

SUSTAINABLE VALUE

Our commitment to continual improvement in all aspects of sustainable value has remained consistent. This includes being a client-centric organisation and the supplier of choice for over 13 000 customers. In providing an empowering environment for our employees, Metrofile continued to work with our Board to improve employment equity ratios at all levels and retain our level 2 B-BBEE status.

Despite the restrictions we were able to engage regularly with key stakeholders, and in particular our shareholders, to obtain feedback on and input to our value proposition. The Group's environmental policies were strengthened, including the reduction of emissions and a focus on waste management.

PREVIOUS EXPRESSION OF INTEREST TO BID FOR METROFILE

Following the withdrawal of Metrofile's cautionary announcement in October 2020, there have been no further substantive interactions with Housatonic or with other potential bidders and the Board regards the process as terminated at the present time (refer to the website for the SENS announcement).

“Metrofile has been well positioned to offer its solutions in the changing landscape, leveraging our in-depth knowledge and innovative partners to meet our clients’ needs.”

DIRECTORATE AND CORPORATE GOVERNANCE

During the past year, maintaining the highest levels of corporate governance has continued to be of paramount importance to the Board and management. In adhering to our brand promises of commitment, integrity, reliability and resourcefulness, it is essential that directors, employees and business partners conduct themselves with honesty and integrity in all business practices to achieve the highest standard of ethical behaviour.

Our Code of Ethics has been embedded to ensure ethical business practices and to provide guidelines to ensure that all our business dealings and partnerships are conducted fairly and ethically.

Post the financial year-end, and on 30 September 2021, the Board established a new sub-committee – the Strategy and Investment Committee under the chairmanship of Mary Bomela. The responsibilities of the Committee are to consider specific proposals for acquisitions, disposals or investments for recommendation to the Board, to determine the Group’s acquisition, disposal and investment policies and parameters, to consider financial facilities, financing structures, share issues and buybacks, and to review and consider the Group’s strategies and opportunities from time to time.

Together with my fellow directors, I have provided leadership in matters of strategic importance. I am satisfied that in undertaking its responsibilities, the Board is not only diverse, but comprises a well-balanced spread of technical, entrepreneurial, financial and business skills.

BOARD CHANGES

As from 30 September 2021, various changes to the Board and its committees were implemented. I resigned as Chairman of the Board and chairman of the Nominations Committee, but will continue to serve as a non-executive director and member of the Remuneration Committee and Nominations Committee. Phumzile Langeni was appointed as Chairman of the Board and chairman of the Nominations Committee. Ms Langeni resigned as lead independent director, chairman of the Remuneration Committee and member of the Audit, Governance and Risk Committee. She remains a member of the Social, Ethics and Transformation Committee and Remuneration Committee. Andile Khumalo was appointed as a non-executive director and member of the Audit, Governance and

Risk Committee and Thabo Seopa as a non-executive director and member of the Strategy and Investment Committee and Social, Ethics and Transformation Committee. Lindiwe Mthimunye was appointed as chairman of the Remuneration Committee and Sindi Zilwa as lead independent director and member of the Nominations Committee. Ms Zilwa resigned as a member of the Social, Ethics and Transformation Committee.

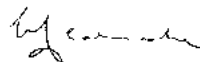
Graham Wackrill resigned as non-executive director, after having played a vital role in the Metrofile business over the past 18 years. The Board thanks Mr Wackrill for his considerable contribution and commitment and wishes him well.

Lebohang Storum was appointed as non-executive alternate director to Zaheer Abdulla on 26 March.

The Board now comprises two executive and eight non-executive directors of whom six are independent. The recent changes will result in a more transformed and diverse board composition as part of our continued commitment to transformation and diversity.

APPRECIATION

It has been my pleasure and privilege to serve on the Board and as Chairman of Metrofile for the past 18 years and I look forward to my continued role as a non-executive director. I would like to thank the Company, my fellow board members, our bankers, advisors and the shareholders for your support over this time. As I relinquish the Chairmanship, I wish our new chair, Phumzile Langeni, every success in her new role. As an independent non-executive director since 2012, she knows the Company well and has been a valued Board member and chair of the Remuneration Committee.



Chris Seabrooke
Outgoing Chairman

CEO'S REPORT



PFUNGWA SERIMA
GROUP CEO

THE GROUP IN CONTEXT

During the past financial year, Metrofile Group maintained its position as a leading records and information management specialist in Africa and the Middle East, providing clients with end-to-end solutions for the complete data management lifecycle, while ensuring they extract maximum value from their information assets.

Metrofile's storage, digital services and products enabled businesses to manage their greatest risk, the security of information. We have an acclaimed track record in organising, backing up, managing and protecting large volumes of active and inactive documents, images and data, in physical or electronic format. We offer the infrastructure, technology and services to securely manage each phase of the document's lifecycle until its ultimate destruction and recycling.

While the physical management of records and information remained core and continued to grow in volume and revenue, the provision of digital services has been expanding and is integral to our strategy. We work with clients on the digital transformation of records across the full paper-to-digitalisation spectrum.

COVID-19

The continued impacts of the pandemic and the challenging economic environment translated into tough trading conditions. Due to most employees working from home, our clients required less physical storage during the stricter lockdown periods and we provided less service related activities, but the pandemic continued to highlight the critical need for secure and safe information management and accelerated the move to digital storage for many businesses. As an example, we saw an increase in the number of health related documents sent to us for storage.

We have maintained our high standards of service excellence despite lockdown measures. While some employees continued to work from home, the majority of our staff returned to our premises where we follow rigid COVID-19 protocols to ensure a healthy and safe working environment. We are grateful for our employees' continued

support in reducing the spread of COVID -19 and their drive towards getting vaccinated.

ACHIEVEMENTS

Our financial and operating results are pleasing in the light of the challenging environment. In our physical storage business overall we achieved high customer retention and in the rest of Africa and the Middle East regions box growth was good. Our digital services revenue grew 23%, partly due to digital projects in the Middle East and the successful launch of Metrofile Vysion, which increases clients' efficiency using digital innovation to manage and optimise their business processes. We introduced the use of best in class technology to our deep understanding of document management to help clients eliminate manual and paper processes resulting in cost and time savings and reduction of human error.

In our attempts to rationalise our operations, we introduced a variety of cost saving initiatives, including a significant reduction in capital expenditure as we enhanced our warehouse capacity management. Our margins improved and our stringent working capital management resulted in a substantial decline in net debt.

One of our key focus areas for the year was internal IT. We built key foundational infrastructure components to support future business requirements and we continued to enhance cybersecurity.

OVERVIEW OF OPERATIONS

MRM South Africa

Operating profit increased by 3% to R214 million (FY2020: R207 million) as a result of a reduction in cost as well as revenue increasing by 1% to R549 million (FY2020: R543 million). The rise in revenue was as a result of a 3% growth in core storage, digital work flow solutions and scanning revenue, which was partially offset by a reduction in box service related revenue. New box volume intake is expected to increase, whilst we seek to improve efficiencies in our warehouses. Key focus areas centre around the operationalisation of the digital services pipeline and key projects.

“We have a solid foundation from which to grow and are strongly positioned to take advantage of opportunities in the geographies in which we currently operate and in new areas.”

MRM Rest of Africa

MRM Rest of Africa consists of operations in Kenya, Botswana and Mozambique. Improved trading conditions positively impacted operating profit which increased by 15% to R35 million (FY2020: R30 million), despite a decrease in revenue of 6% to R100 million (FY2020: R106 million) due to the disposal of the Zambian business and closure of the Nigerian business in the prior year. Net box volume growth is expected to continue going forward, particularly in the greater East African region.

MRM Middle East

MRM Middle East consists of operations in the United Arab Emirates and Oman. Trading conditions have been positive in the Middle East, with a focus on materialising key digital projects as well as securing a long term pipeline of projects. Revenue improved by 42% to R77 million (FY2020: R55 million) and operating profit rose by 553% to R13 million (FY2020: R2 million) following the improved pipeline, operationalisation of key projects as well as higher box volumes.

Products and Services South Africa

Products and Services South Africa consists of Tidy Files, Cleardata and Global Continuity. Operating profit increased by 120% to R17 million (FY2020: R8 million), due to significant cost reduction initiatives implemented as a result of the current environment. Trading conditions in South Africa have been tough during the COVID-19 lockdown restrictions and the operating market has seen a slow improvement out of lockdown with revenue increasing by 4% to R207 million (FY2020: R200 million).

STRATEGY

We undertook a strategic review during which we tested our business model. We are confident that physical storage will remain core to our business in the medium and long term. However, we will expand and accelerate our digital solutions, focusing on three additional areas: virtual storage, risk management and business management, some of which we already offer. These cover work around line of business content to enterprise solutions, cloud backup, hosting and cybersecurity. While we can and will grow organically in these sectors, we believe that we can accelerate our market position as well as respond rapidly to our customers’ requirements through strategic acquisitions. We will also continue our aggregation work, co-innovation with our customers and collaboration with our partners.

OUTLOOK

Going forward, we anticipate we will achieve growth by extending and defending our market position in the information storage space as well as scaling our position in information management through growing our digital services offerings. With target gearing levels now achieved and cost reduction initiatives ensuring a more efficient structure, appropriate levels of capital allocation will now shift in support of consolidating our

market position in information storage and accelerating growth in information management. We began delivering valuable solutions in these areas over the past year and we strongly believe we have a solid foundation to fuel growth in the digital space.

Predictable annuity based revenue will continue to be the key characteristic in both information storage and information management service offerings.

CONCLUSION

I wish to express my gratitude to the Board members for their direction and guidance during another challenging year. The Exco and I look forward to continuing to work with them and our newly appointed directors, Andile Khumalo and Thabo Seopa.


In particular, I pay tribute to Chris Seabrooke, our outgoing Chairman. Chris has served Metrofile with distinction as a director and as Chairman for the past 18 years. His experience, insight and leadership during this time have helped to steer the Company to where it is today. We are highly appreciative of his valued contribution since 2003 and are delighted that although he is stepping down as Chairman, he will remain on the Board and continue to impart his insight and wisdom.

I would also like to thank Graham Wackrill for his considerable contribution to Metrofile over the past 18 years. As a founding member of South Africa’s first records storage company, Graham played a key role in the industry’s development and Metrofile’s rise to its position as the market leader.

Phumzile Langeni, our lead independent director for the past three years and an independent non-executive director since 2012, has assumed the chairmanship, ensuring that Metrofile remains in strong and capable hands.

Finally, may I thank all the Metrofile employees for their commitment and dedication amidst all the COVID regulations and measures. You have continued to serve our clients with excellence and to ensure that we remain their preferred supplier. We have been pleased with the overall willingness of our employees to be vaccinated which we believe will improve the health and safety of our workplaces.

We look to the future with renewed hope and optimism.



Pfunwa Serima
Group CEO

CFO'S REPORT



SHIVAN MANSINGH
GROUP CFO

INTRODUCTION

Faced with an uncertain and unpredictable environment, we focused our efforts on specific strategic priorities aimed at ensuring not only a profitable and sustainable business, but also a reduction in gearing. We continued and increased the stringent cost containment of the prior year and implemented warehouse capacity management initiatives. Capital expenditure was carefully and responsibly managed and our financial performance indicated improvement in all areas. Overall, our business model remains sound and resilient.

FINANCIAL REVIEW

Revenue

Revenue increased by 3% to R933 million (FY2020: R903 million). Secure storage contributed 62% to Group revenue and was marginally down 2% year-on-year mainly as a result of a reduction in service related revenue such as handling fees and transport costs. This was partially offset by an improvement in core storage related revenue, as an improved price mix was achieved during the period. New box volume intake increased 8%, from new and existing customers and was offset by destructions and withdrawals, with closing box volumes remaining at 11.1 million at 30 June 2021.

Geographic performance in terms of box volume growth resulted in a marginal decline in net box volumes in South Africa of 1%, however we achieved improved net box growth in Rest of Africa of 4% and the Middle East of 46%.

Digital services contributed 16% to Group revenue and was up 23% year-on-year mainly as a result of an increase in digital work flow solutions and the number of images processed. The increase was primarily driven by additional digital work performed in the Middle East as well as a positive contribution from the newly launched Metrofile Vysion, which provides digital work flow solutions and has enhanced our core capabilities in providing value to our customers.

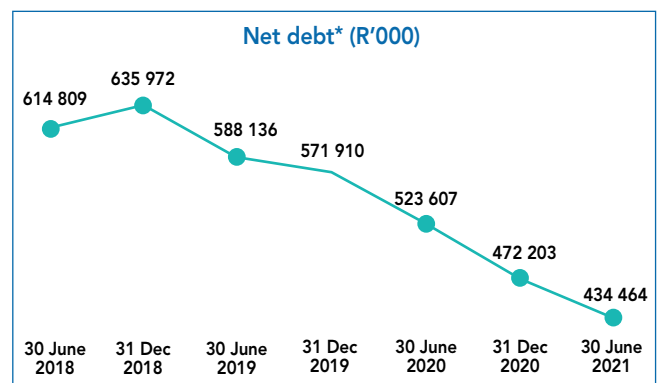
Products and solutions and business support services contributed 16% and 6% respectively to Group revenue. These revenue streams recorded increased revenues of 10% and 1% respectively as an overall improvement in volumes was realised, despite the impact of the challenging economic conditions.

Operating profit and EBITDA

Group operating profit increased by 11% to R241 million (FY2020: R217 million) mainly as a result of the improved revenue performance and cost reduction measures. Group EBITDA rose by 7% to R323 million (FY2020: R302 million) due to improved operational performance.

Cash and debt

Free cash flow increased by 42% to R184 million (FY2020: R130 million) due to improvements in working capital and a reduction in capital expenditure following enhanced focus on capital allocation. Net finance costs decreased significantly by 24% to R49 million (FY2020: R65 million) following the reduction in net debt of 17% to R434 million (FY2020: R523 million).



* Net debt excludes IFRS 16 lease liabilities.

“Our continued focus on tight capital management, rigid cost containment and operating efficiencies ensured a pleasing set of results despite the tough and challenging environment.”

Final dividend

In addition to the interim cash dividend of 7 cents per share, the Board declared a final cash dividend of 8 cents per share, amounting to a total dividend for the year of 15 cents per share.

Outlook

In a continuing uncertain environment, it is important for us to remain focused on the areas under our control. We will maintain our vigilance on costs and efficiencies as well as strict capital management. Our strong balance sheet will enable us to consider value adding opportunities to progress our digital strategy.

APPRECIATION

I would like to thank all members of the Metrofile team for their professionalism and efforts throughout the year despite a tough macro-economic environment. Collectively we have produced pleasing financial results.



Shivan Mansingh
Group CFO

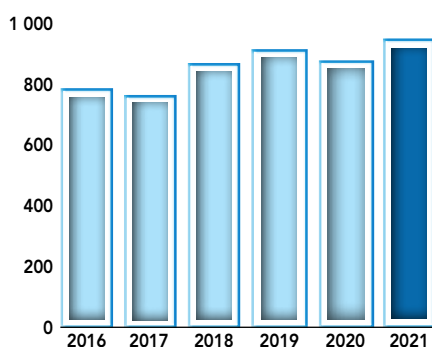
SIX-YEAR REVIEW

R'000	2021	2020	2019	2018	2017	2016
INCOME STATEMENT						
Revenue	933 465	903 272	913 415	873 531	769 239	777 577
Operating profit before finance cost	240 801	82 661	150 460	222 560	212 412	199 287
EBITDA	322 651	301 696	271 173	271 689	247 329	235 024
Net finance cost	(49 447)	(67 317)	(69 375)	(46 241)	(18 056)	(14 687)
Profit before taxation	191 354	17 348	81 085	176 319	194 356	184 600
Taxation	(49 384)	(33 743)	(55 342)	(50 185)	(54 979)	(48 949)
Profit/(loss) after taxation	141 970	(16 395)	(4 558)	123 854	139 377	135 651
Non-controlling interests	3 664	(1 570)	(12 117)	(3 759)	(4 358)	(5 522)
Attributable profit/(loss)	138 306	(14 825)	7 559	127 613	135 019	130 129
BALANCE SHEET						
Assets						
Property, plant and equipment	595 454	598 162	581 113	589 818	538 103	497 452
Intangibles and goodwill	357 814	367 159	496 182	544 073	216 938	220 890
Right-of-use asset	113 337	126 185	–	–	–	–
Long term receivables	3 500	–	3 500	2 419	375	559
Deferred taxation asset	14 136	12 177	5 128	9 455	5 906	4 257
Current assets excluding cash	231 140	237 367	254 612	248 608	184 143	201 789
Cash resources	37 184	37 187	34 983	52 331	27 866	25 717
Total assets	1 352 565	1 378 237	1 375 518	1 456 057	981 070	950 364
Equity and liabilities						
Ordinary shareholders' interest	558 732	499 085	564 987	608 683	624 007	643 397
Non-controlling interests	11 061	8 797	(3 157)	13 170	23 636	16 943
Deferred taxation liability	46 055	43 877	43 845	43 759	25 074	21 646
Current liabilities [#]	144 862	133 963	169 409	126 594	95 167	95 876
Long term lease liabilities	97 741	103 543	–	–	–	–
Long term interest-bearing liabilities	430 129	520 110	560 053	597 118	156 904	123 297
Short term lease liabilities	24 092	29 667	–	–	–	–
Short term interest-bearing liabilities	39 893	39 195	40 381	66 734	56 282	49 205
Total equity and liabilities	1 352 565	1 378 237	1 375 518	1 456 057	981 070	950 364
Ordinary shares in issue ('000)	433 700	433 700*	424 906*	416 164*	421 103*	425 084*
Weighted average ordinary shares in issue ('000)	433 700	431 170	417 764	417 233	424 554	424 554
Headline earnings per ordinary share (cents)	31.8	24.8	20.5	28.9	31.8	30.5
Dividends per share (cents)	15.0	13.0	10.0	21.0	30.0	30.0

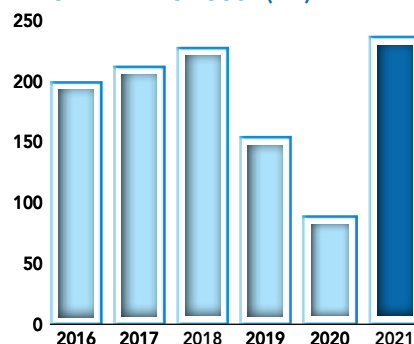
[#] Excluding short term portion of lease liabilities and interest-bearing borrowings.

* Net of treasury shares.

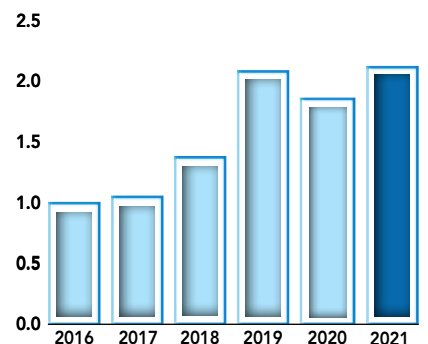
REVENUE (Rm)



OPERATING PROFIT BEFORE FINANCE COST (Rm)



DIVIDEND COVER (times)



	2021	2020	2019	2018	2017	2016
FINANCIAL RATIOS						
Liability	1.4	1.7	1.4	1.4	0.5	0.5
Current	1.3	1.4	1.4	1.6	1.4	1.6
Quick liabilities	1.2	1.3	1.3	1.4	1.3	1.4
Interest cover (times)	4.9	1.3	2.2	4.8	11.8	13.6
Dividend cover (times)	2.1	1.9	2.1	1.4	1.1	1.0
Debt: equity (%)	106.0	138.8	106.3	109.1	34.2	26.8
Return on property, plant and equipment (%)	23.2	(2.5)	1.3	21.6	26.1	27.2
Return on capital employed (%)	20.9	6.9	13.4	18.5	27.3	26.0
Return on equity (%)	24.8	(3.0)	1.3	21.0	21.7	20.2
PROFITABILITY						
Operating income to revenue (%)	25.8	9.2	16.5	25.5	27.6	25.6
Operating income to average assets employed (%)	17.6	6.0	10.6	18.3	22.0	21.1
Number of employees	1 306	1 461	1 598	1 615	1 208	1 282

RATIO DEFINITIONS**Liability**

Liabilities to ordinary shareholders' interest

Current

Current assets to current liabilities

Quick liabilities

Current assets (excluding inventories) to current liabilities

Interest cover

Operating income to net finance costs

Dividend cover

Headline earnings per share to dividend per share for the year

Debt:equity ratio

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

Return on property, plant and equipment

Attributable income to property, plant and equipment

Return on capital employed

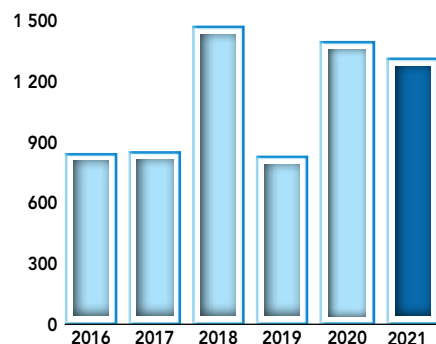
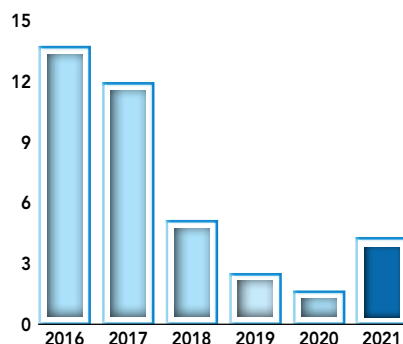
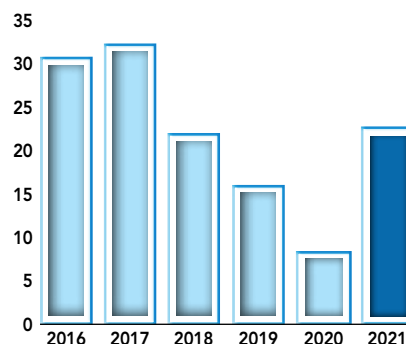
Operating income to ordinary shareholders' interest and interest-bearing liabilities

Return on equity

Attributable income to ordinary shareholders' interest

Average assets employed

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

TOTAL ASSETS (Rm)**INTEREST COVER (times)****RETURN ON CAPITAL EMPLOYED (%)**





CREATING SUSTAINABLE VALUE

Creating sustainable value is core to Metrofile’s approach and decision making for all stakeholders, including customers, shareholders, employees and communities. Our business model fundamentally encompasses value creation for all stakeholders through our investment in resources and relationships. In this report, we offer material insights into our short, medium and long term strategy whereby sustainable value is created in the context of the operating environment, through the evaluation of relevant risks and opportunities.

As part of the evaluation criteria in the determination of material reportable information, the Board and executive management considered the relative importance of each matter in terms of its direct or potentially indirect effects on Metrofile’s ability to create value.

 Operating environment page 17	 Risks and opportunities page 20	 Stakeholder map page 33
--	--	--

KEY STRATEGIC PILLARS

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

MATERIAL MATTERS 2021

 Digital transformation page 21	 Business sustainability, growth and the expansion of services page 22	 Multi-jurisdictional legal and regulatory compliance page 24	 Business continuity, infrastructure and operational risks page 25
---	--	---	--

VALUE CREATION

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 21 to 25).

GLOBAL CONTEXT

Positive factors

- COVID-19 has accelerated the move to digitisation.
- Significant technological advances in robotics and artificial intelligence provide possibilities and opportunities.
- Continued economic and business prospects in the Middle East.
- Governments are passing and implementing new laws to ensure higher standards for data privacy.

Challenges

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

SOUTH AFRICAN CONTEXT

Positive factors

- Data privacy and protection legislation provide opportunities for Metrofile.
- Accelerated move to digitisation and automation.

Challenges

- Continued COVID-19 related lockdown measures and uncertainties.
- Work from home policies implemented by our clients.
- Challenging macro-economic and market environment impacted revenue growth and operating costs.
- Competition and commoditisation of record storage.
- Scarce skills in SA in terms of information security and technology expertise.

INDUSTRY TRENDS TO CONSIDER

Positive factors

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

Challenges

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

OUR RESPONSE

- We will continue to engage our clients and work closely with our technology partners to co-innovate value-adding solutions powered by emerging technologies.
- We will continue to invest in governance and compliance toolkits, privacy compliance, 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.
- Digital solutions in response to needs highlighted by COVID-19.
- The physical management of records and information continues to be core to Metrofile's business, with the provision of digital services now being equally important.
- Investment in automation, robotics, AI and scanning processes.
- Systems continuity, cybersecurity and IT governance recognised as top priorities.

STRATEGY

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






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

Metrofile’s four strategic pillars and revenue drivers are secure storage, digital services, business support services and products and solutions. Within these areas the Company provides solutions based, end-to-end services, which cover the full paper to digitisation spectrum.

OUR STRATEGIC PILLARS

 <p>Secure storage</p>	 <p>Digital services</p>	 <p>Business support services</p>	 <p>Products and solutions</p>
--	--	---	--

PERFORMANCE AGAINST 2021 STRATEGIC OBJECTIVES

 <p>Focus on solid financial metrics</p> <ul style="list-style-type: none"> – Extensive cost reduction exercise has ensured improvement in margins. – Key focus on capital allocation and working capital management has resulted in a significant reduction in net debt. 	 <p>Drive digital offering</p> <ul style="list-style-type: none"> – 23% improvement in digital services revenue. – Successful launch of Metrofile Vysion which has already started to deliver on key contracts. – Significant improvement and revenue growth achieved in Middle East from digital automation contracts.
 <p>Grow physical storage business</p> <ul style="list-style-type: none"> – High customer retention. – Good box growth achieved in East Africa and Middle East. – Reduction in service related box revenue such as handling fees due to less retrievals. 	 <p>Rationalise operations</p> <ul style="list-style-type: none"> – Successful execution of various cost saving initiatives. – Significant reduction in capex due to improvement in warehouse capacity management.
 <p>Enhance internal IT</p> <ul style="list-style-type: none"> – Continued enhancement of cybersecurity. – Key IT foundational infrastructure components have been built to support future business requirements. 	

2022 STRATEGIC PRIORITIES

In 2022, our existing foundation, market presence and business can be leveraged to shift towards and to access fast growing digital markets and related services



Ensure high degree of customer experience and retention in information storage to retain and improve market share



Scale our position in information management



Continue to focus on capital allocation and capacity management



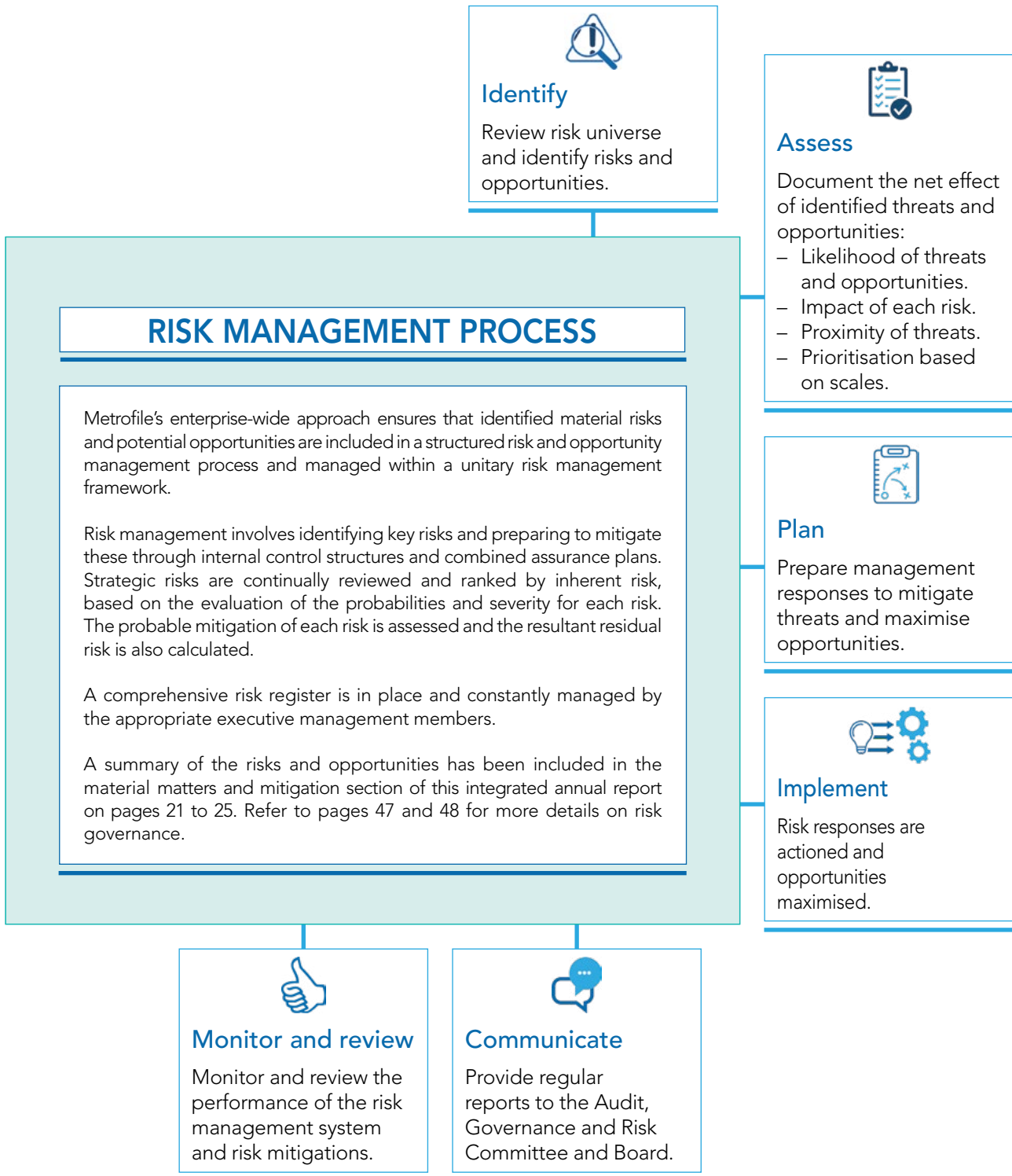
Enhance our core capabilities by introducing new services and solutions for our customers

RISKS AND OPPORTUNITIES

RISK PHILOSOPHY

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

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



MATERIAL MATTERS AND MITIGATIONS

MATERIALITY

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

MATERIAL MATTERS



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

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



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

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

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

	ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
<div style="text-align: center;">  <p>Digital transformation</p> <p>Our digital services business currently contributes approximately 16% to revenue, and continued growth is expected in the future, as more clients adopt technology in their processes.</p> <p>The COVID-19 lockdowns and related work from home strategies have highlighted the increased importance of digitisation of clients' business processes.</p> <p>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.</p> <p>Our digital strategy is fundamental to all four pillars of our strategy, but also has a particular focus on partnerships under the digital services pillar.</p> </div>	<p>Digital strategy implementation Delay of a fully implemented digital strategy could lead to missed opportunities, which could affect growth and market reputation.</p> <p>People skills Risk of not being positioned to attract and retain technical solution driven skillsets.</p> <p>Client satisfaction Digital transformation, especially in a post COVID-19 environment, is a major opportunity to maintain Metrofile's status as market leader, satisfy our clients and gain market share.</p> <p>Competitor behaviour Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge.</p> <p>IT and data security, privacy and integrity Physical and digital security, confidentiality and handling of client information need to be protected. Inadequate IT and data security could potentially lead to data breaches and reputational losses. Non-compliance with privacy regulations in geographies could result in fines and reputational risk.</p> <p>IT infrastructure, enterprise solutions and software 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.</p>	<ul style="list-style-type: none"> - Digital strategy execution and communication to stakeholders. - Captured the opportunities provided to our industry due to lockdown measures and work from home strategies to assist clients with the conversion of paper records to digital records. - Digital strategy and services defined and aligned to people skillset requirements. - Executive call-in visits to clients. - Client needs assessed and solutions identified. - Introduced business initiatives that are closely associated with our core business offerings. - Pre-empted competitor actions so as to maintain market leadership. - Built awareness to monitor non-traditional competitors entering our market. - Excelled in the delivery of client and operational service. - Group IT Committee oversight. - Defined and implemented information security, data protection and privacy policies, procedures and protocols, which are continuously enhanced. - Adequacy of external perimeter security controls regularly reviewed. - Vulnerability assessments, penetration testing, malware protection and password controls in place to protect data. - Reviewed systems and infrastructure for applicability and improvements. - Invested in upgrades and new software. - Appointed specialists with IT expertise. - Continuous enhancement of information security, data protection and privacy measures.
<div style="text-align: center;">  <p>Strategic objectives</p> <ul style="list-style-type: none"> - Drive digital offering. - Enhance internal IT. </div>		

MATERIAL MATTERS AND MITIGATIONS CONTINUED

	ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
 <p>Business sustainability, growth and the expansion of services</p> <p>Metrofile remains the records and information management market leader in South Africa, but the required level of growth can only be achieved by entering promising markets, and expanding the Group's suite of service offerings and executing the Group's strategy.</p> <p>Metrofile is driving growth through:</p> <ul style="list-style-type: none"> - Targeting direct organic growth to widen our client base in South Africa. - Broadening our offering of products and services, particularly in the digital space. - Partnerships with software and technology specialists. 	<p>COVID-19</p> <p>The potential impact of the COVID-19 pandemic, various lockdowns and work from home strategies on the Group's sustainability and growth.</p> <p>Financial performance</p> <p>Having the optimal debt structure, cost reduction initiatives and cash generation plans in place to ensure a financial performance which creates value for shareholders.</p> <p>Client satisfaction</p> <p>Expanding our services presents an opportunity to retain existing clients and gain new clients.</p>	<ul style="list-style-type: none"> - Continual business model reviews in all service lines to ensure applicability in a COVID-19 environment. - Reviewed cost base to enhance business sustainability. - Captured the opportunities provided to our industry due to lockdown measures and work from home strategies to assist clients with the conversion of paper records to digital records. - Optimised debt structure. - Focused on capital allocation, as well as healthy cash generation and conversion through active management of working capital components and balance sheet efficiencies. - Continued to optimise cost structures, key measurement ratios and efficiencies. - Executive call-in visits to clients. - Group executive sponsorships for strategic clients. - Negotiated global contracts. - Client needs assessed and solutions identified. - Ensured that services being offered are robust and can be supported. - Introduced business initiatives that are closely associated with our core business offerings.
 <p>Strategic objectives</p> <ul style="list-style-type: none"> - Focus on solid financial metrics. - Drive digital offering. - Grow physical storage business. - Rationalise operations. - Enhance internal IT. 	<p>Aligning processes and procedures across all geographies</p> <p>Harmonising business practices across the Group presents an opportunity for streamlining operational efficiencies.</p>	<ul style="list-style-type: none"> - Standardised Group best practices and criteria. - Regular business reviews and strategic discussions. - Standard reporting of financial results. - Continuous focus on standardising and optimising operations across records and information businesses.

ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
<p>Integration of systems Maintaining the integrity of operational and financial information across multiple geographies remains a priority. This includes comprehensive reviews of all platforms and systems.</p>	<ul style="list-style-type: none"> - Standard reporting of financial results. - Reconciliation of operational and financial systems. - Ongoing improvement of internal and external facing technologies and platforms.
<p>Appropriate skills Astute talent management is required to ensure that competent staff with the necessary skills are recruited and retained.</p>	<ul style="list-style-type: none"> - Succession plans for executive directors, senior Group and subsidiary management in place. - Critical skills and responsibilities identified and remunerated accordingly, while high potential employees were given career building and leadership opportunities. - Market related remuneration packages to retain competent staff. - HR effectiveness.
<p>Competitor behaviour Keeping abreast of competitor activity allows Metrofile to defend its market position and maintain a competitive edge.</p>	<ul style="list-style-type: none"> - Built and maintained good client relationships at all contact points within the business units. - Pre-empted competitor actions so as to maintain market leadership. - Built awareness to monitor non-traditional competitors entering our market.

MATERIAL MATTERS AND MITIGATIONS CONTINUED

	ASSOCIATED RISKS AND OPPORTUNITIES	KEY MITIGATIONS
 <p>Multi-jurisdictional legal and regulatory compliance</p> <p>Our operations cover a broad range of regulatory regimes. Compliance with regulations, laws and contractual commitments must be vigilantly monitored and managed.</p> <p>Accepting that each economy will have its own business idiosyncrasies, laws and trade patterns, we build relationships with credible local suppliers and advisers.</p>	<p>Regulatory, legal and contractual compliance</p> <p>Non-compliance with regulations, laws and contractual commitments could lead to fines, penalties, liabilities and reputational damage.</p> <p>Localisation and B-BBEE transformation requirements</p> <p>Country specific localisation policies might not be met in all geographies of operation.</p> <p>Localisation and B-BBEE transformation are essential, as are the indigenisation requirements of our various countries of operation.</p> <p>Indigenisation facilitates strong stakeholder relationships with local communities and bolsters the Group’s acceptability, relevance, and appropriateness as we operate in different geographies.</p>	<ul style="list-style-type: none"> - Reviewed regulatory and business changes for compliance. - Maintained a Group regulatory universe of high priority regulations and laws. - System of internal controls. - In South Africa: <ul style="list-style-type: none"> o Directed skills development throughout the organisation in a consistent manner in keeping with B-BBEE legislative requirements. o B-BBEE strategy and plan in place to maintain and approve B-BBEE level over time. o Transformation in Metrofile’s South African businesses closely monitored by executive management and linked to executive KPIs and remuneration. - For Rest of Africa, managed applicable local content according to requirements.
 <p>Strategic objectives</p> <ul style="list-style-type: none"> • Rationalise operations. • Enhance internal IT. 	<p>Occupational health and safety (OHS)</p> <p>Non-compliance with legislation could result in penalties, liabilities or claims.</p>	<ul style="list-style-type: none"> - Regular risk assessments and a comprehensive compliance framework. - First line assurance by subsidiary management via SafeCyte compliance system. - Third line assurance over health and safety compliance. - New employees formally inducted into operational procedures and training provided in first aid, fire-fighting and evacuation procedures, in line with regulations. - OHS compliance programme incorporates COVID-19 compliance.
	<p>Bribery and corruption</p> <p>Development in global anti-bribery and anti-corruption enforcement points to the need for a broad, multi-jurisdictional compliance approach.</p>	<ul style="list-style-type: none"> - Anti-bribery, anti-corruption and anti-competitive behaviour policies and training in place. - Gift and declaration policy and procedure in place. - Annual compliance declarations. - Three quote system in place for procurement, with approval in line with authority frameworks. - Supplier selection and evaluation process in place. - Sales and pricing policies and procedures in place.
	<p>IT and data security, privacy and integrity</p> <p>Physical and digital security, confidentiality and handling of client information need to be protected.</p> <p>Inadequate IT and data security could potentially lead to data breaches and reputational losses.</p> <p>Non-compliance with privacy regulations in geographies could result in fines and reputational risk.</p>	<ul style="list-style-type: none"> - Group IT Committee oversight. - Defined and implemented information security, data protection and privacy policies, procedures and protocols which are continuously enhanced. - Adequacy of external perimeter security controls regularly reviewed. - Vulnerability assessments, penetration testing, malware protection and password controls in place to protect data.



Business continuity, infrastructure and operational risks

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

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

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

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



Strategic objectives

- Focus on solid financial metrics.
- Rationalise operations.
- Enhance internal IT.

ASSOCIATED RISKS AND OPPORTUNITIES

KEY MITIGATIONS

Fire

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

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

Racking collapse

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

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

Physical security measures

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

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

IT infrastructure

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

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

Operational excellence and rationalisation

Lack of optimisation of operations could potentially impact cost efficiencies, client satisfaction and operational excellence.

- Facility optimisation.
- Warehouse capacity management.
- Group operational framework considered and continuously reviewed and enhanced.
- Compliance monitored through incident reporting.

Business continuity

Business continuity failures could have a severe impact on the business.

- Business continuity plans in place and continuously reviewed.
- Systems continuity policies, procedures and protocols tested and continuously enhanced.

BUSINESS MODEL


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

INPUTS (Refer to pages 28 to 34)




Financial capital

- Market capitalisation
- Debt funding




Manufactured capital

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



Natural capital

- Energy
- Resources




Intellectual capital

- Human capital
- Business systems and processes



Social and relationship capital

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



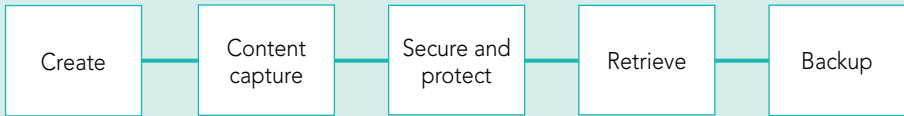
Human capital

- Skilled workforce
- Learnership programmes
- Employee wellness

RISK MANAGEMENT AND PHILOSOPHY

EXTERNAL OPERATING ENVIRONMENT

OUR APPROACH TO VALUE CREATION



Metrofile's business model is based on the management of the lifecycle of a digitally or physically recorded document from origination to destruction. While physical management of records and information remains core, the provision of digital services is integral to our strategy. We work with clients on the transformation of records across the full paper to digitisation spectrum. We design and develop solutions to meet diverse needs, all of which are implemented by specially trained staff.

As a leading records and information management specialist, we ensure that clients benefit by achieving cost savings, efficiencies, the security of valuable documents, client intelligence, mitigation of risks and legislative compliance.

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



Secure storage



Digital services



Business support services



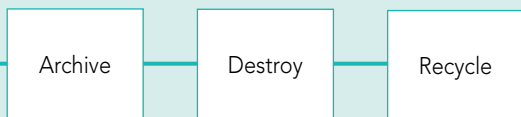
Products and solutions

RISKS AND OPPORTUNITIES
(Refer to page 20)

GOVERNANCE

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

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



OUR VISION

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

OUR MISSION

To enable organisations and their people to manage their records and information securely, rapidly, intelligently and in a cost effective manner.



Metrofile's suite of services

(Refer to page 5)

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

OUTPUTS
(Refer to pages 28 to 34)

Financial capital

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

Manufactured capital

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

Natural capital

- Emissions
- Waste

Intellectual capital

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

Social and relationship capital

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

Human capital

- 88% of our workforce in South Africa are historically disadvantaged, of which 45% are black women
- Level 2 B-BBEE scorecard
- 20% employee turnover
- Succession plan

OUTCOMES
(Refer to pages 28 to 34)

Financial capital

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

Manufactured capital

- ICT infrastructure
- Secure facilities and safe workplaces

Natural capital

- Cleaner mobility
- Low-energy warehouses
- Paper recycling

Intellectual capital

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

Social and relationship capital

- Commitment to transparency, quality and integrity
- Insight into clients' requirements
- Improved Group collaboration
- Socio-economic development
- Contributed 10% of NPAT to SED initiatives

Human capital

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

CAPITAL OUTCOMES



FINANCIAL CAPITAL

Our financial capital inputs are made up of cash generated by our operations and debt and equity financing.

These funds provide working capital to run our business and finance both expansion and replacement capital expenditure. The funds are also used to pay interest on borrowed money and distribute dividends to shareholders, when appropriate.

Our financial capital is reinvested in all the other capitals in a measured way to grow and sustain our business, after careful consideration of the returns they will generate.

Trade-offs in our use of financial outcomes

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

Key inputs

- Market capitalisation R1 370 million (2020: R976 million).
- Cash and cash equivalents R37 million (2020: R37 million).
- Net asset value R569.8 million (2020: R507.9 million).
- Net debt improved 17% to R434 million (2020: R524 million).

Outputs

- Revenue increased by 3% to R933 million (2020: R903 million).
- EBITDA increased to R323 million (2020: R302 million).
- Closing box volumes of 11.1 million (2020: 11.1 million).
- Group HEPS 31.8c (2020: 24.8c).
- Cash generated from operations, before net working capital changes, of R319 million (2020: R282 million).
- R44 million capital expenditure was incurred, of which R19 million was expansionary capital.

How we achieved these outcomes

- Efficient capital allocation.
- Net box volume growth.
- Working capital management.
- Stringent cost control.



MANUFACTURED CAPITAL

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

Trade-offs in our use of manufactured capital outcomes

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

Key inputs

- Properties, buildings and warehouses:
 - The Group operates from 67 facilities, at 36 locations, covering 115 750 square metres of warehousing space, 56% of which is owned (based on square metres).
 - 20 data storage vaults.
 - 17 processing centres.
 - 4 disaster recovery facilities.
 - 1 specialised document destruction facility.
 - 1 printing and die-cutting facility.
 - 1 wood-working factory.
- Fleet of vehicles, including specialised mobile shredding trucks.
- Sophisticated ICT infrastructure.
- Other equipment (including scanners, forklifts, fire suppression and security equipment).

Outputs

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

How we achieved these outcomes

- Manufactured capital is managed strictly in line with best practice to include:
 - Physical access controls supported by security and fire detection systems.
 - Adequate insurance of assets.
 - Ongoing maintenance of buildings, fleet and infrastructure.
- A rolling capital expenditure plan ensures continuous upgrading of infrastructure.
- Metrofile owns or leases premises based on the prevailing economic realities in each country in which we operate.
- Investments were made in IT infrastructure, motor vehicles, racking, equipment and mobile shredding equipment.
- Capital investment plans for the next financial year amount to R90 million, of which R46 million relates to expansion.
- Facilities are designed to maximise space and are purpose-built with designed racking matching height-specific requirements to weight.
- Customised data vaults are tightly secured, equipped with fire suppression, environmentally controlled and constantly monitored by CCTV cameras.
- Warehouses make use of natural light as far as possible, to reduce potential fire ignition sources.
- In-house vehicle fleets combined with outsourced couriers to maximise client service and fleet.
- Upgrading and updating secure ICT infrastructure.

CAPITAL OUTCOMES CONTINUED



NATURAL CAPITAL

Metrofile continues to manage its impact on the natural environment. The nature of our business enables us to drive our environmental commitment by focusing on the importance of recycling which is the primary business of Cleardata. Our environmental impact is offset by recycling boxes and documents which is our single largest environmental contribution. In the past financial year, Metrofile recycled approximately 10 000 tons of paper. 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.

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 significant volumes of paper saves transport and handling costs.

Key inputs

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

Outputs

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

How we achieved these outcomes



Electricity

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



Water

- All staff are aware that water is a precious natural resource which must be used sparingly.
- In a number of our regions water tanks have been installed to enable harvesting of rainwater.
- Leaks are reported and repaired timeously.



Fuel

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



Carbon footprint

- We continue to work on understanding our carbon footprint:
- Group and regional offices have been equipped with video conferencing facilities to reduce internal travel.
 - The COVID-19 pandemic resulted in greater use of virtual meetings.
 - Offices and warehouses are strategically located near to public transport hubs, to enable staff to access and use

- public transport.
- We monitor our carbon footprint in relation to business travel and are considering programmes to generate carbon credits.
- Metrofile is under the threshold for mandatory Greenhouse Gas (GHG) reporting and thus will not be required to pay carbon tax.



INTELLECTUAL CAPITAL

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

Trade-offs in our use of intellectual capital outcomes

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

Key inputs

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

Outputs

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

How we achieved these outcomes

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

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

CAPITAL OUTCOMES CONTINUED



SOCIAL AND RELATIONSHIP CAPITAL

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

Trade-offs in our use of social and relationship capital outcomes

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

Key inputs

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

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

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

Outputs

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

How we achieved these outcomes

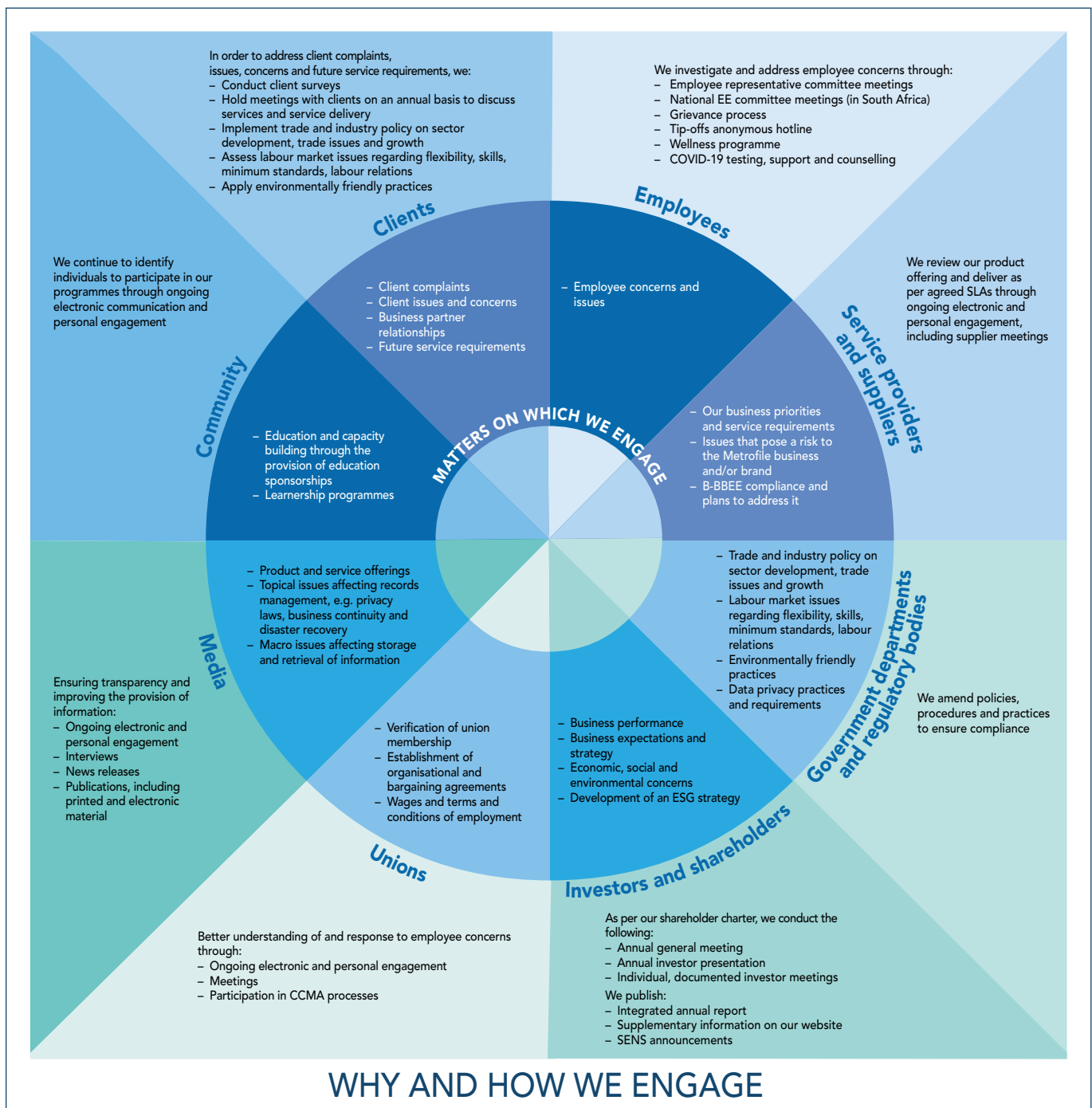
- Metrofile ensured that matters arising from stakeholder engagements were reviewed considering stakeholders' perspectives, to ensure alignment of Metrofile's services to its stakeholders' expectations.
- Metrofile and its subsidiaries established a consistent Group-wide approach to stakeholder engagement to ensure effective messaging and interactions (refer to diagram on the next page).
- We continued to honour our commitment to contribute a minimum of 1% of our NPAT to initiatives focused on achieving sustainable social transformation. In 2021, our SED spend amounted to 10 % of our NPAT.

STAKEHOLDER ANALYSIS

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

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

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



CAPITAL OUTCOMES CONTINUED



HUMAN CAPITAL

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

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

Trade-offs in our use of social and relationship capital outcomes

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

Key inputs

- Leadership.
- Skilled workforce with the relevant knowledge and experience:
 - o South Africa: 975.
 - o Outside of South Africa: 331.
- Learnership programmes in South Africa:
 - o During the 2021 financial year trained a total of 130 black learners, of which 58 (45%) were female.
- Active pursuit of transformation.
- Employee wellness programme.
- COVID-19 safety and hygiene protocols.

Outputs

- Level 2 B-BBEE status.
- 20% employee turnover.
- Succession planning in place.
- 88% of our South African workforce are historically disadvantaged, of which 45% are black women.
- No COVID-19 related deaths.

How we achieved these outcomes

- Compliance with labour legislation.
- The Group has a mature, well-entrenched range of effective human resource policies and procedures in place, which are introduced to new employees during induction.
- Our people operate within a clearly defined framework and must adhere to the Group's code of conduct and business ethics.
- Training of marginalised groups, such as women and the youth, is prioritised.
- Executive and senior management performance in reaching transformation targets is linked to their remuneration.
- In accordance with our skills development initiatives, Metrofile in South Africa has several learnership programmes underway for employed staff and unemployed learners.
- In South Africa, Metrofile is a fully accredited member of the Services SETA and reclaims its full development levies every year.
- Metrofile works with our primary B-BBEE shareholder, the Mineworkers Investment Company, to grow the skills of our people and improve employment equity ratios at all levels.
- The South African operations have a set policy of procuring services and supplies from black-owned businesses, with black woman-owned businesses as first choice.
- Metrofile facilities in South Africa are regularly visited by our wellness service provider, which offers basic health checks, advice, guidance and counselling.
- Metrofile conducts a comprehensive HIV/Aids strategy and programme, based on the core principle that the human rights and dignity of any employee infected by the virus should be upheld.
- Metrofile embedded the SafeCyte compliance system to monitor and maintain safe workplaces. We maintain a register of all workplace accidents. No serious injuries were reported over the past year, and no significant loss of time due to injury.
- Staff members are actively involved in health and safety committees, with health and safety training conducted each year.
- Zero tolerance for any form of discrimination or unfair treatment.
- Employees receive regular performance reviews.
- Engagement with unions in the spirit of free association.
- COVID-19 health, safety and compliance measures implemented and embedded.
- Implementation of a hybrid work model for staff where work is not location dependent.

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 2021 and up to the date of approval of this integrated annual report, the principles articulated in the JSE Listings Requirements and the King IV™ Report have been substantially applied.

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

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

VALUE CREATION

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

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

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

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

During this financial year, we continued to enhance our stakeholder communication and investor relations to ensure that important and relevant information is provided to our stakeholders, through improved and timeous disclosure. This will continue to be a key focus area for the 2022 financial year.

BUSINESS CONDUCT, ETHICS AND PREVENTION OF CORRUPTION

Metrofile is built on five promises, namely commitment, integrity, reliability, resourcefulness and trust, 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 social and environmental responsibility, good corporate governance and ethics, which are fundamental to the way the Company interacts with its stakeholders, investors, clients, suppliers, employees and the community.

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

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

ETHICAL AND RESPONSIBLE LEADERSHIP

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

The Group subscribes to a whistle-blowing hotline, which 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.

For the 2021 financial year, all employees of the Group re-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 employees' commitment towards ethics. For the 2022 financial year we will continue to conduct training sessions and advertising campaigns and formalise programmes to monitor organisational ethics further.

RESPONSIBLE CORPORATE CITIZENSHIP

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

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

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

Metrofile strives to minimise its own impact on the natural environment and utilisation of resources. In this regard, we will put in place a formalised Environmental, Social and Governance (ESG) programme starting in 2022.

COVID-19

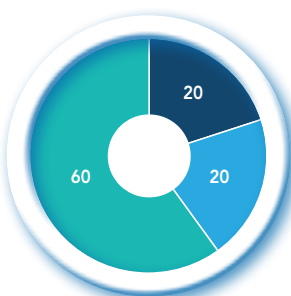
The ongoing COVID-19 pandemic continued to impact the business, as we balanced the health and safety of our employees, serviced our clients, retained jobs and ensured business survival.

A priority during this year remained the awareness of COVID-19 and continued education of employees on the safe practices in managing the spread of the virus in the workplace and at home. Communication on the government's vaccination programme and benefits thereof was also critical.

From a health and safety perspective, it is now standard practice for workplaces to be deep cleaned, employees to wear masks and use sanitisers and to observe social distancing. Compliance is maintained with legislation and regulations issued throughout our territories of operation regarding operational health safety.

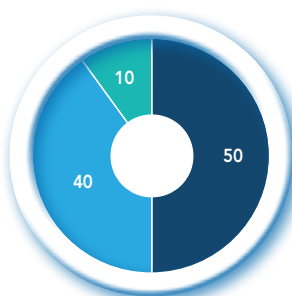
BOARD DIVERSITY*

DIRECTOR CLASSIFICATION (%)



- Executive
- Non-executive
- Independent non-executive

DIRECTOR TENURE (%)



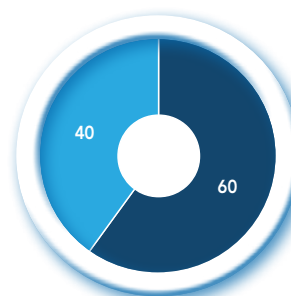
- < 5 years
- 5 to 10 years
- > 15 years

RACE GROUP (%)



- African
- White
- Indian
- Foreign nationals

GENDER DIVERSITY (%)



- Male
- Female

* As at the date of issuing this report, taking into account post financial year end changes.

BOARD OF DIRECTORS



CHRISTOPHER STEFAN SEABROOKE (68)*
BCom, BAcc, MBA, FCMA
Independent non-executive Chairman



PHUMZILE LANGENI (47)*
BCom, (Acc), BCom (Hons) MCom
Lead independent non-executive director



MARY SINA BOMELELA (48)
BCom (Hons), CA(SA), MBA
Non-executive director and deputy chairman



PFUNGWA GORE SERIMA (56)
BSc (CompSc) and Business Studies
Group Chief Executive Officer



SHIVAN MANSINGH (35)
BaccSci, HDipAcc, CA(SA), MBA
Group Chief Financial Officer



MUHAMMED ZAHEER ABDULLA (34)
BSc (Actuarial Science) Honours
Non-executive director



ANDILE KHUMALO (43)#
BCom (Accounting), Post Graduate Diploma in
Accounting, CA(SA)
Independent non-executive director



LINDIWE EVARISTA MTHIMUNYE (47)
BCom, CA(SA), MCom, HDip Tax Law
Independent non-executive director



STANLEY THABO MOLOKO SEOPA (57)#
BCom (Accounting), Higher Diploma in Tax Law,
Diploma in Finance, Diploma in Management
Independent non-executive director



GRAHAM DUNBAR WACKRILL (67)^
BCompt
Non-executive director



SINDISWA VICTORIA ZILWA (54)*
BCompt (Hons), CA(SA), CD(SA), Advanced Diploma in
Financial Planning (UFS), Advanced Diploma in Taxation
(UNISA), Advanced Diploma in Banking (RAU)
Independent non-executive director



LEON ROOD (44)
BCom, LLB
*Independent non-executive alternate
director to Chris Seabrooke*



DOMINIC LEBOHANG STOROM (33)
BCom (Accounting), Higher Diploma in Tax Law,
Diploma in Finance, Diploma in Management
*Non-executive alternate director
to Zaheer Abdulla*

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

Post financial year-end changes, effective
30 September 2021:

* Chris Seabrooke stepped down as independent non-executive Chairman of the Board and Phumzile Langeni was appointed as the new Chairman. Chris remains on the Board as an independent non-executive director. Sindi Zilwa replaced Phumzile Langeni as lead independent non-executive director.

Andile Khumalo and Thabo Seopa were appointed as independent non-executive directors.

^ Graham Wackrill retired as non-executive director.

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.

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

Throughout the reporting period, the Board, which is chaired by an independent non-executive director, comprised four independent non-executive directors, three non-executive directors and two executive directors. Changes were made to the Board of Directors effective 30 September 2021 and the Board now comprises six independent non-executive directors, two non-executive directors and two executive directors.

Chris Seabrooke continued his role as Chairman of the Board throughout the reporting period until 30 September 2021, when he stepped down as independent non-executive Chairman. Phumzile Langeni was appointed as the new independent non-executive Chairman and Pfungwa Serima remains 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.

Notwithstanding Chris Seabrooke's tenure of 18 years on the Board and his family's indirect economic interest of 4.72% in Metrofile as at 30 June 2021, the other Board members unanimously determined that Chris continued to exercise strong independent judgement and leadership in his capacity as Chairman of the Group for the reporting period.

The Board continues to have a lead independent non-executive director in order to strengthen the independence of the Board. Phumzile Langeni fulfilled this role throughout the 2021 financial year and until her appointment as independent non-executive Chairman of the Board effective 30 September 2021. Sindi Zilwa replaced Phumzile Langeni as lead independent non-executive director. The lead independent non-executive director's duties include:

- Assisting the Board to deal with management of any actual or perceived conflicts of interest that arise on the part of the Chairman.
- Presiding at all meetings of the Board at which the Chairman is not present or where the Chairman is conflicted, including any sessions of the independent directors.
- Serving as principal liaison between the independent directors and the Chairman.
- Performing all such functions that cannot be performed by the Chairman due to his/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.

Effective 26 March 2021, Lebohang Storom was appointed alternate non-executive director to Zaheer Abdulla. Post financial year end, and apart from the changes already reported in this section of the integrated annual report, the following changes were made to the Board, effective 30 September 2021:

- Graham Wackrill retired as non-executive director.
- Andile Khumalo and Thabo Seopa were appointed as independent non-executive directors.

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, 60% being African and 20% being Indian. Brief biographical details of each Board member are reported on page 37, with more detail available on the Company's website.

BOARD ROLES AND RESPONSIBILITIES

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

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

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

The Board is responsible for its own composition, the appointment of the Chairman and Group CEO, its constitution and 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. The charter, which is reviewed and updated annually, 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 table below). 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.

During 2021 the Board of Directors delivered in terms of the following key focus areas: emphasis on key financial metrics (including healthy cash generation and conversion, active management of working capital components, reducing levels of net debt and lower finance costs), productising digital solutions and driving our digital offering, rationalisation of operations (especially cost saving initiatives, reduction in capex and improvement in warehouse capacity management), the physical storage business model and internal IT solutions.

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

September to November

- Integrated annual report.
- Execution of digital strategy (Metrofile Vysion).

December to February

- Business model review in a COVID-19 environment.

March to May

- Approval of interim financial results.
- Risk register, policy and framework review.
- Review and approval of Group authority framework.
- Privacy legislation requirements.

June to September

- Budget approval and strategy deliberations.
- Board and Committee changes.
- Approval of combined assurance plan FY2022 and review of overall assurance conclusions FY2021.
- Approval of annual financial results.

Defending and extending market position in information storage, scaling our position in information management, continuing our focus on capital allocation and capacity management and enhancing our core capabilities through introducing new services for our clients will be key focus areas for 2022.

Directors' attendance at Board and Committee meetings during the 2021 financial year is depicted in the following table:

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

BOARD OF DIRECTORS CONTINUED

PERFORMANCE EVALUATIONS

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

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

All Board and Committee members complete a detailed self-assessment probing the composition, duties, responsibilities, process and effectiveness of the Board and Committees. The respective Committee chairmen 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 Chris Seabrooke throughout his period of office has been highly satisfactory. On behalf of the Board, the Chairman confirms that, based on the latest evaluation of the Board and individual directors, the performance and commitment of all directors available for re-election, throughout their periods of office, have been highly satisfactory.

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

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 more than nine years, until he stepped down as Chairman on 30 September 2021.

All existing non-executive directors are subjected to a rigorous review by the Nominations Committee, irrespective of tenure. Notwithstanding Mary Bomela's tenure of 11 years and Phumzile Langeni's and Sindi Zilwa's tenure of 9 years each, the Nominations Committee and other Board members have unanimously determined that these Board members continue to exercise strong independent judgement. Graham Wackrill served on the Board for 17 years and retired effective 30 September 2021.

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.

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 2021 AGM, Zaheer Abdulla and Mary Bomela will retire by rotation and, being eligible, will offer themselves for re-election.

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.

COMPANY SECRETARY

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

The duties of the Company Secretary include:

- Ensuring that Board procedures are followed and reviewed regularly.
- Ensuring compliance with the applicable rules and regulations for the conduct of the affairs of the Board.
- Providing the Board and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company and in line with good governance.
- Providing counsel and guidance to the Board on its individual and collective powers and duties.
- Eliciting responses, input and feedback for Board and Board Committee meetings.
- Preparing and circulating Board and Board Committee papers timeously.
- Ensuring preparation and circulation of proper minutes of shareholder, Board and Board Committee meetings.
- Maintaining statutory records in accordance with legal requirements.
- Reporting to the Board on any non-compliance with the MOI or Companies Act.
- Certifying in the annual financial statements that the Group has filed the required notices and returns timeously in accordance with the Companies Act.

- Ensuring that the Group's annual financial statements are properly distributed.
- Carrying out the other functions required of a Company Secretary by the Companies Act and the JSE Listings Requirements.
- Considering the regulatory universe, preparing and providing the Board with updates and proposed changes to laws and regulations affecting the Group.
- Assisting the Nominations Committee with the appointment of directors.
- Advising the Nominations Committee on all legal and regulatory matters, including legal frameworks and processes.
- Advising the Nominations Committee with respect to all regulatory filing and public disclosure relating to the Company's governance processes.
- Assisting with director induction and training programmes.
- Ensuring that the Board charter and the terms of reference of Board Committees are kept up-to-date.
- Drafting annual work plans with the Chairman of the Board and the individual Board Committee chairmen.
- Assisting with the evaluation of the Board, Board Committees and individual directors.
- Keeping abreast of current corporate governance thinking and practice, and informing the Board accordingly.

The Board has considered and satisfied itself of the Company Secretary's competence, qualifications and experience. The Company Secretary has over 13 years' experience in the role and the Board is satisfied that she has carried out her duties as set out above and that the arrangements for access to the services offered by the Company Secretary are effective.

Board statement



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

GOVERNANCE FRAMEWORK AND DELEGATION OF AUTHORITY

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

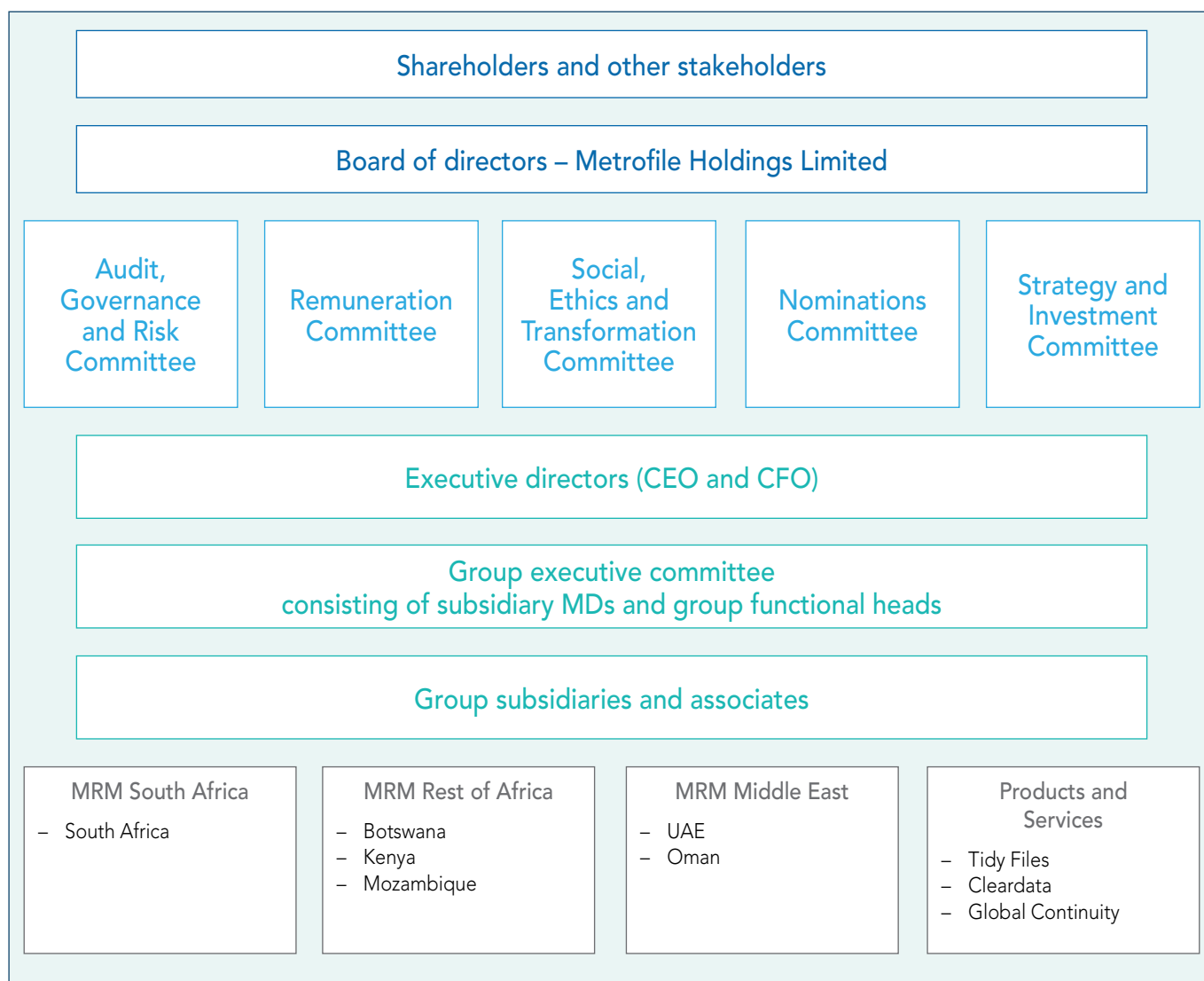
The Board has established four Committees to assist with its duties, namely the Audit, Governance and Risk Committee, the Nominations Committee, the Remuneration Committee and the Social, Ethics and Transformation Committee. Effective 30 September 2021, the Board also established a Strategy and Investment Committee. The structure and composition of the Committees are reported on in the next section of this report.

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

The Board delegates authority to these established Board Committees as well as to the executive directors with clearly defined mandates. The Board is satisfied that the Group’s authority framework contributes to role clarity and the effective exercise of authority and responsibilities. The Board is responsible for setting strategic and operational direction and policy and this is filtered down to all subsidiaries.

The Nominations Committee reviews executive director and senior management succession plans and is satisfied that a robust succession plan is in place at a Group and subsidiary level.

GROUP AUTHORITY FRAMEWORK



SUB-COMMITTEE STRUCTURE AND REPORT BACK

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

AUDIT, GOVERNANCE AND RISK COMMITTEE (AGRC)

Composition

Members

Sindi Zilwa (Chairman)
Phumzile Langeni*
Lindiwe Mthimunye
Andile Khumalo®

Other regular attendees

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

Permanent invitees

Chris Seabrooke
Graham Wackrill#
Zaheer Abdulla

* Phumzile Langeni resigned as a member of the Committee effective 30 September 2021 upon her appointment as Chairman to the Board of Directors.

® Andile Khumalo was appointed as a member to the Committee effective 30 September 2021.

Graham Wackrill retired effective 30 September 2021.

On the 2021 agenda

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

- Cash generation and conversion through active management of working capital components and balance sheet efficiencies.
- Reducing levels of net debt and lowering finance costs.
- JSE proactive monitoring of financial statements.
- Tracking of IT strategy, roll out of three-year roadmap and information security.
- Rest of Africa governance and oversight functions.
- CEO and CFO responsibility statement on internal financial and financial reporting controls as per JSE Listings Requirements.

Meeting schedule

The Committee met three times in 2021.

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).

Additional 2022 focus areas

- System and process consolidation and integration.

Report back in terms of the following governance functional area

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

Committee statement



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

SUB-COMMITTEE STRUCTURE AND REPORT BACK CONTINUED

REMUNERATION COMMITTEE (REMCOM)

Composition

Members

Phumzile Langeni (Chairman)*
Mary Bomela
Chris Seabrooke
Lindiwe Mthimunye*

Occasional invitees

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

Permanent invitee

Graham Wackrill#

* Phumzile Langeni resigned as Chairman of the Committee effective 30 September 2021 upon her appointment as Chairman of the Board of Directors. Phumzile remains a member of the Committee. Lindiwe Mthimunye was appointed as the new Chairman of the Committee effective 30 September 2021.

Graham Wackrill retired effective 30 September 2021.

The Committee employs the services of specialist consultants in the field of executive remuneration to assist the Committee when necessary. The consultants who have been retained in this role to date are Pricewaterhouse-Coopers (PwC).

On the 2021 agenda

The main issues considered and approved by the Remuneration Committee for the 12 months ended 30 June 2021:

- Ensured that STIs meet business objectives and generate shareholder value.
- Reviewed the applicability of total guaranteed package (TGP) increases for executive directors, prescribed officers and senior management due to the impact of lockdown on business performance.
- Approval of STI targets for executive directors, prescribed officers and other staff.
- Approval of STI outcomes for 2021.
- Reviewed the applicability of LTIs for 2021.
- 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.

Meeting schedule

The Committee met three times in 2021.

Capitals forming part of the agenda

- Human capital.
- Social and relationship capital.

Additional 2022 focus areas

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

Report back in terms of the following governance functional area

- Compliance.
- Remuneration report.

Committee statement

- The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.
- Refer to the remuneration report on pages 52 to 60 for more details on Metrofile's remuneration philosophy, policy and implementation report.
- The Committee is satisfied that PwC is independent and objective in the field of executive remuneration.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE (SETCOM)

Composition

Members

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

Permanent invitees

Members of executive management

** Effective 30 September 2021, Sindi Zilwa resigned as a member of the Committee and Thabo Seopa was appointed as a member.*

On the 2021 agenda

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

- Human rights, equality, corruption, health, public safety, consumer and labour relations and empowerment.
- COVID-19 compliance measures, education and training, as well as testing, counselling, vaccinations and support to staff.
- Social and economic development.
- Transformation and B-BBEE compliance.
- Reviewed, approved and re-published Code of Ethics.

Meeting schedule

The Committee met three times in 2021.

Capitals forming part of the agenda

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

Additional 2022 focus areas

- Formalise programmes to further monitor organisational ethics.
- Environmental, Social and Governance (ESG) framework.

Report back in terms of the following governance functional area

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

Committee statement



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

SUB-COMMITTEE STRUCTURE AND REPORT BACK CONTINUED

NOMINATIONS COMMITTEE (NOMCOM)

Composition

Members

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

Permanent invitee

Graham Wackrill#

Occasional invitees

Pfungwa Serima
Shivan Mansingh

* Phumzile Langeni replaced Chris Seabrooke as Chairman of the Committee effective 30 September 2021 upon her appointment as Chairman to the Board of Directors. Chris Seabrooke remains a member of the Committee.

® Sindi Zilwa was appointed as a member of the Committee effective 30 September 2021.

Graham Wackrill retired effective 30 September 2021.

On the 2021 agenda

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

- Reviewed relevance of Board and Committee performance evaluation questions.
- 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.

Meeting schedule

The Committee met three times in 2021.

Capitals forming part of the agenda

- Human capital (Board, senior management).

Additional 2022 focus areas

- On-boarding of new Board members.

Report back in terms of the following governance functional area

- Board of Directors.
- Compliance.

Committee statement



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

STRATEGY AND INVESTMENT COMMITTEE (STRATCOM)

The STRATCOM was formed effective 30 September 2021, comprising the following members:

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

The responsibilities of the Committee are to consider specific proposals for acquisitions, disposals or investments for recommendation to the Board, to determine the Group's acquisition, disposal and investment policies and parameters, to consider real estate, financial facilities, financing structures and share issues and buybacks and to review and consider the Group's strategies and opportunities from time to time.

The 2022 financial year will be the Committee's first year of operation and Committee feedback will be included in the 2022 integrated annual report.

GOVERNANCE FUNCTIONAL AREAS

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

FUNCTIONAL AREA	COMMITTEE OVERSIGHT	REPORT BACK THROUGHOUT THIS INTEGRATED ANNUAL REPORT	Page reference
Risk and opportunity management	AGRC	Risks and opportunities	20
		Material matters and mitigation	21 to 25
		Risk governance	47 and 48
Technology and information	AGRC	Material matters and mitigation	21 to 25
		Information technology	48 and 49
		Information and privacy	49
Compliance governance	AGRC SETCOM	Compliance	49
		Share dealings	49
Assurance	AGRC	About this report	1
		Combined assurance plan	49 and 50
		Internal control and management reporting	50
		External audit	51
		Internal audit	51
		CFO and finance function	51
		Independent auditor's report	*
		Audit, Governance and Risk Committee's report	*
Stakeholder relationship	SETCOM	Material matters and mitigation	21 to 25
		Social and relationship capital	32 and 33
		Stakeholder analysis	33
Corporate citizenship	SETCOM	Natural capital	30
		Social and relationship capital	32 and 33
		Human capital	34
Remuneration	REMCOM	Remuneration report	52 to 60

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

RISK GOVERNANCE

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

As there is no separate Risk Committee, the Audit, Governance and Risk Committee takes responsibility for matters relating to risk and the mitigation thereof. The Audit, Governance and Risk Committee sets the Group's risk strategy, as delegated by the Board of Directors, in liaison with the executive directors and senior management, making use of generally recognised risk management and internal control models and frameworks in order to maintain a sound system of risk management and internal control.

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

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

GOVERNANCE FUNCTIONAL AREAS CONTINUED

An enterprise-wide approach to risk management has been adopted by the Group, which means that identified material risks are included in a structured and systematic process of risk and opportunity management. These are managed within a unitary framework that is aligned to the entity's corporate governance responsibilities. Metrofile is committed to establishing appropriate mechanisms to serve as early warning for emerging or unpredictable risks.

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

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

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

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

In evaluating the risk of acquiring new businesses and entering new geographies, as well as directing the development of existing businesses and technologies, the Board takes a prudent approach to risk, informed by many years of experience in the Group's main business streams. The Board also draws on the experience of its non-executive directors in other fields of business in setting the Group's approach to risk in a wider context.

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

During this reporting period, the effectiveness of the risk management function was independently assessed by KPMG. The enterprise risk management maturity was assessed and the 'as-is'

maturity of the risk management process and practices for Metrofile was assessed as mature. In addition, focus was placed on tracking risk action plans for the Company and subsidiary Group companies to further mitigate identified risks.

For 2022, focus will be placed on developing and enhancing key risk indicators (KRIs) to produce early warning risk triggers and risk trends to monitor risk and performance further.

TECHNOLOGY AND INFORMATION

Information technology

Information technology is an important pillar and a strategic imperative for Metrofile. We leverage technology to remain at the forefront of digital trends in order to develop new products and/or services, innovate and create value for our stakeholders as outlined in the strategy section on page 18 and the material matters section on pages 21 to 25 of this report.

Improvement of our internal and external facing technologies and associated platforms is an ongoing and continuous process which ensures that we maximise efficiencies and effectiveness within the Group.

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

Highlights for FY2021 included the following:

- Improved operational efficiencies focusing on systems' availability and stability.
- Improved information governance and information security practices.
- Implementation of several critical business and technology projects.
- Continued leveraging of technology in our response to COVID-19.

Focus for 2022 and beyond

- Acceleration of Metrofile Group's IT strategy ensuring alignment to business objectives.
- Continuous improvement of cybersecurity, business continuity and data governance posture.
- Modernisation of the Group information technology and infrastructure portfolio.
- Modernisation of the Group application 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 information technology.

Information technology 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.

IT risk

Part of the risk governance process described earlier in this report includes identifying information and technology related risks and mitigating them as best as possible. Systems continuity, cybersecurity and IT governance are of critical importance to the Group and as such are incorporated in the Group's strategic risks (refer to the material matters section on pages 21 to 25 in this regard).

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

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. Our primary risks relate to the ever-increasing threats related to cybersecurity and data protection. Metrofile has therefore adopted and implemented best practice frameworks and standards for information technology and cybersecurity.

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.

During the 2021 financial year, the Group further enhanced its privacy programme to drive ongoing compliance with privacy legislation and to specifically ensure readiness for the Protection of Personal Information Act (PoPIA) that was fully enacted in South Africa on 1 July 2021. As part of this process, Metrofile reviewed and re-established our privacy target operating model and related policies, procedures and processes. A continued focus is embedding these throughout the Group and a key priority for the 2022 financial year will be compliance monitoring against these policies, procedures and processes.

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.

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.

During 2021, a key area of focus was to further enhance the Group's compliance monitoring capabilities, by linking the regulatory universe to similar pieces of legislation in other jurisdictions in which the Group operates. In addition, compliance with privacy laws, compliance with various COVID-19 directives published by the authorities in the territories in which the Group operates, traditional OHS and risk compliance control environment and information security received continued compliance attention.

During 2022, a key focus area will be to further enhance the Group's compliance monitoring capabilities, especially in areas relating to information security and privacy.

Share dealings

All share dealings by a director, company secretary and 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.

GOVERNANCE FUNCTIONAL AREAS

CONTINUED

The objectives of the combined assurance plan are to:

- Identify and specify all the sources of assurance over Metrofile's risks.
- Co-ordinate the efforts of, and increase collaboration 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 assurance provided is also categorised into four levels of 'defence', which for the Group are classified as follows:

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

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

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

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

Internal control and management reporting

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

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

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

During the 2021 financial year, management reviewed 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). To this effect, management had to ensure that due process was followed in order for the CEO and CFO to make this statement. Management set a methodology to enable this statement, reviewed the internal financial and financial reporting control environment, and assessed these environments against the set methodology. 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.

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.

A key focus area for the 2022 financial year will be to continuously enhance the control environments based on processes and procedures that has 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. During the financial year, Deloitte & Touche was the external auditor for the majority of the Group companies. The Committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor is appropriately independent.

Shareholders ratified the appointment of Deloitte & Touche as external auditor to the Group at the previous annual general meeting and its re-appointment will be sought at the annual general meeting on Thursday, 25 November 2021. Deloitte & Touche has been the auditor of Metrofile Holdings Limited for 21 years. The external auditor has a policy of rotating the lead audit partner every five years as prescribed by the Companies Act. The Committee is satisfied with the quality of the external audit and its decision is informed by the outcome of external inspections conducted by the IRBA and the internal monitoring process of Deloitte & Touche.

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

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

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

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

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

Internal audit

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

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

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

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

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

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

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

CFO AND GROUP FINANCE FUNCTION

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

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

REMUNERATION REPORT

PART 1: BACKGROUND STATEMENT

The Remuneration Committee (REMCOM) is pleased to present the remuneration report for the 12 months ended 30 June 2021, highlighting key issues considered during this period. In line with the principles of King IV™, this report is presented in three parts: this background statement which is part 1, an overview of the remuneration policy in part 2, and the implementation report in part 3.

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

This remuneration report is presented against the background of the Group's performance, feedback from the November 2020 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. Work on the income gap will continue to be the focus of activities for 2022.

Summary of remuneration activities/decisions

The main issues considered and approved by the Remuneration Committee for the 12 months ended 30 June 2021:

- Ensured that STIs meet business objectives and generate shareholder value.
- Reviewed the applicability of total guaranteed package (TGP) increases for executive directors, prescribed officers and senior management due to the impact of lockdown on business performance.
- Approval of STI targets for executive directors, prescribed officers and other staff.
- Approval of STI outcomes for 2021.
- Reviewed the applicability of LTIs for 2021.
- Corporate governance on remuneration aspects.
- Review of employee benefits.
- Review of the remuneration policy, approval of the remuneration report and strategy.
- Review of fees payable to non-executive directors.

Focus area for FY2022

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

Stakeholder engagement

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

On an annual basis, Metrofile will put the remuneration policy (part 2) and implementation report (part 3) to two separate, non-binding votes at the AGM. For this year, the AGM will be held on 25 November 2021.

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

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

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

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

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

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

The 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.

Committee statement

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

We have set out the results of our November 2020 AGM below:

Resolution	Percentage of shares in issue* %	For** %	Against** %	Abstained* %
Ordinary resolution number 1: Adoption of the audited consolidated annual financial statements	64.95	100.00	0.00	0.13
Ordinary resolution number 2: Re-election of non-executive director – Mr CS Seabrooke	64.95	99.70	0.30	0.13
Ordinary resolution number 3: Re-election of non-executive director – Mr GD Wackrill	64.95	99.69	0.31	0.13
Ordinary resolution number 4: Re-election of non-executive director – Ms SV Zilwa	64.94	99.98	0.02	0.14
Ordinary resolution number 5: Appointment of member of the Audit, Governance and Risk Committee – Ms SV Zilwa	64.94	99.98	0.02	0.14
Ordinary resolution number 6: Appointment of member of the Audit, Governance and Risk Committee – Ms P Langeni	64.94	99.68	0.32	0.14
Ordinary resolution number 7: Appointment of member of the Audit, Governance and Risk Committee – Ms LE Mthimunye	64.94	99.98	0.02	0.14
Ordinary resolution number 8: Appointment of Deloitte & Touche as auditor of the Company	64.95	98.67	1.33	0.13
Ordinary resolution number 9: Approval of amendments to the rules of the conditional share plan	64.94	97.59	2.41	0.14
Ordinary resolution number 10: General approval of the directors to implement the conditional share plan changes	64.97	97.56	2.44	0.11
Ordinary resolution number 11: Approval of the remuneration policy	64.97	99.82	0.18	0.11
Ordinary resolution number 12: Approval of the implementation of the remuneration report	64.97	99.55	0.45	0.11
Special resolution number 1: Remuneration of non-executive directors	64.90	99.93	0.07	0.19
Special resolution number 2: General authority to acquire the Company's own shares	64.95	99.99	0.01	0.13
Special resolution number 3: Approval of the granting of financial assistance in terms of section 44 of the Companies Act	64.97	99.84	0.16	0.12
Special resolution number 4: Approval of the granting of financial assistance in terms of section 45 of the Companies Act	64.97	99.95	0.05	0.12
Ordinary resolution number 13: General authority to issue shares for cash	64.97	87.26	12.74	0.11
Ordinary resolution number 14: General authority to allot and issue shares	64.95	87.28	12.72	0.13
Special resolution number 5: General authority to allot and issue shares pursuant to the conditional share plan	64.89	99.84	0.16	0.20
Ordinary resolution number 15: General authority to directors	64.97	99.96	0.04	0.11

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

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

REMUNERATION REPORT CONTINUED

PART 2: REMUNERATION POLICY

Remuneration Committee

The role of the Remuneration Committee, its members and terms of reference are explained in detail on page 44 in the corporate governance section of this integrated annual report.

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

Our remuneration policy

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

Fixed remuneration	Basic, annual cost package including benefits	This fixed element of remuneration is referred to as the total guaranteed pay and includes salary, car allowance, retirement funding, risk cover and voluntary medical 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.
	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. Retention awards were issued in year 1, but all subsequent awards made under the plan have been performance awards.

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.

Remuneration framework

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

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

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

REMUNERATION REPORT CONTINUED

Changes to the remuneration policy for FY2021

There were no changes to the remuneration policy for 2021. The impact of COVID-19 on Metrofile during the 2021 financial year was evaluated and considered by the Remuneration committee. The conclusion was that the impact was less severe when compared to the short term incentive target relative to GDP growth; and targets were adjusted accordingly.

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

DETAIL ON EXECUTIVE DIRECTORS' (PRESCRIBED OFFICERS') REMUNERATION

Overview

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

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

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

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

Package design

The Company's policy for the Group executive directors results in a significant portion of the remuneration received being dependent on Company performance. In part 3 of this report the actual total pay outcomes for the 12 months ending 30 June 2021 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 2021, 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. These percentages and split for the CEO and CFO will remain the same in the upcoming financial year.

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

The incentives payable to the executive directors in respect of the year ended 30 June 2021 and the comparative period are disclosed in part 3 of this report.

The following table illustrates STIs approved by the AGM for the executive directors for FY2021:

Short term incentives (STI)		
Proposed performance criteria		
METRIC (WEIGHTING)	MEASUREMENT	
Business performance measures (70%)	EBITDA growth (23%)	Threshold – CPI + GDP Target – CPI + GDP + 4% Stretch – CPI + GDP + 6%
	Group HEPS (23%)	Threshold – CPI + GDP Target – CPI + GDP + 4% Stretch – CPI + GDP + 7%
	Cash conversion ratio (24%) (Cash generated from operations/EBITDA)	Threshold – 85% Target – 90% Stretch – 95%
Transformation and personal performance measures (30%)	Transformation (10%)	Threshold – 85% Target – 100% Stretch – 110%
	KPIs linked to role and strategy (20%)	Threshold – 85% Target – 100% Stretch – 110%

Long term incentives (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 can 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 FY2021 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. These performance conditions which have been implemented for the 2021 financial year are as follows:

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

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.

All the non-executive directors have letters of appointment with Metrofile Holdings Limited. For the services of Mary Bomela (deputy chairman) and Zaheer Abdulla (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 25 November 2021.

PART 3: IMPLEMENTATION REPORT

This implementation report is presented as follows:

- 2021 guaranteed pay adjustment.
- 2021 STI outcomes.
- 2021 LTI outcomes.

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

Total remuneration for executive directors

	Structure of package: potential earnings			Actual remuneration earned	
	Percentage of GP	Rand value of GP	Rand value of GP		
		FY2020	FY2021	FY2020	FY2021
Group CEO: Pfungwa Serima					
Guaranteed package (GP)	100%	R5 880 000	R5 880 000	R5 880 000	R5 880 000
STI	100%*	R5 880 000	R5 880 000	R412 500	R4 784 200
Qualitative STI	25%	R1 470 000	R1 470 000		
LTI	80%	R4 704 000	R4 704 000		
Share scheme settlement of retention shares (October 2020)					R505 895
Total value of remuneration		R17 934 000	R17 934 000	R6 292 500	R11 170 095

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

	Structure of package: potential earnings			Actual remuneration earned	
	Percentage of GP	Rand value of GP	Rand value of GP		
		FY2020	FY2021	FY2020	FY2021
Group CFO: Shivan Mansingh					
Guaranteed Package (GP)	100%	R3 450 000	R3 450 000	R3 450 000	R3 450 000
STI	90%*	R3 105 000	R3 105 000	R495 000	R1 780 200
LTI	60%	R2 070 000	R2 070 000		
Total value of remuneration		R8 625 000	R8 625 000	R3 945 000	R5 230 200

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

Share schemes

Details of grants issued to date under the Metrofile Holdings Limited CSP scheme are reflected in note 19 on page 38 of the annual financial statements on the Company's website.

CSP awards and allocation summary may be found in note 19 on page 38 of the annual financial statements on the Company's website.

Interests of directors and prescribed officers in share capital

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

REMUNERATION REPORT CONTINUED

Non-executive directors' fees

Non-executive directors agreed not to increase their fees to the business for FY2020 and FY2021. The non-executive directors' fees for this reporting period:

NON-EXECUTIVE DIRECTORS' FEES	30 JUNE 2021 R
Chairman of the Board	860 000
Deputy chairman	*
Lead independent non-executive director	480 000
Non-executive directors	350 000
Chairman of the Audit, Governance and Risk Committee	370 000
Chairman of the Nominations Committee	180 000
Chairman of the Remuneration Committee	180 000
Chairman of the Social, Ethics and Transformation Committee	*
Audit, Governance and Risk Committee member	140 000
Nominations Committee member	85 000
Remuneration Committee member	85 000
Social, Ethics and Transformation Committee member	85 000
Mineworkers Investment Company*	1 791 996

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

Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote in respect of part 3 of this report, at the AGM on 25 November 2021.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

	CONSOLIDATED		COMPANY	
	2021 R'000	Restated 2020 R'000	2021 R'000	2020 R'000
Revenue	933 465	903 272	–	–
Materials and consumables	(122 807)	(111 556)*	–	–
Staff costs	(277 875)	(283 316)*	–	–
Other operating expenses	(218 928)	(222 308)*	(1 393)	(1 703)
Other operating income	8 796	15 604	63 285	–
Operating profit/(loss) before interest, taxation, depreciation and amortisation (EBITDA)	322 651	301 696	61 892	(1 703)
Depreciation and amortisation	(81 850)	(84 422)	–	–
Operating profit/(loss) before items below	240 801	217 274	61 892	(1 703)
Loss on disposal of business	–	(4 199)	–	–
Loss on sale of subsidiary	–	(222)	–	–
Impairment of subsidiary loan	–	–	–	(180 304)
Restructuring and retrenchment costs	–	(11 788)	–	–
Impairment of investment in subsidiary	–	–	–	(14 980)
Impairment of goodwill	–	(118 404)	–	–
Operating profit/(loss) before net finance costs	240 801	82 661	61 892	(196 987)
Finance income	365	2 004	–	–
Finance costs	(49 812)	(67 317)	–	–
Profit/(loss) before taxation	191 354	17 348	61 892	(196 987)
Taxation	(49 384)	(33 743)	–	–
Profit/(loss) for the year	141 970	(16 395)	61 892	(196 987)
Attributable to:				
Owners of the parent	138 306	(14 825)	61 892	(196 987)
Non-controlling interests	3 664	(1 570)	–	–
Profit/(loss) for the year	141 970	(16 395)	61 892	(196 987)
Profit/(loss) attributable to owners of the parent				
Basic earnings/(loss) per share (cents)	31.9	(3.4)	–	–
Diluted earnings/(loss) per share (cents)	31.2	(3.4)	–	–

* During the current year, management made the decision to disclose expenses in the consolidated income statement, by nature. This was done to align with the disclosure requirements of IAS 1 – Presentation of Financial Statements. Refer to note 32 – Restatement note for more details.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

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

	CONSOLIDATED		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Profit/(loss) for the year	141 970	(16 395)	61 892	(196 987)
Other comprehensive (loss)/income for the year[#]				
Currency movement on translation of foreign subsidiaries	(17 385)	2 475	–	–
Total comprehensive profit/(loss) for the year	124 585	(13 920)	61 892	(196 987)
Attributable to:				
Owners of the parent	122 321	(12 350)	61 892	(196 987)
Non-controlling interests	2 264	(1 570)	–	–

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

STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2021

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

	CONSOLIDATED		COMPANY		
	2021 R'000	2020 R'000	2021 R'000	Restated 2020 R'000	Restated 2019 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	595 454	598 162	–	–	–
Right-of-use asset	113 337	126 185	–	–	–
Intangible assets	43 867	50 498	–	–	–
Goodwill	313 947	316 661	–	–	–
Investment in unlisted subsidiaries	–	–	264 018	264 018	278 998
Long term vendor consideration	3 500	–	–	–	–
Amounts owing by subsidiaries – non-interest-bearing	–	–	141 620	232 768*	444 526*
Deferred taxation assets	14 136	12 177	–	–	–
	1 084 241	1 103 683	405 638	496 786*	723 524*
Current assets					
Inventories	13 776	16 507	–	–	–
Trade receivables	190 655	185 414	–	–	–
Vendor consideration	–	3 500	–	–	–
Other receivables	26 709	31 946	121	196	220
Cash and cash equivalents	37 184	37 187	409	5	480
	268 324	274 554	530	201	700
Total assets	1 352 565	1 378 237	406 168	496 987*	724 224*
EQUITY AND LIABILITIES					
Equity					
Ordinary share capital and share premium	573 833	573 833	875 780	963 924	945 150
Accumulated loss	(4 614)	(79 765)	(472 828)	(471 565)	(225 226)
Other reserves	(10 487)	5 017	–	–	–
Equity attributable to owners of the parent	558 732	499 085	402 952	492 359	719 924
Non-controlling interests	11 061	8 797	–	–	–
	569 793	507 882	402 952	492 359	719 924
Non-current liabilities					
Interest-bearing liabilities	430 129	520 110	–	–	–
Lease liabilities	97 741	103 543	–	–	–
Deferred taxation liabilities	46 055	43 877	–	–	–
	573 925	667 530	–	–	–
Current liabilities					
Trade and other payables	108 585	100 078	1 316	2 728	2 400
Provisions	22 366	13 297	–	–	–
Deferred revenue	11 154	12 277	–	–	–
Taxation	1 131	3 323	–	–	–
Bank overdraft	1 626	4 988	–	–	–
Interest-bearing liabilities	39 893	39 195	–	–	–
Amounts owing to subsidiaries – non-interest-bearing	–	–	1 900	1 900*	1 900*
Lease liabilities	24 092	29 667	–	–	–
	208 847	202 825	3 216	4 628	4 300
Total equity and liabilities	1 352 565	1 378 237	406 168	496 987*	724 224*

* In the current year, the Company had reclassified its intercompany Group loans receivable from current to non-current assets. Furthermore, the Company corrected the error of the classification of amounts owing by subsidiaries and amounts owing to subsidiaries. Refer to note 32 – Restatement note for more details.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

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

	Share capital R'000	Share premium R'000	Accumulated loss R'000	Other reserves R'000	Attributable to owners of the parent R'000	Non-controlling interests R'000	Total equity R'000
CONSOLIDATED							
Balance at 30 June 2019	2 675	552 384	7 150	2 778	564 987	(3 157)	561 830
IFRS 2 expense	–	–	–	(236)	(236)	–	(236)
Transactions with NCI*	–	–	(22 738)	–	(22 738)	14 480	(8 258)
Disposal of subsidiary	–	–	–	–	–	(956)	(956)
Dividends declared	–	–	(30 578)	–	(30 578)	–	(30 578)
Scrip dividends declared	–	18 774	(18 774)	–	–	–	–
Total comprehensive loss for the year ended 30 June 2020	–	–	(14 825)	2 475	(12 350)	(1 570)	(13 920)
Balance at 30 June 2020	2 675	571 158	(79 765)	5 017	499 085	8 797	507 882
IFRS 2 expense	–	–	–	481	481	–	481
Dividends declared	–	–	(63 155)	–	(63 155)	–	(63 155)
Total comprehensive income for the year ended 30 June 2021	–	–	138 306	(15 985)	122 321	2 264	124 585
Balance at 30 June 2021	2 675	571 158	(4 614)	(10 487)	558 732	11 061	569 793
<i>* In the prior year the Group acquired the remaining 38% shareholding in Metrofile Nigeria (Pty) Ltd and an additional 20% shareholding in E-File Masters.</i>							
COMPANY							
Balance at 30 June 2019	2 675	942 475	(225 226)	–	–	–	719 924
Dividends declared	–	–	(30 578)	–	–	–	(30 578)
Scrip dividends declared	–	18 774	(18 774)	–	–	–	–
Total comprehensive loss for the year ended 30 June 2020	–	–	(196 987)	–	–	–	(196 987)
Balance at 30 June 2020	2 675	961 249	(471 565)	–	–	–	492 359
Dividends declared	–	–	(63 155)	–	–	–	(63 155)
Treasury shares cancelled	–	(88 144)	–	–	–	–	(88 144)
Total comprehensive income for the year ended 30 June 2021	–	–	61 892	–	–	–	61 892
Balance at 30 June 2021	2 675	873 105	(472 828)	–	–	–	402 952

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

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

	CONSOLIDATED		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	Restated 2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from/(utilised by) operations before net working capital changes	319 577	281 724	(1 393)	(1 703)
Decrease/(increase) in net working capital	11 785	2 541	(28)	118
Cash generated from/(utilised by) operations	331 362	284 265	(1 421)	(1 585)
Net finance costs	(36 482)	(65 784)	–	–
Finance costs paid	(36 847)	(67 788)	–	–
Finance income received	365	2 004	–	–
Dividend income	–	–	63 285	–
Normal taxation paid	(49 018)	(39 400)	–	–
Net cash inflow/(outflow) from operating activities	245 862	179 081	61 864	(1 585)
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital expenditure: expansion	(18 831)	(41 227)	–	–
Capital expenditure: replacement	(24 804)	(14 946)	–	–
Proceeds on disposal of property, plant and equipment	818	5 909	–	–
Vendor loan proceeds received	–	10 532	–	–
Decrease in loans to Group companies	–	–	3 005	31 452*
Proceeds on disposal of subsidiary	–	5 543	–	–
Net cash (outflow)/inflow from investing activities	(42 817)	(34 189)	3 005	31 452
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of interest-bearing liabilities	(89 583)	(40 649)	–	–
Payment of lease liabilities	(44 150)	(34 034)	–	–
Acquisition of non-controlling interest	–	(8 258)	–	–
Dividends paid	(61 851)	(30 208)	(64 465)	(30 342)
Net cash outflow from financing activities	(195 584)	(113 149)	(64 465)	(30 342)
Net increase/(decrease) in cash and cash equivalents	7 461	31 742	404	(475)
Cash and cash equivalents/(overdraft) at the beginning of the year	32 199	(1 734)	5	480
Effects of exchange rate movement on cash balances	(4 102)	2 191	–	–
Cash and cash equivalents at the end of the year	35 558	32 199	409	5
Represented by:	35 558	32 199	409	5
Cash and cash equivalents	37 184	37 187	409	5
Bank overdraft	(1 626)	(4 988)	–	–

* Cash flow movements arising from loans to Group companies were disclosed as cash flow from financing activities in the prior year. The disclosure was corrected in the current year and shown as cash flow from investing activities. Refer to note 32 – Restatement note.

ANALYSIS OF SHAREHOLDING

	2021				2020			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
SHAREHOLDER SPREAD								
1 - 10 000	4 384	83.95	5 262 574	1.21	3 732	80.20	5 673 097	1.26
10 001 - 50 000	561	10.74	12 662 899	2.92	629	13.52	14 181 286	3.13
50 001 - 100 000	115	2.20	8 283 014	1.91	120	2.58	8 753 204	1.93
100 001 - 250 000	75	1.44	11 623 693	2.68	79	1.70	12 405 537	2.74
250 001 shares and over	87	1.67	395 867 778	91.28	93	2.00	411 635 992	90.94
Total	5 222	100.00	433 699 958	100.00	4 653	100.00	452 649 116	100.00
DISTRIBUTION OF SHAREHOLDERS								
Banks/brokers	62	1.19	29 313 485	6.76	69	1.48	22 301 467	4.93
Close corporations	37	0.71	772 890	0.18	41	0.88	922 573	0.20
Endowment funds	10	0.19	787 597	0.18	8	0.17	615 556	0.14
Individuals	4 502	86.21	43 424 299	10.01	4 018	86.35	46 605 269	10.30
Insurance companies	8	0.15	5 901 594	1.36	11	0.24	9 503 696	2.10
Medical schemes	1	0.02	1 992 430	0.46	1	0.02	1 992 430	0.44
Mutual funds	24	0.46	100 200 209	23.10	32	0.69	97 151 608	21.46
Other corporations	34	0.65	237 095	0.06	34	0.73	265 218	0.06
Private companies	94	1.80	192 642 985	44.42	97	2.08	195 222 849	43.13
Public companies	12	0.23	30 481 922	7.03	11	0.25	29 529 584	6.52
Retirement funds	262	5.02	14 751 299	3.40	144	3.09	15 889 028	3.50
Treasury stock	–	–	–	–	1	0.02	18 949 158	4.27
Trusts	176	3.37	13 194 153	3.04	186	4.00	13 700 680	3.03
Total	5 222	100.00	433 699 958	100.00	4 653	100.00	452 649 116	100.00
PUBLIC/NON-PUBLIC SHAREHOLDERS								
Non-public shareholders	13	0.26	219 986 716	50.72	13	0.28	238 099 516	52.60
Directors, management and associates of the Company	8	0.16	54 506 271	12.56	7	0.15	53 669 913	11.86
Treasury shares	–	–	–	–	1	0.02	18 949 158	4.18
Strategic holdings	5	0.10	165 480 445	38.16	5	0.11	165 480 445	36.56
Public shareholders	5 209	99.74	213 713 242	49.28	4 640	99.72	214 549 600	47.40
Total	5 222	100.00	433 699 958	100.00	4 653	100.00	452 649 116	100.00

	Number of shares	%
BENEFICIAL SHAREHOLDERS HOLDING 2% OR MORE (Top 10)		
As at 25 June 2021		
Mineworkers Investment Company	165 480 445	38.16
Sabvest Investments (Pty) Limited	51 000 000	11.76
Ninety One Asset Management	36 211 920	8.35
Prudential Investment Managers	15 007 986	3.46
ClucasGray Investment Management	13 329 937	3.07
Momentum Metropolitan Holdings	11 513 427	2.65
Kuwait Investment Authority	9 823 815	2.27
Alexander Forbes Investments Retirement Funds	9 209 876	2.12
Sanlam Investment Management	8 055 249	1.86
Rand Merchant Bank	5 128 475	1.18
Total	324 761 130	74.88

BENEFICIAL SHAREHOLDERS HOLDING 2% OR MORE (Top 10)		
As at 26 June 2020		
Mineworkers Investment Company	165 480 445	36.56
Sabvest Investments (Pty) Limited	50 147 662	11.08
Ninety One Asset Management	35 794 172	7.91
Metrofile Management Services (Pty) Limited	18 949 158	4.19
Prudential Investment Managers	15 007 986	3.32
ClucasGray Investment Management	13 635 815	3.01
Sanlam Investment Management	12 223 118	2.70
Momentum Metropolitan Holdings	11 130 481	2.46
Kuwait Investment Authority	9 823 815	2.17
Alexander Forbes Investments Retirement Funds	9 209 876	2.03
Total	341 402 528	75.43

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:

	Beneficial		Non-beneficial		Percentage %
	Direct	Indirect	Direct	Indirect	
MS Bomela and MZ Abdulla [†]	–	–	–	165 480 445	38.16
CS Seabrooke*	–	–	–	51 000 000	11.76
GD Wackrill	2 999 505	–	–	–	0.69
PG Serima	46 035	–	–	–	0.01
S Mansingh	150 000	–	–	–	0.03
Total	3 195 540	–	–	216 480 445	50.66

[†] Mary Bomela and Zaheer Abdulla are CEO and Senior Investment 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.

* The Seabrooke Family Trust has an economic interest of 40.1% in this shareholding through Sabvest Limited i.e. an effective economic interest of 4.72%.

SHARE PRICE AND VOLUME TRADED

	2021	2020	2019	2018
Market price				
Close (30 June) (cents per share)	316	225	162	345
High (cents per share)	376	341	368	465
Low (cents per share)	186	120	130	315
Market capitalisation (R)	1 370 491 867	1 018 460 511	719 044 915	1 501 233 925
Value of shares traded (R)	123 926 377	185 264 182	141 833 319	500 599 609
Value of shares traded as % of market capitalisation (%)	9.94	18.19	19.73	33.35
Volume of shares traded	46 037 234	74 391 707	56 415 323	132 307 599
Volume of shares traded as % of number in issue (%)	10.61	16.43	12.71	30.41
Dividend yield (%)	3.54	3.91	6.17	6.09
Earnings yield (%)	8.45	10.31	12.65	8.38
Shares in issue	433 699 958	452 649 116	443 854 886	435 140 268
Average number of shares in issue	449 629 330	450 324 928	436 922 919	435 140 268
(Treasury shares cancelled)/shares issued	(18 949 158)	8 794 230	8 714 618	0
Number of shareholders	5 222	4 653	4 019	4 129

SHAREHOLDERS' DIARY

Publication of integrated annual report	26 October 2021
Annual general meeting	25 November 2021
Results of the annual general meeting published on SENS	25 November 2021
Interim results announcement	March 2022
Financial year end	30 June 2022
Annual results announcement	September 2022

CORPORATE INFORMATION[^]

DIRECTORS

Phumzile Langeni (47)^{**@}

BCom (Acc), BCom (Hons) MCom
Independent non-executive Chairman
Nine years' service (Appointed 30 March 2012)
Chairman of Nominations Committee

Mary Sina Bomela (48)^{†*}

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

Pfungwa Gore Serima (56)^{#@}

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

Shivan Mansingh (35)^{#@}

BaccSci, HDipAcc, CA(SA), MBA
Group Chief Financial Officer
Two years' service (Appointed 1 April 2019)

Sindiswa Victoria Zilwa (54)[†]

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
Nine years' service (Appointed 17 October 2012)
Chairman of Audit, Governance and Risk Committee

Muhammed Zaheer Abdulla (34)

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

Andile Khumalo (43)[†]

BCom (Accounting), Post Graduate Diploma in Accounting, CA(SA)
Independent non-executive director
One month service (Appointed 30 September 2021)

Lindiwe Evarista Mthimunye (47)^{†#}

BCom, CA(SA), MCom, HDip Tax Law
Independent non-executive director
Four years' service (Appointed 1 July 2017)
Chairman of Remuneration Committee

Christopher Stefan Seabrooke (68)^{**†@}

BCom, BAcc, MBA, FCMA
Independent non-executive director
18 years' service (Appointed 28 January 2003)

Stanley Thabo Moloko Seopa (57)^{#@}

BCom (Accounting)
Higher Diploma in Tax Law
Diploma in Finance
Diploma in Management
Independent non-executive director
One month service (Appointed 30 September 2021)

Leon Rood (44)

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

Dominic Lebohlang Storum (33)

BCom (Hons), CTA, MCom, MBA
Seven months' service (appointed 26 March 2021)
Non-executive alternate director to Zaheer Abdulla

[^] 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

SECRETARY AND REGISTERED OFFICE

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

COMPANY REGISTRATION NUMBER

1983/012697/06

DATE OF INCORPORATION

18 November 1983

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196,
Gauteng, South Africa
Private Bag X9000, Saxonwold, 2132, Gauteng, South Africa
Telephone: +27 11 370 5000 or 086 11 00 933

AUDITOR

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

BANKERS

The Standard Bank of South Africa Limited

INVESTMENT BANK AND JSE SPONSOR

The Standard Bank of South Africa Limited
30 Baker Street, Rosebank, 2196, Gauteng, South Africa
P O Box 613444, Marshalltown, 2107, Gauteng, South Africa

INVESTOR RELATIONS

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

WEBSITE

www.metrofilegroup.com



Metrofile

Group

www.metrofilegroup.com