

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Edgars Stores Limited, Incorporated in Zimbabwe in 1948 under Company Registration Number 379/1948)



EDGARS STORES LIMITED

Directors:

T.N. Sibanda (Chairman), C.F. Dube, S. Mushosho* (CEO), C. Mutevhe* (CFO), P. Mnyama*, M. Hosack, C. Claassen, M. Robb.
*Executive

Registered address:

15th Floor, ZB Life Towers, Corner Sam Nujoma Street & Jason Moyo, Harare, Zimbabwe.

CIRCULAR TO SHAREHOLDERS

Relating to and seeking approvals for:

The Termination of the Listing of Edgars Stores Limited on the Zimbabwe Stock Exchange and the simultaneous Listing by Introduction of Edgars Stores Limited on the Victoria Falls Stock Exchange and Incorporating a

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

Notice of an Extraordinary General Meeting of the members of Edgars Stores Limited, to be held virtually by electronic means, at 1000 hours on Friday, 22 March 2024. The notice was published on Friday, 1 March 2024 in accordance with the Listings Requirements of the Zimbabwe Stock Exchange ("ZSE") and the Companies and Other Business Entities Act (Chapter 24:31) of Zimbabwe, as set out at the end of this Document. Shareholders are asked to complete and return the attached form of proxy in accordance with the instructions printed thereon as soon as possible, but not later than 1000 hours, on Wednesday, 20 March 2024.

Financial Advisors



Sponsoring Brokers



Legal Advisors

GILL, GODLONTON & GERRANS
LEGAL PRACTITIONERS

Transfer Secretaries



This Circular is neither a prospectus nor an invitation to the public to subscribe for shares in the Company but is issued in compliance with the Listings Requirements of the ZSE, for the purpose of giving information to the public with regard to the Proposed Transaction as more fully set out in this Circular. The Circular is only available in English. Additional copies of this Circular may be obtained from the Company Secretary at the Registered Office of Edgars Stores Limited or from IH Advisory (Private) Limited in the addresses set out in the "Corporate Information" Section of this Document.

If you are in any doubt as to the action you should take, you should immediately seek advice from your stockbroker, bank manager, legal practitioner, accountant, or other professional advisors. If you no longer hold any shares in Edgars Stores Limited, you should send this Circular, as soon as possible, to the stockbroker, bank or other agents through whom the sale of your shareholding in Edgars Stores Limited was executed, for onward delivery to the purchaser or transferee of your shares.

All the Directors of Edgars Stores Limited, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other material facts, or the omission of information which would make any statement in the Circular false or misleading, and that they have made all reasonable enquiries to ascertain such material facts and that this Circular contains all information required by law and the ZSE Listing Requirements.

The Directors confirm that the Circular particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) that investors and their professional advisors would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Edgars and of the rights attaching to the securities to which the Listing particulars relate. The Company's lead financial advisors, sponsoring broker, legal advisors, and transfer secretaries have consented in writing to act in the capacity stated and to their names being stated in the Circular and have not withdrawn their consents prior to the publication of this Circular.

Date of issue of this document: Friday, 1 March 2024

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CORPORATE INFORMATION AND ADVISORS

The information below is given in compliance with the requirements of the Zimbabwe Stock Exchange.

Edgars Stores Limited Directors	Sevious Mushosho (Chief Executive Officer) Chesternoel Mutevhe (Chief Finance Officer) Peter Mnyama (Executive Director: Retail Chains and Manufacturing) Thembinkosi Nkosana Sibanda (Independent Non-Executive Chairman) Canaan F. Dube (Independent Non-Executive) Matthew Hosack (Independent Non-Executive) Christo Claassen (Independent Non-Executive) Mark Robb (Non-Independent Non-Executive)
Registered Office	Edgars Stores Limited 15th Floor, ZB Life Towers, 77 Jason Moyo Avenue Cnr Sam Nujoma Street / Jason Moyo Avenue Harare, Zimbabwe
Company Secretary	Chipo M. Mafunga 9th Floor, ZB Life Towers, 77 Jason Moyo Avenue Cnr Sam Nujoma St / Jason Moyo Avenue Harare, Zimbabwe
	Edgars derives professional services from the following:
Financial Advisors	Inter-Horizon Advisory (Private) Limited Block 3, Tunsgate Business Park 30 Tunsgate Road, Mount Pleasant Harare, Zimbabwe
Sponsoring Broker	Inter-Horizon Securities (Private) Limited Block 3, Tunsgate Business Park 30 Tunsgate Road, Mount Pleasant Harare, Zimbabwe
Legal Advisors	Gill, Godlonton & Gerrans Legal Practitioners 42 Sandringham Drive, Alexandra Park Harare, Zimbabwe
Independent Auditors & Reporting Accountants	Deloitte & Touche (Zimbabwe) Chartered Accountants West Block, Borrowdale Office Park Liberation Legacy Way, Borrowdale Harare, Zimbabwe
Transfer Secretaries	Corpserve Registrars (Private) Limited 2nd Floor ZB Centre, Corner 1st & Kwame Nkrumah Avenue Harare, Zimbabwe
Principal Bankers	First Capital Bank Zimbabwe Limited Corner First Street and Jason Moyo Avenue Harare, Zimbabwe

FORWARD LOOKING STATEMENTS

This Circular includes forward-looking statements regarding Edgars Stores Limited. Forward-looking statements are those other than statements of historical facts, included in this Circular, and include without limitation, those regarding the Entity's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Entity's products and services). Any statements preceded by, followed by, or including the words "believes", "expects", "aims", "estimates", "anticipates", "may", "will", "should", "could", "intends", "plans", "seeks", or similar expressions, are forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Entity's actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Such forward-looking statements are inherently based on numerous estimates and assumptions regarding the Entity's present and future business strategies and the environment in which the Entity's will operate in the future. Such estimates and assumptions may not eventuate. These forward-looking statements speak only as at the date of this Circular. The Directors of Edgars Stores Limited expressly disclaim any obligation or undertaking to disseminate, after the distribution of this Document, any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions, or circumstances on which any such forward looking statement is based, unless legally required to do so.

INTERPRETATION AND DEFINITIONS

In this document, unless otherwise stated or the context otherwise requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa* and words importing natural persons shall include juristic persons, whether corporate or incorporate and vice versa.

"Articles"	The Articles of Association of the Company;
"Board" or "the Directors"	The Board of Directors of Edgars Stores Limited, whose names appears in paragraph 13 and under the "Corporate Information" Section of this Circular;
"Broker"	Any person or company registered as a member with the ZSE and duly licensed to buy and sell shares and other securities on behalf of customers;
"CEO"	Chief Executive Officer;
"CFO"	Chief Finance Officer;
"Chairman's Statement"	The Chairman's Letter to the Edgars Stores Limited Shareholders;
"Circular" or "the Document"	This Document dated Friday, 1 March 2024 including the appendices hereto, addressed to Edgars Stores Limited Shareholders, which sets out the terms and conditions of the Proposed Transaction;
"Companies Act" or "COBE Act"	The Companies and Other Business Entities Act [Chapter 24:31];
"Conditions Precedent" or "Delisting Conditions Precedent"	The Conditions Precedent to which the Proposed Transaction is subject as set out on page 6 of the Circular;
"Corpserve" or "Transfer Secretaries"	Corpserve Transfer Secretaries (Private) Limited who provide share transfer secretarial services to Edgars Stores Limited;
"CSD"	Central Securities Depository;
"Edgars" or "the Company"	Edgars Stores Limited, a public company incorporated in Zimbabwe under company registration number 379/1948 and listed on the ZSE;
"EGM"	The Extraordinary General Meeting of the Company's Shareholders convened in terms of the Companies Act, to be held at 1000 hours on Friday, 22 March 2024 virtually by electronic means, at which Edgars Stores Limited Shareholders will vote on the Proposed Transaction;
"Exchange Control Regulations"	The Exchange Control Regulations promulgated under the Exchange Control Act [Chapter 22:05] including and without limitation, the Exchange Control Regulations, Statutory Instrument 109 of 1996, as amended;
"Experts"	Refers to Financial Advisors, Legal Advisors, Transfer Secretaries and Sponsoring Brokers on the Proposed Transaction;
"Form of Proxy"	The Form of Proxy accompanying this Circular;
"IAS"	International Accounting Standards;
"IFRS"	International Financial Reporting Standards;
"IH Advisory" or "Lead Financial Advisors"	IH Advisory (Private) Limited, a licenced securities investment advisor with the Securities and Exchange Commission of Zimbabwe, and the lead financial advisors to the Proposed Transaction;
"IH Securities" or "Sponsoring Broker"	Inter-Horizon Securities (Private) Limited, the sponsoring broker to the Proposed Transaction and a member of the Zimbabwe Stock Exchange;
"Legal Advisors" or "GGG"	Gill, Godlontons & Gerrans, the legal advisors to the Proposed Transaction;
"Listing by Introduction"	Listing by introduction is a way of listing shares already in issue on another exchange. No marketing arrangement is required as the shares for which listing is sought are already widely held;

SALIENT FEATURES OF THE PROPOSED TRANSACTION

“Independent Auditors”	Refers to Deloitte & Touche Registered Auditors who are the independent auditors to the Company;
“Memorandum of Association”	The Memorandum of Association of the Company;
“MBA”	Master of Business Administration degree;
“Non-Resident Shareholder(s)”	A holder(s) of shares in the Company who are/is designated as “non-resident” in terms of the Exchange Control Regulations;
“Notice”	The notice of the Extraordinary General Meeting which was published in terms of the Companies Act on Friday, 1 March 2024, advising the Company’s Shareholders of the Proposed Transaction and which forms part of this Circular;
“Proposed Transaction”	The delisting of the Company’s Shares from the Zimbabwe Stock Exchange and the simultaneous admission (Listing by Introduction) of the Company on the Victoria Falls Stock Exchange;
“RBZ”	Reserve Bank of Zimbabwe;
“Record Date”	The date for the Shareholders of the Company to be recorded in the Register as eligible to vote at the EGM, scheduled at 1000 hrs on Friday, 22 March 2024;
“Register”	The register of Shareholders of the Company maintained by the Transfer Secretaries, and the sub-register of nominee Shareholders maintained by each Broker;
“Registrar”	The Registrar of Companies and Other Business Entities appointed in terms of the Companies Act;
“Resolutions”	Proposal(s) for decisions to be made or actions to be taken submitted to Shareholders for a vote at the Company’s annual meeting or extra-ordinary general meeting of members;
“Shareholder(s)”	The holder(s) of ordinary shares of Edgars Stores Limited;
“Shares” or “Security”	The issued and/or authorized share capital of Edgars Stores Limited;
“Share Register”	The Register of Shareholders of the Company maintained by the Transfer Secretaries and the sub-register of nominee Shareholders maintained by each Broker;
“SI”	Statutory Instrument;
“USD” or “US\$”	United States of America Dollar, the legal tender of the United States of America in which certain monetary amounts in this Circular are expressed;
“VFEX”	Victoria Falls Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act [Chapter 24:25], which regulates the conduct of companies whose shares are listed on the Official List and traded on the Victoria Falls Stock Exchange;
“VFEX Listing Requirements”	The listing requirements of the VFEX;
“Zimbabwe”	The Republic of Zimbabwe;
“ZSE”	The Zimbabwe Stock Exchange, a stock exchange that is established in terms of the Securities and Exchange Act [Chapter 24:25], which regulates the conduct of companies whose shares are listed on the Official List and traded on the Zimbabwe Stock Exchange;
“ZSE Listing Requirements”	The Listings Requirements of the ZSE set out in SI 134 of 2019;
“ZWL”	The Zimbabwean Dollar, the legal tender in Zimbabwe.

Overview of the Proposed Transaction

On Friday, the 2nd of February 2024, the Board of Directors of Edgars passed a resolution in support of the termination of Edgars Stores Limited ZSE Listing, with the intent to list the Company’s shares on the VFEX by way of Introduction.

Benefits of the Proposed Transaction

The benefits of the Proposed Transaction encompass, but are not limited to, the following:

- Enhanced opportunities for regional mergers and acquisitions;
- A broader investor base and increased access to USD capital;
- Provision of USD dividends for Shareholders;
- More efficient financial reporting in USD;
- Improved access to USD facilities;
- Enhanced options for capital planning;
- Reduced foreign exchange risk for Shareholders due to local currency depreciation;
- Taxation incentives for Shareholders and potential investors;
- Decreased potential valuation volatility, as the Company’s market value will be determined in the stable USD currency; and
- Lower trading costs of 2.31% compared to 4.63% on the Zimbabwe Stock Exchange.

If the Proposed Transaction does not take place, then Edgars will remain listed on the ZSE, and the benefits outlined above will not be available to the Company or its Shareholders.

Timetable for the Proposed Transaction

ACTIVITY	ESTIMATED DATES
Edgars EGM Notice and announcement published	Friday, 01 March 2024
Voting Record Date, Edgars share register closed (at 1600hrs)	Tuesday, 19 March 2024
Last day of trading Edgars Shares prior to the EGM	Tuesday, 19 March 2024
Last day of lodging Proxy Forms (at 1600hrs)	Wednesday, 20 March 2024
Edgars EGM (at 1000 hours)	Friday, 22 March 2024
Publication of results of Edgars EGM	Monday, 25 March 2024
Trading of Edgars shares resumes following the EGM	Monday, 25 March 2024
Last day of trading Edgars Shares on the ZSE	Wednesday, 27 March 2024
Transfer of Edgars share register from the ZSE to the VFEX	Thursday, 04 April 2024
Estimated completion of Edgars VFEX Listing	Friday, 05 April 2024
First day of trading of Edgars shares on the VFEX	Monday, 08 April 2024

The above dates may be subject to change and any such change will be published to Shareholders. All times indicated above and elsewhere in the Circular are Zimbabwean local times.

Queries

If you have any questions on any aspect of this document, please contact your stockbroker, accountant, banker, legal practitioner, or other professional advisors. Alternatively, please contact IH Advisory or IH Securities (whose details are given below):

IH Advisory (Private) Limited

Block 3, Tunsgate Business Park
30 Tunsgate Road, Mount Pleasant
Harare, Zimbabwe
Email: advisory@ih-group.com
Tel: +263 (0) 242 745119/745139/745937

IH Securities (Private) Limited

Block 3, Tunsgate Business Park
30 Tunsgate Road, Mount Pleasant
Harare, Zimbabwe
Email: trading@ihsecurities.com
Tel: 263 (0) 242 745119/745139/745937

Actions to be taken by Edgars Shareholders

- Read this Document in its entirety. If you are in doubt as to the action you should take, you should immediately seek advice from an independent stockbroker, bank manager, legal practitioner, accountant, or any other professional advisor of your choice;
- Attend and vote at the EGM to be held on Friday, 22 March 2024; and
- Shareholders who cannot attend the EGM but wish to be represented thereat should complete and sign the Proxy Form included with this Document and ensure it is lodged at the Transfer Secretaries' registered office outlined in the "Corporate Information" section of this Document on page 1 or emailed to: corpserve@escrowgroup.org.
- The Proxy Form should be received by the Transfer Secretaries by no later than 1000 hours on Wednesday, 20 March 2024. Proxy Forms may, however, be accepted at the discretion of the Chairman up to 1 (one) hour before the commencement of the EGM. Shareholders may attend the meeting virtually, notwithstanding the completion and return of a Proxy Form.
- A Director or officer of the Company shall not be appointed as a proxy for a Shareholder (section 171(8) of the Companies Act).

Conditions Precedent

A cautionary announcement has been issued to the Shareholders of Edgars, informing them of the Company's intention to delist from the ZSE. The ZSE has granted authority to delist Edgars' shares from the ZSE subject to the conditions listed below:

- Edgars Board approval of the listing of the Company's ordinary shares on the VFEX;
- The passing by Shareholders of Edgars of the resolutions, by the requisite majority, at an EGM to be held on Friday, 22 March 2024, in terms of the Notice of the EGM published in the national press dated Friday, 1 March 2024; and
- Obtaining all such necessary regulatory approvals as may be required, including the issue of a letter of good standing by the ZSE to Edgars.

Documents Available for Inspection

The public may inspect this Circular and the documents available as listed in Section 12 and below between 0800 hours and 1600 hours from Friday, 1 March 2024 to Thursday, 21 March 2024 at the Sponsoring Brokers' and Edgars' registered offices at the address set out in the "Corporate Information" section of this Document:

- The substituted Memorandum and Articles of Association of the Company;
- Edgars Board Approval of the Proposed Transaction;
- Consent Letters from all Experts on the Proposed Transaction;
- The Audited Financial Statements including the Independent Reporting Accountant's Report on the historical information of Edgars for the three financial years ended 10 January 2021, 8 January 2022 and 9 January 2023, which is set out in the Appendices to this Circular;
- The Reviewed Half Year Financial Statements including the Independent Reporting Accountant's Report on the historical information of Edgars for the half year ended 9 July 2023 which is set out in the Appendices to this Circular; and
- The ZSE approval letter for the distribution of the Circular.

CHAIRMAN'S STATEMENT



(Edgars Stores Limited, incorporated in Zimbabwe in 1948 under Company Registration Number 379/1948)

Address: 15th Floor, ZB Life Towers, 77 Jason Moyo Avenue, Harare, Zimbabwe.

Directors: T.N. Sibanda (Chairman), C. Classen, M. Robb, P. Mnyama*, S. Mushosho* (CEO), C. Mutevhe* (CFO), C.F. Dube, M. Hosack.
*Executive

Dear Shareholder,

As we navigate the dynamic landscape of the business environment, I would like to bring to your attention some pivotal developments that warrant careful consideration for the future of Edgars Stores Limited. Historically, the Edgars business has heavily relied on ZWL transactions; however, recent times have witnessed a notable surge in foreign currency transactions, a trend mirrored across the broader economy. Moreover, the Government's extension of the multi-currency regime until 2030 underscores the growing necessity for USD capital within our Company.

The performance of Edgars in the past year has been subject to exchange rate volatility and market liquidity fluctuations in both ZWL and foreign currency. However, management remains optimistic, steering the business towards expanding its physical and online presence, coupled with strategic merchandise procurement initiatives reliant on USD access. Consequently, the Board has proactively explored various avenues to secure access to USD to drive the business. Our commitment to this pursuit continues as we explore options to fortify the business's access to USD capital and consider migrating to USD reporting, ultimately enhancing sustainability and Shareholder value.

To bolster our growth momentum and safeguard Shareholder value, the Board is proposing the migration of the Company's share capital from the Zimbabwe Stock Exchange to the Victoria Falls Stock Exchange. This strategic move is anticipated to unlock several advantages, including:

- Access to USD Capital for expansion initiatives, driving business performance, and ultimately enhancing Company and Shareholder value.
- The enabling of free dividend and share disposal proceeds repatriation to foreign Shareholders.
- Favourable tax incentives, including zero capital gains tax and a 5% withholding tax for foreign investors, thereby boosting Shareholder returns.
- Reporting financial performance in USD providing stability and mitigating complexity associated with hyperinflation adjusted ZWL reporting.
- Minimised exchange risk for Shareholders due to local currency depreciation by providing an accurate USD-based benchmark of the Company's value.
- Mandated USD dividends and the receipt of USD as compared to ZWL on share liquidation, enabling the Shareholders to receive the true value of their holdings.
- Lower trading costs of 2.31% compared to 4.63% on the ZSE which enable the Shareholders to retain more of their value when they exit or enter their trading positions.

In light of these compelling reasons, the Board supports the migration of Edgars from the ZSE to the VFEX. This move aligns with our commitment to fostering sustained growth, maximizing Shareholder value, and positioning the Company for success in an evolving economic landscape.

Friday, 1 March 2024

[Signed on Original]

T.N. Sibanda
Chairman of the Board of Directors

DETAILS OF THE PROPOSED TRANSACTION

1. OVERVIEW OF THE PROPOSED TRANSACTION

1.1. The proposed delisting of Edgars Stores Limited from the ZSE

On Friday the 2nd of February 2024 the Board of Directors of Edgars considered the termination of Edgars' ZSE Listing, with the intent to list the Company's shares on the VFEX by way of introduction. The Board subsequently passed a resolution relating to the above due to the rationale of the Proposed Transaction outlined below.

1.2. Benefits of listing on the VFEX

1.2.1. Enhanced accessibility to USD capital and expansion of investor base

Edgars will gain an enhanced capacity to raise capital in foreign currency, supporting the Company's foreign currency needs. The potential development of VFEX into a regional exchange strengthens Edgars' position of attracting a more extensive investor base, aiding the Company in its endeavors for domestic and regional expansion. Additionally, the USD reporting mandate on VFEX will contribute to a reduced risk perception for Edgars. This, in turn, will afford the Company greater leverage to access alternative forms of financing on favorable terms.

1.2.2. Reduced trading costs

The VFEX's reduced trading costs of 2.31%, in contrast to the 4.63% on the ZSE, allows Shareholders to preserve more value upon the disposal of shares.

1.2.3. Greater liquidity of shares

Lower trading costs and reduced risk perception on the VFEX, attributed to USD pricing of Edgars' stock and the capability to provide foreign currency dividends, can stimulate liquidity for Edgars shares.

1.2.4. Less restrictions on the repatriation of dividends for foreign shareholders

The VFEX provides foreign shareholders with the freedom to repatriate dividends and proceeds from share disposals without hindrance, compared to the ZSE which faces exchange control challenges due to its trading in local currency and the widespread shortage of foreign currency nationwide.

1.2.5. Additional tax incentives

The VFEX provides tax incentives for Shareholders, encompassing a 5% withholding tax on dividends for foreign investors and exemption from capital gains tax on share disposal. This results in improved earnings for Shareholders compared to the ZSE.

1.2.6. Mitigated valuation volatility and improved performance benchmark

The VFEX's de facto third-party USD valuation of the Company facilitates Edgars' current Shareholders in realising the actual value of their investment and establishes a more precise benchmark for the stock's performance. Additionally, the USD valuation safeguards the Company's value, minimizing valuation volatility by acting as a hedge to the ZWL. This not only offers greater investor protection compared to the ZSE but also serves as a mechanism to preserve the Company's value.

1.2.7. Efficient financial reporting

Companies listed on the VFEX are required to present their financial results in USD. This facilitates a more effective assessment of the Company's performance compared to the ZWL, which foreign investors may find challenging to fully comprehend due to its volatility. Additionally, VFEX-listed firms are obligated to adhere to specific governance and reporting standards, contributing to enhanced overall management and Company performance.

1.3. Estimated Transaction Fees and Related Expenses

Expense	Fee (USD)
Advisory	26,500.00
Sponsoring Broker	6,250.00
Legal	7,500.00
Transfer Secretaries	4,000.00
Printing & Distribution	12,000.00
ZSE Document Review	8,797.50
VFEX Application	4,887.50
Total	69,935.00

2. OVERVIEW OF EDGARS STORES LIMITED

2.1. Background

Edgars Stores Limited is a Zimbabwe-based retailer offering clothing and merchandise for the middle to upper income at competitive prices. It offers a range of casual wear clothing, footwear and accessories for children, ladies and gents in branded stores in Zimbabwe. Edgars manufactures clothing, as well as distributing and selling clothing, footwear, textiles and accessories through a network of stores in Zimbabwe. The Company is organized into four operating segments: Edgars Stores, which sells fashion apparel and accessories; Jet Stores, which sells clothing, footwear, cosmetics, household textiles and school uniforms; and Carousel that manufactures for the chains and exports to the region. Additionally, Edgars has a micro finance business unit, Club Plus and Financial Services, which provides a credit facility as an alternative to cash, to provide their customers with value for their spend.

The Company was founded by Sydney Press in 1946 and opened its first store in Bulawayo. The Company was then publicly listed in 1974. The clothing retail giant boasts of operations countrywide through its 58 stores. Spanning over (7) decades of existence, the Company's vision is to provide their customers an opportunity to experience and enjoy the complete Edgars lifestyle. The Company's core business includes the retailing of clothing, footwear, textiles and accessories.

2.2. Company Structure



The Edgars Stores Limited Group ("the Group") is organized into strategic business units namely retailing, manufacturing and financial services.

2.2.1. Retailing

Edgars Stores retails their products through the following established brands:

- **Edgars:** The brand provides quality fashion, and convenient shopping at competitive prices tailored for the middle to upper-income groups. It offers a range of fashion merchandise without compromising on quality, ensuring affordability for the entire family. Competitive credit options are extended to customers. The brand's pleasant and convenient stores are designed to provide customers with a superior shopping experience. The Edgars brand currently has 24 stores countrywide.
- **Jet:** The brand seamlessly integrates clothing and various items from general dealers, including white goods, kitchenware, and hardware. It delivers good quality commercial fashion at competitive value, featuring attractive opening price points that cater to the lower to middle-income demographic. The stores create pleasant and economical shopping environments, designed for self-service, while also offering assisted service when needed. Jet currently has 36 branches across Zimbabwe with plans for expansion.

2.2.2. Manufacturing

Carousel is the manufacturing division of Edgars Stores Limited that produces a wide range of denim, ladies, men's, kids, corporate and work wear. Carousel's merchandise is mostly manufactured for our in-house retail chains, independent retailers and corporates. Carousel also manufactures in-house brands which include:

- Quote urbanwear (ladies' and men's casual wear);
- Poise (ladies' formal wear); and
- Magnifique (mature ladies' occasion wear).

2.2.3. Club Plus and Financial Services

Club Plus (Private) Limited is the Group's micro finance business unit. Club Plus offers micro finance loans to the lower to middle income customer group at competitive interest rates.

The financial services arm manages the retail debtors' book and insurance products including the Hospital Cash Plan. The Edgars Club Zimbabwe is a loyalty program designed to benefit Edgars stores customers.

3. ORDINARY SHARE CAPITAL

The share capital of Edgars as at 9 July 2023 is shown below:

3.1. Authorised

The authorised share capital of the Company is 700,000,000 ordinary shares of a nominal value of ZWL0.01 (one cent) each. No additional shares were authorised during the six months ended 9 July 2023.

3.2. Issued and fully paid

609,740,943 ordinary shares of ZWL0.01 each were in issue as at 9 July 2023.

The following related to the issued shares as at 9 July 2023:

Issued ordinary shares and premium	No. of shares	Share Capital (ZWL)	Share Premium (ZWL)	Issued Shares (ZWL)
Balance as at 9 July 2023	609,740,943	46,507,645	864,900,539	911,408,184

Amongst the issued shares are shares held by special purpose entities – Zimed Group Employee Trust (35 950 445 shares) and Edgars Employee Share Trust Company (524 150 shares) which have been consolidated as treasury shares in the Company financial statements.

3.3. Authorised but Unissued Shares

In relation to the remaining 90 260 000 unissued shares, 84 788 401 are under the control of the Directors for an unlimited period, subject to the limitations contained in section 183 of the Companies and Other Business Entities Act (Chapter 24:31) and the balance of 5 471 599 are under the control of the Shareholders in a general meeting.

3.4. Variation of Rights

Subject to the appraisal rights in terms of the COBE Act, according to the Company's Articles, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a resolution passed by a majority of not less than three-fourths of the members of that class present at a separate general meeting of the holders of the shares of the class.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

3.5. Voting Rights

The authorised but unissued and issued Edgars ordinary shares are the same class and rank *pari passu* in every respect. One ordinary share is entitled to one vote.

4. CORPORATE GOVERNANCE

4.1. Introduction

The Board of Directors is responsible for leadership, strategy formulation and implementation, governance and performance of Edgars Stores Limited. The Board discharges this obligation directly in meetings and through delegation to its sub-committees and management.

The Board's responsibilities are well defined and adhered to. These are based on a predetermined assessment of materiality and include amongst others:

- Compliance with corporate governance principles (National Code of Governance in Zimbabwe);
- Evaluating and reviewing the Company's strategic direction;
- Reviewing the Company's risk universe and placing risk management responses;
- Reviewing the performance of executive management against business plans, budgets and industry standards;
- Ensuring that an effective and efficient internal control system through a comprehensive system of policies and procedures;
- Setting the correct tone on ethical behaviour and ensuring compliance with relevant laws and regulations;
- Evaluating on a regular basis material economic political, social and legal matters in the environment that impact the business and its various stakeholders, and directing appropriate responses;
- Taking external expert advice in the discharge of its duties; and
- Relevant and reliable financial reporting.

4.2. Board of Directors

The size and experience of the Board of Directors is dictated by the Articles of Association of the Company which permit a maximum of 12 directors. The Board currently has 8 members and is chaired by an Independent non-executive Chairman. Non-executive directors introduce an independent view to matters under consideration and add to the breadth and depth of experience of the Board. All the non-executive directors are independent in character and judgment. Adequate 'directors' and officers' insurance cover has been purchased by the Company to meet any material claims against directors. Board meetings are held at least quarterly and whenever else circumstances necessitate. Directors are invited to add items to the agendas for Board meetings.

The full names, addresses and positions of the Directors of Edgars are set out below:

Full Name	Appointed	Address	Position
Thembinkosi Nkosana Sibanda	2003	72 Gwanda Road Sunninghill, Bulawayo, Zimbabwe	Independent Non-Executive Chairman
Sevious Mushosho	2022	40 Harare Drive, Colray, Borrowdale, Harare, Zimbabwe	Chief Executive Officer
Chesternoel Mutevhe	2024	736 Crowhill Road, Quinington, Borrowdale, Harare	Chief Finance Officer
Peter Mnyama	2023	47 Napier Avenue, Hillside, Bulawayo, Zimbabwe	Executive Director: Retail Chains and Manufacturing
Christo Claassen	2022	50 Harrington Street, Zonnebloem, Cape Town, South Africa, 7925	Independent Non-Executive Director
Mark Robb	2023	94 Montgomery Road, Highlands, Harare, Zimbabwe	Non-Independent Non-Executive Director
Matthew Hosack	2019	487 Lakeview Crescent, Borrowdale Brook, Harare, Zimbabwe	Independent Non-Executive Director
Canaan F. Dube	2004	15 Huxham Road, Greendale, Harare, Zimbabwe	Independent Non-Executive Director

Thembinkosi Nkosana Sibanda – Independent Non-Executive Chairman

Themba was appointed to the Board in 2003. He holds a Bachelor of Accountancy degree and is a Chartered Accountant. He is a member of the Institute of Chartered Accountants Zimbabwe and also a Non-Executive Director of Phoenix Consolidated Industries.

Sevious Mushosho - Chief Executive Officer

Sevious is a Fellow Chartered Accountant Zimbabwe with over 20 years of multinational experience in cross-functional management, financial management, audit, insurance, banking, retail and distribution. Mr Mushosho has worked at an executive level in various companies in Zimbabwe, Zambia, Malawi and Mauritius, including Sub Sahara Capital Group, Distribution Group Africa, AfrAsia Holdings Limited and Innskor Africa Limited among others. He has been on the Board since July 2022 as a Non-Executive Director and from May 2023 as the Group Chief Operating Officer. He assumed the role of CEO of Edgars effective 1 October 2023.

Chesternoel Mutevhe- Chief Finance Officer

Chesternoel brings with him a wealth of experience in the FMCG sector having worked for CFI Holdings Limited as Group Finance Director for 7 years. Prior to that he held the positions of Group Company Secretary, Group Treasurer and Group Financial Controller. In addition, he headed the property development outfit for the CFI Group. His most recent assignment was as head of finance in Zimbabwe for Karo Platinum. Chesternoel is a qualified realtor and Chartered Accountant, having trained with Deloitte.

Peter Mnyama – Executive Director: Retail Chains and Manufacturing

A career fashion retailer with over 25 years' experience, Peter joined the Group as Merchandise Trainee back in 1998. He rose to Group Merchandise Controller in 2004 and later became Express Merchandise Executive. He later moved to Edcon in South Africa in 2008 and returned to Zimbabwe as the Marketing and Sales Executive for Carousel Private Limited in 2013, a role he kept until 2016 when he became Merchandise Executive for the Jet Chain. In 2020 he became the Jet Chain Managing Director and then moved to become Edgars Chain Managing Director in 2022. Peter holds a BCom Honours degree in Marketing, an Executive Development Diploma from ICAZ and a number of Planning and Management Development qualifications.

Christo Claassen- Independent Non-Executive Director

Christo is currently the Founder and CEO of Fortuna Investment Holdings (Cape Town), an investment holding company that focuses on investment in consumer-facing businesses. He is a qualified Chartered Accountant and also holds a MBA, specialising in retailing, from the University of Stirling in Scotland. Christo has over 20 years of executive retail experience in South Africa, as CEO of the Jet division of Edcon and Managing Director of the Fashion, Beauty and Home division of Woolworths.

Mark Robb - Non-Independent Non-Executive Director

Mark is a skilled IT professional with over 22 years multinational experience across Fintech, Banking, FMCG, Media, Manufacturing, and Agricultural sectors. He has a B.Com Honours Degree in Information Systems and Management from Rhodes University in South Africa and many other IT qualifications obtained from various Institutions.

Canaan F. Dube - Independent Non-Executive Director

Appointed to the Board in 2004, Canaan is a lawyer and corporate leader. He is a renowned commercial lawyer with considerable experience on corporate leadership mandates as well as banking and financial services work, registered and practicing as such in both Zimbabwe and Botswana. Canaan has considerable experience in corporate governance and is the Founder and Chairman of The Quality Corporate Governance Centre (Pvt) Ltd t/a Zimbabwe Leadership Forum (Zimlef), the first of its kind in Zimbabwe.

Matthew Hosack – Independent Non-Executive Director

Matthew Holds a Bachelor of Business Science from UCT and was appointed to the Edgars Board in December 2019.

4.3. Board Committees

Specific responsibilities have been delegated to board committees with defined terms of reference. Below are the two committees set in place by the Board and the respective members that constitute those committees:

4.3.1 Audit and Risk Committee

The Audit Committee continuously evaluates the Company's exposure and response to significant risk, reviews the appropriateness and adequacy of the systems of internal financial and operational control; reviews and evaluates accounting policies and financial information issued to the public, ensures effective communication between Directors, management, internal and external auditors, reviews the performance of the internal and external auditors, recommends the appointment of the external auditors and determines their fees.

The Audit Committee is regulated by specific terms of reference, it is chaired by a non-executive director and comprises of non-executive directors. The Chief Executive Officer, Chief Finance Officer, Head of Group Internal Audit, and The External Auditors attend and present reports to the Committee. The Audit Committee invites external experts to its meetings as and when appropriate. It meets at least thrice a year to discuss accounting, auditing, internal control, financial reporting and risk management matters. The Committee also reviews compliance with ZSE Listing Requirements, corporate governance codes and applicable laws. The external and internal auditors meet regularly with and have unrestricted access to the Audit Committee.

The Committee comprises of: C.F. Dube, M. Robb, C. Claassen, and S. Mushosho.

4.3.2 Remuneration and Nominations Committee

This Committee's function is to approve a broad remuneration strategy for the Company and to ensure that Directors and senior executives are adequately remunerated for their contribution to operating and financial performance, in terms of base pay as well as short and long-term incentives.

The Committee comprises of: T.N. Sibanda, C.F Dube and M. Hosack.

4.4. Directors Interests

As at 9 July 2023, the interests, direct and indirect of the Directors in office in the shares of the Company, aggregated as to beneficial interest and non-beneficial interest are as follows:

	July 2023		July 2023		January 2023		January 2023	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
C F Dube	-	100	-	-	-	-	-	100
T N Sibanda	-	100	-	-	-	-	-	100
Total	-	200	-	-	-	-	-	200

No changes in Directors' shareholdings have occurred between the financial year end and the date of publishing of this Circular.

During the period, no Director of the Company had any material interest in any contract of significance with the Company or any of its subsidiaries which would have given rise to a related conflict of interest.

4.5. Directors Remuneration and Service Contracts

There are no material particulars of an abnormal nature in respect of Edgars Directors' service contracts which require specific disclosure, nor any Directors' service contracts entered into during the period of six (6) months prior to the publishing of this Circular.

4.6. Dealing in Shares

The Directors, management and staff of Edgars are prohibited from dealing in the Company's shares, whether directly or indirectly, during "closed periods" which means:

- the period from the end of an issuer's financial year end to the date of earliest publication of the issuer's preliminary report, abridged report or provisional report; or
- the period from the expiry of the first six months of an issuer's financial year to the date of publication of the issuer's interim results; or
- the period from the expiry of the second six-month period of an issuer's financial year to the date of publication of the issuer's second interim results, in cases where the financial period covers more than 12 months; or
- where an issuer reports on a quarterly basis, the period from the end of a quarter to the date of publication of the issuer's quarterly results; or
- any period when an issuer is trading under cautionary announcement.

4.7. Professional Advice

All Directors, with prior permission from the Board are entitled to seek independent professional advice on the affairs of the Company at the Company's expense.

5. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

5.1 Capital Commitments

Edgars had the following capital commitments as at 9 July 2023:

Capital Commitments	July 2023	Inflation Adjusted	
		January 2023	January 2022
Authorised capital expenditure			
Authorised and contracted	-	-	-
Authorised but not yet contracted for	1,824,396,518	5,671,555,106	2,007,698,143
	1,824,396,518	5,671,555,106	2,007,698,143

5.2. Contingent Liabilities

Taxation provisions

As at 9 July 2023, the Company had provisional tax due amounting to ZWL 1,047 million being management's assessment of the amount of tax payable on current tax positions.

6 CAPITAL ADEQUACY, WORKING CAPITAL AND CASHFLOW

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Audit and Risk Committee plays a role by continuously evaluating the Company's exposure and response to significant risks. Taking an acceptable level of risk is considered core to doing business. The Company therefore analyses, evaluates, accepts and manages risk to achieve an appropriate balance between risk and return, at the same time minimizing potential adverse effects to the business.

Overall, the Company recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Company and its individually regulated operations have always complied with all externally imposed capital requirements throughout the period.

Capital adequacy and the use of regulatory capital are monitored daily by the Company's management, employing techniques based on the guidelines developed by the Governing board as implemented by the Reserve Bank of Zimbabwe, for supervisory purposes for the micro lending subsidiary.

7 MATERIAL CONTRACTS

As of 9 July 2023, Edgars had not entered into any material contracts, other than in the ordinary course of business.

8 LITIGATION

Other than those disclosed, the Company is not involved in any other material litigation or arbitration proceedings which may have, or which have had, during the twelve months preceding the date of this Circular, a significant effect on the financial position of Edgars nor is the Company aware that any such proceedings are pending or threatened.

9 SHARE INFORMATION

9.1 Shareholding Structure

The table below details the top 20 Shareholders of Edgars as at 26 February 2024:

Edgars stores limited top 20					
Rank	Names	Tax	Industry	Shares	Percentage
1	ANNUNAKI INVESTMENTS (PVT) LTD	LC	LC	135,859,943	22.28
2	BELLFIELD LIMITED	FC	FC	132,859,743	21.79
3	MEGA MARKET (PVT) LTD	LC	LC	81,058,868	13.29
4	Z.M.D INVESTMENTS (PVT) LTD	LC	LC	46,299,751	7.59
5	ZIMEDGROUP EMPLOYEE TRUST	TR	TR	35,950,445	5.90
6	STANBIC NOMINEES (PVT) LTD.	FN	FN	32,005,780	5.25
7	EDGARS PENSION FUND	PF	PF	29,962,629	4.91
8	SCB NOMINEES 033663900002	FN	FN	20,944,836	3.44
9	UPMARKET REAL ESTATE PVT LTD	LC	LC	9,883,769	1.62
10	HIPPO VALLEY ESTATES PF-IMARA	PF	PF	6,583,144	1.08
11	NSSA POBS-PLATINUM	LC	LC	6,545,709	1.07
12	NATIONAL FOODS P F-IMARA	PF	PF	4,054,034	0.66
13	NEVPLAN INVESTMENTS	LC	LC	4,010,462	0.66
14	SETMA (PRIVATE) LIMITED	LC	LC	3,308,134	0.54
15	WILLIAMS LESLEY	LR	LR	3,185,083	0.52
16	PSMAS PENSION FUND-INVESC	PF	PF	2,373,606	0.39
17	MUTARE MART	LC	LC	2,278,304	0.37
18	ANGLO AMERICAN ASS CO PF-IMARA	PF	PF	2,244,936	0.37
19	FBC HOLDINGS PF-IMARA	PF	PF	1,816,612	0.30
20	SAGIT FINANCE COMPANY (PVT) LTD	LC	LC	1,805,585	0.30
SELECTED SHARES				563,031,373	92.34
NOT SELECTED SHARES				46,709,570	7.66
TOTAL ISSUED SHARES				609,740,943	100.00

Number of shares in issue: **609,740,943**

9.2 Share Price History

The tables below provide statistical information on the market price and volumes traded of Edgars Shares. Prices are shown in ZWL per share:

Daily Share Price

Date	Closing Price	Volume	Date	Closing Price	Volume
15/01/2024	174.00	9,100	05/02/2024	230.00	-
16/01/2024	174.00	1,500	06/02/2024	250.00	1,200
17/01/2024	174.00	-	07/02/2024	255.29	1,700
18/01/2024	160.00	500	08/02/2024	250.99	76,400
19/01/2024	160.00	100	09/02/2024	288.00	3,000
22/01/2024	184.00	55,700	12/02/2024	331.00	100
23/01/2024	195.82	1,100	13/02/2024	380.04	45,000
24/01/2024	195.82	-	14/02/2024	437.05	100
25/01/2024	195.82	-	15/02/2024	437.06	737,000
26/01/2024	224.65	5,200	16/02/2024	437.02	7,300
29/01/2024	224.65	-	19/02/2024	400.00	28,000
30/01/2024	224.70	200	20/02/2024	400.00	2,000
31/01/2024	224.70	100	22/02/2024	400.00	25,400
01/02/2024	224.70	-	23/02/2024	399.52	22,200
02/02/2024	230.00	16,100	26/02/2024	380.00	15,500

Monthly Share Price

Date	Average Monthly Price (VWAP)	Volume
31/03/2023	16.50	498,600
28/04/2023	24.17	40,500
31/05/2023	50.05	15,783,800
30/06/2023	81.56	112,900
31/07/2023	109.37	334,300
31/08/2023	120.08	1,743,200
29/09/2023	118.75	103,000
31/10/2023	89.68	1,084,000
24/11/2023	82.47	9,312,700
29/12/2023	89.77	6,413,600
31/01/2024	153.86	154,100
26/02/2024	410.66	986,500

Quarterly Share Price

Date	Average Quarterly Price (VWAP)	Volume
30/06/2023	50.21	15,937,200
29/09/2023	118.37	2,180,500
29/12/2023	85.72	16,810,300
26/02/2024	375.96	1,140,600

10 EXPERTS' CONSENTS

The Lead Financial Advisors, Sponsoring Brokers, Legal Advisors and Transfer Secretaries have submitted their written consents to act in the capacities stated and to their names being stated in this Circular, which consents have not been withdrawn as at the date of this Circular. The above-mentioned consents are available for inspection by interested parties in terms of Paragraph 12.

11 REGULATORY ISSUES

The ZSE approved the distribution of this Circular on Tuesday, 27 February 2024.

12 DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION

The public may inspect this Circular and the documents available as listed below between 0800 hours and 1600 hours from Friday, 1 March 2024 to Thursday, 21 March 2024 at the Sponsoring Brokers' and Edgars' registered offices at the address set out in the "Corporate Information" section of this Document:

- The substituted Memorandum and Articles of Association of the Company;
- Edgars Board Approval of the Proposed Transaction;
- Consent Letters from all Experts on the Proposed Transaction;
- The Audited Financial Statements and including the Independent Reporting Accountant's Report on the historical information of Edgars for the three financial years ended 10 January 2021, 8 January 2022 and 9 January 2023, which is set out in the Appendices to this Circular;
- The Reviewed Half Year Financial Statements including the Independent Reporting Accountant's Report on the historical information of Edgars for the half year ended 9 July 2023 which is set out in the Appendices to this Circular; and
- The ZSE approval letter for the distribution of the Circular.

13 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names appear below, collectively and individually accept full responsibility for the accuracy of the information provided in this Circular and certify that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading. They have made all reasonable enquiries to ascertain such facts, and that this Circular contains all information required by law.

The Directors confirm that this Circular includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquires) that investors and their professional advisors would reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Edgars, and of the rights attaching to the securities to which the listing particulars relate.

Director's Name	Position	Signature
Thembinkosi Nkosana Sibanda	Independent Non-Executive Chairman	[Signed on original]
Sevious Mushosho	Chief Executive Officer	[Signed on original]
Chesternoel Mutevhe	Chief Finance Officer	[Signed on original]
Peter Mnyama	Executive Director-Retail Chains and Manufacturing	[Signed on original]
Christo Claassen	Independent Non-Executive Director	[Signed on original]
Mark Robb	Non-Independent Non-Executive Director	[Signed on original]
Matthew Hosack	Independent Non-Executive Director	[Signed on original]
Canaan F. Dube	Independent Non-Executive Director	[Signed on original]

APPENDIX I: EDGARS HISTORICAL FINANCIAL INFORMATION

Operating environment and overview

Throughout the half-year ended 9 July 2023, the operating environment was characterised by rapid changes in the policy environment. The first quarter started with some optimism on the back of a slowed inflation coupled with a stable exchange rate. The situation deteriorated towards the end of the period under review with the official exchange rate which was 671 to the USD at the beginning of the year, depreciating to 5700 at the end of June 2023.

The exchange rate volatility coupled with the fluctuations in market liquidity in both ZWL\$ and foreign currency continue to create challenges for the Group as well as the formal sectors of the economy, particularly as it relates to the pricing of goods and trading terms. The fiscal and monetary policy pronouncements made during the period, such as reduction in interest rates to 150% for ZWL loans, reduction in USD transactional tax to 2% from 4% and the 100% retention of domestic foreign currency earnings provided the much-needed additional finance for merchandise procurement. The high interest rates continue to pose a threat to the viability of companies who rely on debt financing for their operations, as well as affecting capital expenditure plans. The economy has noted a general increase in the use of foreign currency for domestic transactions and this has been confirmed by the Central Bank. Consumer demand remains subdued owing to the constrained ZWL\$ liquidity.

Operating costs increased substantially during the period under review mainly driven by a significant increase in allowances for credit losses on the ZWL book whose risk was exacerbated by the increase in policy rates in July of last year. Other major cost drivers were the frequent power cuts which resulted in the business using more alternative power options such as generators and the rapidly depreciating ZWL currency which pushed operating costs upwards. Management intensified cost containment measures and recalibrated the business models in response to these price corrections as a way of preserving value and building a strong balance sheet for the business.

Financial Performance

Notwithstanding the challenges in the operating environment, the Group closed the period with an improved performance over the prior period. In historical cost terms, the Group reported Revenue of ZWL\$39 billion which is 22.43% down from that achieved in 2022 of ZWL\$51 billion. Profit before tax of ZWL\$4 billion was a decrease of 70% from the prior period of ZWL\$14 billion. The current year performance is attributed to the introduction of USD credit in July 2022, replacement cost-based pricing, inflationary stock holding gains, realignment of cost structures as well as initiatives implemented by Management to ensure fresher stock availability in our stores, regardless of the supply chain challenges. The significant exchange rate depreciation in April and May 2023 had the impact of significantly reducing consumer disposable income and consequently, demand. The Group achieved a basic earnings loss per share of 268 cents, (2022: 1,040 cents).

Total Group units sold decreased by 14.8% from 1.28million to 1.09million compared to the same period last year. While a sizable portion of our cash sales are in foreign currency, we believe that this proportion can be increased through favourable and consistent application of regulatory policies around trading in foreign currency.

Gearing increased marginally to 0.23 in the current year from a prior year of 0.24. Funding was channeled towards growing the debtors' book as well as merchandise procurement.

Retail performance

Total retail merchandise revenue amounted to ZWL\$32billion representing a 18% decrease on prior year. The split between credit and cash sales was 62% (2022:53%) and 38% (2022:47%). A significant portion of the sales are now being realised in USD. The Edgars chain recorded turnover of ZWL\$17.89 billion which is down 23% on prior year of ZWL\$23.26 billion; the 443k units sold were down 17% from 532k in the comparative period. The split between credit and cash sales for ZWL was 64% (2022: 56%) and 36% (2022: 44%) while the USD had credit sales of 73% and cash sales of 27%. Stock covers closed at 15 weeks (2022:25weeks). Total sales for the Jet chain were ZWL\$14.23 billion down 15% from ZWL\$16.74 billion achieved in the comparative period. The split between credit and cash sales for ZWL was 28.4% (2022: 47.6%) and 71.6% (2022: 52.4 %) while the USD had credit sales of 70.3% and cash sales of 29.7%. Total Units sold for the period were down 4.1% from 608.9k to 583.7k. Stock covers closed at 16 weeks (2022:17.4 weeks).

Financial services

The gross retail debtors' book closed the period at ZWL\$45.1 billion representing a 83% growth on prior year of ZWL\$24.7 billion This is as a result of introduction of the USD book and Management's focus in growing it. The USD book closed at USD8.3 million. Active accounts growth for the USD grew to 73.6k accounts attributed to new accounts drives as well as account conversion initiatives. The asset quality at 83.4% for the USD book and at 76.5% for the ZWL book (2022: 89.55%) in current status. Expected credit losses (ECLs) as at 09 July 2023 were 2.29% of the book compared to 4.0% as at 08 January 2023, demonstrating Management's prudent application of the related credit loss accounting standards as the 'deterioration' is below the industry benchmark of 5.0%.

Club Plus Microfinance

The loan book closed at ZWL 3 billion marking a 50% growth on the comparative period of ZWL 2 billion. The business focus for the period was to grow the USD loan book to hedge against the inflationary environment persisting in the economy. Asset quality remains positive with 85.9% of the USD book being in current while the ZWL book was affected by the impact of the policy rates adjustments effected in July last year. Improved efficiencies in loan approval and disbursement processes have resulted in increased turnaround. We have seen an increase on the uptake of loan applications through our online platforms i.e. the mobile app, this has provided our customers with added convenience.

Carousel Manufacturing

The Manufacturing Division recorded a turnover of ZWL\$2.40 billion up 5% on prior year. Total units sold were down 1.4% to 67.9k (2022:68.9k). Revenue was adversely affected by shortage of skilled machinists in the first quarter, which has since been resolved. The unit has pivoted from open market towards the in-house chains in order to give the Group a competitive edge over its competitors. We anticipate a resumption of exports in the following financial year.

GROUP STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period	INFLATION ADJUSTED			
	Six months to 09 July 2023	Full Year to 08 January 2023	Full Year to 09 January 2022	Full Year to 10 January 2021
Figures are in Zimbabwe dollars (ZWL)	Reviewed	Audited	Audited	Restated
Revenue	50,679,043,338	35,924,064,749	23,675,762,649	3,771,794,989
Sale of merchandise	39,108,103,150	26,163,668,276	19,121,594,110	3,266,907,014
Cost of Sales	(9,801,947,723)	(13,884,135,489)	(9,169,397,908)	(2,213,488,075)
Gross profit	29,306,155,427	12,279,532,787	9,952,196,202	1,053,418,939
Revenue from micro-lending and debtors accounts	11,400,740,070	9,660,985,212	4,502,787,462	497,209,664
Other revenue	170,200,118	99,411,261	51,381,077	7,678,311
Other income	225,466,265	77,191,217	96,854,620	-
Other expenses	(7,220,098,531)	(4,713,360,050)	(3,768,100,381)	(773,155,676)
Movement in credit losses	(196,672,320)	(562,012,624)	(81,253,601)	(7,683,832)
Selling expenses-store expenses	(14,276,247,284)	(5,968,210,266)	(3,973,048,204)	(1,166,442,930)
Financial Services expenses	(1,774,906,510)	(3,186,487,394)	(909,455,937)	(96,197,926)
Trading profit / (loss)	17,634,637,235	7,687,050,143	5,871,361,238	(485,173,450)
Other operating gains/losses	3,556,062,593	231,201,197	(1,762,245,859)	89,552,784
Operating profit / (loss)	21,190,699,828	7,918,251,340	4,109,115,379	(395,620,666)
Finance income	-	-	67,356,352	228,485
Finance costs	(3,588,857,658)	(4,321,861,379)	(1,988,682,065)	(293,251,892)
Net monetary (loss) / gain	(3,620,736,937)	(1,683,399,464)	(159,359,819)	398,186,728
Profit / (loss) before taxation	13,981,105,233	1,912,990,497	2,028,429,847	(290,457,345)
Taxation	(8,017,800,114)	(1,718,542,228)	(107,314,797)	(31,665,018)
Profit/(loss) for the year	5,963,305,119	194,448,269	1,921,115,050	(322,122,363)
Other comprehensive income: Items that will not be reclassified to profit or loss:				
Revaluation/(Impairment) of property, plant and equipment	-	-	(420,162,868)	44,676,506
Deferred tax arising on (revaluation)/impairment	-	103,864,262	-	(11,044,032)
Total items that will not be reclassified to profit or loss	-	(316,298,606)	-	33,632,474
Other comprehensive gain/(loss) for the year net of taxation	-	(316,298,606)	-	33,632,474
Total comprehensive income/(loss) for the year	5,963,305,119	194,448,269	160,481,644	(288,489,889)
Earnings per share (cents):				
Basic	1040.23	33.92	335.13	-78.89
Diluted	1034.75	33.74	333.34	78.89

For the period	HISTORICAL			
	Six months to 09 July 2023	Full Year to 08 January 2023	Full Year to 09 January 2022	Full Year to 10 January 2021
Figures are in Zimbabwe dollars (ZWL)	Reviewed	Audited	Audited	Restated
Revenue	39,314,262,913	24,046,227,856	5,731,273,425	1,705,035,879
Sale of merchandise	32,091,866,676	17,739,993,527	4,647,929,630	1,503,110,782
Cost of Sales	(7,096,522,908)	(6,406,338,726)	(2,209,600,469)	(547,583,572)
Gross profit	24,995,343,768	11,333,654,801	2,438,329,161	955,527,210
Revenue from micro-lending and debtors accounts	7,147,316,172	6,243,010,355	1,070,955,091	198,353,924
Other revenue	75,080,065	63,223,974	12,388,704	3,571,173
Other income	144,450,418	59,396,045	23,303,952	-
Other expenses	(22,516,927,683)	(468,805,094)	(925,408,814)	(289,835,068)
Movement in credit losses	(1,054,264,373)	(441,263,186)	(25,075,105)	(4,465,197)
Selling expenses-store expenses	(13,274,371,542)	(6,579,589,426)	(781,973,969)	(292,676,109)
Financial Services expenses	(3,651,694,650)	(2,150,358,402)	(217,021,621)	(45,798,229)
Trading profit / (loss)	(8,135,067,825)	8,059,269,067	1,595,497,399	524,677,704
Other operating gains/losses	15,349,764,537	(547,944,870)	(436,397,335)	51,206,829
Operating profit / (loss)	7,214,696,712	7,511,324,197	1,159,100,064	575,884,533
Finance income	-	-	5,119,103	83,547
Finance costs	(2,994,499,968)	(3,410,371,948)	(460,279,215)	(53,840,600)
Net monetary (loss) / gain	-	-	-	-
Profit / (loss) before taxation	4,220,196,744	4,100,952,249	703,939,952	522,127,480
Taxation	(5,757,700,529)	(759,575,046)	6,911,460	(132,516,410)
Profit/(loss) for the year	(1,537,503,785)	3,341,377,203	710,851,412	389,611,070
Other comprehensive income: Items that will not be reclassified to profit or loss:				
Revaluation/(Impairment) of property, plant and equipment	30,308,438,819	-	223,218,023	472,085,951
Deferred tax arising on (revaluation)/impairment	(7,492,246,076)	-	(55,178,970)	(116,699,647)
Total items that will not be reclassified to profit or loss	22,816,192,743	-	168,039,053	355,386,304
Other comprehensive gain/(loss) for the year net of taxation	22,816,192,743	-	168,039,053	355,386,304
Total comprehensive income/(loss) for the year	21,278,688,958	3,341,377,203	878,890,465	744,997,374
Earnings per share (cents):				
Basic	268.2	-	-	-
Diluted	266.79	-	-	-

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	INFLATION ADJUSTED			
	9 July 2023	8 January 2023	9 January 2022	10 January 2021
Figures are in Zimbabwe dollars (ZWL)	Audited	Audited	Audited	Restated
Non-Current Assets				
Property, plant and equipment	7,575,260,540	2,425,054,880	2,558,110,412	955,169,198
Right-of-use assets	7,637,785,859	2,445,071,001	1,603,069,165	487,456,641
Intangible assets	733,014,483	234,658,642	247,382,774	85,004,537
Deferred tax	162,954,749	52,166,418	-	-
Total non-current assets	16,109,015,631	5,156,950,941	4,408,562,351	1,527,630,376
Current Assets				
Inventories	12,681,064,070	4,059,566,816	6,280,107,048	883,554,240
Loans and advances to customers	2,180,307,035	697,977,870	521,076,657	48,815,968
Trade and other receivables	27,200,535,681	8,707,659,816	6,560,513,362	726,054,161
Current tax receivable	-	-	17,901,997	-
Bank and cash Balances	7,160,432,664	2,292,256,766	1,542,929,004	451,173,727
Total current assets	49,222,339,470	15,757,461,268	14,922,528,068	2,109,598,096
Total Assets	65,331,355,101	20,914,412,209	19,331,090,419	3,637,228,472
Equity and Liabilities				
Equity				
Share Capital	2,847,009,569	911,408,184	911,408,184	265,129,308
Reserves	2,896,388,449	927,215,758	927,215,758	362,307,519
Retained Income	21,064,965,712	6,743,490,553	6,549,042,287	1,345,699,142
Total equity	26,808,363,730	8,582,114,495	8,387,666,229	1,973,135,969
Liabilities				
Non-Current Liabilities				
Borrowings	214,135,720	68,550,893	-	144,499,585
Lease liabilities	2,570,088,172	-	604,692,795	242,580,440
Deferred tax	-	822,757,822	934,885,409	389,081,398
Total non-current liabilities	2,784,223,892	891,308,715	1,539,578,204	776,161,423
Current Liabilities				
Trade and other payables	11,029,834,125	3,530,961,468	3,468,934,547	481,140,677
Borrowings	12,441,023,454	4,853,258,253	5,199,721,235	248,690,519
Lease Liabilities	7,913,571,364	2,533,357,732	585,252,772	92,059,691
Current tax payable	1,046,990,615	335,171,271	-	57,125,338
Dividend payable	6,387,313	2,044,759	2,044,759	594,822
Contract Liabilities	581,627,885	186,195,516	147,892,673	8,320,033
Bank overdrafts	2,719,332,723	-	-	-
Total current liabilities	35,738,767,479	11,440,988,999	9,403,845,986	887,931,080
Total Liabilities	38,522,991,371	12,332,297,714	10,943,424,190	1,664,092,503
Equity and Liabilities	65,331,355,101	20,914,412,209	19,331,090,419	3,637,228,472

As at	HISTORICAL			
	9 July 2023	8 January 2023	9 January 2022	10 January 2021
Figures are in Zimbabwe dollars (ZWL)	Audited	Audited	Audited	Restated
Non-Current Assets				
Property, plant and equipment	34,297,818,106	1,049,886,231	739,661,982	531,433,029
Right-of-use assets	7,360,949,988	884,926,748	259,406,142	190,301,662
Intangible assets	733,014,483	1,731,080	1,732,648	1,936,727
Deferred tax	-	276,935,761	-	-
Total non-current assets	42,391,782,577	2,213,479,820	1,000,800,772	723,671,418
Current Assets				
Inventories	11,510,054,518	2,555,239,917	1,271,883,112	386,034,460
Loans and advances to customers	3,140,856,954	697,977,870	151,581,581	30,370,053
Trade and other receivables	50,455,255,439	8,707,659,817	1,908,140,441	451,702,682
Current tax receivable	7,878,887,234	-	5,207,682	-
Bank and cash Balances	12,198,154,554	2,292,256,766	448,839,177	280,690,330
Total current assets	85,183,208,699	14,253,134,370	3,785,651,993	1,148,797,525
Total Assets	127,574,991,276	16,466,614,190	4,786,452,765	1,872,468,943
Equity and Liabilities				
Equity				
Share Capital	2,847,009,569	73,411,672	73,411,672	73,411,672
Reserves	25,712,581,192	551,200,508	551,200,508	371,141,103
Retained Income	19,527,461,927	4,512,797,247	1,171,420,044	473,570,611
Total equity	48,087,052,688	5,137,409,427	1,796,032,224	918,123,386
Liabilities				
Non-Current Liabilities				
Borrowings	437,037,182	68,550,893	-	89,898,046
Lease liabilities	-	-	90,685,040	150,917,440
Deferred tax	19,685,208,211	-	175,905,576	163,647,548
Total non-current liabilities	20,122,245,393	68,550,893	266,590,616	404,463,034
Current Liabilities				
Trade and other payables	22,104,505,913	3,530,961,468	1,009,115,600	299,333,777
Borrowings	27,262,125,578	4,853,258,253	1,512,602,715	154,718,725
Lease Liabilities	7,349,623,381	2,533,357,732	170,250,461	57,273,426
Current tax payable	287,039,933	335,171,271	-	35,539,592
Dividend payable	6,387,313	370,059	370,059	370,059
Contract Liabilities	231,690,599	7,535,087	31,491,090	2,646,944
Bank overdrafts	2,124,320,478	-	-	-
Total current liabilities	59,365,693,195	11,260,653,870	2,723,829,925	549,882,523
Total Liabilities	79,487,938,588	11,329,204,763	2,990,420,541	954,345,557
Equity and Liabilities	127,574,991,276	16,466,614,190	4,786,452,765	1,872,468,943

CONSOLIDATED STATEMENTS OF CASHFLOWS

For the period	INFLATION ADJUSTED			
	Six months to 09 July 2023	Full Year to 08 January 2023	Full Year to 09 January 2022	Full Year to 10 January 2021
Figures are in Zimbabwe dollars (ZWL)	Reviewed	Audited	Audited	Restated
Cash flows from operating activities				
Profit/(loss) before taxation	13,981,105,233	1,912,990,499	2,028,429,847	(290,457,345)
Adjustments for:				
Finance income	(11,400,740,070)	(9,660,985,212)	(4,570,143,814)	(448,494,527)
Finance costs	3,588,857,658	4,321,861,379	1,988,682,065	293,251,892
Non-cash items	4,766,726,470	(1,985,743,176)	764,484,288	162,911,563
Changes in working capital:				
(Increase)/decrease in inventories	(10,459,554,042)	2,220,540,232	(3,363,097,976)	733,891,337
(Increase)/decrease in trade and other receivables	(2,916,422,993)	(2,147,146,454)	(4,187,358,009)	128,391,140
Decrease/(increase) in loans and advances to customers	373,922,600	(176,901,213)	(368,803,166)	(2,269,697)
Increase in trade and other payables	2,546,077,022	62,026,921	1,814,965,947	(652,181,358)
Increases/(decrease) in contract liabilities	668,905,190	38,302,843	119,291,738	3,716,934
Cash generated from/(utilised in) operations	1,148,877,068	(5,415,054,181)	(5,773,549,080)	(71,240,061)
Tax paid	(1,331,093,124)	(987,219,709)	(556,358,861)	(140,516,884)
Finance income received	892,327,418	9,067,260,649	3,926,628,620	421,288,287
Finance costs paid	(2,885,090,799)	(3,663,151,604)	(1,102,013,833)	(177,052,702)
Lease interest paid	(285,466,687)	(701,500,610)	(473,967,858)	(116,199,190)
Net cash utilised in operating activities	(2,460,446,124)	(1,699,665,455)	(3,979,261,012)	(83,720,550)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,114,200,284)	(811,549,565)	(414,518,637)	(64,767,325)
Proceeds from disposal of property, plant and equipment	-	5,533,080	-	539,351
Net cash utilised in investing activities	(1,114,200,284)	(811,549,565)	(408,985,557)	(64,227,974)
Cash flows from financing activities				
Proceeds from rights issue	-	-	-	131,053,771
Proceeds from exercise of share options	-	-	-	732,754
Proceeds from borrowings	12,409,523,933	19,205,171,306	11,986,407,386	1,309,866,167
Repayment of borrowings	(10,877,017,636)	(14,178,106,466)	(7,575,241,660)	(863,035,707)
Payment on lease liabilities	(229,764,123)	(780,862,161)	(326,071,053)	(84,136,999)
Net cash generated from financing activities	1,302,742,174	4,246,202,679	4,085,094,673	494,479,986
Net (decrease)/increase in cash and cash equivalents	(2,271,904,234)	1,734,987,659	(303,151,896)	346,531,462
Cash and cash equivalents at the beginning of the year	4,819,721,522	754,373,495	1,118,964,131	(21,023,978)
Effect of exchange rate fluctuations on cash held	(438,315,992)	(1,067,639,607)	(61,438,740)	-
Cash and cash equivalents at the end of the period	2,109,501,296	1,421,721,547	754,373,495	325,507,484

For the period	HISTORICAL			
	Six months to 09 July 2023	Full Year to 08 January 2023	Full Year to 09 January 2022	Full Year to 10 January 2021
Figures are in Zimbabwe dollars (ZWL)	Reviewed	Audited	Audited	Restated
Cash flows from operating activities				
Profit/(loss) before taxation	4,220,196,744	4,100,952,249	703,939,952	522,127,480
Adjustments for:				
Finance income	(7,147,316,172)	(6,243,010,355)	(1,076,074,194)	(177,978,986)
Finance costs	2,994,499,968	3,410,371,948	460,279,215	53,840,600
Non-cash items	23,525,816,275	5,107,006,932	12,336,621	159,552,941
Changes in working capital:				
(Increase)/decrease in inventories	1,171,009,551	(1,283,356,805)	(885,848,652)	(246,900,121)
(Increase)/decrease in trade and other receivables	(23,254,719,754)	(6,799,519,375)	(1,456,437,759)	(315,851,554)
Decrease/(increase) in loans and advances to customers	(960,549,918)	(546,396,289)	(121,211,528)	(24,110,247)
Increase in trade and other payables	11,074,671,783	2,521,845,868	709,781,823	118,787,264
Increases/(decrease) in contract liabilities	(349,937,286)	(23,956,003)	28,844,146	2,008,545
Cash generated from/(utilised in) operations	11,273,671,191	243,938,170	(1,624,390,376)	91,475,922
Tax paid	(1,542,982,082)	(873,839,843)	(161,846,022)	(63,266,360)
Finance income received	8,412,538,235	5,357,134,251	1,263,273,235	140,320,709
Finance costs paid	(3,024,834,388)	(3,333,312,091)	(228,949,604)	(55,315,371)
Lease interest paid	(255,078,921)	(596,051,381)	(111,274,770)	(34,844,152)
Net cash generated from/ (utilised in) operating activities	14,863,314,035	797,869,106	(863,187,537)	78,370,748
Cash flows from investing activities				
Purchase of property, plant and equipment	(94,492,892)	(598,012,718)	(106,523,428)	(36,190,005)
Proceeds from disposal of property, plant and equipment	-	-	1,606,900	335,548
Net cash utilised in investing activities	(94,492,892)	(598,012,718)	(104,916,528)	(35,854,457)
Cash flows from financing activities				
Proceeds from rights issue	-	-	-	69,888,507
Proceeds from exercise of share options	-	-	-	240,522
Proceeds from borrowings	11,768,305,908	10,574,981,198	3,486,854,686	401,695,886
Repayment of borrowings	(8,009,019,447)	(7,806,918,611)	(2,370,015,595)	(283,316,865)
Payment on lease liabilities	(308,869,062)	(698,005,626)	(70,357,623)	(25,599,407)
Net cash generated from financing activities	3,450,417,399	2,070,056,961	1,046,481,468	162,908,643
Net increase in cash and cash equivalents	18,219,238,542	2,269,913,349	78,377,403	205,424,934
Cash and cash equivalents at the beginning of the year	1,421,721,547	219,447,802	202,509,139	(2,915,795)
Effect of exchange rate fluctuations on cash held	(9,567,126,013)	-	-	-
Cash and cash equivalents at the end of the period	10,073,834,076	1,421,721,546	219,447,802	202,509,139

APPENDIX II: INDEPENDENT ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF EDGARS STORES LIMITED FOR THE HALF YEAR ENDED 9 JULY 2023



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INDEPENDENT AUDITOR'S REPORT ON THE REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE SHAREHOLDERS OF EDGARS STORES LIMITED

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Edgars Stores Limited and its subsidiaries ("the Group"), which comprise the condensed consolidated statement of financial position as at 9 July 2023 and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows, for the twenty-six week period then ended, and the selected explanatory notes to the condensed consolidated interim financial information.

The Directors are responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting and the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



A full list of partners and directors is available on request
Associate of Deloitte Africa, a Member of Deloitte Tohmatsu Limited

Basis for Adverse Conclusion

Non-compliance with IAS 21 "The Effects of Changes in Foreign Exchange Rates" with respect to change in functional currency and use of exchange rates

IAS 21 – "The Effects of Changes in Foreign Exchange Rates" requires that the functional currency of an entity reflect the underlying transactions, events and conditions that are relevant to the entity, and to change the functional currency when there is a change in those underlying transactions, events and conditions. Whilst the Group's indicators have provided evidence of a change in functional currency for the entity to United States Dollars (USD) from the beginning of the current twenty-six-week period ended 9 July 2023, management have elected to maintain the Zimbabwe Dollar (ZWL) as the entity's functional currency. This does not comply with the requirements of IAS 21, which requires that when there is a change in an entity's functional currency, the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change.

In addition, during the comparative and current periods, the Group applied exchange rates that did not meet the definition of spot exchange rates in accordance with IAS 21, as they were not available for immediate delivery during the comparative and current periods.

We were unable to quantify the effects of the departure from IAS 21, but the effects are considered to be material and pervasive to the condensed consolidated interim financial information as a whole.

Non-compliance with IFRS 13 "Fair Value Measurements" and IAS 29 "Financial Reporting in Hyperinflationary Economies" in the determination of the value of Property, Plant and Equipment in the comparative period

The method of determining the fair value of property, plant and equipment as at 9 January 2022 was not an accurate reflection of market dynamics and the risk associated with USD transactions on a willing buyer, willing seller basis. Management determined the ZWL equivalent fair values by translating the USD valuations using an estimated exchange rate. We were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the blended exchange rate in the determination of the ZWL fair valuations presented for the prior year, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of property, plant and equipment. IAS 29 further requires non-monetary assets restated from the date of revaluation to thereafter be reduced to their recoverable amount. The ZWL recoverable amount could not be accurately determined in the prior year.

Adverse Conclusion

Due to the materiality and pervasiveness of the matters described in the Basis for Adverse Conclusion paragraphs, we conclude that the accompanying condensed consolidated interim financial information does not present fairly, in all material respects, the financial position of the Group as at 9 July 2023, and its financial performance and its cash flows for the twenty-six-week period then ended in accordance with International Accounting Standard (IAS) 34 - Interim Financial Reporting and the Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019.



**Deloitte & Touche Chartered Accountants (Zimbabwe) Per: Tapiwa Chizana Partner Registered Auditor PAAB
Practice Certificate Number: 0444**

Date: 26 October 2023

APPENDIX III: INDEPENDENT ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF EDGARS STORES LIMITED FOR THE YEAR ENDED 8 JANUARY 2023

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATE FINANCIAL STATEMENTS.

TO THE SHAREHOLDERS OF EDGARS STORES LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the accompanying inflation adjusted consolidated and separate financial statements of Edgars Stores Limited (The "Company") and its subsidiaries (the "Group"), which comprise the inflation adjusted consolidated and separate statement of financial position for the 52 weeks ending 08 January 2023, the inflation adjusted consolidated and separate statement of comprehensive income, the inflation adjusted consolidated and separate statement of changes in equity and inflation adjusted consolidated and separate statement of cash flows for the year then ended, and notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated and separate financial statements do not present fairly, the financial position of the Group for the 52 weeks ending 8 January 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with International Financial Reporting Standard 13 "Fair Value Measurements" (IFRS 13) and International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (IAS 29) in the determination of the value of Property, Plant and Equipment.

The method of determining the fair value of Property, Plant and Equipment as at 9 January 2022 was not an accurate reflection of market dynamics and the risk associated with ZW\$ transactions on a willing buyer, willing seller basis. As detailed in note 1.5 and 2, in the prior year the Group engaged professional valuers to determine fair values in USDs, and management subsequently determined the ZW\$ equivalent fair values by translating those USD valuations using an estimated exchange rate.



A full list of partners and directors is available on request
Associate of Deloitte Africa, a Member of Deloitte Tohmatsu Limited

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. In the prior year, we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable. However, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZW\$/USD blended exchange rate in the determination of the final ZW\$ fair valuations presented for the prior year. The Group did not disclose the unobservable significant inputs applied in the determination of fair value as is required by IFRS 13.

IFRS 13 further requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique

We were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZW\$/USD blended exchange rate in determining the ZW\$ fair value of Property, Plant and Equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of Property, Plant and Equipment in ZW\$. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZW\$ valuations of Property, Plant and Equipment to the blended exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of Property, Plant and Equipment reflects the implications on market dynamics of the blended exchange rate.

IAS 29 par 19 further requires non-monetary assets restated from the date of revaluation (Property, plant and equipment), to thereafter be reduced to their recoverable amount. The ZW\$ recoverable amount could not be accurately determined in the current and prior years.

Non-compliance with International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS 21) on comparative and current year financial information.

During the comparative and current year, the Group applied exchange rates that did not meet the definition of spot exchange rates in accordance with IAS 21, as they were not available for immediate delivery during the comparative and current year. The financial effects on the inflation adjusted consolidated and separate financial statements, of this departure in the comparative and current year, was not determined. Our opinion on the current year's financial information is modified because of the possible effects of the matter on the current year information and that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the inflation adjusted Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of inflation adjusted consolidated financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for *Adverse Opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Determination of Expected Credit Losses (ECL)	
<p>As at 8 January 2023, Gross Trade receivables amounted to ZW\$ 8 192 562 968 (2022: ZW\$6 636 488 990) against which an expected credit loss of ZW\$375 623 640 (2022: ZW\$120 865 323) was recognized.</p> <p>As detailed in note 1.8.1.4, the group's trade receivables financial assets are assessed for impairment based on the forward-looking ECL approach. The Group measures ECL by projecting the probability of default, exposure at default, timing of when loss is likely to occur, and loss given default. The ECL is calculated by multiplying these components together. In determining the ECL, management make use of independent external experts and apply significant judgements and assumptions. To respond to the increased estimation uncertainty included in the ECL model calculation, and the dynamic economic environment the independent experts recalibrated the ECL Model.</p> <p>Due to the size of the balance, the complexity and the judgement inherent in the calculation of the related ECL allowance, and the significant amount of time and specialist resources focused on this matter, the ECL on Trade Receivables has been identified to be a Key Audit Matter.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • We assessed the competence, capabilities, objectivity, and independence of the management's independent experts, and assessed their qualifications. • We engaged the auditor's expert to evaluate the reasonability of the ECL determined by management's experts, and assessed the competence, capabilities, objectivity, and independence of the auditor's expert. • The auditor's expert procedures included, but were not limited to the following: <ul style="list-style-type: none"> - An assessment of the model methodology against the requirements of IFRS 9, - An assessment of the appropriateness of forward-looking macro-economic information, and - Recalculated the ECL based on supporting schedules to evaluate the accuracy of the determined ECL. • We tested the design and implementation of controls with respect to the process of determining the ECL. • We evaluated the completeness of the data in the ECL model by reconciling the data used in the model to the debtor's source data. • We assessed the disclosures in the annual financial statements relating to the expected credit losses on trade receivables in terms of the disclosure requirements of IFRS 9: Financial Instruments and IFRS 7: Financial Instruments disclosures. <p>Based on the audit procedures performed, the ECL determined was reasonable, and the disclosures in the inflation adjusted consolidated and separate financial statements were appropriate, as required by IFRS.</p>

Key Audit Matter	How the matter was addressed in the audit
Valuation of inventory	
<p>The Group holds significant inventories and records allowance for identified obsolete inventories. Gross Inventory on hand at year end amounted to ZW\$ 19 397 918 065 (2022: ZW\$ 6 400 402 946) followed by the recognition of an Inventory obsolescence provision of ZW\$ 15 335 620 001 (2022: ZW\$ 120 295 898).</p> <p>The Group categorised its inventories which comprises mainly of finished goods, into different brackets. Each ageing bracket is subject to different allowances, which are based on historical sales, inventory ageing, allowance patterns as well as developments in the Zimbabwe economy insofar as they impact sales of finished goods.</p> <p>The Group carries inventory at the lower of cost or net realisable value. The cost of inventory is determined using the weighted average cost method.</p> <p>The net realisable value determination contains significant assumptions as the method is impacted by the timing of markdowns, which could impact the gross margin. Judgement by management is also required in the application thereof, as far as it relates to gross margin percentages and markdowns.</p> <p>The valuation of inventory was determined to be a key audit matter in the audit of the Group as a result of the significance of the balance, the complex nature of the calculations and the level of judgement applied by management in determining the valuation and the appropriate level of obsolescence required in the current year.</p>	<p>Our IT specialists performed specific procedures to test the automated controls pertaining to the accuracy of the inventory ageing.</p> <p>The accuracy and completeness of the purchase data in the system was assessed through the testing of relevant automated and manual controls in the procurement process, as well as substantive procedures.</p> <p>We performed the following audit procedures with the assistance of our data analytics specialists:</p> <ul style="list-style-type: none"> • Based on the above procedures evaluated the extent to which the weighted average product ("WAC") cost approximated the cost as required by IAS 2; • Tested the underlying purchases and relevant controls with respect to the establishment of the WAC; • Assessed markdowns pre- and post- year end to ensure that there was no unfair bias in the valuation of inventory, and that the inventory obsolescence was reasonable; • Challenged the management assumptions emanating from the trigger points and events during the year, that would have informed their judgement with respect to the assumptions underlying the inventory obsolescence provision. • Performed retrospective procedures to assess the adequacy of the previous year's Inventory obsolescence provision, based on the judgements applied by the Directors based on the information available, at that point in time. • Considered whether the provision for obsolete inventory, built into the WAC valuation method of inventory, adequately covered the risk of overstatement of inventory; • Considered the adequacy of the disclosures in the inflation adjusted consolidated and separate financial statements as required by IFRS. <p>Based on the procedures performed we determined the assumptions used in the application of the WAC to be reasonable. The Directors' judgements supporting the inventory provision were determined to be reasonable, and the disclosures in the inflation adjusted consolidated and separate financial statements were appropriate, as required by IFRS.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies and Other Business Entities Act (Chapter 24:31), the Supplementary Information (Historical Financial Statements), which we obtained prior to the date of this auditor's report. The other information does not include the inflation adjusted consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, we have concluded that the other information is materially misstated for the same reasons with respect to the amounts or disclosures items in the Directors' Report and historical financial information, at the reporting date.

Responsibilities of the directors for the inflation adjusted consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Other Business Entities Act of Zimbabwe (Chapter 24:31) and relevant statutory instruments and for such internal control as the directors determine is necessary to enable the preparation of inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the inflation adjusted consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory matters

In fulfilment of the requirements of Section 193 of the Companies and Other Business Entities Act (Chapter 24:31) ("the Act"), we report to the shareholders as follows:

Section 193(1)(a)

Because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated and separate financial statements of the Group are not properly drawn up in accordance with the Act and do not give a true and fair view of the state of the Group's affairs at the date of its financial statements.

Section 193(2)

We have no matters to report in respect of the Section 193(2) requirements of the Act, in addition to those already addressed in the Basis for Adverse Opinion section of our report.



Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Tapiwa Chizana
Partner
Registered Auditor
PAAB Practice Certificate Number: 0444

8 May 2023

APPENDIX IV: INDEPENDENT ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF EDGARS STORES LIMITED FOR THE YEAR ENDED 9 JANUARY 2022

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF EDGARS GROUP LIMITED

Introduction

We have audited the accompanying inflation adjusted consolidated and separate financial statements of Edgars Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 4 to 56 which comprise the inflation adjusted consolidated and separate statement of financial position for the 52 weeks ending 9 January 2022, the inflation adjusted consolidated and separate statement of comprehensive income, the inflation adjusted consolidated and separate statement of changes in equity, and the inflation adjusted consolidated and separate statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the inflation adjusted consolidated and separate financial statements do not present fairly, the financial position of the Group for the 52 weeks ending 9 January 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act and Other Business Entities Act of Zimbabwe (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with IFRS 13 "Fair Value Measurements" (IFRS 13) in the determination of the value of Property, Plant and Equipment for the current and comparable years

As set out in note 1.5 and note 2 to the inflation adjusted consolidated and separate financial statements, the Group performed a revaluation of Property, Plant and Equipment for the 52 weeks ending 9 January 2022. The Group engaged professional valuers to determine fair values in USDs, and management subsequently determined the ZWL equivalent fair values by translating those USD valuations using an estimated exchange rate for the 52 weeks ending 9 January 2022. In addition, the Group's Leasehold Improvements were not revalued in prior year in accordance with the group's accounting policy.

IFRS 13 defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at a measurement date. In the current and prior period, we found the assumptions and methods used by the professional valuers to determine the USD valuations reasonable. However, we were unable to obtain sufficient appropriate evidence to support the appropriateness of the application of the ZW\$/USD blended exchange rate in the determination of the final ZW\$ fair valuations presented for the prior and current years. Consequently, the Group did not disclose the unobservable significant inputs applied in the determination of fair value as is required by IFRS 13.

IFRS 13 further requires:

- a fair value to be determined using the assumptions that market participants would use when pricing the asset, assuming market participants act in their economic best interests; and
- fair value to reflect the price that would be received to sell the asset in an orderly transaction in the principal market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique

We were therefore unable to obtain sufficient appropriate evidence to support the appropriateness of simply applying the closing ZW\$/USD blended exchange rate in determining the ZW\$ fair value of Property, Plant and Equipment, without any further adjustments to reflect how the economic conditions within the country as at that measurement date would impact the assumptions that market participants would use in pricing the items of Property, Plant and Equipment in ZW\$. Such matters include, but are not limited to:

- the correlation of the responsiveness of ZW\$ valuations of Property, Plant and Equipment to the blended exchange rate and related underlying USD values; and
- the extent to which supply and demand for the items of Property, Plant and Equipment reflects the implications on market dynamics of the blended exchange rate.

The method of determining the value of the Property, Plant and Equipment in the current and prior year is reasonable, in US dollars but is not an accurate reflection of market dynamics and the risk associated with ZW\$ transactions on a willing buyer, willing seller basis.

Impact of incorrect date of application of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" (IAS 21) on comparative financial information and inability to determine the appropriate spot exchange rates to apply to the foreign currency transactions and balances, in the prior and current years.

The Group did not comply with IAS 21 in the prior financial years, as it elected to comply with Statutory Instrument 33 of 2019 ("SI 33/19"). Had the assessment required by IAS 21 occurred in the correct period from 1 October 2018, the adjustments that were recognised in the 2019 period would have been materially different. Therefore, the departure from the requirements of IAS 21 were pervasive in the prior years.

Furthermore, the Group applied exchange rates that did not meet the definition of spot exchange rates in accordance with IAS 21, as they were not available for immediate delivery during the comparative and current years. The financial effects on the inflation adjusted consolidated and separate financial statements, of this departure on retained income in the prior year, was not determined. Our opinion on the current year's financial information is modified because of the possible effects of the matter in the current year and the comparability of the current years' financial information with that of the prior year.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the inflation adjusted Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of inflation adjusted consolidated financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Adverse Opinion section, we have determined the matters below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Property, Plant and Property and Equipment	
<p>As detailed in note 2, the valuation of Property, Plant and Equipment, comprises 13% (2021:26%) of the Group's total assets amounting to approximately ZWL 744 million and ZWL 955 million respectively. This has been considered to be an area where significant judgements were applied.</p> <p>In determining the value of Property, Plant and Equipment the directors make use of independent external valuers who in turn involve the use of judgements.</p> <p>The determination of the value of Property, Plant and Equipment was considered to be a matter of most significance during the current year audit due to the following</p> <ul style="list-style-type: none"> • Use of unobservable information such as: <ul style="list-style-type: none"> o Replacement costs o Comparable market information o Estimated exchange rates • The current economic environment is extremely volatile given the valuation intricacies impacting property in the Zimbabwean market. Valuations undertaken in US dollars have corroborative sales evidence. 	<p>We performed the following audit procedures</p> <ul style="list-style-type: none"> • We assessed the competence, capabilities, objectivity, and independence of the directors' independent valuers, and assessed their qualifications. • We made enquiries of the directors' independent external valuers to obtain an understanding of the valuation techniques and judgements adopted. • We assessed the work performed by the independent external valuers in valuing Property, Plant and Equipment by performing the following: <ul style="list-style-type: none"> o Reviewed the valuation methods used and assessed whether they are appropriate and consistent with the reporting requirements o Evaluated the principles and integrity of the models used, in accordance with generally accepted valuation methodology within the economic environment, in consultation with the auditor's property valuation expert. o Assessed the competence and qualifications of management's expert; and o Challenged the assumptions and methodology applied by management's expert through the use of the auditor's property expert. o Assessed the inputs in the valuation model for accuracy and completeness; o Evaluated the consolidation and separate financial statement disclosures for appropriateness and adequacy. <p>Based on the audit procedures performed the Property, Plant and Equipment values were determined not to be in compliance with IFRS 13 "Fair value measurements".</p>

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
 - o If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS (ZIMBABWE)

PER: TAPIWA CHIZANA
PARTNER
REGISTERED AUDITOR
PAAB PRACTICE CERTIFICATE NUMBER: 0444

25 JULY 2022

APPENDIX V: INDEPENDENT ACCOUNTANTS REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF EDGARS STORES LIMITED FOR THE YEAR ENDED 10 JANUARY 2021



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EDGARS STORES LIMITED

Report on the Audit of the Inflation Adjusted Consolidated and Separate Financial Statements

Adverse Opinion

We have audited the inflation adjusted consolidated and separate financial statements of Edgars Stores Limited and its subsidiaries ("the Company and Group"), as set out on pages 34 to 108, which comprise the inflation adjusted consolidated and separate statements of financial position as at 10 January 2021, and the inflation adjusted consolidated and separate statements of profit or loss and other comprehensive income, the inflation adjusted consolidated and separate statements of changes in equity and the inflation adjusted consolidated and separate statements of cash flows for the 53 weeks then ended, and notes to the inflation adjusted consolidated and separate financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the accompanying inflation adjusted consolidated and separate financial statements do not present fairly the financial position of the Group and Company as at 10 January 2021, and their financial performance and cash flows for the 53 weeks then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

Basis for Adverse Opinion

Non-compliance with IFRSs: International Accounting Standard (IAS) 21 - The Effects of Changes in Foreign Exchange Rates and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The Group and Company changed their functional and reporting currency from United States Dollars (USD) to Real Time Gross Settlement Dollars (RTGS\$) on 22 February 2019 in compliance with Statutory Instrument 33 of 2019.

We however believe that the change occurred on 1 October 2018 in terms of IAS21 given the significant monetary and exchange control policy changes witnessed in Zimbabwe from 2016 through to 2019.

Our audit opinion for the 52 weeks ended 05 January 2020 was therefore modified as management prospectively applied the change in functional currency from USD to RTGS\$ from 23 February 2019, which we disagreed with. The correct approach would have been a retrospective restatement as a prior period error in terms of IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The matter continues to impact Retained earnings of ZWL861 073 556 (Company: Retained earnings of ZWL890 327 752) on the inflation adjusted consolidated and separate statements of financial position which still comprise of material amounts from opening balances, as well as cost of sales and income tax expenses on the consolidated and separate statements of profit or loss and other comprehensive income.

Exchange rates used in current year.

In the current year, the Group and Company translated foreign denominated transactions and balances to ZWL using the interbank exchange rates for the period 05 January 2020 to 22 June 2020. (This includes the period between March and June 2020 when the exchange rate was fixed at US\$1: ZWL25). Subsequent to 23 June 2020, management translated foreign denominated transactions and balances to ZWL using the weighted average auction exchange rates for the period 23 June 2020 to 10 January 2021. The exchange rates used for the translation do not meet the definition of spot exchange rates as per IAS 21, as they were not available for immediate delivery for the first half of the year and not always accessible for the remainder of the year. As a result, all amounts in the inflation adjusted consolidated and separate statements of profit or loss and other comprehensive income are impacted except for income from microfinance institution, other operating income & expenses, finance income and finance costs.

In addition, the following elements on the inflation adjusted consolidated and separate statements of financial position are materially misstated:

Group:

- Inventories of ZWL549 688 772;
- ZWL205 919 684 included in Cash and cash equivalents of ZWL280 690 330;
- Deferred tax liabilities of ZWL248 588 702;
- ZWL12 922 937 included in Trade and other payables of ZWL299 333 777; - ZWL8 692 771 included in Current tax liabilities of ZWL35 539 592.

Company:

- Inventories of ZWL549 545 942;
- ZWL205 900 955 included in Cash and cash equivalents of ZWL277 357 665;
- Deferred tax liabilities of ZWL242 027 756;
- ZWL12 922 937 included in Trade and other payables of ZWL297 963 533; - ZWL8 692 771 included in Current tax liabilities of ZWL33 981 288.

However, owing to the lack of information on the spot exchange rates available to the Group and Company it is not possible to quantify the impact of this departure from IFRS on the amounts noted above. Our opinion was also modified in respect of this matter in the prior year.

Valuation of Property, plant and equipment (Non-compliance with IFRS 13 – Fair Value Measurement and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors)

In the prior year, the Group and Company's Properties (Land and buildings) were incorrectly valued as a conversion rate was applied to USD valuation inputs to calculate the ZWL asset values which we disagreed with. Those incorrect values were brought forward into the current year as opening balances without any adjustments being made in terms of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. The correct approach would have been a retrospective restatement as a prior period error in terms of IAS 8. The matter is continuing in the current year.

The Group and Company's Property, plant and equipment which are accounted for on the revaluation model under IAS16- Property, Plant & Equipment, are carried at ZWL594 242 842 (05 January 2020: ZWL496 500 904) and ZWL568 377 520 (05 January 2020: ZWL484 644 176) respectively as at 10 January 2021 as described in Note 13 to the financial statements.

These assets were valued by management experts using historical USD denominated inputs and converted into ZWL at the auction exchange rates both in the prior year and as at 10 January 2021. The implicit investment method was applied for commercial properties and key inputs into the calculations include rentals per square metre and capitalisation rates. Residential properties were valued in terms of the market comparable approach. Plant and Equipment was valued in terms of the Depreciated Replacement Cost approach.

The translation process adopted by management does not meet the fair value measurement principles of the affected items as set out in IFRS 13 “Fair Value Measurement” due to the following considerations: 1) The USD estimated rentals (used in the implicit investment method) may not be an appropriate proxy for the ZWL amounts in which rentals are settled. 2) While historical USD amounts based on similar transactions have been used as a starting point in determining comparable values on the market comparable approach, it is noted that market participants take into account different risk factors in determining an appropriate value in ZWL terms which are not necessarily limited to the exchange rates.

Consequently, Property, Plant and Equipment may be materially misstated, and owing to the lack of information on relevant inputs in ZWL we are unable to determine what adjustments may be necessary to correctly account for these amounts. Our opinion on the prior and current year’s consolidated and separate financial statements is also modified because of the possible effect of this matter on the comparability of the current year’s figures and the corresponding figures.

Furthermore, the Group and Company’s Leasehold Improvements carried at ZWL66 975 707 (05 January 2020: ZWL71 267 320) and ZWL55 224 520 (05 January 2020: ZWL62 820 284) respectively as at 10 January 2021 were not revalued in accordance with the group’s accounting policy. Due to the significant changes seen in the current economic environment since the last revaluations in 2018, another revaluation exercise should have been carried out as at period end as is required by IAS 16 – Property, Plant & Equipment which states that carrying amounts should approximate fair values. However, as at 10 January 2021, this had not been done by management. Owing to the lack of information on relevant inputs in ZWL we are unable to determine the appropriate fair values and therefore cannot quantify the possible impact.

Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

Furthermore, notwithstanding that IAS 29 has been applied correctly, it is noted that its application was based on prior and current periods’ financial information which was not in compliance with IAS 21 / IAS 8/ IAS 16/ IFRS 13 as described above. Had the correct base numbers been used, the following account balances on the inflation adjusted consolidated and separate Statements of Financial Position and Statements of Profit or Loss and Other Comprehensive Income would have been materially affected:

Group:

- Inventories of ZWL549 688 772 (05 January 2020: ZWL1 349 488 852);
- Other reserves of ZWL225 403 676 (05 January 2020: ZWL203 858 356);
- Retained earnings of ZWL861 073 556 (05 January 2020: ZWL1 038 228 960);
- Deferred tax liabilities of ZWL248 588 702 (05 January 2020: ZWL310 168 622);
- Sales of merchandise of ZWL2 032 452 587 (05 January 2020: ZWL2 601 991 246);
- Cost of sales of ZWL1 377 085 281 (05 January 2020: ZWL1 642 536 581);
- Other gains and losses of ZWL85 562 982 (05 January 2020: ZWL22 273 178);
- Income tax expense of ZWL26 227 966 (05 January 2020: ZWL17 314 047);
- Gains on revaluation of Property, plant and equipment of ZWL27 794 756 (05 January 2020: ZWL109 434 289);
- Net monetary gain/(loss) of ZWL247 725 338 (05 January 2020: loss - ZWL88 583 140).

Company:

- Inventories of ZWL549 545 942 (05 January 2020: ZWL1 349 231 720);
- Other reserves of ZWL212 394 986 (05 January 2020: ZWL200 654 985);
- Retained earnings of ZWL890 327 752 (05 January 2020: ZWL1 062 881 099);
- Deferred tax liabilities of ZWL242 027 756 (05 January 2020: ZWL310 162 782);
- Sales of merchandise of ZWL2 032 452 587 (05 January 2020: ZWL2 601 991 246);
- Cost of sales of ZWL1 376 970 977 (05 January 2020: ZWL1 642 536 581);
- Other gains and losses of ZWL85 224 679 (05 January 2020: ZWL21 945 795);
- Income tax expense of ZWL21 049 355 (05 January 2020: ZWL40 881 377);
- Gains on revaluation of Property, plant and equipment of ZWL15 595 114 (05 January 2020: ZWL109 434 289);
- Net monetary gain/(loss) of ZWL251 813 241 (05 January 2020: loss - ZWL43 973 879).

Overall Consequential Impacts

As no restatements have been recorded in current year per IAS 8 to correct the above matters, our audit opinion on inflation adjusted consolidated and separate financial statements for the year ended 10 January 2021 is further modified for the following reasons:

- Virtually all corresponding numbers remain misstated on the inflation adjusted consolidated and separate Statements of Financial Position, the inflation adjusted consolidated and separate Statements of Profit or Loss and Other Comprehensive Income, the inflation adjusted consolidated and separate Statements of Cash Flows and the inflation adjusted consolidated and separate Statements of Changes in Equity. This also impacts comparability of the current period’s figures.

The effects of the above departures from IFRS are material and pervasive to the inflation adjusted consolidated and separate financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the inflation adjusted consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Key Audit Matters

Except for the matters described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the Group Chairman’s Report, Group Financial Highlights, Sustainability Report, Corporate Information and all the historical cost information, which is disclosed as supplementary information, but does not include the inflation adjusted consolidated and separate financial statements and our auditor’s report thereon. Our opinion on the inflation adjusted consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of inflation adjusted consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Adverse Opinion section above, the Company and Group did not comply with the requirements of IAS 21 – *Effects of Changes in Foreign Exchange Rates*, IAS 8 – *Accounting Policies*, *Changes in Accounting Estimates and Errors*, IAS 29 – *Financial Reporting in Hyperinflationary Economies*, IAS 16 – *Property, plant and equipment* and IFRS 13 – *Fair Value Measurement*. We have concluded that the other information is materially misstated for the same reasons.

Responsibilities of the Directors for the Inflation adjusted Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31), and for such internal controls as the directors determine is necessary to enable the preparation of the inflation adjusted consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated and separate financial statements, the directors are responsible for assessing the Group's and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Inflation adjusted Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these inflation adjusted consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

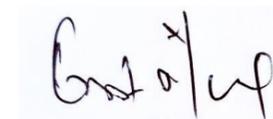
- Identify and assess the risks of material misstatement of the inflation adjusted consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the inflation adjusted consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company and group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the inflation adjusted consolidated and separate financial statements, including the disclosures, and whether the inflation adjusted consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the inflation adjusted consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr David Gwande (PAAB Practicing Certificate Number 132).



ERNST & YOUNG CHARTERED ACCOUNTANTS (ZIMBABWE) REGISTERED PUBLIC AUDITORS BULAWAYO

31 May 2021

APPENDIX VI- NOTICE OF EXTRAORDINARY GENERAL MEETING



(Edgars Stores Limited, incorporated in Zimbabwe in 1948 under Company Registration Number 379/1948)

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of Edgars Stores Limited is to be held on Friday, 22 March 2024 at 1000 hours virtually by electronic means on <https://escrowagm.com/eagmZim/Login.aspx>, for the purpose of transacting the following business:

TO CONSIDER and, if deemed fit, to pass, with or without modification, the following Resolutions:

SPECIAL RESOLUTION 1 – DELISTING OF EDGARS STORES LIMITED FROM THE ZIMBABWE STOCK EXCHANGE (“ZSE”)

THAT the Company’s shares be removed from the Main Board of the Zimbabwe Stock Exchange through a voluntary termination of the listing on the Zimbabwe Stock Exchange in terms of section 11 of the ZSE Listing Requirements.

SPECIAL RESOLUTION 2- LISTING OF EDGARS STORES LIMITED ON THE VICTORIA FALLS STOCK EXCHANGE (“VFEX”)

THAT the Company’s ordinary shares be listed on the Victoria Falls Stock Exchange in accordance with the VFEX Listing Requirements.

ORDINARY RESOLUTION 1 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS

THAT the Directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions and that any and all such actions already taken by the Directors in connection therewith be and are hereby ratified.

NOTES:

- a) Members are hereby advised to contact our Transfer Secretaries, Corpserve on +263 772 289 768 or +263 779 145 849 or e-mail at corpserve@escrowgroup.org for any assistance with any matter relating to the online eEGM process.
- b) **Audited financial statements and Annual Report:**
Electronic Copies of the Company’s 2023 Annual Report, the financial statements and the Directors’ and Independent Auditors’ Reports for the year ended 8 January 2023, 2022, 2021 and half year ended 9 July 2023 are available on the Company’s website: www.edgars.co.zw
- c) **Special and Ordinary Resolutions**
A detailed Circular incorporating the transaction to be considered was published on Friday, 1 March 2024 is available on the Company’s website www.edgars.co.zw

BY ORDER OF THE BOARD

APPENDIX VII – FORM OF PROXY



(Edgars Stores Limited, incorporated in Zimbabwe in 1948 under Company Registration Number 379/1948)

PROXY FORM

I / We

Of.....

Being member/members of Edgars Stores Limited hereby appoint:

Mr. / Mrs. / Ms. / Dr

Or failing him or her/ Mr./Mrs./Ms./Dr.....

Of.....

As my/our proxy to vote for me/us on my/our behalf at the EGM of the Company to be held on Friday, 22 March 2024, at 1000 hours and at any adjournment thereof, for the purpose of considering and, if deemed fit passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions:

Resolutions	For	Against	Abstain
SPECIAL RESOLUTION 1 – DELISTING OF EDGARS STORES LIMITED FROM THE ZIMBABWE STOCK EXCHANGE (“ZSE”) THAT the Company’s shares be removed from the Main Board of the Zimbabwe Stock Exchange through voluntary termination of the listing on the Zimbabwe Stock Exchange in terms of section 11 of the ZSE Listing Requirements.			
SPECIAL RESOLUTION 2- LISTING OF EDGARS STORES LIMITED ON THE VICTORIA FALLS STOCK EXCHANGE (“VFEX”) THAT the Company’s ordinary shares be listed on the Victoria Falls Stock Exchange in accordance with the VFEX Listing Requirements			
ORDINARY RESOLUTION 1 – DIRECTORS AUTHORISED TO GIVE EFFECT TO RESOLUTIONS THAT the directors be and are hereby authorised to do any and all such things as may be necessary to give effect to the above resolutions.			

Signed thisday of2024

Signature(s) of member.....

NOTE

1. In terms of Section 171 of the Companies and Other Business Entities Act (Chapter 24:31), members are entitled to appoint one or more proxies to act in the alternative and to attend and vote and speak in their place. A proxy need not also be a member of the Company. A Director or Officer of the Company shall not be appointed as a proxy for a Shareholder.
2. Regulation 80 of the Company's Articles of Association provides that the instrument appointing a proxy shall be deposited at the office of the Company not less than 48 hours before the time appointed for holding the meeting.
3. Shareholders in the form of a corporate body must provide documentary evidence establishing the authority of a person signing the Form of Proxy in a representative capacity; this authority must take the form of a resolution of the corporate body.
4. According to the approval granted by the ZSE, Special Resolutions 1 and 2 may be passed by a threshold of 75 (seventy-five) per centum of the votes of all Shareholders present or represented by proxy at the EGM excluding the controlling shareholders, Annunaki Investments (Private) Limited, Bellfield Limited and their associates. Ordinary Resolution 1 may be passed by a threshold of 50 (fifty) per centum plus one ordinary share of the votes of all Shareholders present or represented by proxy at the EGM excluding the controlling shareholders, Annunaki Investments (Private) Limited, Bellfield Limited and their associates.

FOR OFFICIAL USE
NUMBER OF SHARES HELD

INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

1. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as a proxy to the exclusion of those whose names follow. No Director of the Company, nor any officer of the Company, may be appointed as a proxy.
2. A Shareholder's instruction to the proxy must be indicated by means of a cross/tick whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the EGM as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy or cast them in the same way.
3. Deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration or correction must be initialled by the signatory or signatories.
4. The Chairman shall be entitled to decline to accept the authority of a person signing the proxy form:
 - i. under a power of attorney
 - ii. on behalf of a companyunless that person's power of attorney or authority is deposited at the offices of the Company's transfer secretaries, or the registered office of the Company, not less than 48 hours before the meeting.
5. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted shall be regarded as the validly appointed proxy.
6. When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
7. The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. In order to be effective, completed proxy forms must reach the Company's Transfer Secretaries or the registered office of the Company not less than 48 hours before the time appointed for the holding of the EGM.
9. Please ensure that name(s) of the member(s) on the form of proxy and the voting form are the same as those on the share register.