



# EDGARS STORES LIMITED

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

**Directors:** T.N. Sibanda (Chairman), C. Dube, L.L. Tumba, R. Mlotshwa, L. Masterson (CEO), B. Mpofu (CFO), V. Mpofu, T. Ndlovu, M. Hosack.

**Registered Address:** 9<sup>th</sup> and Herbert Chitepo, Bulawayo, Zimbabwe.

## ABRIDGED CIRCULAR TO SHAREHOLDERS

### Concerning

A Renounceable Rights Offer of 274,745,630 ordinary shares of a nominal value of ZWL\$0.01 each, at a Rights Offer price of ZWL\$0.2548 per share, on the basis of five (5) new ordinary shares for every six (6) ordinary shares in issue as at the Record Date.

#### Lead Advisors



#### Sponsoring Brokers



#### Reporting Accountants



#### Legal Advisors



#### Transfer Secretaries



#### Underwriters



### ACTION REQUIRED:

- 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 advisor
- No person has been authorised to give any information, or make any representations in connection with the Renounceable Rights Offer or the Company other than as contained in this Document and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, its Directors or its advisors. The Advisors are acting as advisors to the Company only, in connection with the Renounceable Rights Offer, and will not be responsible to any other person for providing the protection offered to their clients.
- If you no longer hold any shares in Edgars Stores Limited, you should send this document and the accompanying proxy form as soon as possible to the stockbroker, bank or other agent through whom the sale or disposal of your shares was effected for transmission to the purchaser or transferee

Date of issue of this document: 26 May 2020

### 1 COMPANY PROFILE.

#### 1.1 Background

Edgars Stores Limited is a limited company incorporated and domiciled in Zimbabwe whose shares are publicly traded. Their core business is the retailing of clothing, footwear, textiles and accessories. Through their credit and cash stores, they aim to supply their customers with value for money by providing quality merchandise for the family at competitive prices. As at April 2020 the group had a total of 53 stores nationwide, with over 38,966 sq. metres of store space. Their business is retailing through credit and cash stores. Edgars is a well-known brand in the clothing and footwear retail business in Zimbabwe.

#### 1.2 Overview of Operations

The Group is organised into three strategic business units. An overview of Edgars activities, by operating subsidiary, is detailed below

#### EDGARS

Edgars is the core operating and flagship company for the group. The core business of Edgars is the retailing of clothing, footwear, textiles and accessories.

#### Edgars Retailing

Edgars retail provides clothing to consumers through two distinct brands, namely Edgars and Jet. The Edgars brand provides quality, fashion and convenient shopping at competitive prices to the whole family in the middle to upper-income groups. The brand offers fashion merchandise, with no compromise on quality, at competitive prices for the whole family. It also offers competitive credit to our customers. On the other hand, Jet seeks to provide quality, value and commercial fashion with compelling opening price points at very competitive prices to the whole family in the lower to middle income group.

#### CAROUSEL

Carousel is the manufacturing business unit of Edgars. It supplies the retail business and other retailers with a wide range of denim, ladies', children's and gents' casual wear.

#### CLUB PLUS PRIVATE LIMITED

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.

#### FINANCIAL SERVICES

Manage 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.

### COMPANY FINANCIALS

#### INCOME STATEMENT FOR THE 52 WEEKS TO 5 JANUARY 2020

	GROUP			
	52 weeks to	52 weeks to	52 weeks to	52 weeks to
	5 Jan 2020	Jan 2019	5 Jan 2020	6 Jan 2019
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	Inflation Adjusted		Historical	
<b>Revenue from contracts with customers</b>	<b>595,242,864</b>	<b>629,048,828</b>	<b>267,001,142</b>	<b>78,118,743</b>
Sales of merchandise	580,048,606	608,435,784	261,906,999	75,575,868
Cost of sales	(366,162,282)	(417,287,899)	(114,764,838)	(41,117,022)
<b>Gross profit</b>	<b>213,886,324</b>	<b>191,147,885</b>	<b>147,142,161</b>	<b>34,458,846</b>
Income from microfinance institution	12,436,004	12,808,924	4,250,887	1,602,357
Other gains and losses	4,965,246	258,056	37,483	23,386
Credit management and debt collection costs	(16,924,655)	(22,257,471)	(10,040,121)	(2,330,018)
Store expenses	(90,836,658)	(101,602,746)	(35,626,636)	(12,505,486)
Other operating income and expenses	(114,345,928)	(120,892,346)	(50,020,444)	(15,534,128)
Finance income	45,169,383	54,642,610	21,065,492	6,614,469
Finance costs	(11,715,114)	(6,516,541)	(7,418,730)	(816,151)
Net monetary (loss) / gain	(20,885,438)	140,253,110	-	-
<b>Profit before tax</b>	<b>21,749,165</b>	<b>147,841,481</b>	<b>69,390,094</b>	<b>11,513,275</b>
Income tax expense	(3,859,732)	(55,973,859)	(17,788,895)	(3,015,175)
<b>Profit for the period</b>	<b>17,889,433</b>	<b>91,867,622</b>	<b>51,601,199</b>	<b>8,498,100</b>

#### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 52 WEEKS TO 5 JANUARY 2020

	GROUP			
	52 weeks to	52 weeks to	52 weeks to	52 weeks to
	5 Jan 2020	Jan 2019	5 Jan 2020	6 Jan 2019
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	Inflation Adjusted		Historical	
<b>Cash flows from operating activities</b>				
Profit before tax	21,749,165	147,841,481	69,390,094	11,513,275
<b>Adjusted for:</b>				
Finance income	(45,169,383)	(54,642,610)	(21,065,492)	(6,614,469)
Finance costs	11,715,114	6,516,541	7,418,730	816,151
Non cash items	(10,586,678)	(125,385,689)	20,019,190	3,118,193
Movements in working capital	(70,981,403)	8,741,197	(109,285,964)	(7,186,148)
Cash generated from operations	(93,273,186)	(16,929,081)	(33,523,443)	1,647,002
Finance income received	43,421,386	54,642,610	15,794,127	6,272,603
Finance costs paid	(11,228,012)	(6,516,541)	(6,799,927)	(923,722)
Lease interest paid	(2,152,928)	-	(2,152,928)	-
Taxation paid	(24,516,802)	(16,090,390)	(11,282,824)	(3,645,785)
<b>Cash (used in) / generated from operating activities</b>	<b>(87,749,542)</b>	<b>15,106,599</b>	<b>(37,964,995)</b>	<b>3,350,099</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	(6,849,599)	(19,500,622)	(4,880,951)	(2,216,051)
Proceeds from disposal of property, plant and equipment	-	1,478,333	-	168,607
<b>Net cash used in investing activities</b>	<b>(6,849,599)</b>	<b>(18,022,289)</b>	<b>(4,880,951)</b>	<b>(2,047,444)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of share options	1,611,632	-	407,596	-
Proceeds from borrowings	122,370,708	48,226,165	52,750,000	6,000,000
Repayment of borrowings	(64,817,696)	(18,663,660)	(12,894,422)	(2,357,802)
Payments of principal portion of lease liabilities	(6,528,402)	-	(6,528,402)	-
Payments of dividend	(1,425,601)	(5,455,832)	(320,333)	(619,323)
<b>Net cash generated from financing activities</b>	<b>51,210,641</b>	<b>24,106,673</b>	<b>33,414,439</b>	<b>3,022,875</b>
Net (decrease) / increase in cash and cash equivalents	(43,388,500)	21,190,983	(9,431,507)	4,325,530
Cash and cash equivalents at the beginning of the period	40,472,706	19,281,723	6,515,713	2,296,428
Cash balances from Carousel	-	-	-	(106,244)
<b>Cash and cash equivalents at the end of the period</b>	<b>(2,915,795)</b>	<b>40,472,706</b>	<b>(2,915,795)</b>	<b>6,515,714</b>

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 5 JANUARY 2020

	GROUP			
	52 weeks to	52 weeks to	52 weeks to	52 weeks to
	5 Jan 2020	Jan 2019	5 Jan 2020	6 Jan 2019
	ZWL\$	ZWL\$	ZWL\$	ZWL\$
	Inflation Adjusted		Historical	
<b>Assets</b>				
Non-current assets				
Property, plant and equipment	110,682,408	95,807,843	25,676,220	14,525,571
Right of use asset	20,369,062	-	20,369,062	-
Intangible assets	14,409,890	11,705,612	2,234,800	1,326,805
Investment in a subsidiary	-	-	-	-
Deferred tax asset	-	158,176	-	25,465
<b>Total non-current assets</b>	<b>145,461,361</b>	<b>107,671,630</b>	<b>48,280,082</b>	<b>15,877,841</b>
<b>Current assets</b>				
Inventories	300,834,650	122,000,727	146,382,574	15,985,570
Trade and other receivables	117,932,121	158,755,226	117,284,451	25,518,659
Loans and advances to customers	6,455,962	26,557,994	6,455,962	4,275,580
Intercompany loan	-	-	-	-
Income tax receivable	186,714	236,223	186,714	38,030
Cash and cash equivalents	8,881,604	41,132,643	8,881,604	6,621,957
<b>Total current assets</b>	<b>434,291,051</b>	<b>348,682,813</b>	<b>279,191,305</b>	<b>52,439,795</b>
<b>Total assets</b>	<b>579,752,412</b>	<b>456,354,443</b>	<b>327,471,387</b>	<b>68,317,636</b>
<b>Equity and liabilities</b>				
Issued capital	18,493,185	3,569,958	3,523,164	405,690
Other reserves	45,445,101	24,991,864	15,133,369	7,767,764
Retained earnings	231,447,074	220,523,945	84,580,970	34,606,121
<b>Total capital and reserves</b>	<b>295,385,360</b>	<b>249,085,766</b>	<b>103,237,504</b>	<b>42,779,575</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	69,144,305	76,523,883	9,011,138	4,489,417
Long term portion of interest bearing loans and borrowings	24,244,255	22,694,348	24,244,255	3,653,570
Lease liabilities	10,020,155	-	10,020,155	-
<b>Total non-current liabilities</b>	<b>103,408,716</b>	<b>99,218,231</b>	<b>43,275,549</b>	<b>8,142,987</b>
<b>Current liabilities</b>				
Trade and other payables	128,350,444	70,442,544	128,350,444	11,340,568
Dividend payable	370,058	2,190,339	370,058	352,622
Current tax liabilities	4,631,621	4,121,579	4,631,621	663,534
Contract liabilities	638,400	2,389,536	638,400	384,692
Interest bearing loans and borrowings	35,609,703	28,906,450	35,609,703	4,653,658
Lease liabilities	11,358,110	-	11,358,110	-
<b>Total current liabilities</b>	<b>180,958,335</b>	<b>108,050,447</b>	<b>180,958,334</b>	<b>17,395,074</b>
<b>Total liabilities</b>	<b>284,367,051</b>	<b>207,268,678</b>	<b>224,233,883</b>	<b>25,538,061</b>
<b>Total equity and liabilities</b>	<b>579,752,412</b>	<b>456,354,443</b>	<b>327,471,387</b>	<b>68,317,636</b>



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**Registered Address:** 9<sup>th</sup> and Herbert Chitepo, Bulawayo, Zimbabwe.

## ABRIDGED CIRCULAR TO SHAREHOLDERS

### 2. THE PROPOSED TRANSACTION

The Board is proposing a Renounceable Rights Offer to recapitalize Edgars by way of a rights offer of 274,745,630 (Two hundred and seventy-four million, seven hundred and forty five thousand, six hundred and thirty) ordinary shares of a nominal value of ZWL\$0.01 (1 ZWL Cent) each, at a Rights Offer price of ZWL\$0.2548 (25.48 ZWL Cents) per share, on the basis of five (5) new ordinary shares for every six (6) ordinary shares in issue as at the Record Date. The Rights Offer shares represent 45.66% of the Company's enlarged ordinary share capital post the proposed Rights Offer.

### 3. RATIONALE FOR THE TRANSACTION

In order to maintain the sustainable growth and profitability of the businesses going forward, the Board has decided to raise and inject additional capital into the business so as to:

- Intensify productivity of existing footprint;
- Widen and deepen product portfolio offered by the Group's credit and financial services;
- Ensure sufficient depth and breadth of inventories;
- Productivity improvements through digitization leveraging on
  - Data science & analytics for customer retention and increased market share;
  - Introduction of online shopping;
  - Customer facing digital interactive platforms; and
  - Enhanced planning tools and manufacturing capacity
- Refurbishment initiatives at stores; and
- Extend geographical footprint through the commissioning of new sites.

### 4. APPLICATION OF FUNDS RAISED THROUGH THE RENOUNCEABLE RIGHTS OFFER

Set out below is a breakdown of the application of the funds expected to be raised through the proposed Renounceable Rights Offer.

	ZWL
Gross proceeds of the Renounceable Rights Offer	\$70,000,000
Estimated expenses of the Renounceable Rights Offer	\$3,690,000
Net proceeds of the Renounceable Rights Offer	\$66,310,000
<b>Application of Funds by Shareholders:</b>	
Working capital and capital expenditure	\$66,310,000
<b>Total</b>	<b>\$66,310,000</b>

### 5. CONDITIONS PRECEDENT

The Renounceable Rights Offer contemplated herein is subject to the following Conditions Precedent:

- Approval by the members of Edgars of the Resolutions at the EGM to be held on Tuesday, 16 June, in terms of the EGM notice set out in this Circular;
- Approval of the Transaction by the Exchange Control department at the Reserve Bank of Zimbabwe for the issuance of shares to non-resident shareholders.

### 6. CONSEQUENCES OF NOT IMPLEMENTING THE RENOUNCEABLE RIGHTS OFFER

If the Renounceable Rights Offer is not implemented as outlined in this Circular, Edgars will be unable to effectively compete in the market. The company will face significant capital expenditure constraints, high finance costs and unmet working capital requirements, in detail:

- The Company will be limited in capacity to write new business under Edgars Financial Services;
- The company will continue to experience operating inefficiencies from inefficient and unproductive methods; and
- The Company will continue to have higher than desired leverage, which will negatively affect its profitability.

### 7. PROFORMAS

ZWL\$	52 Weeks ended 6-Jan-20 Inflation Adjusted Audited		52 Weeks ended 6-Jan-20 Proforma	
	Note 1	Note 2	Note 3	Note 4
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	110,682,408			110,682,408
Right of use asset	20,369,062			20,369,062
Intangible assets	14,409,890			14,409,890
<b>Total non-current assets</b>	<b>145,461,360</b>	-	-	<b>145,461,360</b>
<b>Current assets</b>				
Inventories	300,834,650			300,834,650
Trade and other receivables	117,932,121			117,932,121
Loans and advances to customers	6,455,962			6,455,962
Income tax receivable	186,714			186,714
Cash and cash equivalents	8,881,604	70,005,187	(4,225,050)	74,661,741
<b>Total current assets</b>	<b>434,291,051</b>	<b>70,005,187</b>	<b>(4,225,050)</b>	<b>500,071,189</b>
<b>Total assets</b>	<b>579,752,411</b>	<b>70,005,187</b>	<b>(4,225,050)</b>	<b>645,532,549</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
<b>Issued capital</b>				
share premium	18,321,551	67,257,730		85,579,281
share capital	171,634	2,747,456		2,919,090
Other reserves	45,445,101			45,445,101
Retained earnings	231,447,074		(3,690,000)	227,757,074
<b>Total capital and reserves</b>	<b>295,385,360</b>	<b>70,005,187</b>	<b>(3,690,000)</b>	<b>361,700,547</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	69,144,305			69,144,305
Long term portion of interest bearing loans and borrowings	24,244,255			24,244,255
Lease liabilities	10,020,155			10,020,155
<b>Total non-current liabilities</b>	<b>103,408,715</b>	-	-	<b>103,408,716</b>
<b>Current liabilities</b>				
Trade and other payables	128,350,445		(535,050)	127,815,395
Dividend payable	370,057			370,057
Current tax liabilities	4,631,621			4,631,621
Contract liabilities	638,400			638,400
Interest bearing loans and borrowings	35,609,703			35,609,703
Lease liabilities	11,358,110			11,358,110
<b>Total current liabilities</b>	<b>180,958,336</b>	-	<b>(535,050)</b>	<b>180,423,285</b>
<b>Total liabilities</b>	<b>284,367,051</b>	-	<b>(535,050)</b>	<b>283,832,001</b>
<b>Total equity and liabilities</b>	<b>579,752,411</b>	<b>70,005,187</b>	<b>(4,225,050)</b>	<b>645,532,549</b>

### 8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof will be available for inspection by Edgars Shareholders at the registered office of Edgars, Corner 9th Avenue and Herbert Chitepo Street, Bulawayo and at the office of Transfer Secretaries during normal business hours for the duration of the Renounceable Rights Offer:

- The Memorandum and Articles of Association of Edgars;
- The Audited Financial Statements of Edgars as at 52 weeks to the 6th of January 2020 and Audited Financials for the periods 2017 to 2019;
- The written experts' consents referred to in Paragraph B.18 of this Circular;
- The Underwriting Agreement;
- The Underwriter's comfort letter;
- The original signed copy of this Circular to Shareholders; and
- The full Reporting Accountant's Report.

### 9. CORPORATE GOVERNANCE

#### 9.1 Board of Directors

The Board of Directors consists of a Non-Executive Chairman, four Executive Directors and four Non-Executive directors. The Chairpersons of the various committees are all Non-Executive Directors. The Board meets regularly to review financial results, dictate policy, formulate overall strategy and approve the budgets. They have introduced structures of corporate governance in terms of which certain functions and responsibilities have been delegated to the board committees indicated below. Their terms of reference and composition are regularly reviewed. The Board meetings are held quarterly. The Board is supported by various Committees in executing its responsibilities. The main Committees meet four times a year to assess, review and provide guidance to management on both operational and policy issues.

#### 9.2 Audit Committee

The Audit Committee liaises with the Group's external auditors. The external auditors have unrestricted access to the audit committee. The annual, half yearly statements and financial reporting matters are reviewed by the committee at appropriate intervals. The Audit Committee meets 4 times per year.

#### 9.3 Executive Committee

The Executive Committee sits between board meetings to deliberate and consider detailed operational issues of the Group which includes strategy implementation. The Executive Committee meets on a monthly basis.

#### 9.4 Remuneration Committee

This Committee's function is to approve a broad remuneration strategy for the Group 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.

#### 9.5 Investments Committee

The committee was established to assist the Board with all investment related matters including policy and strategy, investment class selection and strategy. The investments committee meets 4 times per year.

#### 9.6 The Risk and Compliance Committee

The committee assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to the company's risk appetite statement, risk management function, risk management framework and risk management strategy. The risk and compliance committee meet 4 times a year.

### 10. Important dates and times

Circular posted to Edgars Shareholders & Notice of EGM Published	Tuesday, 26 May 2020
Register Closes for voting at EGM at 1600 hours	Friday, 12 June 2020
Edgars share register re-opens	Monday, 15 June 2020
EGM of Edgars Shareholders at 1200 hours	Tuesday, 16 June 2020
Announcement & publication of EGM results	Wednesday, 17 June 2020
Last day to register for the Rights Offer	Friday, 19 June 2020
Mailing of Letters of Allocation to Shareholders	Tuesday, 23 June 2020
Rights Offer opens at 0900 hours	Tuesday, 23 June 2020
Last day of dealing in letters of allocation at 1200 hours	Thursday, 09 July 2020
Latest time for splitting letters of allocation at 1200 hours	Thursday, 09 July 2020
Last day of receiving postal letters	Friday, 24 July 2020
Rights Offer closes at 1600 hours	Friday, 17 July 2020
Allocation of Rights Offer Shares	Wednesday, 22 July 2020
Results of Rights Offer published and listing of Rights Offer Shares	Friday, 24 July 2020
Rights Offer share certificates mailed	Friday, 24 July 2020
New shares listed	Monday, 27 July 2020

### 16. NOTICE OF EGM

#### NOTICE OF EXTRAORDINARY GENERAL MEETING ("EGM")

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting ("EGM") of the Members of Edgars Stores Limited ("Edgars" or "the Company") will be held at LAPP 1<sup>st</sup> Floor, Corner 8<sup>th</sup> Avenue and Jason Moyo Street in Bulawayo on Tuesday, 16 June at 1200 hours for the purpose of transacting the following business and consider and if deemed fit, to pass with or without amendment, the following resolutions:

#### SPECIAL BUSINESS

##### 1. As a Special Resolution – Redenomination of share capital to ZWL\$

That, subject to the approval of the Chief Registrar of Companies and Other Business Entities, the authorized share capital of the Company be redenominated from US\$4 000 000 comprising 400 000 000 ordinary shares of a nominal value of US\$0.01 (one US cent) each, to ZWL4 000 000 comprising 400 000 000 ordinary shares of a nominal value of ZWL0.01 (one Zimbabwe cent) each

##### 2. As a Special Resolution - Increase in the authorised share capital of the Company

That, subject to the approval of the Chief Registrar of Companies and Other Business Entities, the authorised share capital of the Company be increased from ZWL\$4,000,000 comprising of 400,000,000 ordinary shares of a nominal value of ZWL\$0.01 (one Zimbabwe cent) each, to ZWL\$7,000,000 comprising of 700,000,000 ordinary shares of a nominal value of ZWL\$0.01 (one Zimbabwe cent) each."

##### 3. As an Ordinary Resolution – Approval for capital raising by way of a Renounceable Rights Offer

"That the Directors be and are hereby authorised to raise ZWL\$70,000,000 (Seventy Million Zimbabwe Dollars) by way of a Renounceable Rights Offer to all shareholders, pro rata to their existing shareholding, being the offer of 274,745,630 (two hundred and seventy four million, seven hundred and forty five thousand, six hundred and thirty) new ordinary shares of a nominal value of ZWL0.01 (one Zimbabwe cent) each, at a Rights Offer subscription price of ZWL\$0.2548 (ZWL\$25.48cents) per share, on the basis of five (5) new ordinary shares for every six (6) ordinary shares held."

##### 4. As an ordinary resolution – Approval for the Underwriter's fees to be payable in shares

"That the shareholders waive their rights of pre-emption and the Underwriter may at its discretion exercise an option to receive payment of its fees by way of issue of shares at the rights offer price."

##### 5. As an Ordinary Resolution – To place unissued shares under the control of Directors

"That, the balance of the authorised but unissued ordinary shares of the Company, be placed under the control of the Directors for an indefinite period, to be issued in compliance with the terms of the Memorandum and Articles of the Company and the Zimbabwe Stock Exchange listing requirements, provided that no issue will be made which would effectively transfer the control of the Company without the prior approval of the Shareholders in a general meeting."

#### By order of the Board

Vuyo K. Nxumalo  
COMPANY SECRETARY

#### REGISTERED OFFICE

Edgars Head Office,  
Cnr 9<sup>th</sup> Avenue and Herbert Chitepo Street  
Bulawayo.

#### Notes:

##### 1. Voting eligibility

a) On a show of hands, every Shareholder who (being an individual) is present in person or by proxy at the EGM or which (being a company or body corporate) is represented thereat by a representative appointed as proxy, shall have one vote (irrespective of the number of shares held), and on a poll, every Shareholder who (being an individual) is present in person or by proxy at the general meeting or which (being a company or body corporate) is represented by proxy at the general meeting, shall have one vote for every Edgars Stores Limited share of which it is the holder.

##### 2. Appointment of Proxies

b) In terms of Section 129 (3) of the Companies and Other Business Entities Act (Chapter 24:31), members entitled to attend the above meeting may appoint one or more proxies, to act in the alternative, to attend, speak and vote on their behalf, including voting on a poll. A proxy need not be a member of the Company.

c) 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, unless previously recorded by the Company's transfer secretaries or waived by the chairperson of the EGM. This authority must take the form of a resolution of the corporate body.

d) Completion of a form of proxy does not preclude a person from subsequently attending the EGM and voting in person.

e) Waiver of Pre-emptive rights.

f) In terms of section 5.86 of the ZSE Listing Requirements, resolutions 3 and 4 will be subject to an 85% (eighty-five per centum) majority of votes cast in favour of the resolution by Shareholders present or represented by proxy.

**Directors:** T.N. Sibanda (Chairman), L. Masterson (CEO), B. Mpfu (CFO), C. Dube, L.L. Tumba, R. Mlotshwa, V. Mpfu, T. Ndlovu, M. Hosack.

### PROXY FORM FOR THE EXTRAORDINARY GENERAL MEETING

I / We .....  
Of .....  
Being member/members of the above Company, hereby appoint:  
Mr. / Mrs. / Ms. / Dr .....  
Or failing him .....  
Of .....  
as my/our proxy to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held on Tuesday, 16 June 2020 at 1200 hours and any adjournment thereof.

Signature..... Signed this ..... of ..... 2020

#### Note

- A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and speak in his stead. The person appointed need not be a member.
- Proxy forms should be lodged at the registered office of the Company by no later than 48 hours before the time of holding the meeting.
- Any alterations or corrections made to this form of proxy (including the deletion of alternatives) must be initialled by the signatory/signatories.
- Shareholders are requested to submit key questions in writing at least five days before the date of the meeting to enable comprehensive answers to be prepared. This will not preclude them from raising questions from the floor.

#### Physical and Postal Delivery

Edgars Stores Limited  
Edgars Head Office  
Corner 9<sup>th</sup> Avenue and Herbert Chitepo Street  
Bulawayo  
Zimbabwe