

1st July 2024

Mr. Renuke Wijayawardhane,
Chief Regulatory Officer,
Colombo Stock Exchange,
World Trade Centre,
Echelon Square,
Colombo 01.

Dear Sir,

SOFTLOGIC HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT CONTAINING A QUALIFIED AUDIT OPINION AND AN EMPHASIS OF MATTER OF GOING CONCERN

We wish to make the following disclosure in terms of Rule 7.5 (d) (ii) (A) (5).

1. The shares of Softlogic Holdings PLC ("Company") have been transferred to the Watch List within five (5) market days from the release of the Audited Financial Statements for year 2021/2022 and 2022/2023 ("Financial Statement") as it contains a qualified audit opinion and an emphasis of matter on going concern.
2. The following remedial actions are to be implemented to mitigate the prevailing negative working capital position of the Softlogic Group ("Group") in order to address the emphasis of matter on going concern contained in the External Auditors' Opinion.
 - a. Disposal of some of the identified strategic investment assets and phase out of certain sectors of the Group.
 - b. Re-negotiating the debt repayment plans with the lending institutions and restructuring the debt.
 - c. The Group is currently evaluating alternative sources of financing including fresh equity infusion to its core business segments. Currently, the Group is in the process of looking for potential equity partners to enhance the operational performance of the Retail Sector.
 - d. Looking for potential investors for identified projects in the Healthcare Sector.
 - e. Implementing aggressive marketing strategies to attract and enhance both international and domestic customer footfall. Implementing attractive discount schemes, customer loyalty programs and other promotional activities in Retail and Healthcare sector companies.
 - f. Implementing the identified processes through the evaluation of the resilience of group businesses considering a wide range of factors.
 - g. To raise upto Rs. 10,000 Mn by way of equity by 31st March 2025 as resolved by the Board of Directors of the Company and the announcement made on 7th March 2024 to the Colombo Stock Exchange.

Softlogic Holdings PLC (Reg. No. PV 1536 PB/PQ)

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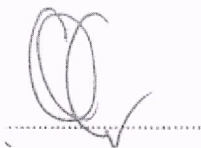
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3. The Management is in the process of gathering appropriate evidence to assess the completeness and accuracy of the suspense account of LKR 125Mn and will implement the required procedures to address the External Auditors' Opinion on the qualified audit opinion.
4. The Company intends and shall make best endeavors to complete the proposed remedial actions within 12 months from the date of transfer to the Watch List.
5. The following additional statements are also made in terms of Rule 7.5 (d) (ii) (A) (5) d);
 - i) In the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the Market via the Exchange within one (01) Market Day from the date of obtaining the approval of the Board of Directors of the Company for such deviation;
 - ii) In the event the matters giving rise to the qualified audit opinion and the emphasis of matter on going concern are not resolved within a period of fifteen (15) months from the date of transferring the Securities of the Entity to the Watch List, the trading of Securities of the Company shall be suspended. In the event the trading suspension continues for a period in excess of twelve (12) months, the securities of the Company shall be delisted by the Board of Directors of the CSE in terms of Rule 11.3 (a) of the Listing Rules;
 - iii) In the event the matters giving rise to the qualified audit opinion and emphasis of matter on going concern are resolved and such fact is independently verified by an auditor during the period the securities of the Company are on the Watch List, it shall be announced to the Market via the CSE forthwith.

Yours faithfully

SOFTLOGIC HOLDINGS PLC



Ashok Pathirage
Chairman/Managing Director