

30th September 2026

Ms. Nilupa Perera,
Chief Regulatory Officer,
Colombo Stock Exchange,
World Trade Centre,
Echelon Square,
Colombo 01.

Dear Madam,

SOFTLOGIC HOLDINGS PLC

INDEPENDENT AUDITOR'S REPORT CONTAINING AN EMPHASIS OF MATTER ON 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, 2022/2023, 2023/2024, 2024/2025 and 2025/2026 as it contains an emphasis of matter on going concern.
2. The remedial actions as per the Annexure to this Announcement are 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.
3. Except for the following timeline deviation relating to action (4) in the Annexure all other remedial actions are in progress.

Rights issue : on 4th August 2025, the Company made an announcement to the CSE, based on a request made by the major shareholders, to extend the date of exercise of conversion of the warrants from 29th August 2025 to 18th September 2026 subject to obtaining the approval of the shareholders/ warrant holders.

Further, on 17th August 2026, the Company made an announcement to the CSE, that although, as per the previous announcement referred to above, the date for conversion which was 18th September 2026, to be extended to 07th October 2026. The extension of the date of conversion of the Warrants to Shares on 07th October 2026 was approved by the Shareholders and Warrant-holders at the Extraordinary General Meetings held on 21st September 2026.

Further, on 14th August 2026, the Company made an announcement to the CSE, the Securities & Exchange Commission of Sri Lanka (SEC) has granted a deferment for the trading suspension until 30th June 2027.

4. 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 emphasis of matter on going concern is 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 Section 14 of the Listing Rules;
- iii) In the event the matters giving rise to the emphasis of matter on going concern is 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

Annexure

Remedial Action as outlined in the monthly market announcement	Whether the action plan was implemented during the month YES/NO	If the answer is YES, the details of the action taken If the answer is No, the reason for not implementing same	Whether there are any deviations of the action plan based on the previous market announcement	Total funds generated from/required for each remedial action (Rs.)	Source/ Mode of Capital Infusion to the Group (debt/equity by way of rights issues, private placements, issue of warrants etc.)	Progress and level of achievement of the action plan (i.e xx% of remedial action)	Timeline for completing the remaining portion of the action plan	Any agreements entered or executed	Impact on the financials, including key financial ratios (revenue, profits, total current/non-current assets and liabilities, borrowings, equity, net current liability position, earnings per share etc.)
1. Debt restructuring	YES	Phase 1: Rs. 59.77 Bn debt has been successfully restructured Phase 2: Rs. 15.69 Bn is in the process of being restructured.	NO	N/A	Existing Bank Debt restructuring	79% Completed 21% to be completed	Done 3-9 Months	Agreements signed for restructured debt	The reduction in other current financial liabilities from Rs. 45.80 Bn to Rs. 40.86 Bn and in the current portion of interest-bearing borrowings from Rs. 24.59 Bn to Rs. 22.33 Bn, compared with the audited financial statement position as at 31 March 2026, contributed to the decrease in the net current liability position as at 30 June 2026.

*Upon finalization of fund raising activities, relevant CSE announcements will be made

Annexure

2.										
2.1	Raise funding from overseas	NO	Negotiating with identified investors with improvements in the Sri Lankan economic climate	NO	NO	Combination of Debt plus Equity structure	N/A	In progress	In the discussion process	Reduction in Debt
2.2	New capital raising instrument for Rs. 4.5 Bn*	YES	Negotiating with identified investors	NO	NO	Capital structure is in discussion stage	N/A	In progress	In the discussion process	Reduction in debt
3.										
3.1	Disposal of some of the identified non-strategic investments and phase out from certain sectors of the Group	YES	Phase 1: Finding a Competent/ Reputed Global Hotel Operator with Management Capability	YES	N/A	Supports the improvement in operational performance	100% Hotel Management Agreement with internationally renowned hotel operator Accor Group	Done	Hotel Management Agreements with Accor Group	60% -90% occupancy levels of the city hotel and the resort hotel. The sector recorded a reduction of Rs. 201 Mn in operating losses during the Q1 of FY2026/27 compared to previous reporting period.
			Phase 2: Rebranding and refurbishment of the properties with a new management team to enhance marketability and	YES	N/A		100% Rebranded under premium luxury brand "PULLMAN"	Done	Hotel Management Agreements with Accor Group	

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Annexure

		value of the property							
		Phase 3: Exploring the opportunities to divest the asset	NO	NO		N/A	In progress	NO	
3.2 Disposal of "Koswatta Land" owned by Odel Group	YES	Disposal of non-strategic investments	NO	Rs. 1.5 Bn (approx.)	Sales proceed (cash)	100%	Sale completed	N/A	Reduction in borrowings
4. To raise up to Rs. 10 Bn by way of Equity by 31 st March 2025	YES	Phase 1: Rs. 2.03 Bn has been raised	NO	Funds raised Rs. 2.03 Bn	Equity and Warrants	20%	100%	Done	The total funds raised through the rights issue in FY2024/25 amounting to Rs. 2.03 Bn, were fully utilized to settle borrowings.
		Phase 2: Rs. 1.2 Bn to be raised by October 2026	NO				October 2026	In progress	
		Phase 3: Reassess the balance requirement based on #2 above which will be sufficient based on our initial assessment	NO					Fund re-assessment in Oct/Nov 2026	

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Annexure

5. Odel Properties One (Pvt) Ltd (fully owned subsidiary of Odel PLC) to raise Rs. 6.10 Bn funding to complete the construction of the ODEL Mall and the first phase of reassessing the design of the mall including an re-estimation of the cost is completed.	YES	Management has revised the long-term financing strategy for the Odel Mall project following a significant reduction in the construction scope. The Odel Mall project which originally consisted of two zones (Zone 1 and 2) to be developed simultaneously is now revised in such manner where primary focus and funding will be utilized for completion of Zone 1 which will be for the conversion of the apartments to retail and commercial office premises. This results in the total project cost to be incurred being scaled down to Rs. 6.1 Bn from the previously	NO	Rs. 6.10 Bn	Advances receivable from the pre-sale of office space Rs. 6.10 Bn	Discussions in progress	8 Months	Yet to be finalised	Minimal increase in borrowings since funding relies mainly on pre-sales and equity. Reduction of debt improves the debt- to-equity ratio and lowers financial risks.
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*Upon finalization of fund raising activities, relevant CSE announcements will be made

Annexure

		estimated Rs. 19.35 Bn and a 100 perches block of land remaining for future development. The revised funding plan* is expected to be supported primarily through advances received from the pre-sale of commercial office space of approximately 74,000 sq.ft, comprising of 2 floors. Thereby minimizing reliance on debt financing and improving the project's financial viability. Construction of the Odel Mall has resumed and an official statement to that effect has been made to CSE vide disclosure dated 27 of July 2026.							
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*Upon finalization of fund raising activities, relevant CSE announcements will be made