09 June 2025

Mr. Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
04-01, West Block
World Trade Center
Echelon Square
Colombo 01

Dear Sir,

HELA APPAREL HOLDINGS PLC CORPORATE DISCLOSURE – STRATEGIC RESTRUCTURING OF THE HELA GROUP'S MANUFACTURING OPERATIONS IN SRI LANKA & DIVESTMENT OF TWO SUB-SUBSIDIARIES

In accordance with Section 8.1 of the Listing Rules of the Colombo Stock Exchange, Hela Apparel Holdings PLC ("HAH" or "Hela") wishes to announce a material development in the ongoing strategic restructuring of its global operations. This forms part of a broader turnaround strategy focused on structural simplification and performance improvement, with the objective of positioning its operations for recovery in the coming financial year and enhancing long-term competitiveness.

Foundation Garments (Private) Limited ("FG") is a wholly owned subsidiary of Hela Clothing (Private) Limited ("HCL"), which is wholly owned subsidiary of HAH. The two manufacturing facilities of FG located in Narammala and Mawathagama, along with their associated operations, employees, and assets, were transferred to Jinadasa Bennett (Private) Limited ("JB"), a wholly owned subsidiary of FG. The manufacturing facility sites at Narammala and Mawathagama were transferred to JB and FB on 28 May 2025. Additionally, Foundation Bennette Pvt Limited (FB) which is also a wholly owned subsidiary of FG, continues to hold the freehold title to a warehouse property located in Uhumeeya jointly with JB.

Following this internal restructuring, FG, JB, and FB entered into an agreement with Q Collection Pte Ltd ("Q Collection") on 06 June 2025 for the sale of 100% of FG's shareholding in JB and FB, which together hold the two manufacturing facilities and the warehouse property in Sri Lanka, for a total consideration of LKR 2.7 billion (the "Transaction"). This transaction does not amount to a major transaction of HAH as set out in Section 185 of the Companies Act No 07 of 2007. Q Collection is a Singapore-headquartered apparel manufacturing company focused on high-efficiency, high-quality production solutions for global apparel brands. With a growing footprint in South Asia and a reputation for reliability and performance, Q Collection delivers manufacturing excellence through strategic partnerships and cutting-edge operational practices.

The Transaction will be carried out in accordance with all relevant statutory and regulatory frameworks, including the Companies Act No. 07 of 2007, the Land (Restrictions on Alienation) Act No. 38 of 2014, and the guidelines set by the Board of Investment (BOI) of Sri Lanka. Formal approval for the Transaction was granted by the BOI on 14 May 2025. In addition, all employees based at the two manufacturing facilities were offered the opportunity to transfer to JB with the knowledge that the company's shares would subsequently be transferred to Q Collection, under their existing terms of employment, with no loss of accumulated benefits, and in full compliance with applicable labour laws. Q Collection is not a related party to HAH or its group of companies.

Hela and Q Collection also consider the Transaction to form part of a broader strategic partnership between the two companies. Under the terms of the relevant agreements, Hela will continue to market the manufacturing capacity of the Narammala and Mawathagama facilities to its customers, while Q Collection fulfils manufacturing orders on behalf of Hela's global brand partners. This will ensure uninterrupted service for Hela's customers and no material impact on the Group's revenue generation capacity. Following the completion of the Transaction JB and FB shall no longer be considered subsidiaries within the Hela Group.

It should also be noted that the facility located in Palapathwala is leased to FG by HCL to support its manufacturing requirements. The Hela Group continues to operate four manufacturing facilities in Sri Lanka and remains fully committed to their ongoing operations.

The proceeds of the Transaction will be used by subsidiaries of HAH to settle short-term liabilities and strengthen the Company's balance sheet. This initiative aligns with Hela's long-term objective of enhancing financial sustainability, improving supply chain agility, and reinforcing its strategic position across core markets.

Further announcements relating to the Group's ongoing restructuring initiatives will be made by the Board as and when material developments arise.

Yours faithfully,

HELA APPAREL HOLDINGS PLC
By order of the Board

Shenali De Silva
Company Secretary