

The logo for Digilife Technologies Limited, featuring the word "DIGILIFE" in white, uppercase, sans-serif font centered within a solid red square.

DIGILIFE TECHNOLOGIES LIMITED

Company Registration No.: 199304568R
(Incorporated in the Republic of Singapore)

NON-RENEWAL OF XL AXIATA DISTRIBUTION AGREEMENT IN INDONESIA

The Board of Directors (the “**Board**”) of Digilife Technologies Limited (the “**Company**”) would like to announce that PT Selular Global Net (“**SGN**”), a subsidiary of the Company in Indonesia had decided not to participate in the distribution agreement renewal process of the telecom operator, XL Axiata in Indonesia (“**XL Axiata**”) and accordingly, have been notified by XL Axiata that the telecom distribution agreement between SGN and XL Axiata shall not be renewed after its term expires on 29 February 2024 (“**Non-Renewal**”). Following the Non-Renewal, SGN will cease to be a distributor for XL Axiata, with a transition period expected to be completed by 31st March 2024.

The decision for Non-Renewal was made after careful consideration of several factors including:

1. **Distribution Strategy Changes by XL Axiata:** XL Axiata announced in January 2024, of its intention to consolidate its distribution channels from 21 distributors to only 6, with SGN being one of them. However, this consolidation strategy included substantial reductions in distributor margins and required significant additional capital investment, with uncertain returns.
2. **Evolution of Distribution Channels:** The Company views the distribution business in Indonesia as a legacy model that may face disruption in the future due to the emergence of new digital channels and organized retail across Southeast Asia, including Indonesia.
3. **Strategic Decision of SGN:** In light of these factors, SGN opted not to participate in the renewal and consolidation process with XL Axiata, leading to the decision not to renew the distribution agreement.

The Non-Renewal will result in a reduction in the overall revenue and profitability of the Group during the financial year of 2024. For the financial year ended December 2023, distribution business of XL Axiata contributed approximately 19% of the Group’s revenue. However, the revenue reduction will be accompanied by a corresponding reduction in associated costs as the XL distribution area is transitioned. XL Axiata will facilitate this transition in accordance with its guidelines and policies, resulting in the release of working capital used in this business. The Company also intends to explore increasing its distribution volumes with other telecom operators in Indonesia.

BY ORDER OF THE BOARD

Chada Anitha Reddy
Director
Digilife Technologies Limited

20 February 2024

This announcement has reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document,

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