(Incorporated in the Republic of Singapore)
(Company Registration No. 200009059G)

UPDATES ON GROUP'S BUSINESS AND OPERATIONS

The Board of Directors (the "**Board**") of mDR Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to provide the following updates on its business and operations amid the COVID-19 pandemic outbreak.

Business and Operations

The Group operates under its four business segments — After Market Services (AMS), Distribution Management Solutions (DMS), Digital Inkjet Printing for Out-Of-Home Advertising Solutions (DPAS) and Investment, some of which were temporarily closed (during the Circuit Breaker Period in Singapore ("**CB Period**") / the Movement Control Order in Malaysia ("**MCO Period**")), and are fully operational since June 2020.

Upon the cessation of the M1 distributorship from 19 September 2020[1], Group's subsidiary, HandphoneShop Pte Ltd ("**HPL**") embarked on the rationalisation of its Retail network. Of HPL's total 8 stores, HPL has closed 4 stores and is currently in the process of closing an additional 5th store by October-end. HPL has converted the rest of the 3 stores to multi-brand concept stores offering mobile devices, gadgets and accessories. In addition to the rationalisation of the Retail network, the Group's Singapore operations have undertaken a restructuring exercise in line with the business requirements. DPAS division in Malaysia has also carried a restructuring exercise as per operational and business requirements and implemented salary cuts of 10%-20%.

In view of the current challenging and uncertain business environment, the Group's Executive Directors and senior management have voluntarily taken a 10% salary cut effective from October 2020. The Company's independent directors (other than those recently appointed in September 2020) have also voluntarily taken an approximately 25% cut in Directors' fees effective from October 2020.

Financial assessments and impact

The resumption of the business and operations of the various business divisions has resulted in improved sales and revenue in Q3-20 compared to Q2-20. On a Year-on-Year basis, Group's revenue for the period ended 30 September 2020 (based on preliminary review and estimates of the unaudited management accounts), is approximately 34.4% lower than the corresponding period

[1] For more information, please see Company's announcements dated 19 March 2020, 2 June 2020 and 18 September 2020.

in FY2019, due to, *inter alia*, a decline in sales from the above-mentioned temporary closure of business operations of certain divisions during the CB Period / MCO Period, subdued demand from domestic customers, and significant decrease in tourists. Various support measures from the Singapore Government such as Wage credit, Job Support Scheme, rental assistance and/or rental subsidies from the malls, and the various cost-control measures undertaken by the Group, have however helped in mitigating the impact on the Group's financial performance.

Barring any unforeseen circumstances, the Group expects an overall decline in revenue and net income for FY2020. However, the Group's financial position is expected to be stable taking into account the net asset value and cash and bank balances available to the Group.

Further updates

The Company will continue to monitor the evolving situation amid the COVID-19 outbreak and will make the appropriate announcement(s) to keep shareholders updated on any material developments.

Shareholders and potential investors are reminded to exercise caution when dealing or trading in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

BY ORDER OF THE BOARD

Madan Mohan
Company Secretary

12 October 2020