

POLARIS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 198404341D)

FURTHER UPDATES ON THE PRE-LOVED LUXURY GOODS BUSINESS SEGMENT

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Polaris Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to: (i) the Company’s circular to shareholders dated 28 October 2021 (the “**Circular**”); and (ii) the Company’s announcements dated 23 February 2022, 26 June 2022, 12 August 2022, 1 March 2023, 10 March 2023 and 20 March 2023 (the “**Previous Announcements**”).

Unless otherwise defined, all capitalised terms in this announcement shall have the same meanings as ascribed to them in the Circular and the Previous Announcements.

The Board wishes to inform shareholders that Polaris Explorer Pte. Ltd. had entered into an amended and restated operating agreement in relation to Marque Luxury America, LLC (“**MLA**”) with Marque Luxury LLC and Englory Media Pte. Ltd. (“**Englory**”) on 11 December 2021 (the “**Operating Agreement**”). The Operating Agreement provides for, amongst other things, the rights and obligations of the members of MLA. At the time of signing the Operating Agreement, the Board had relied on the representations of former management personnel of MLA that the Operating Agreement was ineffective and not legally binding until the completion of the conditions stipulated under the Heads of Agreement, which includes the procurement of a credit facility of US\$10,000,000 by Englory to finance the operations of MLA.

In connection with the ongoing Investigative Audit of MLA, the Board has recently sought clarifications from two different legal advisors based in the United States of America (“**US Counsel**”) who have both opined that the Operating Agreement is effective and legally binding under US laws from the date of execution. This development may affect the composition of the actual members¹ of MLA, and the Group’s right to unilaterally determine the actions and decisions of MLA. Accordingly, the Board is in the process of seeking further clarifications from its US Counsel in relation to the Group’s rights under the Operating Agreement as well as the requisite approval to be sought for the proper and legal appointment of director(s) and/or a manager to MLA.

As announced by the Company on 10 March 2023 and 20 March 2023, in order to safeguard the business and assets of MLA, the Group had swiftly engaged Kroll Inc. (“**Kroll**”) and had, on 8 March 2023, appointed Mr. Mitchell Mansfield as a manager and the chief restructuring officer of MLA to review the books of accounts and financial records of MLA, assess the restructuring options in relation to the financial and operational affairs of MLA, as well as provide strategic guidance to the Group. As the Operating Agreement may be legally binding, the appointment of Kroll and Mr. Mitchell Mansfield may require ratification by the actual members of MLA (as explained above) for the appointments to be proper.

¹ The initial member of MLA is Mastro Luxe Pte. Ltd, which is 51% indirectly owned by the Company and 49% indirectly owned by Mr. Quentin Phillip Caruana. If the Operating Agreement is effective, the members of MLA may include other parties whose approval may be required in relation to the actions of MLA.

2. **UPDATES TO THE SITUATION RELATING TO MLA**

Notwithstanding the above, the Board wishes to provide shareholders with the following updates on the situation in relation to MLA:

(a) Physical Assets

On 10 March 2023, Kroll visited MLA's office premises at 500 Wald, Irvine, CA ("**Wald Property**") and began securing certain MLA inventory which had been left at the Wald Property. This process was completed on 23 March 2023. The secured items included, amongst others, approximately 1,600 pre-loved luxury goods (mostly handbags), office furniture and equipment. New premises (the "**New Premises**") were rented to temporarily store and catalogue the approximately 1,600 items of inventory, which were insured for up to USD1 million. Office furniture and equipment were stored in other premises. As at the date of this announcement, the Company is unable to confirm if all inventory is accounted for.

The effect of the Operating Agreement on the Group's rights in respect of MLA requires further verification by the Group's US Counsel. The inventory may be liquidated after director(s) and/or a manager of MLA is properly appointed by the members of MLA.

(b) Bank Accounts

The Group has been made aware that MLA's bank account with Chase Bank has a balance of approximately USD250,000 as at 31 January 2023. The Group does not currently have access to the bank account pending the clarifications on the impact of the Operating Agreement on the authority of the Group to determine the actions and decisions of MLA.

(c) Review of Accounts of MLA

Kroll has secured portions of the data in MLA's electronic accounting records and has provided the Group with access to the data. However, Kroll was unable to reconcile MLA's electronic accounting records with the consolidated management accounts reports dated 31 December 2022 which had been provided by the former management of MLA to the Group on 8 February 2023. Notably, the review of the accounts of MLA is incomplete as the Group does not have access to some electronic accounting data that requires the approval of certain former management personnel of MLA.

3. **NEXT STEPS**

The Group is currently reviewing the legal advice received from its US Counsel in relation to certain MLA-related documents, including but not limited to the Operating Agreement, to determine the actual members of MLA. The Group intends to appoint director(s) and/or a manager to MLA as soon as it has certainty on the impact of the Operating Agreement on its rights and the appropriate approvals required for such appointments.

Although Kroll has not yet been successful in seeking the cooperation of the former management personnel of MLA, the Group intends to continue reaching out to certain former management personnel of MLA in order to access all the electronic accounting data to continue its efforts in reviewing the accounts of MLA. This will include (but is not limited to) establishing and recovering the accounts receivable and consignment inventories with partners, and establishing and making payment of accounts payable and outstanding liabilities including tax liabilities.

The Company will make further announcements, in compliance with the requirements of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited

(the “**SGX-ST**”) (the “**Catalist Rules**”), to update shareholders as and when there are material developments in relation to MLA.

4. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and further announcements by the Company carefully. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
POLARIS LTD.

Soennerstedt Carl Johan Pontus
Director and Chief Executive Officer
1 June 2023

*This announcement has been reviewed by the Company’s sponsor, Stamford Corporate Services Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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