POLARIS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No: 198404341D)

QUALIFIED OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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1. QUALIFIED OPINION

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Board of Directors (the "**Board**" or "**Directors**") of Polaris Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent external auditors, Moore Stephens LLP (the "**Auditors**"), have included a qualified opinion (the "**Qualified Opinion**") in their Independent Auditor's Report dated 5 April 2024 (the "**Independent Auditor's Report**") in relation to the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2023 ("**FY2023**") (the "**Financial Statements**").

The basis for the Qualified Opinion is contained in the Independent Auditor's Report. Please refer to the copy of the Independent Auditor's Report attached herein for further details.

2. UPDATES PURSUANT TO PARAGRAPH 3A OF APPENDIX 7C OF THE CATALIST RULES

Pursuant to paragraph 3A of Appendix 7C of the Catalist Rules, the Board wishes to respond to the key bases for the Qualified Opinion.

The following section, set out in italics below, has been extracted from the Independent Auditor's Report:

Basis for Qualified Opinion

"Inclusion of the unaudited management accounts of Marque Luxury America LLC and its subsidiary, Marque Mentor LLC ("MLA sub-group") in the Group's consolidated financial statements for the previous financial year ended 31 December 2022 ("FY 2022")

Our independent auditor's report dated 13 April 2023 for the financial year ended 31 December 2022 ("FY 2022"), contained a disclaimer opinion. During FY 2022, the financial statements of Marque Luxury America LLC ("MLA") and its subsidiary, Marque Mentor LLC (the "MLA sub-group") were included in the Group's consolidated financial statements based on unaudited management accounts. At the date of that report, we were unable to carry out our audit procedures or alternative procedures as auditors of the Company on the financial statements of the MLA sub-group for the purpose of providing an opinion on the Group's consolidated financial statements. An update of the matter is set out below.

As disclosed in Note 15(b) and Note 31 to the financial statements, during the current financial year ended 31 December 2023, the Group has engaged a United States law firm to opine on certain matters relating to the dilution of the Group's interest in the MLA sub-group as a result of the investment made by an investor by way of a subscription of equity interest in the MLA sub-group. The legal opinion stated that the Group's interest in the MLA sub-group had been effectively diluted from 51% to 19.99% with effect from 28 February 2022. The MLA sub-group had therefore ceased to be a subsidiary of the Group with effect from that date. Accordingly, in the current financial year, the Group has restated the comparative financial information relating to FY 2022 to reflect the effect of this dilution, by de-consolidating the MLA sub-group from the consolidated comparative financial information for FY 2022.

The restated comparative financial information for FY 2022, however, did not consolidate the financial performance and cash flows of the MLA sub-group during the period prior to the date of dilution from 1 January 2022 to 28 February 2022. During the audit, we were unable to obtain sufficient appropriate audit evidence with respect to the financial information of the MLA sub-

group during the period from 1 January 2022 to 28 February 2022. Consequently, we were unable to determine what adjustments if any, may be required to the restated comparative financial information for FY 2022, to reflect the financial performance and cash flows of the MLA sub-group during this period.

Our opinion on the current financial year's financial statements is modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Unquoted equity investment in the MLA sub-group

As explained above and as disclosed in Note 15(b) to the financial statements, the MLA sub-group ceased to be a subsidiary of the Group. It became an unquoted equity investment as the Group does not deem it has significant influence over it.

As further disclosed in Note 15(b), the Group has fully written down the 19.99% unquoted equity investment in the MLA sub-group, by recognising a fair value loss amounting to S$3,451,000 in the restated consolidated financial statements for FY 2022. However, we were unable to obtain sufficient appropriate audit evidence with respect to the basis and methodology used to derive the fair value of the unquoted equity investment in the MLA sub-group. Consequently, we were unable to determine whether the fair value loss recognised in FY 2022, as well as the carrying amounts of the unquoted equity investment as at 31 December 2022 and 31 December 2023, are appropriate.

Our opinion on the current financial year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."

Board's Response

The Board wishes to refer to the Company's announcements dated 13 April 2023, 1 June 2023, and 4 December 2023 (the "**Previous Announcements**").

Unless otherwise defined, all capitalised terms set out below shall have the same meanings as ascribed to them in the Previous Announcements.

As set out in the Independent Auditor's Report and the extract of the Basis for Qualified Opinion above, the Qualified Opinion was issued primarily due to the inclusion of the unaudited management accounts of Marque Luxury America LLC and its subsidiary, Marque Mentor LLC ("**MLA sub-group**") in the Group's consolidated financial statements for the previous financial year ended 31 December 2022 ("**FY2022**") and the subsequent adjustment of the accounting treatment on MLA sub-group.

The Company's Auditors were unable to carry out their audit procedures or alternate procedures on the financial statements of the MLA sub-group for the purpose of providing an opinion on the Group's consolidated financial statements for FY2022, nor to obtain sufficient appropriate audit evidence with respect to the financial information of the MLA sub-group during the period from 1 January 2022 to 28 February 2022.

MLA sub-group ceased to be a subsidiary of the Group with effect from 28 February 2022. The Company performed impairment testing on the Group's investment in the MLA sub-group and assessed the recovery value of its equity investment in MLA to be nil after taking into account various factors, including but not limited to MLA's significant losses for FY2022, the additional capital requirements needed to sustain its growth and expansion, and the sustainability of its business operations. Consequently, the Group has fully written down the 19.99% unquoted equity investment in the MLA sub-group.

The Board wishes to highlight that, in the Independent Auditor's Report, the Auditor opined that except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of its Independent Auditor's Report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

3. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the subject matter reported herein, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

4. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement in conjunction with the Independent Auditor's Report, the Financial Statements and the Company's Annual Report for FY2023, which has been released on SGXNET separately on the same day as this announcement, in their entirety and to exercise caution when dealing in the shares of the Company.

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
15 April 2024

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*This announcement has been prepared by Polaris Ltd. ("the **Company**"), and has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

This announcement has not been examined or approved by 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.

The contact person for the Sponsor is Mr Jerry Chua (Tel: (65) 6241 6626), at 138 Robinson Road, #13-02 Oxley Tower, Singapore 068906.

INDEPENDENT AUDITOR'S **REPORT**

To the Members of Polaris Ltd. (Incorporated in Singapore)

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Polaris Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

Inclusion of the unaudited management accounts of Marque Luxury America LLC and its subsidiary, Marque Mentor LLC ("**MLA sub-group**") in the Group's consolidated financial statements for the previous financial year ended 31 December 2022 ("**FY 2022**")

Our independent auditor's report dated 13 April 2023 for the financial year ended 31 December 2022 ("**FY 2022**"), contained a disclaimer opinion. During FY 2022, the financial statements of Marque Luxury America LLC ("**MLA**") and its subsidiary, Marque Mentor LLC (the "**MLA sub-group**") were included in the Group's consolidated financial statements based on unaudited management accounts. At the date of that report, we were unable to carry out our audit procedures or alternative procedures as auditors of the Company on the financial statements of the MLA sub-group for the purpose of providing an opinion on the Group's consolidated financial statements. An update of the matter is set out below.

As disclosed in Note 15(b) and Note 31 to the financial statements, during the current financial year ended 31 December 2023, the Group has engaged a United States law firm to opine on certain matters relating to the dilution of the Group's interest in the MLA sub-group as a result of the investment made by an investor by way of a subscription of equity interest in the MLA sub-group. The legal opinion stated that the Group's interest in the MLA sub-group had been effectively diluted from 51% to 19.99% with effect from 28 February 2022. The MLA sub-group had therefore ceased to be a subsidiary of the Group with effect from that date. Accordingly, in the current financial year, the Group has restated the comparative financial information relating to FY 2022 to reflect the effect of this dilution, by de-consolidating the MLA sub-group from the consolidated comparative financial information for FY 2022.

The restated comparative financial information for FY 2022, however, did not consolidate the financial performance and cash flows of the MLA sub-group during the period prior to the date of dilution from 1 January 2022 to 28 February 2022. During the audit, we were unable to obtain sufficient appropriate audit evidence with respect to the financial information of the MLA sub-group during the period from 1 January 2022 to 28 February 2022. Consequently, we were unable to determine what adjustments if any, may be required to the restated comparative financial information for FY 2022, to reflect the financial performance and cash flows of the MLA sub-group during this period.

Our opinion on the current financial year's financial statements is modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Basis for Qualified Opinion *(cont'd)*

Unquoted equity investment in the MLA sub-group

As explained above and as disclosed in Note 15(b) to the financial statements, the MLA sub-group ceased to be a subsidiary of the Group. It became an unquoted equity investment as the Group does not deem it has significant influence over it.

As further disclosed in Note 15(b), the Group has fully written down the 19.99% unquoted equity investment in the MLA sub-group, by recognising a fair value loss amounting to S$3,451,000 in the restated consolidated financial statements for FY 2022. However, we were unable to obtain sufficient appropriate audit evidence with respect to the basis and methodology used to derive the fair value of the unquoted equity investment in the MLA sub-group. Consequently, we were unable to determine whether the fair value loss recognised in FY 2022, as well as the carrying amounts of the unquoted equity investment as at 31 December 2022 and 31 December 2023, are appropriate.

Our opinion on the current financial year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	**How our audit addressed the key audit matter**
Loss allowance for trade receivables We refer to Notes 3(n), 4(b)(i) and 17(a). As at 31 December 2023, the carrying amount of the Group's trade receivables amounted to S$1,758,000. The Group determines the expected credit loss ("**ECL**") of trade receivables by making debtor-specific assessments of expected impairment losses for overdue trade receivables and uses a provision matrix for the remaining trade receivables that is based on the Group's historical observed default rates and customers' ability to pay, adjusted with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses require the management to exercise significant judgement. Accordingly, we determined this as a key audit matter.	**Our response** We obtained an understanding of the credit policy of the Group and evaluated the process for monitoring of trade receivables. We reviewed the Group's control over the receivables collection processes, analysed the ageing of trade receivables and reviewed the Group's loss allowance against trade receivables and its disclosures about the degree of estimation involved in arriving at the expect credit loss. **Our findings** Based on our audit procedures, we found management's assessment of the ECL to be reasonable and the disclosures to be appropriate.

Key Audit Matters *(cont'd)*

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Loss allowance for inventories

We refer to Notes 3(s), 4(b)(ii) and 18.

As at 31 December 2023, the carrying amount of the Group's inventories amounted to S$1,388,000.

Inventories are stated at the lower of cost and net realisable value. Reviews are made periodically by management for excess inventories, obsolescence and decline in net realisable value below cost. This assessment requires the exercise of significant judgement as the allowances are made based on historical obsolescence and slow-moving history. Key factors considered include the nature of the inventory, its ageing, shelf life and turnover rate.</td><td>Our response

We designed and performed the following key procedures, amongst others:

i. We checked and analysed the ageing of the inventories and reviewed the historical trend on whether there were significant inventories written off or reversal of the allowances for inventories obsolescence.
ii. We evaluated management's process in determining the write-down of inventory, taking into consideration inventory ageing, physical condition of the inventories and past and expected future sales.
iii. We evaluated and tested management's assessment of inventories to state them at the lower of cost and net realisable value.

Our findings

Based on our audit procedures, we found the estimates used by management in deriving the write-down for inventory obsolescence to be within a reasonable range.</td></tr>
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Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibility for the Audit of the Financial Statements (cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters described in the Basis of Qualified Opinion section, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Neo Keng Jin.

Moore Stephens LLP
Public Accountants and

Chartered Accountants

Singapore
5 April 2024