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

RESTATEMENT TO THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the "**Board**" or "**Directors**") of Polaris Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Audited Financial Statements for the financial year ended 31 December 2022 ("**FY2022**") per the FY2022 Annual Report released on 13 April 2023.

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

We refer to the announcements dated 26 October 2021 and 23 February 2022: Potential material dilution of effective equity interest in a principal subsidiary, Marque Luxury America, LLC ("**MLA**"), whereby the Group's effective interest in MLA will be reduced from 51.0% to not less than 19.99%. We also refer to the Announcements dated 10 March 2023 and 1 June 2023: Updates and further updates on the pre-loved luxury goods business segment whereby updates to the situation relating to MLA were furnished.

We refer to the announcement dated 17 November 2023: condensed interim consolidated financial statement for the six-month financial period ended 30 June 2023 ("**1HFY2023**"). On page 3 of the announcement, the note for restatement for FY2022 was disclosed and extracted as follows:

"*… the Company has engaged a US law firm, Dillon Miller Ahuja & Boss, LLP (the "**US Legal Counsel**") to opine on the effective date on which Englory Media Holdings Pte. Ltd.'s ("**Englory**") investment in Marque Luxury America LLC ("**MLA**"), a former US subsidiary of the Company, was completed and therefore diluted the Company's effective indirect shareholding in MLA. In the legal opinion dated 30 August 2023 issued by the US Legal Counsel to the Company's wholly-owned subsidiary, Polaris Explorer Pte. Ltd. ("**PEPL**"), it was stated that the completion date of Englory's investment and the effective date of dilution of MLA was 28 February 2022, whereby, from the aforesaid date, PEPL's effective interest in MLA was reduced from 51% to 19.99%. Accordingly, with effect from 28 February 2022, MLA has ceased to be a subsidiary of the Company and is instead treated as an unquoted equity investment.*"

For the restatement of the Group's consolidated balance sheet as at 31 December 2022, Management performed impairment testing on the Group's investment in MLA and assessed the recovery value of the Group's 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. Accordingly, an allowance for impairment loss of S$3.28 million was made on 31 December 2022 to write down the equity investment fully.

As the effective date of dilution was determined to be 28 February 2022, whereby the Group owns 19.99% of the shareholding in MLA, MLA and its subsidiary, Marque Mentor LLC ("**MLA sub-group**") financial results would need to be deconsolidated from the Group's consolidated financial statements for FY2022. However, as the effective date of dilution was only determined on 30 August 2023, subsequent to the sign-off date of the FY2022 audited financial statements on 13 April 2023, the MLA sub-group results were consolidated within the Group's FY2022 audited financial statements.

Consequently, the Group's financial results for FY2022 require restatement, as the financial results of the MLA sub-group are required to be deconsolidated due to MLA not being considered a principal subsidiary as of 31 December 2022, given the Group's diluted shareholding to 19.99%. The FY2022 audited financial statements have already been approved by the Company's shareholders in the AGM held in April 2023. These restated effects will be presented as ***prior year adjustments*** in the audited financial statements for the financial year ending 2023 ("**FY2023**"), with details and explanations provided therein.

Before the expected issuance of audited financial statements for FY2023 in April 2024, the Board wishes to announce the restatement to FY2022 financials furnished by Management on a voluntary best-efforts basis. The Company wishes to update all shareholders on the financial effects arising from the deconsolidation of the MLA sub-group. The details and explanations of the restatement are set out in Appendix A, as annexed hereto. ***The restated FY2022 financials have not been audited or reviewed by the Company's auditor, and accordingly, no opinion has been expressed on the restated financials.***

The Board confirms, to the best of its knowledge, that all material disclosures, facts, and information have been provided and announced. The Board is not aware of any facts, information or disclosures, the omission of which would make any statement in this announcement or disclosures misleading.

BY ORDER OF THE BOARD

POLARIS LTD.

Soennerstedt Carl Johan Pontus
Executive Director and Chief Executive Officer
4 December 2023

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*This announcement has been reviewed by the Company's Sponsor, Evolve Capital Advisory Private Limited (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.*

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

APPENDIX A

A-1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group			
	FY2022 S$'000 *(restated)*	**FY2022 S$'000 *(audited)***	**Variance S$'000**	**Note**
Revenue	26,234	70,221	(43,987)	1
Cost of sales	(22,965)	(58,127)	35,162	2
Gross profit	3,269	12,094	(8,825)	
Other items of income:				
Other income	452	817	(365)	3
Other items of expense:				
Marketing and distribution	(272)	(2,948)	2,676	4
Administrative expenses	(4,051)	(15,245)	11,194	5
Finance costs	(167)	(167)	-	
Other expenses	(4,097)	(767)	(3,330)	6
Loss before income tax	(4,866)	(6,216)	1,350	7
Income tax expense	-	-	-	
Loss for the year	(4,866)	(6,216)	1,350	7
Attributable to:				
Equity holders of the Company	(3,803)	(3,563)	(240)	
Non-controlling interests	(1,063)	(2,653)	1,590	
Total loss for the year	(4,866)	(6,216)	1,350	7
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	210	362	(152)	8
Other comprehensive income for the year	210	362	(152)	
Total comprehensive loss for the year	(4,656)	(5,854)	1,198	
Attributable to:				
Equity holders of the Company	(3,593)	(3,378)	(215)	
Non-controlling interests	(1,063)	(2,476)	1,413	9
Total comprehensive loss for the year	(4,656)	(5,854)	1,198	
Loss per share attributable to equity holders of the Company:				
Basic and diluted (cents per share)	(0.022)	(0.021)		

Note	Explanatory Note(s)
1	The decrease in sales per restated as compared to audited was mainly due to the deconsolidation of sales of MLA of S$44.1 million.
2	The decrease in the cost of sales per restated as compared to audited was mainly due to the deconsolidation of the cost of sales of MLA of S$35.2 million.
3	The decrease in other income per restated as compared to audited was mainly due to deconsolidation of other income of MLA of S$0.6 million, partially offset by adjustment for understatement of other income of S$0.3 million.
4	The decrease in marketing and distribution expenses per restated as compared to audited was mainly due to the deconsolidation of marketing and distribution expenses of MLA of S$2.7 million.
5	The decrease in administrative expenses per restated as compared to audited was mainly due to the deconsolidation of administrative expenses of MLA of S$11.3 million.
6	The increase in other expenses per restated as compared to audited was mainly due to: ▪ Allowance for impairment loss of investment in MLA of S$1.274 million at Mastro Luxe Pte Ltd ("**MLS**"), the holding company of MLA, allowance for impairment loss of investment in subsidiaries in Vietnam and Thailand of approximately S$0.067 million under MLS; and ▪ Gain of S$1.189 million at PEPL after the shares of MLA were transferred from MLS to PEPL. On the Group's level, the net effect was a loss of S$0.085 million arising from the transfer of the shares in MLA to PEPL from MLS after the effective dilution. PEPL, as an investment holding company, now hold the shares of MLA as an unquoted equity investment; Full write-down of PEPL's cost of equity investment in MLA of S$3.3 million after Management assessed the recovery value of MLA to be zero; and Partially offset by the deconsolidation of other expenses of MLA of S$0.1 million.

7	Reconciliation statement of loss per year	S$'000
Loss per year per audited		**(6,216)**
Adjustments for:		
- Deconsolidation of loss of MLA		4,524
- Allowance for impairment loss in investment in MLA explained under note 6		(3,288)
- Allowance for impairment loss in investment in other subsidiaries under MLS explained under note 6		(67)
- Loss on the transfer of shares in MLA arising from the dilution of interest in MLA explained under Note 6		(85)
- Adjustment for understatement of other income explained under Note 3		266
Total adjustments		1,350
Loss per year per restated		**(4,866)**

8	The decrease in exchange gain on translation of foreign subsidiaries per restated as compared to audited was mainly due to the deconsolidation of MLA.
9	The decrease in non-controlling interest (**"NCI"**) per restated as compared to audited was mainly due to a reduction in NCI of S$2.2 million from the deconsolidation of MLA, partially offset by the increase in NCI of S$0.7 million at MLS level due to 49% share of allowance for impairment loss of S$1.3 million in MLA.

A-2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Group			
	31 December 2022 *(restated)* S$'000	**31 December 2022 *(audited)* S$'000**	**Variances S$'000**	**Note**
ASSETS				
Non-Current Assets				
Property, plant and equipment	3,525	3,525	-	
Other investments	-	-	-	
	3,525	3,525	-	
Current Assets				
Trade and other receivables	1,477	1,477	-	
Inventories	1,389	1,389	-	
Prepayments	758	758	-	
Cash and bank balances	6,261	6,261	-	
	9,885	9,885	-	
Assets of disposal group classified as held-for-sale	-	19,311	(19,311)	10
	9,885	29,196	(19,311)	
Total Assets	**13,410**	**32,721**	**(19,311)**	
LIABILITIES AND EQUITY				
Current Liabilities				
Loans and borrowings	459	459	-	
Trade and other payables	757	1,022	(265)	11
Other liabilities	436	436	-	
	1,652	1,917	(265)	
Liabilities directly associated with disposal group classified as held-for-sale	-	18,183	(18,183)	12
	1,652	20,100	(18,183)	
Non-Current Liabilities				
Loans and borrowings	2,691	2,691	-	
Total Liabilities	4,343	22,791	(18,448)	
Equity Attributable to Equity Holders of the Company				
Share capital	402,747	402,747	-	
Foreign currency translation reserve	189	(328)	517	
Accumulated losses	(392,846)	(392,257)	(589)	
	10,090	10,162	(72)	
Non-controlling interests	(1,023)	(232)	(791)	13
Total Equity	9,067	9,930	(863)	
Total Liabilities and Equity	**13,410**	**32,721**	**(19,311)**	

Note	Explanatory Note(s)
10	In the audited 31 December 2022 consolidated statement of financial position, the assets of MLA were included under the line item '*Assets of the disposal group classified as held-for-sale*'. With the deconsolidation of MLA, the assets of MLA have been removed from the line item '*Assets of the disposal group classified as held-for-sale*' under the restated 31 December 2022 consolidated statement of financial position.
11	The decrease in other payables per restated as compared to audited was mainly due to the adjustment for overstatement of miscellaneous payables, thereby increasing other income (refer to the adjustment under Note 7).
12	In the audited 31 December 2022 consolidated statement of financial position, the liabilities of MLA were included under the line item '*Liabilities directly associated with disposal group classified as held-for-sale*'. With the deconsolidation of MLA, the liabilities of MLA have been removed from the line item '*Liabilities directly associated with disposal group classified as held-for-sale*' under the restated 31 December 2022 consolidated statement of financial position.
13	The difference in NCI per restated as compared to audited was mainly due to: ▪ Reduction of NCI arising from the capital reduction in a subsidiary, MLS, of S$2.02 million; and ▪ NCI's share of losses of subsidiaries on a restated basis amounted to S$1.06 million. NCI as at 1 January 2022 was S$2.21 million. After taking into account the above reversals in NCI of S$3.08 million and adjustment in NCI arising from the deconsolidation of MLA, NCI was negative S$1.02 million as at 31 December 2022 on restated basis.

A-3. CONSOLIDATED STATEMENT OF CASHFLOW

	Group			
	FY2022 S$'000 *(restated)*	FY2022 S$'000 *(audited)*	Variances S$'000	Note
Cash Flows from Operating Activities				
Loss before income tax	(4,866)	(6,216)	1,350	14
Adjustments for:				
Depreciation of property, plant and equipment	433	547	(114)	15
Finance costs	167	167	-	
Allowance for impairment loss in investment in a former subsidiary	3,288	-	3,288	16
Allowance for impairment loss in investment in subsidiaries	67	-	67	16
Loss on effective dilution of interest in a former subsidiary	85	-	85	17
Unrealised exchange gain	309	410	(101)	18
Operating cash flows before changes in working capital	(517)	(5,092)	4,575	
Changes in working capital:				
Inventories	1,484	5,819	(4,335)	19
Trade and other receivables	429	859	(430)	19
Prepayments	(711)	929	(1,640)	19
Trade and other payables	(389)	(9,673)	9,284	19
Other liabilities	30	835	(805)	19
Cash flows used in operations	326	(6,323)	6,649	19
Interest paid	(167)	(167)	-	
Income tax	1	1	-	
Net cash flows generated from (used in) operating activities	**160**	**(6,489)**	**6,649**	
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(38)	(38)	-	
Net cash flows used in investing activities	**(38)**	**(38)**	**-**	
Cash Flows from Financing Activities				
Advance from subscription in equity interest in a former subsidiary company utilised for settlement of its amounts owing to the group	4,749	-	4,749	20
Advance from subscription in equity interest in a former subsidiary company	-	11,398	(11,398)	21
Principal payment of lease liabilities	(317)	(317)	-	
Repayment of bank loans	(395)	(395)	-	
Net cash flows generated from financing activities	**4,037**	**10,686**	**(6,649)**	
Net increase in cash and cash equivalents	4,159	4,159	-	
Cash and cash equivalents at the beginning of the year	2,102	2,102	-	
Cash and cash equivalents at the end of year	**6,261**	**6,261**	**-**	

Note	Explanatory Note(s)
14	Refer to Note 7.
15	The decrease in depreciation was due to the depreciation expense of MLA being deconsolidated.
16	Refer to Note 6.
17	Refer to Note 6.
18	The decrease in unrealised exchange gain was due to the deconsolidation of MLA.
19	The variances in changes in working capital per restated as compared to audited were due to working capital items of MLA being included in the audited 31 December 2022 consolidated cashflow statement. Upon the deconsolidation, working capital items of MLA were deconsolidated from the restated 31 December 2022 consolidated cashflow statement.
20	In the audited 31 December 2022 consolidated statement of cashflow, the line item '*Advance from subscription in equity interest in a former subsidiary company utilised for settlement of its amounts owing to the group*' pertains to MLA, which was eliminated as intercompany balances settlement given that MLA was treated as a subsidiary. With the deconsolidation of MLA, MLA is no longer treated as a subsidiary; hence, the line item '*Advance from subscription in equity interest in a former subsidiary company utilised for settlement of its amounts owing to the group*' is restated.
21	The line item '*Advance from subscription in equity interest in a former subsidiary company*' has been removed in the restated 31 December 2022 consolidated statement of cashflow as MLA has been deconsolidated and is no longer a subsidiary.