

POLARIS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 198404341D)

DISCLAIMER OF OPINION BY THE INDEPENDENT AUDITORS ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. DISCLAIMER OF 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 disclaimer of opinion (the “**Disclaimer of Opinion**”) in their Independent Auditor’s Report dated 13 April 2023 (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 2022 (“**FY2022**”) (the “**Financial Statements**”).

The basis for the Disclaimer of 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 disclaimer of opinion and the efforts being taken to resolve each outstanding audit issue.

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

Basis for Disclaimer of Opinion

*“As stated in Note 13(a) to the financial statements, the financial statements of Marque Luxury America LLC and its subsidiary, Marque Mentor LLC (“**MLA sub-group**”) were included in the Group’s consolidated financial statements based on unaudited management accounts for the current financial year ended 31 December 2022. This MLA sub-group is the disposal group classified as held-for-sale (Note 17).*

The Group’s consolidated financial statements include the revenue, loss for the year, assets and liabilities directly associated with the disposal group of the MLA sub-group amounted to S\$44.14 million, S\$4.52 million, S\$19.31 million and S\$18.18 million respectively.

As at the date of this 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. Consequently, we were unable to determine what adjustments, if any, may be required to the Group’s consolidated financial statements.”

Board’s Response

The Board wishes to refer to (i) the Company’s announcement dated 10 March 2023 in relation to updates on the Group’s pre-loved luxury goods business segment; and (ii) the Company’s responses to the queries raised by the Singapore Exchange Securities Trading Limited, as announced on 20 March 2023 (collectively, 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 Disclaimer of Opinion above, the disclaimer of opinion was issued primarily because 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. This stemmed from the fact that the management accounts of the MLA sub-group (i.e. the Group's US operations) were not audited by US component auditors as the Company was unable to secure the cooperation of the local management of the MLA sub-group to engage and appoint new US auditors (following the cessation of RJI International CPAs as auditors of the MLA sub-group) in a timely manner for the purposes of the FY2022 audit exercise. For this reason, only the unaudited management accounts of the MLA sub-group for FY2022 were available for inclusion in, and for the purposes of consolidation with, the Group's Financial Statements.

This impasse culminated in the unexpected resignation of Mr. Quentin Philip Caruana as a director of Mastro Luxe Pte. Ltd. and as the President of Marque Luxury America, LLC ("**MLA**"), as disclosed in the Previous Announcements. In order to safeguard the business and assets of MLA, the Group swiftly engaged Kroll Inc. (an expert on business, financial and operational restructuring, advisory and risk management) on 3 March 2023. Thereafter, the Group appointed Mr. Mitchell Mansfield, a managing director of Kroll Inc., as a manager and the chief restructuring officer ("**CRO**") of MLA on 8 March 2023 and as a director of MLA on 9 March 2023, to assume control of MLA and to run the business of MLA at this present time.

As disclosed in the Previous Announcements, the CRO is in the process of conducting an investigative audit on MLA and will prepare a report on the findings from such investigative audit for the Board's consideration. To the best of the Board's knowledge, all material information in relation to the MLA sub-group have been disclosed, and the Board will continue to update shareholders in a timely manner, as and when there are material developments in respect of the foregoing.

For the avoidance of doubt, the Disclaimer of Opinion, the basis of which has been disclosed above and in the Independent Auditor's Report, does not raise any audit issues which may give rise to material uncertainty on the Group's ability to continue as a going concern.

In view of the foregoing, the Board confirms that the impact of all outstanding audit issues on the Financial Statements have been adequately disclosed.

In addition, the Board is of the view that there is no necessity to suspend trading of the Company's shares and sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

3. 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 FY2022, which were released on SGXNET 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.

4. 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.

BY ORDER OF THE BOARD
POLARIS LTD.

Soennerstedt Carl Johan Pontus
Director and Chief Executive Officer
13 April 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.*

*The contact person for the Sponsor is Mr Yap Wai Ming:
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit 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 2022, 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 significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

As stated in Note 13(a) to the financial statements, the financial statements of Marque Luxury America LLC and its subsidiary, Marque Mentor LLC ("MLA sub-group") were included in the Group's consolidated financial statements based on unaudited management accounts for the current financial year ended 31 December 2022. This MLA sub-group is the disposal group classified as held-for-sale (Note 17).

The Group's consolidated financial statements include the revenue, loss for the year, assets and liabilities directly associated with the disposal group of the MLA sub-group amounted to S\$44.14 million, S\$4.52 million, S\$19.31 million and S\$18.18 million respectively.

As at the date of this 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. Consequently, we were unable to determine what adjustments, if any, may be required to the Group's consolidated financial statements.

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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International), 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.

INDEPENDENT AUDITOR'S REPORT

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

(cont'd)

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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 responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matter described in the "Basis for Disclaimer of Opinion" section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group 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.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matter as described in the "Basis for Disclaimer of Opinion" section of our report, 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

13 April 2023