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

RESPONSES TO SGX QUERIES

The Board of Directors (the "**Board**" or "**Directors**") of Polaris Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the following queries raised by the Singapore Exchange Securities Trading Limited and would like to provide further information in relation to: (i) the Company's announcement dated 10 March 2023 in relation to updates on the Groups pre-loved luxury goods business segment; and (ii) the Company's condensed interim consolidated financial statements announcement for the six months and full financial year ended 31 December 2022 dated 1 March 2023 (collectively, the "**Announcements**").

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

It is stated in the Announcements that:

a) The Group posted a net loss from continuing operations of S$5.89 million for FY2022. The net losses from continuing operations in both FY2022 and 2H2022 were mainly due to losses incurred by our US subsidiary held for sale (Marque Luxury America, LLC) which expanded operations rapidly while not attaining its ambitious growth targets.
b) Net assets held for sale as at 31 December 2022 was S$1.12 million and decreased as compared to S$10.26 million as at 31 December 2021. This variance was mainly due to losses incurred by Marque Luxury America, LLC ("**MLA**"), the asset held for sale, for FY2022.
c) The Group has, on 27 February 2023, received notices of resignation from Mr. Quentin Philip Caruana ("**QPC**") in relation to his position as a director of Mastro Luxe Pte. Ltd. ("**Mastro**") and in relation to his position as the President of Marque Luxury America, LLC ("**MLA**").
d) As part of the Group's overall corporate strategy, Ms. Dian Stefani Sugialam and Mr. Rusran Huang have, on 8 March 2023, resigned from the board of directors of Mastro to focus their time and resources towards other aspects of the Group's pre-loved luxury goods business.
e) In order to safeguard the business and assets of MLA, the Group has swiftly engaged Kroll Inc., and has, on 8 March 2023, appointed Mr. Mitchell Mansfield, a managing director of Kroll Inc., as a manager and the chief restructuring officer of MLA.
f) As of the date of this announcement, the Internal Reorganisation and, accordingly, the Potential Dilution have not yet been completed as the Investor has yet to procure a credit facility of US$10,000,000 to finance the operations of MLA pursuant to the terms of the Heads of Agreement.
g) As the targeted February deadline has passed and the terms of the Heads of Agreement have not been fully satisfied, the Group is currently in negotiations with the Investor on the next steps in relation to the Potential Dilution.

SGX Query 1:

Please explain the reason behind Mr Quentin Philip Caruana's resignation. Are there concerns in relation to the his departure, to be brought to the attention of shareholders?

Company's Response:

The Company had received emails from QPC on 27 February 2023 stating his immediate resignation as a director of Mastro and as the President of MLA with immediate effect. QPC did not provide any further information on the reasons or context for his resignation, nor did he provide any arrangements to handover his responsibilities as the sole President of MLA. Immediately after the receipt of the aforementioned resignation notices, the Company had sought to expeditiously address the situation and gap arising from QPC's resignation, and decided on appointing Kroll Inc. as an independent third party expert for the purposes of the restructuring of MLA (further details of which are provided in the Company's response to Query 4 below). Mr. Mitchell Mansfield was, on 8 March 2023, appointed as a manager and the chief restructuring officer ("**CRO**") of MLA with effect from 9 March 2023, and the Company expects to receive a report on the investigative audit conducted by the CRO (the

"**Investigative Audit**") in due course. It is further noted that QPC was informed of the appointment of Kroll Inc. and the CRO via electronic mail to which the Company did not receive an acknowledgement of receipt or any further reply.

To the best of the Board's knowledge as at the date of this announcement (and subject to the findings of the Investigative Audit), there is no other information in relation to the departure of QPC that should be brought to the attention of shareholders.

SGX Query 2:

Please elaborate on the reasons behind Ms. Dian Stefani Sugialam and Mr. Rusran Huang's resignations, and also why they resigned shortly after Mr Quentin Philip Caruana's resignation. Are there concerns in relation to the their departures, to be brought to the attention of shareholders?

Company's Response:

Ms. Dian Stefani Sugialam and Mr. Rusran Huang, who were the Company's representatives on the board of Mastro, have resigned as directors of Mastro to devote their attention and resources to the business operations of the Group's pre-loved luxury goods business globally, leaving the restructuring process to be managed by the current Mastro directors listed in the Company's response to Query 3 below.

Their resignations from Mastro were closely and intentionally coordinated by the Group with the subsequent appointment of Mr. Sugiono Wiyono Sugialam by Polaris Explorer Pte. Ltd. ("**PEPL**"), a wholly-owned subsidiary of the Company and the 51% shareholder of Mastro, as its representative on Mastro's board (please refer to the Company's response to Query 3 below). For the avoidance of doubt, Ms. Dian Stefani Sugialam and Mr. Rusran Huang have not departed from the Group and their resignations are merely in the capacity of directors of Mastro. In this regard, the Board wishes to assure shareholders that there are no concerns in relation to the resignations of Ms. Dian Stefani Sugialam and Mr. Rusran Huang from Mastro to be brought to the attention of shareholders.

SGX Query 3:

Following the resignations of Mr Quentin Philip Caruana, Ms. Dian Stefani Sugialam and Mr. Rusran Huang, who are the current board member of Mastro?

Company's Response:

The current board members of Mastro are Mr. Sugiono Wiyono Sugialam and Mr. Soennerstedt Carl Johan Pontus, both of whom are Executive Directors of the Company.

SGX Query 4:

(i) Please elaborate on the reasons for appointing Mr. Mitchell Mansfield, a managing director of Kroll Inc., as a manager and the chief restructuring officer of MLA. (ii) It was stated that the appointment of Kroll was to safeguard the business and assets of MLA. Please elaborate on the concerns that led to the need to safeguard business and assets of MLA. (iii) What's his job scope as the chief restructuring officer of MLA? (iv) Who is running the business of MLA? (v) Does MLA face going concern issue?

Company's Response:

(i) QPC's sudden resignation from his position as President of MLA left MLA without a director and manager. Further, QPC had failed to provide any arrangements to handover his responsibilities as President of MLA, and the Company did not hear from QPC thereafter. In the interest of safeguarding the business and assets of MLA, the Company promptly engaged Kroll Inc. (an expert on business, financial and operational restructuring, advisory and risk management) on 3 March 2023 and appointed Mr. Mitchell Mansfield as the CRO on 8 March 2023 and as a director of MLA on 9 March 2023.

(ii) Please refer to the Company's responses to Query 4(i) above. Further, as QPC's resignation was unexpected, and given the breakdown in communication with QPC and the lack of information in relation to MLA's operations and financial situation, the Board was of the view that it would be prudent and in the best interests of the Company to take swift action and engage the CRO to safeguard the business and assets of MLA.

(iii) Mr. Mitchell Mansfield shall be responsible for, amongst other things, managing the finances of MLA, reviewing the books of accounts and financial records of MLA, assessing the restructuring options in relation to the financial and operational affairs of MLA, and providing strategic guidance to the Group. The CRO will also provide updates to the Board on the progress of the review of MLA's books of accounts and financial records as well as on the operations of MLA on a weekly basis.

(iv) Mr. Mitchell Mansfield will be taking control of MLA and will run the business of MLA at this present time.

(v) The Board is unable to comment with certainty at this juncture due to the lack of verified information in relation to MLA's financial situation. The Company expects to receive an initial report on the Investigative Audit from the CRO by the end of March 2023, and will make an update announcement if the findings of the CRO indicate that MLA is facing a going concern issue.

SGX Query 5:

What's the reason that the Investor did not procure a credit facility of US$10M to finance the operations of MLA within the targeted deadline, resulting in terms of the Heads of Agreement not being fully satisfied?

Company's Response:

The Group understands from the Investor that it has been unable to obtain a credit facility of US$10 million from financial institutions as MLA's financial and business performance were not considered to be sufficient to meet the financial institutional credit analysis requirements.

SGX Query 6:

Given that the deadline for completion of terms of the Heads of Agreement, Internal Reorganisation and Potential Dilution has passed, please detail the implication to the Group (including operations, financial standing and future outlook) and on the Internal Reorganisation?

Company's Response:

The Board will be able to comment on the impact of the passing of the deadline for the Internal Reorganisation and Potential Dilution on the Group once it has received and reviewed the report on the Investigative Audit from the CRO, as stated in the Company's response to Query 4(v) above.

The Group is currently still in discussions with the Investor on the Internal Reorganisation and Potential Dilution, and is also updating the Investor on the findings of the CRO in relation to MLA. The discussions include potentially setting a new deadline for the terms of the Heads of Agreement to be satisfied and/or the amendment of the terms of the Heads of Agreement.

SGX Query 7:

It is stated that the Group is currently in negotiations with the Investor on the next steps in relation to the Potential Dilution. Please provide the Company's plan, milestones and timeline to complete negotiation in relation to the Potential Dilution and Internal Reorganisation.

Company's Response:

The outcome of the Group's negotiations with the Investor is highly dependent on the findings of the CRO. At this point, it is estimated that the Group will require until the end of the second quarter of 2023 to clarify all details of MLA's situation, and thereafter complete negotiations with the Investor in relation to the Heads of Agreement and the Potential Dilution.

SGX Query 8:

What's the reason that Marque Luxury America, LLC expanded operations rapidly while not attaining its ambitious growth targets?

Company's Response:

The operations of MLA expanded rapidly to capture the growth of the global pre-loved luxury goods market. According to Bain & Company's Secondhand Luxury Goods Worldwide Market Study, the market grew by 65% from 2017 to 2021 and was valued at €33 billion in 2021.[1] With the growing demand for pre-loved luxury goods, MLA's business strategy was to increase sourcing, supplying, and selling pre-loved luxury goods through an expanding number of channels in this segment.

While the strategy resulted in a rapid growth of the Group's top-line revenue in the pre-loved luxury goods business segment, it did not deliver the intended results in terms of bottom-line profitability. The Board is currently seeking a better understanding of why this was the case. In particular, the Board has observed high operating expenses coupled with slowing and poor sales performance in many channels, aging inventory, and non-performing re-commerce hubs.

The appointment of Kroll Inc. and the new CRO (with effect from 9 March 2023) will enable a more thorough examination and understanding of MLA's revenue and cost bases.

SGX Query 9:

What's the Group's plan for MLA?

Company's Response:

The Board expects to receive the initial report from the Investigative Audit of MLA conducted by the CRO by the end of March 2023. The report and the findings of the Investigative Audit will provide the Board with an initial comprehensive view of MLA's financial and operational situation. Once the Board has reviewed the report and the findings of the Investigative Audit from the CRO, it will thereafter be in a more informed position to consider the options available and make decisions in relation to the business and future of MLA.

SGX Query 10:

Please provide the Board of Directors' confirmation on whether sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner and the bases for its views.

Company's Response:

To the best of the Board's knowledge, all material information in relation to the matters herein 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. In view of this, the Board confirms that sufficient information has been disclosed to enable trading of the Company's shares to continue in an orderly manner.

BY ORDER OF THE BOARD
POLARIS LTD.

Soennerstedt Carl Johan Pontus
Director and Chief Executive Officer
20 March 2023

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[1] *Further information on Bain & Company's Secondhand Luxury Goods Worldwide Market Study may be found at the following website: https://www.bain.com/insights/secondhand-luxury-goods-a-first-rate-strategic-opportunity-snap-chart/*

*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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