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May 15, 2023

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: Polaris Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3010  
 URL: <https://www.polaris-holdings.com/en/>  
 Representative: Atsuo Umeki, President & CEO  
 Inquiries: Satoshi Hosono, CFO  
 Telephone: +81-3-5822-3010  
 Scheduled date of annual general meeting of shareholders: June 28, 2023  
 Scheduled date to commence dividend payments: —  
 Scheduled date to file annual securities report: June 28, 2023  
 Preparation of supplementary material on financial results: None  
 Holding of financial results briefing: None

(Amounts are rounded off to the nearest million yen.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2023	7,018	89.0	3	-	(215)	-	534	
March 31, 2022	3,712	24.9	(1,332)	-	(1,623)	-	(1,830)	-

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥543 million [-%]  
 For the fiscal year ended March 31, 2022: ¥(1,830) million [-%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	4.98	4.91	34.6	(1.2)	0.0
March 31, 2022	(25.98)	-	-	(19.1)	(35.9)

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended March 31, 2023: ¥- million  
 For the fiscal year ended March 31, 2022: ¥- million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	24,653	2,911	11.8	24.83
March 31, 2022	12,036	193	1.5	1.99

Reference: Equity  
 As of March 31, 2023: ¥2,905million  
 As of March 31, 2022: ¥182million

**(3) Consolidated cash flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	(110)	(728)	2,185	3,571
March 31, 2022	(7,819)	(415)	8,799	2,224

**2. Cash dividends**

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended March 31, 2023	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2024 (Forecast)	-	0.00	-	0.00	0.00		-	

**3. Consolidated Financial Forecast for the Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)**

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	12,000	71.0	800	-	100	-	40	(92.5)	0.34

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 13 companies (\*)

\* Red Planet Holding (Philippines) Limited, Red Planet Hotels Philippines Corporation, RPH Philippines Land Corporation, Red Planet Hotels Cebu Corporation, Red Planet Hotels Cagayan de Oro Corporation, Red Planet Hotels Ortigas Corporation, Red Planet Hotels Davao Corporation, Red Planet Hotels Quezon Corporation, Red Planet Hotels Paranaque Corporation, Red Planet Hotels Pasong Tamo Corporation, Red Planet Hotels Binondo Corporation, Red Planet Philippines Services Corporation, Red Planet Hotels Manila Bay Corporation

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	116,969,189 shares
As of March 31, 2022	91,576,389 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2023	1,674 shares
As of March 31, 2022	1,674 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	107,286,078 shares
Fiscal year ended March 31, 2022	70,434,661 shares

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

Consolidated Financial Statements  
1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,404,386	4,283,720
Accounts receivable - trade	616,258	1,839,769
Real estate for sale	5,953,143	5,857,254
Raw materials and supplies	16,487	79,156
Other	372,384	1,527,876
Allowance for doubtful accounts	△75	△724,860
<b>Total current assets</b>	<b>9,362,583</b>	<b>12,862,915</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	552,301	11,029,102
Accumulated depreciation	△117,733	△3,982,868
Buildings and structures, net	434,568	7,046,234
Machinery, equipment and vehicles	30,286	440,654
Accumulated depreciation	△30,286	△378,899
Machinery, equipment and vehicles, net	—	61,756
Tools, furniture and fixtures	567,681	838,123
Accumulated depreciation	△219,320	△612,400
Tools, furniture and fixtures, net	348,361	225,723
Land	248,123	476,590
Leased assets	289,718	289,718
Accumulated depreciation	△289,718	△289,718
Leased assets, net	—	—
Right-of-use assets	—	2,640,495
Accumulated depreciation	—	△599,620
Right-of-use assets, net	—	2,040,876
Construction in progress	—	16,269
<b>Total property, plant and equipment</b>	<b>1,031,052</b>	<b>9,867,448</b>
<b>Intangible assets</b>		
Software	6,863	11,499
Other	—	17,540
<b>Total intangible assets</b>	<b>6,863</b>	<b>29,039</b>
<b>Investments and other assets</b>		
Investment securities	210,001	193,058
Long-term prepaid expenses	57,623	58,716
Beneficial interests in real estate trust	611,072	316,416
Leasehold and guarantee deposits	755,908	930,069
Deferred tax assets	—	390,457
Other	576	5,100
<b>Total investments and other assets</b>	<b>1,635,181</b>	<b>1,893,817</b>
<b>Total non-current assets</b>	<b>2,673,095</b>	<b>11,790,304</b>
<b>Total assets</b>	<b>12,035,678</b>	<b>24,653,218</b>

(Thousands of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	—	390,727
Short-term borrowings	1,099,400	587,200
Current portion of long-term borrowings	364,860	1,094,687
Lease liabilities	20,828	54,598
Accounts payable - other	477,641	1,129,692
Accrued expenses	153,968	475,395
Income taxes payable	29,916	185,931
Deposits received	15,254	190,355
Provision for shareholder benefit program	3,400	3,915
Provision for loss on store closings	—	151,475
Other	21,986	487,071
<b>Total current liabilities</b>	<b>2,187,253</b>	<b>4,751,047</b>
<b>Non-current liabilities</b>		
Bonds payable	—	918,366
Convertible-bond-type bonds with share acquisition rights	900,000	—
Long-term borrowings	6,391,845	10,453,827
Subordinated capital loans	950,000	950,000
Lease liabilities	148,093	3,176,670
Deferred tax liabilities	63	782
Long-term accounts payable - other	45,395	24,136
Long-term deposits received	1,039,940	1,060,676
Lease and guarantee deposited	4,300	21,924
Retirement benefit liability	9,070	47,398
Asset retirement obligations	167,119	318,623
Other	—	19,200
<b>Total non-current liabilities</b>	<b>9,655,825</b>	<b>16,991,600</b>
<b>Total liabilities</b>	<b>11,843,078</b>	<b>21,742,647</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,829,803	12,155
Capital surplus	2,163,383	2,528,713
Retained earnings	△3,808,387	366,725
Treasury shares	△2,992	△2,992
<b>Total shareholders' equity</b>	<b>181,807</b>	<b>2,904,601</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	143	145
<b>Total accumulated other comprehensive income</b>	<b>143</b>	<b>145</b>
Share acquisition rights	10,650	5,826
<b>Total net assets</b>	<b>192,600</b>	<b>2,910,571</b>
<b>Total liabilities and net assets</b>	<b>12,035,678</b>	<b>24,653,218</b>

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Consolidated Statements of Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	3,712,127	7,017,664
Cost of sales	283,500	510,215
Gross profit	3,428,627	6,507,450
Selling, general and administrative expenses	4,761,051	6,504,369
Operating profit (loss)	△1,332,424	3,080
Non-operating income		
Interest income	21	30
Dividend income	3	3
Subsidy income	49,459	13,880
Foreign exchange gains	113	9,582
Other	760	3,348
Total non-operating income	50,356	26,843
Non-operating expenses		
Interest expenses on bonds	—	18,366
Interest expenses	134,200	181,074
Share issuance costs	152,886	—
Commission expenses	43,834	12,434
Other	10,154	33,292
Total non-operating expenses	341,074	245,166
Ordinary loss	△1,623,142	△215,243
Extraordinary income		
Gain on bargain purchase	—	1,460,735
Total extraordinary income	—	1,460,735
Extraordinary losses		
Loss on valuation of investment securities	9,161	2,463
Impairment losses	101,911	537,953
Loss on store closings	78,383	—
Provision for loss on store closings	—	151,475
Total extraordinary losses	189,455	691,891
Profit (loss) before income taxes	△1,812,598	553,601
Income taxes - current	17,219	19,413
Total income taxes	17,219	19,413
Profit (loss)	△1,829,816	534,189
Profit (loss) attributable to owners of parent	△1,829,816	534,189

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	△1,829,816	534,189
Other comprehensive income		
Valuation difference on available-for-sale securities	1	2
Total other comprehensive income	1	2
Comprehensive income	△1,829,815	534,190
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△1,829,815	534,190

## 3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	△1,812,598	553,601
Depreciation	189,804	204,877
Impairment losses	101,911	537,953
Gain on bargain purchase	—	△1,460,735
Increase (decrease) in allowance for doubtful accounts	△1,052	55
Increase (decrease) in provision for shareholder benefit program	△3,000	515
Increase (decrease) in provision for loss on store closings	—	151,475
Increase (decrease) in retirement benefit liability	1,791	799
Interest and dividend income	△24	△32
Interest expenses on bonds	—	18,366
Interest expenses	134,200	181,074
Loss (gain) on valuation of investment securities	9,161	2,463
Decrease (increase) in trade receivables	△281,812	△358,423
Decrease (increase) in inventories	5,851	△17,315
Decrease (increase) in real estate for sale	△5,969,975	—
Decrease (increase) in prepaid expenses	651	△18,667
Increase (decrease) in trade payables	△282	—
Increase (decrease) in accounts payable - other	92,318	170,313
Increase (decrease) in advances received	△1,706	34,165
Other, net	△133,077	82,993
Subtotal	△7,667,838	83,477
Interest and dividends received	24	32
Interest paid	△134,396	△180,710
Income taxes paid	△16,575	△12,763
Net cash provided by (used in) operating activities	△7,818,785	△109,963
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△2,940	△303
Purchase of investment securities	△204,000	—
Payments of leasehold and guarantee deposits	△396,863	△58,069
Proceeds from refund of leasehold and guarantee deposits	198,198	32,565
Long-term loan advances	—	△457,214
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△265,163
Other, net	△9,697	19,984
Net cash provided by (used in) investing activities	△415,301	△728,200
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	709,614	—
Repayments of short-term borrowings	△303,814	△212,200
Proceeds from long-term borrowings	5,085,386	600,000
Repayments of long-term borrowings	△324,720	△344,490
Proceeds from long-term deposits received	1,030,000	—
Proceeds from issuance of shares	2,647,059	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	2,183,781

Other, net	△44,556	△42,087
Net cash provided by (used in) financing activities	8,798,969	2,185,003
Net increase (decrease) in cash and cash equivalents	564,882	1,346,840
Cash and cash equivalents at beginning of period	1,659,505	2,224,386
Cash and cash equivalents at end of period	2,224,386	3,571,227