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November 13, 2024

## Consolidated Financial Results for the Six Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: Polaris Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3010  
 URL: <https://www.polaris-holdings.com/en/>  
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Scheduled date to file semi-annual securities report: November 14, 2024

Scheduled date to commence dividend payments: —

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: None

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

### 1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	10,321	(26.9)	1,245	(52.5)	962	(55.9)	890	(65.2)
September 30, 2023	14,120	353.4	2,624	-	2,180	-	2,555	-

Note: Comprehensive income For the six months ended September 30, 2024: ¥1,113 million [(60.2%)]  
 For the six months ended September 30, 2023: ¥2,796 million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	7.07	7.00
September 30, 2023	21.04	20.75

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2024	23,216	8,325	35.9
March 31, 2024	23,208	6,885	29.7

Reference: Equity  
 As of September 30, 2024: ¥8,325 million  
 As of March 31, 2024: ¥6,884 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	3.00	3.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated Financial Forecast for the Year Ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

	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	20,078	(10.9)	1,891	(44.1)	1,315	(49.6)	1,473	(55.3)	11.87

Note: Revisions to the consolidated financial forecast most recently announced: None

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: - companies (-)

Excluded: 1 company (General Incorporated Association Tenjin Hotel Kanri)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2024	127,933,989 shares
As of March 31, 2024	124,133,889 shares

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

As of September 30, 2024	1,674 shares
As of March 31, 2024	1,674 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	125,876,523 shares
Six months ended September 30, 2023	121,436,602 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* Proper use of earnings forecasts, and other special matters

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. Actual results may differ significantly from these forecasts due to a wide range of factors.

(1) Overview of Financial Position and Operating Results

The following is a summary of Polaris Group's operating results for the second quarter of the consolidated fiscal year ending March 31, 2025.

a . Consolidated Results

Unit: JPY Million	FY3/2024 2Q	FY3/2025 2Q	Change (%)
Sales	14,120	10,321	(26.9%)
Operating Income	2,624	1,245	(52.5%)
Ordinary Income	2,180	962	(55.9%)
1Q Net Profit Attributed to Parent Company	2,555	890	(65.2%)

During the second quarter of the consolidated fiscal year, though the outlook for the Japanese economy remained uncertain due to factors such as rising prices for resources, energy and various materials, and the impact of unstable exchange rates, the economy shows signs of a gradual recovery, supported by improvements in the employment and income and an increase in inbound demand.

In the hotel industry, the Group's main business, despite there were some temporary effects from the typhoon that cut across the Japanese archipelago and a warning for a possible Nankai Trough earthquake following an earthquake centered in the Hyuuganada region of Miyazaki Prefecture, the hotel market continued to grow due to higher demand for overnight stays throughout the second quarter of the consolidated fiscal year ending March 31, 2025 than in the same period of the previous year.

According to the Lodging Travel Statistics Survey published by the Japan Tourism Agency, the total number of overnight guests in Japan from April to September 2024 was 331.87 million (+4.7% from the same month in the previous year) of which, 250.47 million were Japanese overnight guests (-2.4% from the same month in the previous year) and 81.39 million were foreign overnight guests (+35.2% from the same month in the previous year).

The number of foreign visitors to Japan has set a record for eight consecutive months until September 2024, and the total number of visitors until September this year has reached 26.88 million, exceeding the previous year's annual total of 25.07 million. In particular, the number of visitors from China increased significantly to 5.25 million, a 228.4% increase compared to the same period previous year. In addition, preliminary figures for the period from January to September released by the Japan Tourism Agency show that the amount of consumption by foreign visitors to Japan was JPY 5.86 trillion, exceeding the annual figure for 2023 (JPY 5.31 trillion), and the increase in the unit price of consumption is also trending favorably.

On the back of this positive environment, financial results for the second quarter of the consolidated fiscal year ending March 31, 2025 were net sales JPY 10,321 million (of which, domestic net sales JPY 8,917 million, overseas net sales JPY 1,404 million) and operating income JPY 1,245 million (of which, domestic operating income JPY 1,061 million, overseas operating income JPY 185 million). The major factors are as described in section "b. Results by Segment."

Ordinary income was JPY 962 million (of which, domestic ordinary income JPY 1,056 million, overseas income JPY -94 million).

Profit attributable to owners of parent on a consolidated basis was JPY 890 million (of which, profit attributable to owners of parent for the domestic operation JPY 1,052 million, profit attributable to owners of parent for the overseas operation JPY -162million).

Polaris disclosed Medium Term Management Plan (FY2024-FY2026) (hereinafter the "Plan") through the fiscal year ending March 31, 2027 on May 14, 2024 and to achieve the business strategy on the Plan, executed a Comprehensive Support Agreement for Hotel Management, etc. with Star Asia Investment Management Co., Ltd (hereinafter the "SAIM") and Star Asia Investment Corporation which has entrusted the management of its assets to SAIM which both belong to the Star Asia Group, the parent company group

of Polaris, on the same date.

Based on the Plan, Polaris made a strategic joint investment with Star Asia Group, the sponsor group of Polaris, in June 2024 in Minacia Co., Ltd. (hereinafter the “Minacia”), which has high similarity and compatibility with Polaris Group’s hotel business and to achieve synergy effects through collaboration with Minacia, executed a Business Alliance Agreement. Furthermore, on October 15 2024, we concluded a share exchange agreement to make Minacia a wholly owned subsidiary of Polaris.

b . Results by Segment

< Hotel Business >

Unit: JPY Million	FY3/2024 2Q	FY3/2025 2Q	Change (%)
Sales	6,109	9,820	60.7%
Operating Income	725	1,239	71.0%

The hotel business recorded net sales of JPY 9,820 million and operating income of JPY 1,239 million. Polaris has maintained high occupancy rates and room rates through precise revenue management in a favorable hotel market. Polaris Group started to operate KAYA Kyoto Nijo Castle BW Signature Collection by Best Western in Kyoto city, Kyoto Prefecture in April 2023, KOKO HOTEL Sendai Kotodai Park, KOKO HOTEL Sendai Station South, KOKO HOTEL Sendai Station West in Sendai City, Miyagi Prefecture, in September 2023, Red Planet BGC The Fort in December 2023, and Best Western PLUS Nagoya Sakae in Nagoya City, Aichi Prefecture, in March 2024 and contributed to improve business performance. In addition, Fino Hotel Sapporo Odori was rebranded to KOKO HOTEL Sapporo Odori in order to further expand recognition of original brand, KOKO HOTEL in April 2024. Furthermore, in August this year, the hotel management structure of KOKO HOTEL Residence Asakusa Kappabashi, KOKO HOTEL Residence Asakusa Tawaramachi, KOKO HOTEL Tsukiji Ginza and KOKO HOTEL Osaka Shinsaibashi was changed from fee-type hotel management to fixed and variable rent-type hotel management in order to secure long-term operation and improve profitability.

< Real Estate Business >

Unit: JPY Million	FY3/2024 2Q	FY3/2025 2Q	Change (%)
Sales	8,291	501	(94.0%)
Operating Income	2,290	500	(78.2%)

The real estate business recorded net sales of JPY 501 million and operating income of JPY 500 million. There was a significant increase in revenue and profit following the sale of properties of Best Western PLUS Fukuoka Tenjin-minami and Fino Hotels Sapporo Odori (currently named KOKO HOTEL Sapporo Odori), which Polaris Group held as real estate for sale in the previous interim consolidation. In the current interim consolidation, Polaris Group recognized a gain of JPY 494 million on dividend distribution from a silent partnership as a result of the sale of KOKO Tsukiji Ginza Hotel property, held as trust beneficiary rights by a Special Purpose Company, in which the Company has a silent partnership interest.

(2) Overview of Financial Condition

The following is an overview of Polaris group’s financial condition for the interim of the consolidated fiscal year ending March 31, 2025.

(Asset)

Total assets amounted to JPY 23,216 million, which increased by JPY 8 million from the end of the previous fiscal year. Major factors included a JPY 422 million increase in cash and deposits, a JPY 500 million

increase in investments and other assets (Other), and a JPY 1,380 million decrease in current assets (Other).  
(Liability)

Total liabilities amounted to JPY 14,891 million, which decreased by JPY 1,432 million from the end of the previous fiscal year. Major factors included a JPY 806 million decrease in long-term borrowings (include current portion of long-term borrowings), and a JPY 477 million decrease in short-term borrowings.

(Net Asset)

The net assets amounted to JPY 8,325 million, which increased by JPY 1,440 million from the end of the previous fiscal year. Major factors included a JPY 890 million increase in retained earnings, in net income attributable to parent company shareholders and a JPY 224 million increase in foreign currency translation adjustment.

### (3) Overview of Cash Flow

The balance of cash and cash equivalents of Polaris Group at the second quarter ended September 30, 2024 increased by JPY 735 million from the end of the previous fiscal year to JPY 3,458 million.

(Cash Flow from Operating Activities)

During the second quarter of the consolidated fiscal year, net cash increased by operating activities JPY 2,294 million (JPY 8,442 million increase for the same period of the previous fiscal year). Major factors of increase included a JPY 962 million increase in net profit before tax adjustments and a JPY 818 million in other. Major factors of decrease included a JPY 264 million gain on trade receivables and a JPY 156 million decrease in accounts payable - other.

(Cash Flow from Investing Activities)

During the second quarter of the consolidated fiscal year, net cash decreased by investing activities JPY 657 million (JPY 32 increase for the same period of the previous fiscal year). Major factors of decrease included a JPY 500 million in acquisition of investments and a JPY 303 million in purchase of property, plant and equipment.

(Cash Flow from Financing Activities)

During the second quarter of the consolidated fiscal year, net cash decreased by financing activities JPY 921 million (JPY 5,507 decrease for the same period of the previous fiscal year). Major factors of increase included a JPY 1,500 million proceeds from long-term borrowings. Major factors of decrease included a JPY 2,225 million repayment of long-term borrowings.

Regarding the funding sources for the Group's capital and the liquidity of funds, the Group manages funds by monitoring future cash flows in considering of business environment and the state of operations and plans to primarily secure funds through borrowings from financial institutions when the need for funds arises.

### (4) Explanation about consolidated earnings forecast

There are no changes to the full-year earnings forecast announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 [Japanese GAAP]” released on May 14, 2024.

Quarterly Consolidated Financial Statements

1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	3,384,374	3,806,819
Accounts receivable - trade	1,761,216	2,034,996
Raw materials and supplies	126,576	117,522
Other	2,690,186	1,310,560
Allowance for doubtful accounts	△5,926	△6,339
Total current assets	7,956,426	7,263,558
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,776,563	10,062,410
Land	493,725	510,860
Right-of-use assets, net	2,087,426	2,108,463
Other, net	414,356	390,522
Construction in progress	37,247	73,154
Total property, plant and equipment	12,809,316	13,145,408
Intangible assets		
Other	30,234	67,527
Total intangible assets	30,234	67,527
Investments and other assets		
Investment securities	179,909	2,415
Leasehold and guarantee deposits	1,258,893	1,264,107
Other	973,330	1,473,133
Total investments and other assets	2,412,131	2,739,655
Total non-current assets	15,251,681	15,952,591
Total assets	23,208,107	23,216,148

(Thousands of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	362,824	370,376
Short-term borrowings	984,000	507,400
Current portion of long-term borrowings	849,308	733,929
Accounts payable - other	1,846,072	1,725,193
Income taxes payable	18,071	68,637
Provision for shareholder benefit program	6,235	69,035
Provision for bonuses	—	69,750
Other	1,713,840	1,168,608
Total current liabilities	5,780,350	4,712,929
Non-current liabilities		
Long-term borrowings	6,016,982	5,326,595
Subordinated capital loans	950,000	950,000
Lease liabilities	2,925,280	3,036,999
Retirement benefit liability	32,897	35,490
Asset retirement obligations	169,000	169,000
Other	448,815	660,455
Total non-current liabilities	10,542,975	10,178,538
Total liabilities	16,323,325	14,891,467
<b>Net assets</b>		
Shareholders' equity		
Share capital	65,571	229,336
Capital surplus	2,317,803	2,481,569
Retained earnings	4,438,943	5,328,486
Treasury shares	△2,992	△2,992
Total shareholders' equity	6,819,325	8,036,399
Accumulated other comprehensive income		
Foreign currency translation adjustment	64,735	288,282
Total accumulated other comprehensive income	64,735	288,282
Share acquisition rights	722	—
Total net assets	6,884,782	8,324,681
<b>Total liabilities and net assets</b>	<b>23,208,107</b>	<b>23,216,148</b>



2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the Six Months Ended September 30, 2024)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	14,120,194	10,320,873
Cost of sales	6,215,534	413,380
Gross profit	7,904,660	9,907,493
Selling, general and administrative expenses	5,280,919	8,662,033
Operating profit	2,623,741	1,245,460
Non-operating income		
Interest income	6,368	12,106
Subsidy income	3,901	2,639
Foreign exchange gains	—	2,214
Other	11,670	1,271
Total non-operating income	21,939	18,230
Non-operating expenses		
Interest expenses	335,653	296,561
Commission expenses	86,355	1,977
Interest expenses on bonds	31,707	—
Foreign exchange losses	7,835	—
Other	4,059	2,882
Total non-operating expenses	465,609	301,421
Ordinary profit	2,180,071	962,270
Extraordinary income		
Gain on cancellation of lease contract	365,703	—
Reversal of provision for loss on store closings	57,125	—
Total extraordinary income	422,828	—
Extraordinary losses		
Loss on valuation of investment securities	2,585	—
Total extraordinary losses	2,585	—
Profit before income taxes	2,600,314	962,270
Income taxes - current	17,574	42,495
Income taxes - deferred	28,099	30,231
Total income taxes	45,672	72,726
Profit	2,554,642	889,543
Profit attributable to owners of parent	2,554,642	889,543

(Quarterly Consolidated Statements of Comprehensive Income)  
(For the Six Months Ended September 30, 2024)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	2,554,642	889,543
Other comprehensive income		
Valuation difference on available-for-sale securities	34	—
Foreign currency translation adjustment	241,402	223,547
Total other comprehensive income	241,435	223,547
Comprehensive income	2,796,077	1,113,091
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,796,077	1,113,091

3) Quarterly Consolidated Statements of Cash Flows  
(For the six months ended September 30, 2024)

(Thousands of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,600,314	962,270
Depreciation	341,801	457,595
Gain on cancellataion of lease contract	△365,703	—
Reversal of provision for loss on store closings	△57,125	—
Increase (decrease) in allowance for doubtful accounts	△13	—
Increase (decrease) in provision for shareholder benefit program	46,201	62,800
Increase (decrease) in retirement benefit liability	△13,061	748
Increase (decrease) in provision for loss on store closings	△94,350	—
Increase (decrease) in provision for bonuses	48,000	69,750
Interest and dividend income	△6,368	△12,106
Interest expenses	335,653	296,561
Commission expenses	48,401	1,977
Interest expenses on bonds	31,707	—
Loss (gain) on valuation of investment securities	2,585	—
Decrease (increase) in trade receivables	△307,760	△264,197
Decrease (increase) in inventories	△18,109	13,094
Decrease (increase) in real estate for sale	5,826,098	—
Increase (decrease) in trade payables	△101,933	△6,008
Increase (decrease) in accounts payable - other	△28,172	△156,083
Increase (decrease) in advances received	91,457	△15,986
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	412,193	△84,866
Decrease (increase) in prepaid expenses	4,168	64,017
Decrease (increase) in advances paid	△41,143	628,911
Increase (decrease) in accrued expenses	13,104	102,450
Other, net	17,137	22,316
Subtotal	8,785,082	2,143,241
Interest and dividends received	6,368	8,612
Interest paid	△330,250	△303,339
Income taxes paid	△19,515	△6,403
Income taxes refund	—	451,511
Net cash provided by (used in) operating activities	8,441,685	2,293,622
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△153,033	△303,451
Purchase of intangible assets	△4,833	△40,942
Payments of leasehold and guarantee deposits	△23,520	—
Proceeds from refund of leasehold and guarantee deposits	217,538	9,489
Expenditure for acquiring capital investment	—	△500,000
Other, net	△3,702	178,310
Net cash provided by (used in) investing activities	32,449	△656,594
<b>Cash flows from financing activities</b>		
Repayments of short-term borrowings	△26,600	△476,600
Proceeds from long-term borrowings	—	1,500,000
Repayments of long-term borrowings	△5,031,251	△2,224,944

Refund of long-term deposits received	△1,048,431	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	610,427	326,809
Other, net	△10,983	△45,911
Net cash provided by (used in) financing activities	△5,506,838	△920,647
Effect of exchange rate change on cash and cash equivalents	23,817	18,240
Net increase (decrease) in cash and cash equivalents	2,991,113	734,622
Cash and cash equivalents at beginning of period	3,571,227	2,723,271
Cash and cash equivalents at end of period	6,562,340	3,457,894