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November 11, 2021

## Consolidated Financial Results for the Six Months Ended September 30, 2021 (Under Japanese GAAP)

Company name: Polaris Holdings Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 3010  
 URL: <https://www.polaris-holdings.com>  
 Representative: Atsuo Umeki, President & Representative Director  
 Inquiries: Satoshi Hosono, Director & CFO  
 Telephone: +81-3-5822-3010  
 Scheduled date to file quarterly securities report: November 11, 2021  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

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

### 1. Consolidated financial results for the Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

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

(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	%
Six months ended								
September 30, 2021	1,754	105.8	(728)	-	(778)	-	(792)	-
September 30, 2020	852	(70.8)	(914)	-	(982)	-	(1,071)	-

Note: Comprehensive income For the six months ended September 30, 2021: ¥(792) million [-%]  
 For the six months ended September 30, 2020: ¥(1,071) million [-%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2021	(13.43)	-
September 30, 2020	(19.86)	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2021	7,637	(1,577)	(20.7)
March 31, 2021	4,997	(784)	(15.8)

Reference: Equity  
 As of September 30, 2021: ¥(1,581) million  
 As of March 31, 2021: ¥(788) 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, 2021	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2022	-	0.00			
Fiscal year ending March 31, 2022 (Forecast)			-	0.00	0.00

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

## 3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Given the current situation regarding COVID-19 and the potential impact on the Group's business activities for the fiscal year ending March 31, 2022, it is difficult to reasonably estimate consolidated earnings forecasts at this time. As a result, the Group has made the decision to not disclose earnings forecasts at this time. An announcement will be made as soon as disclosure of earnings forecasts can be made.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: - companies

Excluded: - companies

(2) Adoption of accounting treatment specific to the preparation of quarterly 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, 2021	59,018,889 shares
As of March 31, 2021	59,018,889 shares

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

As of September 30, 2021	1,674 shares
As of March 31, 2021	1,625 shares

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

Three months ended September 30, 2021	59,017,258 shares
Three months ended June 30, 2020	53,925,768 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

Given the current situation regarding COVID-19 and the potential impact on the Group's business activities for the fiscal year ending March 31, 2022, it is difficult to reasonably estimate consolidated earnings forecasts at this time. As a result, the Group has made the decision to not disclose earnings forecasts at this time. An announcement will be made as soon as disclosure of earnings forecasts can be made.

Quarterly Consolidated Financial Statements

1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	1,839,505	1,225,098
Notes and accounts receivable - trade	334,446	359,287
Real estate for sale	39,123	2,788,363
Raw materials and supplies	22,337	16,765
Other	279,556	430,488
Allowance for doubtful accounts	△255	△138
<b>Total current assets</b>	<b>2,514,713</b>	<b>4,819,863</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	463,366	453,356
Land	248,123	248,123
Other, net	494,840	459,240
<b>Total property, plant and equipment</b>	<b>1,206,330</b>	<b>1,160,720</b>
Intangible assets		
Other	15,150	20,968
<b>Total intangible assets</b>	<b>15,150</b>	<b>20,968</b>
Investments and other assets		
Investment securities	17,009	211,859
Beneficial interests in real estate trust	642,048	626,560
Leasehold and guarantee deposits	582,243	755,086
Other	20,232	42,220
Allowance for doubtful accounts	△872	-
<b>Total investments and other assets</b>	<b>1,260,660</b>	<b>1,635,724</b>
<b>Total non-current assets</b>	<b>2,482,140</b>	<b>2,817,412</b>
<b>Total assets</b>	<b>4,996,853</b>	<b>7,637,275</b>

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	282	686
Short-term borrowings	693,600	917,614
Current portion of long-term borrowings	367,160	328,190
Income taxes payable	22,062	8,478
Provision for shareholder benefit program	6,400	29,400
Other	783,053	662,037
Total current liabilities	1,872,556	1,946,405
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	900,000	900,000
Long-term borrowings	1,628,879	3,992,685
Subordinated capital loans	950,000	950,000
Long-term deposits received	—	1,030,000
Retirement benefit liability	7,279	7,187
Asset retirement obligations	165,628	166,372
Other	256,944	221,516
Total non-current liabilities	3,908,730	7,267,760
Total liabilities	5,781,286	9,214,165
Net assets		
Shareholders' equity		
Share capital	429,830	429,830
Capital surplus	763,411	763,411
Retained earnings	△1,978,571	△2,771,031
Treasury shares	△2,988	△2,992
Total shareholders' equity	△788,318	△1,580,782
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	142	150
Total accumulated other comprehensive income	142	150
Share acquisition rights	3,742	3,742
Total net assets	△784,433	△1,576,890
Total liabilities and net assets	4,996,853	7,637,275

2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the six months ended September 30, 2021)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	852,074	1,753,894
Cost of sales	95,720	96,858
Gross profit	756,354	1,657,036
Selling, general and administrative expenses	※ 1 1,670,627	※ 1 2,385,245
Operating loss	△914,273	△728,209
Non-operating income		
Interest income	1,259	191
Subsidy income	10,519	19,287
Foreign exchange gains	354	74
Other	1,214	173
Total non-operating income	13,346	19,726
Non-operating expenses		
Interest expenses	37,372	57,864
Bond issuance costs	28,131	—
Commission expenses	12,000	5,351
Other	3,372	5,820
Total non-operating expenses	80,875	69,035
Ordinary loss	△981,802	△777,519
Extraordinary losses		
Loss on sale of non-current assets	7,070	—
Loss on valuation of investment securities	—	9,161
Impairment losses	44,126	—
Loss on store closings	35,765	—
Total extraordinary losses	86,961	9,161
Loss before income taxes	△1,068,763	△786,680
Income taxes - current	1,966	5,781
Total income taxes	1,966	5,781
Loss	△1,070,729	△792,460
Loss attributable to owners of parent	△1,070,729	△792,460

(Quarterly Consolidated Statements of Comprehensive Income)  
(For the six months ended September 30, 2021)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Loss	△1,070,729	△792,460
Other comprehensive income		
Valuation difference on available-for-sale securities	24	8
Total other comprehensive income	24	8
Comprehensive income	△1,070,705	△792,453
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△1,070,705	△792,453

3) Quarterly Consolidated Statements of Cash Flows  
(For the six months ended September 30, 2021)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Loss before income taxes	△1,068,763	△786,680
Depreciation	66,156	91,221
Impairment losses	44,126	—
Increase (decrease) in allowance for doubtful accounts	—	△989
Increase (decrease) in provision for shareholder benefit program	—	23,000
Increase (decrease) in retirement benefit liability	125	△92
Interest and dividend income	△1,259	△191
Interest expenses	37,372	57,864
Loss (gain) on sale and retirement of non-current assets	7,070	—
Loss (gain) on valuation of investment securities	—	9,161
Decrease (increase) in trade receivables	12,269	△24,841
Decrease (increase) in real estate for sale	—	△2,772,581
Decrease (increase) in inventories	2,149	5,572
Decrease (increase) in consumption taxes refund receivable	△67,359	△189,103
Increase (decrease) in trade payables	836	405
Increase (decrease) in accounts payable - other	111,620	△55,133
Other, net	145,728	△40,561
<b>Subtotal</b>	<b>△709,928</b>	<b>△3,682,946</b>
Interest and dividends received	1,259	191
Interest paid	△37,411	△58,175
Income taxes paid	△905	△16,447
<b>Net cash provided by (used in) operating activities</b>	<b>△746,984</b>	<b>△3,757,378</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△251,640	—
Purchase of investment securities	—	△204,000
Payments of leasehold and guarantee deposits	△244,761	△340,201
Proceeds from refund of leasehold and guarantee deposits	—	142,358
Other, net	44,421	△8,366
<b>Net cash provided by (used in) investing activities</b>	<b>△451,980</b>	<b>△410,208</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	—	250,614
Repayments of short-term borrowings	△26,600	△26,600
Proceeds from long-term borrowings	460,000	2,485,386
Repayments of long-term borrowings	△202,688	△160,550
Proceeds from long-term deposits received	—	1,030,000
Proceeds from issuance of bonds with share acquisition rights	1,500,000	—
Other, net	△54,573	△25,671
<b>Net cash provided by (used in) financing activities</b>	<b>1,676,139</b>	<b>3,553,179</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>477,174</b>	<b>△614,406</b>

Cash and cash equivalents at beginning of period	873,775	1,659,505
Cash and cash equivalents at end of period	<u>※1 1,350,949</u>	<u>※1 1,045,098</u>