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FOR IMMEDIATE RELEASE

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 Stock Listing: Tokyo Stock Exchange, Second Section
 Stock Code: 3010
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Polaris submits application for "Standard Market" classification and releases new plan and criteria for maintaining listing by FY ending March 2027

Polaris has submitted its application today for the Standard Market segment of the new Tokyo Stock Exchange market classifications which will go into effect as of April 2022. As of the transition record date (June 30, 2021), the Company did not meet the listing standards of the Prime Market, and instead we have prepared a plan that will comply with the new listing requirements of the new market category, Standard Market.

record

1. Outline of the status of compliance with the Company's listing maintenance criteria and planning period:

The Company's compliance status in order to maintain listing on the Standard Market as of the transition record date (June 30, 2021) can be seen in the table below. As noted, the ratio of tradable shares still does not meet the listing requirement standards. The Company will take various measures to meet the tradeable share listing requirements by the fiscal year ending March 2027.

	Number of shareholders	Number of shares in circulation	Market capitalization of shares in circulation	Ratio of shares in circulation
Status of the Company (As of the base date of transition)	8,259	134,390 units	1,575 million JPY	22.7%
Criteria for maintaining listing	400	2,000 units	1,000 million JPY	25%
Items to be included in the plan	-	-	-	○

(Note) The Company's status is calculated based on the distribution of the Company's share certificates, as of the end of March 2021, which is known to the TSE as date of record.

2. Outline of policy details and initiatives to reach and maintain listing compliance

(1) Basic Policy

The Company will actively promote the shift to the owner-operator model for the hotel business as well as increase the number of hotels under management using variable-rent lease contracts or fee-based management contracts. The Company will actively promote the conversion and exercise of convertible bonds and stock acquisition rights through a significant improvement in the corporate performance of the Group, which we believe will be highly evaluated by

the stock market. Through the conversion and exercise of convertible bonds and stock acquisition rights, the Company will be able to meet the criteria for maintaining the listing requirement for tradable shares ratio (75%).

(2) Challenges

The Group's main business is the hotel business, and due to the ongoing impact of the new Coronavirus, we believe it is difficult to reasonably predict the impact on the Group's business activities at this time.

(3) Details of initiatives

The hotel business of the Group has been greatly affected by the spread of the new coronavirus infection. At the same time, we believe that this is an opportunity to play offence and we have been looking to purchase good hotel properties with high potential returns on investment and competitiveness at discount prices.

Our major policy strategy is to shift to the owner-operator model, where the Group is both the owner of the hotel and operator. By moving forward on this strategy, we can lower the break-even ratio as well as raise the return on equity (ROE) by cutting out the rent obligations. Additionally, when the liquidity of the hotel property market returns to more normalized levels, we have the potential to take profits from the sale of hotel properties. The company will continue to actively acquire quality hotel properties.

A second strategy the Group will pursue will be reducing the number of stores operated under long-term fixed-rent lease contracts—that require fixed rent payment regardless of the hotel performance. The Company will continue to make efforts to expand the number of hotels operated under variable-rent lease and fee-based management contracts, which mainly require payment of variable rents linked to the performance of hotel operations and should further lower the break-even point ratio.

The Company has already been actively shifting to an owner-operator model for the hotel business and has also significantly increased the number of hotels under management that are using variable-rent lease or fee-based management contracts. The effects of these efforts have already been seen in the current consolidated fiscal year.

In the future, the Company intends to further promote this policy, and through a significant improvement in the corporate performance of the Group, which we believe will be highly evaluated by the stock market and should allow for the conversion and exercise of both the convertible bonds and stock acquisition rights. Upon completion of the conversion and exercise of both the convertible bonds and stock acquisition rights, the share ratio would be approximately 35%. (Please see table for further details)

Exercise and Conversion Plan

Name	Ratio of shares in circulation after exercise and conversion
2021 Stock Acquisition Rights	24%
2020 Convertible Bonds 2020 Stock Acquisition Rights	35%

※ Exercise or Conversion Price

2021 Stock Acquisition Rights: 86 JPY

2020 Convertible Bonds & 2020 Stock Acquisition Rights: 122.5 JPY

At present, it is difficult to reasonably predict the impact of the spread of the new coronavirus infection on the business activities of the Group, and in the event that the conversion and exercise of the convertible bonds and stock acquisition rights do not take place as planned by the end of the fiscal year ending March 31, 2025, the Company will reassess its efforts to maintain the tradable share ratio in compliance with the listing maintenance standards. In the

event that the conversion and exercise of convertible bonds and stock acquisition rights does not take place as planned by the end of the fiscal year ending March 2025, the Company will formulate another plan to comply with the listing maintenance standards for the tradable share ratio, and will work to comply by the end of the fiscal year ending March 2027. If there are any changes to the Company plan, we will announce them promptly.

As announced on July 14, 2020 in the press release titled "Notice Regarding Issuance of 2020 Series 1 Unsecured Convertible Bonds with Stock Acquisition Rights and 2020 Series 1 Stock Acquisition Rights by Third Party Allotment and Execution of Purchase Agreement", the Company will issue convertible bonds with stock acquisition rights (the "2020 Convertible Bonds") on July 30, 2020 for a total amount of 3,004 million JPY. As described in the press release titled "Notice of Issuance of Unsecured Convertible Bonds with Stock Acquisition Rights and Series 2020 Stock Acquisition Rights and Execution of Purchase Agreement" issued on July 30, 2020, a total of 3,004 million JPY was raised through the issuance of convertible bonds with stock acquisition rights ("2020 Convertible Bonds") and stock acquisition rights ("Series 2020 Stock Acquisition Rights"). The Company issued convertible bonds with stock acquisition rights ("2020 Convertible Bonds") and stock acquisition rights ("2020 Stock Acquisition Rights") on July 30, 2020 with a total amount of 3,004 million JPY raised. With respect to the 2020 Convertible Bonds, the Company currently has 900 million JPY in unconverted bonds with a redemption date of July 28, 2023. With respect to the 2020 Stock Acquisition Rights, the Company currently has 1,442 million JPY in unexercised stock acquisition rights with an exercise period until July 28, 2023. As for the 2020 Stock Acquisition Rights, there are 1,442 million JPY of unexercised stock acquisition rights and the exercise period is until July 28, 2023. In addition, as announced in the "Notice Concerning Issuance of New Shares (Total Amount: 2,800 million JPY), First Series of Stock Acquisition Rights in 2021 and Second Series of Stock Acquisition Rights in 2021 (Total Amount: 3,100 million JPY) by Third Party Allotment and Conclusion of Allotment Agreement" released on October 15, 2021 As described in the "Notice of Issuance of New Share Subscription Rights (Total Amount: ¥3.1 billion) and Conclusion of Allotment Agreement", the Company issued new share subscription rights (the "2021 Series 1 Stock Acquisition Rights") on November 24, 2021. With respect to the 2021 Stock Acquisition Rights, the Company currently has unexercised stock acquisition rights of 3,127 million JPY and the exercise period is until November 22, 2024.

NOTE: This is an English translation summary of the Company's announcement in Japanese. No assurances or warranties are given for completeness or accuracy of this English translation summary.