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May 13, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (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
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 Scheduled date of annual general meeting of shareholders: June 29, 2022
 Scheduled date to commence dividend payments: —
 Scheduled date to file annual securities report: June 29, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	3,712	24.9	(1,332)	-	(1,623)	-	(1,830)	-
March 31, 2021	2,972	(45.5)	(1,627)	-	(1,685)	-	(2,101)	-

Note: Comprehensive income For the fiscal year ended March 31, 2022: ¥(1,830) million [-%]
 For the fiscal year ended March 31, 2021: ¥(2,101) 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, 2022	(25.98)	-	-	(19.1)	(35.9)
March 31, 2021	(37.83)	-	-	(37.5)	(54.7)

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2022: ¥- million
 For the fiscal year ended March 31, 2021: ¥- 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, 2022	12,036	193	1.5	1.99
March 31, 2021	4,997	(784)	(15.8)	(13.35)

Reference: Equity
 As of March 31, 2022: ¥182million
 As of March 31, 2021: ¥(788) million

(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, 2022	(7,819)	(415)	8,799	2,224
March 31, 2021	(1,510)	(651)	2,946	1,660

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			
Fiscal year ended March 31, 2021	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Millions of yen -	% -	% -
Fiscal year ended March 31, 2022	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending March 31, 2023 (Forecast)	-	0.00	-	0.00	0.00		-	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Given the current situation regarding COVID-19 and the potential impact on the Group's business activities for the fiscal year ending March 31, 2023, 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
- (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, 2022	91,576,389 shares
As of March 31, 2021	59,018,889 shares

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

As of March 31, 2022	1,674 shares
As of March 31, 2021	1,625 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	70,434,661 shares
Fiscal year ended March 31, 2021	55,540,117 shares

* Financial results reports are exempt from audit 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, 2023, 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.

Consolidated Financial Statements

1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	1,839,505	2,404,386
Notes and accounts receivable - trade	334,446	—
Accounts receivable - trade	—	616,258
Real estate for sale	39,123	5,953,143
Raw materials and supplies	22,337	16,487
Other	279,556	372,384
Allowance for doubtful accounts	△255	△75
Total current assets	2,514,713	9,362,583
Non-current assets		
Property, plant and equipment		
Buildings and structures	580,111	552,301
Accumulated depreciation	△116,744	△117,733
Buildings and structures, net	463,366	434,568
Machinery, equipment and vehicles	36,387	30,286
Accumulated depreciation	△36,387	△30,286
Machinery, equipment and vehicles, net	—	—
Tools, furniture and fixtures	663,147	567,681
Accumulated depreciation	△168,307	△219,320
Tools, furniture and fixtures, net	494,840	348,361
Land	248,123	248,123
Leased assets	179,829	289,718
Accumulated depreciation	△179,829	△289,718
Leased assets, net	—	—
Total property, plant and equipment	1,206,330	1,031,052
Intangible assets		
Software	13,375	6,863
Other	1,775	—
Total intangible assets	15,150	6,863
Investments and other assets		
Investment securities	17,009	210,001
Long-term prepaid expenses	18,839	57,623
Beneficial interests in real estate trust	642,048	611,072
Leasehold and guarantee deposits	582,243	755,908
Other	1,393	576
Allowance for doubtful accounts	△872	—
Total investments and other assets	1,260,660	1,635,181
Total non-current assets	2,482,140	2,673,095
Total assets	4,996,853	12,035,678

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	282	—
Short-term borrowings	693,600	1,099,400
Current portion of long-term borrowings	367,160	364,860
Lease liabilities	18,308	20,828
Accounts payable - other	385,323	477,641
Accrued expenses	255,896	153,968
Income taxes payable	22,062	29,916
Deposits received	22,383	15,254
Provision for shareholder benefit program	6,400	3,400
Other	101,143	21,986
Total current liabilities	1,872,556	2,187,253
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	900,000	900,000
Long-term borrowings	1,628,879	6,391,845
Subordinated capital loans	950,000	950,000
Lease liabilities	168,922	148,093
Deferred tax liabilities	63	63
Long-term accounts payable - other	78,547	45,395
Long-term deposits received	—	1,039,940
Lease and guarantee deposited	9,413	4,300
Retirement benefit liability	7,279	9,070
Asset retirement obligations	165,628	167,119
Total non-current liabilities	3,908,730	9,655,825
Total liabilities	5,781,286	11,843,078
Net assets		
Shareholders' equity		
Share capital	429,830	1,829,803
Capital surplus	763,411	2,163,383
Retained earnings	△1,978,571	△3,808,387
Treasury shares	△2,988	△2,992
Total shareholders' equity	△788,318	181,807
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	142	143
Total accumulated other comprehensive income	142	143
Share acquisition rights	3,742	10,650
Total net assets	△784,433	192,600
Total liabilities and net assets	4,996,853	12,035,678

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

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	2,971,588	3,712,127
Cost of sales	287,052	283,500
Gross profit	2,684,536	3,428,627
Selling, general and administrative expenses	4,311,260	4,761,051
Operating loss	△1,626,724	△1,332,424
Non-operating income		
Interest income	1,272	21
Dividend income	2	3
Subsidy income	69,662	49,459
Other	1,878	873
Total non-operating income	72,814	50,356
Non-operating expenses		
Interest expenses	78,939	134,200
Share issuance costs	—	152,886
Bond issuance costs	30,532	—
Commission expenses	13,830	43,834
Other	7,420	10,154
Total non-operating expenses	130,721	341,074
Ordinary loss	△1,684,631	△1,623,142
Extraordinary losses		
Loss on sale of non-current assets	7,070	—
Loss on valuation of investment securities	—	9,161
Impairment losses	272,150	101,911
Loss on store closings	115,576	78,383
Other	5,231	—
Total extraordinary losses	400,026	189,455
Loss before income taxes	△2,084,657	△1,812,598
Income taxes - current	16,496	17,219
Total income taxes	16,496	17,219
Loss	△2,011,153	△1,829,816
Loss attributable to owners of parent	△2,011,153	△1,829,816

(Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Loss	△2,011,153	△1,829,816
Other comprehensive income		
Valuation difference on available-for-sale securities	61	1
Total other comprehensive income	61	1
Comprehensive income	△2,011,092	△1,829,815
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△2,011,092	△1,829,815

3) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Loss before income taxes	△2,084,657	△1,812,598
Depreciation	161,446	189,804
Impairment losses	272,150	101,911
Increase (decrease) in allowance for doubtful accounts	255	△1,052
Increase (decrease) in provision for shareholder benefit program	6,400	△3,000
Increase (decrease) in retirement benefit liability	△808	1,791
Interest and dividend income	△1,274	△24
Interest expenses	78,939	134,200
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	△168,053	△281,812
Decrease (increase) in inventories	△1,195	5,851
Decrease (increase) in real estate for sale	73,409	△5,969,975
Decrease (increase) in prepaid expenses	△89,328	651
Increase (decrease) in trade payables	132	△282
Increase (decrease) in accounts payable - other	93,606	92,318
Increase (decrease) in advances received	△1,911	△1,706
Other, net	225,460	△133,077
Subtotal	△1,428,361	△7,667,838
Interest and dividends received	1,274	24
Interest paid	△78,296	△134,396
Income taxes paid	△4,158	△16,575
Net cash provided by (used in) operating activities	△1,509,540	△7,818,785
Cash flows from investing activities		
Purchase of property, plant and equipment	△482,791	△2,940
Purchase of investment securities	—	△204,000
Payments of leasehold and guarantee deposits	△255,239	△396,863
Proceeds from refund of leasehold and guarantee deposits	—	198,198
Other, net	87,163	△9,697
Net cash provided by (used in) investing activities	△650,867	△415,301
Cash flows from financing activities		
Proceeds from short-term borrowings	—	709,614
Repayments of short-term borrowings	△53,200	△303,814
Proceeds from long-term borrowings	1,060,000	5,085,386
Repayments of long-term borrowings	△449,748	△324,720
Proceeds from subordinated capital loans	950,000	—
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	60,000	—
Proceeds from issuance of bonds with share acquisition rights	1,500,000	—
Other, net	△120,915	△44,556
Net cash provided by (used in) financing activities	2,946,137	8,798,969

Net increase (decrease) in cash and cash equivalents	785,730	564,882
Cash and cash equivalents at beginning of period	873,775	1,659,505
Cash and cash equivalents at end of period	1,659,505	2,224,386