

FOR IMMEDIATE RELEASE

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 Representative: Atsuo Umeki, President and Representative Director  
 Stock Listing: Tokyo Stock Exchange, Standard Market  
 Stock Code: 3010  
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### **Star Asia Group Exercises Stock Acquisition Rights**

Polaris Holdings Co., Ltd. (“Polaris” or the “Company”) has received exercise notices today from Star Asia Opportunity III LP, Malcolm F. MacLean IV and Taro Masuyama that they have exercised Stock Acquisition Rights (“SARs”) totaling JPY 1,279 million. These SARs were issued through the successful third-party allotment equity capital raise completed in November 2021.

Given that Polaris has achieved our growth strategy targets for several of the hotels significantly ahead of schedule, the board of directors has resolved to change the initial use of funds from the exercise of the stock acquisition rights.

#### **1. The Exercise of Stock Acquisition Rights**

(i) Name of Stock Acquisition Rights	Polaris Holdings Co., Ltd. 1st Series of Stock Acquisition Rights 2021
(ii) Date of exercise	September 26, 2022
(iii) Right holder of exercise	Star Asia Opportunity III LP Malcolm F. MacLean IV Taro Masuyama
(iv) Number of exercised	Star Asia Opportunity III LP: 137,150 (Cumulative number of exercised: 241,802) (Number of remaining after exercise: 0) Malcolm F. MacLean IV: 5,813 (Cumulative number of exercised: 5,813) (Number of remaining after exercise: 0) Taro Masuyama: 5,813 (Cumulative number of exercised: 5,813) (Number of remaining after exercise: 0)
(v) Number of shares to be issued	Star Asia Opportunity III LP: 13,715,000 shares Malcolm F. MacLean IV: 581,300 shares Taro Masuyama: 581,300 shares
(vi) Total Exercise Price	JPY1,279,473,600

## Changes in the number of shares issued and capital stock because of the exercise of these stock acquisition rights

	Before	Changed	After
(i) Number of Issued shares	102,041,589 shares	+14,877,600 shares	116,919,189 shares
(ii) Capital stock	JPY549,997,794	JPY+641,150,173	JPY1,191,147,967
(iii) Legal capital surplus	JPY450,997,794	JPY+641,150,171	JPY1,092,147,965

## 2. Change in Use of Funds

### (1) Reason for the change

As stated in "POLARIS HOLDINGS CO., LTD. PRESENTATION FOR INVESTORS, OCTOBER 2021" released on October 22, 2021, Polaris issued new shares and stock acquisition rights in November 2021 and raise JPY2.8 billion (JPY5.9 billion if warrants are fully exercised) of equity capital to acquire hotel properties and opened new hotels. Polaris' growth strategy has resulted in the successful expansion of the Company's hotel operating platform and increased the number of operating rooms from 4,515 as of the end of December 2021 to 5,682 by the end of August 2022, representing growth of 26%.

Since this funding, Polaris Group has acquired hotel properties and opened new hotels based on our growth strategy, steadily achieving the goal of expanding our hotel operating platform and increased the number of guest rooms we operate to 5,682 in Japan. As stated in "Polaris to Purchase 145 Room Hotel in Central Sapporo" released on December 10, 2021, "Polaris Executes Management Contract for 6 New Hotels 26% Increase in Hotel Rooms Under Management" released on May 2, 2022, and "Polaris Executes Management Contract for Two New Hotels and Revenue Guarantee Contract" released on June 24, 2022.

Furthermore, As described in "Polaris Opportunistically Acquires Red Planet Hotel Philippines Business; Continues to Execute Strategic Growth Plans in Japan and South East Asia" released on July 26, 2022, and "Polaris to Acquire 2 Additional Red Planet Hotel Assets Strategically Located in Central Manila" released on July 29, 2022, Polaris Group is now beginning to proceed with the acquisition of overseas hotel management companies. Upon completion of both acquisitions, the Company will operate 8,135 rooms, an increase of 80% from the end of December 2021 and significantly ahead of schedule the goal of expanding to 6,396 rooms by the end of March 2024.

Since we have achieved our growth strategy targets for the number of hotel rooms we operate, Polaris has resolved to change in the initial use of funds from the exercise of the stock acquisition rights to be used as JPY1,161 million of working capital., for the purpose of stabilizing the financial base and steadily increasing earnings at our group hotels.

(2) Details of the change

Details of the change in the use of funds are as follows.

**【Before】**

Use of Funds	Millions of yen	Spending period
Funds for acquiring new hotel properties and opening new hotels	<u>5,766</u>	From November 2021 To March 2024
Total	5,766	—

**【After】**

Use of Funds	Millions of yen	Spending period
Funds for acquiring new hotel properties and opening new hotels	<u>4,605</u>	From November 2021 To March 2024
<u>Working capital</u>	<u>1,161</u>	<u>From September 2022</u> <u>To March 2024</u>
Total	5,766	—

*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.*