

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 10, 2022

Consolidated Financial Results for the Six Months Ended September 30, 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
 Inquiries: Satoshi Hosono, CFO
 Telephone: +81-3-5822-3010
 Scheduled date to file quarterly securities report: November 10, 2022
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(1) Consolidated operating results (cumulative)

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

	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, 2022	3,114	77.6	31	-	(60)	-	(107)	-
September 30, 2021	1,754	105.8	(728)	-	(778)	-	(792)	-

Note: Comprehensive income For the six months ended September 30, 2022: ¥ (107) million [-%]
 For the six months ended September 30, 2021: ¥ (792) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	(1.09)	-
September 30, 2021	(13.43)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	13,754	2,265	16.4
March 31, 2022	12,036	193	1.5

Reference: Equity
 As of September 30, 2022: ¥2,260 million
 As of March 31, 2022: ¥182 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, 2022		0.00		0.00	0.00
Fiscal year ending March 31, 2023		0.00			
Fiscal year ending March 31, 2023 (Forecast)					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, 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) 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, 2022	116,919,189 shares
As of March 31, 2022	91,576,389 shares

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

As of September 30, 2022	1,674 shares
As of March 31, 2022	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, 2022	97,699,895 shares
Six months ended September 30, 2021	59,017,258 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, 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.

Quarterly Consolidated Financial Statements
1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	2,404,386	3,644,871
Accounts receivable - trade	616,258	825,501
Real estate for sale	5,953,143	5,914,124
Raw materials and supplies	16,487	24,651
Other	372,384	263,199
Allowance for doubtful accounts	△75	△87
Total current assets	9,362,583	10,672,259
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	434,568	424,937
Land	248,123	248,123
Other, net	348,361	318,958
Total property, plant and equipment	1,031,052	992,018
Intangible assets		
Other	6,863	4,891
Total intangible assets	6,863	4,891
Investments and other assets		
Investment securities	210,001	195,491
Beneficial interests in real estate trust	611,072	595,584
Leasehold and guarantee deposits	755,908	809,369
Other	58,200	484,711
Total investments and other assets	1,635,181	2,085,155
Total non-current assets	2,673,095	3,082,065
Total assets	12,035,678	13,754,324

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Short-term borrowings	1,099,400	613,800
Current portion of convertible bond type bonds with subscription rights to shares	—	900,000
Current portion of long-term borrowings	364,860	361,640
Income taxes payable	29,916	40,721
Provision for shareholder benefit program	3,400	28,600
Other	689,676	671,055
Total current liabilities	2,187,253	2,615,816
Non-current liabilities		
Convertible-bond-type bonds with share acquisition rights	900,000	—
Long-term borrowings	6,391,845	6,531,045
Subordinated capital loans	950,000	950,000
Long-term deposits received	1,039,940	1,039,990
Retirement benefit liability	9,070	9,706
Asset retirement obligations	167,119	167,869
Other	197,852	174,440
Total non-current liabilities	9,655,825	8,873,050
Total liabilities	11,843,078	11,488,866
Net assets		
Shareholders' equity		
Share capital	1,829,803	1,191,148
Capital surplus	2,163,383	1,345,410
Retained earnings	△3,808,387	△274,074
Treasury shares	△2,992	△2,992
Total shareholders' equity	181,807	2,259,492
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	143	131
Total accumulated other comprehensive income	143	131
Share acquisition rights	10,650	5,835
Total net assets	192,600	2,265,458
Total liabilities and net assets	12,035,678	13,754,324

2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(For the six months ended September 30, 2022)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	1,753,894	3,114,361
Cost of sales	96,858	221,659
Gross profit	1,657,036	2,892,702
Selling, general and administrative expenses	2,385,245	2,861,578
Operating profit (loss)	△728,209	31,124
Non-operating income		
Interest income	191	13
Subsidy income	19,287	11,278
Foreign exchange gains	74	285
Other	173	2,843
Total non-operating income	19,726	14,419
Non-operating expenses		
Interest expenses	57,864	92,696
Commission expenses	5,351	6,851
Other	5,820	5,791
Total non-operating expenses	69,035	105,338
Ordinary loss	△777,519	△59,794
Extraordinary losses		
Loss on valuation of investment securities	9,161	—
Total extraordinary losses	9,161	—
Loss before income taxes	△786,680	△59,794
Income taxes - current	5,781	46,817
Total income taxes	5,781	46,817
Loss	△792,460	△106,611
Loss attributable to owners of parent	△792,460	△106,611

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Loss	△792,460	△106,611
Other comprehensive income		
Valuation difference on available-for-sale securities	8	△12
Total other comprehensive income	8	△12
Comprehensive income	△792,453	△106,623
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△792,453	△106,623

3) Quarterly Consolidated Statements of Cash Flows
(For the six months ended September 30, 2022)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Loss before income taxes	△786,680	△59,794
Depreciation	91,221	103,483
Increase (decrease) in allowance for doubtful accounts	△989	12
Increase (decrease) in provision for shareholder benefit program	23,000	25,200
Increase (decrease) in retirement benefit liability	△92	636
Interest and dividend income	△191	△13
Interest expenses	57,864	92,696
Loss (gain) on valuation of investment securities	9,161	—
Decrease (increase) in trade receivables	△24,841	△209,243
Decrease (increase) in real estate for sale	△2,772,581	—
Decrease (increase) in inventories	5,572	△8,164
Decrease (increase) in consumption taxes refund receivable	△189,103	180,801
Increase (decrease) in trade payables	405	—
Increase (decrease) in accounts payable - other	△55,133	△48,571
Other, net	△40,561	△53,530
Subtotal	△3,682,946	23,512
Interest and dividends received	191	13
Interest paid	△58,175	△92,091
Income taxes paid	△16,447	△12,375
Net cash provided by (used in) operating activities	△3,757,378	△80,941
Cash flows from investing activities		
Purchase of investment securities	△204,000	—
Payments of leasehold and guarantee deposits	△340,201	△53,461
Proceeds from refund of leasehold and guarantee deposits	142,358	—
Advance payments for purchase of shares of subsidiaries and associates	—	△433,718
Other, net	△8,366	92
Net cash provided by (used in) investing activities	△410,208	△487,087
Cash flows from financing activities		
Proceeds from short-term borrowings	250,614	—
Repayments of short-term borrowings	△26,600	△185,600
Proceeds from long-term borrowings	2,485,386	—
Repayments of long-term borrowings	△160,550	△164,020
Proceeds from long-term deposits received	1,030,000	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	2,179,481
Other, net	△25,671	△21,349
Net cash provided by (used in) financing activities	3,553,179	1,808,512
Net increase (decrease) in cash and cash equivalents	△614,406	1,240,485
Cash and cash equivalents at beginning of period	1,659,505	2,224,386
Cash and cash equivalents at end of period	1,045,098	3,464,871