

FOR IMMEDIATE RELEASE

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**Difference from Previous Fiscal Year Earnings and
 Recognition of Extraordinary Income in Non-Consolidated Financial Statement**

Polaris Holdings Co., Ltd. (hereinafter the “Polaris” or the “Company”) announced today that there has been difference between the non-consolidated earnings for the fiscal year ended 2024 and the earnings from previous fiscal year. Additionally, the Company recognized extraordinary income in the non-consolidated financial statement.

1. Difference from the Non-Consolidated Earnings

(1) Difference between the Previous Fiscal Year Earnings and the Current Fiscal Year Earnings

(Uni: JPY Million)	Net Sales	Operating Profit	Ordinary Profit	Net Profit
Previous Fiscal Year Earnings (A)	844	295	257	(775)
Current Fiscal Year Earnings (B)	3,298	2,598	2,687	3,776
Change (B-A)	2,453	2,303	2,430	4,551
Rate of Change (%)	290.6%	780.6%	944.0%	—

(2) Reason of the Difference

Net Sales, operating profit and ordinary profit increased primarily due to profit distribution made by SPC, in which the Company made TK investments, by the capital gains resulting from the sale of hotel properties, Best Western PLUS Fukuoka Tenjin-minami and Fino Hotel Sapporo Odori.

Net profit increased due to the recognition of extraordinary income, including the reversal of provision of allowance for doubtful accounts related to consolidated subsidiaries, the reversal of provision for loss on business of subsidiaries and associates, and a gain on the liquidation of investment securities as extraordinary income, as described in "2. Recognition of Extraordinary Income in Non-Consolidated Financial Statements," and the recognition of income tax – deferred, amounted to JPY 126 million (profit) as announced today in “Recognizing Income Taxes – Deferred (Profit) (Non-Consolidated and Consolidated)”

2. Recognition of Extraordinary Income in Non-Consolidated Financial Statements

Polaris recognized the following extraordinary income in non-consolidated financial statements. They have no impact on consolidated financial statements as they have been eliminated on the consolidation.

(1) Gains on Reversal of Provision of Allowance for Doubtful Accounts and Reversal of Provision for Loss on Business of Subsidiaries and Associates

In accordance with business improvement of consolidated subsidiaries, Polaris reversed the provision of allowance for doubtful accounts and provision for loss on business of subsidiaries and associates that had been recognized prior to the previous fiscal year and recognized a gain on reversal of provision of allowance for doubtful accounts of JPY 289 million and a gain on reversal of provision for loss on business of subsidiaries and associates of JPY 431 million as extraordinary income.

(2) Gain on Liquidation of Investment Securities

As announced “Polaris Completes Reorganization within Polaris Group and Consolidation of Subsidiaries” dated March 1, 2024, the Company recognized a gain on liquidation of investment securities of JPY 290 million as an extraordinary income due to liquidation of the Tohoku Early Reconstruction Assistance Fund 2 project to which the Company made a Tokumei Kumiai investment.