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**LATEST TWELVE MONTHS KPI AND EARNINGS BY
GEOGRAPHY AND CONTRACT/OWNERSHIP STRUCTURE**

Polaris Holdings Co., Ltd.

Tokyo Stock Exchange (code: 3010)

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As we have reported previously, during the pandemic, Polaris shifted new hotel operating contracts primarily to leases with variable rents and management contracts, a format which shares hotel GOP upside and downside between both the hotel owner and operator. This shift helped lower Polaris's break-even RevPAR level and reduce losses. It also reduced Polaris's share of operating profit over hotel GOP upside once the pandemic receded and the recovery period begun. On the other hand, the hotel portfolio of Minacia, which has been recently fully consolidated, consists largely of leases with fixed rent. This structure has led to an accelerated growth in Minacia's share of hotel GOP or operator operating profit during the market recovery period after the pandemic. The table below shows 47.1% Operating Profit/GOP for Domestic Leases with Fixed Rent compared to 20.5% for Domestic Leases with Fixed & Variable Rent + Management Contracts.

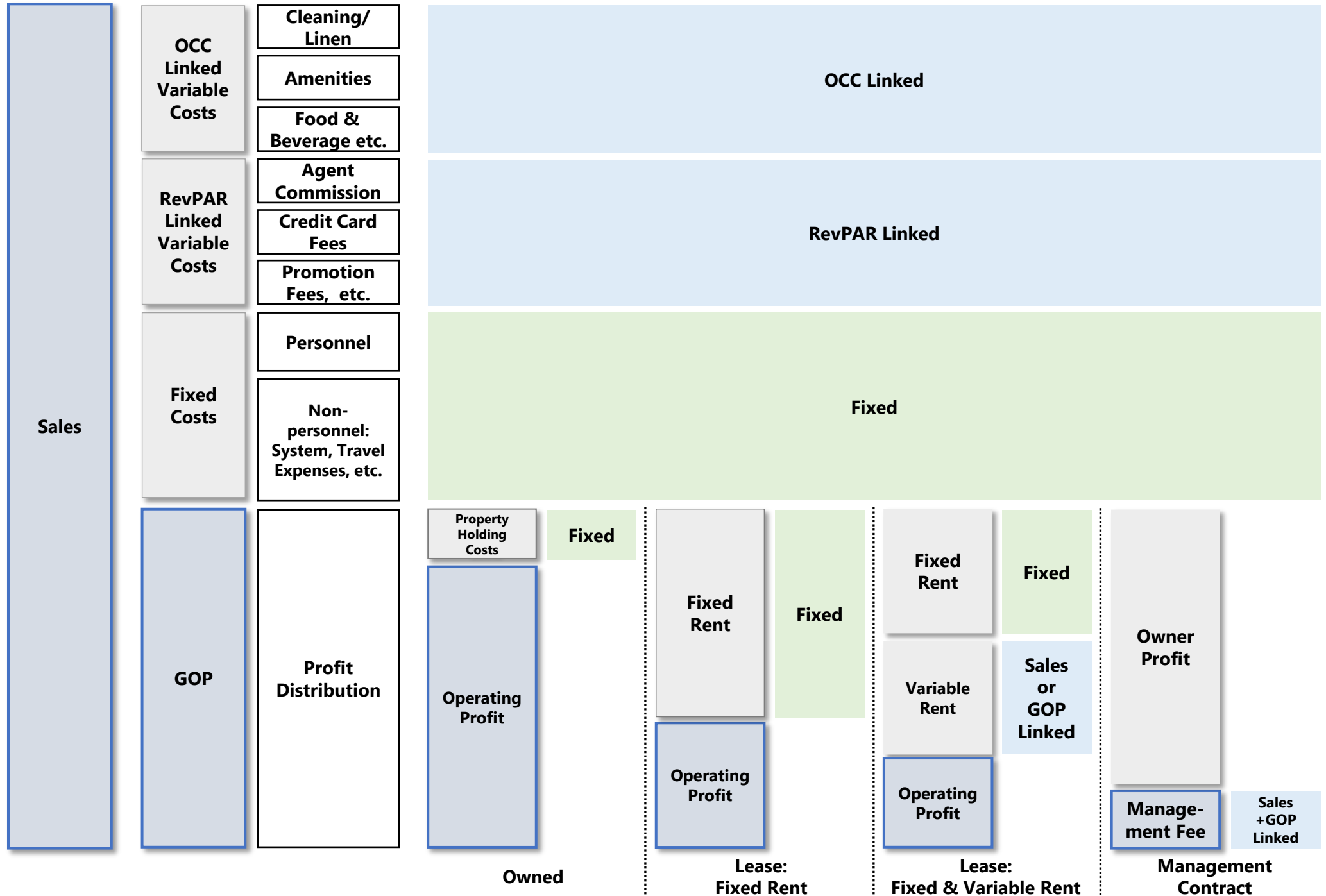
We believe that the recent merger between Polaris and Minacia, along with the previous acquisition of Red Planet Hotels in Philippines, has created a more diversified hotel portfolio that is well positioned to accelerate its further earnings growth—yet still absorbing downside risks during market downturns. Given the current favorable hotel market conditions, the Group plans to focus on further improving ADR and we have estimated the impact of ADR increases on each operating hotel segment as detailed below.

		Domestic	Domestic	Overseas ⁵	Consolidated
Contract/Ownership Structure		Leases with Fixed Rent	Leases with Fixed & Variable Rent + Management Contracts ²	Owned ³	
Number of Rooms	Weighted Average (Day counts basis)	2,057	7,961	2,412	12,430
Number of Hotels	Weighted Average (Day counts basis)	16	53	14	82
ADR (JPY)	Weighted Average (Day counts basis)	11,518	11,179	4,213	9,884
OCC	Weighted Average (Day counts basis)	85.4%	86.4%	67.2%	82.5%
RevPAR (JPY)	Weighted Average (Day counts basis)	9,835	9,663	2,832	8,366
Sales (JPY millions)	Aggregate	7,996	30,049	2,625	40,670
GOP (JPY millions)	Aggregate	4,183	15,516	1,427	21,126
GOP/Sales	Ratio	52.3%	51.6%	54.3%	51.9%
Operating Profit ⁴ (JPY millions)	Aggregate	1,968	3,174	359	5,502
Operating Profit/GOP	Ratio	47.1%	20.5%	25.2%	26.0%
Operating Profit/Sales	Ratio	24.6%	10.6%	13.7%	13.5%
Daily Operating Profit Per Room (JPY)	Weighted Average (Day counts basis)	2,621	1,092	408	1,213
Sensitivity Analysis - Changes in Operating Profit against Changes in ADR					
+5% in ADR		16.1%	11.3%	32.6%	14.4%
-5% in ADR		-16.1%	-11.8%	-32.6%	-14.7%

Note:

- Two restaurants and two hotels owned domestically are excluded given minor earnings contributions and to present pure hotel earnings contribution.
- For hotels operated under management contracts, hotel revenues and GOP are presented in the table above, whereas only hotel operating expenses and management contract fees paid by the hotel owner are recorded as the Company revenues for the financial accounting purposes.
- Of the 14 hotels owned Two are owned by the Company in a fee simple basis, and 12 are owned on a ground lease basis.
- Shows hotel level operating profit only and does not include Headquarters costs.
- JPY/PHP = 2.65
- Under some lease agreements, variable rents are calculated based on the hotel performance during the period that include the period prior to or subsequent to the latest twelve months period.
For the purpose of this analysis, variable rents are calculated based on the ADR changes during the latest twelve months period only.
- The above calculations are based on changes in ADR given the occupancy rate for the most recent 12 months.
The main operating expenses that would be affected by an increase in ADR are credit card fees and customer service fees.

Operator Earnings Structure by Contract/Ownership Type



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