FOR IMMEDIATE RELEASE

June 24, 2026

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Stock Listing:	Tokyo Stock Exchange Standard Market
Stock Code:	3010
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Revision of Shareholder Return Policy and Upward Revision of Dividend Forecast

Polaris has revised its shareholder return policy and increased its dividend forecast for the fiscal year ending March 31, 2027, following a resolution of its Board of Directors on June 24, 2026.
The revisions reflect Polaris's strong cash-generating capability and underlying earnings power, which are supported by its asset-light business model and recurring earnings base, while maintaining an appropriate balance between growth investments, financial soundness, and shareholder returns in line with its Medium-Term Management Plan 2030.

1. Background to the Revisions

Polaris has continuously reviewed its capital allocation and shareholder return policies as part of its efforts to enhance long-term corporate value through the steady execution of the growth initiatives set forth in its Medium-Term Management Plan 2030, while maintaining an appropriate balance between growth investments, financial soundness, and shareholder returns.

As a result of this review, Polaris has decided to revise its shareholder return policy by changing the basis for calculating its dividend payout ratio and raising its target consolidated dividend payout ratio to 50% or more. Reflecting this revised policy, Polaris has increased its forecast annual dividend per share for the fiscal year ending March 31, 2027, from ¥5.00 to ¥10.00.

2. Polaris's Business Model and Rationale for the Revision of Its Shareholder Return Policy

Polaris's hotel operations business is built on an asset-light business model based primarily on long-term management and lease agreements with hotel owners. In Japan's commercial real estate market, where hotel development costs and property prices have stayed at elevated level, this business model enables Polaris to expand its hotel portfolio without requiring substantial capital investment in new hotel development or major renovations and repairs of existing properties.

The model provides Polaris with superior capital efficiency and strong cash-generating capability. In addition, its recurring earnings base continues to grow through the accumulation of long-term hotel management contracts, further strengthening the Company's earnings foundation as its operating scale expands.

In Polaris's business model, net income attributable to owners of parent under Japanese GAAP may not always provide a complete picture of its underlying earnings power and cash-generating capability. This is primarily because approximately ¥1.3 billion in annual goodwill amortization arising from the business integration with Minacia Co., Ltd., as well as deferred tax adjustments expected to occur in the future, are non-cash items that do not involve actual cash outflows.

For these reasons, Polaris has decided to revise the basis for calculating its dividend payout ratio in order to better reflect its underlying earnings power and cash-generating capability. Under the revised policy, the dividend payout ratio will be calculated based on adjusted net income, which excludes the impact of goodwill amortization and deferred tax adjustments.

In addition, after reviewing its future funding requirements and considering the appropriate balance between growth investments, financial soundness, and shareholder returns, Polaris has decided to raise its target consolidated dividend payout ratio from 30% to 50% or more in order to further enhance shareholder returns. Under the revised policy, dividends are expected to increase over time in line with the sustainable growth of adjusted net income. Polaris will continue to allocate the cash flows generated through its hotel operations in a disciplined and flexible manner, maintaining an appropriate balance among financial soundness, growth investments, and shareholder returns while responding to changes in market conditions.

While Polaris's current strategy remains focused on an asset-light business model, the Group will continue to actively pursue growth investment opportunities where appropriate. Should market conditions present opportunities to acquire hotel or other assets at attractive valuations, and where such investments are expected to generate compelling long-term returns and enhance shareholder value, Polaris will actively undertake growth investments, including hotel acquisitions and M&A transactions.

The details of the revised shareholder return policy are as follows:

Item	Previous Policy	Revised Policy
Basis for Calculating Dividend Payout Ratio	Net Income	Adjusted Net Income (Net Income + Goodwill Amortization + Deferred Tax Adjustments)
Target Consolidated Dividend Payout Ratio	30% or more	50% or more
Shareholder Return Policy	Maintain and enhance stable, performance-linked dividends	No change

3. Revision of Dividend Forecast for the Fiscal Year Ending March 31, 2027

In light of the revisions to its shareholder return policy described above, Polaris has revised its dividend forecast for the fiscal year ending March 31, 2027, as follows:

	Annual Dividend per Share (JPY)		
	Second Quarter-End	Fiscal Year-End	Total
Previous Forecast	0.00	5.00	5.00
Revised Forecast	0.00	10.00	10.00
Results for the current fiscal year			
Actual Dividend for FY2026/3	0.00	5.00	5.00

4. Future Capital Allocation and Shareholder Return Policy

Polaris will continue to maintain constructive dialogue with shareholders and investors and periodically review its capital allocation and shareholder return policies in light of changes in its business environment and growth opportunities. At the same time, Polaris will steadily execute the growth initiatives set forth in its Medium-Term Management Plan 2030 and seek to enhance long-term corporate value by striking an appropriate balance among financial soundness, growth investments, and shareholder returns.

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.

Appendix: Revision of Financial Targets under Medium-Term Management Plan 2030

Revised Target

Unit: JPY billion

		FY2026/3 Actual	MTP 2030 Target	MTP 2030 Target vs FY2026/3 Actual		
				Increase	Growth	CAGR
Operating Scale	Hotels Operated	93	150	57	+61%	+10%
	Rooms Operated	14,241	20,000	5,759	+40%	+7%
Financial KPIs	Revenue	48.5	100.0	51.5	+106%	+16%
	Operating Profit*1	5.3	10.0	4.7	+89%	+11%
Shareholder Returns	Dividend Payout Ratio (Adjusted Net Income)*2	28.9% (25.4%)	≥50%	-	-	-
Capital Efficiency	ROE*2	13.4% (15.2%)	≥10%	-	-	-

Note: 1. Operating Profit excludes goodwill amortization. See Appendix "Goodwill Amortization" for details.
2. Payout ratio and ROE are calculated on an adjusted-net-income basis (= net income + goodwill amortization + deferred tax adjustments); figures in parentheses are on a net income basis.

Previous Target

Unit: JPY billion

		FY2026/3 Actual	MTP 2030 Target	MTP 2030 Target vs FY2026/3 Actual		
				Increase	Growth	CAGR
Operating Scale	Hotels Operated	93	150	57	+61%	+10%
	Rooms Operated	14,241	20,000	5,759	+40%	+7%
Financial KPIs	Revenue	48.5	100.0	51.5	+106%	+16%
	Operating Profit*1	5.3	10.0	4.7	+89%	+11%
Shareholder Returns	Dividend Payout Ratio*2	25.4% (42.7%)	≥30%	-	-	-
Capital Efficiency	ROE*2	15.2% (9.1%)	≥10%	-	-	-

Note: 1. Operating Profit excludes goodwill amortization. See Appendix "Goodwill Amortization" for details.
2. Figures in parentheses for payout ratio and ROE are calculated excluding the impact of deferred income taxes arising from deferred tax asset recognition, an irregular factor in FY2026/3.

Appendix: Added and Revised Pages from the Medium-Term Management Plan 2030 (Revised Edition)

This appendix contains the pages that were added or revised in the Medium-Term Management Plan 2030 in connection with the "Revision of Shareholder Return Policy and Upward Revision of Dividend Forecast" announced on June 24, 2026.

As two pages were newly added immediately after the cover page, the page numbers of the revised pages have shifted by two pages from those in the version announced in May 2026.

The corresponding pages are shown below.

Type	Description	May 2026 Version	Revised Edition
Added	Summary of the Change in Dividend Policy	(New)	P2
Added	Cash-Generating Capability	(New)	P3
Revised	Shareholder Returns / Capital Efficiency	P27	P29
Revised	Summary of Financial Targets	P28	P30
Revised	Capital Allocation Policy	P29	P31
Revised	Share Information & Shareholder Structure	P33	P35

Note: The revised pages bear the indication "Partially revised on June 24, 2026." Page numbers in this appendix refer to the revised plan (45 pages in total).

MTP 2030 Revision:
Dividend Policy Change & Upward Revision of FY2027/3 Dividend Forecast

- The original MTP2030 targeted a consolidated payout ratio of 30% or more based on net income. However, the recognition of non-cash expenses—goodwill amortization from the Minacia integration (approx. JPY 1.3 billion per annum) and deferred tax adjustments associated with deferred tax assets—depresses reported net income, which continues to diverge from our underlying cash-generating capacity.
- As our asset-light model entails limited investment outflows and generates strong free cash flow as we grow, we have decided to change the basis of the payout ratio to adjusted net income (net income + goodwill amortization + deferred tax adjustment), which we believe better reflects our underlying earnings power.
- Even after retaining sufficient operating cash flow for growth and debt repayment and continuing to sustainably enhance returns, we have decided to now **raise the payout ratio target from 30% to 50%, which now puts us among the highest in Japan's hotel industry.**
- **We now will double our FY2027/3 dividend forecast from JPY 5 to JPY 10 per share.**
- Should further growth opportunities (hotel asset investment, M&A, etc.) arise that require funding, **we will continue to allocate capital flexibly, balancing growth investment with shareholder returns.**

CF Outlook through FY2031/3

Operating CF
¥ 35bn

Shareholder Returns

Growth Investment

Debt Repayment
approx. ¥8-9bn

Change in Shareholder Return Policy

A performance-linked policy to sustain and enhance stable dividends

Current Target		Revised Target
Payout Ratio **30%** or more Net Income Basis	→	Payout Ratio **50%** or more Adjusted Net Income Basis

FY2027/3 Forecast		Revised Forecast
JPY 5	→	**JPY 10**

When an deferred tax adjustment arises, it is added to the dividend base.

Net Income → Net Income + Goodwill Amort. ¥ 1.3bn + Income Tax Adjustment

Non-cash Expenses

Adjusted Net Income

Our Strong Cash Generation

- Low initial cash investment at most hotel openings lets us **expand operating scale with a high capital efficiency.**
- Business model is centered on long-term leases—a model that **steadily builds strong FCF and recurring earnings.**
- With owners funding equipment and interior investment, **operations require minimal capital input.**
- This asset-light model sustains high ROE while **balancing growth investment and shareholder returns.**

Asset-Light × **Recurring Earnings** = Strong Cash Generation

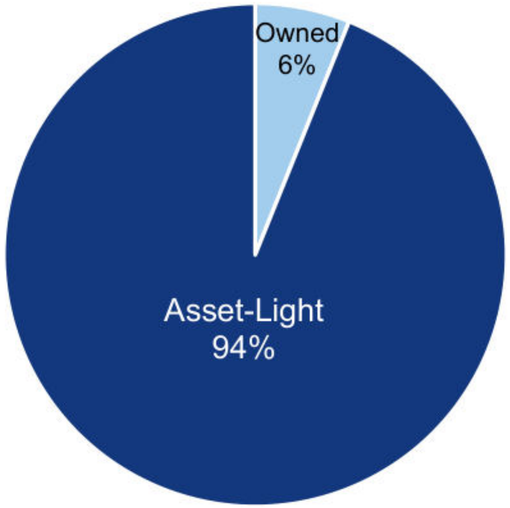
Asset-Light Model

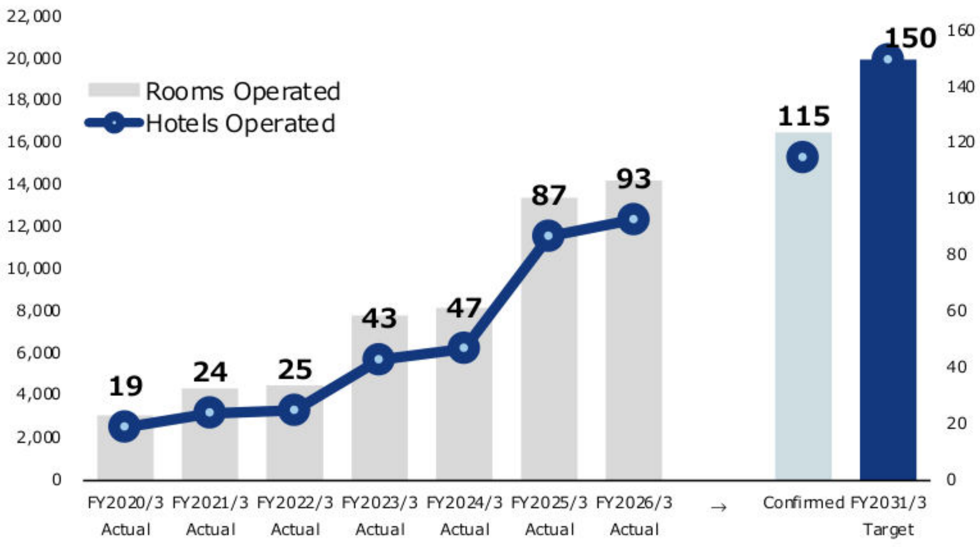
- Open without owning real estate, keeping initial investment low
- Variable-rent openings hedge downside risk
- Off-balance-sheet model drives rapid expansion

Recurring Earnings Model

- Long-term contracts of 10–20 years
- Each hotel keeps generating revenue once open
- Accumulating openings expand the earnings base

Asset-Light Mix by Number of Rooms





MTP 2030: 50% Payout (Adjusted Net Income) & 10% ROE Targets

- Improve TSR[*1] via stable dividends and adjusted net income[*2] growth-driven share appreciation.
- Targeting 10% ROE with sustained capital efficiency.

Shareholder Return Policy

Stable, performance-linked dividend growth

KPI: Dividend Payout Ratio[*3] ≥50%

	FY2024/3 Actual	FY2025/3 Actual	FY2026/3 Actual	FY2027/3 Forecast	FY2031/3 Target
Payout Ratio	–	49.1%	28.9% (25.4%)	54.8% (144%)	≥50%
Dividend per Share	–	JPY 3	JPY 5	JPY 10	–

- Targeting a payout ratio of 50% or more (adjusted net income) with a stable dividend policy, until a more attractive use of capital is identified.
- Reported net income is reduced by non-cash goodwill amortization (approx. JPY 1.3bn p.a.) and by deferred tax adjustments tied to deferred tax assets; the adjusted-net-income basis better reflects underlying payout capacity.
- Balancing maintenance investment, growth investment and shareholder returns.

Capital Efficiency

Proactively pursuing capital-cost and share-price-aware management

KPI: ROE[*3] ≥10%

	FY2024/3 Actual	FY2025/3 Actual	FY2026/3 Actual	FY2027/3 Forecast	FY2031/3 Target
ROE	19.3%	8.1%	13.4% (15.2%)	13.2% (5.0%)	≥10%
Net Worth JPY billion	6.9	28.3	32.2	32.6	–

- ROE set as a key metric for capital-cost-aware management.
- Recent decline in net-income-based ROE reflects share issuance and deferred tax effects; on an adjusted-net-income basis ROE is maintained at 13%.
- Targeting an earnings base sustaining ROE of 10% or more over the medium to long term.

Note: 1. TSR (Total Shareholder Return) = (Ending Share Price − Beginning Share Price + Dividends) / Beginning Share Price.
2. Adjusted net income = net income + goodwill amortization + deferred tax adjustments
3. Payout ratio and ROE are calculated on an adjusted-net-income basis; figures in parentheses are on a net income basis.

MTP 2030: Key Financial Targets

Targeting a CAGR of over 10% for revenue and operating profit[*1] and aiming to double growth vs. FY2026/3.

Unit: JPY billion

		FY2026/3 Actual	MTP 2030 Target	MTP 2030 Target vs FY2026/3 Actual		
				Increase	Growth	CAGR
Operating Scale	Hotels Operated	93	150	57	+61%	+10%
	Rooms Operated	14,241	20,000	5,759	+40%	+7%
Financial KPIs	Revenue	48.5	100.0	51.5	+106%	+16%
	Operating Profit[*1]	5.3	10.0	4.7	+89%	+11%
Shareholder Returns	Dividend Payout Ratio (Adjusted Net Income)[*2]	28.9% (25.4%)	≥50%	-	-	-
Capital Efficiency	ROE[*2]	13.4% (15.2%)	≥10%	-	-	-

Note: 1. Operating Profit excludes goodwill amortization. See Appendix "Goodwill Amortization" for details.
2. Payout ratio and ROE are calculated on an adjusted-net-income basis (= net income + goodwill amortization + deferred tax adjustments); figures in parentheses are on a net income basis.

MTP 2030: Capital Allocation Strategy

Dynamically redeploy operating cash flow from hotel operations to balance maintenance spending, growth investments and shareholder returns in line with any shifts in the overall market environment.

Cash In	Cash Out	Policy
Operating CF Through FY2030 JPY 35.0 bn (estimated)	Strengthening Competitiveness of Existing Hotels	Renovations and value-add tailored to local market and customer needs to grow revenue and lift margins.
	New Hotel Openings	Invest in new openings that generate stable long-term cash flows.
	Hotel Investment	Invest in hotels that we operate to capture both operating income and capital gains.
	M&A	Continue actively exploring M&A and alliance opportunities that will support growth.
	AI & Systems Investment	Look at IT investments to support scale expansion and AI investments for process efficiency.
	Debt Repayment	Given recent interest rate increases, actively consider early repayment of interest-bearing debt.
	Shareholder Returns	Prioritize revenue and profit growth while pursuing balanced distribution by market and performance (currently targeting 50%+ adjusted net income payout).

Share Information & Shareholder Structure

As of End of March 2026

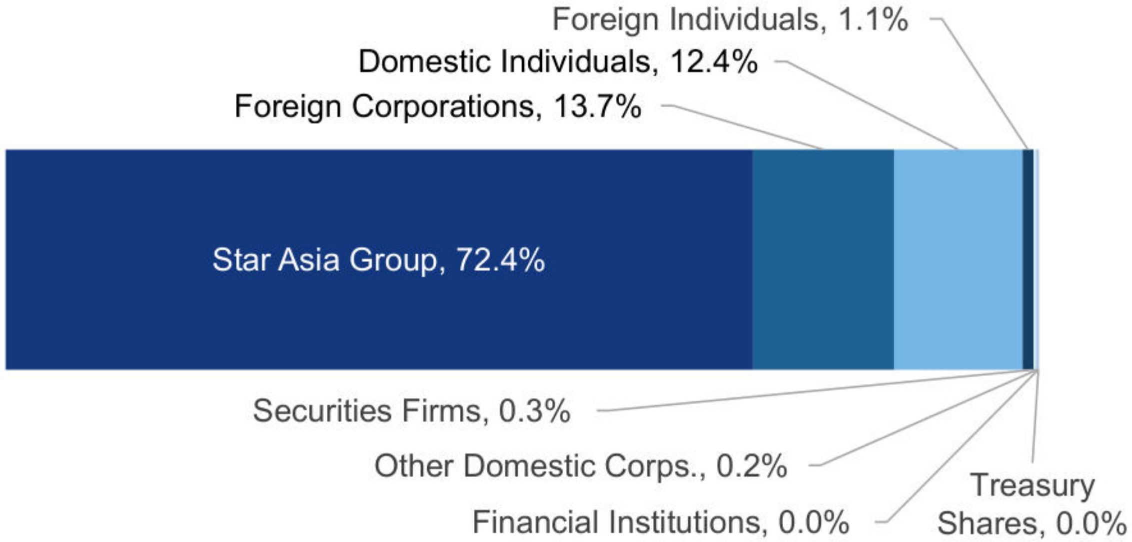
Class of Shares Issued	Common Stock
Authorized Shares	496,000,000 shares
Total Issued Shares	233,914,680 shares
No. of Shareholders	11,789 persons

Major Shareholders

Shareholder Name	Number of Shares	Shareholding Ratio
SAJP VI 3.0 LP	105,820,691	45.23%
Star Asia Opportunity III LP	39,976,962	17.09%
Columbia University in the City of New York*	23,159,988	9.90%

Note: Based on company research

Share Distribution by Owner Type



Number of Shares Held by Directors

Chairman of the Board	Shigeru Takakura	149,400
President & Representative Director	Yohei Taguchi	54,800
Director & COO	Kazuyoshi Shimojima	20,000
Director & CFO	Satoshi Hosono	105,615
Director	Takahiro Tsujikawa	82,400
Director	Kentaro Tawara	20,000
Director	Mitsuhiro Matsuzaki	20,000
Director	Joseph Altwasser	136,200
Outside Director	Takaaki Morohashi	38,000