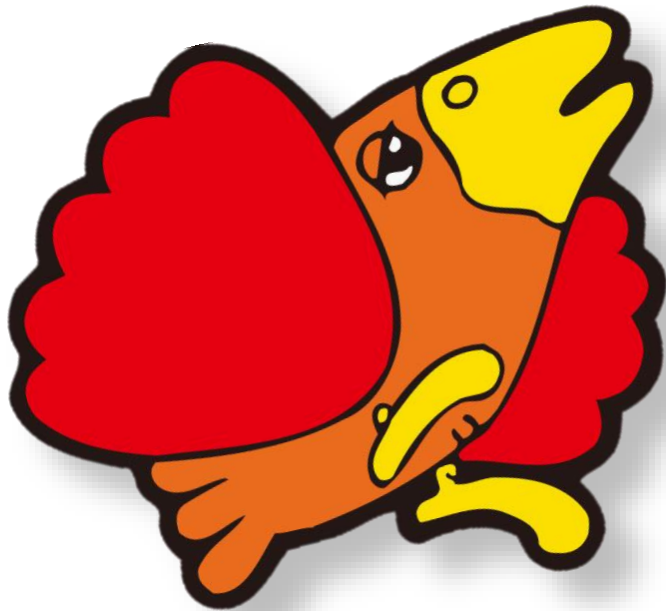


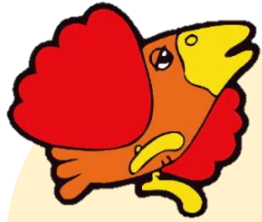
FY2023

About Skylark Group



Skylark Holdings Co., Ltd.

Skylark At a Glance



Skylark Group

◆ Total number of Restaurants: **2,988** (as of end-Mar 2023)
of which **98.5%** stores are directly managed
and **73** are international stores

◆ Market Cap: approx. **JPY390Bn** (as of end-Mar 2023)

FY2022 Results

■ Total Revenue:	JPY303.7Bn
■ Operating Profit/Loss:	JPY-¥5.6Bn
■ Net Income/Loss:	JPY-¥6.4Bn

One of the Largest Restaurant Chains in the World

Total number of group stores as of end-September 2022

2,979

U.S.
1

Malaysia
4

Taiwan
68

Hokkaido area
45

Shin-Etsu area
99

Hokuriku area
51

Tohoku area
113

Okinawa area
11

Chugoku area
95

Kyushu area
126

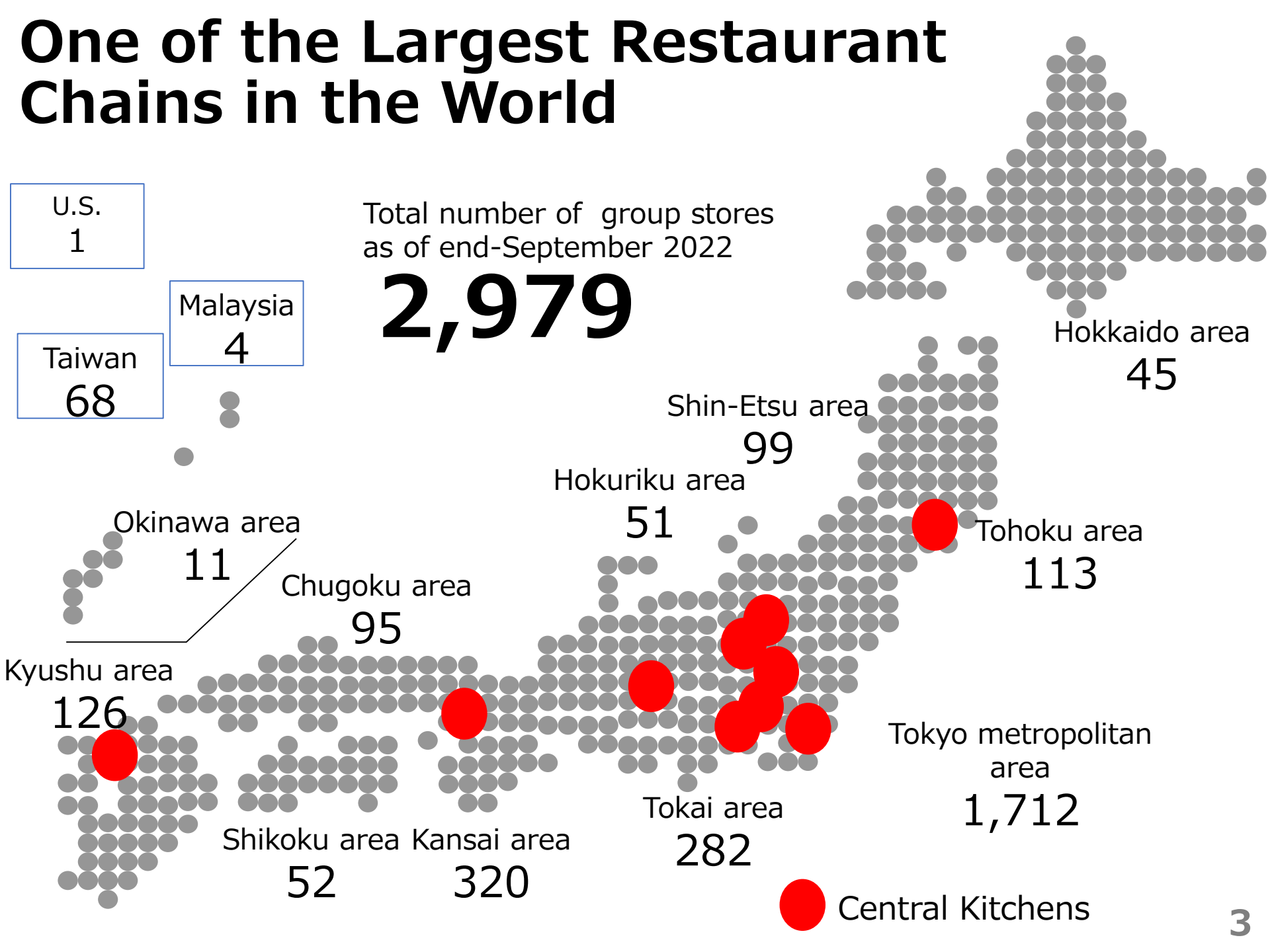
Tokyo metropolitan area
1,712

Shikoku area
52

Kansai area
320

Tokai area
282

Central Kitchens
3



Our Business Portfolio

Dining
Out

**Family Dining
Business**
Value price



**Casual Dining
Business**
Moderate price

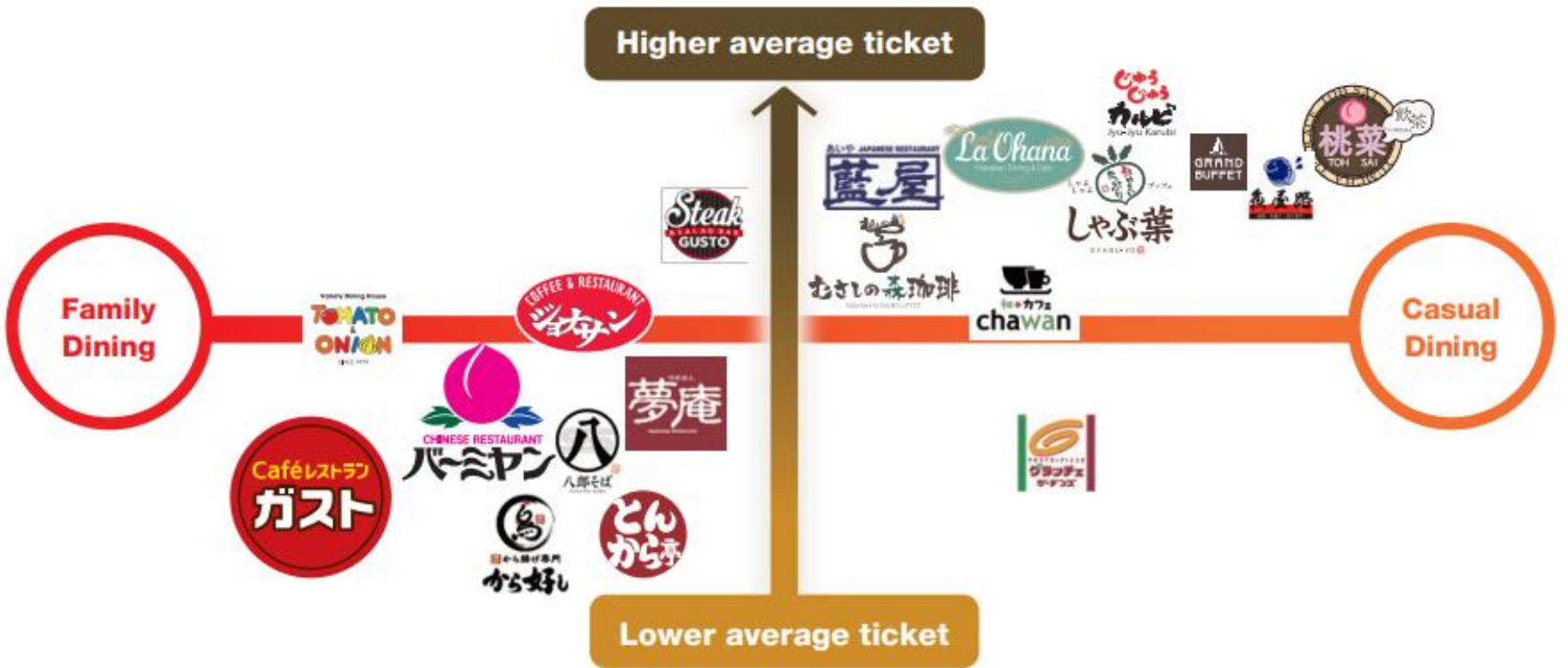


Home Dining /
Home Cooking

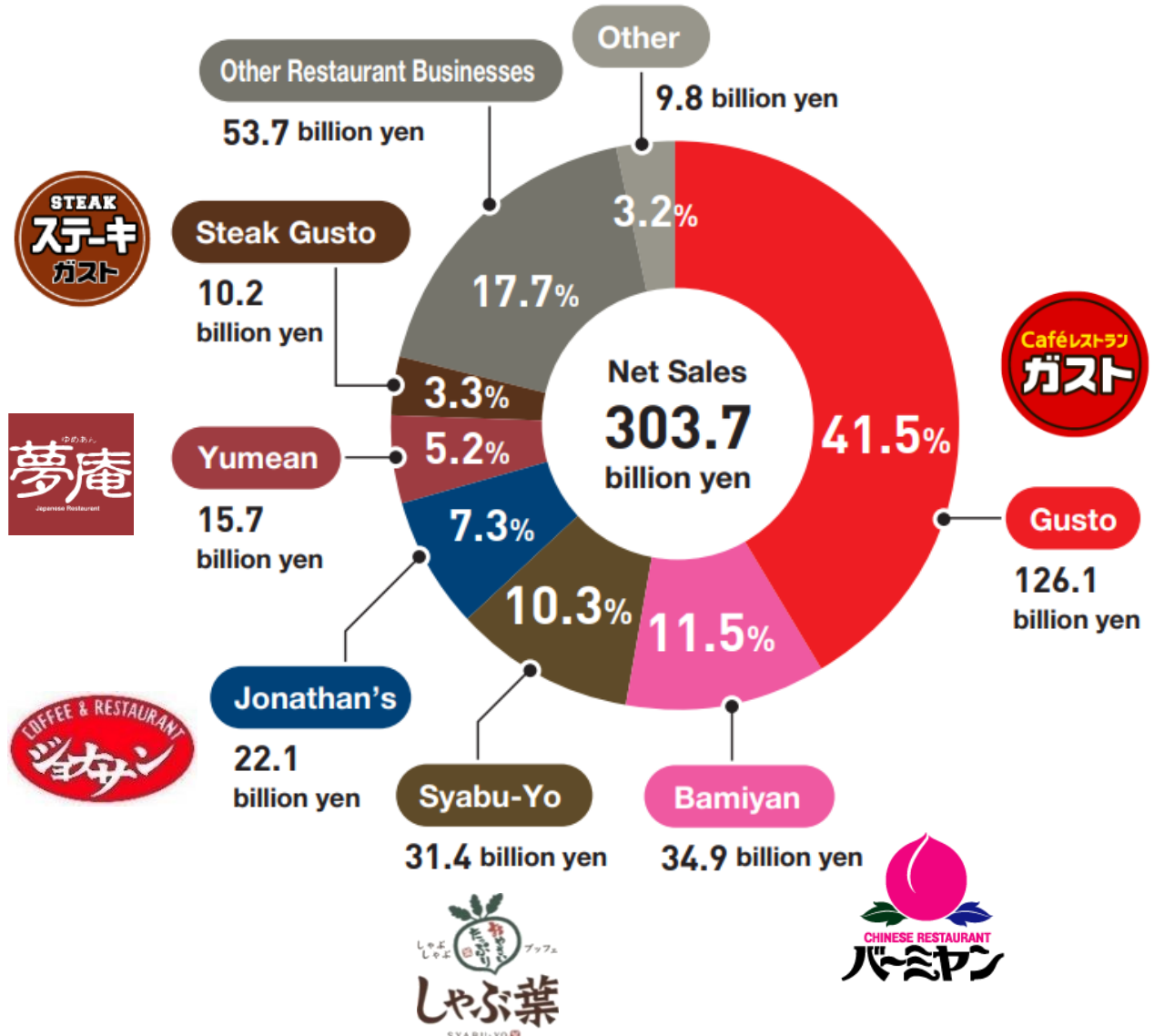
Delivery
Take Out

EC Business
Retail Sales

Meeting Customer Needs with A Diverse Portfolio of Brands



Break-down of Sales by Brand (FY2022)



Recent History of Skylark

Rapid expansion (Pre-2008)

- 🍁 Growth through new store openings and acquisitions
- 🍁 Expanded concepts into rural areas, though not all concepts traveled well
- 🍁 Significant number of underperforming restaurants

Rationalization led by Mr. Tani (2008-2012)

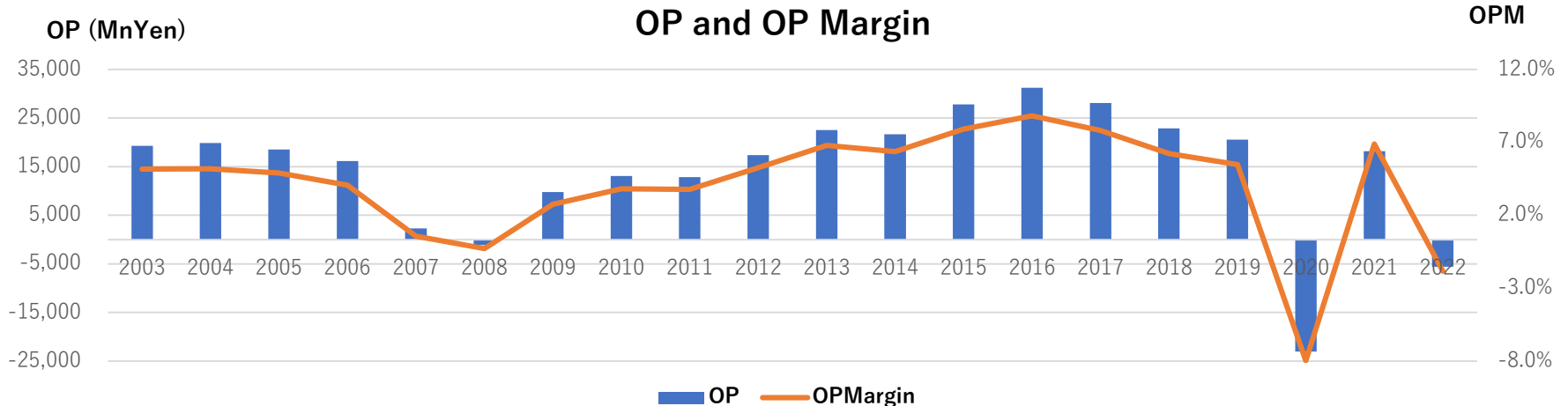
- 🍁 Closed underperforming restaurants
 - Footprint adjusted from 3,329 stores in 2007 to 3,000 stores in 2011 ⁽¹⁾
- 🍁 Revitalized core concepts
- 🍁 Improved margins significantly
- 🍁 Invested in supply chain

Building foundation for sustainable growth (2012-2019)

- 🍁 Implementation of data-driven pricing and marketing strategies
- 🍁 Refined restaurant prototype
 - Investment in restaurant remodeling and conversions
- 🍁 Improved site selection capabilities
- 🍁 Bain sold all shares in Nov.2017

COVID-19 Pandemic (2020-2022)

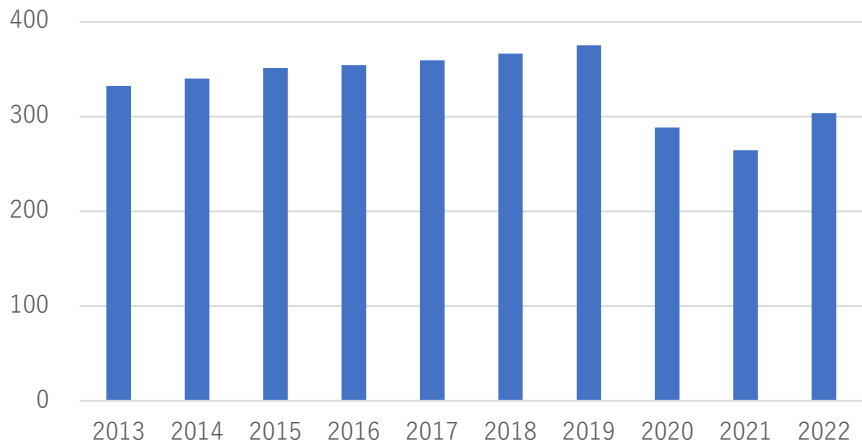
- 🍁 COVID-19 spreads from Feb 2020; sales significantly declines
- 🍁 Specialty brands (Musashino Mori Coffee, La Ohana, Totoyamichi) do well
- 🍁 Although sales declines, profit is secured with gov't subsidy for shortening of operating hours
- 🍁 With DX, store productivity is significantly improved (DMB, floor service robots)



Key Financials

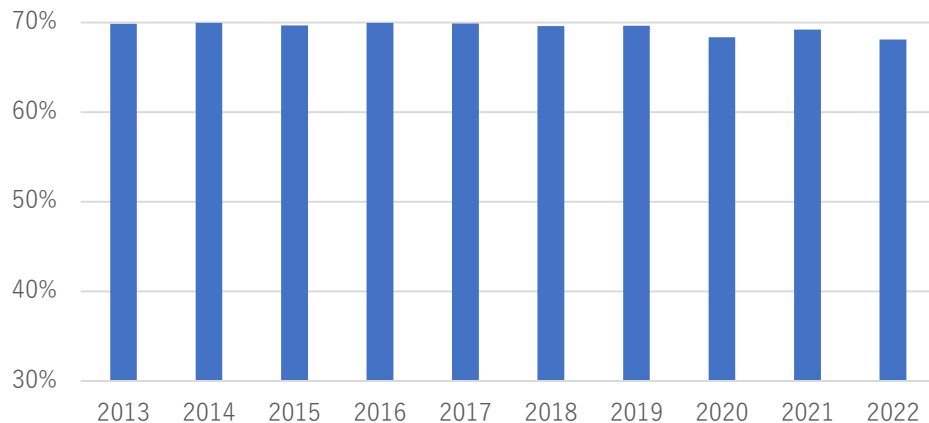
Sales

BnYen



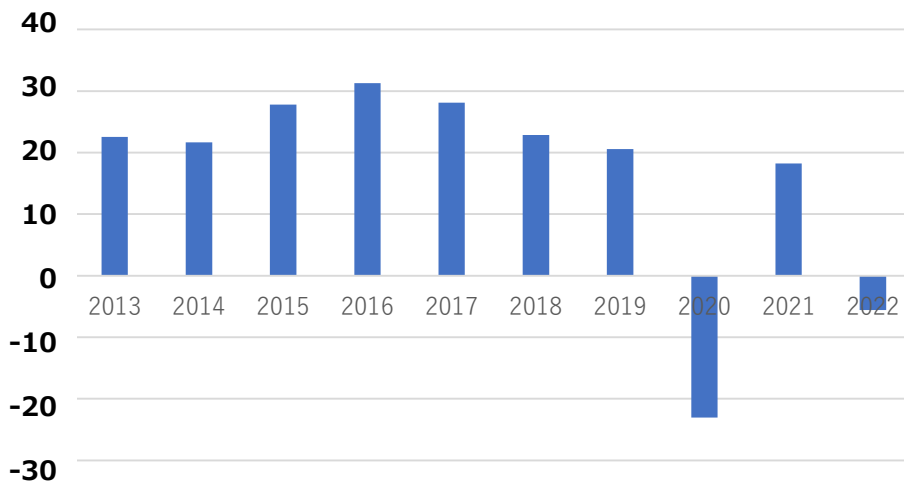
Gross Profit Margin

80%



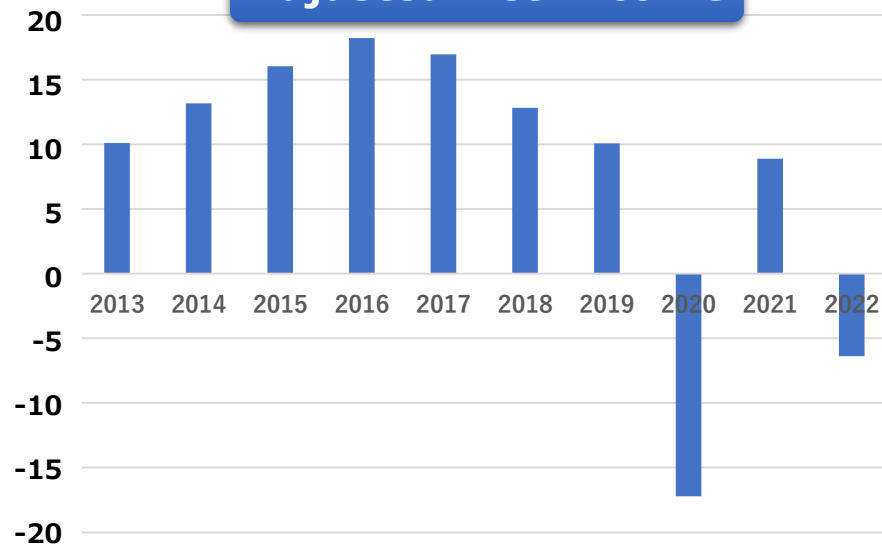
Operating Profit

Bn Yen



Adjusted Net Income

Bn Yen





Skylark Group

Robust Business Model

Our Competitive Advantage

■ Vertically Integrated Supply Chain

- Bulk procurement of ingredients for all brands
- 10 central kitchens that cover approx. 3,000 stores
- A cross-brand logistics network makes efficient distribution possible
- High quality food offered at reasonable prices

**From procurement to home delivery, all is in-house
=>A strong cost competitiveness within the industry**

■ In our approx. 3,000 stores:

- Same operating system and manuals
- One HR system covers the entire group

Vertically Integrated Platform

Procurement

Streamlined procurement

Centralized ingredient sourcing for all concepts

Manufacturing

Central kitchens

10 facilities covering about 3,100 stores of the Group

Logistics

Robust distribution network

Shared distribution network for all concepts

Cooking/ Serving

Efficient restaurant operations

Providing high-quality and reasonably priced dishes in a comfortable space

Delivery

Expansive delivery network

One of the restaurant industry's largest fleet with approximately 4,000 delivery vehicles*¹

Flexibility (speed)

- ✓ Flexibly decide on who to procure from
- ✓ Systems enabling speedy development of menus
- ✓ Quick response to changes in demand in each area
- ✓ Easy environment to cook
- ✓ Quick and accurate response to consumer demand
- ✓ Uniform kitchen layouts for all brands

Efficiency (economies of scale)

- ✓ Mass orders for about 3,100 stores
- ✓ Pursuit of economies of scale in ingredient processing
- ✓ Cost efficiency
- ✓ Simplified store operations
- ✓ Response to diverse needs by making bulk orders for use in multiple brands
- ✓ Reduced operation costs by improving the cooking speed at stores
- ✓ Sustained high gross profit margin by reducing inventories and waste losses

Safety (quality and freshness)

- ✓ Controlled quality of ingredients
- ✓ Uniform quality and cooking methods for all stores
- ✓ Maintenance of quality and freshness through delivering based on orders from stores
- ✓ Controlled uniform quality of dishes
- ✓ Maintain high quality through in-house delivery staff
- ✓ Pursuit of food safety

*1 : Number of delivery bikes and light vehicles owned. As of March 31, 2023

Central Kitchens

- 10 central kitchens across Japan
 - Primary processing conducted at our central kitchens to lessen in-store kitchen work
- ⇒ high quality food consistently served to customers

- Cutting of vegetables and meat
- Making in-house sauces for all brands
- Chilled/frozen goods distributed in a timely manner
- Room temperature goods are delivered 1-6 times a week



Remodels: Providing an Inviting Atmosphere

■ Example of a Remodel: Jonathan's Shimo Igusa Store (Remodeled in July 2022)

【Before】



【After】



■ Remodel impact (165 stores remodeled bet. Jan 2022 to Dec 2022)

=> 4.7% sales increase

- ※Pre⇒90days before store closure
- Post⇒Store reopen up to Dec 31
- ※Ctrl stores ⇒ Roadside stores that have opened by June 2018 in respective brands
- ※Dine-in sales only; sales is vs2019

■ Gusto: Remodels begin with a new façade theme



- A comfortable space for anyone and everyone to relax in
- More natural tones by clearing up unnecessary decorations

Brand Conversions: Improve Profitability

Strength of having a wide portfolio of brands in many categories
Significantly improve sales of unprofitable stores and improve profitability of our total portfolio of stores

- Resolve own brand cannibalization and create new demands
- Convert to specialty brands which become customer destinations
- Conversion impact (17 stores converted in 2022): 159.5%
- Planning 30-40 conversions for 2023

FY2022 Conversions



10 conversions
Daily Sales 135.4%



3 conversions
Daily Sales 204.4%



2 conversions
Daily Sales 175.7%

New Brand Development

First Hachiro Soba store
Opened on Jan 18



Hachiro Soba
Shiraoka store



First Toh-Sai Store
Opened on Feb 1



Toh-Sai
Tsuruoka store



Promoting DX: Increase Customer Convenience and Store Productivity



◆ In 2022, renewed store systems, mainly the cash register. Will continue with DX in 2023 and improve both customer convenience and store productivity

New POS registers introduced to all stores

New POS introduced to all stores

Labor hours per day
-0.5hrs



Improvement of Digital Menu Books

- Developed a dedicated machine for inputting menu numbers (introduced to Hachiro Soba and Toh-sai)
- Real-time visualization of all tablets, linked with floor service robots

(Preparing)

- Table ushering
- Table checkout function

Introduction of cat-shaped floor service robots completed

3,000 floor service robots introduced

- 90% of customers are "Very satisfied" or "Satisfied"
- +2% improvement in lunch peaktime table turnover rate
- -35% less time to clear tables
- -42% less footsteps taken
(impact at Gusto stores)

Self-serve checkout counters introduced

800+ cashless self-serve checkout counters introduced

Usage rate of self-serve cashiers

25%+ (2023/1)



(Preparing)

Self-serve checkout counters which take cash

Enhancement of the Skylark app functions

Advance ordering and payment functions for delivery, take-out and e-commerce orders

Skylark app

Take out



Delivery



E-commerce



Promote company-wide DX

Dedicated DX staff appointed in all divisions to realize productivity improvement

To continue in 2023

Customer DX to further promote brand loyalty

The Skylark App

■ Over 21million downloads and 11million members

As of end-Mar 2023

■ Promote customer loyalty by improving customer convenience through enhancing function and improving UI/UX

Preparing

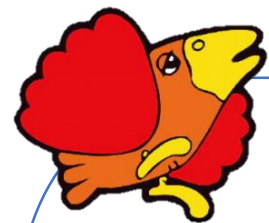
- Subscription and prepaid services
- Table reservation function
- From segmented messaging to personalized messaging

Work in Progress

- ID integration with in-house delivery website
- POS linkage (advanced segmented messaging)
- Equipping digital version of cross-brand coupon book

Executed

- By-brand app integrated
- Membership registration/ segmented messaging
- Take-out ordering and advance Payment
- Equipped with digital Platinum Passport
- Use of geofencing
- E-commerce function added



Skylark Group

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