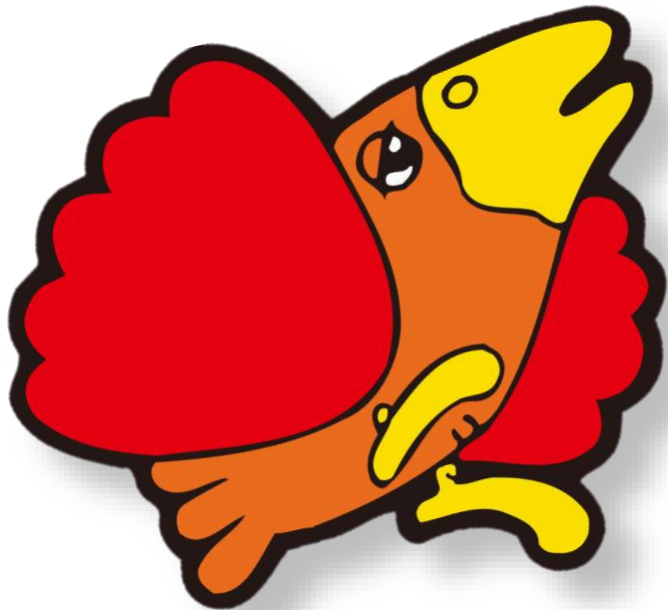


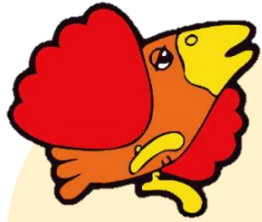
A Brief Introduction to Skylark Group



Skylark Holdings Co., Ltd.

Last update: FY2024 Q2

Skylark At a Glance



Skylark Group

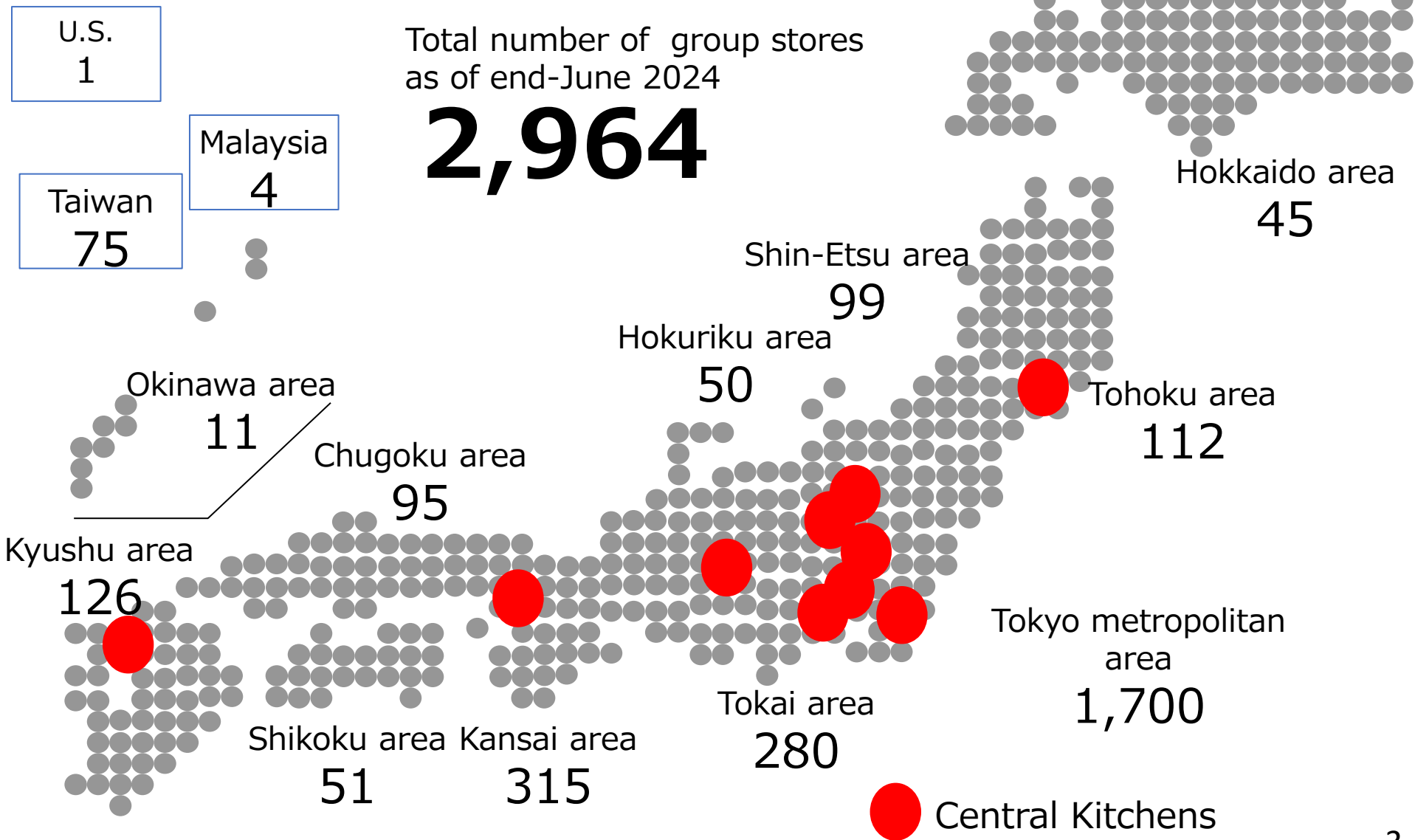
◆ **Total number of Restaurants: 2,964** (as of end-June 2024)
of which **98.5%** stores are directly managed
and **80** are international stores

◆ **Market Cap: approx. ¥487Bn** (as of end-June 2024)

FY2023 Results

■ Total Revenue:	¥354.8Bn
■ Operating Profit:	¥11.7Bn
■ Net Income:	¥4.8Bn

One of the Largest Restaurant Chains in the World



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



Recent History of Skylark

Rationalization by new management team (2008-2012)

- 🌸 Closed underperforming restaurants
 - Footprint adjusted from 3,329 stores in 2007 to 3,000 stores in 2011
- 🌸 Revitalized core brands
- 🌸 Improved margins significantly
- 🌸 Invested in supply chain

Building the foundations for sustainable growth (2012-2019)

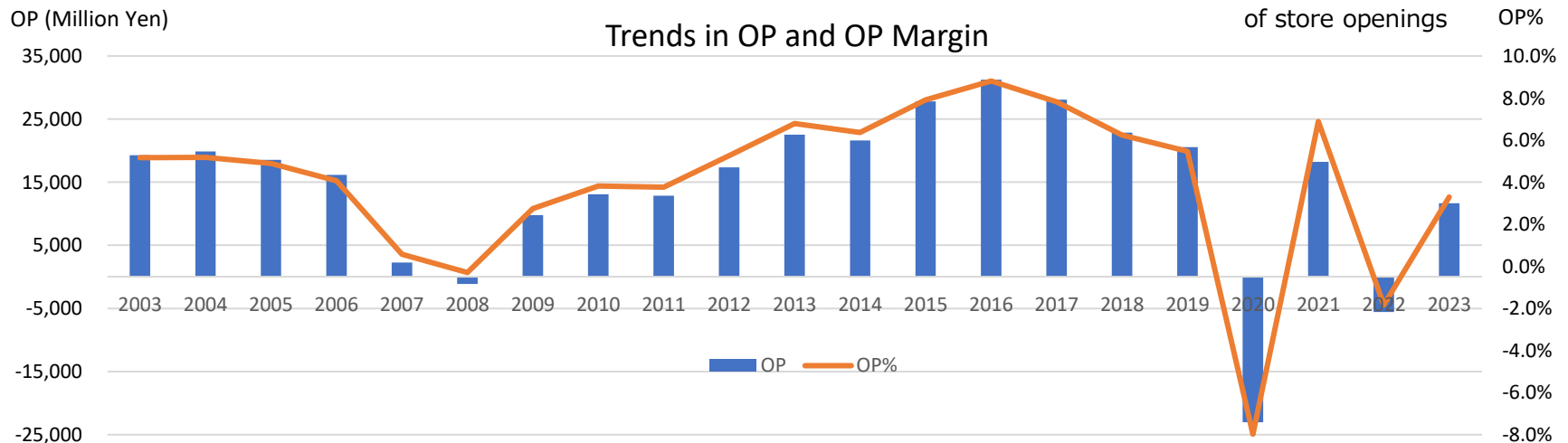
- 🌸 Implementation of data-driven pricing and marketing strategies
- 🌸 Refined brand prototypes
 - Investment in remodeling and conversions
- 🌸 Improved accuracy of site selection capabilities
- 🌸 Re-listed in the First Section of the Tokyo Stock Exchange in Oct 2014

COVID-19 pandemic (2020-2022)

- 🌸 Sales significantly decline from Feb 2020 with COVID-19
- 🌸 Specialty brands perform well
- 🌸 Sales decline, but profit secured with gov't subsidy
- 🌸 With DX, store productivity is significantly improved (DMB, floor service robots)
- 🌸 Decision to close unprofitable stores (200 stores in 2020, 100 stores in 2022)
- 🌸 Price hikes in July & Oct 2022

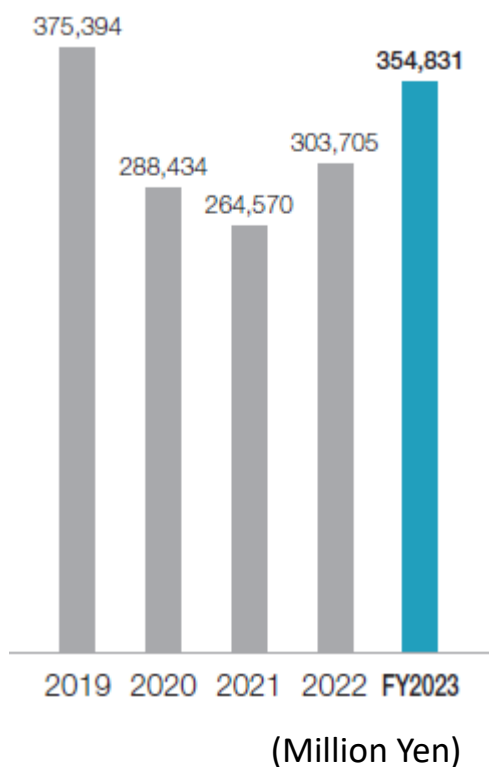
Post-COVID (2023 onwards)

- 🌸 Mask mandate lifted in March 2023; COVID recategorized as Class-V disease in May (end of pandemic)
- 🌸 Cost pressures continue, including yen depreciation; price hike in Apr 2024
- 🌸 Traffic increase from adding lead-signs and improving parking signs
- 🌸 Midterm business plan with 2027 as the target year released, along with acceleration of store openings

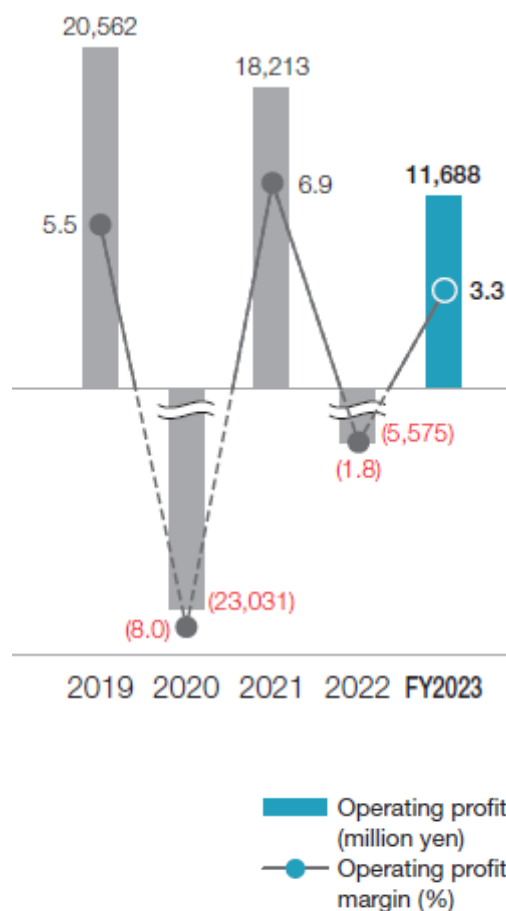


Financial Data

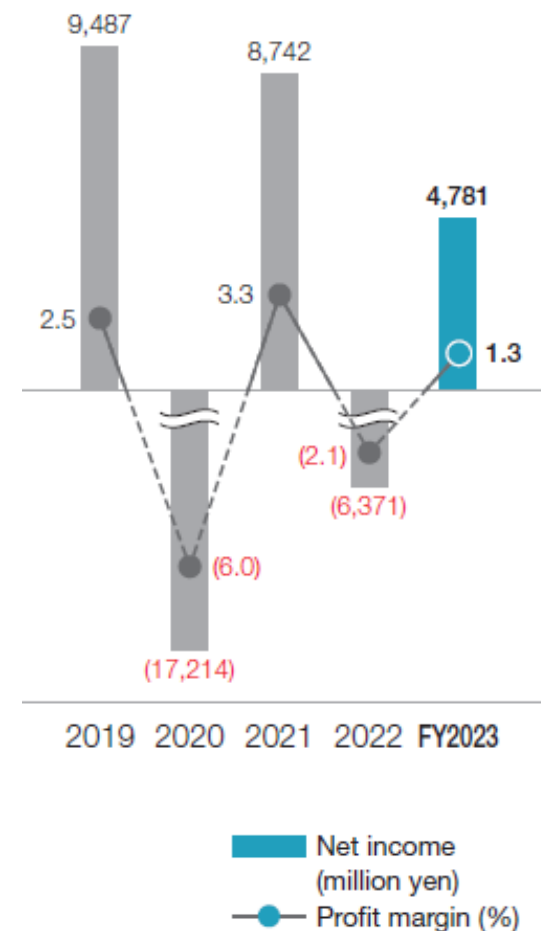
Consolidated Sales

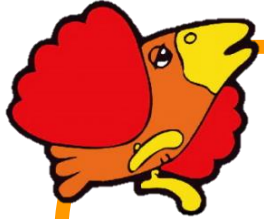


Operating Profit / Operating Profit Margin



Net Income / Net Income Margin





SkylarkGroup

Robust Business Model

Our Competitive Advantage

■ Vertically Integrated Supply Chain

- Bulk procurement of ingredients for all brands
- 10 central kitchens cover all 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**

**■ Same operating system and manuals
for all 3,000 stores**

■ 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 3,000 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 3,800 delivery vehicles

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 3,000 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

Central Kitchens

- 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

- 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

Skylark Group's
10 central kitchens
around Japan



delivers safe and quality foods

New Store Openings

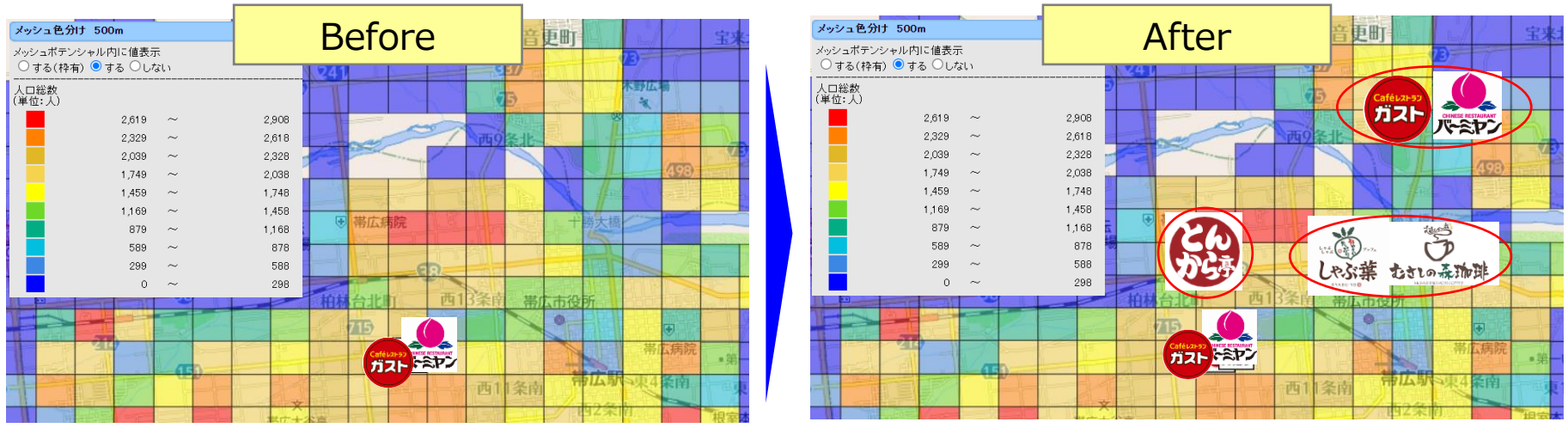
- **Accelerate new store openings** from 2024 and plan to open **approximately 300 stores over the next three years**
- 27 stores opened in 2023, all with high sales (20 in Japan, 7 overseas)

Store opening policy from 2024

1. Commercially busy districts
2. In front of train stations of private railway in large cities
3. In front of train stations in regional cities
4. Multi-brand store openings in mid-size regional cities

Store locations in regional cities with a commercial population of around 250,000 (proposed)

Five more stores can be opened by revising internal store opening requirements (2 stores → 7 stores)

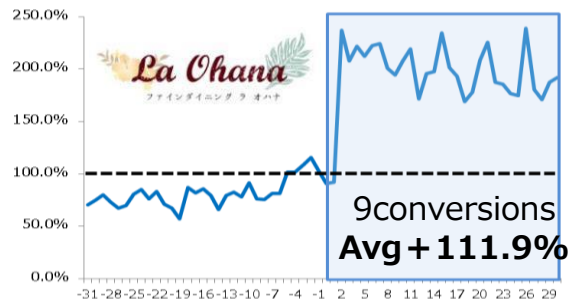
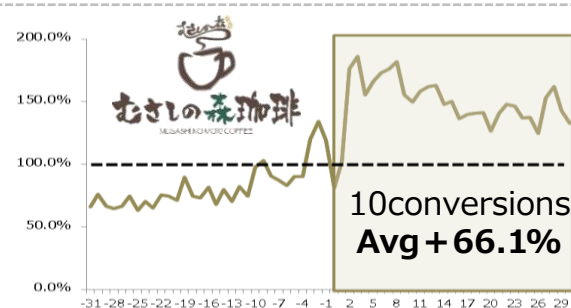
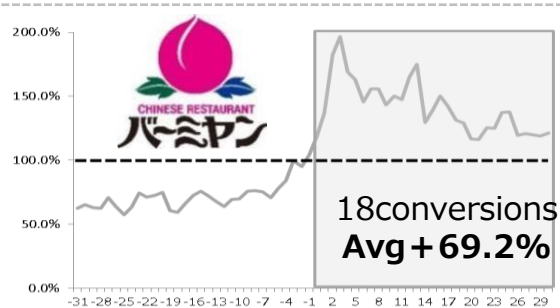


Brand Conversions: Improve Profitability

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
- Planning 70-80 conversions for FY2024 and a sales impact of approx. 1.7 bn yen
- Implemented 41 conversions for FY2023; sales impact was 150.2%



- ※ Conversion impact is calculated from annual sales before conversion and annual sales forecast (excluding reopening spike in sales)
- ※ Control stores ⇒ Stores opened by June 2018 in respective brands
- ※ Sales ⇒ EI sales only. Sales is vs 2019
- ※ Pre ⇒ 90days before closure
- ※ Post ⇒ 30days after reopening

Brand Conversions/Lead Signs/IN-Signs/Remodels

Add lead signs/Change IN-signs

- Install lead sign: Sales impact in 2024 approximately 0.9 bn yen
→ Approximately 500 stores to be given lead signs
- Change parking IN sign: Sales impact in 2024 approximately 0.7 bn yen
→ Approximately 500 stores to change to a more visible parking sign

*Of the 1,000 stores scheduled to change their IN-signs, about 500 of them have already been done within FY2023



Store remodeling

- Plan to remodel **70-80 stores** in 2024 and aim for sales impact of **approximately 0.3 bn yen**
- The sales impact of stores remodeled in 2023 was +4.6%

*Sales effect shown is a full-year effect

Menu Initiatives for Family Dining Brands

Grand menu renewal towards gaining customer visits for a wide range of occasions now completed

More variety of small dishes / shareable menus

- Want to eat this and that
- Want to share with family/group



⇒small menu UPH sales +27%
⇒average ticket +4yen



⇒small menu UPH sales +24%
⇒purchases by the main target, 40s-60s women, increased

Menus with choices; more set menus with great value

- Want to customize menu in a specific way



⇒Set menu UPH sales became 1.8x



⇒Add-on to lunch average ticket

Volume category: new (Gusto); enhanced (Bamiyan)

- Want to eat to the full but needs to be value-for-money



Menu Initiatives for Casual Dining Brands

Will continue to offer menus which give experiential value to customers and menus for special events.



Kyushu gourmet fair: Had customers enjoy a virtual gourmet trip



- Recorded highest sales as a payable hotpot soup



Chestnut cake finished in front of the customer; premium drink bar offered (preceding test stores)
⇒+18% sales vs control stores



Christmas Course Menu
⇒High add-on to Christmas period average ticket



Stressless Customer Journey

Entering the store

Cleaning the table



Timely cleaning of tables made possible by coordinating with the digital menu book.



Customers are ushered to tables with the table ushering system. Also linked to our reservation system.

Ordering food



Ordering through the Digital Menu Book. Additional ordering made easy; product recommendations also possible.

Settling the bill



No waiting to settle the bill, with payment either at the table or through self-checkout counters



Serving food



Food is served both by cat-shaped robot and staff.

(1) Introduction of floor service robots



3,004 catering robots already installed
(2,041 stores, as of October 31, 2023)

Running approx. 3.98 km per store



Effects of Introduction at **Gusto**

90% of customers were "Very satisfied" or "Satisfied"

Lunch peak turnover rate +2

Reduction in cleanup time -35%

Footsteps reduced -42%

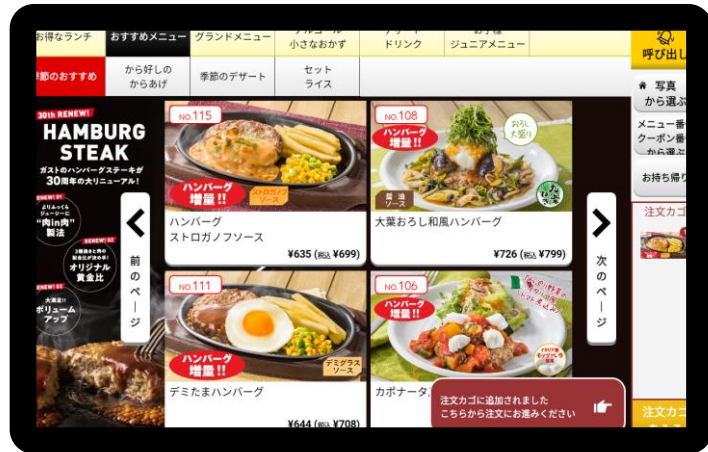


Effects of Introduction at **Bamiyan**

Reduction in clean-up time -40%

Footsteps reduced -49%

(2) Use of digital menu books



- In use at more than 2,500 stores.
- Recommendation and survey collection functions also added.
- Developed an ordering tablet dedicated to ordering by menu number.
(Introduced to Hachiro Soba and TohSai)
- Real-time monitoring of all tablets



Arrival notice of the robot!



Floor service robot coordination function has also been developed.



(3) Renewal of all POS cash registers

Installation of new POS cash registers at all stores completed



- ◆ Processing has much less conditions
- ◆ Speedier actions for various point cards
- ◆ Improved barcode/QR code reading accuracy

Customer checkout time reduced

Easier training (new & non-Japanese staff)

Working hours per day ▲0.5 hours

Annual conversion Approx. 540 mn yen

(4) More stores to have cashless self-checkout counters



772 stores
Utilization rate 30% or more
Productivity 44 min/day reduction

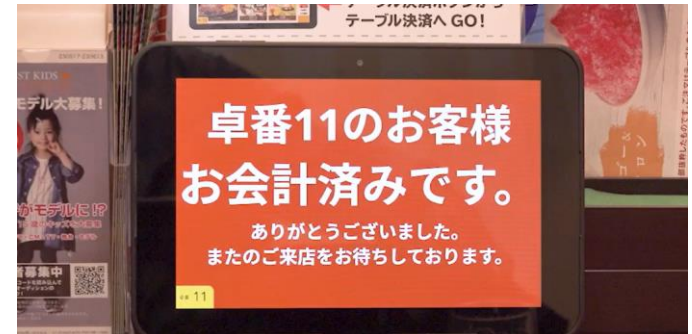


(5) Table Settlement of Bills

QR code payment with PayPay available at table ordering terminals from August 9, 2023



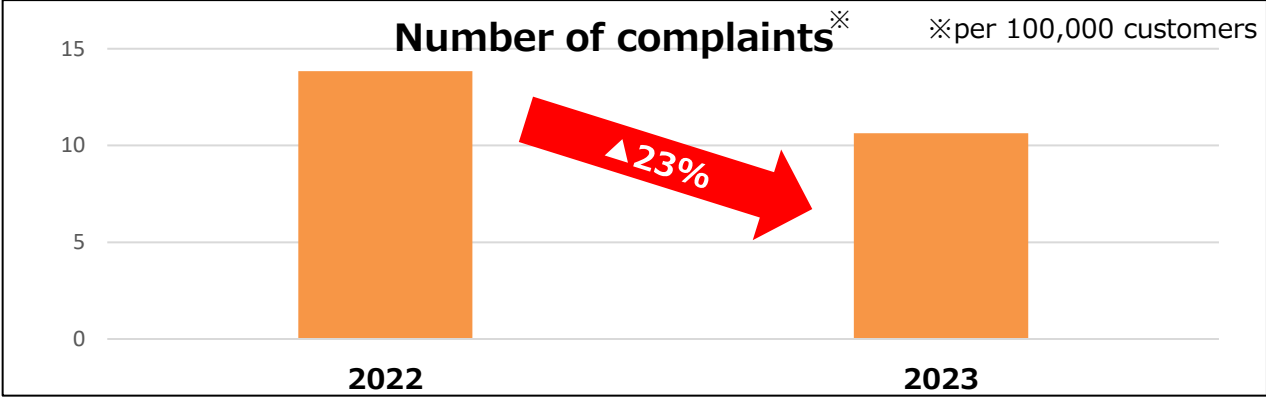
- Installed in 2,400 stores
- Utilization rate is about 10%.
- Reduced labor by approximately 10 min per day



Started notifications of tables that have settled bills.
⇒ Employees can clear tables faster, which reduces customer wait time

Maximize Weekend Sales: Service Improvement through DX

Improving service through DX



DX
promotion

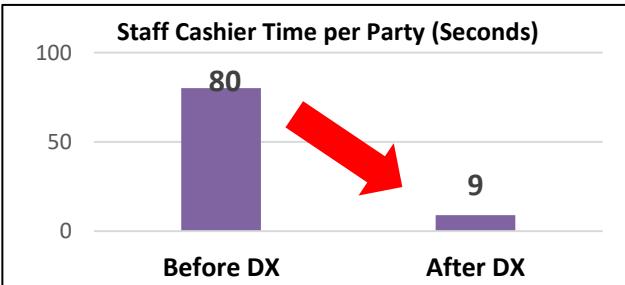


Service
improvement

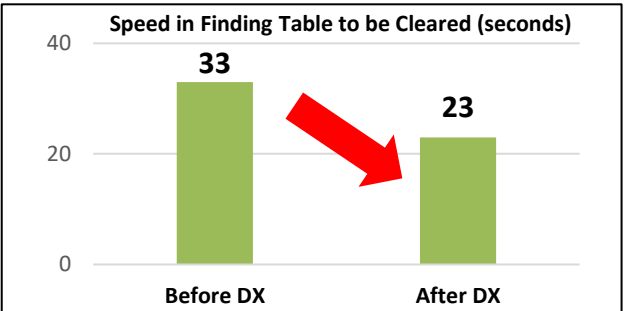
Promoting DX



Less Wait Time ▶ Service Improvement



※Before: ~Oct 2023 After: Nov 2023~



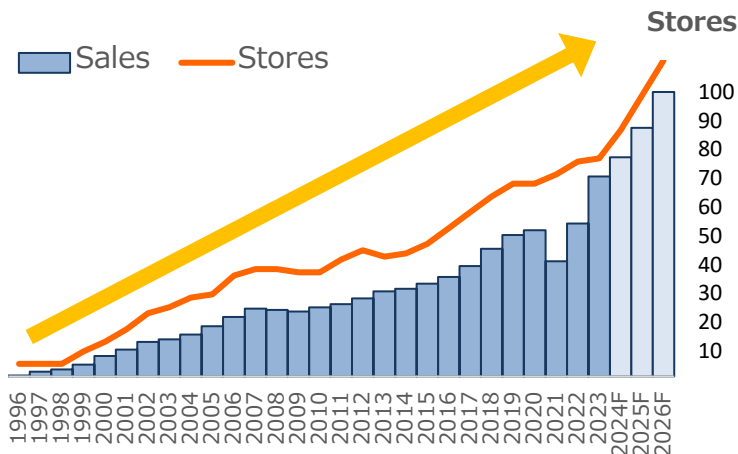
※Before: ~Oct 2023 After: Nov 2023~

Overseas Expansion

**Will accelerate overseas store openings;
100 stores to be opened between 2025 and 2027**

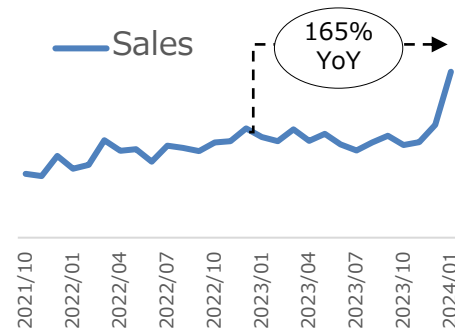
【Taiwan】

Sales recovered steadily after the COVID-19 pandemic
Opened 5 new stores in 2023
Opening about 10 stores every year from 2024



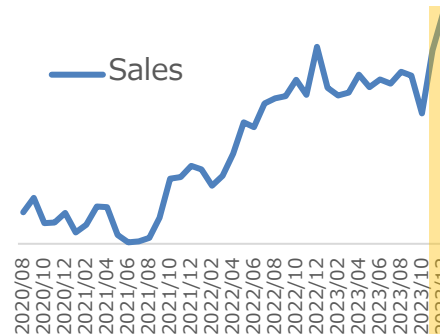
【Chicago, IL, USA】

First store achieved record monthly sales in January 2024
Planning to open 2 new stores in 2024



【Malaysia】

Achieved record sales in December 2023
Planning to open 2 new stores in 2024



Sustainable Management



We are working to reduce environmental impact by 50% by 2030.
All reductions are proceeding as planned.

	Decarbonization	De-Plasticization	Food Loss Reduction
Major initiatives	Energy conservation activities Shift to renewable energy	Reduction in use of disposable plastics	Reduction of food loss at central kitchens/stores Reduction of leftover food
Expected landing in 2023	vs. 2018 ▲20.0%	vs. 2020 ▲10.0%	vs. 2018 ▲30.0%
Target for 2030	vs. 2018 ▲50.4%※	vs. 2020 ▲50.0%	vs. 2018 ▲50.0%
(Index)	(CO2 emissions by our company)	(Amount of disposable plastic used)	(Amount of food waste)

*The reduction target is set at ▲50.4% in compliance with the SBT standard, which is consistent with the standards required by the Paris Agreement.

ESG External Assessments

Major ESG Scores are increasing year by year.

ESG Score		2021	2022	2023	
① CDP		Climate change	—	B	A-
		Protection of water resources	—	—	A-
		Forest conservation	—	—	B
② DJSI		11	34	47	
③ FTSE		3.3	4.1	4.7	
④ MSCI		BB	BBB	A	

ESG Initiatives in 2024

We will accelerate our decarbonization efforts to achieve a 50.4% reduction from the 2018 level under Scope1 + 2 by 2030.

Main plans for decarbonization in 2024

- Establishment of annual CO₂ emission targets for 2024-2030
- Linking annual CO₂ emission targets with executive compensation
- Continued implementation of energy conservation and power saving campaigns
- Introduction of electric vehicles and electric trucks
- Increase in number of solar power generation facilities 2 ⇒ 100
- Acquisition of SBT Certification by May 2025

and more

- Scope1+2...The amount of CO₂ emitted by our Group through the use of gas, gasoline, electricity, etc.
- SBT Certification...International certification that shows greenhouse gas emission reduction targets consistent with the standards required by the Paris Agreement

ESG Initiatives in 2023

Decarbonization



Opened a store with virtually zero CO2 emissions



Introduced solar power generation at our MDC

Human rights

WE SUPPORT



Signed United Nations Global Compact

Reduction of food loss



1.3 million Mottainai Packs used annually

De-plasticization



緑の募金



2 million yen donated from sales of wooden cutlery

Responsible procurement



Acquired ISO20400 (sustainable procurement)

Growth Targets for 2024 and Beyond

2024

2025-2027

M&A

M&A
3-5 cases by 2027

New store
openings

Japan: 30-35 stores
Overseas: 10-15 stores

Japan: About 300 stores
Overseas: About 100 stores

Growth of
existing stores

ATP: 1%
Traffic: 6%

ATP: CAGR 2-3%
Traffic: CAGR 1%

Key
pillars

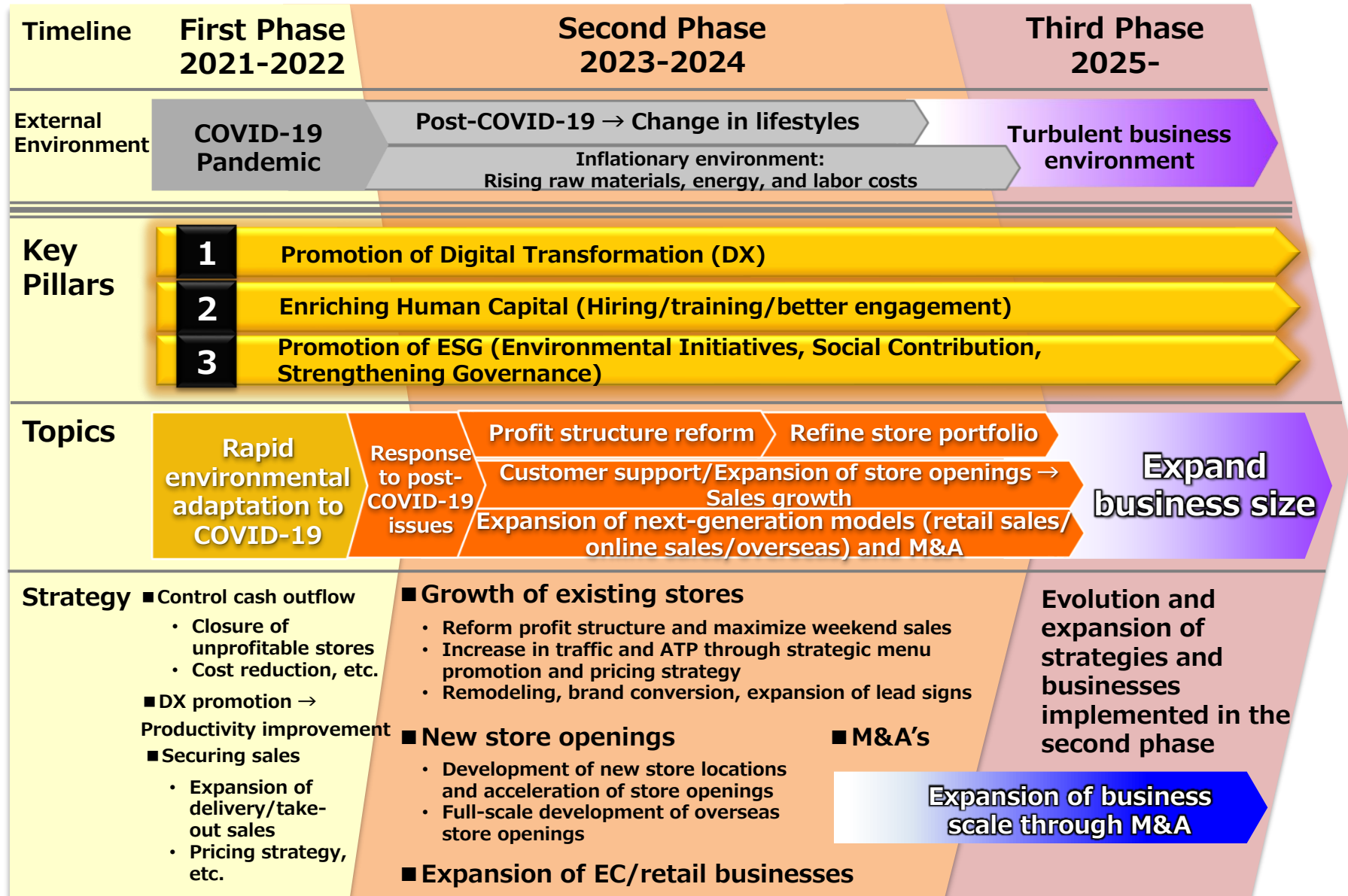
DX

Human Capital

ESG

Roadmap of Growth

Revised Feb 2024





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