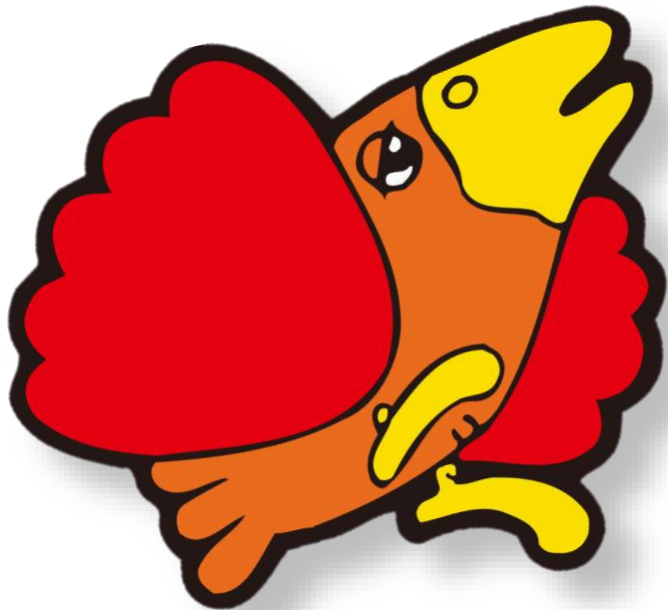


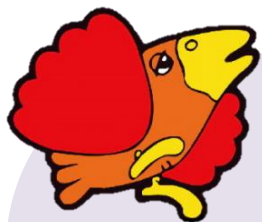
A Brief Introduction to Skylark Group



Skylark Holdings Co., Ltd.

Last update: FY2024 Q4

Skylark At a Glance



Skylark Group

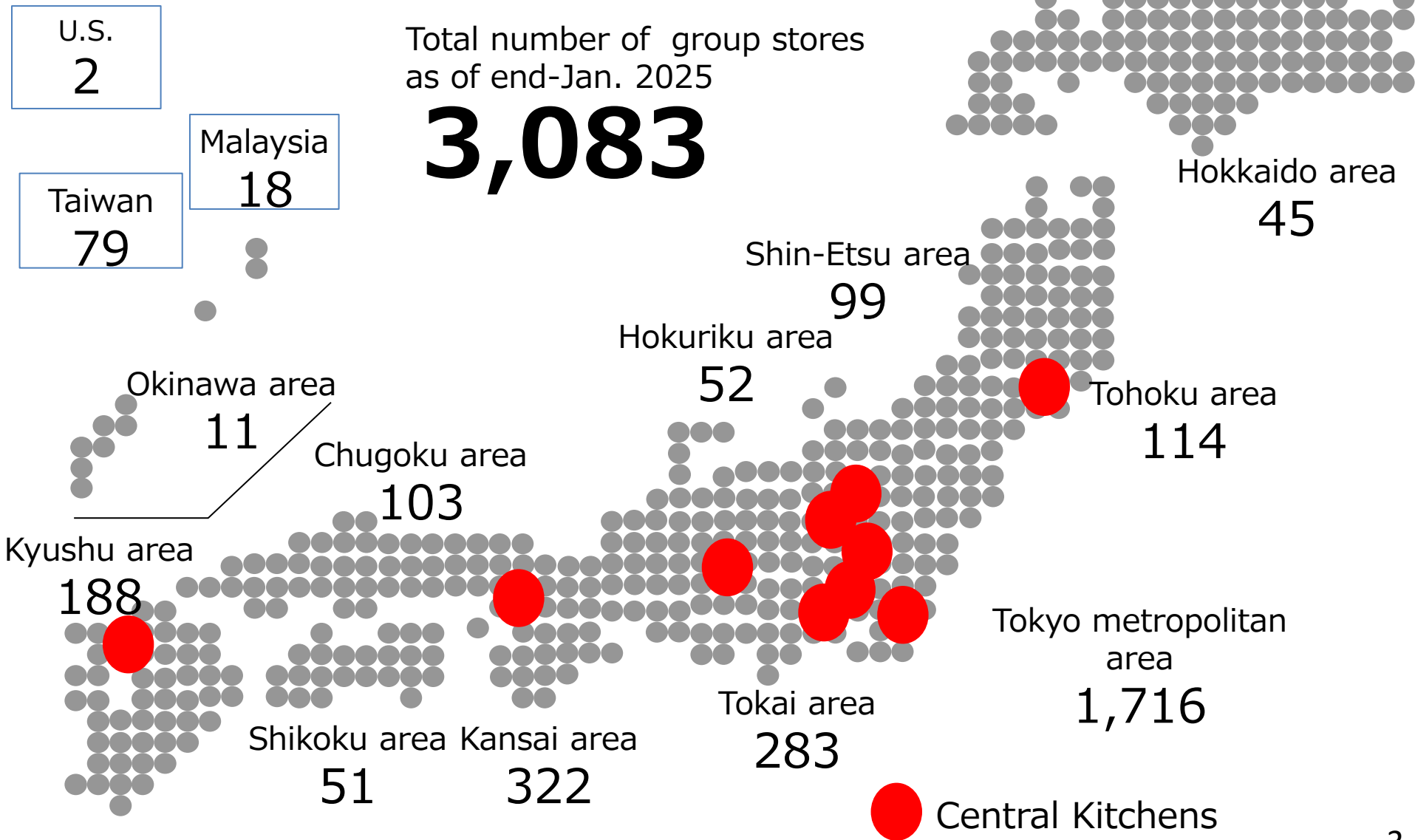
◆ Total number of Restaurants: **3,083** (as of end-Jan. 2025)
of which **98.5%** stores are directly managed
and **99** are international stores

◆ Market Cap: approx. **¥557Bn** (as of end-Dec.2024)

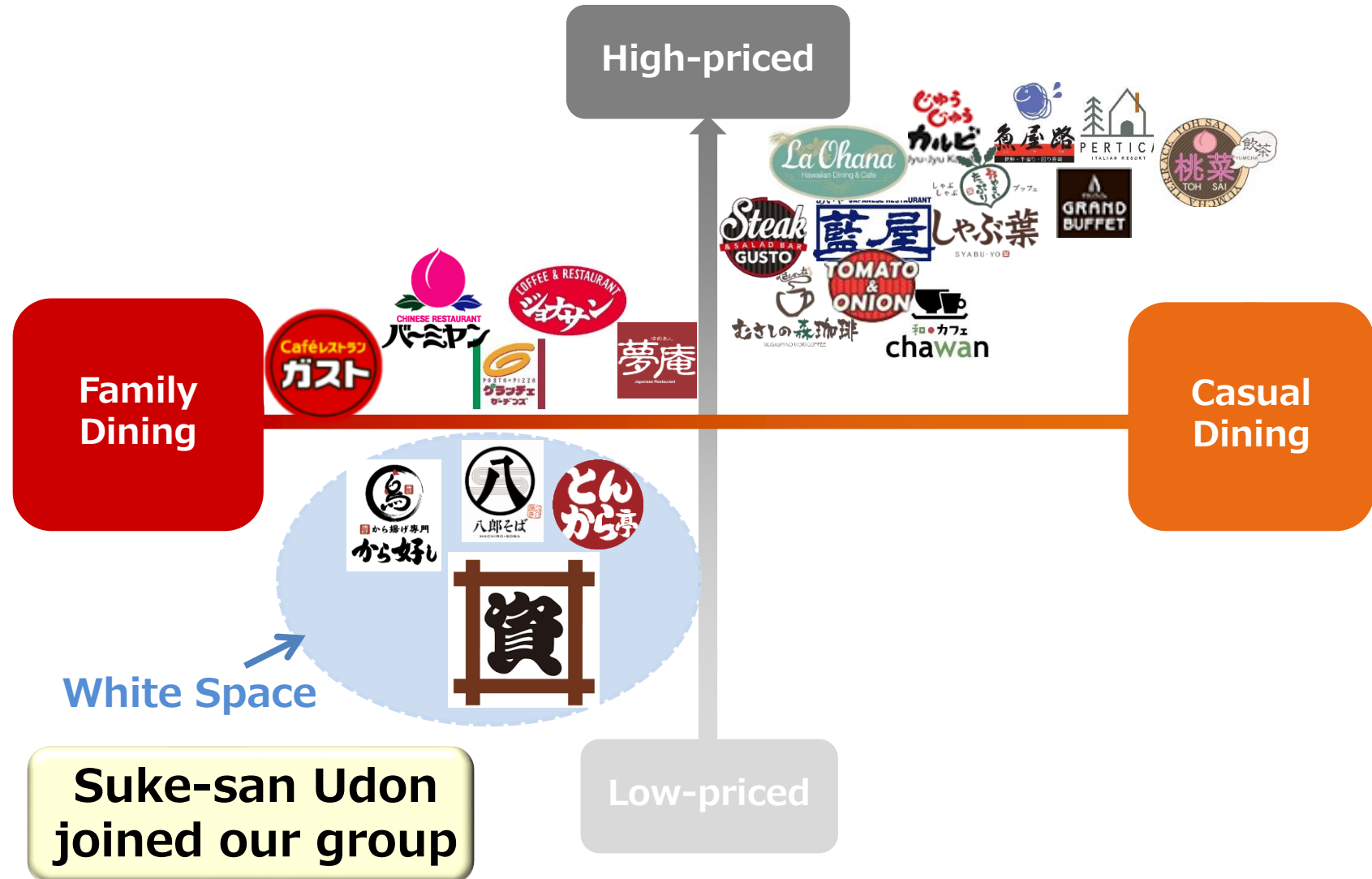
FY2024 Semiannual

■ Total Revenue:	¥401.1Bn
■ Operating Profit:	¥24.2Bn
■ Net Income:	¥14.0Bn

One of the Largest Restaurant Chains in the World

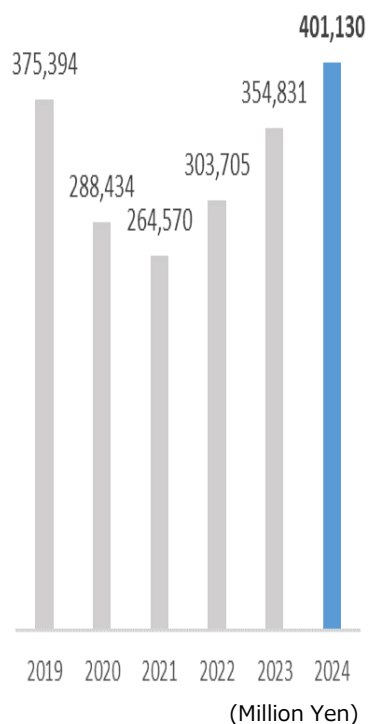


Meeting Customer Needs with A Diverse Portfolio of Brands

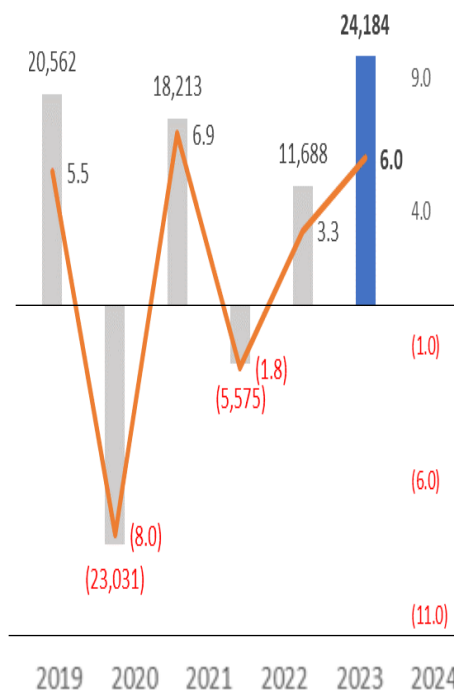


Financial Data

Consolidated Sales

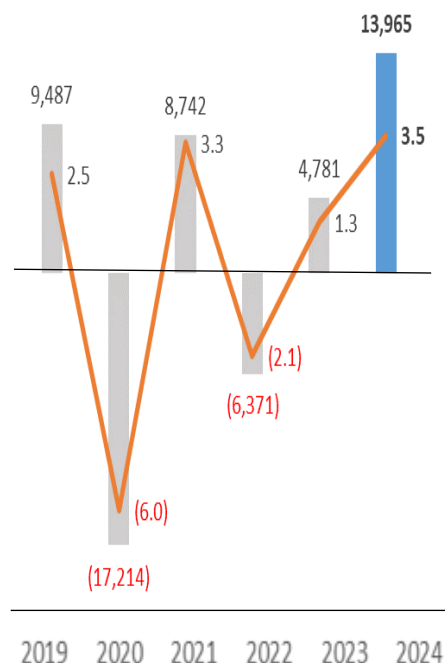


Operating Profit / Operating Profit Margin



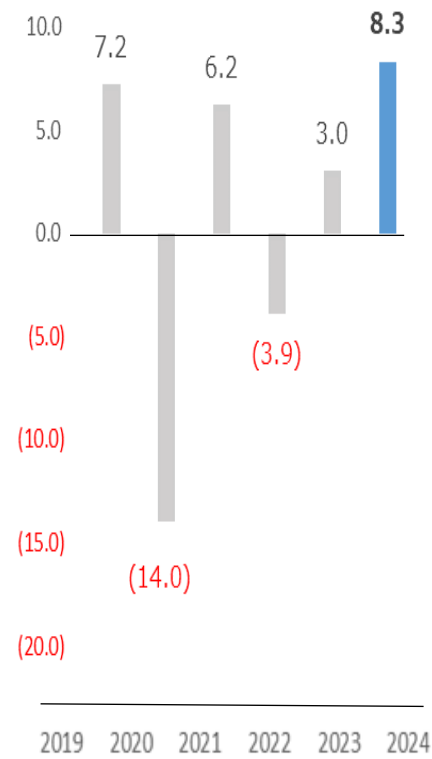
Bar graph : Operating Profit (Million Yen)
Line graph : Operating Profit Margin (%)

Net Income / Net Income Margin



Bar graph : Net Income (Million Yen)
Line graph : Net Income Margin (%)

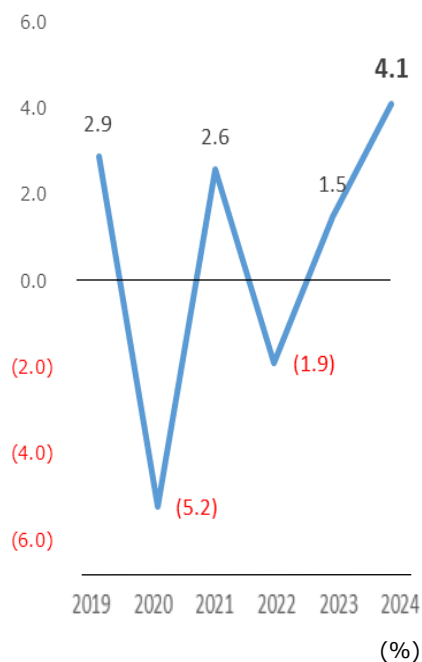
ROE



(%)

Financial Data

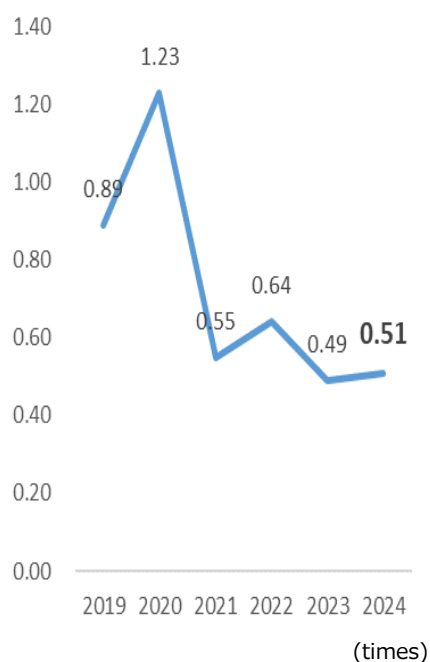
ROA



formula

$$\text{Net income attributable to the owners of the parent company (LTM)} / \text{Total assets (end of period), excluding lease liabilities.}$$

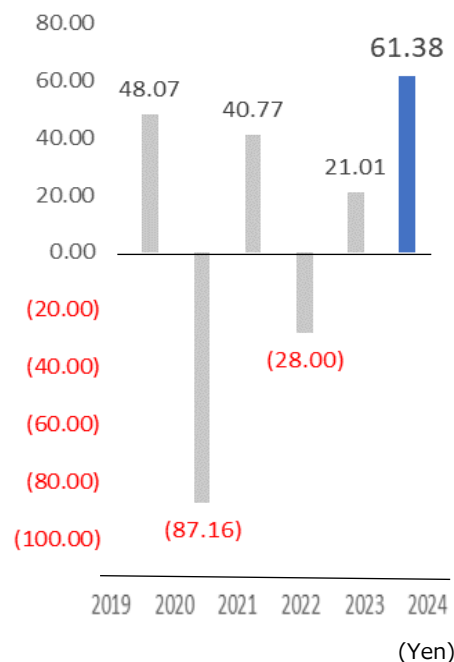
Net Debt to Equity Ratio



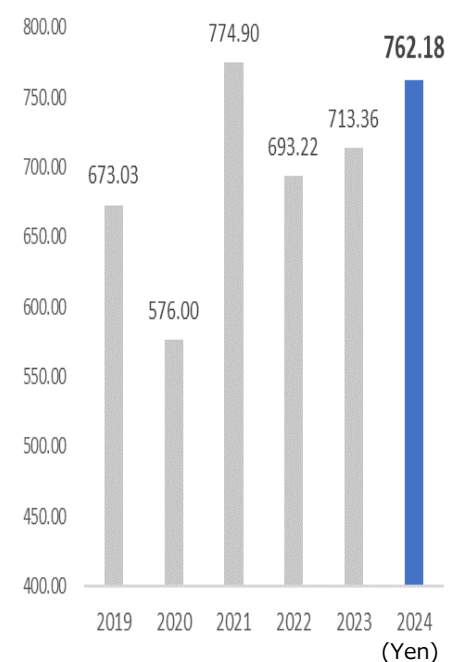
formula

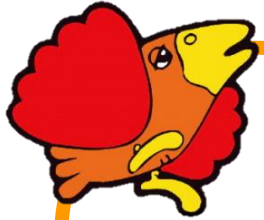
$$(\text{Ending borrowings} + \text{Ending other financial liabilities} - \text{Ending cash and cash equivalents} - \text{Lease liabilities}) / \text{Total equity (end of period)}$$

EPS



BPS

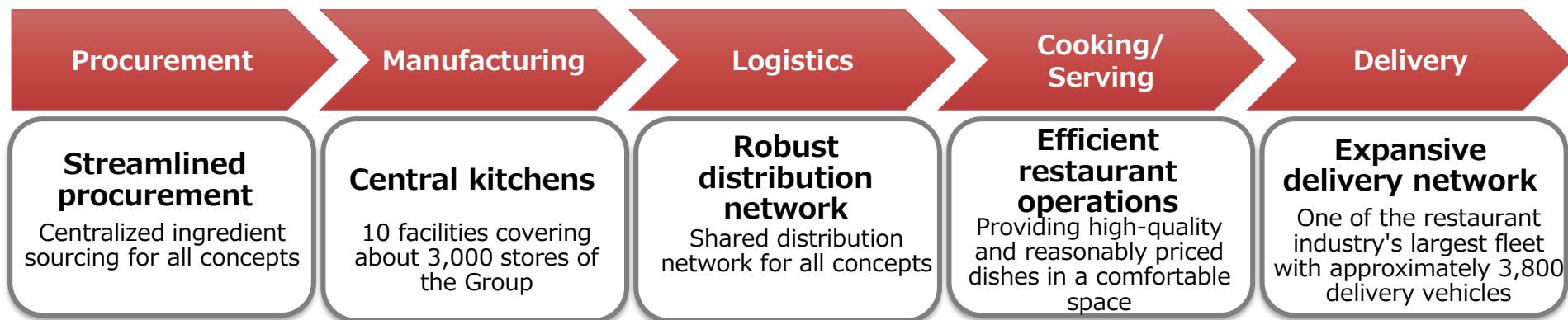




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Vertically Integrated Supply Chain

Vertically Integrated Platform



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

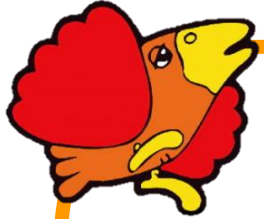
- Cutting of vegetables and meat
- Making in-house sauces for all brands
- Chilled/frozen goods distributed in a timely manner
- Room temperature goods are delivered 1-6 times a week

- 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



SkylarkGroup

Store Expansion

New Store Opening Plan

■ Store opening strategy in response to market changes

Past

- Focus on store openings in rural roadside locations (car-oriented, family-friendly)



Market changes

- population decline due to declining birthrate and aging population
- depopulation in rural areas
- population concentration in urban areas

Present situation

- Our company has few stores in urban areas with population concentration, creating a gap in the market
- There is potential for store openings in commercial hubs

■ Key points for future new store openings

① Commercially busy districts

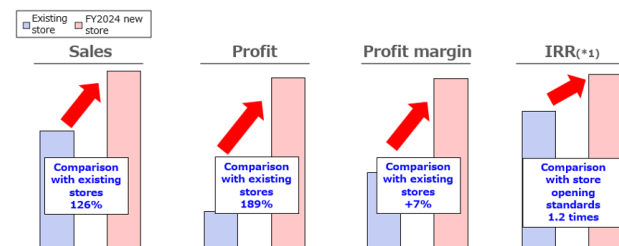
③ Front of stations in regional cities

② Front of private railway stations along major metropolitan areas

④ Multi-brand store openings in mid-size regional cities

■ Contribution of new stores

In recent years, new stores have significantly contributed to both sales and profits



*1: New stores are 19 stores operated by Skylark Restaurants Co., Ltd.

Planning to open approximately 300 stores between 2025 and 2027

The diagram illustrates a three-step process for store opening:

- Cpollect data**: Collect market data from the usage conditions of nearby stores. This step is represented by three red restaurant icons with arrows pointing to the analysis stage.
- Analysis**: The specialized department analyzes the collected market data. This stage is shown with a collage of various data visualizations, including bar charts, a donut chart, and a line graph. A red circle highlights the instruction: "Consider the synergistic effects with the nearby company".
- Store opening**: Open stores for brands that align with the analysis results. This final step is illustrated with three photographs of actual store openings: a modern interior, a "TERRACE" storefront, and a "NOWA" storefront.

Brand Conversions and Remodeling (domestic)

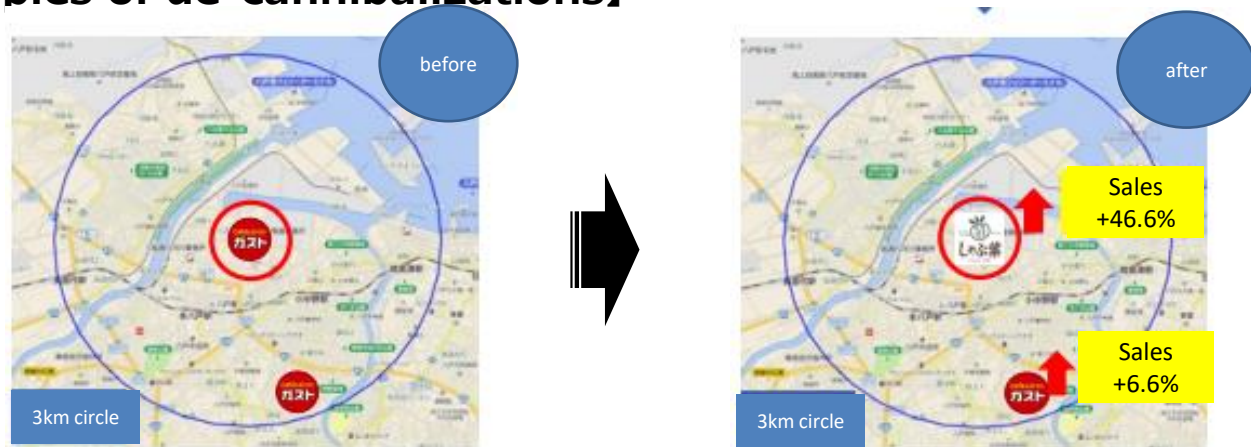
Brand conversions

Optimize the brand portfolio within the area to align with market changes

Sales growth rate: 146.6% De-cannibalization impact: +6.6%

- Planning 60 to 70 brand conversions in 2025

【Examples of de-cannibalizations】



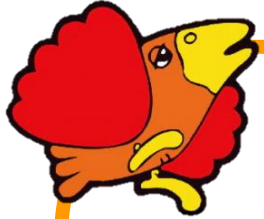
Remodeling

Restoring aesthetic appeal and optimizing seating arrangements led to a recovery in guest counts

Remodeling effects : Guest count: +5%

- Planning 230 to 240 remodeling in 2025

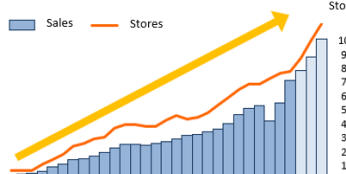







※ The effects apply to Skylark restaurants.



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Overseas Store Expansion and M&A

International Expansion : Plan to open 100 stores from 2025 to 2027

Countries and Regions	Number of Stores and Opening Plans	Brands	Trends
Taiwan	79 (Planning to open 12 stores in 2025)	Shabu-Yo Skaylark Café Grazie and others	<p>Sales have been recovering steadily after COVID-19. The establishment of a new factory will create a system for further expansion of store openings</p>   
Malaysia	18 Shabu-Yo 5 Suki-ya 13 (Planning to open 6 stores in 2025)	Shabu-Yo Suki-ya	<p>Established a foothold for expansion into Southeast Asian countries with Shabu-Yo and halal-compliant Suki-ya</p>   
USA	2 (Planning to open 1 store in 2025)	Shabu-Yo	<p>Reforms in operations and revenue structure are progressing, and performance is trending very well. Franchise expansion is also under consideration.</p>  

※ The number of stores as of the end of January 2025

M&A

Utilizing our infrastructure to strongly support business development.

The support provided by our company

- Opening stores by converting from existing locations.
- Abundant talent / talent development programs.
- Business funds.
- Sharing production/logistics infrastructure.
- Affordable and high-quality ingredients through joint purchasing.
- Marketing utilizing big data.

Companies that have synergy with our company (ex.)

- Existing restaurant chains that lack resources for store expansion.
- Food startup companies with excellent concepts that are considering business expansion.
- Food delivery and ready-to-eat businesses that can enhance business scale and operational efficiency by utilizing our infrastructure.

【Track record】

1) Sukesan-udon (Domestic)

Acquisition of shares in October 2024

- Brand position not held by our company (low-priced public dining).
- Annual sales : 16 Bn yen
- Operating profit : 0.6 Bn yen
- Stores : 74 (in 2024)

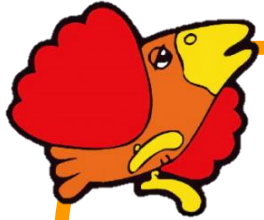


2) Suki-ya (Malaysia)

Acquisition of shares in January 2025

- Blue ocean in Muslim-oriented restaurants (super popular halal-compliant stores)
- Annual sales : 3.5 Bn yen
- Operating profit : approx. 1.1 Bn yen
- Stores : 13 (in 2024)





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Menu and Promotion Strategies

Menu Strategy

- To respond to the polarized and demanding customers, we will enhance the lineup of good value menus for daily use, while also enriching menus that allow customers to experience the unique value of eating out.

Good value menu

- Wide variety of **value-for-money, low price-per-plate** menus
- More choices within customers' budgets, offering the **enjoyment of choosing** multiple dishes
- Improved frequency of visits to stores**, especially in regional areas, along with an **increase in the number of dishes and ATP**



Menu unique to eating out

- Creating a sense of specialness through **ingredients, cooking methods, and presentation** that are difficult to experience at home, allowing customers to enjoy eating out as a form of entertainment

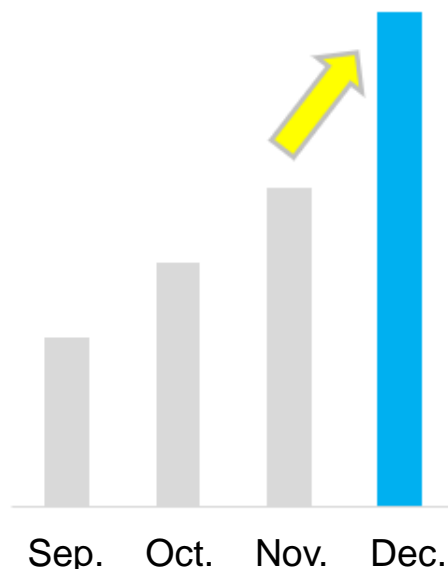


Promotion Strategy (Skylark App/Dynamic Coupon)

- The half-price campaign in December significantly increased the number of app members, further enhancing the effect of app coupons. By dynamically changing the discount amount of coupons, which previously had the same post-discount price, we were able to increase the number of customers in regions with relatively weak customer returns while controlling the total discount amount.

app membership count

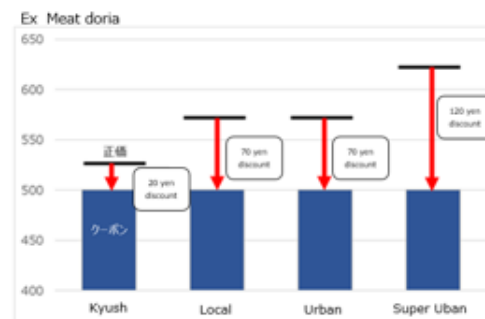
Approx. 5% growth in one month
11.58 million members by the end of December



Up to now

Same post-discount price

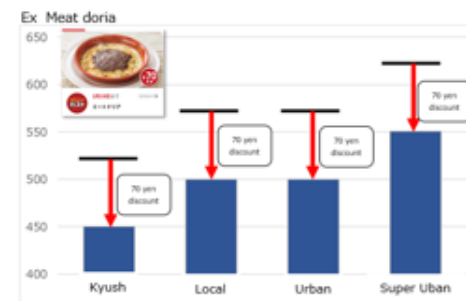
- Due to system constraints, the coupon price is the **same after discount regardless of the price range**



Implemented

Dynamic Coupon①

- Coupon price **varies by price range**
 ➔ Coupons are cheaper in rural areas, gaining more customers, while discounts are lower in urban and central urban areas



Under development

Dynamic Coupon②

Under development

Dynamic Coupon③

- Coupon prices **by prefecture**
 ➔ Offer coupons with larger discounts in prefectures with weaker customer returns
- Coupon prices **by individual stores**
 ➔ Offer coupons with larger discounts to stores with weaker customer returns

Promotion Strategy (Optimization of Coupons by Channel)

- Coupons are tailored to the needs of each user segment of the distribution channel, offering a lineup of relevant products to improve coupon redemption rates.

Main distribution channels other than app

Flyer



Social media ad



LINE coupon



SmartNews coupon

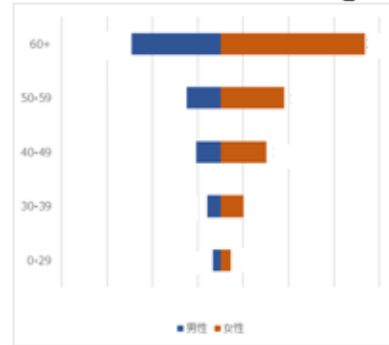


Other media



Example of coupon structure optimization

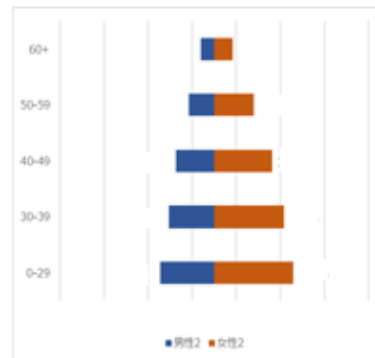
Attributes of usage



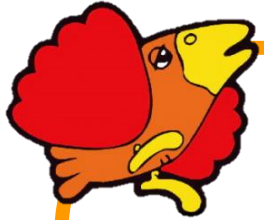
Coupon structure



Social media ad



Up to 2/3 of all coupons are available for younger customers. The remaining 1/3 consists of coupons that can be used for other attributes.



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DX Strategy

Stress-free Customer Journey (Store DX)

4) Leaving the store → Cleaning up



**Store exit
notification
system**



**Utilizing
robots for
cleaning up**

Entering the store



**Guidance
system**

1) Order



**Tablet
terminal**

3) Payment



**Self-
Register**



**Table
payment**



2) Serving



**Serving
Robot**



3,027 serving robots have already been introduced.
(As of the end of February 2025)
An average of 2.89 km traveled per unit.

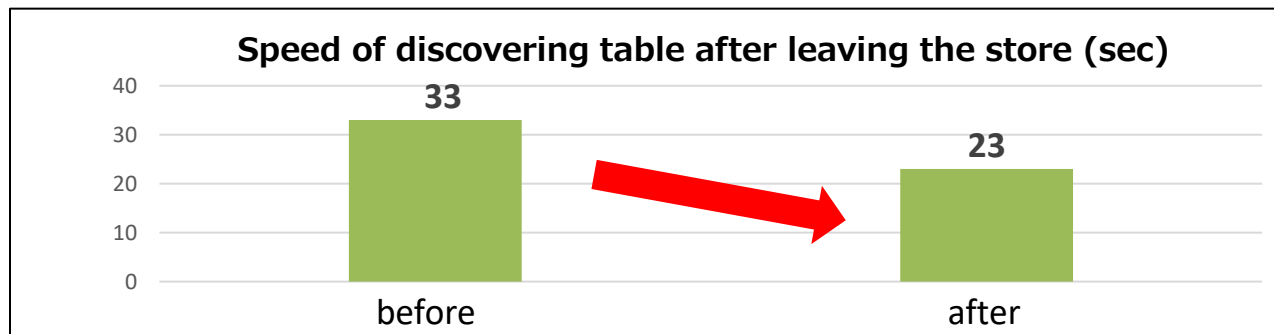
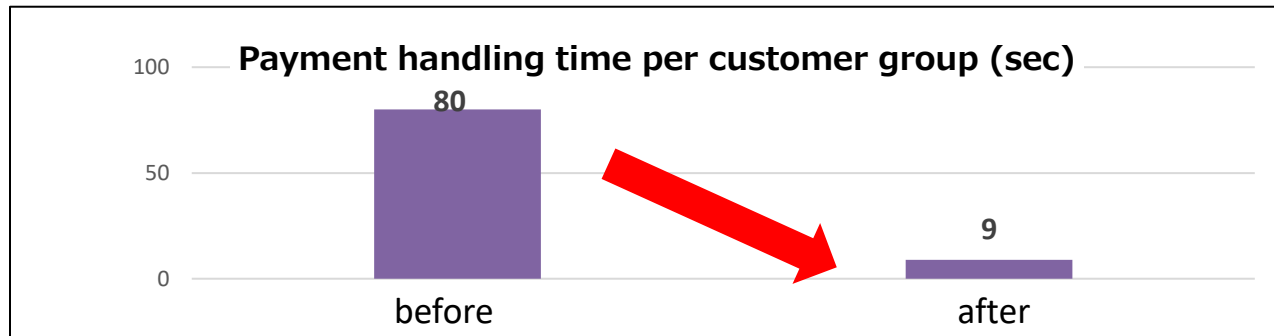
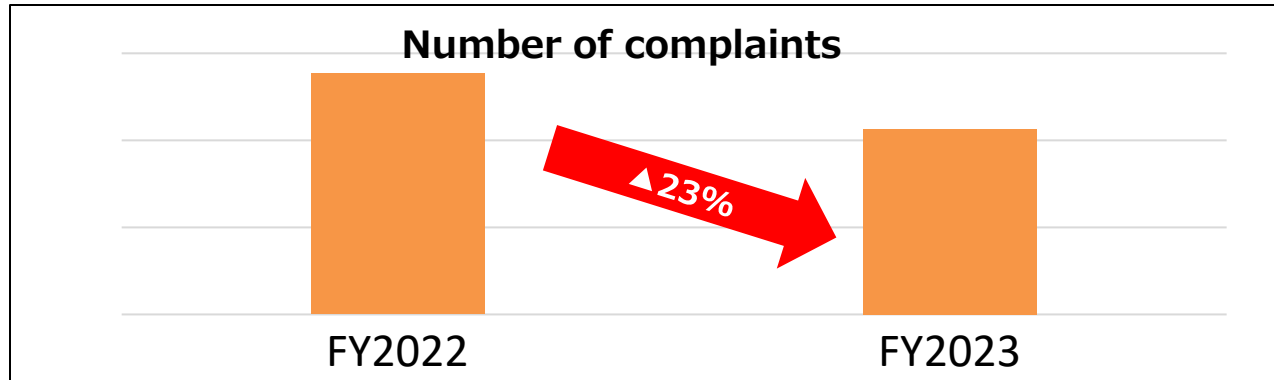
Service Improvement through DX

■ Effects of service improvement through the promotion of DX

Promotion of
DX



Service
improvement



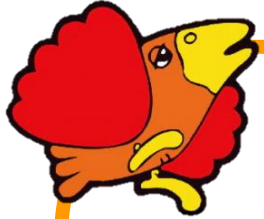
Future DX: Utilization in Back Office Operations

① Automatic Work Schedule Creation System (Tool Name: Rakushifu) = Work Reduction

Target	So far	From now on	Merit
Part-time and temporary workers	Monthly work schedule and leave request submitted on paper	Enter the monthly schedule on smartphone (from anywhere).	Able to check the schedule on smartphone.
Store Manager	①Consolidate the monthly work schedule ②Transcribe to the list ③Schedule creation	①Check the monthly work schedule in the management screen (automatically generated) ②Schedule creation	①Reduction of consolidation and transcribing tasks for work schedules ②No omissions or errors occur in consolidation and transcription

② Spot Crew System (Tool Name: Spokuru) = Securing Talent

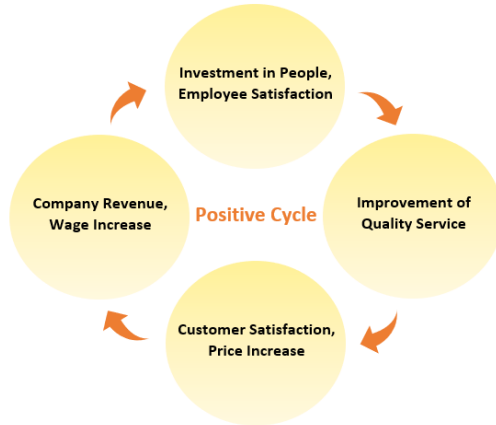
Target	So far	From now on	Merit
Part-time and temporary workers	Employees may resign or take on multiple jobs if their own store is fully staffed and they cannot work	Search for other stores recruiting through the app and apply.	Working hours (salary) can be secured
Store Manager	When a vacancy occurs, personnel replenishment is done through the Sales Manager	Post a recruitment for vacant hours through the app.	Vacancies are resolved, leading to improved service for customers



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Investment in Human Capital

Investment in Human Capital



Human Capital = By investing in talent, employee motivation is increased, which results in improved service quality, leading to customer satisfaction and ultimately creating a positive cycle that increases company revenue.

1) Easy-to-work workplace environment

We are creating an environment that enables diverse talent to work comfortably through the promotion of DX.

- Development of Video Manuals
- Introduction of Order Terminals
- Introduction of New POS Register System
- Multilingualization of Educational Tools
- Others



2) Promotion of Women's Empowerment

In 2016, we obtained the certification mark 'Kurumin' as a 'Childcare Support Company.' We will continue to adapt to various changes in life stages.

- Introduction of Special Leave for Childcare Purposes
- Reduced Work Hours for Childcare (up to Elementary School 6th Grade)
- Flexible Altered Working Hours System
- Childcare Support Allowance



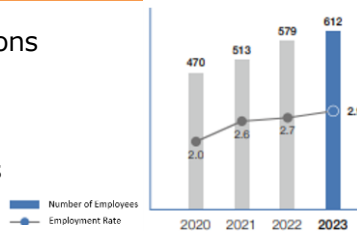
Investment in Human Capital

3) Employment of Persons with Disabilities and the Elderly

The employment rate of persons with disabilities is 2.85%, exceeding the statutory employment rate, with approximately 630 individuals currently employed.

(As of April 2024)

Since 2019, the upper reemployment age limit for part-time and temporary workers has been raised to 75 years old, and the retirement age for full-time employees has been increased to 65 years old.



4) Recruitment of Non Japanese Talent

The group has approximately 2,800 non-Japanese employees working across 26 countries.

- Recruitment website for foreigners using easy Japanese
- Interviews conducted by foreign interviewers and initial training
- Localization of educational tools



5) Performance Incentive System

Approximately 20 stores are grouped as one team, and incentives are provided based on performance.

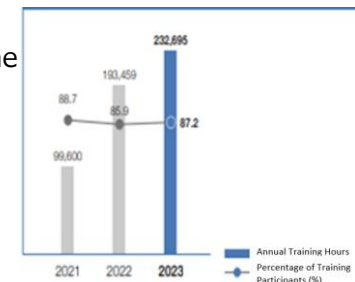
- Share success stories and other information within the team
- Overall sales and profits have improved

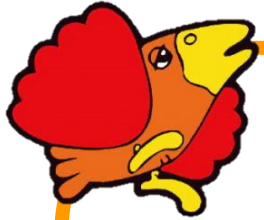
2024 Actual
Operating Profit
YoY +125 billion yen

6) Enhancement of education and training

A training team has been established to strengthen the development of young assistants.

- Approximately 35,000 people participated in the online training session (a pleasant study group). (FY2023)
- By promoting the development of young managers, the retention rate has also improved.





SkylarkGroup

Sustainability

Sustainable Management

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

Decarbonization

Plastic Countermeasures

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 2024

vs. 2018
▲ **23.1%**

vs. 2020
▲ **14.5%**

vs. 2018
▲ **16.4%**

Target for 2030

vs. 2018
▲ **50.4%※**

vs. 2020
▲ **50.0%**

vs. 2018
▲ **50.0%**

Target for 2050

vs. 2018
▲ **100.0%**

vs. 2020
▲ **100.0%**

vs. 2018
▲ **75.0%**

(Index)









(CO₂ emissions by our company)

(Amount of disposable plastic used)

(Amount of food waste)





Status and Targets of External ESG Evaluation

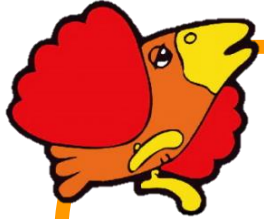
※As of March 18, 2025

	Index Name	FY2022	FY2023	FY2024	FY2025		Criteria / Domestic and International Food Service Adopted Companies	Number of Domestic Companies Adopted	Achievement Status
					Target	Result			
1	FTSE Blossom Japan	Adopted 4.1	Adopted 4./	Adopted 4./	Adopted 4.8		ESG composite index by the UK evaluation agency. A score of 3.3 or higher is adopted. Only our company	300	
2	FTSE Blossom Japan Sector Relative	Adopted	Adopted	Adopted	Adopted		ESG composite index by the UK evaluation agency. A score of 2.0 or higher is adopted. Toridoll, Royal	600	
3	MSCI Japan ESG Select Leaders Index	Not-Adopted BBB	Not-Adopted A	Adopted A	Adopted AA		ESG Comprehensive Index by US evaluation agency McDonald's, MOS Food	500	
4	MSCI Japan Gender Diversity Index	Adopted 6.23	Adopted 5.03	Adopted 5.00	Adopted		Indicator focused on women's empowerment by the US evaluation agency. McDonald's, Colowide, Yshinoya	350	
5	S&P/JPX Carbon Efficient Index	Adopted	Adopted	Adopted	Adopted	Adopted	Indicators specialized in decarbonization by the US evaluation agency About 40 companies	1,850	
6	Morningstar Japan Equity Gender Diversity Tilt Index	—	Adopted G1	Adopted G2	Adopted	Adopted G2	Indicator focused on women's empowerment by the US evaluation agency In Group 1, the companies included are McDonald's and MOS Food	950	
7	DJSI World	—	—	—	Adopted 70		ESG composite indicator from U.S. rating agency. Being in the top 2 globally in the food and leisure sector is a requirement. Yum China, Sodexo	37	
8	DJSI Asia Pacific	Not-Adopted 34	Adopted 47	Recruitment 64	Adopted 70		ESG comprehensive indicator from US agency. Top rank in the Asia-Pacific food and leisure sector is required. Oriental Land	78	
9	SOMPO Sustainability Index	Not-Adopted 328位	Adopted	Adopted	Adopted		ESG evaluation with domestic indicator. Decision based on the total of Bunya Forest (E) and Management Survey (S・G).	300	

Status and Targets of External ESG Evaluation

※As of March 18, 2025

	Index Name	FY2022	FY2023	FY2024	FY2025		Criteria / Domestic and International Food Service Adopted Companies	Number of Domestic Companies Adopted	Achievement Status
					Target	Result			
1	CDP Climate Change	B	A ⁻	A	A		UK NGO decarbonization indicator B : Watami	A 100	
2	CDP Water Security	B	A ⁻	A	A		UK NGO water resource indicator	A 36	
3	CDP Forest	—	B	A ⁻	A ⁻		UK NGO forest resource indicator	A 7	
4	CDP Supplier Engagement	—	A ⁻		A		UK NGO climate change evaluation indicator	A 100	
5	SUSTAINALYTICS ESG Risk Rating	30.7 High Risk	27.6 Medium Risk	27.6 Medium Risk	20 Low Risk		Dutch agency ESG risk indicator Medium Risk : McDonald's	Unknown	
6	ISS Quality Score	—	—	E1S3 G6	E1S3 G6		Indicator for ESG disclosure by U.S. rating agency	Unknown	
7	Nikkei SDGs Management Survey	Not participating	★4.0 Listed	★4.0 Listed	★4.5 Listed		Domestic ESG rating ★3.5: Watami, : McDonald's	3+ stars – Published in print	
8	Toyo Keizai CSR Ranking	423rd Not Listed	381rd Not Listed		300rd Listed		Domestic ESG and financial evaluation 330th - Mos Food	Top 300 - Published in print	
9	Nikkei ESG Brand Survey	—	97位	46位	30位		Customer survey by Nikkei BP Starbucks, McDonald's	Top 100 - Published in print	



SkylarkGroup

Our History, Mid-term Plan, and Shareholder Return

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

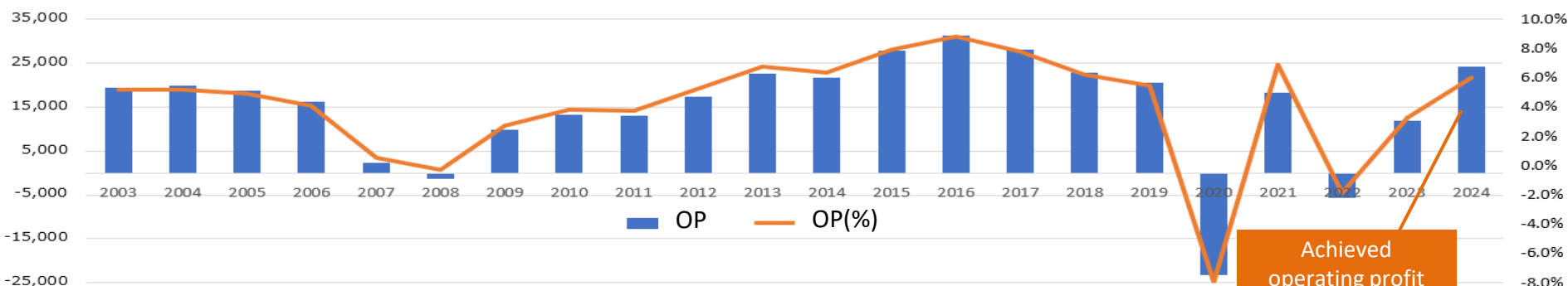
Post-COVID (2023 onwards)

- 🌸 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

OP(Million Yen)

Trends in OP and OP Margin

OP(%)



Achieved operating profit exceeding pre-COVID levels

Financial Targets of Medium-Term Management Plan

Item	Unit	FY2024 Actuals		FY2025 Guidance		FY2027 Mid-Term Plan		FY2025-FY2027
		Actual	Sales ratio	Actual	Sales ratio	Actual	Sales ratio	CAGR
Sales	Bn yen	401.1	-	445.0	-	Approx. 460.0	-	7% or more
BP	Bn yen	24.3	6.1%	27.5	6.2%	Approx. 34.0	7.4%	20% or more
OP	Bn yen	24.2	6.0%	25.0	5.6%	Approx. 32.0	7.0%	20% or more
NI	Bn yen	14.0	3.4%	14.8	3.3%	Approx. 18.0	3.9%	20% or more
ROE	%	8.3%	-	8.3%	-	9-10%	-	-

Assumptions for Mid-Term Management Plan

SSS Growth CAGR (FY2025-FY2027)		New openings (Japan)	Approx. 300 stores in 3 years
		New openings (International)	Approx. 100 stores in 3 years
		Brand conversions	Approx. 40 stores/year
Total sales	+3-4 %	Remodeling	Approx. 300 stores/year
Eat-in traffic	+1 %	CAPEX	28-30 bn yen per year on average
Eat-in ATP	+2-3 %	Exchange rate	JPY145/USD

Shareholder Returns

■ Dividends

- ◆ Basic policy on dividend payout ratio “Approximately 30% of consolidated adjusted net income”

	Interim	Year-end	Total	Payout ratio
FY2024	7.5 yen	11.0 yen	18.5 yen	30.1
Forecast for FY2025	8.0 yen	12.0 yen	20.0 yen	30.7

■ Shareholder benefits

- ◆ Will continue the current system

Number of shares held	Gift amount as of the end of June	Gift amount as of the end of December	Gift amount Annual total
100-299 shares	2,000 yen	2,000 yen	4,000 yen
300-499 shares	5,000 yen	5,000 yen	10,000 yen
500-999 shares	8,000 yen	8,000 yen	16,000 yen
1,000 shares or more	17,000 yen	17,000 yen	34,000 yen



Skylark Group

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