

# **FY2022 Q4 Financial Results Briefing**

---

---



**Skylark Holdings Co., Ltd.**

**February 14, 2023**

# Executive Summary



## FY2022 Results

■ **Sales 303.7 bn yen(+39.1 bn yen, +14.8% YoY)**

Same store sales:

YoY sales	113.7%	vs FY2019	Sales	81.3%
Traffic	108.5%		Traffic	78.9%
ATP	104.8%		ATP	103.0%

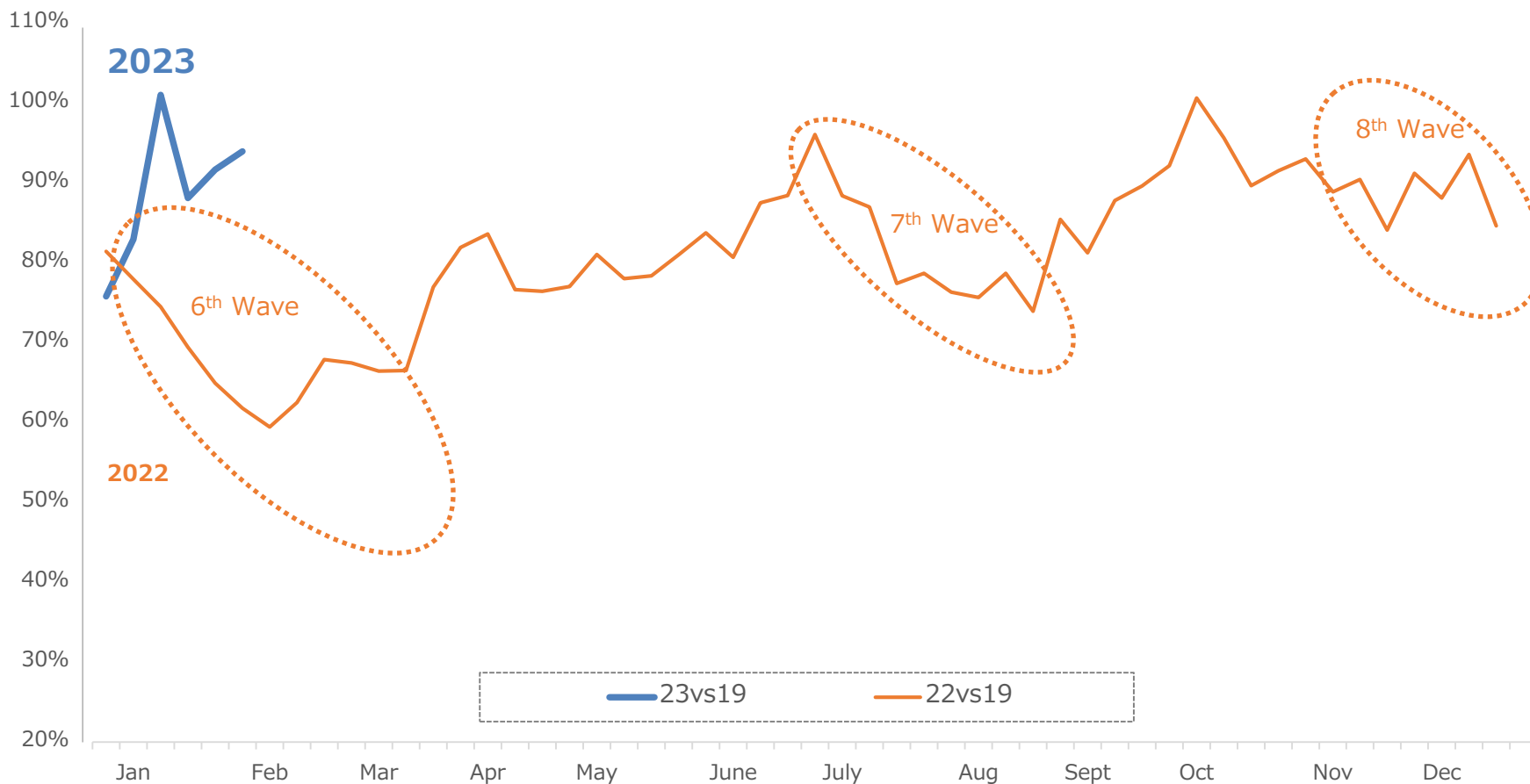
■ **OP (5.6) bn yen**

- Sales shortfall due to 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> waves of COVID-19
- Rising costs of raw materials, utilities, and labor
- Recording of extraordinary costs (7.5) bn yen
  - Impairment loss on stores (5.5) bn yen and
  - extraordinary loss on payroll (2.0) bn yen

# Daily Sales Trend vs FY2019



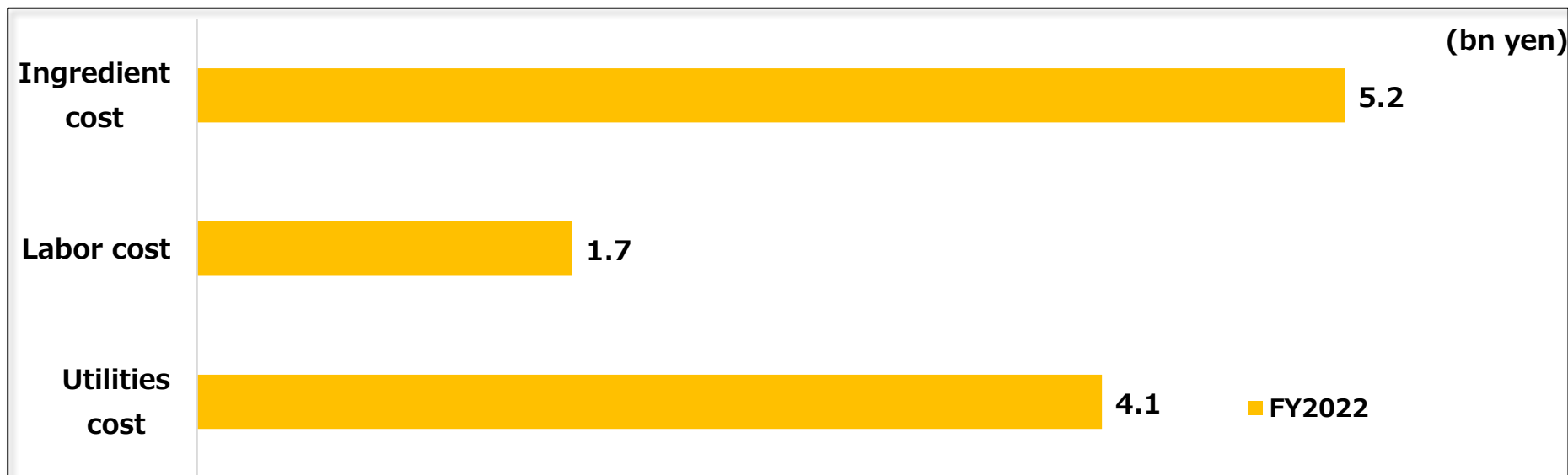
2022	6 <sup>th</sup> Wave: Government measures against COVID-19 2022/1/9-2022/3/21	7 <sup>th</sup> Wave 2022/7/11-2022/9/12	8 <sup>th</sup> Wave 2022/11/18-
2023			



# Impact of Inflation



## ■ Q1-Q4 results: Total 11.0 bn yen



## Reasons for increase in inflation

- ① Rising ingredient costs due to the depreciation of yen
- ② High energy prices
- ③ Rising logistics cost and increased difficulty of procurement (economic recovery in Europe and U.S.)
- ④ Rise in minimum wage and difficulty in recruiting personnel in urban areas and personnel for delivery



# FY2022 Results

# FY2022 Actual Results



- Sales recovered on a quarterly basis, reaching 92% vs FY2019 in Q4
- OP was **(5.6)** bn yen; one-time cost of (7.5) bn yen recorded.

\*One-time costs include store impairment losses **(5.5)** billion yen and extraordinary losses related to payroll calculation **(2.0)** billion yen.

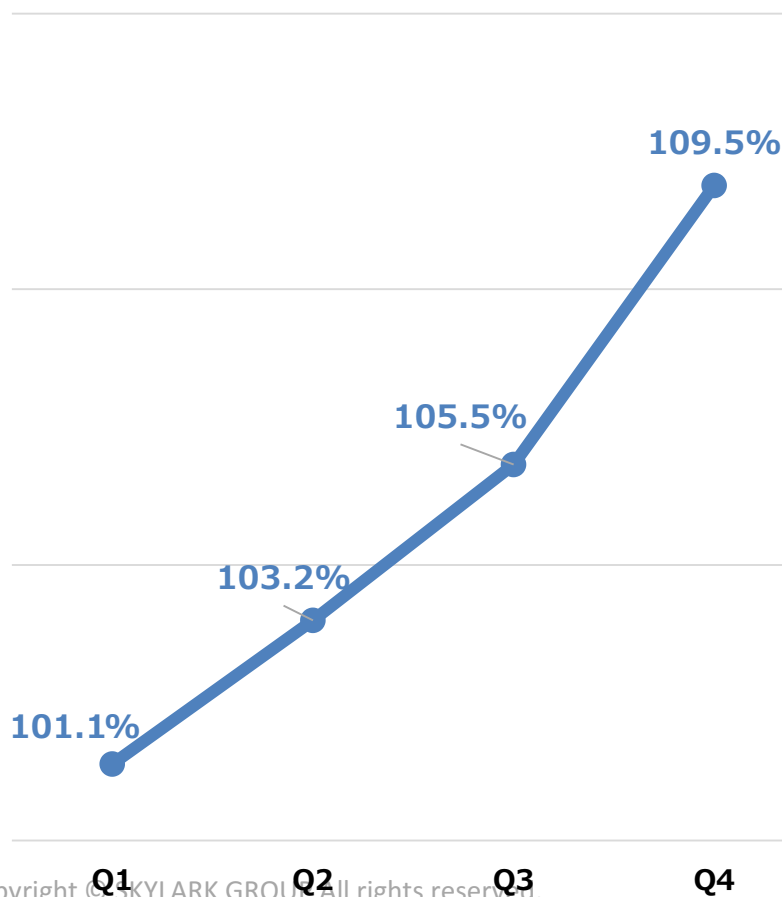
					Bn yen
Bn yen P/(L)	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Annual total</u>
Sales	67.1	74.5	80.3	81.8	3,03.7
(Sales vs FY2019)	71%	80%	82%	92%	81%
Gross margin	45.7	50.9	54.6	55.7	2,07.1
Labor	26.9	28.4	29.2	27.4	1,12.0
Other expenses	19.0	24.8	27.2	29.7	1,00.7
Operating profit	<b>(0.2)</b>	<b>(2.2)</b>	<b>(1.8)</b>	<b>(1.4)</b>	<b>(5.6)</b>
(Of which, one-off costs)	<b>(1.9)</b>	<b>(2.5)</b>	<b>(0.4)</b>	<b>(2.7)</b>	<b>(7.5)</b>

# Improved PL Structure through Pricing

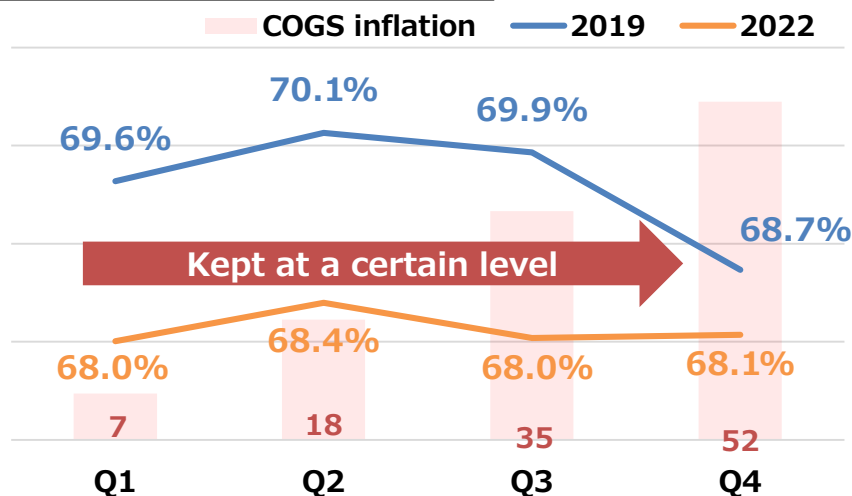


- PL structure improved due to pricing in July and October
  - ⇒ Gross margin remained flat, absorbing higher costs due to inflation
  - ⇒ Labor cost ratio fell, especially with pricing in October

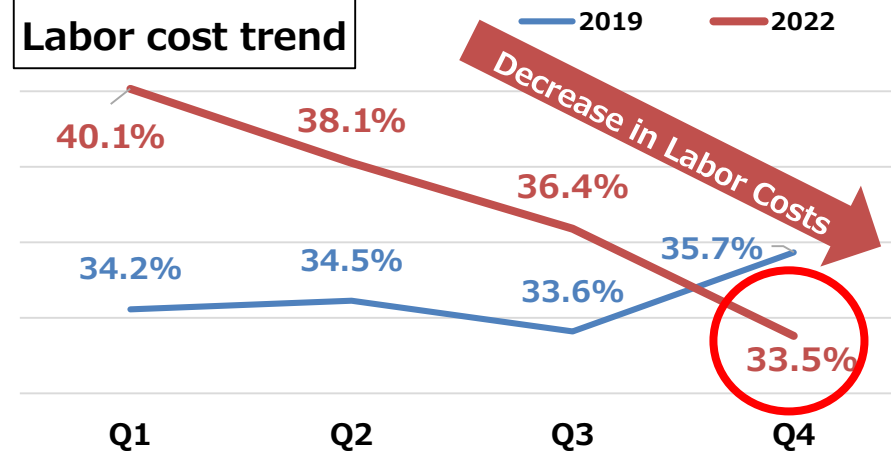
Average Check YoY



Gross profit margin trend



Labor cost trend

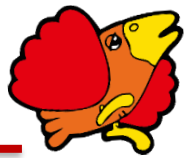




# Strategy for FY2023



# Business Environment and Management Strategy



## Business environment

- Changes in consumption behavior: decrease in disposable income due to inflation, selective consumption
- Cost increase: Utilities ↑ Labor ↑ Raw materials ↑ Operating expenses ↑



## Management strategy

### Earnings Structure Reforms

- Profitability improvement project for existing stores
- Company-wide productivity improvement/DX promotion
- Cost reduction

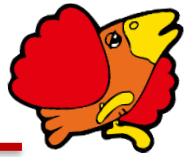


**ESG  
initiatives**

### Sales growth

- Menu strategy
- New store opening
- Brand conversion
- Development of new brands
- Opening stores overseas
- Online and retail sales
- Resuming of late-night operating hours

# Profitability Structure Reforms



## Launch of Existing Store Profit Improvement Project

Results from model store experiments to improve existing store earnings

P/L improvement results from the 15 model stores (July2022vsDec2022)

**Store OP**

**11%**  
improvement

**Sales  
improvement**

- Morning delivery 30 thou yen/month
- Handout flyers 15 thou yen/month
- Extend operating hours (late-night and early morning)

**Cost  
reductions**

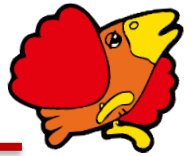
- **Operational costs:**
  - electricity usage 7 % improvement
  - water volume 5 %improvement
  - consumables costs 8 %improvement
- Store losses 0.9%improvement

**Productivity  
improvement**

- Labor hours: 4hrs less/day

**To be installed into all stores before the summer**

# Profitability Structure Reforms



## Extending operating hours (Late-night/early morning)

Extend closing hours, which had been shortened due to the pandemic, and change to optimal business hours to ensure profitability

### 1. Extend basic closing hours for all stores

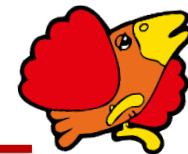
- Extend closing hours for major brands to 24:00
- Stores subject to extension: **approx. 2,000 stores**

### 2. Resumption of late-night and early-morning operations

- Late-night hour operations to resume at **approx. 250 stores** before the summer (2am closure, 5am closure, 24hour operation stores included)



# 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

# Cost Reduction (to Counter Inflation)



## Level 1

- Price negotiations involving relaxation of standards and changes in contract terms
- Selection of suppliers through bidding
- Suppression through large-volume purchasing and long-term contracts

## Level 2

- In-house production of outsourced products
- Module and process improvement
- Review of manufacturing sites and batches
- Improvement of logistical efficiency

## Level 3/4

- Menu segmentation for efficiency
  - Review recipes and ingredients
  - Improve gross profit by optimizing prices
- 
- Reduction of food loss in stores

## Cross-divisional PJ team

### Procurement reform 1 bn yen



### Production and logistics reform 0.8 bn yen



### Value and cost optimization 1 bn yen



### Reduction of loss 0.2 bn yen



**3 bn  
yen**

To counter  
inflation

# Menu Development Policy



## ◆ Menu revisions planned for Gusto and other major brands in March-April

### Gusto Menu Development Policy

#### Regional Pricing at Gusto

Price

Menu Segmentation

- Regional pricing from 3 to 4 regions
- Segmented menus in Urban and Local Areas
  - Already implemented in January (GC impact was minimal, but significant productivity improvement)
- Introduction of night menu towards resuming of late-night operating hours

Menu Items

- More mini-size menu items
  - Increase number of menus which are simple and of great value
  - Continuous menu quality improvement
  - Bundle selling(both menu book and promotion)
- ⇒ Give customers the enjoyment in choosing; also maintain ATP by increasing plates ordered

2022/7

Standard Price

Urban Price

2022/10

Local Area Price

Urban Price

Super Urban Price

2023/4

Local Area Price A

Local Area Price B (Kyushu)

Urban Price

Super Urban Price



# Menu Development Policy



## Gusto Menu Examples

### More mini menus

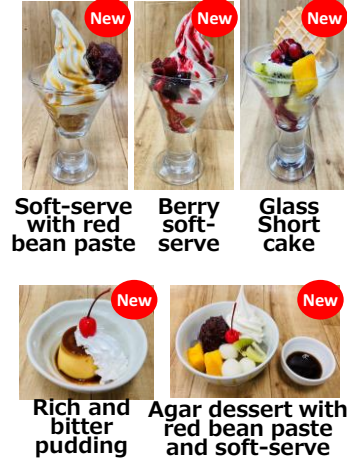
#### 【Mini grills】



#### 【Mini pastas】



#### 【New desserts】



### Simple and great value

#### BIG hamburg



#### Super BIG hamburg



#### One-coin lunches (Delivery only)



### Bundle selling

#### 【Examples】



Propose bundle and combination sales through

- Menu book (paper and digital)
- Promotions

### Continuous menu improvement

#### Fresh pasta introduced

#### White sauce improved



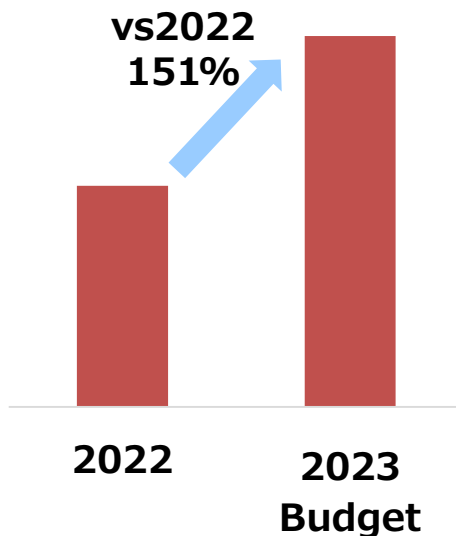
# Promotion Policy



## ◆ Implement more efficient measures to attract customers by increasing promotional spend and optimization of promotion mix

### Increase promotional spend

Actual and budgeted advertising spend



### Optimization of promotion mix

- Strengthen CRM towards individual customers mainly around the Skylark app (ID integration with delivery and take-out members)
- Sophistication of SNS promotion (utilize both official SNS accounts and influencers)
- Optimization of promotion mix by brand and improvement of ROI

Emphasis on individually targeted coupon distribution



### Enhance collaborations

- Continue implementation of and enhance collaborations which are newsworthy





# New Store Openings



- 5 new stores opened in FY2022: 2 in front of stations, and 3 in shopping centers.
- In FY2023, we will carefully select prime locations and plan to open 40-50 stores.
- Domestically, we will open Syabu-Yo, Gusto, Bamiyan and chawan brands in the South Kanto station-front locations
- Internationally, we will grow our businesses in Taiwan, Malaysia and the U.S.



Gusto Chiba Station East store  
Opened on Jan 26



Bamiyan Chiba Station East store  
Opened on Jan 26



Syabu-Yo Chiba Station East store  
Opened on Jan 26

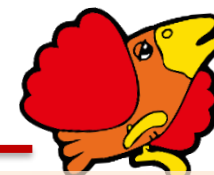


Jonathan's Akihabara Stationfront store  
Opened on Feb 7



Gusto Shinjuku West L-Tower store  
Opened Feb 13

# Brand Conversions



- 17 stores converted in FY2022 with an impact of **159.5%**. Contributing to business performance by approx. 300 mil yen in EBITDA.  
Maximize area sales by improving sales at individual stores and eliminating self-cannibalization.
- In 2023, the number of brand conversions will be increased by adding newly developed brands in response to post-COVID times.  
Planning to convert **30-40 stores**.

## FY2022 Conversions



**10 conversions**  
**Daily Sales 135.4%**



**3 conversions**  
**Daily Sales 204.4%**



**2 conversions**  
**Daily Sales 175.7%**

## FY2023 Conversions (Planned)



\*Sales are calculated based on dine-in sales. Sales are vs2019.

# New Brand Development (1) Soba Noodles



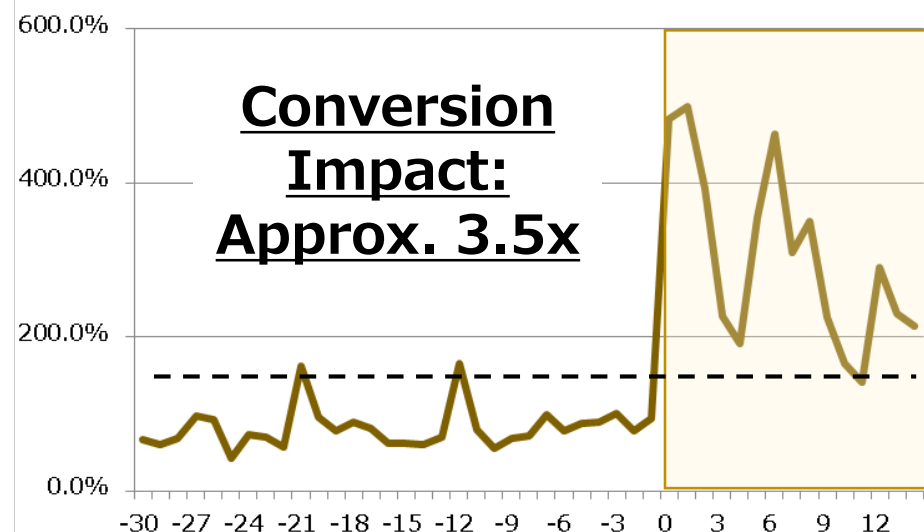
Open first Hachiro-Soba in Shiraoka city, Saitama on Jan18



Plan to open **10 stores** in FY2023

## Hachiro-Soba Shiraoka store

Food	Soba, rice bowls and set meals
Target	Working men, seniors, families
ATP	Approx. 950 yen
Location	Roadside, station front



\*Pre⇒90 days before closing Post⇒From opening until Feb8

\*Control stores⇒Roadside stores of similar brand sales department opened by June 2018.

\*Sales are calculated based on dine-in sales. Sales are vs2019.



# New Brand Development (2) Dim Sum



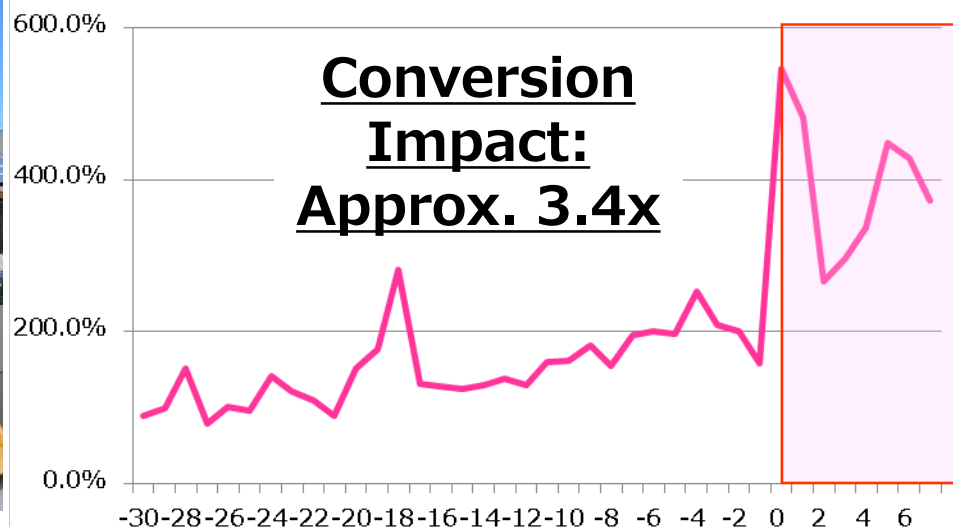
Opened first Toh Sai in Tsurukawa, Machida city, Tokyo on Feb1



**Toh Sai  
Tsurukawa store**

Plan to open **20 stores** in FY2023

Food	Dim sum (all-you-can-eat, a la carte)
Target	Women over 30's, couples, families
ATP	Approx. 1,900 yen (all-you-can-eat, a la carte)
Location	Roadside, station front, commercial facilities



\*Pre⇒90 days before closing Post⇒From opening until Feb8

\*Control stores⇒Roadside stores of similar brand sales department opened by June 2018.

\*Sales are calculated based on dine-in sales. Sales are vs2019.

# Remodels



## Creating comfortable store environment

- Remodel impact for FY2022 was **+4.7% (165 stores)**
- In FY2023, we plan for a remodel of **100 stores**



## Remodel Impact

	<u>Impact</u>	<u>Stores</u>
<b>Gusto</b>	6.8%	105
<hr/>		
<b>All brands</b>	<b>4.7%</b>	<b>165</b>

\*Pre⇒90 days before closing Post⇒From opening until 12/31  
\*Control stores⇒Roadside stores of same brand sales department opened by June 2018.  
\*Sales are calculated based on dine-in sales. Sales are vs2019.

# Forecast for FY2023



## Forecast for FY2023

■ **Sales** **355 bn yen**

Same store sales compared to 2019:

Total daily sales 98%

Eat-in daily sales 91%

■ **Operating profit** **6 bn yen**

■ **Net income** **1 bn yen**

■ **Dividend per share** **3.00 yen**

● Dividend for FY2023 is 3.00 yen per share

● Shareholder benefits will continue under the current system

# Status of Overseas Expansion

Steady growth in Taiwan



## 【Taiwan】

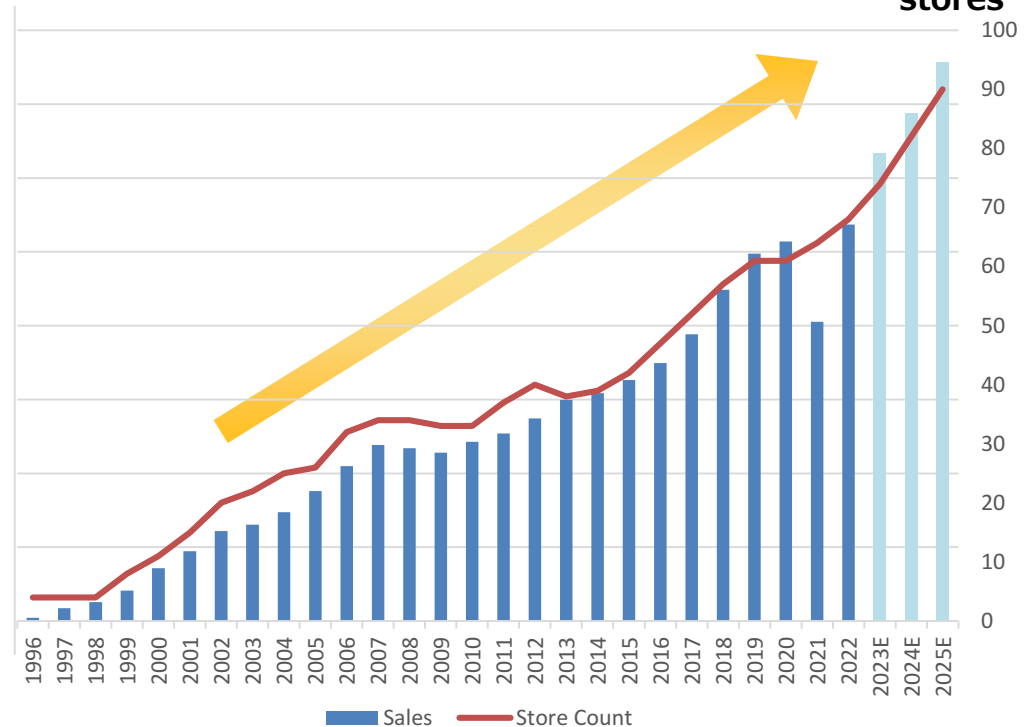
Sales have recovered to pre-COVID-19 levels as the impact of COVID-19 has subsided.

After the end of the year, consumption activity increased further and exceeded the sales level before COVID-19. During the Lunar New Year period, sales were 150% YoY and customer traffic was 145% YoY.

**First Musashino Mori Coffee scheduled to open in late April**

Sales

No. of stores



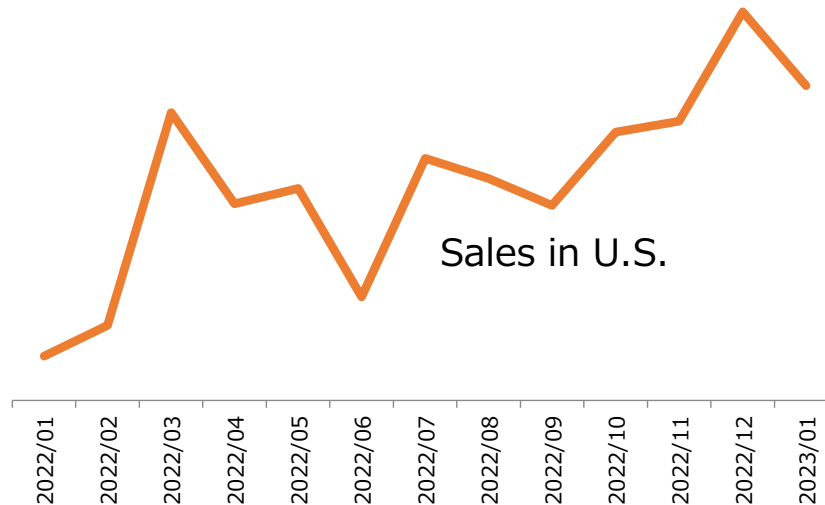


# Status of Overseas Expansion

Startup in  
Malaysia & U.S.  
as expected



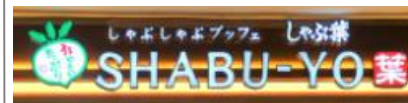
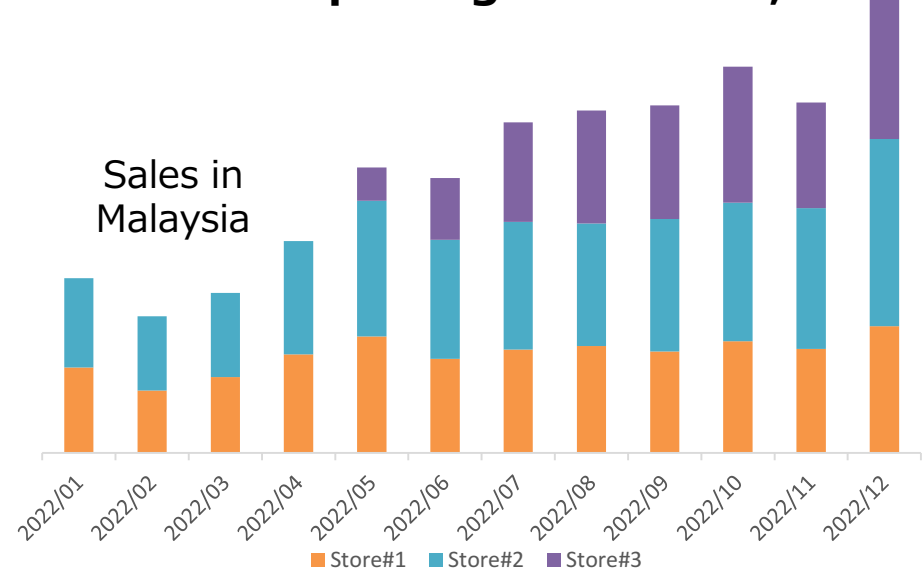
**【Chicago, IL, U.S.】** (1USD=135JPY)  
FY2022 Annual sales:  
over 0.3 bn yen/store.  
Currently examining locations  
for the 2<sup>nd</sup> store.



Within  
Woodfield  
Mall; suburbs



**【Malaysia】** (1MYR=30JPY)  
FY2022 Annual sales:  
approx. 0.38 bn yen/3 stores.  
4<sup>th</sup> store opening on Feb 16, 2023



Store at a  
Lalaport in  
Malaysia





# ESG Initiatives



## Main items

Establishment of organizational structure for promoting sustainability

## Outline of activities

### Established 3 subcommittees in the Sustainability Committee

We have established subcommittees on “food waste reduction”, “CO2 reduction”, and “respect for human rights” to promote important issues across divisions.

## External assessment of ESG



### ① B rating for “CDP Climate Change”

As a result of the disclosure of scope 3, which is the amount of CO<sub>2</sub> emitted by our business partners, we have **received a “B” rating, the 3<sup>rd</sup> best score on an 8-tier scoring system**, from the CDP, a global environmental NGO, as a company with outstanding efforts against climate change and information disclosure. We hold the highest score in the industry.



FTSE4Good

### ② Received 4.1 ESG Rating from “FTSE Russell”

In the global ESG evaluation by FTSE Russell (on a 5-point scale), our efforts to address environmental, social and governance risks were highly evaluated, and the score significantly increased from 3.3 to 4.1. **We are the only company that has scored more than 3.3, which is the score needed to become a constituent in the ESG index, in the domestic food and beverage industry.**

# ESG Initiatives



## Main items

### Environmental considerations



緑の募金



## Outline of activities

### Donation of part of take-out cutlery sales

In order to conserve limited resources, we began charging for wooden and bamboo cutlery for take-out from January. Part of the proceeds from the sales are donated to the Green Fund, which supports forest maintenance and greening.

### Promoting the use of “Mottainai Pack” containers for leftover food

We have promoted the use of “Mottainai Pack” containers by showing them in a digital menu book as a measure to prevent food loss. This has led to an increase in the use of “Mottainai Pack” and contributed to the spread of taking home uneaten food.

### Received “12<sup>th</sup> Biomass Product Promotion Achievement Award”


The Japan Biomass Products Promotion Council recognized the positive shift of take-home containers and other products to biomass-based products.

# External Evaluations on ESG



We have received high evaluations on various ESG indicators other than the aforementioned CDP and FTSE.

○・・・ESG indices of which we are constituents

ESG Evaluation Indicators	2020	2021	2022
①CDP Climate Change 	—	—	<b>B</b>
②FTSE Blossom Japan (Highest score is 5)	○ <b>1.6</b>	○ <b>3.3</b>	○ <b>4.1</b>
③FTSE Blossom Japan Sector Relative	—	—	○
④MSCI Japan ESG Select Leaders Index	○ <b>BBB</b>	— <b>BB</b>	— <b>BBB</b>
⑤MSCI Japan Empowering Women Index (WIN)(Highest score: 10)	○ <b>6.37</b>	○ <b>6.67</b>	○ <b>6.23</b>
⑥S&P/JPX Carbon Efficient Index	○	○	○

# Strengthening Management Strategy and Business Execution



- At today's Board of Directors' meeting, the following executive appointments were approved (pending official approval at the general shareholder's meeting).

As changes in social structure progresses and consumer needs diversify, it is increasingly important to promptly react to changes occurring in the market.

These executive appointments are made to enhance and strengthen Skylark Group's management strategy and business execution, and to further increase corporate value.

Name	Title (Current)
<b>Makoto Tani</b>	Chairman, President and Chief Executive Officer
<b>Minoru Kanaya</b>	Corporate Director and Managing Executive Officer; Managing Director of Finance Division



Title (New)
<b>Chairman and Chief Executive Officer</b>
<b>President and Chief Operating Officer</b>

※ The **Chairman**, as the chief executive officer, will direct and control all aspects of business management, including the formulation of management strategies.

The **President** will manage and execute all aspects of business operation to achieve Skylark Group's business performance, budget, and various other management indicators.



# **Financial Results for FY2022**

# Key Financials for FY2022



- ◆ Net sales were 303.7 bn yen and operating loss was **(5.6)** billion yen
  - Sales shortfall due to the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> waves of COVID-19, rising costs of raw materials, utilities and labor, and recording of one-off costs
- ◆ Remodeled 248 stores, mainly those that have deteriorated over time

(Unit: Bn yen)

(Unit: Bn yen)	FY2022	FY2021	%YoY
<b>Sales</b>	<b>303.7</b>	<b>264.6</b>	114.8%
<i>Same store sales Growth</i>			113.7%
<i>Guest Count</i>			108.5%
<i>Average Ticket Price</i>			104.8%
<b>Operating Profit</b>	<b>(5.6)</b>	<b>18.2</b>	-
<b>Adjusted Net Income</b>	<b>(6.4)</b>	<b>8.9</b>	-
<b>Adjusted ROE</b>	<b>(3.9)%</b>	<b>6.4%</b>	<b>(10.3)%</b>
<b>Store Footprint</b>	<b>New Openings 11, Brand Conversion 17, Remodels 248</b>		

Definition of Same Store Sales: 13-month existing stores/including brand conversion/excluding discount from shareholder benefit coupons.  
 GC includes delivery (calculated by delivery sales divided by the average eat-in ATP).  
 ROE: LTM base. Converted stores do not include 2 stores that have not yet opened.

# Condensed Consolidated Income Statements



- ◆ Gross margin decreased by (1.1)%: Due to the impact of inflation
- ◆ Non-operating incomes decreased by (33.2) bn yen: government subsidy for shortening of operating hours (31.7) bn yen, impact on sales of insurance agency business in the previous year (0.9) bn yen, employment adjustment subsidy (0.4) bn yen
- ◆ Labor cost increased by (6.9) bn yen: Increase in customer traffic (3.3) bn yen, inflation (1.7) bn yen, store productivity (1.0) bn yen
- ◆ Other SG&A increased by (5.3) bn yen: Utilities (4.1) bn yen, percentage rent due to sales increase (1.0) bn yen
- ◆ Non-operating expenses increased by (2.3) bn yen: Extraordinary loss on payroll (2.0) bn yen, loss on disposal of goodwill (1.1) bn yen, impairment loss +0.7 bn yen

	F Y 2022		F Y 2021		Variance	
	Bn	%of Sales	Bn	%of Sales	Bn	%YoY
Sales	303.7	100.0%	264.6	100.0%	39.1	114.8%
COGS	(96.8)	(31.9)%	(81.5)	(30.8)%	(15.3)	118.8%
Gross Margin	206.9	68.1%	183.1	69.2%	23.9	113.0%
Non-operating incomes	12.6	4.1%	45.7	17.3%	(33.2)	27.5%
Labor	(113.1)	(37.3)%	(106.3)	(40.2)%	(6.9)	106.5%
Other SG&A	(102.4)	(33.7)%	(97.1)	(36.7)%	(5.3)	105.4%
Non-operating Expenses	(9.5)	(3.1)%	(7.2)	(2.7)%	(2.3)	132.4%
Operating Profit	(5.6)	-	18.2	6.9%	(23.8)	-
Financing Costs	(2.6)	-	(3.9)	-	1.2	-
Income Before Income Tax	(8.2)	-	14.3	5.4%	(22.5)	-
Tax Expenses	1.9	0.6%	(5.6)	-	7.4	-
Net Income	(6.4)	-	8.7	3.3%	(15.1)	-
						-
Adjusted Net Income	(6.4)	-	8.9	3.4%	(15.3)	-

# Condensed Consolidated Balance Sheets



- ◆ Total shareholders' equities of 157.7 bn yen: exceeding goodwill of 144.8 bn yen
- ◆ Total borrowings of 107.0 bn yen: decreased by 15.5 bn yen from 122.4 bn yen at the end of the previous fiscal year

(Unit : Bn yen)	FY2022	FY2021	Variance	FY2022 notes
<b>Assets:</b>				
Current assets	41.8	67.4	(25.6)	Balance of cash and deposits 15.3 Bn yen
Non-current assets	382.9	390.5	(7.6)	Balance of goodwill 144.8 Bn yen
<b>Total assets</b>	<b>424.8</b>	<b>458.0</b>	<b>(33.2)</b>	Balance of right-of-use asset 97.2 Bn yen
<b>Liabilities:</b>				
Current liabilities	157.3	89.9	67.4	Balance of short-term debt 87.0 Bn yen
Non-current liabilities	109.8	202.0	(92.2)	Balance of long-term debt 20.0 Bn yen Balance of lease liability 101.1 Bn yen
<b>Total liabilities</b>	<b>267.1</b>	<b>291.8</b>	<b>(24.8)</b>	
<b>Equities:</b>				
Equity attributable to owners of the company	157.7	166.2	(8.5)	
<b>Total shareholders equity</b>	<b>157.7</b>	<b>166.2</b>	<b>(8.5)</b>	Net Income (6.4) Bn yen Dividend (2.7) Bn yen
<b>Equity ratio</b>	<b>37.1%</b>	<b>36.3%</b>	<b>0.8%</b>	(Note) Adjusted ROE : LTM base. Not audited numbers.
<b>Adjusted ROE</b>	<b>(3.9)%</b>	<b>6.4%</b>	<b>(10.3)%</b>	Net D/E ratio = (borrowings at end of period + other financial liabilities at end of period - cash and cash equivalents at end of period - financial liabilities associated with IFRS16) / total equity (end of period)
<b>Net D/E ratio*</b>	<b>0.64</b>	<b>0.55</b>	<b>0.09</b>	



# Condensed Consolidated Statements of Cash Flows



- ◆ Operating cash flow: 45.7 bn yen, a decrease of (4.3) bn yen YoY due to the corporate income tax payment
- ◆ Investment cash flow: (15.6) bn yen, an increase in expenditures of (2.6) bn yen YoY. New store openings and store conversions decreased from the previous year, but store remodeling and IT investments such as development of new POS cash registers increased
- ◆ Financial cash flow: (53.3) bn yen, an increase in expenditures of (37.3) bn yen YoY. Proceeds from issuance of new stock in 2021 (42.8 bn yen). Repayment of lease obligations is mainly for rentals treated as real estate leases

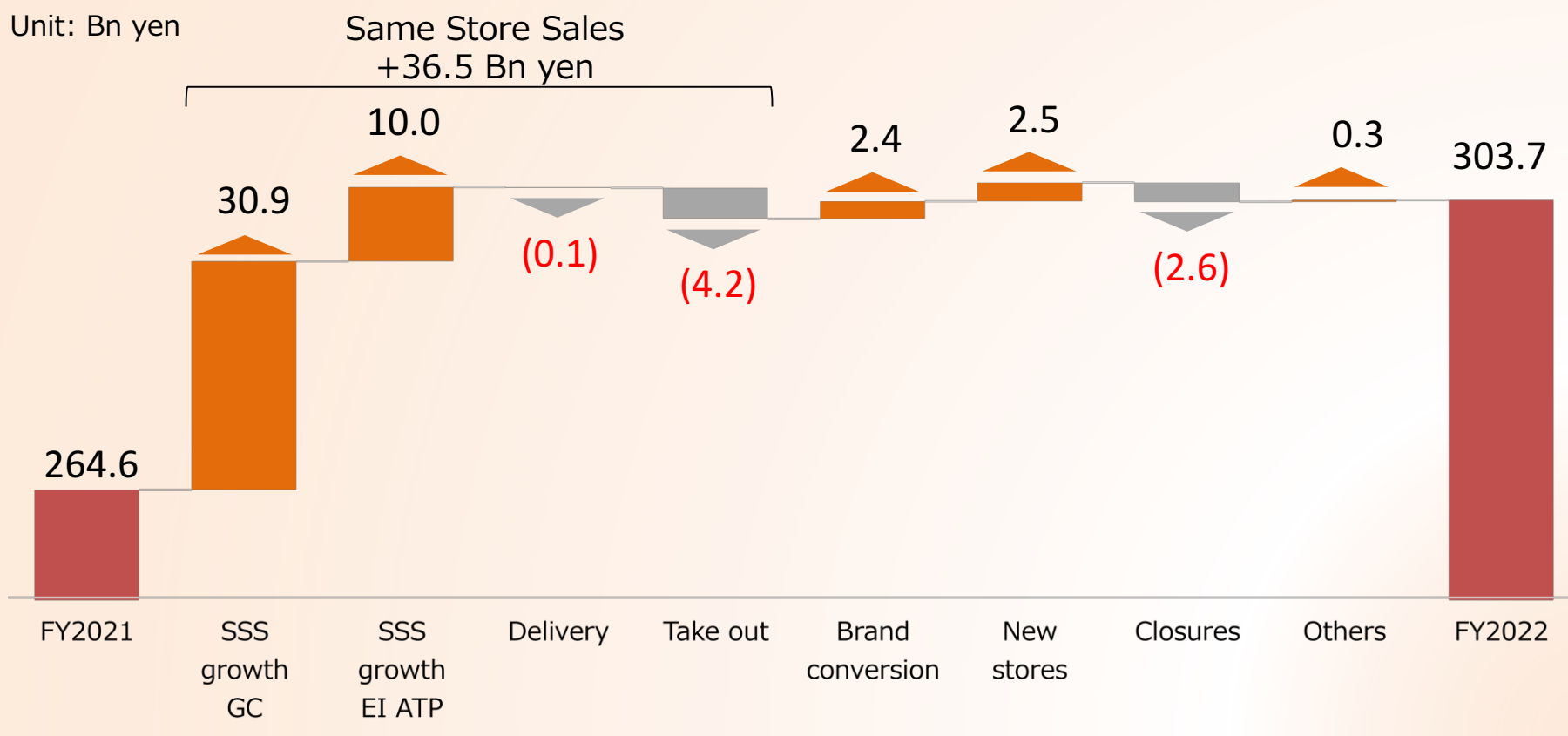
(Unit: Bn yen)	FY2022	FY2021	Variance
Operating cash flow	45.7	50.1	(4.3)
Investment cash flow	(15.6)	(13.0)	(2.6)
Free cash flow	30.1	37.1	(6.9)
Financial cash flow	(53.3)	(16.0)	(37.3)
Loan	(15.9)	(23.8)	8.0
Issuance of new shares	0.0	42.8	(42.8)
Lease debt repayment	(34.6)	(34.0)	(0.6)
Dividend	(2.7)	(0.0)	(2.7)
Others	(0.1)	(1.0)	0.9
Change in cash	(23.1)	21.3	(44.4)
Cash balance at closing	15.3	38.3	(23.1)

# Sales FY2022 vs. FY2021



- ◆ Sales in FY2022 increased by 39.1 bn yen to 303.7 bn yen
- ◆ Take-out sales decreased as eat-in sales increased

Unit: Bn yen

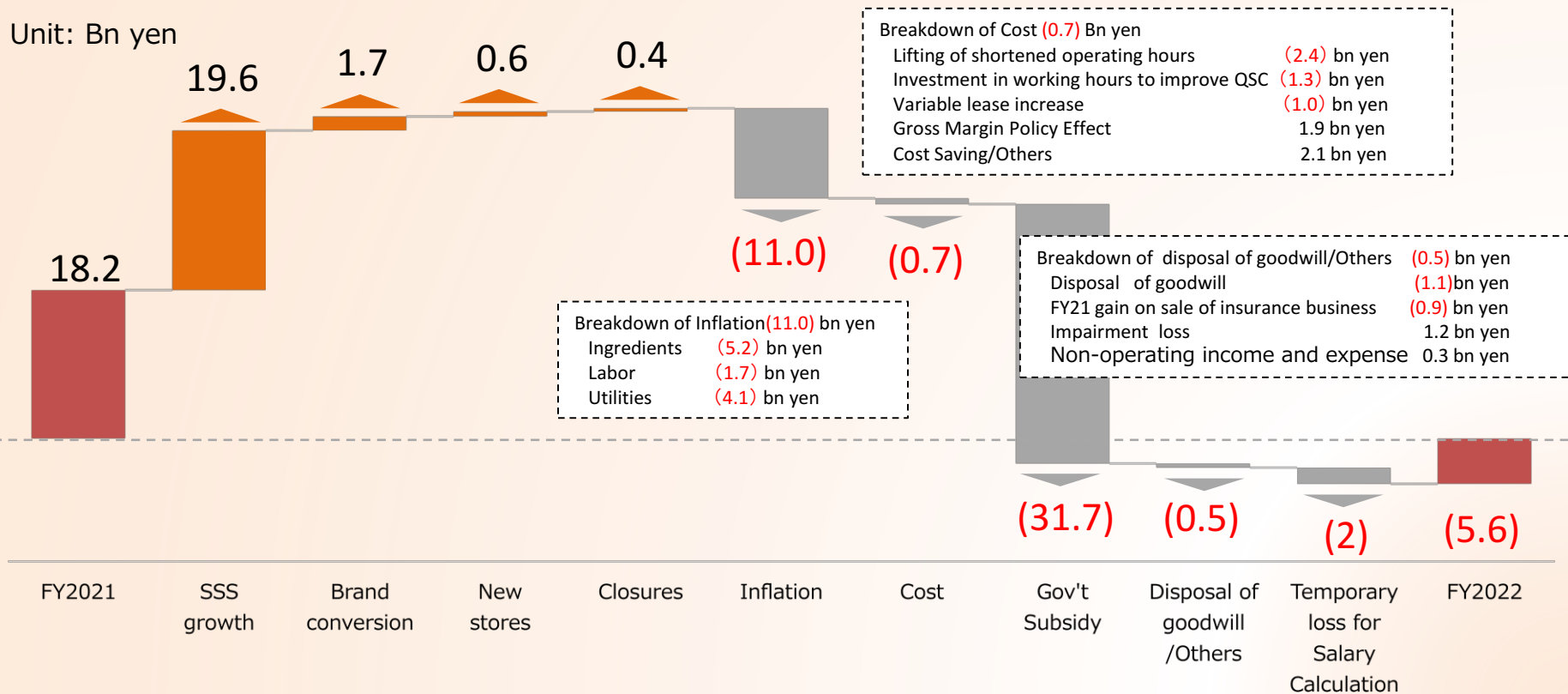


# OP FY2022 vs. FY2021



- ◆ Operating loss is **(5.6)** bn yen for the year, but profitable excluding one-time costs
- ◆ Impact of inflation increased to **(11.0)** bn yen
- ◆ Costs became excessive due to temporary investment in labor hours in order to maintain and improve the store service level and overcome shortage of employees due to the increase in number of employee COVID-19 cases

Unit: Bn yen



# FY2023 Guidance



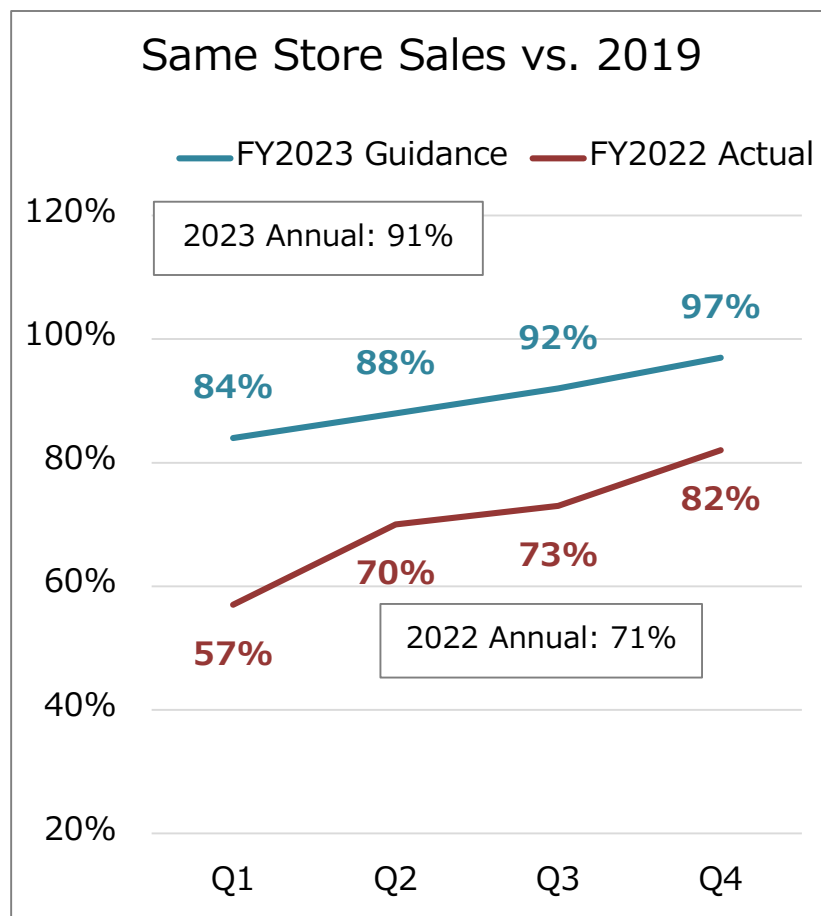
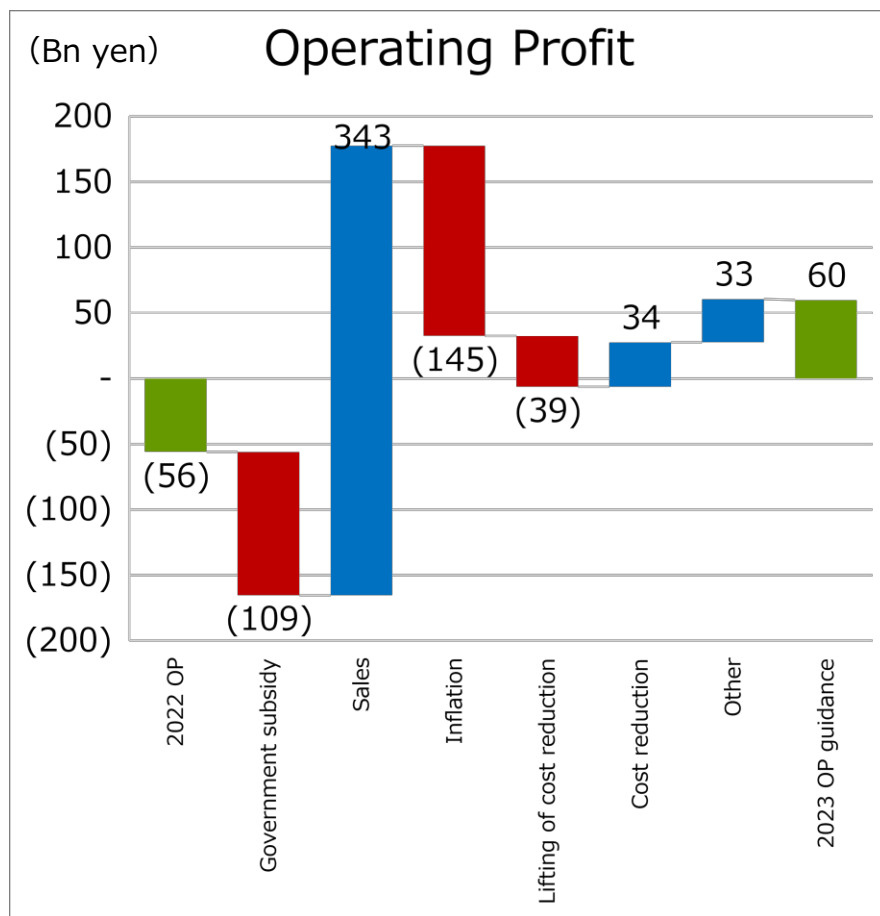
Unit (bn yen)	FY2023 Guidance	FY2022 Actual	Variance
Sales	355.0	303.7	+51.3
Operating profit	6.0	(5.6)	+11.6
Income before income taxes	3.5	(8.2)	+11.7
Net income	1.0	(6.4)	+7.4
Dividend per share (yen)	3.00	0.00	+3.00

Assumption for Guidance				
SSS Growth (vs.2019)	Total sales	98%	New opening	40-50 stores
	Eat-in sales	91%	Brand conversion	30-40 stores
	Eat-in traffic	82%	Remodeling	100 stores
	Eat-in ATP	111%	Capex	16.0 bn yen
			Exchange Rate	JPY135/USD

# FY2023 Guidance Breakdown



- **OP increase:** Recovery in SSS 34.3 bn yen, cost reduction 3.4 bn yen
- **OP decrease:** Reduction of government subsidy for shortening of operating hours **(10.9)** bn yen, inflation impact **(14.5)** bn yen, lifting of cost controls **(3.9)** bn yen





# Appendix

# Store Development



- New store openings: Selectively opened 11 stores
- Brand conversion: Converted 17 stores, mainly Bamiyan
- Remodeling: Remodeled 248 stores, mainly Gusto and Bamiyan

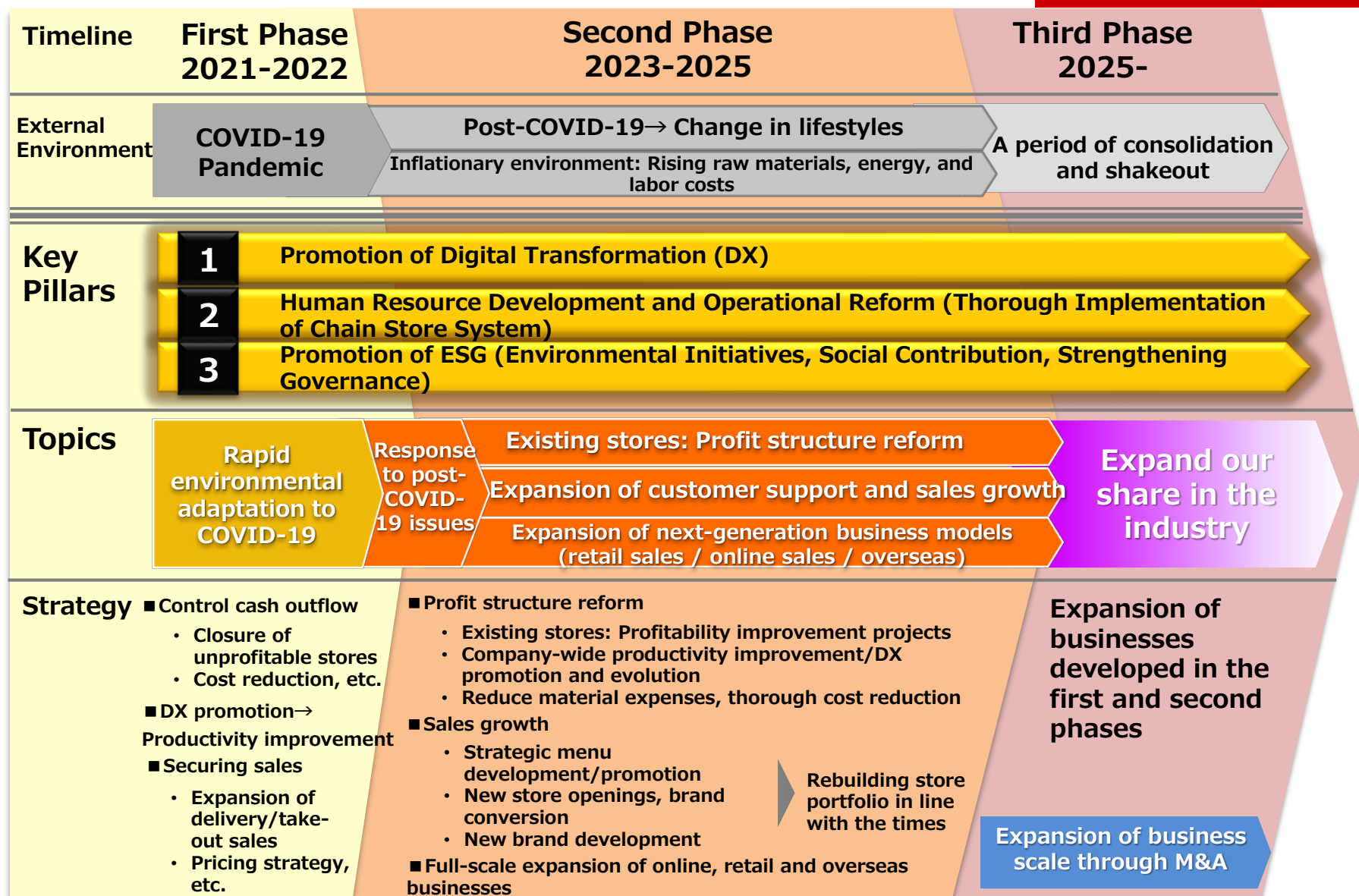
Brand	New Openings	Brand Conversions	Closures	Number of stores at end of Dec.2022	Remodels
Gusto	1	1	(10)	1,317	159
Bamiyan	1	10	(2)	356	47
Syabu-Yo	1	2	(1)	276	-
Jonathan's	-	-	(5)	206	6
Yumean	-	-	(1)	173	6
FLO Prestige	-	-	(5)	115	8
Steak Gusto	-	-	(10)	100	12
Karayoshi	-	-	(3)	86	-
Taiwan Skylark Co., Ltd.	4	-	-	68	3
Musashinomori Coffee	-	-	(1)	65	-
Aiya	-	-	-	41	4
chawan	2	-	(1)	21	-
La Ohana	-	3	(2)	17	-
Others	2	1	(12)	215	3
Group Total	11	17	(53)	3,056 Compared to end of FY2021 (42)	248

\*Conversions do not include 2 stores before opening due to preparations for conversion.

\*Number of stores at end of month includes stores that are temporarily closed

# Growth Roadmap

Updated in February 2023





## Disclaimer

This document is prepared for general publication of information concerning Skylark Holdings Co., Ltd. (“Skylark”) and will not constitute an offer to sell or a solicitation of an offer to buy shares of Skylark’s common stock or any other securities issued by it.

Any information related to market trends or industries mentioned in this document is based on information available at present, and Skylark does not guarantee that this information is accurate or complete. Skylark disclaims any obligation to update any information contained herein.

Any plan, estimation, calculation, quotation, evaluation, prediction, expectation or other forward-looking information in this document is based on the current assumptions and beliefs of Skylark in light of the information currently available to it, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties and other factors include, without limitation: economic conditions, trends in the market for food industry, shifts in customer preferences and fluctuations in the price of raw materials.

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.