

# **FY2023 Q3 Financial Results Briefing**

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**Skylark Holdings Co., Ltd.**

**November 10, 2023**

# FY2023 Q3 Results: Executive Summary



## FY2023 Q3 Results

■ **Sales**    **263.6 bn yen (+41.7 bn yen, 118.8% YoY)**

Same store sales:	YoY sales	120.4%
	Traffic	108.8%
	ATP	110.7%

■ **BP※**            **12.9 bn yen    (+ 22.8 bn yen YoY)**

■ **OP**             **10.0 bn yen    (+14.1 bn yen YoY)**

■ **NI**              **4.5 bn yen      (+9.1 bn yen YoY)**

- Steady recovery with further change in consumer behavior since reopening
- Forecast for FY2023 remains unchanged

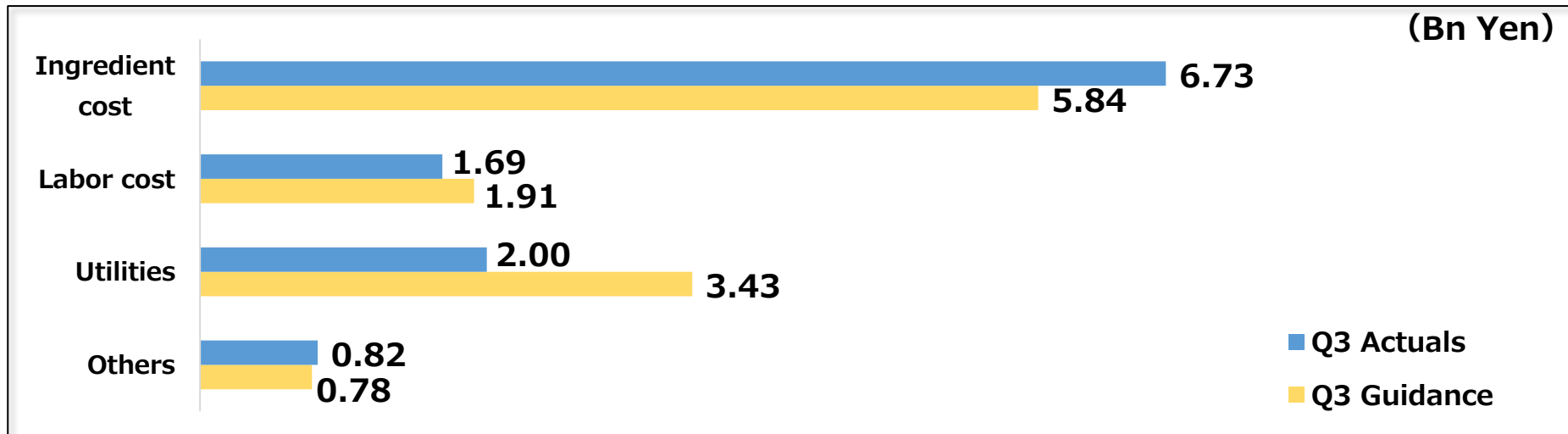


- **Inflation and Profitability Improvement**
- Initiatives for Future Growth
- Q3 Financial Results

# Impact of Inflation



**Inflationary impact totals 11.2 bn yen vs FY2022**



※Others: Production and logistics costs, consumables and tableware costs

## Reasons for increase in inflation

- ① Continued impact of weak yen (JPY/USD exchange rate: JPY138.5 from July to September 2022 ➔ JPY140.5 from July to September 2023)
- ② Energy prices remain high
- ③ Continued rise in logistic costs
- ④ High egg prices (delayed recovery in the number of chickens from bird flu)
- ⑤ Increase in minimum wage

# Cost Reduction in Q3 (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

Q1-Q3  
Results  
1.15 bn yen



#### Production and logistics reform 0.8 bn yen

Q1-Q3  
Results  
0.83 bn yen



#### Value and cost optimization 1 bn yen

Q1-Q3  
Results  
1.09 bn yen



#### Reduction of loss 0.2 bn yen

Q1-Q3  
Results  
0.39 bn yen



Target  
Achieved

**Annual  
target  
3 bn yen**



**Q1-Q3  
Results  
3.47 bn yen**

**1.35 bn yen  
additional  
target being  
addressed  
to deal with  
inflation**

# Profitability Improvement Reforms in All Stores



## 1) Store productivity improvement (DX)

- ◆ Floor service robots
- ◆ POS system renewal
- ◆ Cashless self-checkout counters
- ◆ Table-top check-out via order tablets

Q3 YTD impact:  
2 bn yen

## 2) Reduce store operation costs

- ◆ Reduce electricity, water and gas usage volume
- ◆ Reduce consumables cost

Q3 YTD impact:  
0.4 bn yen

## 3) Sales increase

### ◆ Optimization of late-night operating hours

Extended late-night operating hrs at a total of 1,755 stores by the end of Sept

### ◆ Capturing inbound tourist demands

### ◆ Growing our delivery business

Extended early morning and late-night UberEats order hours at 2,025 stores by the end of Sept

Assumed impact:  
4.0 bn yen/yr

Assumed impact:  
0.54 bn yen/yr

Assumed impact:  
0.73 bn yen/yr



- Inflation and Profitability Improvement
- **Initiatives for Future Growth**
- Q3 Financial Results

# Strategies/Experiments Towards Sales Growth



## 1) New stores/Remodels

- ◆ Careful and selective store opening/remodels at station-front locations

**18 stores**  
**(13 in Japan, 5 overseas)**

## 2) Conversions

- ◆ Optimization of store portfolio
- ◆ Eliminate cannibalization between own brands

**31 conversions**  
**Sales impact 181%**  
**De-cannibalization impact 12%**

## 3) Lead signage/IN-signage

- ◆ Increase customer traffic by improving store visibility

**Lead signage impact Avg 2%**  
**IN-signage impact Avg 1.5%**

## 4) Investing into QSC improvement & training

- ◆ “Feel-good service” training continued
- ◆ Non-Japanese trainer team created
- ◆ Training center opened

**Total participants in training sessions**  
**27 thousand+ crews**  
**Non-Japanese crew hired Q3 581ppl**  
**YoY155.8%**  
**Non-Japanese trainers 4 trainers**  
**Training centers 4 centers**

## 5) Responding to customer demands for cost performance

- ◆ Introduce various cost-performance menus at various price ranges
- ◆ Pricing change for set menus
- ◆ Cost performance menus targeting various customer segments (volume menus, alcohol)

**Family dining brand menu revisions from October to December**



# Optimization of Store Portfolio (Conversions)



## Sales impact 181%, De-cannibalization impact 12%

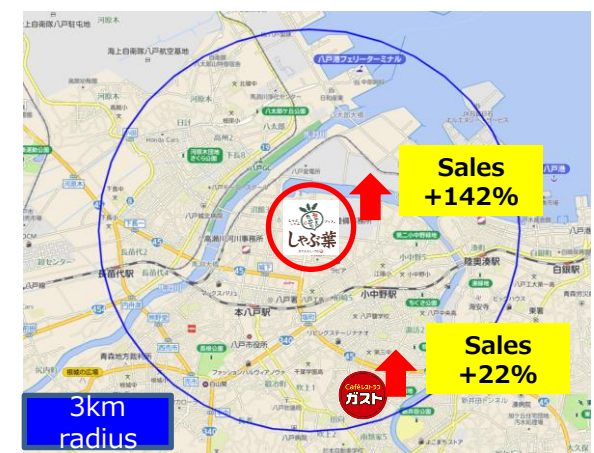
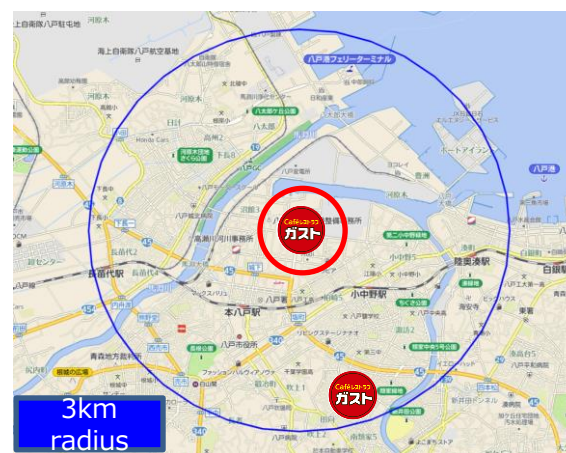
- Continue to increase store sales and eliminate self-cannibalization from next fiscal year and onward by optimizing brand placement through conversions

Before conversion

After conversion

### Thinning out local Gusto stores (Hachinohe, Aomori)

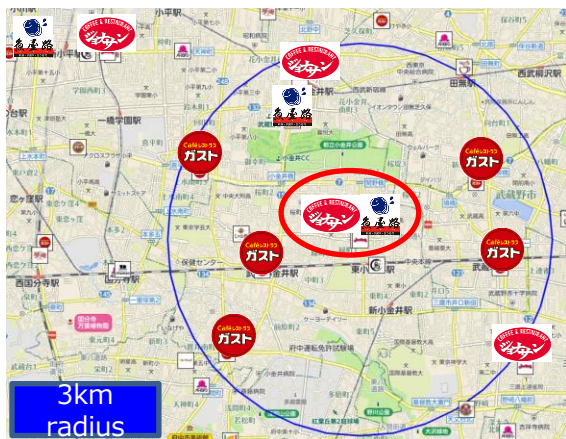
We aim to improve profitability by converting one Gusto store to Syabu-Yo and eliminate the cannibalization of the other Gusto store



### To be converted

### Overcrowded area (Higashi-Koganei, Tokyo)

By converting from Jonathan's ⇒ Jyu-Jyu Karubi and from Totoyamichi ⇒ Tonkaratei, we aim to eliminate cannibalization of Gusto, Jonathan's and Totoyamichi in this area



# Lead Signage/Parking Signage (Visibility Improvement Measures)



A high correlation was confirmed between store visibility and sales

- Lead signage: Avg 2% sales increase  
=> **Approx. 500 stores to be given lead signage next year**
- Parking signage: Avg 1.5% sales increase  
=> **Approx. 1,000 stores to change to a more visible parking signage next year**

## Lead signage

### Roadside



Gusto Keio Wakabadai  
Sales impact: 2.5%

## Parking signage (for car park entrance)

### Before



### Stationfront



Gusto Ikeda Ekimae  
Sales impact: 4.0%

### After



Gusto Shizuoka  
Kuni Yoshida  
Sales impact: 1.5%



# Menu Strategy for Family Dining Business



In the Oct to Dec menu revisions in our major brands, more menu items that are delicious but have cost performance value will be included.

## Set menus introduced

- Affordable set menus introduced



⇒ Set purchase rate increased about 1.8 times at Bamiyan in July



## Enhancement of small dishes

Responding to demands to enjoy multiple menus and in small portions



## Strengthening of volume category menus

- More items in volume category menus



# Menu Strategy for Casual Dining Business



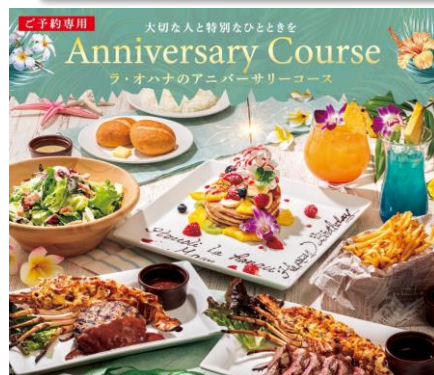
## Enhance seasonal menus



## More unique fairs



## Enhance anniversary menus & services



## More appealing special event menus





# Update on DX



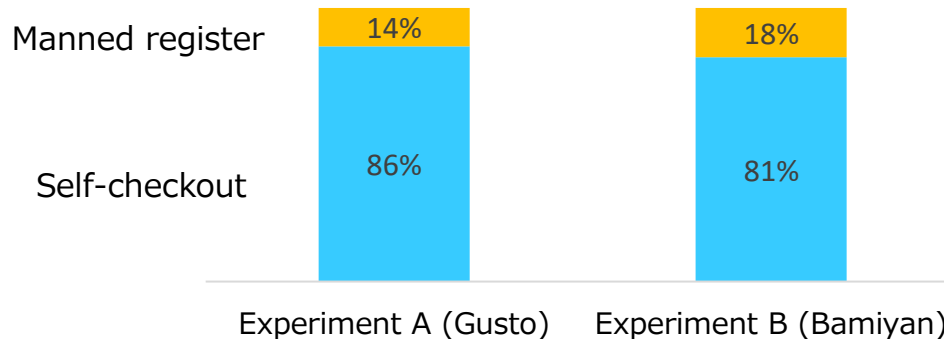
## Expansion of self-checkout system to all stores

- Adding self-checkout functions in our existing manned registers (system development completed)
- ⇒ Installation began in Oct; all stores to have self-checkout modes by 1H of 2024

Manned register mode   Turn around monitor   Self-checkout mode

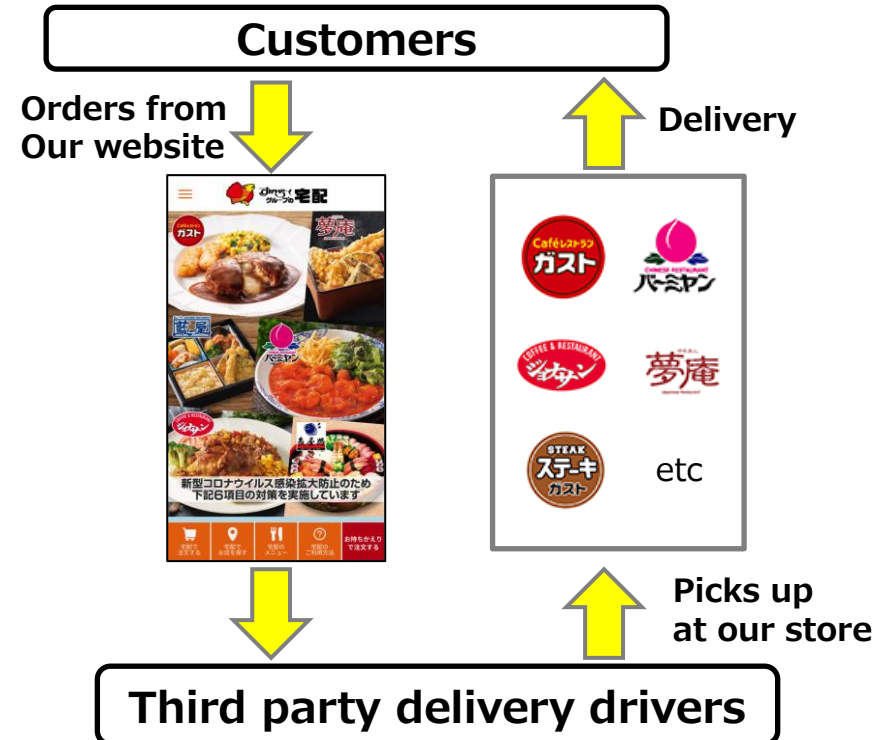


- More than 80% of customers are using self-checkout counters at the 2 experiment stores



## Externalization of delivery staff

- Developing a system where we take orders at our own website, but delivered by third-party delivery drivers; will begin from Dec
- ⇒ Improve profitability at stores with low delivery sales
- ⇒ Create new sales at stores which do not yet offer delivery



# Action & Results on the “Year2024 Problem” in Logistics



We have our own manufacturing and logistics network (10 factories and logistics facilities nationwide) and deliver daily to our stores. Therefore, we have been responding to the Year2024 Problem from a while back, and are seeing results.

## Actions on the “Year2024 Problem”

- ①Improvement of logistics efficiency
- ②Work style reform

### ①Improvement of logistic efficiency

#### Our actions

- Logistic efficiency utilizing IT digital technologies
- Larger vehicles introduced
- More unmanned receiving of deliveries
- More picking at our MDCs (less use of third-party warehouses)



### ②Work style reform

#### Our actions

- Reduce shifts that are over 14hrs
- Promote breaks between driving courses
- Strengthen measures against work-related accidents
- Promote health management



## Results

With reduced overtime, reduced delivery frequencies, improved truck rotation, reduced worker accidents:

Overtime

DOWN!

Hiring

UP!

**Overtime**  
(# of drivers with 80+hrs)

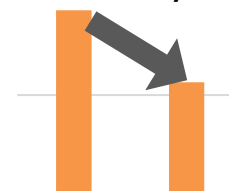
Load amount has increased YoY, but # of drivers w/80+hrs of overtime has decreased

Load amt

Drivers w/80+hrs of overtime per month has been reduced by 39.5%



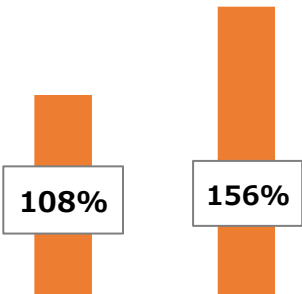
2022 2023



2022 2023

**# of Hires**

(YoY)



108% 156%  
Jan-Jun 2023 Jul-Oct 2023



- Inflation and Profitability Improvement
- Initiatives for Future Growth
- **Q3 Financial Results**

# Key Financials for Q3 2023



- ◆ Sales 263.6 bn yen, BP 12.9 bn yen  
⇒ Improved the profitability structure through price increases, COGS reduction and cost control
- ◆ OP was 10.0 bn yen. (2.8) bn yen for loss on disposal of goodwill from store closures decided during the previous year was recorded

(Unit: Bn yen)

	FY2023 Q3 (9-month)	FY2022 Q3 (9-month)	%YoY	FY2023 Q3 (3-month)	FY2022 Q3 (3-month)	%YoY
Sales	263.6	221.9	18.8%	93.8	80.3	16.8%
Same store sales Growth			120.4%			118.8%
Guest Count			108.8%			109.9%
Average Ticket Price			110.8%			108.1%
Business profit	12.9	(10.1)	-	7.3	(1.0)	-
Operating Profit	10.0	(4.2)	-	7.1	(1.8)	-
Adjusted Net Income	4.5	(4.6)	-	4.0	(1.8)	-
Adjusted ROE	1.7%	1.1%	0.6%	1.7%	1.1%	0.6%
Store Footprint	18 New Openings, 31 Brand Conversions, 73 Remodels			5 New Openings, 7 Brand Conversions, 25 Remodels		

Definition of Same Store Sales: 13-month existing stores/including brand conversions/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 1 store that has not yet opened.

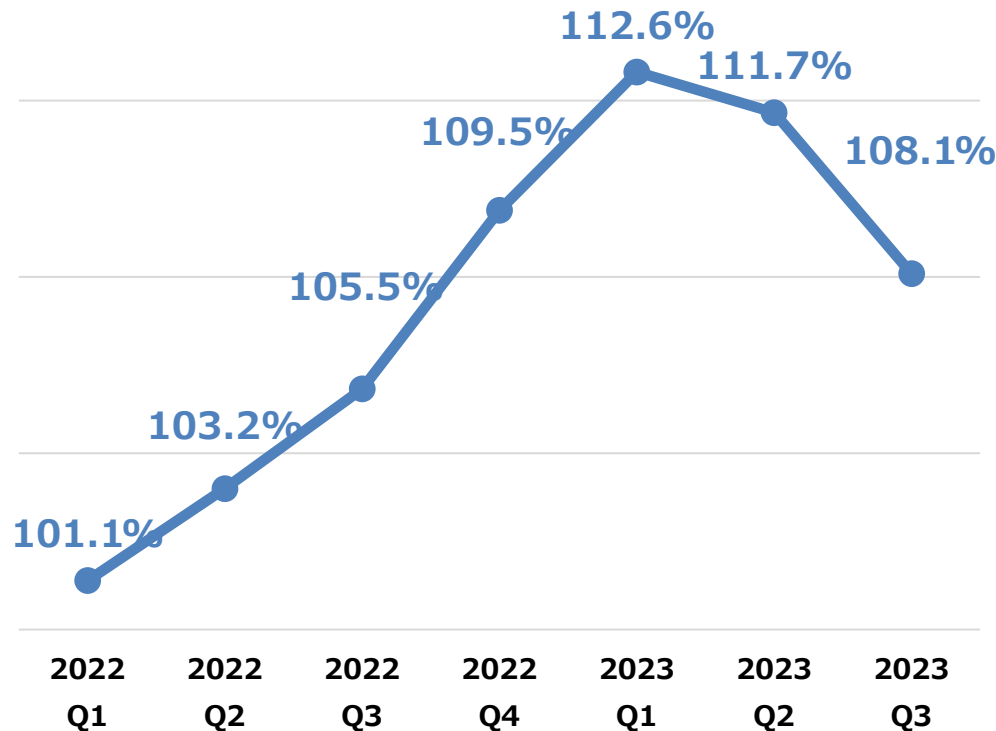


# Improved PL Structure through Pricing

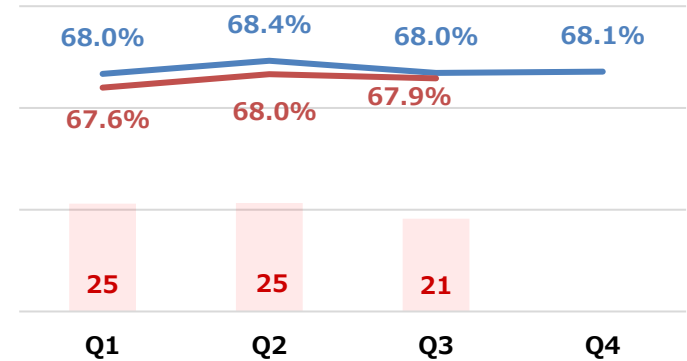


P/L structure improved since price hike in July and October last year

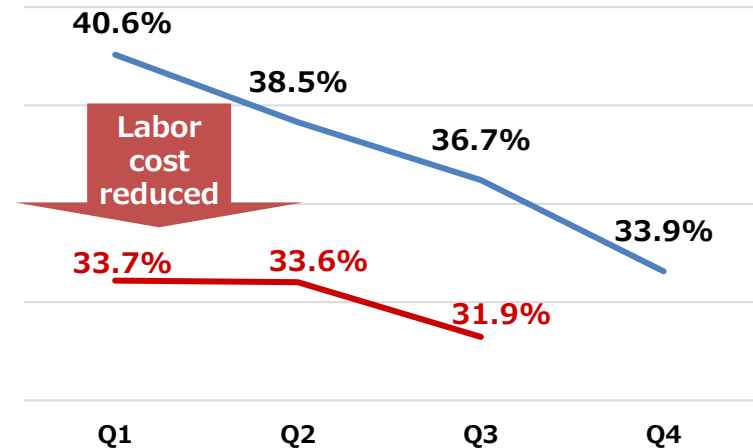
Existing store ATP (YoY)



GP margin%  
COGS inflation amt  
2022  
2023



Labor cost %  
2022  
2023



# Condensed Consolidated Income Statement



- ◆ Gross profit margin decreased by (0.3)%: Due to the increased impact of inflation
- ◆ Labor cost increased by (1.7) bn yen: Labor cost increase due to sales increase and minimum wage increase
- ◆ Other SG&A increased by (2.9) bn yen: Utilities cost (0.5) bn yen, depreciation due to installation of floor service robots and new POS cash registers (1.1) bn yen, percentage rent associated with sales increase (1.2) bn yen
- ◆ Other operating income decreased by (10.8) bn yen: Previous year's government subsidy for shortening of operating hours (10.9) bn yen
- ◆ Other operating expenses decreased by 2.0 bn yen: Increase in loss on disposal of goodwill (1.9) bn yen, previous year's extraordinary loss from change in payroll calculations +2 bn yen, decrease in impairment loss +2.2 bn yen

	Q3FY2023(9months)		Q3FY2022(9months)		Variance	
	Bn	%of Sales	Bn	%of Sales	Bn	%YoY
Sales	263.6	100.0%	221.9	100.0%	41.7	118.8%
COGS	(84.8)	(32.2)%	(70.7)	(31.9)%	(14.1)	120.0%
Gross Margin	178.8	67.8%	151.2	68.1%	27.6	118.2%
Labor	(87.0)	(33.0)%	(85.4)	(38.5)%	(1.7)	102.0%
Other SG&A	(78.8)	(29.9)%	(75.9)	(34.2)%	(2.9)	103.9%
Business profit	12.9	4.9%	(10.1)	(4.5)%	22.9	-
Non-operating incomes	1.4	0.5%	12.1	5.5%	(10.8)	11.2%
Non-operating expenses	(4.3)	(1.6)%	(6.3)	(2.8)%	2.0	68.6%
Operating Profit	10.0	3.8%	(4.2)		14.1	-
Financing Costs	(2.0)	(0.7)%	(2.0)	(0.9)%	0.0	97.6%
Income before Income Tax	8.0	3.0%	(6.2)		14.2	-
Tax Expenses	(3.4)	(1.3)%	1.6	0.7%	(5.0)	-
Net Income	4.5	1.7%	(4.6)	-	9.1	-
						-
Adjusted Net Income	4.5	1.7%	(4.6)	-	9.1	-

# Condensed Consolidated Balance Sheets



- ◆ Total shareholders' equity of 162.2 bn yen: exceeds goodwill of 142.0 bn yen
- ◆ Total borrowings of 102.0 bn yen: borrowings decreased by 5 bn yen from 107.0 bn yen at the end of the previous year

(Unit : Bn yen)	Q3FY2023	Q4FY2022	Variance	Q3FY2023 notes
<b>Assets:</b>				
Current assets	48.2	41.8	6.4	Balance of cash and deposits 25.3 Bn yen
Non-current assets	373.5	382.9	(9.4)	Balance of goodwill 142.0 Bn yen
Total assets	421.7	424.8	(3.1)	Balance of right-of-use asset 93.9 Bn yen
<b>Liabilities:</b>				
Current liabilities	100.8	157.3	(56.5)	Balance of short-term debt 29.8 Bn yen
Non-current liabilities	158.7	109.8	49.0	Balance of long-term debt 72.1 Bn yen
Total liabilities	259.5	267.1	(7.6)	Balance of lease liability 97.0 Bn yen
<b>Equities:</b>				
Equity attributable to owners of the company	162.2	157.7	4.5	
Total shareholders equity	162.2	157.7	4.5	
<b>Equity ratio</b>	38.5%	37.1%	1.3%	
<b>Adjusted ROE</b>	1.7%	(3.9)%	5.7%	
<b>Net D/E ratio</b>	0.52	0.64	(0.12)	

(Note) Adjusted ROE : LTM base. Not audited numbers.

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)

# Condensed Consolidated Statements of Cash Flows



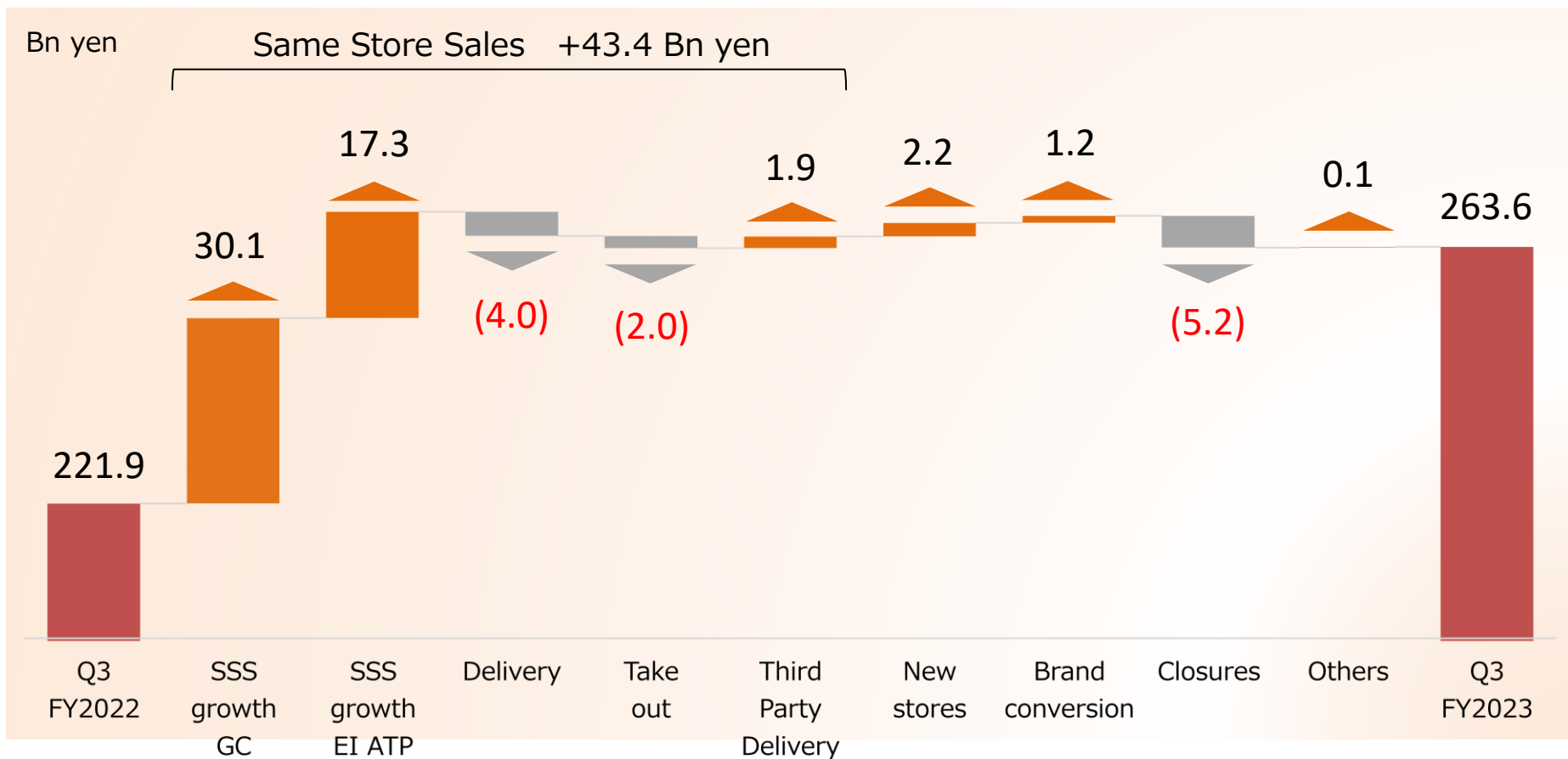
- ◆ Operating cash flow: 52.7 bn yen, an increase of 20.1 bn yen YoY. The difference from the previous year is due to an impact of increase in business income and other receivables (government subsidy for shortening of operating hours) and decrease in accrued expense
- ◆ Investment cash flow: (11.0) bn yen, an increase in expenditures of 1.0 bn yen YoY. New store openings increased, but store remodels decreased compared to the previous year
- ◆ Financial cash flow: (31.8) bn yen, a decrease in expenditures of 8.9 bn yen YoY. Increase in long-term borrowings +10.0 bn yen

(Unit: Bn yen)	Q3FY2023	Q3FY2022	Variance
Operating cash flow	52.7	32.6	20.1
Investment cash flow	(11.0)	(10.0)	(1.0)
Free cash flow	41.6	22.6	19.1
Financial cash flow	(31.8)	(40.6)	8.9
Loan	(5.1)	(12.1)	7.0
Issuance of new shares	0.0	0.0	0.0
Lease debt repayment	(26.4)	(25.7)	(0.7)
Dividend	(0.0)	(2.7)	2.7
Others	(0.3)	(0.1)	(0.2)
Change in cash	10.0	(17.9)	27.9
Cash balance at closing	25.3	20.4	4.9

# Sales Q3FY2023 vs. Q3FY2022 (9 months)



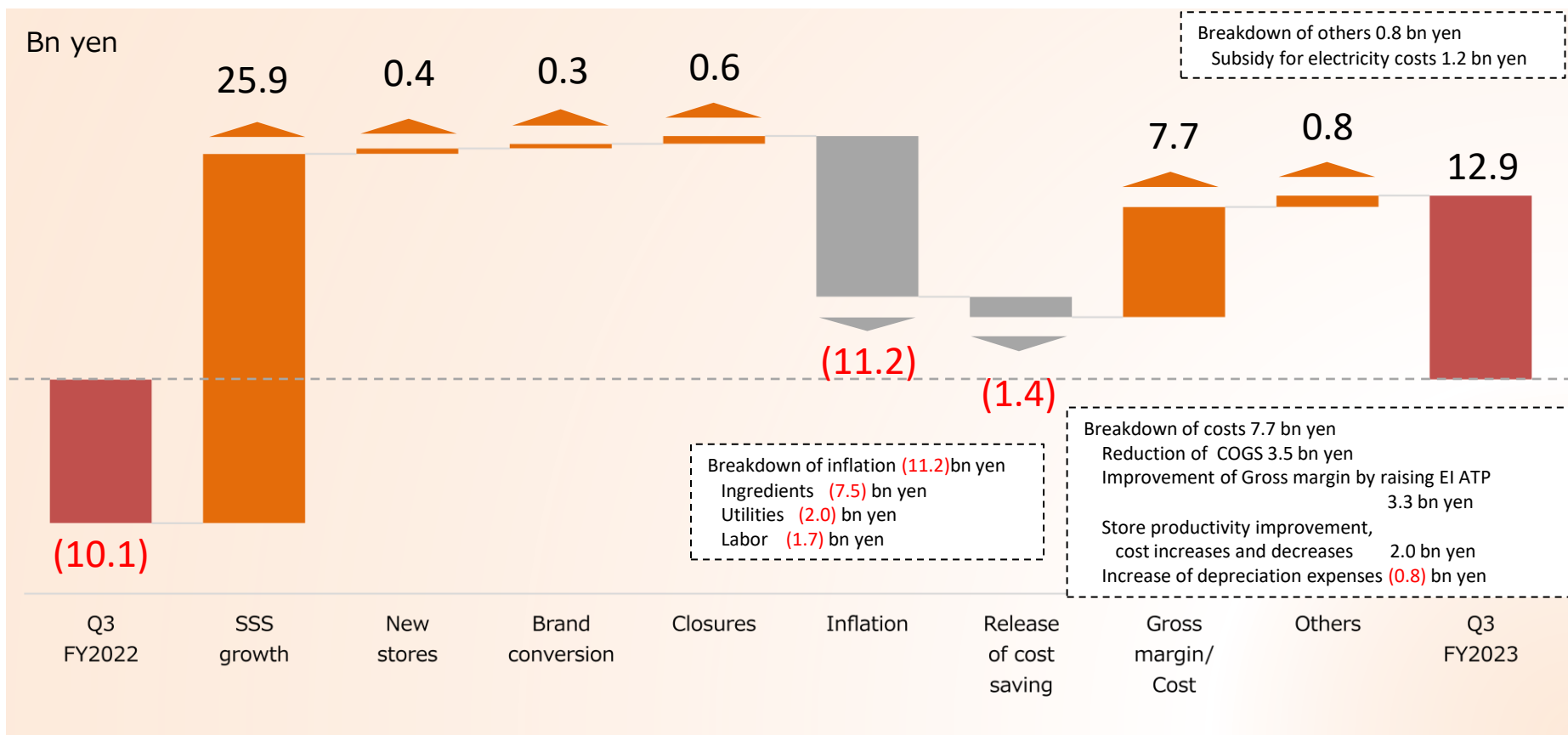
- ◆ Sales in Q3 FY2023 increased by 41.7 bn yen to 263.6 bn yen
- ◆ Delivery and take out sales decreased as eat in sales increased



# BP Q3FY2023 vs. Q3FY2022 (9 months)



- ◆ BP was 12.9 bn yen, +23.0 bn yen vs FY2022
- ◆ Inflation impact was **(11.2)** bn yen, but profit turned positive due to sales recovery at existing stores and improvements in gross profit margin and costs





## 《Main items》

## 《Outline of activities》

### Decarbonization



#### Opened Gusto Higashi-Murayama Shiyakusho-mae store with virtually zero CO2 emissions

The store is our first sustainable store to operate with virtually zero CO<sub>2</sub> emissions, combining electricity and gas, by introducing solar power generation facilities, CO<sub>2</sub>-free electricity, and carbon-neutral city gas.

#### Calculation and disclosure of the financial impact of TCFD Climate-Related Risks

The impact of climate change-related risks and opportunities on our business, strategy, and financial plans were disclosed on our website in both quantitative and qualitative terms.

#### Donated a portion of sales to the Green Fund

We donated 655,879 yen, 10% of sales of disposable cutlery for take-out orders during July to September, to the Green Fund. The donation will be used to promote forest maintenance and greening.

### Diversity



#### Group training for non-Japanese employees

Interviews, orientations, and initial training for non-Japanese employees are conducted by non-Japanese interviewers. We are working to maximize educational opportunities and create a comfortable working environment so that a diverse range of human resources can play active roles.



# ESG Initiatives



## 《Main items》

## 《Outline of activities》

### External assessment



### Acquired ISO20400 certification for sustainable procurement

We became the first food and beverage company to acquire this certification as a result of our policy of promoting CSR-based procurement that addresses environmental, social, and human rights risks associated with procurement, as well as our efforts to build an environment and confirm with suppliers through CSR checks.

### Received “The 15<sup>th</sup> Robot Contribution to Society Award”

Received the award sponsored by the Robotics Society of Japan in recognition of the introduction of 3,000 floor service robots into stores and our contribution to the establishment of robots in daily operations.

### Received AAA score in the Nikkei GX Decarbonization Management ranking for Environmental Targets

In this ranking where 500 companies with superior decarbonization actions, we were ranked 4<sup>th</sup> with a AAA score.

### Received AA score in the Environmental Business Person ‘s “The 20<sup>th</sup> Environmentally Advanced Company”

Received the above, awarded by the Environmental Business Person Committee. Environmental actions such as reducing food loss and promoting de-plasticization, as well as our governance and contribution to environmental education was recognized.



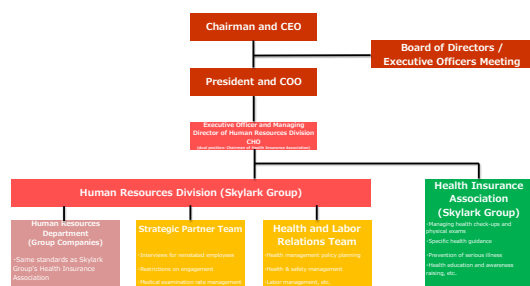
# ESG Initiatives



## 《Main items》

### Promotion and enhancement of health management

#### Health Management Promotion System



## 《Outline of activities》

### Employee health management

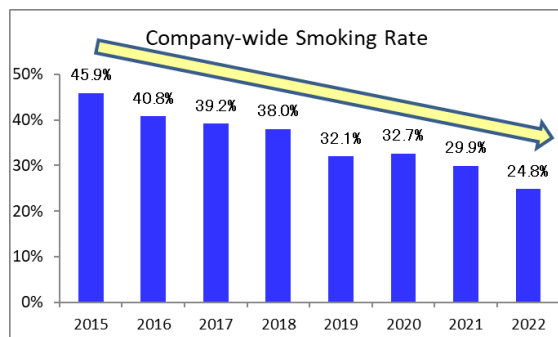
We believe that enabling employees of Group companies to stay vigorous and healthy both mentally and physically will lead to the fulfillment of the Group's mission. We are strengthening the promotion of health management.

### Health management through collaboration with the health insurance association

Under the leadership of the President, department heads at each workplace have been appointed as "Health Promotion Leaders," whose duty is to maintain and promote good health. The status of activities is regularly reported to the Board of Directors and the Executive Officers Meeting.

### Toward the goal of "zero smoking rate by 2050"

We have been conducting a quit smoking movement since 2014, and the number of employees who smoke is steadily declining. We are continuing our efforts by distributing smoking cessation aids and apps to help quit smoking as specific support.





# Appendix

# Q3 Results: New Stores/Remodels

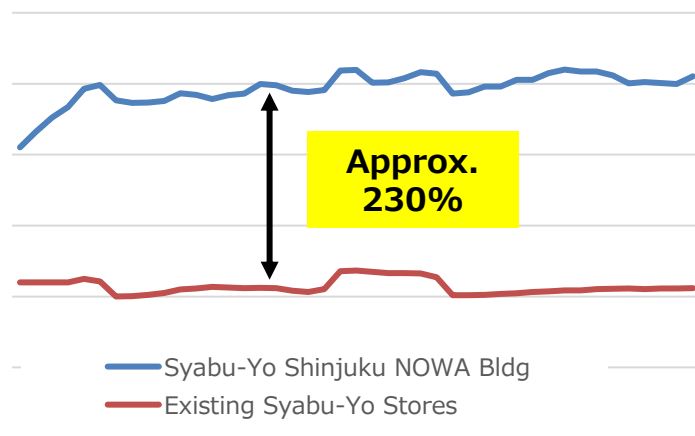


## ■ New Store Openings

- All of the 12 stores(※1) opened by Q3 performed well, with sales significantly exceeding the average of existing stores
- Syabu-Yo Shinjuku NOWA Bldg, which opened in September, achieved one of the highest sales among all stores in Japan
- Opened stores mainly in front of major terminal stations, and will continue to open stores in metropolitan station-front locations and large shopping facilities

(※1) 12 stores are new stores operated by Skylark Restaurants Co., Ltd.

### Sales trend of Syabu-Yo Shinjuku NOWA Bldg



### New Store Openings: January to September 2023

Brand	# of stores	Sales vs existing stores
Gusto	5	171%
Syabu-Yo	4	172%
Bamiyan	1	132%
Jonathan's chawan	1	216%
Total	12	168%

## ■ Remodels

- Renovated store design and refurbished into a comfortable space that meets customer needs
- 71 remodels completed by September (domestic)
- Sales impact is +4.2%; planning to remodel 100 stores by the end of the year

# Q3 Results: Brand Conversions



- 31 stores converted by Q3
- Increased store sales by converting to casual dining and maximized area earnings by eliminating self-cannibalization
- Continue to actively implement conversion aimed at eliminating self-cannibalization, mainly in areas with a high concentration of western style brands

## ■ Sales impact of conversion by brand (Stores converted in Jan to Sep 2023)

Brand	Category (*1)	# of stores	Post conversion sales impact	Avg impact of eliminating self- cannibalization (*2)
Toh-sai	C/D	12	199%	16%
Musashinomori Coffee	C/D	6	165%	8%
Syabu-Yo	C/D	5	174%	14%
La Ohana	C/D	5	194%	6%
Hachiro Soba	F/D	2	155%	13%
Gusto	F/D	1	131%	-
<b>Total</b>		<b>31</b>	<b>181%</b>	<b>12%</b>

(\*1) C/D: Casual Dining  
F/D: Family Dining  
(\*2) Average impact of  
eliminating self-cannibalization  
at converted stores which have  
other Skylark brand stores  
close by

# Overseas & Retail Sales/EC Business



## 【Taiwan】

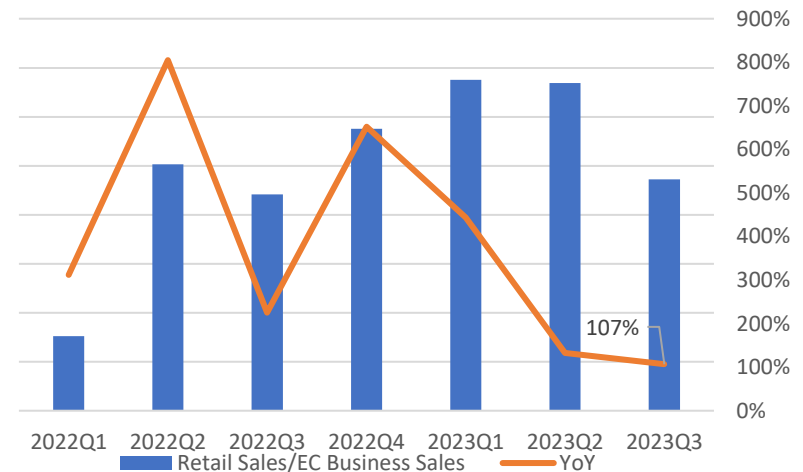
Q3 sales reached a record high for the quarter and for the cumulative Q1-Q3 period  
Sales remain strong after summer vacation



**The 4<sup>th</sup> Yokohama  
Steakhouse opened in  
August**

## 【Retail Sales/EC Business】

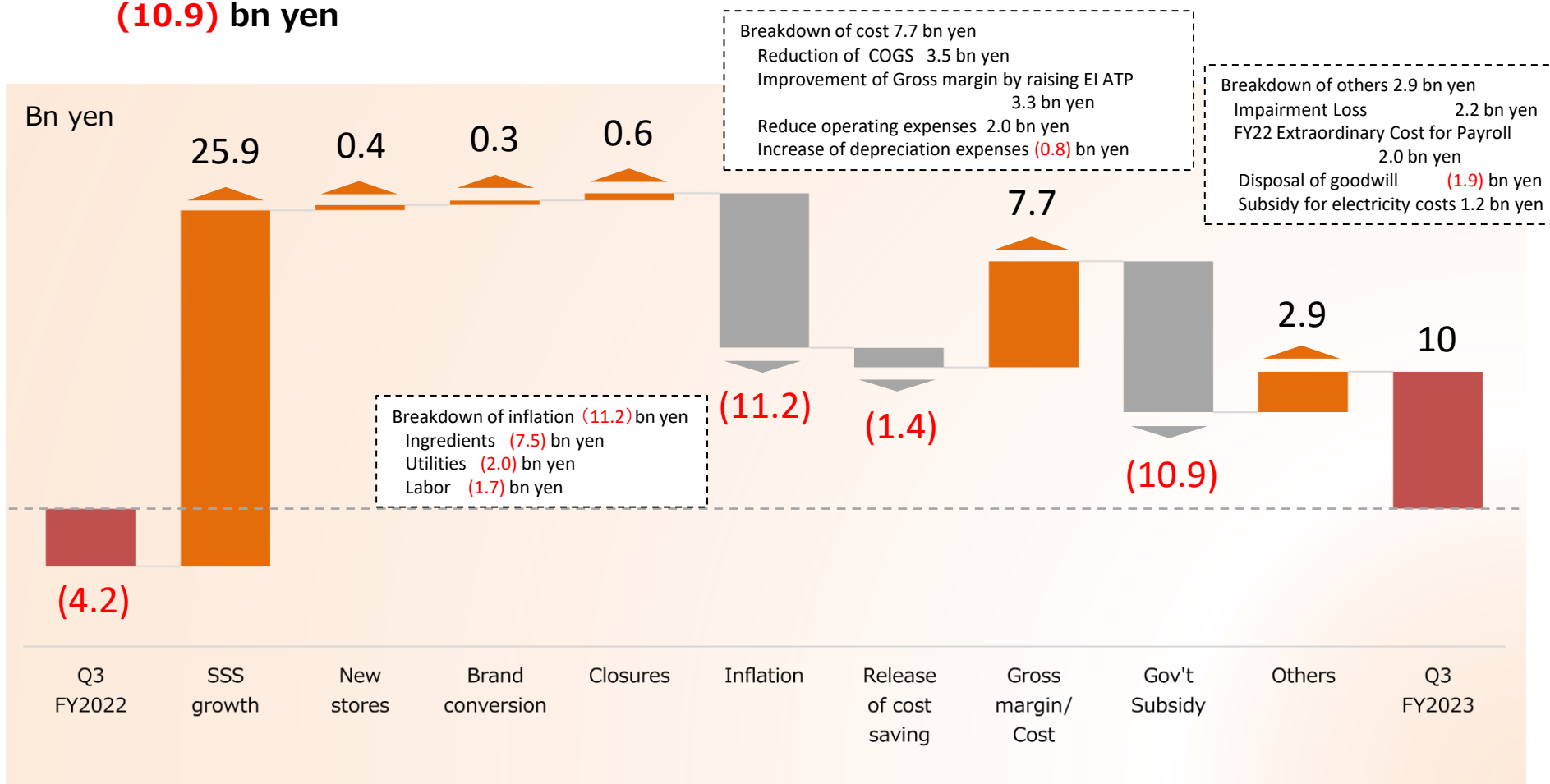
Q3 sales increased 107% YoY and remained strong even after the shift of COVID-19 to a "Class 5" disease



# OP Q3FY2023 vs. Q3FY2022 (9 months)



- ◆ OP was +10.0 bn yen, up 14.2 bn yen vs. FY2022
- ◆ Recorded extraordinary costs (loss on disposal of goodwill **(1.9)** bn yen)
- ◆ Impact of the 2022 government subsidy for shortening of operating hours is **(10.9)** bn yen



# Store Development Summary



- New store openings: Selectively opened 18 stores
- Brand conversions: Converted 31 stores, mainly Toh-sai, Syabu-Yo, Musashinomori Coffee, and La Ohana
- Remodels: Remodeled 73 stores, mainly Gusto

Brand	New Openings	Brand Conversion	Closure	End of Sep.2023	Remodels
Gusto	5	1	(30)	1,281	53
Bamiyan	1	-	(4)	352	11
Syabu-Yo	4	5	(7)	278	1
Jonathan's	1	-	(8)	188	3
Yumean	-	-	(5)	167	3
FLO Prestige	1	-	(2)	114	-
Steak Gusto	-	-	(10)	87	-
Karayoshi	-	-	(8)	78	-
Taiwan Skylark Co., Ltd.	4	-	(3)	69	2
Musashinomori Coffee	-	6	(1)	69	-
Aiya	-	-	(1)	39	-
La Ohana	-	5	-	22	-
chawan	1	-	-	22	-
Others	1	14	(19)	211	-
Group Total	18	31	(98)	2,977	73
				Vs end-Dec 2022:	
				(79)	

\*Conversions do not include 1 store before opening due to preparations for conversion.

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

# FY2023 Full-Year Guidance (No Revisions)



Revised in the timing of Q2 (August 10, 2023) (reposted)  
Guidance not revised in Q3

	<b>FY2023 New guidance</b>	<b>FY2023 Previous guidance</b>	<b>Variance</b>
<b>Sales</b>	<b>355.0 bn yen</b>	<b>355.0 bn yen</b>	<b>– bn yen</b>
<b>Business Profit</b>	<b>13.5 bn yen</b>	<b>10.6 bn yen</b>	<b>+2.9 bn yen</b>
<b>Operating Profit</b>	<b>10.0 bn yen</b>	<b>6.0 bn yen</b>	<b>+4.0 bn yen</b>
<b>Income before Income Tax</b>	<b>7.5 bn yen</b>	<b>3.5 bn yen</b>	<b>+4.0 bn yen</b>
<b>Net Income</b>	<b>4.0 bn yen</b>	<b>1.0 bn yen</b>	<b>+3.0 bn yen</b>
<b>Dividend per share</b>	<b>6.00 yen</b>	<b>3.00 yen</b>	<b>+3.00 yen</b>



# 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



# FY2023

## Business Environment & Management Strategy



### Business Environment

- Changes in consumer behavior: Decrease in dispensable income due to inflation; selective spending
- Rising costs: Utilities ↑ Labor ↑ Ingredients ↑ Operation cost ↑

### Management strategy



#### Profitability structure reforms for each and every store

- Profitability improvement in existing stores
- Resume late-night operations
- DX promotion = productivity improvement
- Cost reductions

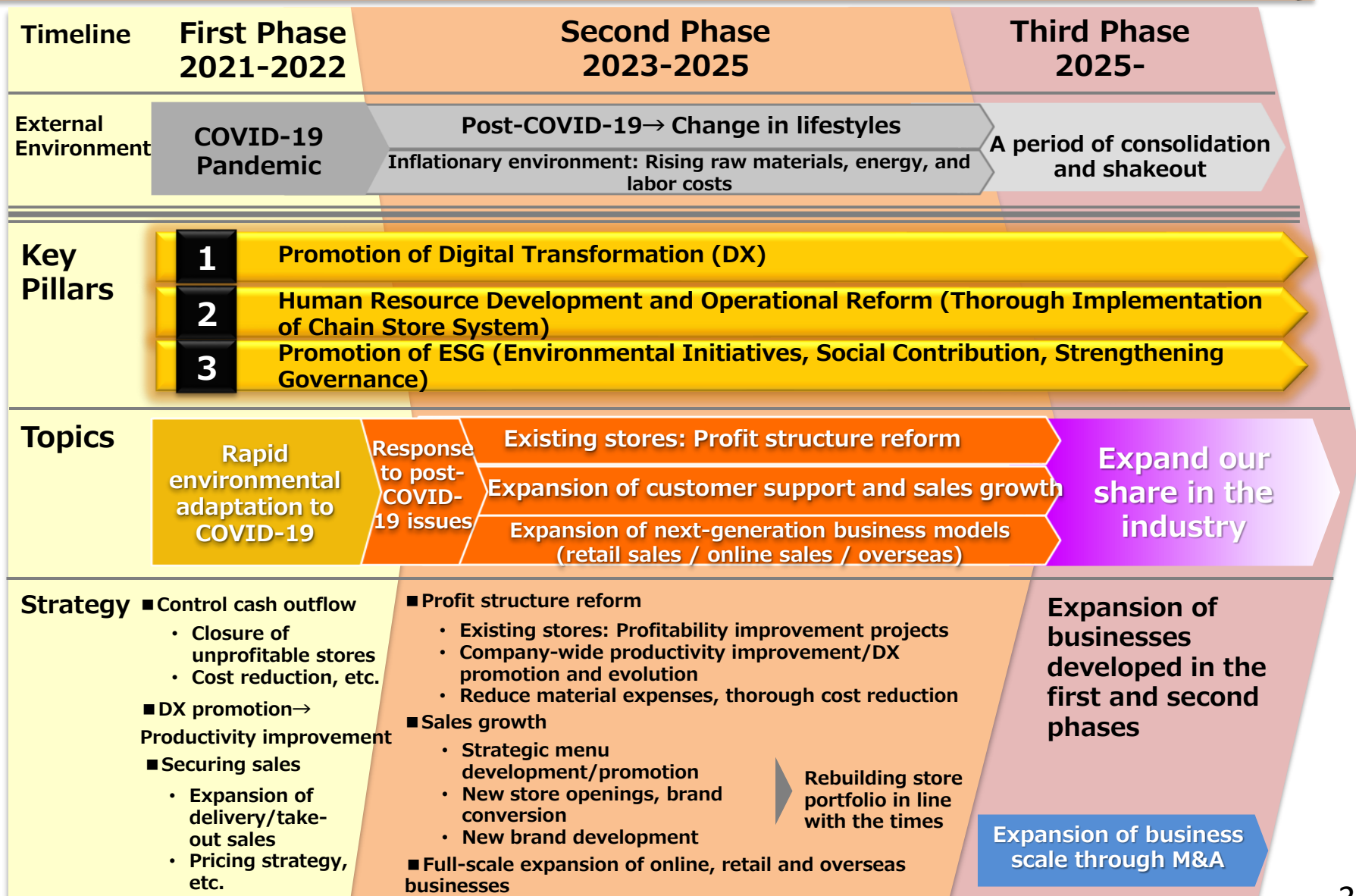
#### ESG initiatives



#### Sales growth

- Menu strategy
- Optimization of store portfolio  
New store openings, brand conversions, and new brand development
- Overseas expansion
- EC business and retail sales

# Growth Roadmap



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