February 12, 2015

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Skylark Group Monthly IR Report (January 2015)

Consolidated same store sales grow 3.0%

FY2015 (Same Store Sales) <*New>** (Y/Y%)

Group total	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	3.0%	-	-	-	-	-	-	-	-	-	-	-	3.0%
Customer Traffic	-2.6%	-	-	-	-	-	-	-	-	-	-	-	-2.6%
Average Check	5.7%	-	-	-	-	-	-	-	-	-	-	-	5.7%
Gusto	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	4.6%	-	-	-	-	-	-	-	-	-	-	-	4.6%
Customer Traffic	-2.4%	-	-	-	-	-	-	-	-	-	-	-	-2.4%
Average Check	7.2%	-	-	-	-	-	-	-	-	-	-	-	7.2%

FY2014 (Same Store Sales) <*New>** (Y/Y%)

Group total	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	2.7%	-4.5%	1.9%	5.6%	6.0%	0.2%	0.3%	2.4%	-1.0%	1.6%	5.3%	1.5%	1.9%
Customer Traffic	1.6%	-5.6%	-0.3%	3.6%	2.3%	-2.4%	-3.8%	-1.6%	-5.1%	-2.4%	0.9%	-4.2%	-1.4%
Average Check	1.0%	1.2%	2.2%	2.0%	3.6%	2.7%	4.3%	4.1%	4.4%	4.1%	4.4%	5.9%	3.3%
Gusto	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	0.9%	-4.7%	-0.3%	6.8%	6.1%	0.1%	-0.9%	0.7%	-1.9%	2.4%	7.7%	3.6%	1.7%
Customer Traffic	1.2%	-4.9%	-1.6%	5.0%	1.9%	-2.2%	-4.9%	-2.7%	-6.5%	-1.9%	3.0%	-4.1%	-1.5%
Average Check	-0.3%	0.2%	1.3%	1.7%	4.2%	2.4%	4.2%	3.5%	5.0%	4.4%	4.5%	8.0%	3.3%

(Note 1) The data above are preliminary.

(Note 2) The data for group total sales are on a domestic consolidated basis, and do not include overseas sales. Please see below for the definition of "same store".*

***Changes in the definition of "Same Store"**

Definition of "same store" has been changed as follows:

- While same store was previously defined as a store which had been open for 18 months or longer, the period has been changed to 13 months or longer, which is the standard within the industry.
- Previously customer traffic did not include traffic from delivery business. However, in consideration of the increasing impact of delivery business on sales and customer traffic, we now include customer traffic from delivery business. The definition is provided below.
  - Customer traffic from delivery = Delivery sales / Average check
- Previously same store sales did not include stores which underwent brand conversion. However, converted stores are now being added to the category of same store sales as conversion is one of our key initiatives to grow traffic.

Highlights

In January, same store sales for Skylark increased 3.0% versus last year. Skylark achieved positive same store sales in 10 out of the past 12 months and has achieved positive same store sales for 6 consecutive quarters.

Skylark achieved robust sales driven by popular fair menus such as steak, grilled beef and hot pots. Strong menu innovation and promotion continues to be one of the key differentiators for Skylark.
In January, the average check continued to rise as customers chose to order higher-priced items and increased orders of side menu items, desserts and drink bar/beverage options.

Skylark will continue to enhance overall customer satisfaction through its efforts in store remodeling, customer service improvement and menu innovation.

(Reference) Past data based on the new / old definitions

<New>

FY2013 (Same Store Sales) (Y/Y%)

Group total	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	-2.6%	1.9%	1.4%	-5.2%	-0.3%	2.9%	0.3%	1.6%	-0.4%	0.0%	5.2%	3.7%	0.7%
Customer Traffic	-3.7%	0.3%	-0.3%	-5.7%	-1.5%	1.3%	-3.6%	0.7%	-1.4%	-1.2%	4.3%	3.0%	-0.7%
Average Check	1.1%	1.5%	1.7%	0.5%	1.2%	1.5%	4.1%	0.8%	1.0%	1.2%	0.9%	0.6%	1.4%
Gusto	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	-3.0%	0.3%	2.0%	-4.7%	0.6%	4.8%	0.1%	2.8%	-0.7%	-0.3%	4.2%	3.1%	0.8%
Customer Traffic	-3.5%	-0.7%	0.3%	-5.2%	-0.8%	3.3%	-0.8%	1.7%	-1.8%	-0.8%	4.4%	3.5%	0.0%
Average Check	0.5%	1.0%	1.7%	0.5%	1.5%	1.4%	0.9%	1.0%	1.0%	0.5%	-0.2%	-0.3%	0.8%

<Old>

FY2013 (Same Store Sales) (Y/Y%)

Group total	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	-2.3%	2.1%	1.5%	-5.1%	-0.1%	3.1%	-0.5%	1.8%	-0.5%	0.0%	5.1%	3.6%	0.7%
Customer Traffic	-3.7%	0.4%	-0.1%	-6.1%	-1.6%	1.1%	-1.5%	0.4%	-1.9%	-1.8%	4.0%	2.6%	-0.7%
Average Check	1.5%	1.7%	1.6%	1.1%	1.6%	2.0%	1.1%	1.4%	1.5%	1.9%	1.1%	1.0%	1.5%
Gusto	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	-3.0%	0.3%	1.9%	-4.9%	0.4%	4.9%	0.1%	2.7%	-0.8%	-0.3%	4.1%	3.1%	0.7%
Customer Traffic	-4.1%	-1.3%	0.0%	-6.2%	-1.7%	2.7%	-1.6%	0.7%	-2.7%	-2.0%	3.8%	2.6%	-0.8%
Average Check	1.2%	1.6%	1.9%	1.4%	2.1%	2.2%	1.7%	2.0%	1.9%	1.7%	0.3%	0.5%	1.6%

<Old>

FY2014 (Same Store Sales) (Y/Y%)

Group total	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	2.4%	-4.6%	1.8%	5.6%	5.9%	0.0%	0.0%	2.0%	-1.3%	1.2%	5.0%	1.1%	1.6%
Customer Traffic	0.8%	-6.2%	-1.1%	3.5%	2.2%	-2.8%	-4.3%	-2.1%	-5.5%	-2.8%	0.4%	-4.6%	-1.9%
Average Check	1.5%	1.7%	3.0%	2.0%	3.6%	2.9%	4.5%	4.2%	4.5%	4.1%	4.6%	6.0%	3.6%
Gusto	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	0.7%	-4.7%	-0.2%	6.9%	6.2%	0.2%	-1.0%	0.7%	-1.9%	2.4%	7.7%	3.4%	1.7%
Customer Traffic	-0.4%	-6.0%	-3.1%	4.6%	1.5%	-2.9%	-5.9%	-3.6%	-7.4%	-2.7%	2.2%	-5.0%	-2.5%
Average Check	1.1%	1.4%	3.0%	2.1%	4.6%	3.2%	5.3%	4.5%	5.9%	5.2%	5.4%	8.8%	4.3%

(Note 1) The data above are preliminary.

(Note 2) The data for group total sales are on a domestic consolidated basis, and do not include overseas sales.

(Note 3) Same store sales consist of total sales (per day) per restaurant at restaurants that have been in operation for at least 18 months, excluding restaurants which have been newly opened or converted from another concept in the past 18 months. In addition, same store sales are net of consumption tax.

(Note 4) Same store average check per customer is the ratio of total sales (including delivery sales) to total customer traffic.