March 6, 2015

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Skylark Group Monthly IR Preliminary Report (February 2015)

February Preliminary: same store sales grow 111.4%

Skylark decided to release preliminary figures for monthly same store sales with the view to enhancing the usability of the data through prompt disclosure. We will release finalized figures on around the 10th of March.

FY2015 (Same Store Sales) (Y/Y%)

Group total	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	3.0%	11.4%	-	-	-	-	-	-	-	-	-	-	6.7%
Customer Traffic	-2.6%	6.1%	-	-	-	-	-	-	-	-	-	-	1.3%
Average Check	5.7%	5.0%	-	-	-	-	-	-	-	-	-	-	5.4%
Gusto	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	4.6%	11.7%	-	-	-	-	-	-	-	-	-	-	7.8%
Customer Traffic	-2.4%	5.6%	-	-	-	-	-	-	-	-	-	-	1.2%
Average Check	7.2%	5.7%	-	-	-	-	-	-	-	-	-	-	6.5%

FY2014 (Same Store Sales) (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 for Feb 2015 is preliminary which does not include sales for subsidiaries. We plan to release consolidated domestic sales figure around 10th of March.

(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".*

Highlights

Preliminary figures for February, same store sales for Skylark increased 11.4% versus last year. This is the third time in over a decade that Skylark has achieved double digit same store sales growth. The increase in same store sales came from a 6.1% increase in traffic and 5.0% increase in average check.

In February, the average check continued to rise as customers chose to order higher priced items and increased orders of side menu items, deserts and drink bar / beverage options. Skylark achieved robust sales driven by popular fair menus such as hot pot and Hiroshima oysters. Strong menu innovation and promotion continues to be one of the key differentiators for Skylark.

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

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

Definition of "same store" has been changed in Jan 2015 IR report 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.