June 8, 2015

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May 2015 Skylark Group Monthly IR Report

Consolidated same store sales +5.5%

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

Group total	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	3.0%	11.2%	1.2%	1.8%	5.5%	-	-	-	-	-	-	-	4.2%
Customer Traffic	-2.6%	5.8%	-1.8%	-2.5%	1.9%	-	-	-	-	-	-	-	-0.1%
Average Check	5.7%	5.0%	3.1%	4.4%	3.6%	-	-	-	-	-	-	-	4.3%
Gusto	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
Sales	4.6%	11.7%	3.0%	0.7%	5.3%	-	-	-	-	-	-	-	4.8%
Customer Traffic	-2.4%	5.6%	-0.4%	-3.4%	2.1%	-	-	-	-	-	-	-	0.1%
Average Check	7.2%	5.7%	3.4%	4.2%	3.1%	-	-	-	-	-	-	-	4.6%

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) The data for group total sales is on a domestic consolidated basis and does not include overseas sales. Please see below for the definition of "same store."*

Highlights

In May, same store sales for Skylark increased an impressive 5.5% year-on-year. Last May (May 2014) was also a very strong month for Skylark with year-on-year growth of 6.0%. This strong result was achieved with a 1.9% increase in guest count and 3.6% increase in average check. Skylark has achieved year-on-year increase in same store sales in 11 out of the past 12 months and for 7 consecutive quarters.

In May, 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. Guest count also increased due to effective product and price-based promotions across several brands. Strong menu innovation and promotion continue to be 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"**

From the Jan 2015 IR report, the 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 the delivery business. However, in consideration of the increasing impact of the delivery business on sales and customer traffic, we now include traffic from delivery business in customer traffic. The definition is as follows:

  * 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 for traffic growth.