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Skylark Announces Financial Results for Fiscal 2015, Medium-Term Business Plan for 2016 through 2018 and Various Measures Regarding Shareholder Returns

Skylark Co., Ltd. (Headquartered in Musashino-city, Tokyo; President and Chief Executive Officer: Makoto Tani) announces its financial results for fiscal 2015, its medium-term business plan for 2016 through 2018, dividends for 2015 and 2016 and the enhancement of its shareholder special benefit plan. The overview is as described below. For details, please refer to the presentation materials, the briefing materials for the medium-term business plan and news releases.

◆ In fiscal 2015, net income increased 60% year on year, reaching a record high.

- Revenue increased 3.3% year on year, and net income rose 59.5% year on year. Same-store sales grew for the 10th consecutive quarter and the high gross margin were driving forces.

◆ The Company announced the medium-term business plan for 2016 through 2018, which will become a guideline for further growth.

- In the previous medium-term business plan, the Company achieved the targets it announced, despite adverse factors such as the weaker-than-expected yen.
- The average annual growth rate for the next three years that the Company aims to achieve is 2%-3% for revenue, 6%-10% for adjusted EBITDA and the mid-10% level for adjusted net income. The Company is also aiming for adjusted ROE in the mid-10% range. In addition, the Company mentioned its efforts for new growth drivers such as M&A and active overseas development, in addition to growth in the existing business base.

◆ The Company has determined payment of 33 yen per share as annual dividend for 2015, surpassing the initial forecast. The Company also expects dividend increase for 2016.

- The Company aims for approximately 40% of consolidated dividend payout ratio based on adjusted net income.

- The Company has decided to pay an annual dividend of 33 yen per share in 2015 (the initial forecast was 30 yen; up 10% from the initial forecast). The expected annual dividend per share in 2016 is 38 yen (expected to increase 5 yen, or 15%, from the previous year).

◆ The Company announced enhancement of the shareholder special benefit plan

- The Company will change its existing shareholder special benefit plan to “provide benefits twice a year” (once a year in the past) and “grant a shareholder meal voucher in proportion to the number of shares owned” (a shareholder meal voucher of 2,000 yen across the board irrespective of the number of shares owned in the past). Shareholders as of the end of June 2016 will be eligible.

Fiscal 2015 Highlights

- Revenue stood at 351.1 billion yen, up 3.3% year on year. Same-store sales grew 2.6% year on year.
- Adjusted EBITDA increased 6.2% year on year, to 44.8 billion yen.
- Net income grew 59.5% year on year, to 15.1 billion yen.
- Adjusted ROE was 16.3%.
- The Company opened 51 new stores, converted 104 stores, and remodeled 276 stores. The number of stores as of the end of December 2015 was 3,036.

[Consolidated] (JPY million, %)

	FY2015 (Results)			FY2016 (Forecast)	
		% of sales	vs. FY2014		% of sales
Revenue	351,146	100.0	＋3.3	360,000	100.0
EBITDA	41,418	11.8	＋19.1	46,300	12.9
Operating profit	27,806	7.9	＋28.5	31,500	8.8
Income before income taxes	24,717	7.0	＋47.4	28,600	7.9
Net income attributable to owners of the Company	15,109	4.3	＋59.6	18,200	5.1
Adjusted EBITDA	44,826	12.8	＋6.2	47,500	13.2
Adjusted net income	16,045	4.6	＋21.8	18,200	5.1

* Notes for using forecasted information and other matters

(1) The Company and its subsidiaries (hereinafter referred to as “the Group”) have adopted International Financial Reporting Standards (IFRSs).

(2) The forecasts above are based on information available at the date of this report and certain assumptions deemed to be reasonable. The Company does not provide any assurance as to achievement of these forecasts. In addition, the actual results may vary materially from the forecasts due to various uncertainties. Refer to page 4 of Appendix “1. Analysis of Consolidated Operating Results and Financial Position (1) Analysis of Consolidated Operating Results (ii) Forecasts for the Next Fiscal Year” for further details and disclaimer regarding the use of the forecasts and certain assumptions used in developing them.

(3) Refer to page 3 of Appendix “1. Analysis of Consolidated Operating Results and Financial Position (1) Analysis of Consolidated Operating Results” for the details of EBITDA, adjusted EBITDA and adjusted net income.

(4) EBITDA, adjusted EBITDA and adjusted net income are not measures prescribed in accordance with IFRS but are financial measures that the Group believes are useful for investors to assess the operating results of our business. These measures exclude the effect of items which we consider not to be indicative of the results of our normal operations or comparable to our competitors’ operating results, such as non-cash or cost items not expected to recur following the listing, including the advisory fees in accordance with the BCPL management agreement, IPO and public offering-related expenses, loss on redemption of borrowings before the repayment date and gain and loss from associated hedge transactions and amount associated with the change in accounting estimates due to qualified listing. (The BCPL management agreement was terminated upon the Company’s listing in accordance with the amendment to the agreement dated July 17, 2014.)

(5) Our definition of EBITDA, adjusted EBITDA and adjusted net income may not be comparable to similarly titled measures of other companies in our industry, which may define these or similarly titled measures differently, thereby diminishing their usefulness.