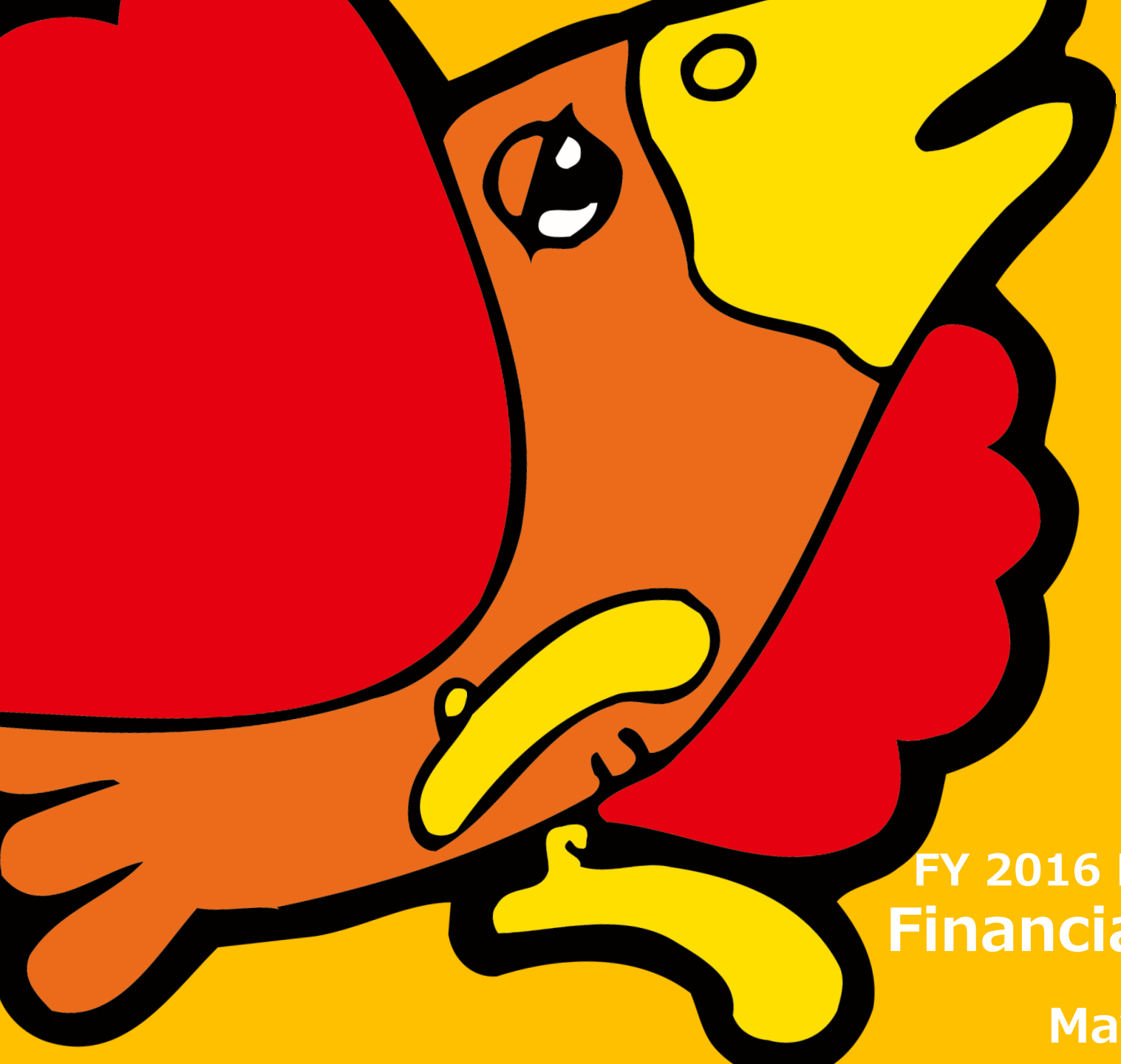

Skylark Co., Ltd.

FY 2016 First Quarter Financial Results

May 12, 2016

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Business Highlights

	Q1 2016	%YoY
Sales	JPY 87.0 bn	+0.9%
SSS Growth	YoY (0.2)%	—
Adjusted EBITDA*	JPY 10.2 bn	(1.8)%
Adjusted Net Income*	JPY 3.3 bn	(7.8)%
Adjusted ROE*	16.1%	(1.3)%
Store Footprint	83 remodels, 29 conversions and 9 new openings	

Note:
1. Adjusted EBITDA=EBITDA + Loss on disposal of fixed assets + Impairment loss of non-financial assets + Advisory fees in accordance with the BCPL management agreement (including periodic payments) + IPO and public offering-related expenses (including special bonus for initial public offering) + Amount associated with the change in accounting estimates due to qualified listing.
2. Adjusted Net Income = Net income + Advisory fee in accordance with the BCPL management agreement (including periodic payments) + IPO and public offering -related expenses (including special bonus for initial public offering) + Amounts associated with the change in accounting estimates due to qualified listing + Tax effects of adjustments.
The BCPL management agreement represents the former management agreement between the Company and Bain Capital Partners LLC.
3. Adjusted ROE is for the last 12 months.

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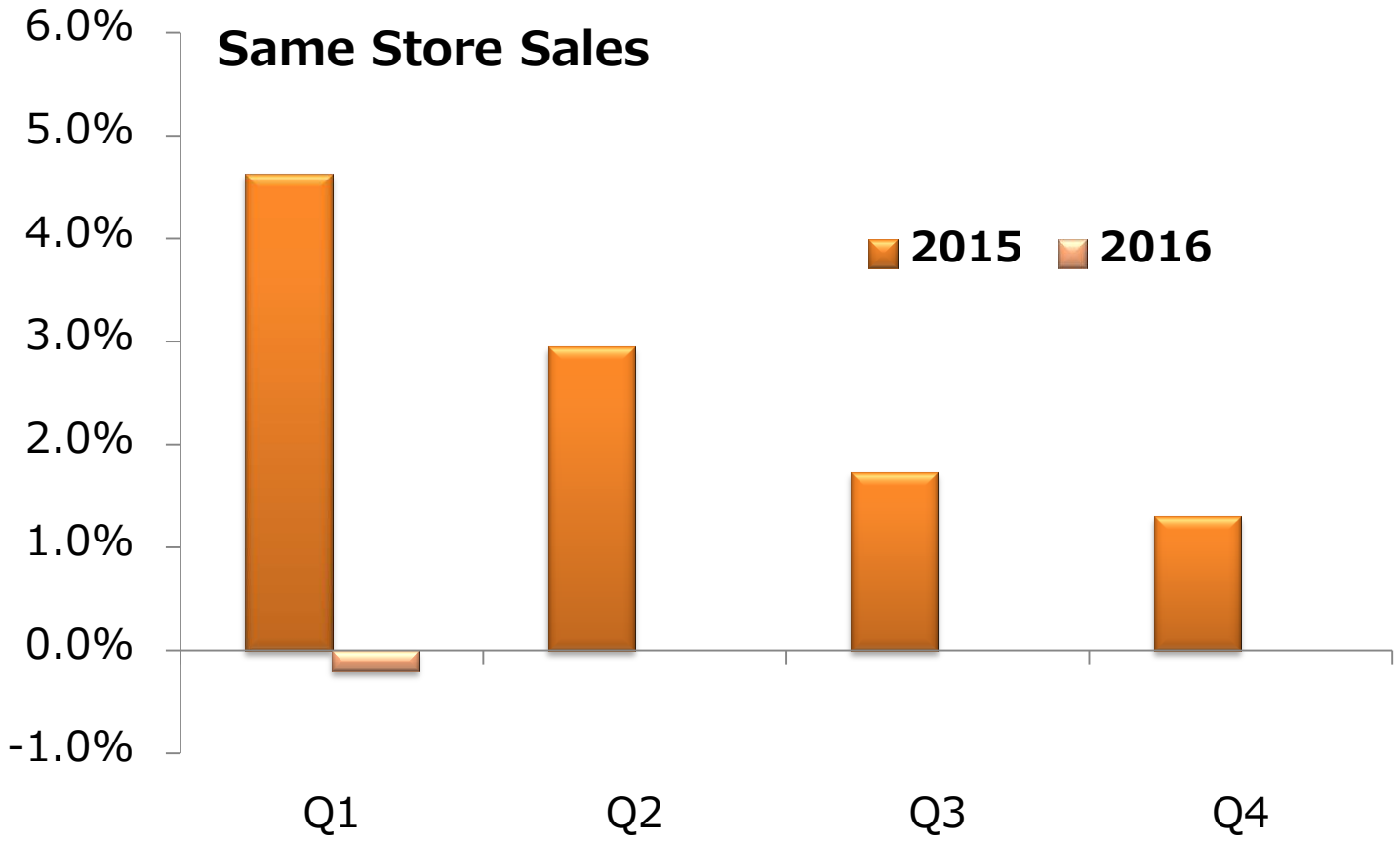
Q1 2016 – Skylark Achieved Relatively Flat Comparable Sales Despite Very Strong Results in Q1 of 2015



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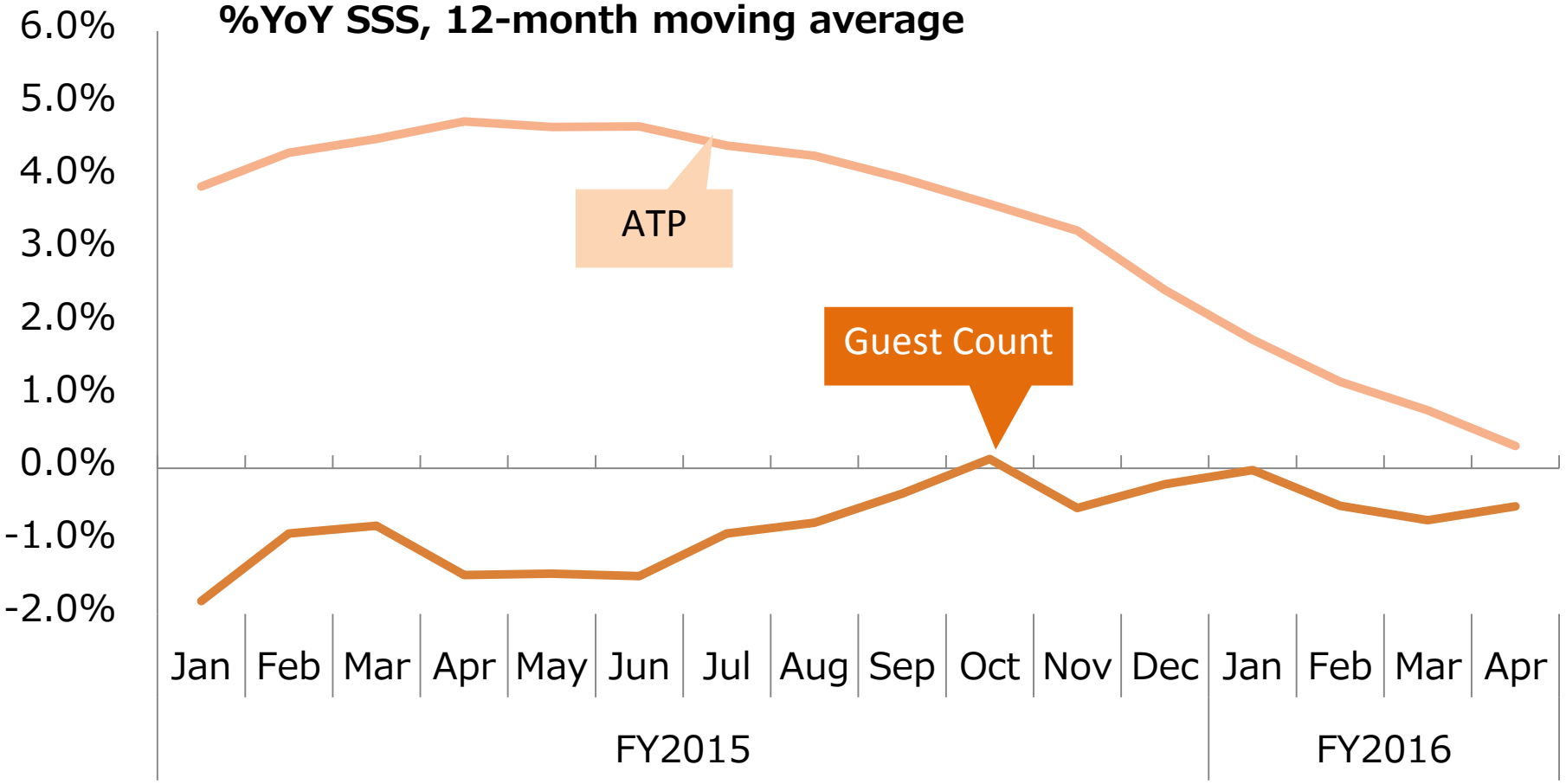
Gusto is Starting to Achieve Some Modest Recovery in Guest Count



Note: 12-month Moving average % YoY SSS is an simple average of monthly %YoY SSS.

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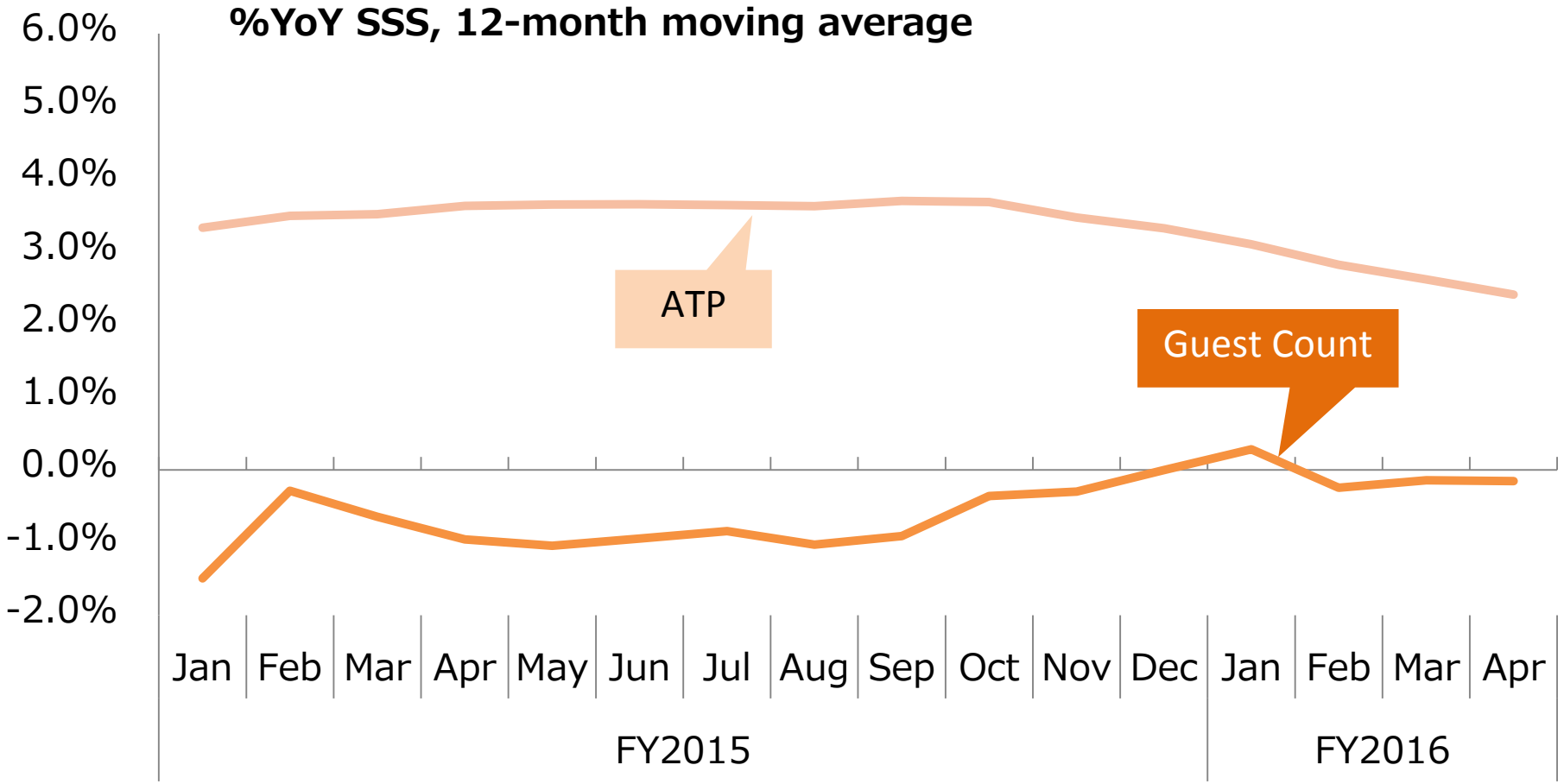
Specialty Brands* are Also Achieving Modest Recovery in Guest Count as Well as Strong Growth in Average Ticket Price



Note: 12-month Moving average % YoY SSS is an simple average of monthly %YoY SSS.
Note: specialty brands means all brands other than Gusto

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Gusto: Guest Count Started to Improve Over the Past 10 Weeks

Previous Lunch Menu



Current Lunch Menu



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Gusto Focused on Value Based Offerings

799 yen Hot Pot



Jan.21 - Feb.24

899 yen Rough Ground Hamburg



Feb.25 - Apr.13

399 yen Crab Croquette and Oyster



Apr.14 - Apr.27

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Specialty Brands Focused on Seasonal, Premium Limited-Time Offerings

Jonathan's COFFEE & RESTAURANT



Feb.18 - Apr.13

CHINESE RESTAURANT バーミヤン



Dec.17 - Feb.24

ゆめあん 夢庵 Japanese Restaurant



Feb.25 - Apr.20

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Menu Strategy

Market Trend

- Value
- Surprise
- Nostalgic
- Healthy

Volume More Than Price

Innovative & Exciting Menus

Japanese Creative Menus

Healthier Options

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Menu Strategy

Volume More Than Price



Innovative & Exciting Menus



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Menu Strategy

Japanese Creative Menus





Healthier Options





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The Mobile App Continues to be a Key Strategic Enabler for the Company







Gusto Mobile App
Approx. 6.6 million users
(Launched in Oct. 2014)

Bamiyan Mobile App
Approx.600K users
(Launched in Nov. 2015)

Jonathan's Mobile App
Scheduled to be launched in Summer 2016

Sales promotion leveraging approximately 10.5 million email members

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Finance Section

Key Financials for Q1 2016 (YoY Comparison)

Key Financial Indicators	Unit	2016 Q1	2015 Q1	Variance
Sales	Bn JPY	86.97	86.20	+0.77
Sales Growth (YoY)	%	+0.9%	+5.0%	(4.1)%
SSS Growth（YoY）*	%	(0.2)%	+4.6%	(4.8)%
*Same Store ATP Growth（YoY）**	%	*+0.9%*	*+4.6%*	*(3.7)%*
*Same Store GC Growth（YoY）**	%	*(1.1)%*	*+0.0%*	*(1.1)%*
Gross Margin per Sales	%	69.7%	69.7%	(0.1)%
Adjusted EBITDA	Bn JPY	10.24	10.43	(0.19)
Adjusted EBITDA Margin	%	11.8%	12.1%	(0.3)%
Adjusted EBITDA Growth（YoY）	%	(1.8)%	+26.8%	(28.6)%
Adjusted Net Income	Bn JPY	3.32	3.60	(0.28)
Adjusted Net Income Growth（YoY）	%	(7.8)%	+77.2%	(85.0)%
EBITDA	Bn JPY	9.64	9.64	(0.00)
Net Income	Bn JPY	3.32	3.57	(0.25)
Quarterly EPS	JPY	17.05	18.35	(1.30)
Diluted Quarterly EPS	JPY	16.90	18.26	(1.36)
ROE *	%	15.2%	13.2%	+1.9%
Adjusted ROE *	%	16.1%	17.4%	(1.3)%

*1 Definition of Same Store Sales: 13-month existing stores / including brand conversion / including Delivery GC (calculated by Delivery Sales divided by the average Eat In ATP）

*2 ROE: LTM base

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PL Summary for Q1 2016

	1Q 2016		1Q 2015		Variance	
	Bn JPY	% Sales	Bn JPY	% Sales	Bn JPY	%YoY
Sales	87.0	100.0%	86.2	100.0%	0.8	100.9%
COGS	26.4	30.3%	26.1	30.3%	(0.3)	101.1%
Gross Margin	60.6	69.7%	60.1	69.7%	0.5	100.8%
Labor Cost	*28.8*	*33.1%*	27.7	*32.1%*	(1.1)	*103.9%*
HQ Cost etc.	*25.7*	*29.5%*	26.1	*30.2%*	0.4	*98.5%*
EBIT	6.1	7.1%	6.4	7.4%	(0.2)	96.7%
Financing Cost	0.7	0.8%	0.7	0.9%	(0.0)	96.1%
Profit Before Tax	5.4	6.3%	5.6	6.5%	(0.2)	96.8%
Tax Expense	2.1	2.4%	2.1	2.4%	(0.1)	103.2%
Net Income	3.3	3.8%	3.6	4.1%	(0.2)	93.0%
EBITDA	9.6	11.1%	9.6	11.2%	(0.0)	100.0%
Adjusted EBITDA	10.2	11.8%	10.4	12.1%	(0.2)	98.2%
Adjusted	3.3	3.8%	3.6	4.2%	(0.3)	92.2%

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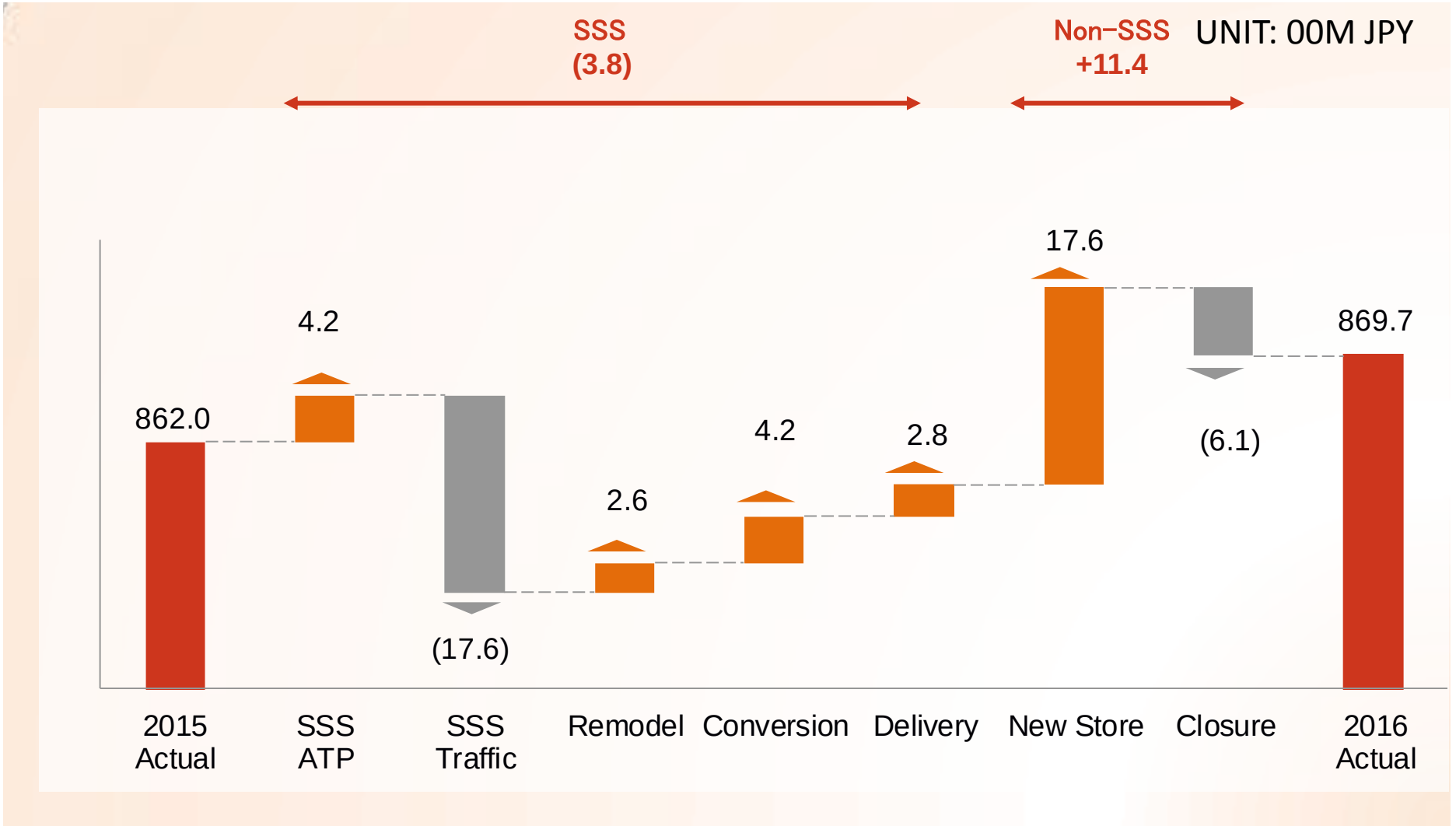
Q1 2016 Sales Revenue （vs Q1 2015）



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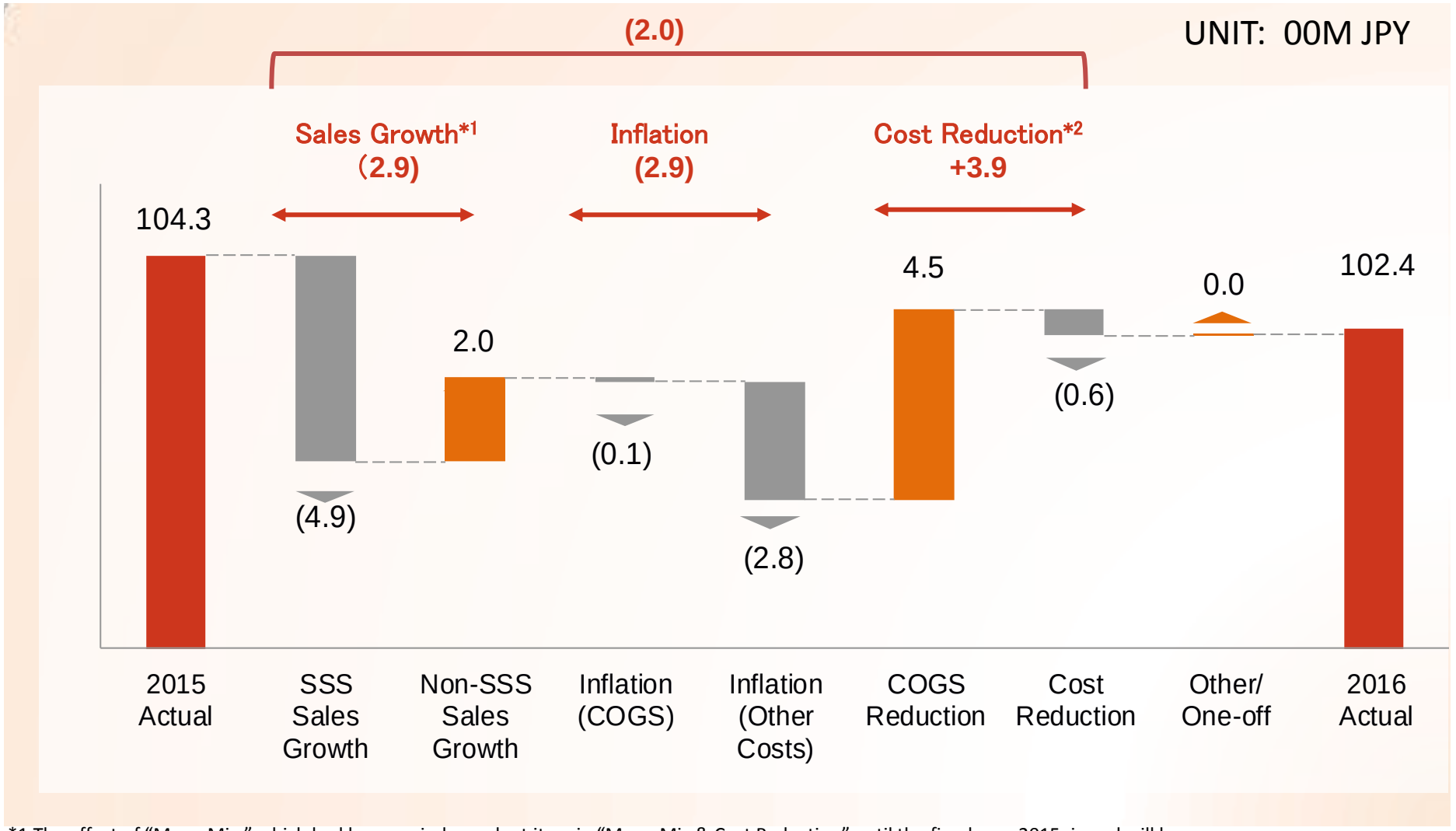
Q1 2016 Adjusted EBITDA (vs Q1 2015)



*1 The effect of "Menu Mix," which had been an independent item in "Menu Mix & Cost Reduction" until the fiscal year 2015, is and will be reflected in "SSS Sales Growth" above starting from the fiscal year 2016.

*2 Cost reduction includes cost saving and avoidance.

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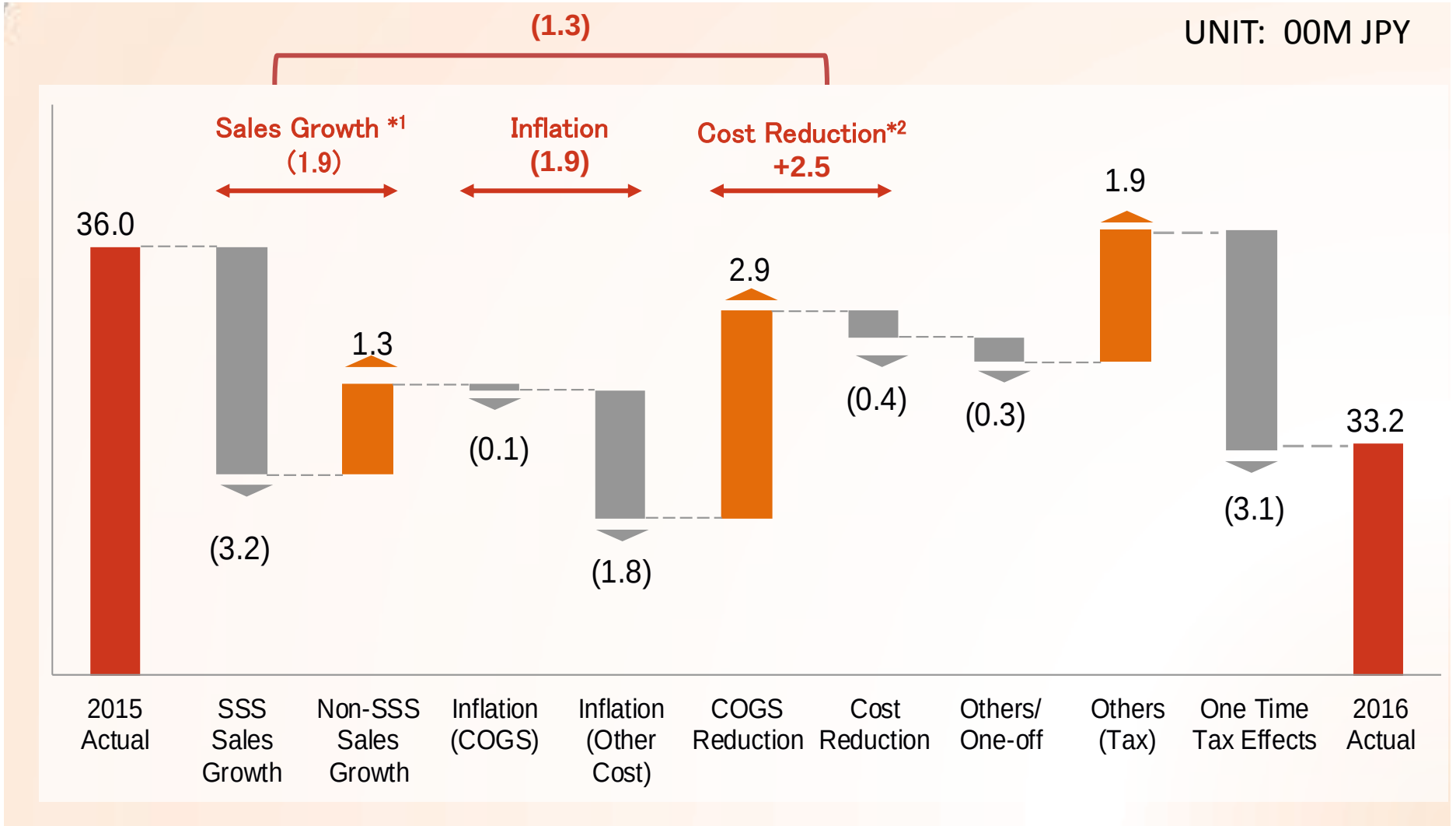
Q1 2016 Adjusted Net Income (vs Q1 2015)



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*2 Cost reduction includes cost saving and avoidance.

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Restaurant Development

Store footprint from the end of Dec 2015 to the end of Mar 2016

Number of Locations	Dec 2015	New	Conversion (+)	Conversion (-)	Closures	Closed for Conversion	Mar 2016	Variance	Remodels
Gusto	1,390	1	1	(14)	(2)	-	1,376	(14)	32
Bamiyan	342	-	-	(8)	-	-	334	(8)	11
Jonathan's	303	-	1	-	-	-	304	1	23
Yumean	194	-	3	-	-	-	197	3	6
Steak Gusto	142	-	1	(2)	-	1	142	-	-
Others	665	8	16	(5)	(5)	6	685	20	11
Total	3,036	9	22	(29)	(7)	7	3,038	2	83

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Reconciliation from GAAP to Non-GAAP

(Bn JPY)	1Q2016	1Q2015	Variance
EBITDA	9.6	9.6	0.0
Non-Cash Items			
(+) Loss on disposal of fixed assets	0.2	0.4	(0.2)
(+) Impairment loss	0.4	0.3	0.0
Non-Recurring Items			
(+) IPO and public offering-related expenses	-	0.1	(0.1)
Adjusted EBITDA	10.2	10.4	(0.2)
Net Income	3.3	3.6	(0.3)
Non-Recurring Items			
(+) IPO and public offering-related expenses	-	0.1	(0.1)
Adjusted subtotal (before tax)	-	0.1	(0.1)
Tax effects of adjustments	-	(0.0)	0.0
Adjusted subtotal (after tax)	-	0.0	(0.0)
Adjusted Net Income	3.3	3.6	(0.3)

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From FCF to Adjusted Free Cash Flow

(Bn JPY)	1Q2016	1Q2015	Variance
Cash flow from operation	3.8	7.1	(3.3)
CAPEX	(3.6)	(4.2)	0.6
Free Cash Flow	0.2	2.9	(2.7)
(+) IPO and public offering expenses	-	0.2	(0.2)
Adjusted subtotal (before tax)	-	0.2	(0.2)
Tax effects of adjustments	-	(0.1)	0.1
Adjusted subtotal (after tax)	-	0.1	(0.1)
(-) Payment of lease deposits & guaranted deposits	(0.3)	(0.2)	(0.1)
(+) Proceeds from collection of lease deposits & guarantee deposits	0.2	0.3	(0.1)
Adjusted Free Cash Flow	0.1	3.2	(3.0)

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