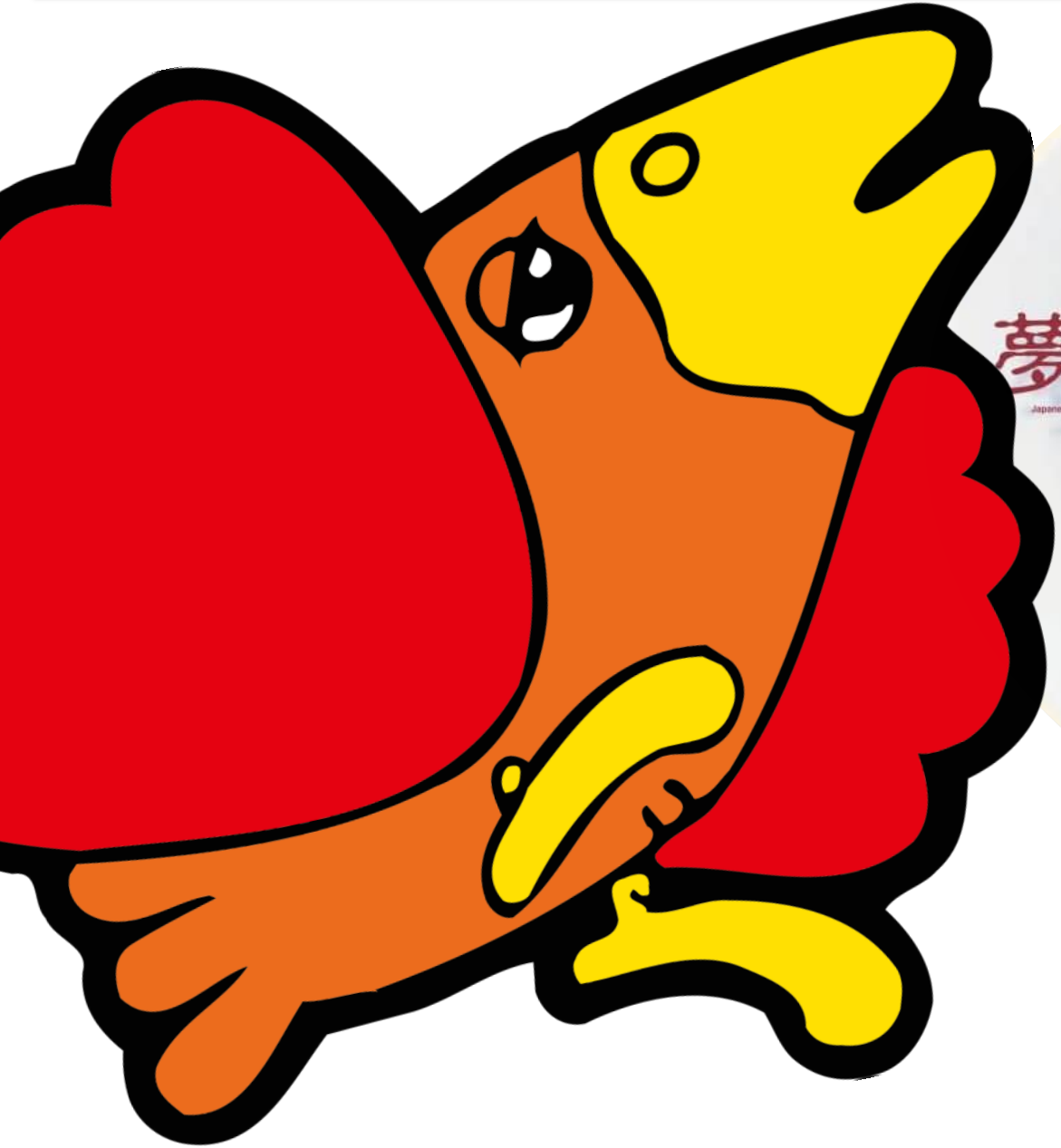




Skylark Co., Ltd.

FY 2016 Full Year Financial Results

February 9, 2017

Disclaimer

This document is prepared for general publication of information concerning Skylark Co., Ltd ("Skylark") and will not constitute an offer to sell or a solicitation of an offer to buy shares of Skylark's common stock or any other securities issued by it.

Any information related to market trends or industries mentioned in this document is based on information available at present, and Skylark does not guarantee that this information is accurate or complete. Skylark disclaims any obligation to update any information contained herein.

Any plan, estimation, calculation, quotation, evaluation, prediction, expectation or other forward-looking information in this document is based on the current assumptions and beliefs of Skylark in light of the information currently available to it, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties and other factors include, without limitation: economic conditions, trends in the market for food industry, shifts in customer preferences and fluctuations in the price of raw materials.

FY 2016 Annual Highlights

- Achieved record high profits
- Achieved net income guidance
- Strong momentum going into 2017
- Establish strategy for the next stage of growth

Copyright © SKYLARK GROUP All rights reserved.

FY 2016 Annual Financial Results

	2016 Q4 YTD	%YoY
Sales	354.5bn	+1.0%
SSS Growth	(0.1)% YoY	—
Operating Profit	31.2bn	+12.4%
Adjusted EBITDA*	47.9bn	+6.8%
Adjusted Net Income*	18.2bn	+13.5%
Adjusted ROE*	16.8%	+0.5%

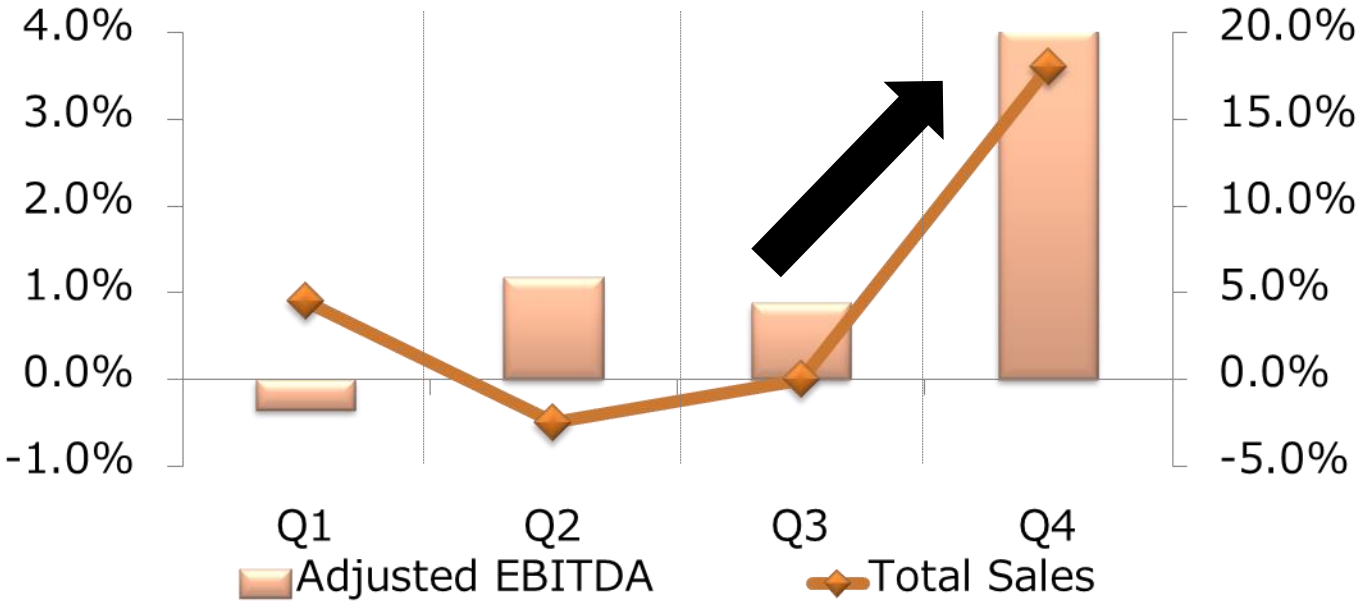
Note: Adjusted EBITDA=EBITDA + Loss on disposal of fixed assets + Impairment loss of non-financial assets + Advisory fees in accordance with the BCPL management agreement (including periodic payments) + IPO and public offering-related expenses (including special bonus for initial public offering) + Amount associated with the change in accounting estimates due to qualified listing.
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.
Adjusted ROE is for the last 12 months.

Copyright © SKYLARK GROUP All rights reserved.

FY 2016 Sales and Profit Trend

After a series of reformations, Q4 2016 ended with strong sales and profits

	Q1	Q2	Q3	Q4	Total
Total sales (%YoY)	0.9%	-0.5%	0.0%	3.5%	1.0%
Adjusted EBITDA (%YoY)	-1.8%	5.9%	4.4%	20.2%	6.8%
Cost reductions (Ybn)	0.4	1.5	1.3	0.5	3.7



Copyright © SKYLARK GROUP All rights reserved.

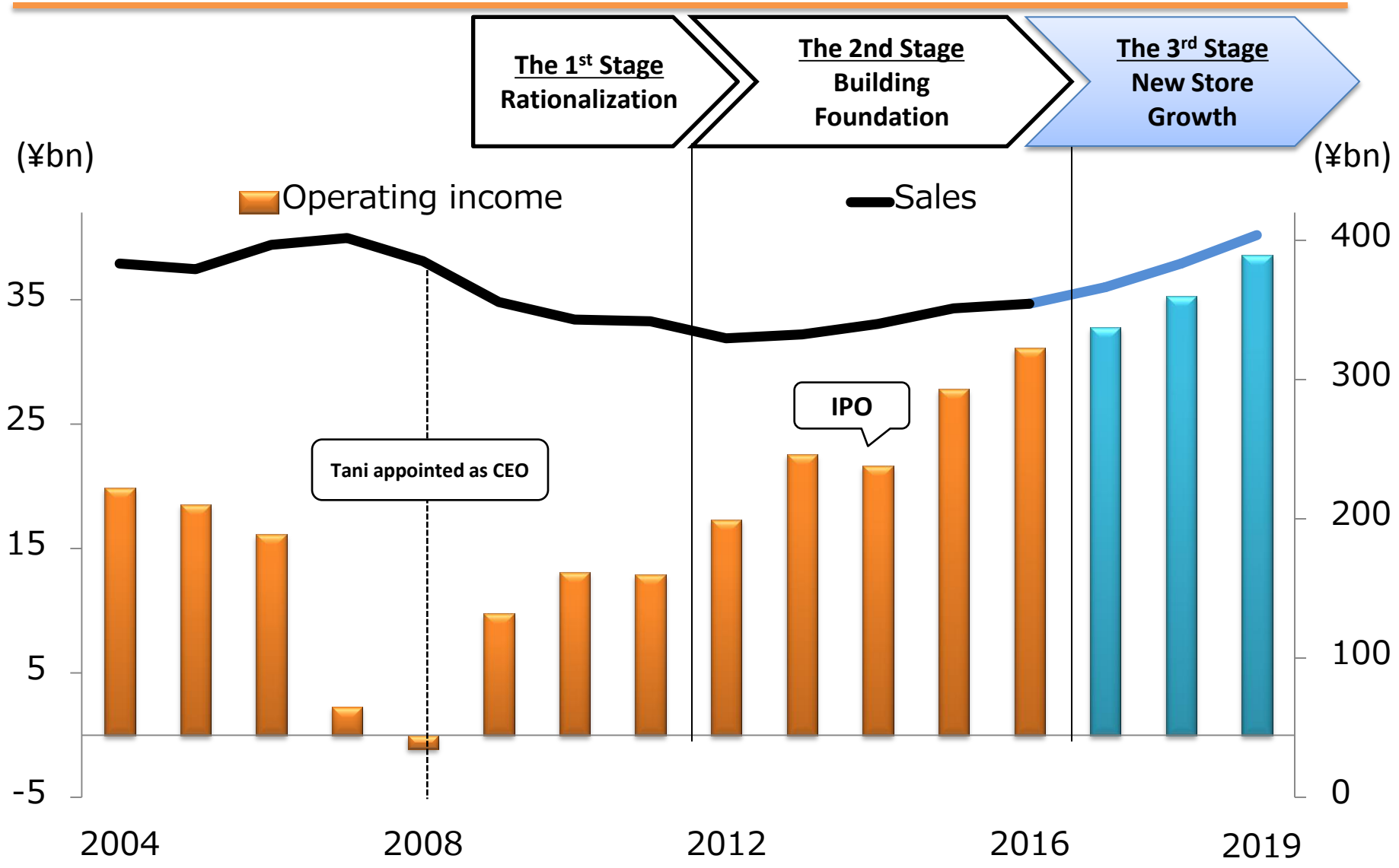
2016 Store Footprint

Store footprint achieved better than guidance

	Q1	Q2	Q3	Q4	Total	2016 Guidance
New openings	9	14	12	14	**49**	Approx. 60
Closure	-7	-5	-2	-3	**-17**	Approx. 30
Net openings	2	9	10	11	**32**	Approx. 30
Remodeling	83	102	109	22	**316**	Approx. 300
Brand conversions	22	32	28	2	**84**	Approx. 60 - 80

Copyright © SKYLARK GROUP All rights reserved.

Transition to Growth Stage



Copyright © SKYLARK GROUP All rights reserved.

Key Objectives for the Growth Stage

I. Acceleration of New Store Openings

- Developed new brands to meet consumers' demands and economic efficiency
- Open new stores more aggressively

II. Increased focus on Same Store Sales

- Menu improvements to match customer demand
- Implement cross-brand promotions
- Enhance Digital Marketing – Mobile
- Increase delivery and take-out sales
- Continued improvement of restaurant operations

Copyright © SKYLARK GROUP All rights reserved.

Our Competitive Advantage

Pursue further growth through the enhancement of the following business platform

Business Scale	● Procurement at affordable costs, taking advantage of the business scale of approximately 3,000 restaurants
Management Strategies	● Ability to flexibly respond to macro economic changes
Brand Portfolio	● Multiple store formats to address different customer demands such as Japanese, Western and Chinese cuisines ● Able to implement brand conversions based on changes to customer preferences as well as changes to the competitive environment
Vertically-Integrated Platform	● 10 manufacturing facilities with company operated logistics network ● In-house specialist teams for procurement and menu development ● Able to change menu on a quick and flexible basis
Marketing/ Analytical Capabilities	● Ability to quickly and precisely analyze customer data to test and optimize key initiatives (marketing, store operations and store development) ● Introduction of advanced digital marketing strategies

Copyright © SKYLARK GROUP All rights reserved.

Acceleration of New Store Openings

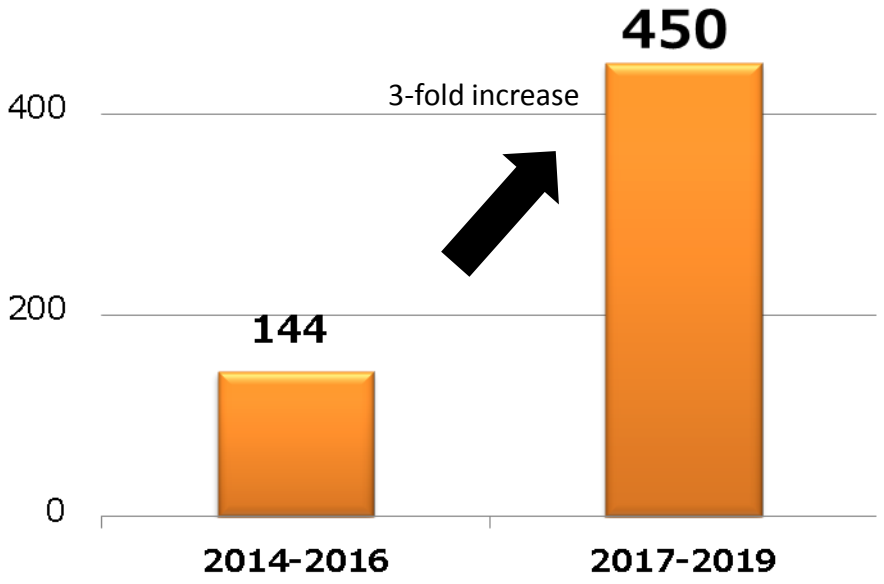
Expect white space to expand to 2,300 locations due to new brand development
Plan to open approximately 450 new stores between 2017 to 2019
⇒Aggressively expand net new openings to approximately 350

Plan to open approximately 450 new stores between 2017 to 2019

2014	2015	2016	Total
44	51	49	144

2017	2018	2019	Total
100	150	200	450

Increase new store openings

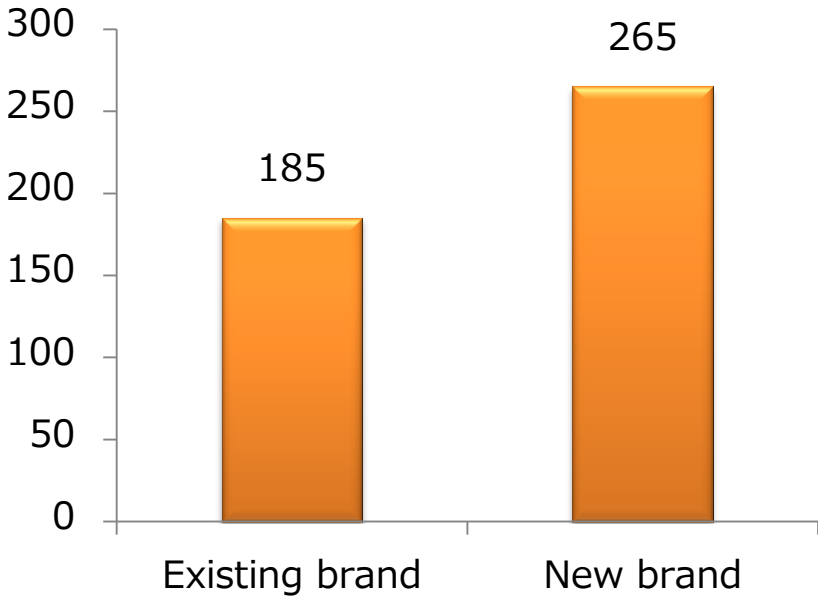


Copyright © SKYLARK GROUP All rights reserved.

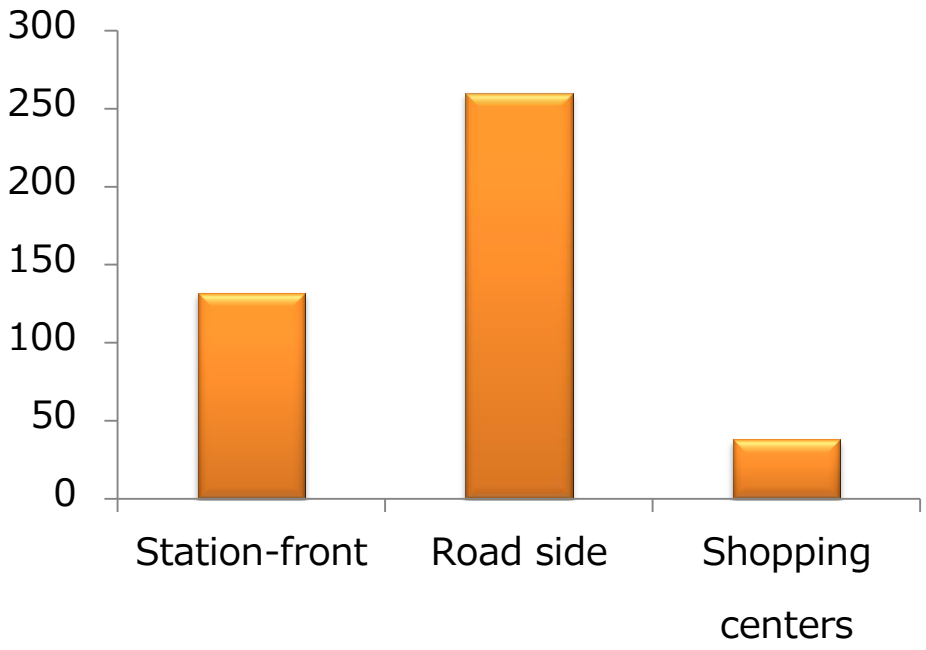
Acceleration of New Store Openings by Location

Increase in restaurants by location more opportunity for growth at road side locations as well as station-front and shopping centers

Increase restaurants by brand



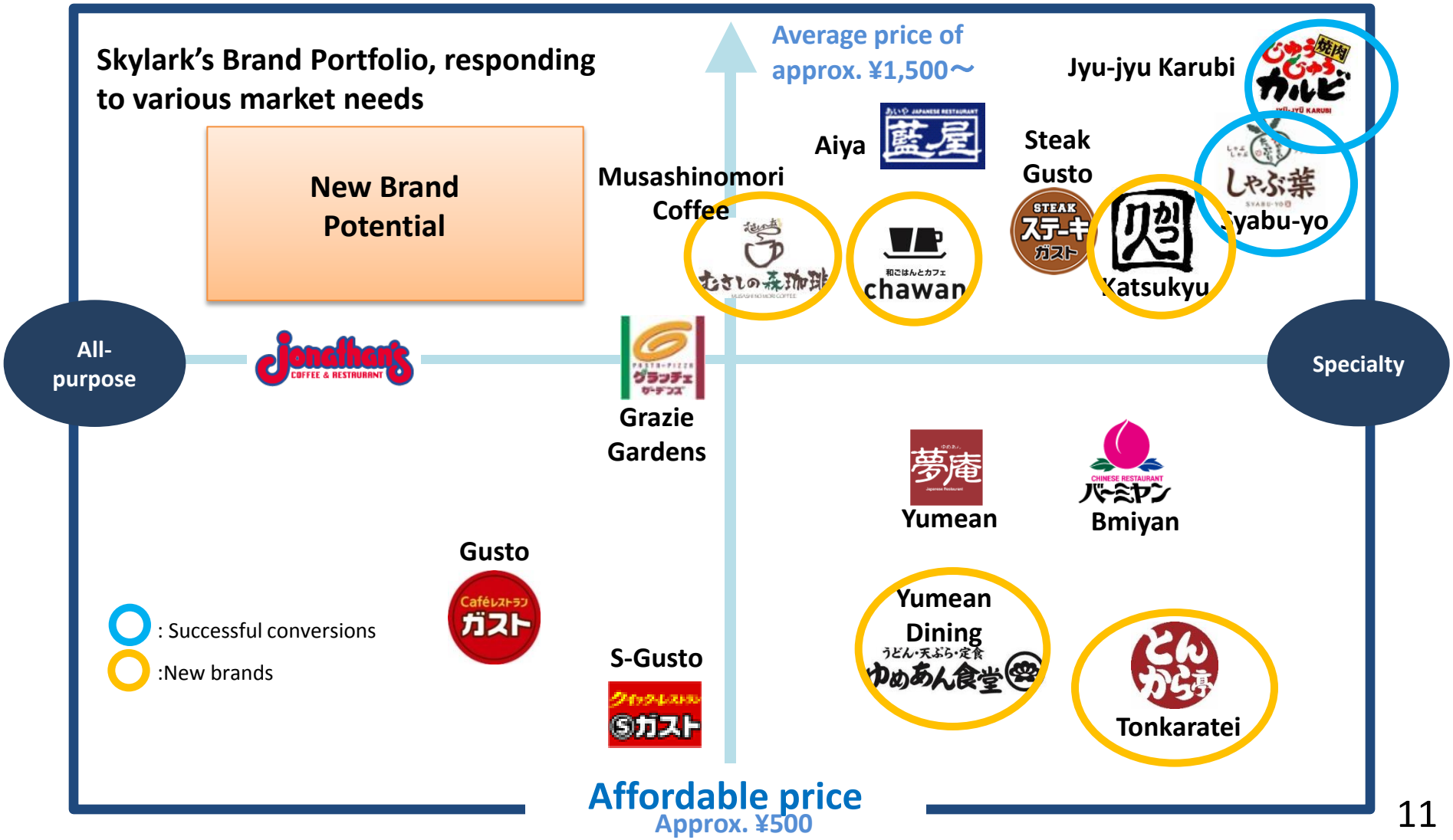
Increase restaurants by location



Copyright © SKYLARK GROUP All rights reserved.

Acceleration of New Store Openings

Diverse brand portfolio



Copyright © SKYLARK GROUP All rights reserved.

Acceleration of New Store Openings: Specialty Brands

Brand	Number of restaurants End-2016	Number of restaurants End-2019 (Incl. conversions)	Concept	2016 annual sale per store Average ticket price*
Syabu-yo	147	200 ~300	Hot pot meat and vegetable buffet	Approx. ¥150mn ¥1,700
Jyu-Jyu Karubi	62	100 ~200	Barbecue beef and vegetable buffet	Approx. ¥140mn ¥2,200
chawan	8	30~60	Shopping centers, Station buildings Set meals target women	Approx. ¥140mn ¥1,150
Musashinomori Coffee	5	20~50	Suburban-type cafe	Approx. ¥190mn ¥1,100
Tonkaratei	3	100 ~200	Pork cutlet and fried chicken	Approx. ¥100mn ¥750
Total	225	Approx. 400~800		











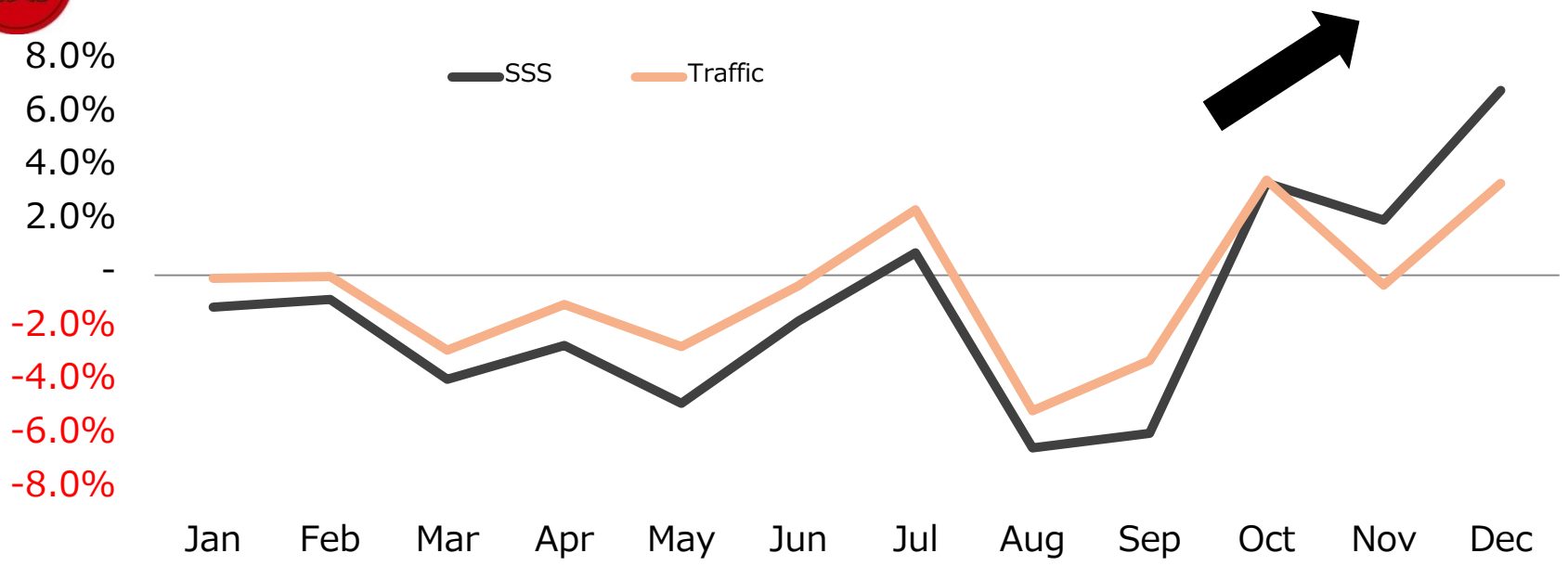



*Average ticket price= Sales / number of customers

Copyright © SKYLARK GROUP All rights reserved.

Enhancement of Existing Store: Gusto Same Store Sales Trend

Gusto SSS and Traffic %YoY



Lunch menu revisions	2/25	4/28	6/15	9/29	11/24
Grand menu revisions			6/15	9/29	11/24

Copyright © SKYLARK GROUP All rights reserved.

Enhancement of Existing Store: Cross Brand Promotions

In 2016, Skylark tested several cross brand promotions. Strong results were achieved with both traditional and digital marketing promotions.



◆ Oto coupon (e-mail)



◆ Mobile apps



◆ Coupon Book

Copyright © SKYLARK GROUP All rights reserved.

Enhancement of Existing Store: Cross Brand Promotions

Current

	Launched date	# of downloads*
Café レストラン ガスト	October 2014	8.9mn
CHINESE RESTAURANT バーミヤン	November 2015	1.1mn
Jonathan's COFFEE & RESTAURANT	July 2016	450k
しゃぶ葉 SYABU-YO	March 2016	820k

*as of end-2016

Future

Skylark Group integrated mobile app to be release during 2017

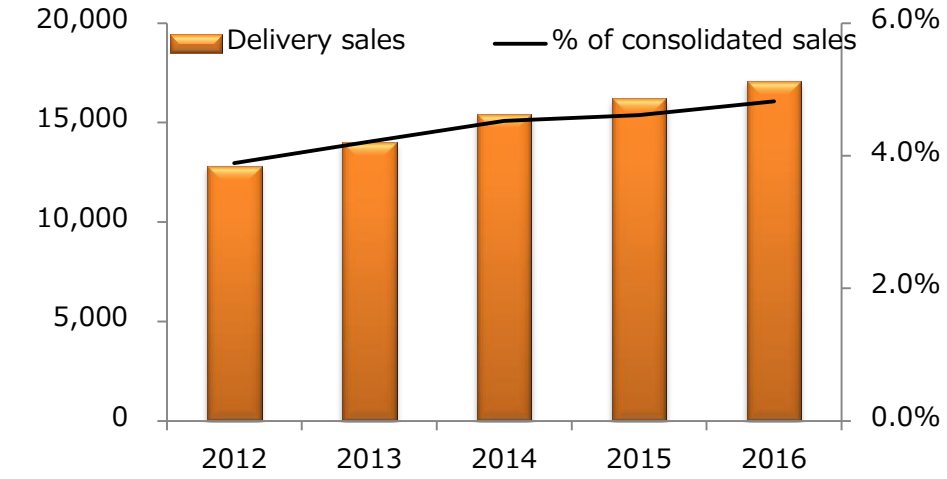


Development of a 5th app (multiple brands) to incorporate over 2,600 stores
Expand reach numbers through the continuous growth of application downloads and improvement in active user rate

Copyright © SKYLARK GROUP All rights reserved.

Increased focus on Same Store Sales: Increase Delivery & Take-out Sales

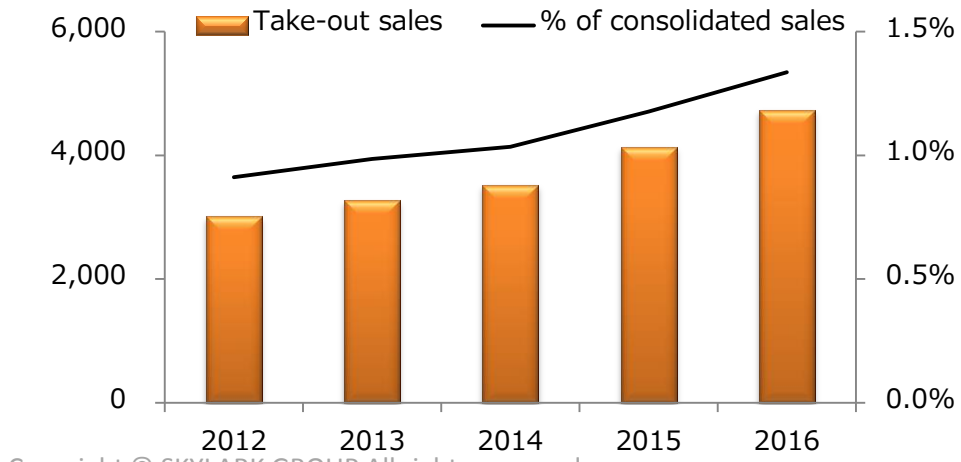
Delivery



- Testing internal cross brand delivery system
- Increase awareness as well as order taking and delivery capacity

出前館 DEMAE-CAN　楽天デリバリー　dデリバリー

Take-out



- Increase awareness of service via point of purchase notification
- Improve convenience for customers by launching ordering website



Copyright © SKYLARK GROUP All rights reserved.

Human Resource Strategy

Charter

Recognize the value and richness of employees
Provide a secure, safe and comfortable working environment
Respect personality and individuality of employees

Commit to employee work life balance and execution of company growth strategies

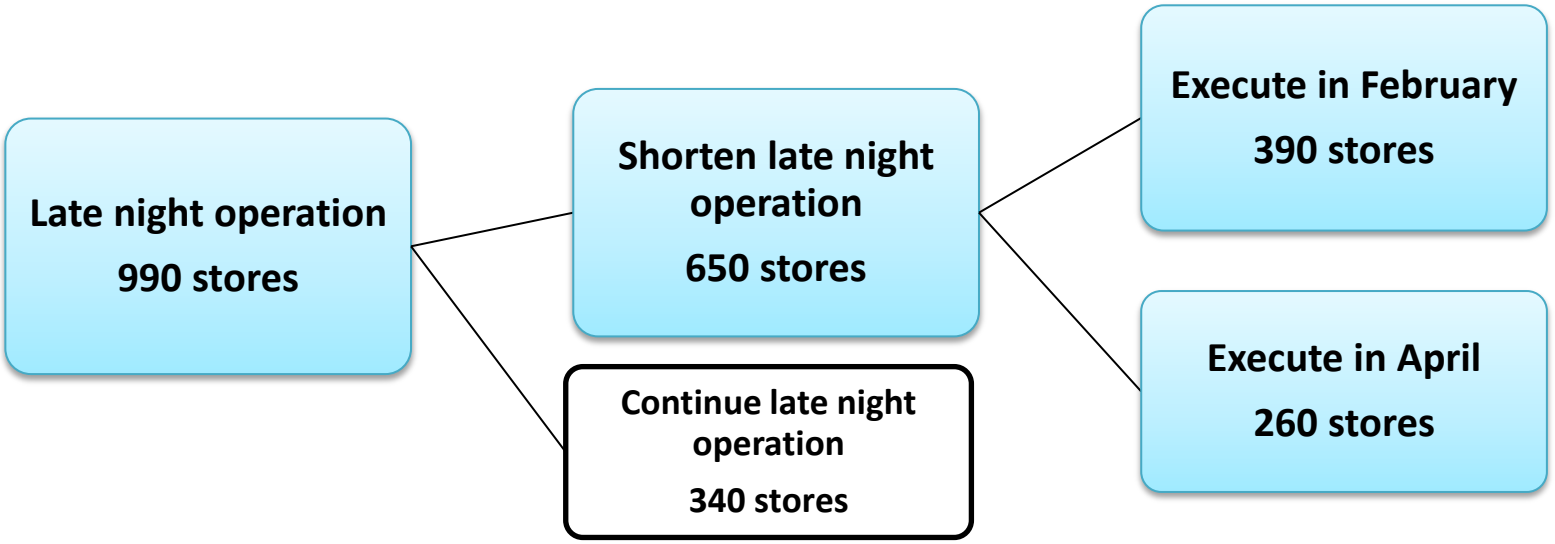
Strengthen hiring	**Employee retention**
Enhance employee satisfaction	**Promote diversity**
Training of crew/full time staff	**Health management**

Copyright © SKYLARK GROUP All rights reserved.

Human Resource Strategy

In December 2016, Skylark management decided to implement shortening late night operating hour in order to promote work-life balance and enhance our employee satisfaction

In principle, shorten operating hours, closing 2am late night and opening 7am in the morning



Above figures are as of Jan. 31 2017. There is a possibility of changes to be made depending on the situation going forward.
Initially, about 750 stores were planned to shorten operating hours, but now about 650 stores

Copyright © SKYLARK GROUP All rights reserved.

Mid-term business plan Financial Target

	New mid-term business plan (2017-2019)
Annual sales growth	3-4%
SSS growth	1% +
Annual OP growth	6-8%
Annual adj. EBITDA growth	6-10%
Annual adj. NI	Approx. 10%
Adjusted ROE	Mid 10%
Net leverage ratio	2.5-3x

Copyright © SKYLARK GROUP All rights reserved.

Short/Mid-to-Long-Term Targets

	Strategic Direction	2017 Target	2017-2019 Target
SSS Growth	1. Traffic growth	Positive growth Approx.+0.5%-1.0%	Maintain positive growth Approx. +0.5-%1%
	2. ATP growth measures with added value	Positive growth Approx.+0.5%-1.0%	Approx. +0.5%-1% per annum
	3. Cross brand promotions, brand conversions, brand development and fortification of the delivery/take-out business”	Brand conversion: 30 stores Delivery business: approx. 8% growth per annum	Brand conversion: 100 stores in 3 years Delivery business: approx. 8% growth per annum
New store openings	4. Acceleration of new store openings	Approx. 100 stores	450 stores in 3 years
Cost Optimization	5. Cost optimization (COGS, labor cost, and SG&A) through cross-functional cost control activities	Cost reduction of approx. ¥1.5 Bn.（including cost avoidance）	Cost reduction of ¥7-10 Bn. in 3 years（including cost avoidance）
New growth drivers	6. Proactive exploration of M&A opportunities	Pursue further growth opportunities leveraging M&A opportunities	
	7. Proactive advancement of overseas business	Pursue the opportunity of further expansion in overseas business on the basis of Taiwan business growth ・In Taiwan, open 8 new stores in 2017 ・Open 25+ new stores in 3 years	

Copyright © SKYLARK GROUP All rights reserved.

Cost Optimizations

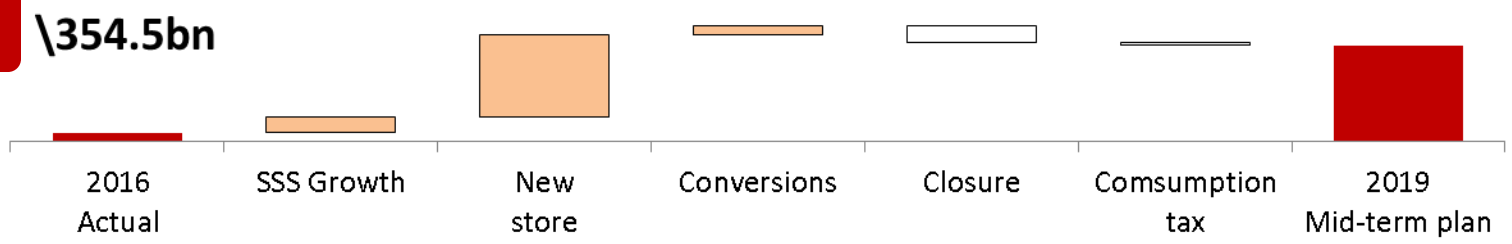
	2017-2019 Inflation assumption (¥bn)	2017-2019 Cost Optimization (¥bn)	Solution
Cost	(4.0) ~ (5.0)	5.0 ~ 6.0	• Restrain inflation by applying our accumulated know-how • Continue to take advantage of scale merit • Optimize menu mix
Labor cost	(6.0) ~ (7.0)	1.0 ~ 2.0	• Productivity improvement by introducing new system • Expand geographically confined employees and part-time restaurant managers • Optimize head quarter costs by integrating operations of subsidiary companies
Other costs	(1.0) ~ 0	1.0 ~ 2.0	・ Reduce indirect costs
Total	(10.0) ~ (13.0)	7.0 ~ 10.0	

Copyright © SKYLARK GROUP All rights reserved.

3-Year Sales and Profit Growth

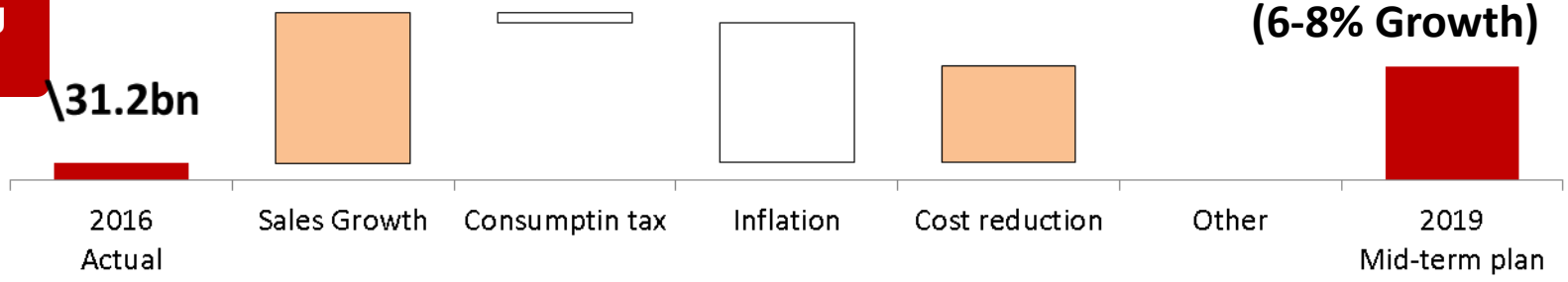
Sales

+¥33.0 - 44.0bn
(3-4% Growth)



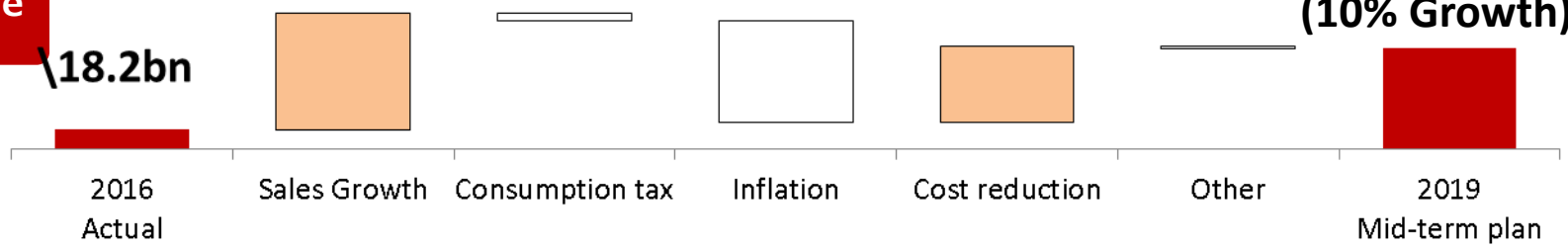
Operating Profit

+¥6.0 - 8.0bn
(6-8% Growth)



Net Income

+5.0 - 6.0bn
(10% Growth)



Sales and Profits for New Stores

¥bn

FY	# of new open	Assumptions: Sales increase					Assumptions: Operating profit increase					Assumptions: Net income increase					Annual capex
		2017	2018	2019	2020	Total	2017	2018	2019	2020	Total	2017	2018	2019	2020	Total	
2017	**100**	6.0	9.0	-	-	**15.0**	0	2.5	-	-	**2.5**	0	1.6	-	-	**1.6**	**8.0**
2018	**150**	-	7.5	11.5	-	**19.0**	-	0	3.5	-	**3.5**	-	0	2.3	-	**2.3**	**12.0**
2019	**200**	-	-	9.0	14.0	**23.0**	-	-	0	4.0	**4.0**	-	-	0	2.6	**2.6**	**17.0**
Total	**450**	6.0	16.5	20.5	14.0	**57.0**	0	2.5	3.5	4.0	**10.0**	0	1.6	2.3	2.6	**6.5**	**37.0**

Key Assumptions

- **Sale/restaurant: ¥100-140mn (depends on brand)**
- **First year operation ratio: 40%***
- **Capex per restaurant: ¥60-100mn (depends on brand)**

*In case of 10 new openings and if all of them start operations from Jan.1, annual operating days will be 10 restaurants times 365 days =3,650 days.
If operating ratio is 40%, 3,650 days times 40% = 1,460 days

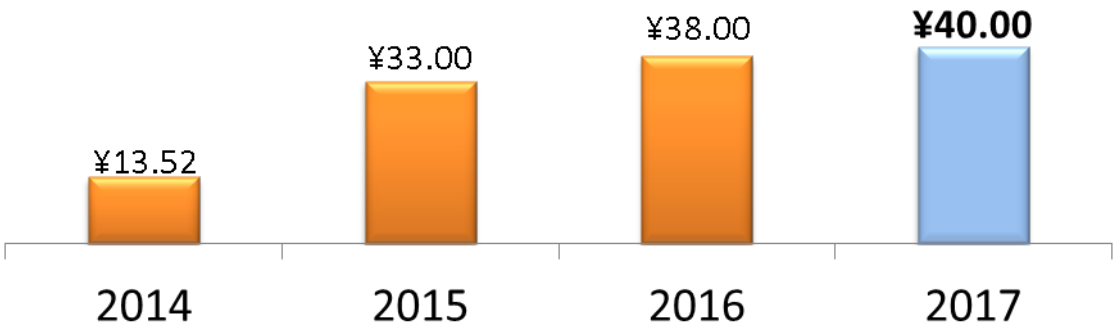
2017 Financial Guidance Summary

Key Financial Indicators	Unit	2017 Guidance	2016 Actual	Variance	% of change
Company Sales	Bn JPY	365.0	354.5	+10.5	3.0%
Operating Profit	Bn JPY	32.8	31.2	+1.6	5.0%
(% of Sales)	%	9.0%	8.8%	+0.2%	-
Net Income	Bn JPY	19.2	18.2	+1.0	5.4%
(% of Sales)	%	5.3%	5.1%	+0.1%	-
Adjusted EBITDA	Bn JPY	49.0	47.9	+1.1	2.3%
(% of Sales)	%	13.4%	13.5%	(0.1)%	-
Adjusted Net Income	Bn JPY	19.2	18.2	+1.0	5.4%
(% of Sales)	%	5.3%	5.1%	+0.1%	-

Copyright © SKYLARK GROUP All rights reserved.

Shareholder Return

FY2017 Payout dividends targeting 40% of consolidated adjusted net income



Shareholder Special Benefits

	Previous system			Improved system		
	End of first half	End of year	Annual total	End of first half	End of year	Annual total
100～299 shares	¥1,000	¥1,000	¥2,000	¥3,000	¥3,000	¥6,000
300～499 shares	¥3,000	¥3,500	¥6,500	¥9,000	¥11,000	¥20,000
500～999 shares	¥5,000	¥6,000	¥11,000	¥15,000	¥18,000	¥33,000
1,000 shares ～	¥11,000	¥12,000	¥23,000	¥33,000	¥36,000	¥69,000

Total of dividend and shareholder benefits yield is high

Based on Feb 8, 2017 closing price

Dividend yield 2.6% (FY2017 guidance)

Shareholder special benefits yield 3.9%(Improved system)

Copyright © SKYLARK GROUP All rights reserved.



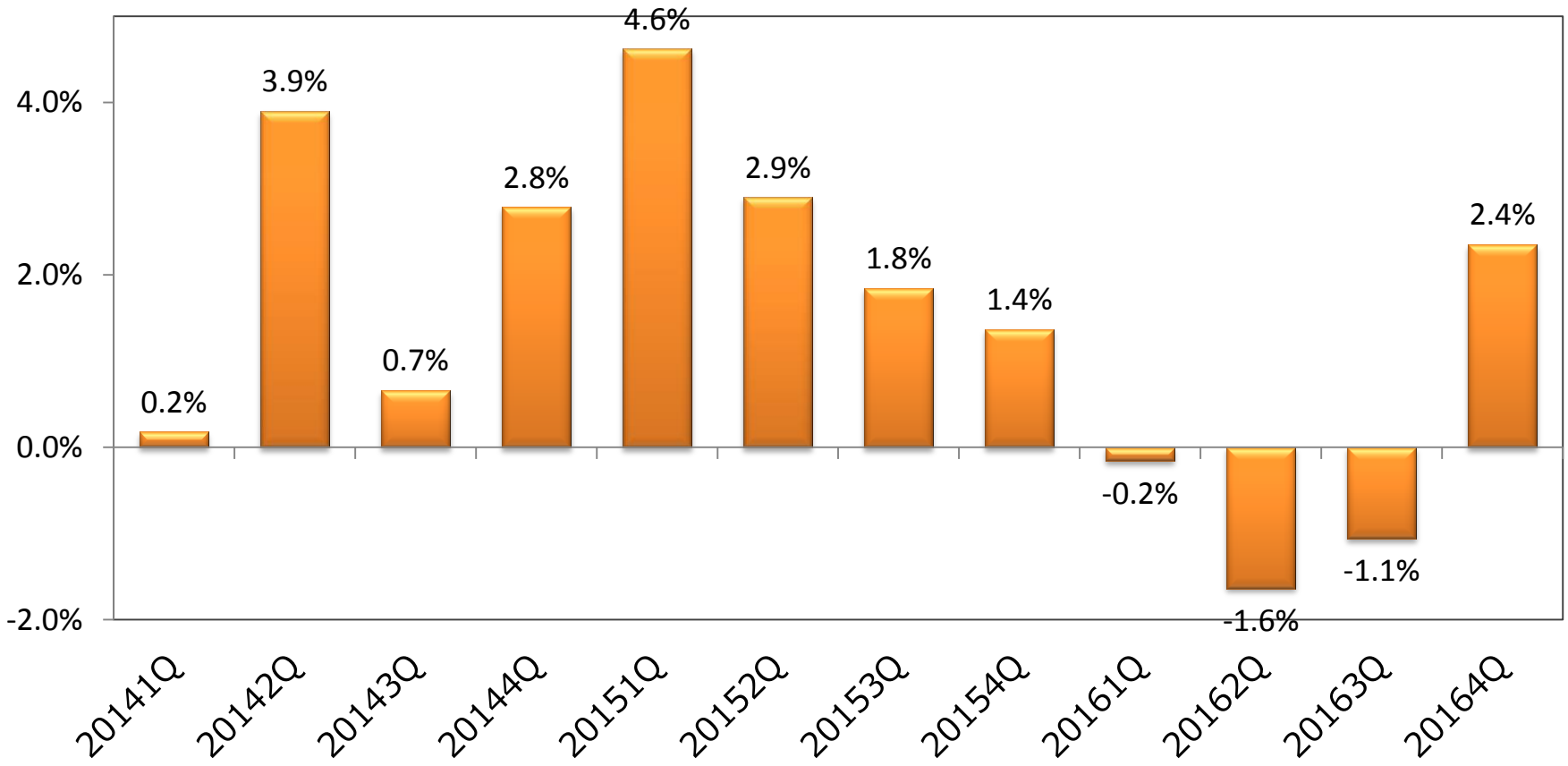
Copyright © SKYLARK GROUP All rights reserved.

Appendix

Copyright © SKYLARK GROUP All rights reserved.

Quarterly SSS

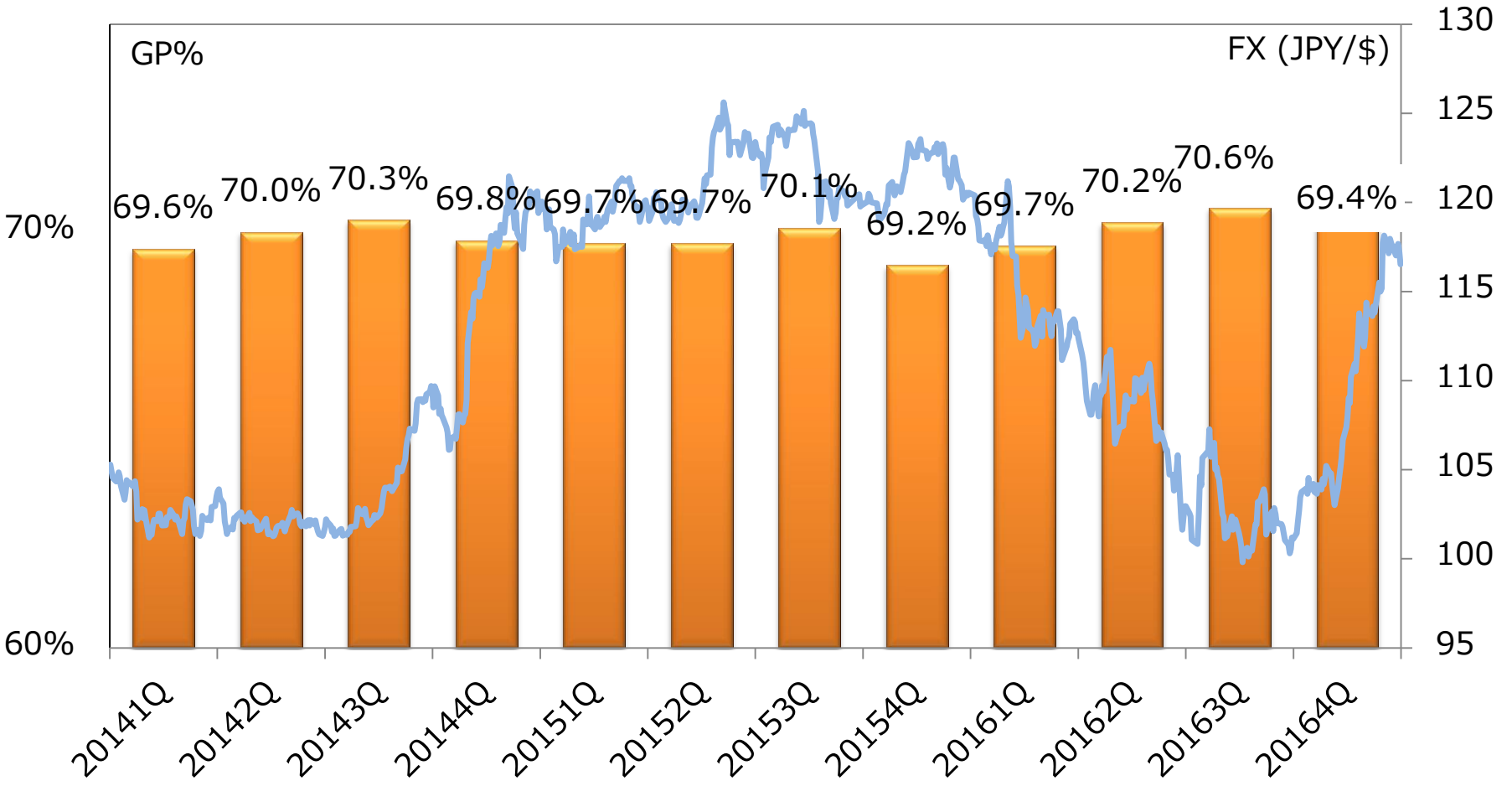
Quarterly Same Store Sales



Copyright © SKYLARK GROUP All rights reserved.

Gross Profit Ratio and Forex

Gross Profit and Forex



Copyright © SKYLARK GROUP All rights reserved.

2016 Strategies: Lunch Menu Revision

Café レストラン ガスト

2/25 revision



4/28 revision



6/15 revision



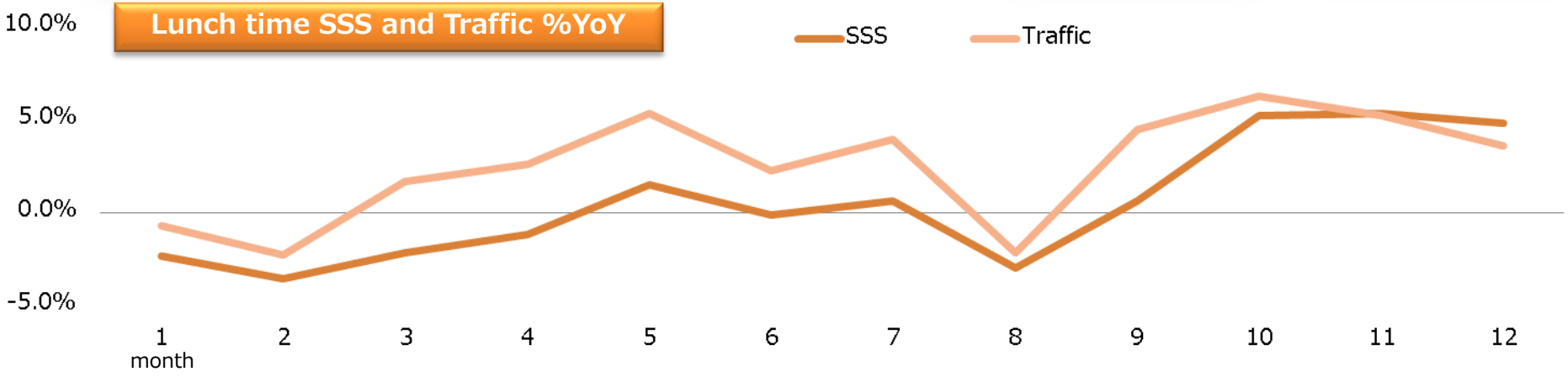
9/29 revision



11/24 revision



Lunch time SSS and Traffic %YoY



Copyright © SKYLARK GROUP All rights reserved.

2016 Strategies: Grand Menu Revision

Café レストラン ガスト

6/15 revision

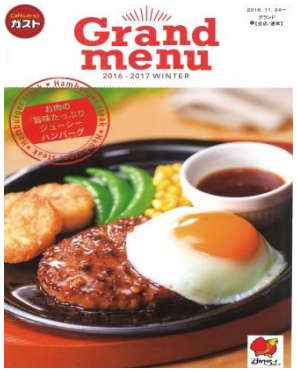


9/29 revision





11/24 revision



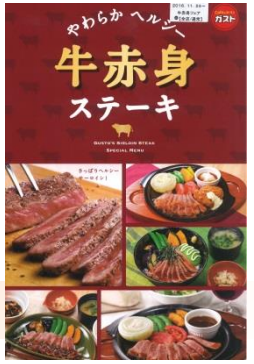
29 Sep. – 19 Oct.



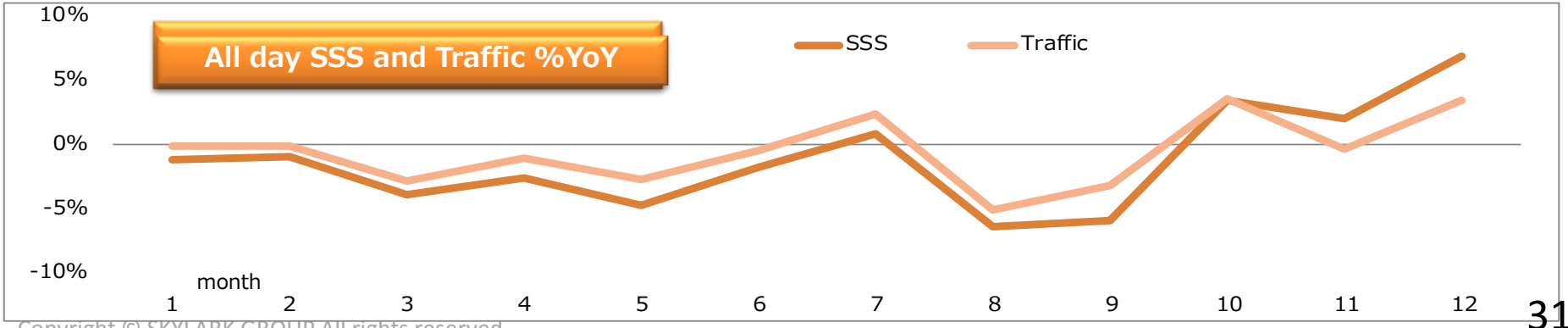
20 Oct. – 23 Nov.



24 Nov. –



Limited-time offer menu



Copyright © SKYLARK GROUP All rights reserved.

New Store Openings : SYABU-YO

End-2016 : 147 restaurants

FY16 open

New openings : 8 restaurants
Brand conversions : 56 restaurants

Same Store Sales %YoY
1 year average of same store sales: +1.2%









Copyright © SKYLARK GROUP All rights reserved.

New Store Openings : Jyu-Jyu Karubi

End-2016 : 62 restaurants

FY16 open

New openings

Locations	Open
■ Sagadaigakumae	Nov. 10, 2016

Brand conversions

Locations	Open
■ Yamanashishowa	Feb. 11, 2016
■ Syonaidoori	Feb. 19, 2016
■ Kyotokizukawa	Mar. 18, 2016
■ Irinaka	Apr. 1, 2016
■ Kitakyushuhirano	Apr. 23, 2016
■ Amagasakichikamatsu	Jun. 3, 2016
■ Ota	Jun. 10, 2016
■ Komakikomatsudera	Jun. 24, 2016
■ Shinobugaoka	Jul. 15, 2016
■ Higashishizuoka	Aug. 5, 2016





Same Store Sales %YoY
1 year average of same store sales: +1.3%

Copyright © SKYLARK GROUP All rights reserved.

New Store Openings : chawan

End-2016 : 8 restaurants

New openings

Locations	Open
■ Lalaport TOKYO-BAY	Apr. 22, 2015
■ Lasuka chigasaki	Mar. 31, 2016
■ WING Kawasaki	Apr. 27, 2016
■ IEON Musashi-Murayama	Apr. 28, 2016
■ IEON Urawamisono	May. 26, 2016
■ Lasuka hiratsuka	Nov. 16, 2016
■ Shizuoka	Nov. 19, 2016
■ Ario Hashimoto	Nov. 23, 2016



Same Store Sales %YoY
6 months average of same store sales: +1.5%



Copyright © SKYLARK GROUP All rights reserved.

New Store Openings : Musashinomori Coffee

End-2016 : 5 restaurants

Brand conversions

Locations	Open
■ Mutsugawa	Mar. 7, 2015
■ Suginami	Sep. 18, 2015日
■ Chuorinkan	Oct. 18, 2015
■ Toyama	Jun. 9, 2016

New openings

■ Kasukabe	Oct. 6, 2016



Same Store Sales %YoY
1 year average of same store sales: +59%







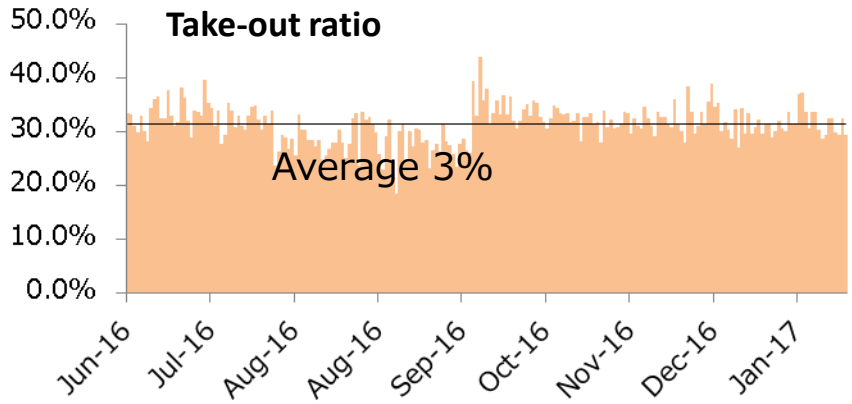
Copyright © SKYLARK GROUP All rights reserved.

New Store Openings ：Tonkaratei

End-2016 ：3 restaurants

Brand conversions

Locations	Open
■ Souka	Jun. 10, 2016
■ Higashikurume	Sep. 28, 2016
■ Oume	Oct. 5, 2016







Same Store Sales %YoY
6 months average of same store sales: +34%

Copyright © SKYLARK GROUP All rights reserved.

Enhancement of Existing Store: One to One Marketing

1. Expand reach numbers through the continuous growth of application downloads
2. Implementation of marketing automation enabling customized one to one marketing
3. Integration of Gusto Mobile app and T-Point Card

Send targeted coupons in various occasions based on customer needs





Copyright © SKYLARK GROUP All rights reserved.

Human Resource Strategy

Strengthen hiring	● （Crew） Expand application reception center ● （Crew） Develop registered crew system ● （Regular employee） Promote group's joint recruiting activities ● （Regular employee） Aggressive employment from internal resource ● （Regular employee） New employees eligible for paid holidays
Enhance employee satisfaction	● Significant review of late-night operating hours ● Expand operation of flexible working hours ● Increase paid holidays and promote consecutive days off
Skill up of crew/ regular employee	● （Crew） Introduce e-learning, Digitization to improve efficiency of initial training ● （Crew） Continue education for directly appointed manager ● （Regular employee） Organize and operate early education program ● （Regular employee） Organize and operate education program by hierarchy
Promote diversity	● Improve working environment for females and seniors ● Employ people with disabilities ● Employ foreigners, develop education tools
Health management	● Ensure employees complete full health examinations ● Reduce smoking rate of employees ● Apply to White 500 certification

Copyright © SKYLARK GROUP All rights reserved.

Key Financials for Q4（3-month）

Key Financial Indicators	Unit	Q4（October - December） 2016 Actual	2015 Actual	Variance	% of change
Company Sales	Bn JPY	89.8	86.7	+3.1	3.5%
Same Store Sales Growth *1	%	2.4%	1.4%	+1.0%	-
Average Ticket Price	*%*	*2.1%*	*1.8%*	*+0.3%*	-
Guest Count	*%*	*0.3%*	*(0.4)%*	*+0.7%*	-
Gross Margin per Sales	%	69.4%	69.2%	+0.2%	-
Adjusted EBITDA	Bn JPY	11.9	9.9	+2.0	20.2%
(% of Sales)	%	13.3%	11.5%	+1.8%	-
Adjusted Net Income	Bn JPY	4.4	3.1	+1.3	41.7%
(% of Sales)	%	4.9%	3.6%	+1.3%	-
Operating Profit	Bn JPY	7.4	6.0	+1.5	24.6%
(% of Sales)	%	8.3%	6.9%	+1.4%	-
EBITDA	Bn JPY	11.5	9.5	+2.0	20.7%
Net Income	Bn JPY	4.4	3.1	+1.3	42.7%
Quarterly EPS	JPY	22.76	15.99	+6.77	42.3%
Diluted Quarterly EPS	JPY	22.57	15.83	+6.74	42.6%
ROE *2	%	16.8%	15.3%	+1.5%	-
Adjusted ROE *2	%	16.8%	16.3%	+0.5%	-

*1 Definition of Same Store Sales: 13month existing stores/including brand conversion/including Delivery GC
(calculated by Delivery Sales divided by the average Eat In ATP)
*2 ROE/Adjusted ROE : LTM base. Not audited numbers.

Copyright © SKYLARK GROUP All rights reserved.

Key Financials for 2016

Key Financial Indicators	Unit	2016 Actual	2015 Actual	Variance	% of change
Company Sales	Bn JPY	354.5	351.1	+3.4	1.0%
Same Store Sales Growth *1	%	(0.1)%	2.7%	(2.8)%	-
Average Ticket Price	%	*1.0%*	*3.3%*	*(2.3)%*	-
Guest Count	%	*(1.2)%*	*(0.6)%*	*(0.5)%*	-
Gross Margin per Sales	%	70.0%	69.7%	+0.3%	-
Adjusted EBITDA	Bn JPY	47.9	44.8	+3.1	6.8%
(% of Sales)	%	13.5%	12.8%	+0.7%	-
Adjusted Net Income	Bn JPY	18.2	16.0	+2.2	13.5%
(% of Sales)	%	5.1%	4.6%	+0.6%	-
Operating Profit	Bn JPY	31.2	27.8	+3.4	12.4%
(% of Sales)	%	8.8%	7.9%	+0.9%	-
EBITDA	Bn JPY	46.0	41.4	+4.6	11.1%
Net Income	Bn JPY	18.2	15.1	+3.1	20.5%
EPS	JPY	93.57	77.79	+15.78	20.3%
Diluted EPS	JPY	92.80	76.98	+15.82	20.5%
ROE *2	%	16.8%	15.3%	+1.5%	-
Adjusted ROE *2	%	16.8%	16.3%	+0.5%	-
Dividend per Share	JPY	38.00	33.00	+5.00	15.2%
Dividend Payout Ratio *3	%	40.6%	42.4%	(1.8)%	-

*1 Definition of Same Store Sales: 13month existing stores/including brand conversion/including Delivery GC
(calculated by Delivery Sales divided by the average Eat In ATP)
*2 ROE/Adjusted ROE : LTM base. Not audited numbers.
*3 Dividend payout ratio was the ratio to Adjusted Net Income.

Copyright © SKYLARK GROUP All rights reserved.

PL Summary for Q4（3-month）

	Q4 2016		Q4 2015		Variance	
	Bn JPY	% Sales	Bn JPY	% Sales	Bn JPY	% YoY
Sales	89.8	100.0%	86.7	100.0%	3.1	103.5%
COGS	27.5	30.6%	26.7	30.8%	(0.8)	102.9%
Gross Margin	62.3	69.4%	60.0	69.2%	2.3	103.8%
SG&A	54.8	61.1%	54.0	62.3%	(0.8)	101.5%
Operating Profit	7.4	8.3%	6.0	6.9%	1.5	124.6%
Financing Cost	(0.2)	(0.2)%	(0.8)	(0.9)%	0.6	26.7%
Profit Before Tax	7.2	8.1%	5.2	6.0%	2.0	138.8%
Tax Expense	2.8	3.1%	2.1	2.4%	(0.7)	133.0%
Net Income	4.4	4.9%	3.1	3.6%	1.3	142.7%
EBITDA	11.5	12.8%	9.5	11.0%	2.0	120.7%
Adjusted EBITDA	11.9	13.3%	9.9	11.5%	2.0	120.2%
Adjusted Net Income	4.4	4.9%	3.1	3.6%	1.3	141.7%

Copyright © SKYLARK GROUP All rights reserved.

PL Summary for 2016

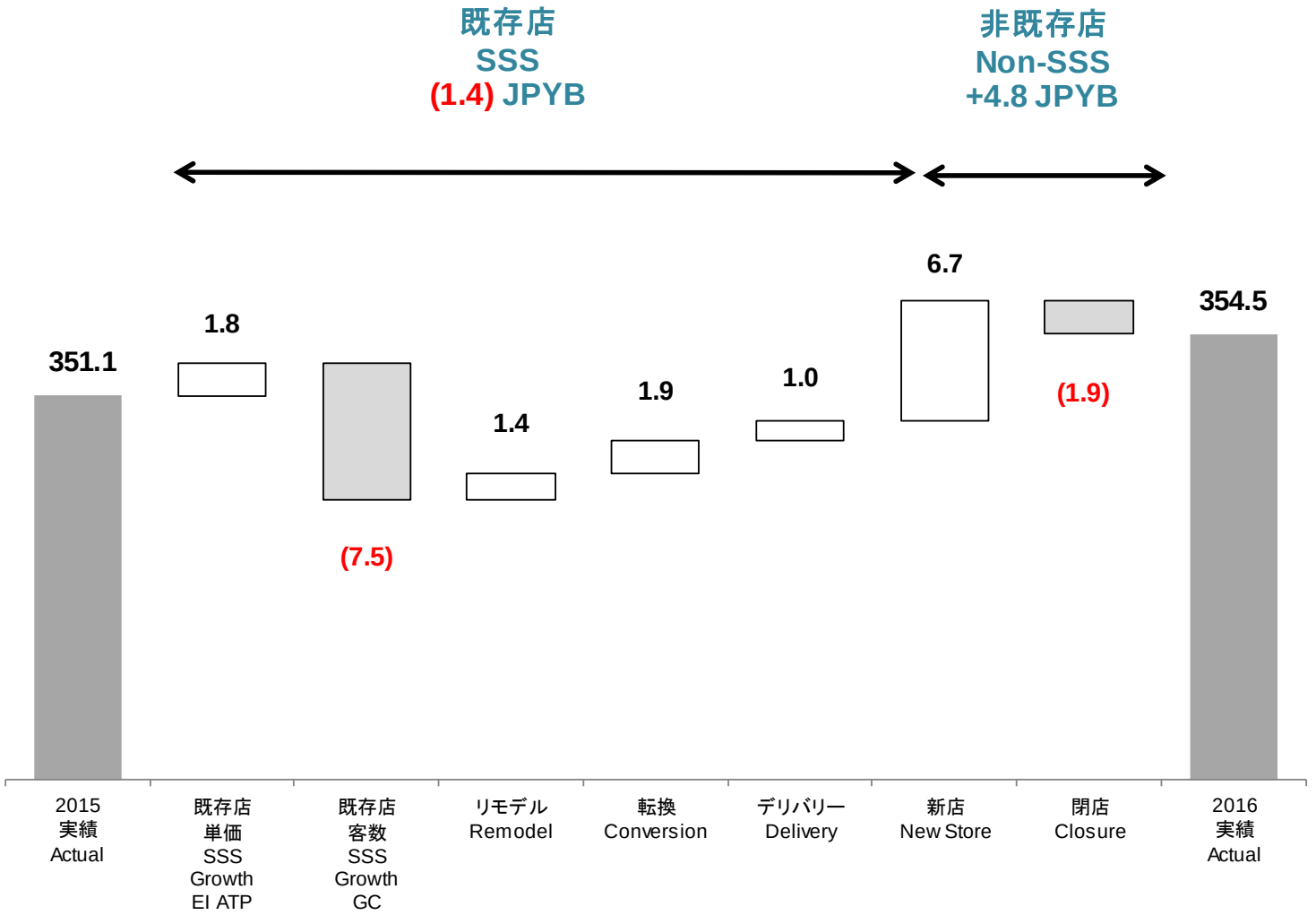
	2016		2015		Variance	
	Bn JPY	% Sales	Bn JPY	% Sales	Bn JPY	% YoY
Sales	354.5	100.0%	351.1	100.0%	3.4	101.0%
COGS	106.5	30.0%	106.5	30.3%	0.0	100.0%
Gross Margin	248.1	70.0%	244.7	69.7%	3.4	101.4%
SG&A	216.8	61.2%	216.9	61.8%	0.1	100.0%
Operating Profit	31.2	8.8%	27.8	7.9%	3.4	112.4%
Financing Cost	(2.3)	(0.6)%	(3.1)	(0.9)%	0.8	74.3%
Profit Before Tax	29.0	8.2%	24.7	7.0%	4.2	117.1%
Tax Expense	10.7	3.0%	9.6	2.7%	(1.1)	111.9%
Net Income	18.2	5.1%	15.1	4.3%	3.1	120.5%
EBITDA	46.0	13.0%	41.4	11.8%	4.6	111.1%
Adjusted EBITDA	47.9	13.5%	44.8	12.8%	3.1	106.8%
Adjusted Net Income	18.2	5.1%	16.0	4.6%	2.2	113.5%

Copyright © SKYLARK GROUP All rights reserved.

2016 vs. 2015

Sales

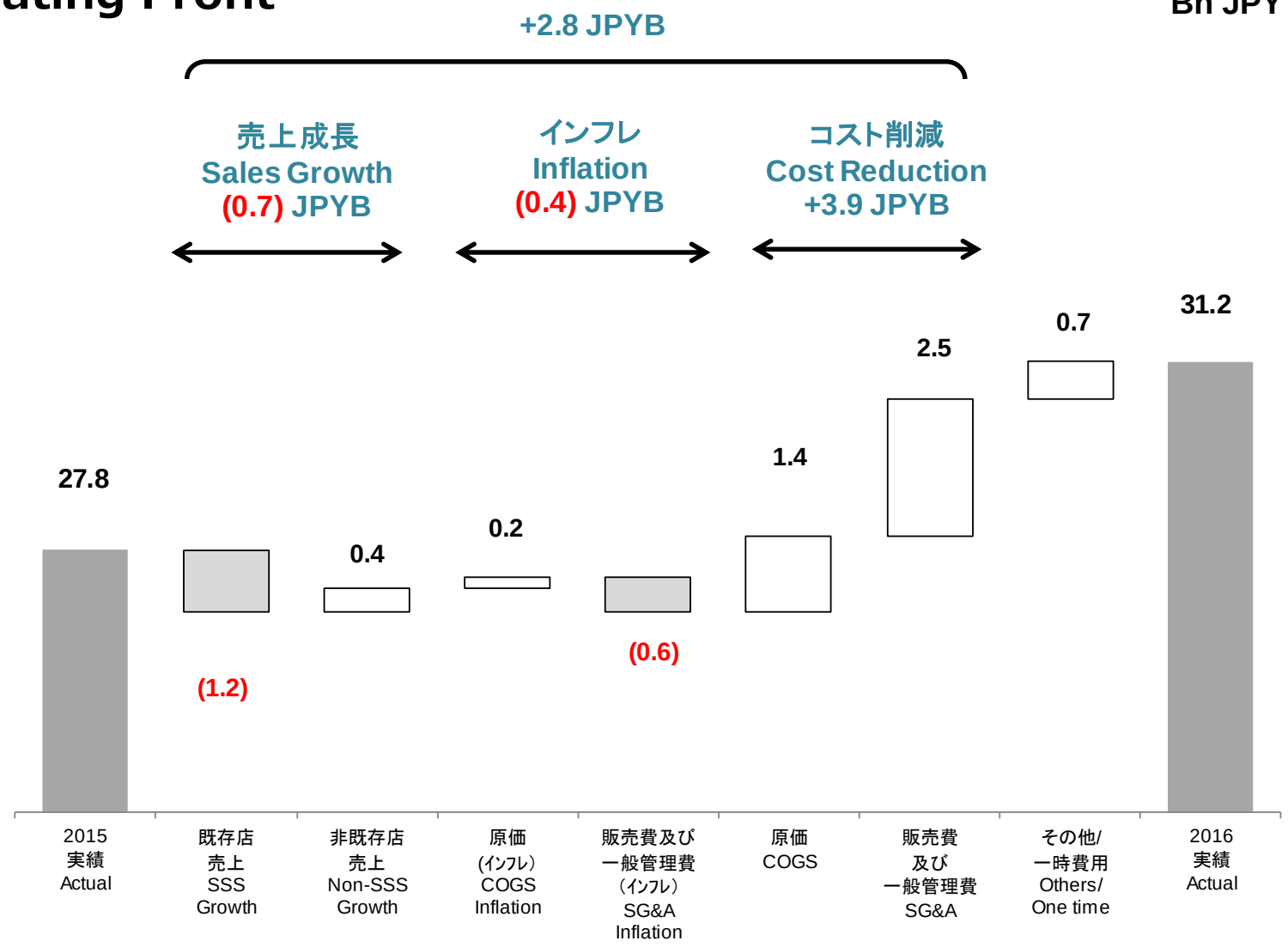
Bn JPY



Copyright © SKYLARK GROUP All rights reserved.

2016 vs. 2015

Operating Profit

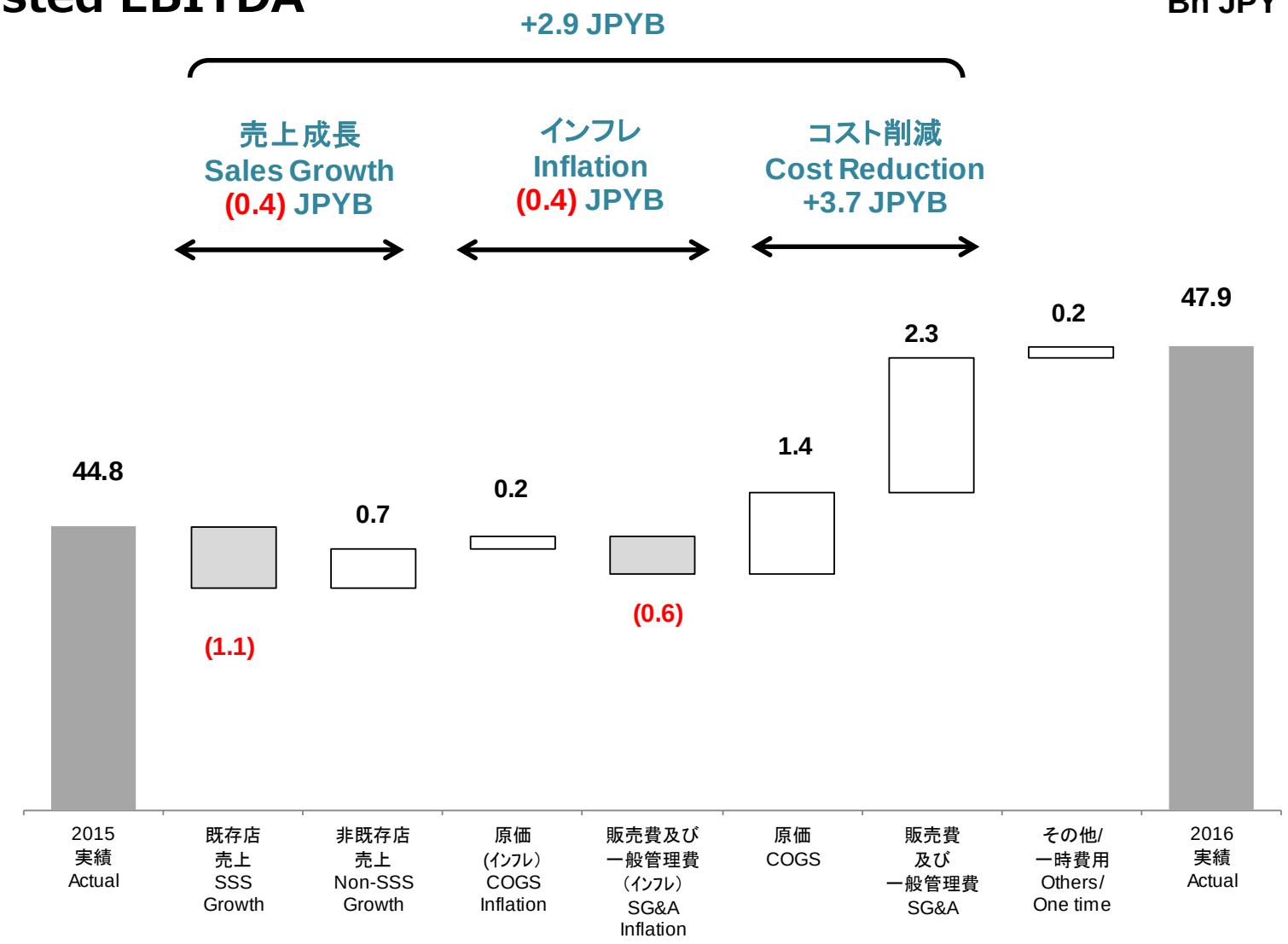


Copyright © SKYLARK GROUP All rights reserved.

2016 vs. 2015

Adjusted EBITDA

Bn JPY

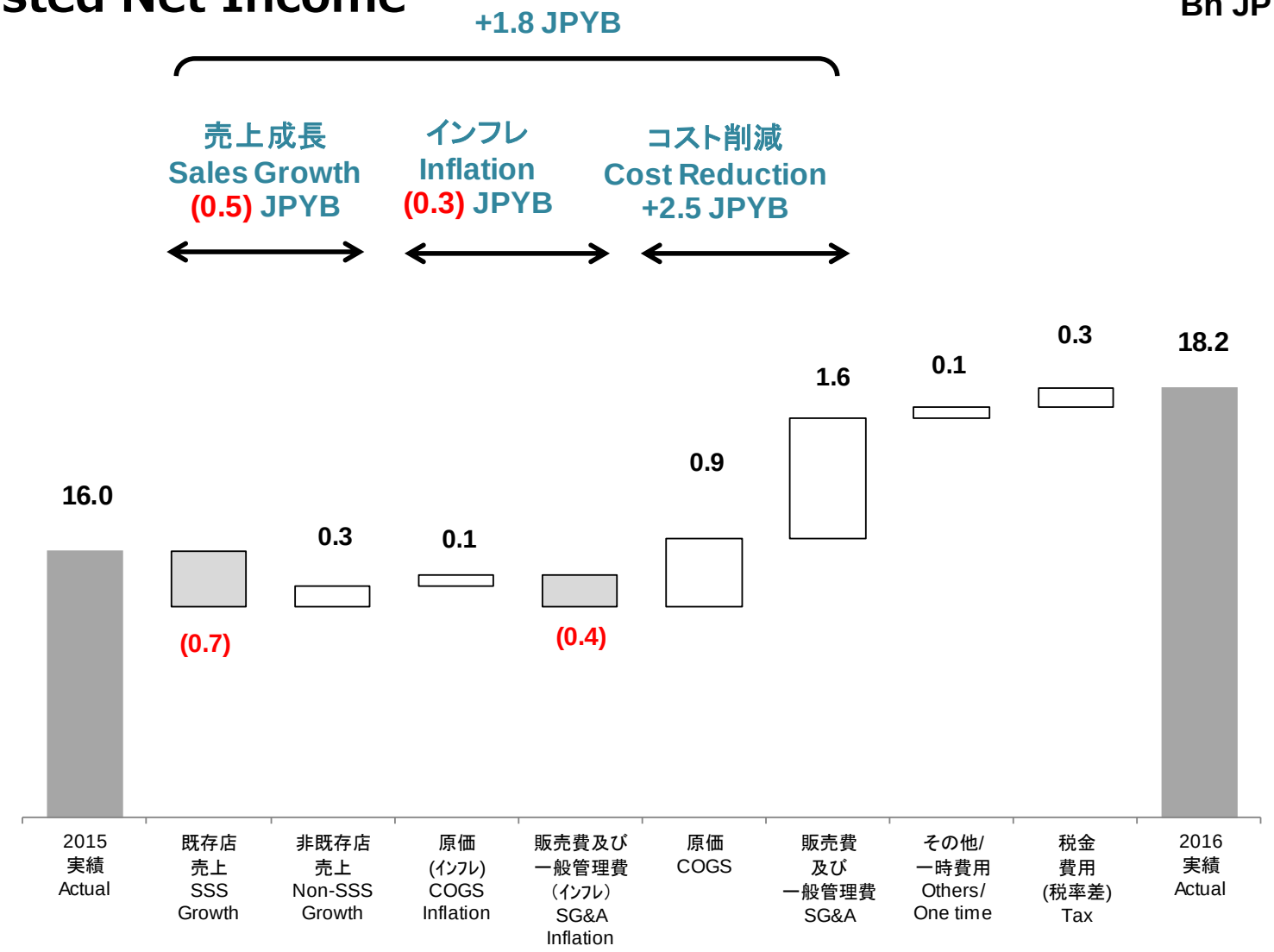


Copyright © SKYLARK GROUP All rights reserved.

2016 vs. 2015

Adjusted Net Income

Bn JPY



Copyright © SKYLARK GROUP All rights reserved.

Restaurant Development

Store footprint form the end of Dec. 2015to the end of Dec 2016

Number of Locations	Dec 2015	New	Conversion (+)	Conversion (-)	Closures	Closed for Conversion	Dec 2016	Variance	Remodels
Gusto	1,390	12	2	(40)	(7)	-	1,357	(33)	126
Bamiyan	342	2	-	(13)	-	-	331	(11)	52
Jonathan's	303	1	1	(2)	-	-	303	-	80
Yumean	194	-	4	(3)	-	-	195	1	27
Steak Gusto	142	1	2	(8)	-	-	137	(5)	-
Syabu-Yo	84	8	56	-	(1)	-	147	63	1
Others	581	25	19	(18)	(9)	-	598	17	30
Total	3,036	49	84	(84)	(17)	-	3,068	32	316

Copyright © SKYLARK GROUP All rights reserved.

Key Financials for 2016 Actual vs. Guidance

Key Financial Indicators	単位	2016 Actual	2016 Guidance	Variance
Company Sales	Bn JPY	354.5	360.0	(5.5)
Adjusted EBITDA	Bn JPY	47.9	47.5	+0.4
(% of Sales)	%	13.5%	13.2%	+0.3%
Adjusted Net Income	Bn JPY	18.2	18.2	+0.0
(% of Sales)	%	5.1%	5.1%	+0.1%
Operating Profit	Bn JPY	31.2	31.5	(0.3)
(% of Sales)	%	8.8%	8.8%	+0.1%
EBITDA	Bn JPY	46.0	45.8	+0.2
Net Income	Bn JPY	18.2	18.2	+0.0
EPS	JPY	93.57	93.64	(0.07)
Diluted EPS	JPY	92.80	92.75	+0.05

	2016 Actual	2016 Guidance
Same Store Sales Growth	(0.1)%	1.3% about
Same Store ATP Growth	1.0%	1% about
Same Store GC Growth	(1.2)%	0.3% about
# of New Opening Store	49	Approximately 60
# of Store Closure	17	Approximately 30
# of Remodeled Store	316	Approximately 300
# of Brand Conversed Store	84	Approximately 60-80
FX	Approximately 109JPY/$	120 JPY/$
CAPEX（Bn JPY）	17.1	Approximately19.0

Copyright © SKYLARK GROUP All rights reserved.

Adjusted Items: EBITDA/Net Income

JPY B	2016	2015	Variance
EBITDA	46.0	41.4	4.6
Non-Cash Items			
(+) Loss on disposal of fixed assets	1.0	1.3	(0.3)
(+) Impairment loss	0.9	0.6	0.3
(-) Reversal of impairment loss	(0.0)	-	(0.0)
Non-Recurring Items			
(+) Bain Capital management fee	-	-	-
(+) IPO and public offering-related expense	-	0.3	(0.3)
(+) Change in accounting esitmates due to qualified listing	-	1.2	(1.2)
Adjusted EBITDA	47.9	44.8	3.1
Net Income	18.2	15.1	3.1
Non-Recurring Items			
(+) Bain Capital management fee	-	-	-
(+) IPO and public offering-related expense	-	0.3	(0.3)
(+) Change in accounting esitmates due to qualified listing	-	1.2	(1.2)
Adjusted subtotal (before tax)	-	1.5	(1.5)
Tax effects of adjustments	-	(0.6)	0.6
Adjusted subtotal (after tax)	-	0.9	(0.9)
Adjusted Net Income	18.2	16.0	2.2

Copyright © SKYLARK GROUP All rights reserved.

Adjusted Items: Free Cash Flow

JPY B	2016	2015	Variance
Cash flow from Operation	36.0	32.8	3.2
Capital Expenditure (CAPEX)	(16.5)	(18.3)	1.8
Free cash flow	19.5	14.6	4.9
(+) Bain Capital management fee	-	2.0	(2.0)
(+) IPO and public offering-related expense	-	0.5	(0.5)
(+) Change in accounting esitmates due to qualified listing	-	0.4	(0.4)
Adjusted subtotal (before tax)	-	2.9	(2.9)
Tax effects of adjustments	-	(1.1)	1.1
Adjusted subtotal (after tax)	-	1.8	(1.8)
(-) Payment of lease deposits and guarantee deposits	(0.7)	(0.8)	0.1
(+) Proceeds from collection of lease deposits and guarantee deposits	0.9	1.2	(0.3)
Adjusted Free cash flow	19.7	16.8	2.9

Copyright © SKYLARK GROUP All rights reserved.

2017 Guidance

1）Key Financial Indicators of 2017 Guidance

Items	Unit	2017 Guidance	2016 Actual	% of Change	Variance
Company Sales	Bn JPY	365.0	354.5	3.0%	10.5
Operating Profit	Bn JPY	32.8	31.2	5.0%	1.6
Adjusted EBITDA	Bn JPY	49.0	47.9	2.3%	1.1
Adjusted Net Income	Bn JPY	19.2	18.2	5.4%	1.0
EPS	JPY	98.55	93.57	5.3%	4.98
Diluted EPS	JPY	97.74	92.80	5.3%	4.94
Dividend per Share	JPY	40.00	38.00	5.3%	2 .00
Dividend Payout Ratio （vs Adjusted Net Income）	%	40.6%	40.6%	-	(0.1)%
Adjusted ROE	%	16.0%	16.8%	-	(0.7)%
Net Income	Bn JPY	19.2	18.2	5.4%	1.0
ROE	%	16.0%	16.8%	-	(0.7)%

2）Assumption of 2017 Guidance

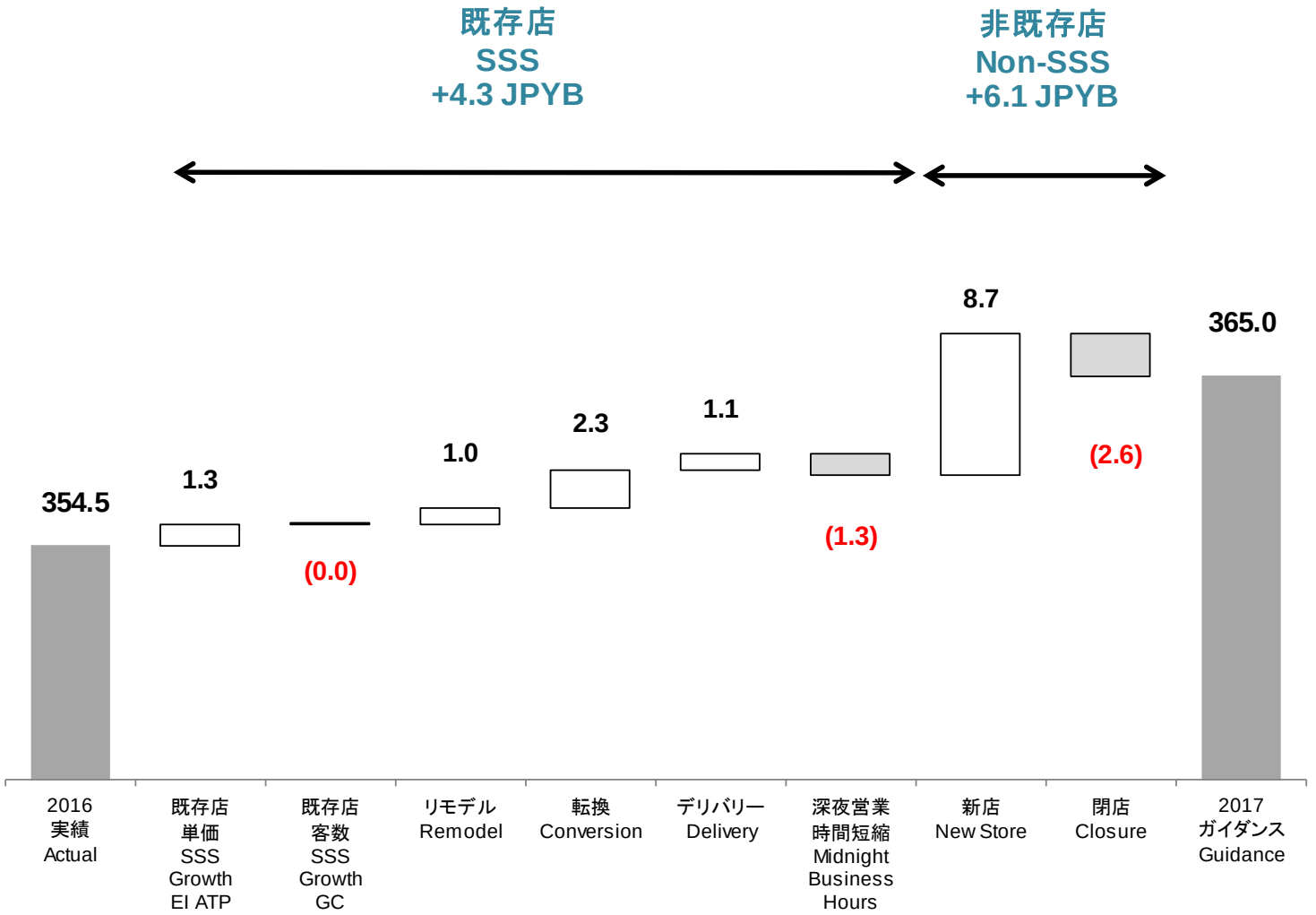
Items	2017 Guidance
Same Store Sales Growth	1.5% about
Same Store GC Growth	0.5%-1.0%
Same Store ATP Growth	0.5%-1.0%
# of New Opening Store	Approximately 100
# of Store Closure	Approximately 20
# of Remodeled Store	Approximately 300
# of Brand Conversed Store	Approximately 30
FX	110 JPY/$
CAPEX（Bn JPY）	20.0-25.0

Copyright © SKYLARK GROUP All rights reserved.

2017 Guidance vs. 2016

Sales

Bn JPY

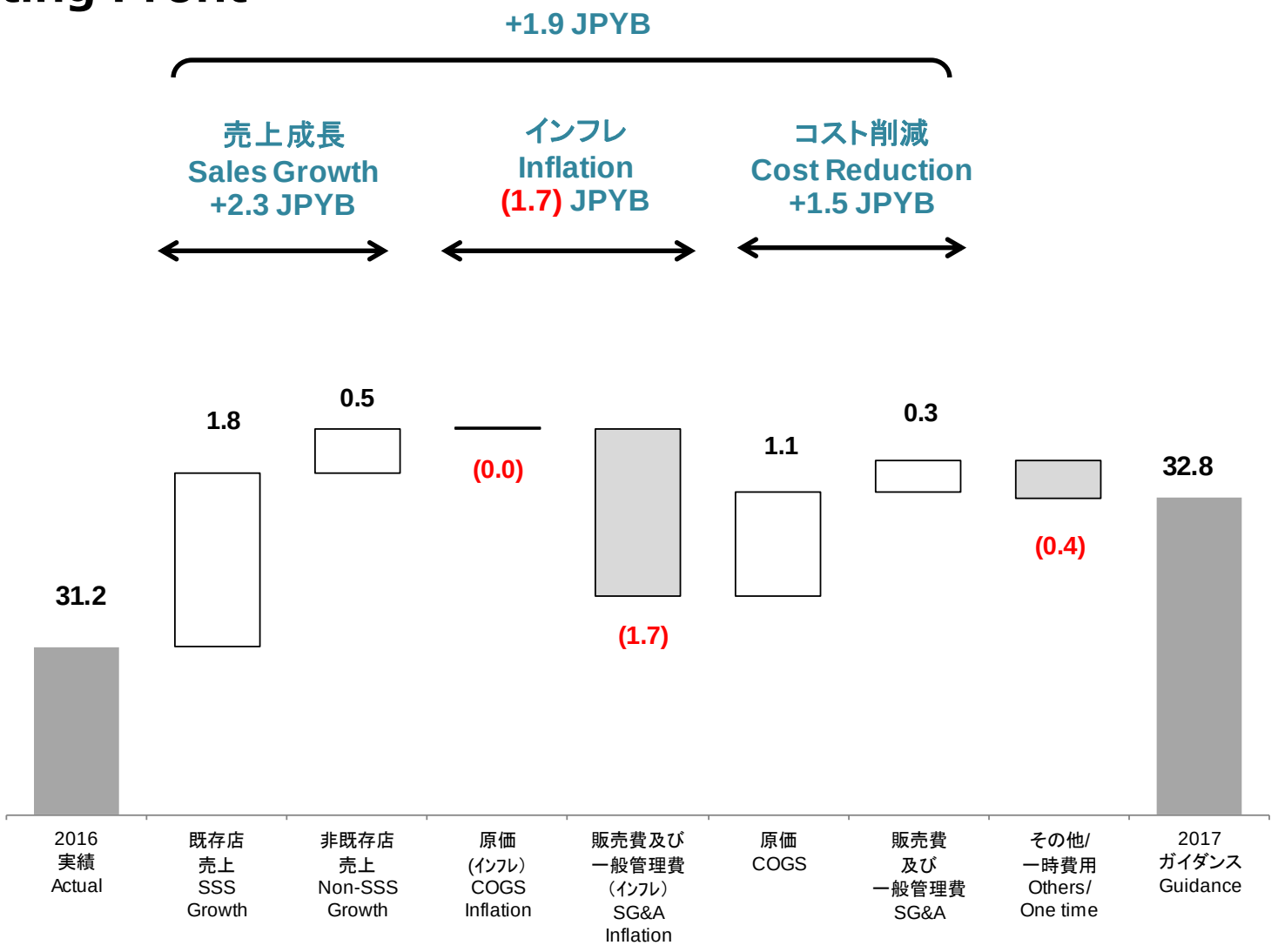


Copyright © SKYLARK GROUP All rights reserved.

2017 Guidance vs. 2016

Operating Profit

Bn JPY

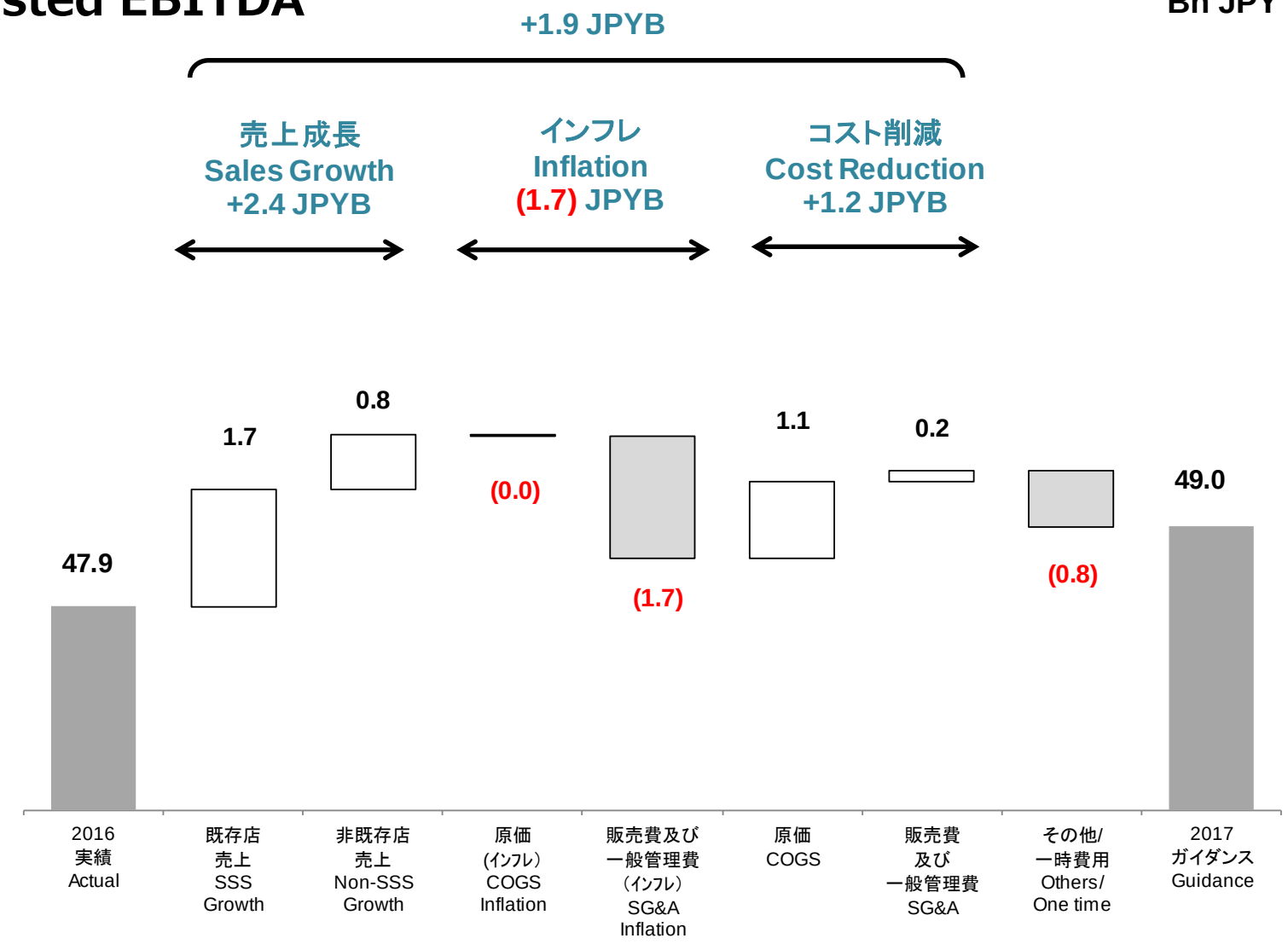


Copyright © SKYLARK GROUP All rights reserved.

2017 Guidance vs. 2016

Adjusted EBITDA

Bn JPY

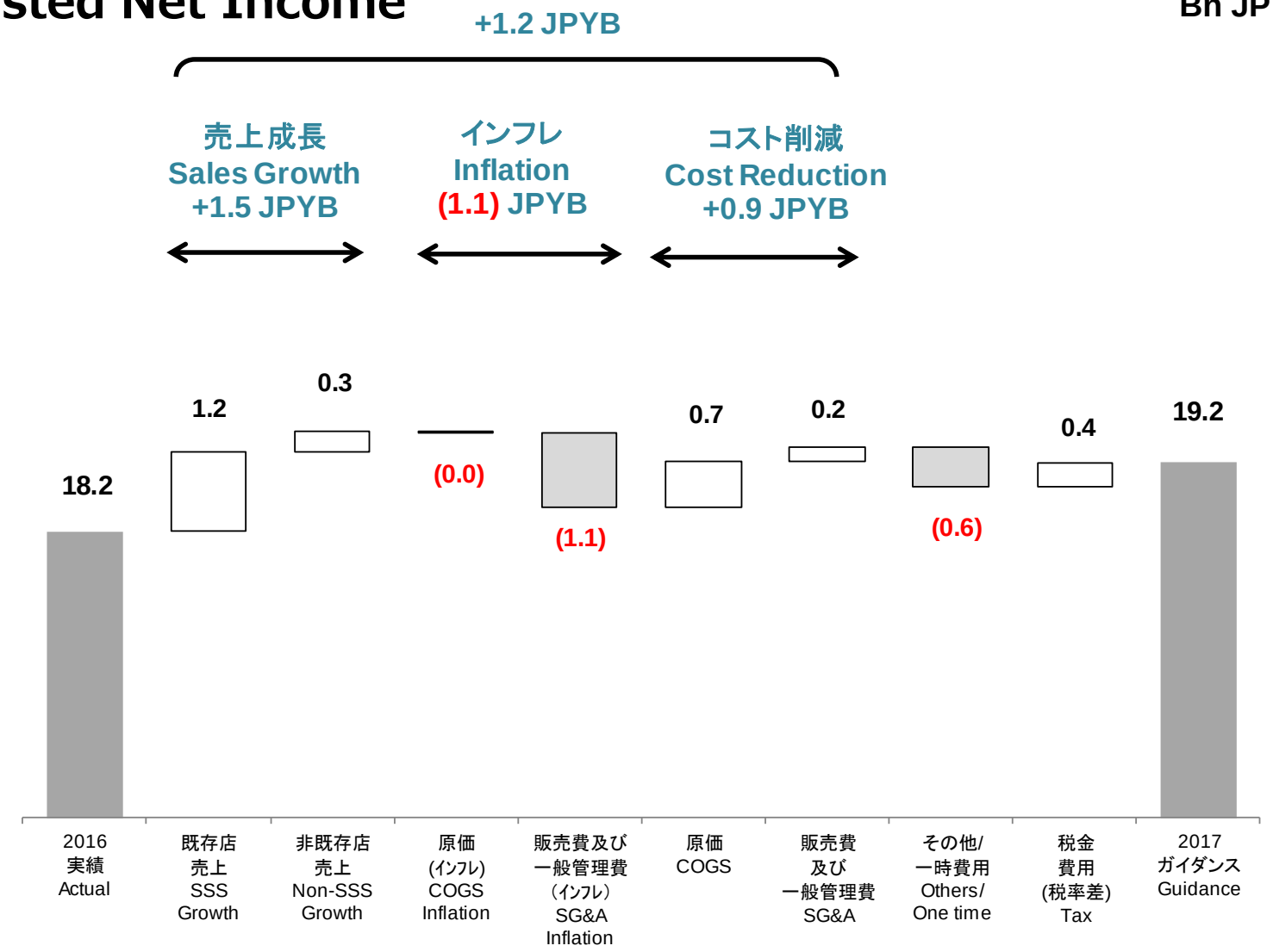


Copyright © SKYLARK GROUP All rights reserved.

2017 Guidance vs. 2016

Adjusted Net Income

Bn JPY



Copyright © SKYLARK GROUP All rights reserved.