[Translation]

November 14, 2019

For immediate release.

Company: Skylark Holdings Co., Ltd.
Representative: Makoto Tani, Chairman, President & CEO
(Securities Code: 3197; TSE First Section)
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Notice Regarding Restructuring of Musashino Mori Coffee and La Ohana Businesses Through Simplified Absorption-Type Split and Short-Form Absorption-Type Split Between Skylark Holdings Co., Ltd. and Nilax Co., Ltd.

Skylark Holdings Co., Ltd. (the "Company") resolved at its Board of Directors meeting held today to acquire part of the rights and obligations of the Musashino Mori Coffee and La Ohana businesses (the "Businesses") operated by the Company's wholly owned subsidiary Nilax Co., Ltd. ("Nilax") through an absorption-type split (the "Split") effective as of January 1, 2020 (date subject to change), and executed an agreement with respect to the Split (the "Split Agreement").

Note that because the Split is a simplified absorption-type split and a short-form absorption-type split between the Company and a wholly owned subsidiary, some disclosures have been omitted.

1. Purpose of the Split

Under its corporate philosophy of "Creating Richness with Value to Society," the Skylark Group's mission is to contribute to society by offering great-tasting food at affordable prices with good service in its clean restaurants to as many people as possible. The Skylark Group is aware of the need to respond flexibly to customer needs, erect a more stable corporate structure, and increase market competitiveness by all of the employees working together to build locations that are welcomed and relied upon by local communities.

The Skylark Group decided to have the Company acquire rights and obligations with respect to the Businesses from Nilax through the Split in order to reduce the administrative burden of the Businesses on Nilax, strengthen Nilax's buffet business, create an environment for Nilax to develop new brands, and enhance the branding and competitiveness of the Business. In addition to the Split, the Company's wholly owned subsidiary Skylark Restaurants Co., Ltd. ("Skylark Restaurants") has determined to acquire part of the rights and obligations of the Businesses through an

absorption-type split between Skylark Restaurants and Nilax effective as of January 1, 2020 (date subject to change).

2. Summary of the Split

(1) Schedule of the Split

Board of Directors approves the Split Agreement (the Company)	November 14, 2019
Board of Directors approves the Split Agreement (Nilax)	November 14, 2019
Execution of the Split Agreement	November 14, 2019
Effective date of the Split	January 1, 2020 (scheduled)

Note: Because the Split constitutes a simplified split under Article 784, paragraph 1 of the Companies Act in respect of Nilax (the splitting company), and a short-form split under Article 796, paragraph 2 of the Companies Act in respect of the Company (the successor company), neither company plans to seek approval from a general meeting of shareholders.

(2) Method of the Split

Absorption-type split with Nilax as the splitting company and the Company as the successor company.

(3) Details of allotment in connection with the Split

No allotment of shares or other money or property will be conducted in connection with the Split.

(4) Treatment of options and convertible bonds in the Split

Not applicable.

(5) Change in stated capital through the Split

The Company’s stated capital will not change as a result of the Split.

(6) Rights and obligations to be acquired

The successor company will acquire the rights and obligations in connection with the Businesses specified in the Split Agreement.

(7) Prospect of performing obligations

The Company determines that there is no problem regarding the Company’s prospect of performing its obligations after the Split.

3. Outline of Parties in the Split

(1) Splitting company

(1) Name	Nilax Co., Ltd.
(2) Address	1-25-8 Nishikubo, Musashino-shi, Tokyo
(3) Representative	Shigeaki Iwai, President
(4) Business	Restaurant business, etc.
(5) Stated capital	100 million yen
(6) Date of establishment	December 1, 1987
(7) Issued shares	6,000 shares
(8) Financial year-end	December 31
(9) Major shareholders and ownership percentages	Skylark Holdings Co., Ltd. 100%
(10) Financial condition and performance in the most recent financial year (Y.E. December 2018; Japanese GAAP)	
Net assets (million yen)	2,178
Total assets (million yen)	19,796
Net assets per share (yen)	363,056.41
Net sales (million yen)	49,643
Operating profit (million yen)	480
Current profit (million yen)	453
Net income (million yen)	82
Net income per share (yen)	13,705.04

(2) Successor company

(1) Name	Skylark Holdings Co., Ltd.
(2) Address	1-25-8 Nishikubo, Musashino-shi, Tokyo
(3) Representative	Makoto Tani, Chairman, President & CEO
(4) Business	Provision of services and leasing of store facilities, etc., to subsidiaries
(5) Stated capital	3,634 million yen
(6) Date of establishment	February 22, 2011
(7) Issued shares	197,502,200 shares
(8) Financial year-end	December 31
(9) Major shareholders and ownership percentages (as at June 30, 2019)	The Master Trust Bank of Japan (Trust Account) 2.92% Japan Trustee Services Bank (Trust Account) 2.23% Japan Trustee Services Bank (Trust Account 5) 1.82% Asahi Breweries, Ltd. 1.73% Kirin Brewery Company, Limited 1.69% J.P.MORGAN BANK LUXEMBOURG S.A. 1300000 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department) 1.68% J.P.MORGAN BANK LUXEMBOURG S.A. 381555 1.49%

	(Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	
	Japan Trustee Services Bank (Trust Account 7)	1.40%
	JP Morgan Securities Japan Co., Ltd.	1.27%
	Japan Trustee Services Bank (Trust Account 1)	1.23%
(10) Financial condition and performance in the most recent financial year (Y.E. December 2018; consolidated; IFRS)		
Parent company owners' equity (million yen)	130,453	
Total assets (million yen)	330,671	
Parent company owners' equity per share (yen)	661.92	
Sales revenue (million yen)	366,360	
Operating profit (million yen)	22,857	
Pre-tax profit (million yen)	18,596	
Profit attributable to owners of the parent company (million yen)	11,438	
Base profit per share (yen)	58.04	

4. Outline of the Acquired Divisions

(1) Businesses of the acquired divisions

Restaurant businesses of locations operated under the trade names "Musashino Mori Coffee" and "La Ohana"

(2) Financial performance of the acquired divisions (Y.E. December 2018, Japanese GAAP)

	Acquired divisions (a)	Nilax's Y.E. December 2018 performance (b)	Percentage (a/b)
Net sales	3,712 million yen	49,643 million yen	7.5%

Note 1: With respect only to the divisions acquired by the Company, Nilax does not calculate financial performance other than net sales, so only net sales is included above.

Note 2: As announced in "Notice Regarding Restructuring of Shabu-Yo Business Through Simplified Absorption-Type Split and Short-Form Absorption-Type Split Between Skylark Holdings Co., Ltd. and Nilax Co., Ltd." dated November 14, 2018, the rights and obligations of the Shabu-yo business held by Nilax were acquired by the Company and Skylark Restaurants through an absorption-type split on January 1, 2019; however, the net sales

for Nilax's Y.E. December 2018 performance listed above includes net sales earned from the performance of the Shabu-yo business. The net sales for Nilax's Y.E. December 2018 performance without the Shabu-yo business is 21,038 million yen, and the percentage of the net sales of the acquired divisions in the net sales for Nilax's Y.E. December 2018 performance without the Shabu-yo business (a/b) is 17.6%.

(3) Categories and value of acquired assets and liabilities (as at December 31, 2018)

Assets		Liabilities	
Category	Book value	Category	Book value
Current assets	37 million yen	Current liabilities	2 million yen
Fixed assets	2,465 million yen	Fixed liabilities	2,498 million yen
Total	2,502 million yen	Total	2,500 million yen

Note: The value of acquired assets and liabilities will be finalized by adding or deducting any changes that occur by the day before the effective date of the Split.

5. Situation after the Split

There will be no change to the name, address, representative, business (other than the Businesses), capital or financial year-end of either party through the Split.

6. Future prospects

Because the Split is between the Company and a wholly owned subsidiary, the effect on the Company's consolidated results will be minor.

Reference:

Outline of Skylark Restaurants

(1) Name	Skylark Restaurants Co., Ltd
(2) Address	1-25-8 Nishikubo, Musashino-shi, Tokyo
(3) Representative	Toshiaki Okawara, President
(4) Business	Restaurant business
(5) Stated capital	10 million yen
(6) Financial year-end	December 31

Because the absorption-type split between Skylark Restaurants and Nilax described in 1. above is between two wholly owned subsidiaries, Skylark Restaurants will not conduct an allotment of shares or other money or property.