February 14, 2023

Company: Skylark Holdings Co., Ltd.
Representative: Makoto Tani, Chairman, President & CEO
(Securities Code: 3197; TSE Prime)
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Notice Concerning Reduction of Capital Reserve and Transfer of Other Capital Surplus

Skylark Holdings Co., Ltd. (the "Company") announces that it resolved, at the meeting of its Board of Directors held today, that the Company would submit "A Proposal for a Reduction in the Amount of Capital Reserve" to the 12th Ordinary General Meeting of Shareholders to be held on March 30, 2023, and also resolved to transfer Other Capital Surplus on the condition that the proposal becomes effective as follows.

1. Purpose of reduction of Capital Reserve and transfer of Other Capital Surplus

The purpose is to prepare for a flexible capital policy in the future, to ensure flexibility in financial strategies in response to future changes in the environment, and to improve financial soundness by making up the current deficit in Retained Earnings Brought Forward.

2. Outline of Reduction of Legal Capital Surplus and Appropriation of Other Capital Surplus

(1) Details of the reduction in Capital Reserve

Pursuant to Article 448, Paragraph 1 of the Companies Act, the amount of Capital Reserve is to be reduced and transferred to Other Capital Surplus.

(i) Amount of Capital Reserve to be reduced
Capital Reserve 25,059,129,154 yen

(ii) Amount of Other Capital Surplus to be increased
Other Capital Surplus 25,059,129,154 yen

(iii) Amount of Capital Reserve after reduction
Capital Reserve 0 yen

(2) Details of the transfer of Other Capital Surplus

Pursuant to Article 452 of the Companies Act, the amount of Other Capital Surplus after the increase will be reduced and transferred to Retained Earnings Brought Forward to make up the deficit in Retained Earnings Brought Forward, subject to the condition that the reduction of Capital Reserve as described in (1) above becomes effective. Pursuant to Article 459, Paragraph 1, Item 3 of the Companies Act and Article 45

of the Company's Articles of Incorporation, a resolution by the General Meeting of Shareholders is not required.

(i) Item and amount of Surplus to be reduced
Other Capital Surplus 14,694,094,008 yen

(ii) Item and amount of Surplus to be increased
Retained Earnings Brought Forward 14,694,094,008 yen

3. Schedule for reduction of Capital Reserve and transfer of Other Capital Surplus

(1) Date of resolution at the Board of Directors meeting: February 14, 2023

(2) Date of resolution at the Ordinary General Meeting of Shareholders: March 30, 2023 (tentative)

(3) Final deadline for creditor objections: May 1, 2023 (tentative)

(4) Effective date of Reduction of Capital Reserve and transfer of Other Capital Surplus: May 8, 2023 (tentative)

4. Impact of future operation

This transaction is a transfer between accounts within the Company’s Net Assets and will neither affect the amount of the Company's Net Assets nor its operating performance.

End