

Initiatives that will lead to future growth



Hi!
I'm the popular cat-shaped floor service robot!



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Ready to
GROW!

Bringing Richness to Everyday Life, Always.

Ever since the opening of our first store in 1970, Skylark Group has grown by meeting customers' ever-changing needs as a pioneer in Japan's family restaurant business.

We have now grown into the country's largest table service restaurant chain, boasting a diverse portfolio of brands.

Our advantage lies in our unshakable management base, grounded in the greatest business scale in Japan, a diverse brand portfolio, ingredient procurement that leverages economies of scale, and an in-house vertically integrated supply chain that spans procurement to delivery of food ingredients to restaurants and even home delivery.

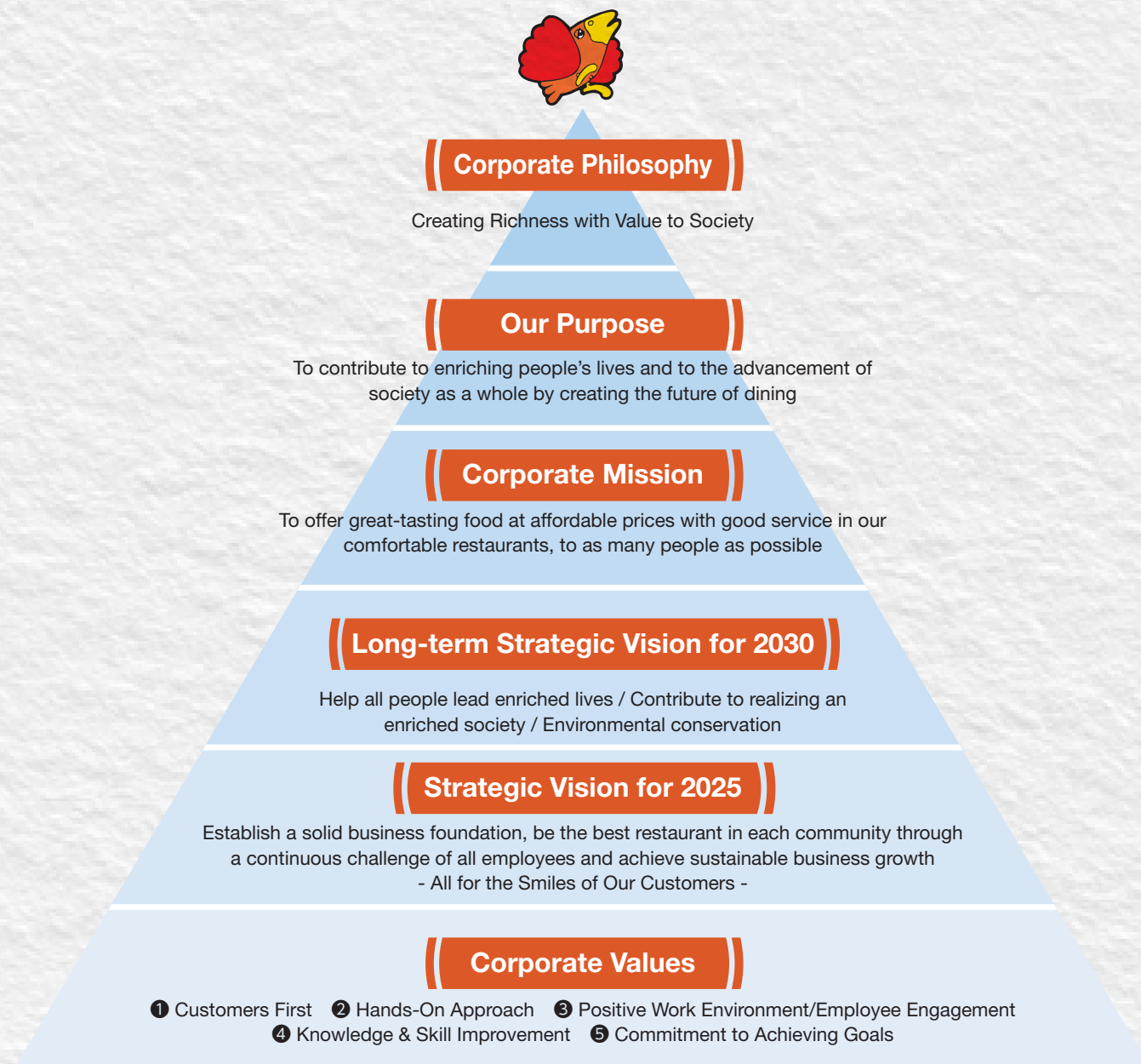
Today, as we set out anew on a growth path freed from the impacts of the COVID-19 pandemic, we deem the timing ideal for actively advancing a growth strategy.

By creating a new Medium-Term Management Plan and by leveraging and expanding our management base, we will pursue stable growth.

We hope that this Integrated Report will deepen your understanding of our sustainable management.

Aiming for the Practice of Sustainable Management

Setting forth a corporate philosophy of “Creating Richness with Value to Society” and seeking to contribute to society through food service that enriches people’s lives, we have established our Purpose, Corporate Mission, Long-term Strategic Vision for 2030, Strategic Vision for 2025, and Corporate Value, as follows.



Our Purpose and Materiality

To realize our Purpose of “To contribute to enriching people’s lives and to the advancement of society as a whole by creating the future of dining,” we have created a medium- to long-term strategy based on a value creation model and have identified our material issues (materiality).

We have established a structure to powerfully address our materiality and engage in detailed management of progress toward our short-, medium-, and long-term KPIs.

Skylark Holdings practices sustainability management in order to achieve our Purpose.

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Summary of Integrated Report – Skylark Group Integrated Report 2023 (FY2023)

Editorial Policy	This report is published to provide shareholders, investors, and stakeholders with financial and non-financial information on our company, as well as to provide information on our efforts to enhance corporate value over the medium and long term and to encourage further dialogue. As our company follows International Financial Reporting Standards (IFRS), the contents of this report are based on IFRS unless otherwise stated. Based on our management philosophy of “Creating Richness with Value to Society,” we will work to enhance and proactively utilize the Integrated Report to create value for our business through dialogue with our stakeholders.
Period Covered	FY2023 (January 1, 2023 to December 31, 2023) Note: Some FY2024 Q1 business activities are covered as well.
Scope of Coverage	SKYLARK HOLDINGS CO., LTD. and its consolidated subsidiaries
Guidelines Referenced in Editing	<ul style="list-style-type: none"> Ministry of the Environment “Environmental Reporting Guidelines 2018” GRI Global Reporting Initiative “GRI Sustainability Reporting Standards” International Integrated Reporting Council (IIRC) “International <IR> Framework” Ministry of Economy, Trade and Industry “Guidance for Collaborative Value Creation”
Cautionary Statement Regarding Forward-looking Statements	Forward-looking statements contained in this report are based on information available at the time of writing and may differ from actual results due to changes in the business environment and other factors.
Information Disclosure	In addition to this Integrated Report, we disclose financial and non-financial information on our website and through reports and other materials.
Website	https://corp.skylark.co.jp/en/

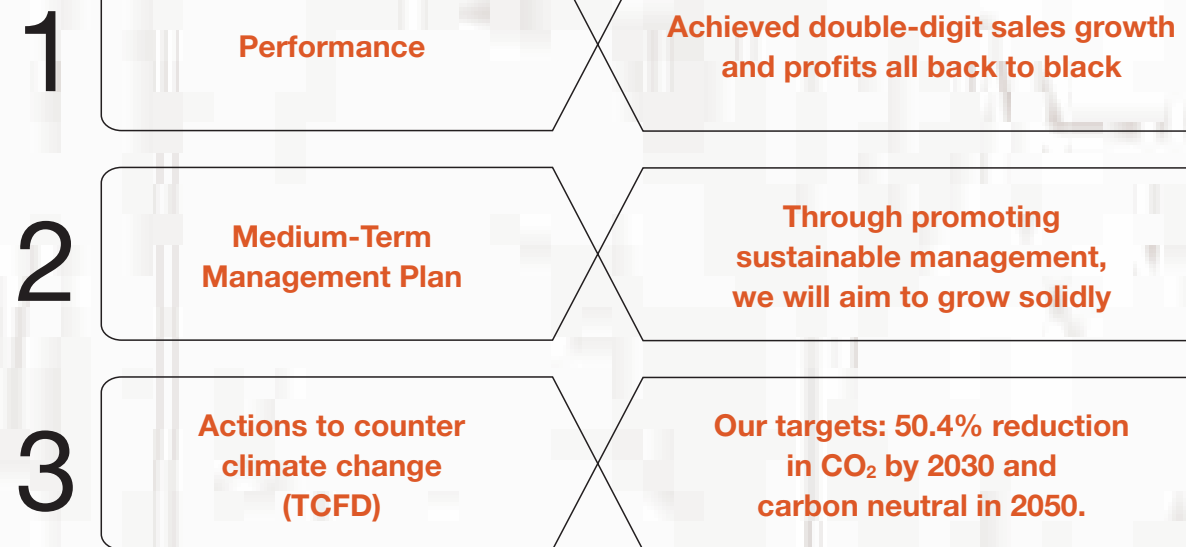
Sustainable Management at Skylark Group Means “Creating Richness with Value to Society.”

Under our corporate philosophy of “Creating Richness with Value to Society,” we seek to contribute to society through food service that enriches people’s lives.

This policy also leads to the refinement of our restaurant business, forming the basis for our sustainable management.

Here, we introduce the state of Skylark Group’s practice of sustainable management in FY2023.

Three Points of Note in FY2023



1

Looking at our performance in FY2023, we achieved double-digit growth in sales. Sales revenue was 354.8 billion yen, a 16.8% increase from the previous fiscal year. We achieved profitability in all areas, with operating profit of 11.7 billion yen, profit before tax of 8.7 billion yen, and profit attributable to owners of the parent company of 4.0 billion yen.

P/L situation in December 2023

(unit: million yen)	FY2022	FY2023	FY2024 (Guidance)
Sales revenue	303,705	354,831	375,000
Operating profit (loss)	(5,575)	11,688	15,000
Profit (loss) before tax	(8,225)	8,691	12,000
Profit (loss) attributable to owners of the parent company	(6,371)	4,781	7,500

2

In May 2024, Skylark Group announced its Medium-Term Management Plan with FY2027 as its final year. Amid post-COVID-19 pandemic changes in people’s lifestyles and other drastic changes in the business environment, we will achieve sustainable management for Skylark Group by advancing growth strategies (new store openings (domestic), existing store growth, overseas expansion, and pursuit of M&A) on a foundation of three important basic axes (enhancement of human capital, promotion of DX, and promotion of ESG).

▶ For details of our growth strategy, see P32-41

Medium-Term Management Plan

	FY2023 (Actual results)	FY2024 (Planned)	FY2025-2027 (Forecast)
Existing store growth	Average check: 8.1% Guest count: 9.5%	Average check: 1% Guest count: 6%	Average check: 2-3% Guest count: 1% CAGR (Compound Annual Growth Rate)
New store openings	27 stores	Domestic/Overseas: 40-50 stores	Domestic: Approx. 300 stores Overseas: Approx. 100 stores
M&A	0 cases	Through FY2027: 3-5 cases	

3

We view climate change and other environmental initiatives as vital management issue that can no longer be put off. Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Skylark Group is working to not only solidly tackle climate change but also to explore the potential for related business opportunities and thereby enhance our corporate value. We have set virtually zero CO₂ emissions as our target for the year 2050. At the same time, we aim to reduce Scope 1 and 2 by 4.2% per year and Scope 3 by 2.5% per year (compared to 2018) as short-term targets, and to achieve a 50.4% reduction compared to 2018 by 2030 as a medium-term target. Among specific initiatives, we will move forward with power-saving and energy-saving activities, logistics optimizations, preparatory research for transitioning to solar power and other forms of alternative and renewable energy, and efforts aimed at decarbonization.

▶ For details of our environmental initiatives, see P49-52

CO₂ emissions

Short-term Targets	By 2030	By 2050
Scope 1: Annual 4.2% reduction Scope 2: Annual 4.2% reduction Scope 3: Annual 2.5% reduction (compared to 2018)	Scope 1+2: 50.4% reduction compared to 2018 Scope 3: 30% reduction compared to 2018 Scope 1+2+3: 37% reduction compared to 2018	CO ₂ emissions: virtually zero



Makoto Tani
Makoto Tani
 Chairman and Chief Executive Officer

Message from our CEO

We Will Adapt to the New Post-Pandemic Market and Contribute to the Achievement of Sustainable Growth and a Sustainable Society.

Evaluation of results for the fiscal year ended December 2023

We view FY2023 as a year in which we were able to recover performance while also undertaking fast-paced management in preparation for future growth.

The market environment in FY2023 saw a continuation of high costs, including soaring costs of raw materials, logistics, and utilities due to the prolonged weak yen and the impacts of geopolitical risks including the Russia-Ukraine situation and the Israel-Palestine situation. Amid this, we executed management that quickly adapted to demand for dining out, which has shown signs of steady recovery after passing through the harsh environment of the pandemic. Our profit structure reforms, undertaken as a component of our management strategy in anticipation of the weaker yen and increasing labor costs, steadily yielded results.

Looking at performance, sales grew by double digits to reach 116.8% of the previous year's sales. We achieved a return to profitability in all areas, beating our full-year guidance figures.

We made further steps in the enhancement of productivity through ongoing progress in DX, including the introduction of payment at table terminals in stores and self-service cash registers at 2,400 stores.

We began a review of our store portfolio and brand portfolio at the nationwide level to capture the market of the new era. Our tactic of earning the support of local communities to contribute to business performance proved successful, marking a positive start toward the future.

Summarizing FY2023, we view the year as one in which we were able to recover performance while also undertaking fast-paced management in preparation for future growth.

Highlights during FY2023

► **Performance:** We achieved double-digit growth in sales and achieved profitability in all areas, exceeding our full-year guidance disclosed at the start of the fiscal year.

Net sales	354.8 billion yen	16.8% increase ↑
Operating profit	11.7 billion yen	Return to profitability ↑
Profit before tax	8.7 billion yen	Return to profitability ↑
Net income	4.8 billion yen	Return to profitability ↑

► **Promotion of DX:** We introduced self-service cash registers at 400 stores and at-table payments through table ordering tablets.

► **Anticipating the post-pandemic period:** We began reassessing our store and brand portfolios at the nationwide level.

The management foundations and competitive edge of Skylark Group

Strengths uniquely our own allow us to demonstrate our advantageous position and aim for sustainable growth.

Skylark Group is Japan's largest table service restaurant chain, with about 90,000 employees and about 3,000 stores nationwide that welcome about 300 million customers a year. We engage in business on an unshakable management foundations that has been built up by our Group over many years and which boasts the greatest business scale in Japan, a diverse brand portfolio, ingredient procurement that leverages economies of scale, and an in-house vertically integrated supply chain that spans procurement to delivery to restaurants and even home delivery.

In addition to our advantages in these individual elements, we further create and utilize real strengths by combining and linking the three elements of our diverse brand portfolios, our supply chain and ten central kitchens nationwide, and our human resources. I believe that this is the essence of Skylark Group's advantageous position and a strength unrivaled by other companies.

At table service restaurants, operation must act quickly and courteously in areas including preparation, customer service, and diverse menus, while adapting

to guest count fluctuations and changing customer preferences in an agile and flexible way. Around the nation, 5,000 store managers well-versed in these operation capabilities are active in promoting the growth of Skylark Group. The basic operation of table service remains the same even across different brands, and we also have a common personnel system. This means that managers are able to adapt quickly in situations such as transfer to a different brand when a brand conversion occurs. As we are building mechanisms at our central kitchens nationwide for multi-brand production and store deliveries, we face no bottlenecks in production and logistics and are able to open stores of brands that are optimal for any market in any region of the country.

Having a diverse number of brands, having a common personnel system, and having the infrastructure for offering quality table restaurants that satisfy customers, anywhere in the country and under any brand, are what empower us to demonstrate an advantageous position. The strengths that let us aim for sustainable growth will be the driving force for executing our future growth strategies.

The importance of our basic axes and formulation of our Medium-Term Management Plan

Enhancement of human capital, promotion of DX, and promotion of ESG: our basic axes in aiming for sustainable growth, form the key to advancing our growth strategy.

The market environment has changed drastically under three years of the COVID-19 pandemic. Preferences and choices with regard to food service are expanding in world. We are entering an era of severe shakeout in which services will not be chosen unless they offer something better. At the same time, I sense a strengthening in the tendency of consumers to find value in dining out with family and friends.

I have noted that FY2023 was year of preparation for our future growth. With the preparation now done in May 2024, we announced our Medium-Term

Management Plan. It is important that we understand our business environment, solidly discern what will be needed in the coming era as keys to growth, and put these into practice Group-wide. By setting enhancement of human capital, promotion of DX, and promotion of ESG as the three basic axes for success, and by executing our growth strategy on the cornerstones of new store openings (domestic), existing store growth, overseas expansion, and promotion of M&A, we will aim for sustainable growth and enhancement of our corporate value.

Basic Axes ① About enhancement of human capital

In our aim to achieve our corporate philosophy of "Creating Richness with Value to Society," our human resources are the greatest foundations of growth. In the coming era, we will need to pursue the expansion of profit through enhancement of customer satisfaction, not through a dependence on cost-cutting. The enhancement of human capital is a vital management issue in the enhancement of customer satisfaction and frequency of store visits.

During the fiscal year under review, we carried out the highest wage increase in our history. We believe in the importance of building a virtuous cycle along a path of enhancement of employee motivation/satisfaction through higher wages, which increases the frequency of customer visits through better service, which in turn enables price increases in menus, which yields increased sales that fund a return to employees. As a component of our enhancement of employee motivation, we are also advancing a transformation to a store-centric management structure by which we delegate authority to store managers. We are working to maximize sales by deploying necessary personnel at the discretion of managers to enhance service during weekends and other busy seasons. At Gusto, sales per store for January to March of FY2023 increased 11% from the year before. We have received other reports of positive outcomes, such as a 1.5-fold increase from a year ago in the amount of positive feedback from customers.

Japan's labor market, long a social issue due to the country's low birthrate and aging population, encompasses worrying problems that directly relate to our profit, including workload considerations for aging workers, language issues for non-Japanese workers, and the orientation of part-time workers toward shorter working hours. Accordingly, we have advanced DX in stores to lessen the burden of

operation and create environments that facilitate work by all. We will also strengthen our securing of human resources and our promotion of diversity that enables work by diverse human resources, through varied means including a system for actively hiring people who have been away from the workforce while they were raising children who now wish to work as full-time employees, as well as further strengthening of recruiting non-Japanese workers and promoting them to full-time positions.



Basic axes ② Promotion of DX (Digital Transformation)

As already noted, in anticipation of the worsening of the shortage of workers, we are strengthening our investments in DX and have introduced table ordering terminals, floor service robots, and self-service cash registers as we advance DX in store operations to lessen the workload of employees and enhance productivity. At the same time, we have enhanced convenience for our customers.

We recently launched the Skylark Point Program. Guests can earn and use points at 2,600 of our stores nationwide using the Skylark app, while earning points from other generic point programs as well. We will also put the point program to use as incentives for employees and in the development of products, services, and promotions that capture customers' varied and changing needs.

We aim to achieve innovative productivity improvements throughout the value chain, including the streamlining of stores' back office operations, the upgrading of central kitchen systems through the use of AI and robots, and universalization initiatives such as multilingual communication with employees. To promote overseas expansion and the acceleration of M&A, we will also consider the construction of a





global IT infrastructure, including alliances with local companies and the restructuring of backend systems for use globally and locally. We will also develop DX human resources and will continue strengthening our DX investments with a view toward medium- to long-term growth.

Basic axes ③ Promotion of ESG

I attach considerable importance to the promotion of ESG. The question of what individuals can do on behalf of society makes up a large part of people's behavioral factors today. As an example, when a major earthquake struck Taiwan in April of this year, we placed donation boxes in Bamiyan stores. This action was picked up by the media, spurring a great number of guests to visit our stores. This incident left me keenly aware of the increase in consumers who want to aid Taiwan and who have a strong awareness of and willingness for social contribution. I recognized anew that the synchronization of our corporate stance with our customers' consciousness of participation in society also contributes to our profits. Customers' identification with our corporate stance not only enhances trust but also leads to the enhancement of profit and corporate value. I view ESG as an important management issue that Skylark Group should undertake as a unified whole.

Among recent topics for our company, we achieved a major accomplishment in obtaining ISO 20400 certification, a first for Japan's restaurant industry. ISO 20400 is an international standard that places demands on the sustainable management of all business partners with whom we associate, from a variety of perspectives including those of legal, ethical, environmental, human rights, and other social responsibilities. Under the standard, companies are expected to commit to sustainability, make improvements to supply chains, build relationships of trust, and take other measures

to engage in effective procurement while minimizing their impacts on society and the environment. Our certification greatly contributes to enhancing the trustworthiness and favorability of Skylark Group.

Through such ESG initiatives, our ESG issues are now making contributions to our organizational strengths. We have acted on numerous ideas to meet our targets for stores, including targets involving the optimal use of utilities and waste-related issues such as food loss and one-way plastics. I realize that by reforming and improving our operations through such processes, our power as an organization will grow.

Thanks to our continuous efforts around ESG, external evaluations of our company are improving year by year. Representative of this is the "A-" evaluation we received in the categories of climate change, water security, and supplier engagement from CDP, an international environmental non-profit organization. We have also been selected as a constituent of all six Japanese ESG indices adopted by the General Pension Investment Fund (GPIF). This marks a first for a restaurant company.

External ESG evaluation had already been a part of officer remuneration, but from FY2023, we have added "CO₂ emission reduction", "employee engagement," and "overall customer satisfaction" as new indicators. By further increasing involvement by executives to advance ESG by the Group as a whole and by achieving the targets we have set, we hope to contribute to sustainable growth and the realization of a sustainable society.

▶ For details of our ISO 20400 certification, see [P23-24](#).

Medium-Term Management Plan

Basic axes: Enhancement of human capital, promotion of DX, and promotion of ESG

Growth Strategies	Targets for 2025-2027
(1) New store openings	Japan: about 300 stores
(2) Existing store growth	Net sales: 3-4% annual average growth
(3) Overseas store openings	Overseas: about 100 stores
(4) Pursuit of M&A	3 to 5 cases by 2027

Financial targets of the Medium-Term Management Plan (billion yen)

Item	2023 (results)		2024 (target)		2027 (planned)		2025-2027
	Actual	% of sales	Actual	% of sales	Actual	% of sales	
Net sales	354.8	-	375.0	-	Approx. 460.0	-	7% or higher
Business profit	16.4	4.6%	17.0	4.5%	Approx. 34.0	7.4%	20% or higher
Operating profit	11.7	3.3%	15.0	4.0%	Approx. 32.0	7.0%	20% or higher
Net income	4.8	1.3%	7.5	2.0%	Approx. 18.0	3.9%	20% or higher
ROE	3.0%	-	4.5%	-	9-10%	-	-

About our growth strategy

To achieve our final targets for 2027, we will engage in four strategies: new store openings, existing store growth, overseas expansion, and M&A.

New store openings in Japan

To date, Skylark Group has expanded primarily through roadside sites in non-urban areas. We now have about 3,000 stores, and see a potential for over 1,000 new store openings. We are planning for station-front area store openings in large and regional cities, including commercially busy districts in metropolitan areas. We will relocate low-profitability stores in non-urban roadside areas to station-front locations where we can expect a greater population and foot traffic, and continue to grasp people's needs for dining out.

At present, our store openings in regional cities of 100,000 population scale are mostly limited to Gusto and Bamiyan, but customers are well aware of and interested in information on our other brands even if they have never visited them. We see considerable potential for new Syabu-Yo and Musashinomori Coffee openings in Hokkaido, Kyushu, and Okinawa. We are also planning to open multiple brands in one area.

Of stores with the highest sales across the company, about 80% are new stores opened during our accelerated opening of stores in station-front areas. The operating profit margin of these stores is high, contributing greatly to our performance. As the IRR of the new stores is also high, I am confident of the prospects for future new store openings.

New store openings in Japan

▶ About 300 store openings in Japan in 3 years

Strategies and actions	Target values
<ul style="list-style-type: none"> Store openings in commercially busy districts Store openings in station-front areas of private railways in large metropolitan areas Store openings in station-front areas in regional cities Opening multiple brands in regional medium-sized cities 	About 300 store openings in Japan in 3 years

Key points in existing store growth

A key point in enhancing the performance of existing stores is drawing out the vitality of our store

managers nationwide. Toward that end, we are transitioning to "store-centered management." While we are also carrying out price increases through menu revisions and quality enhancements, I believe that human resources are what will directly connect to the enhancement of store sales. In creating a virtuous cycle in which we provide good service that increases repeat customers and thereby boosts sales, the capabilities of our employees as human resources and the motivation of the managers who lead them will be vital.

Existing store growth

▶ Existing store sales growth: annual average 3-4%

Strategies and actions	Target values
<ul style="list-style-type: none"> Brand conversions tailored to each market Promotion of store renovations (remodeling) Pricing which matches the inflationary environment 	• Brand conversions: Avg 40 stores per year • Store renovations: Avg 300 stores per year • Average check growth: Avg 2-3% per year Existing store sales growth Avg 3-4% per year

Guest count growth: Avg +1% per year

Overseas expansion

In the United States, fast food restaurants and coffee shops have been the main places where people go with families. Enjoying meals at table service restaurants with children has been less common. Our store in the United States is enjoyed by families and has thrived to achieve sales of about 700 million yen per year. Our entry into the country so far consists of only one Syabu-Yo store in Chicago, but I sense a strong business opportunity in the United States. The fact that we achieved popularity in Chicago, a city with an ethnic composition typical of the United States, suggests a high likelihood of success in any city in the country. We intend to actively enter the U.S. market in the future.

We will also advance store openings throughout Malaysia, Indonesia, Philippines, and elsewhere in Southeast Asia. As "hot pot culture" has roots in these areas, we believe that Syabu-Yo will be successful. The average age in Malaysia is around 29, and the nation looks set to increase in power. In Taiwan, which faces few constraints on its labor

force, we have accelerated store openings with plans to launch stores at a pace of about 10 per year from 2024.

We hope to expand our overseas business in the United States and Southeast Asia through Syabu-Yo. Even without central kitchens to do primary processing of ingredients, the operation of table service restaurants is not difficult if meats, vegetables, and other ingredients can be procured locally. Moreover, as training of employees is much easier under a single menu system, we believe that we can accelerate the rollout of multiple stores.

Overseas expansion
→ About 100 store openings overseas in 3 years

Strategies and actions	Target values
<ul style="list-style-type: none"> Opening other brands in Taiwan Open more Syabu-Yo stores in the United States Expansion into Southeast Asian countries 	About 100 store openings overseas in 3 years

M&A strategy

Many companies in the restaurant industry face latent struggles to grow due to labor shortages and funding issues. Of such brands, we would like to partner and grow with those that have a good concept and that are sought by customers. We have no particular preconditions for M&A. Whether a company is in Japan or overseas and in large cities or small, and whatever its genre, scale, or region, we are willing to consider them.

Pursuit of M&A → 3 to 5 cases in 3 years

Strategies and actions	Target values
<ul style="list-style-type: none"> Support business expansion of other companies through our infrastructure and resources 	3 to 5 cases in 3 years

As the leading company of the restaurant industry

Taking action at the vanguard, we want to contribute to the creation of opportunities aimed at a virtuous economic cycle.

At the risk of repeating myself, I believe that what we should focus on now is solidly executing on actions that leverage the strengths of Skylark Group. The restaurant industry is set to enter an era of competing not only domestically but globally. At present, Japan finds itself within an unresolved vicious cycle of low wages, low menu prices, and resulting lack of robust economic growth and growth in national power. By taking the lead in raising salaries and boosting employees' motivation, I hope to achieve the provision of better service. Toward that end, by raising prices in line with increased value that customers can understand, we want to build a robust organizational system and boost profitability, and thereby contribute to the creation of

opportunities for Japan's economy to operate under a virtuous cycle.

By executing Skylark Group's growth strategy, we also hope to delight customers, employees, and all other stakeholders and invigorate the restaurant industry as a whole. In Japan and overseas, we will manage stores by rooting ourselves in each region and provide a fun and enriched dining experience to as many customers as possible. We aim to operate as a globally expanding restaurant chain while contributing to the realization of a sustainable society.

I ask our stakeholders for their continued support for Skylark Group.



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Catching the waves of the times and always taking on new challenges

Section 2

Overview of Our Business Sustainable Management and the Growth Strategy of Skylark Group

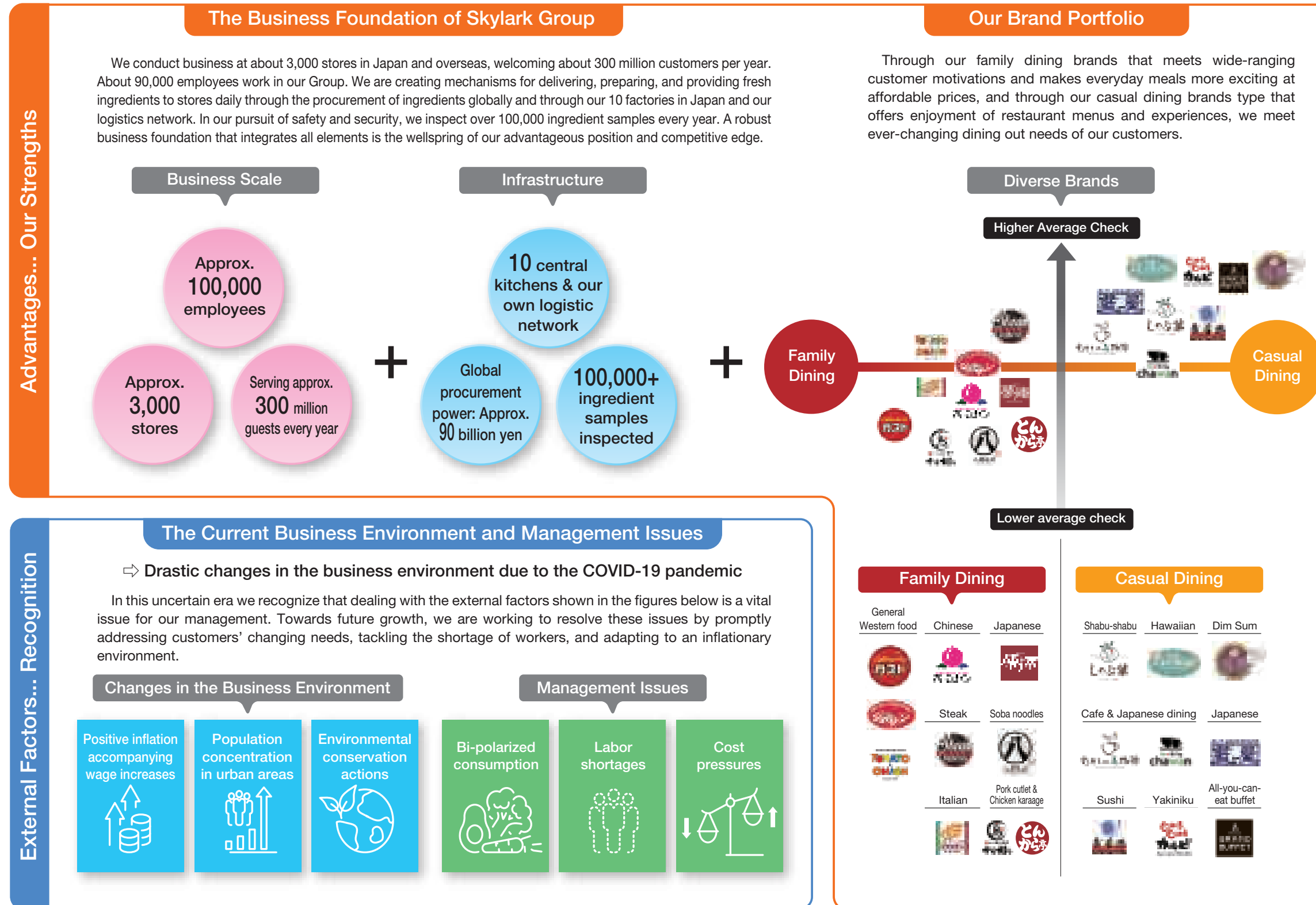


RESTAURANT

Number of Group Stores (including overseas) approx. **3,000** Stores

The Current Business Environment and Our Strengths

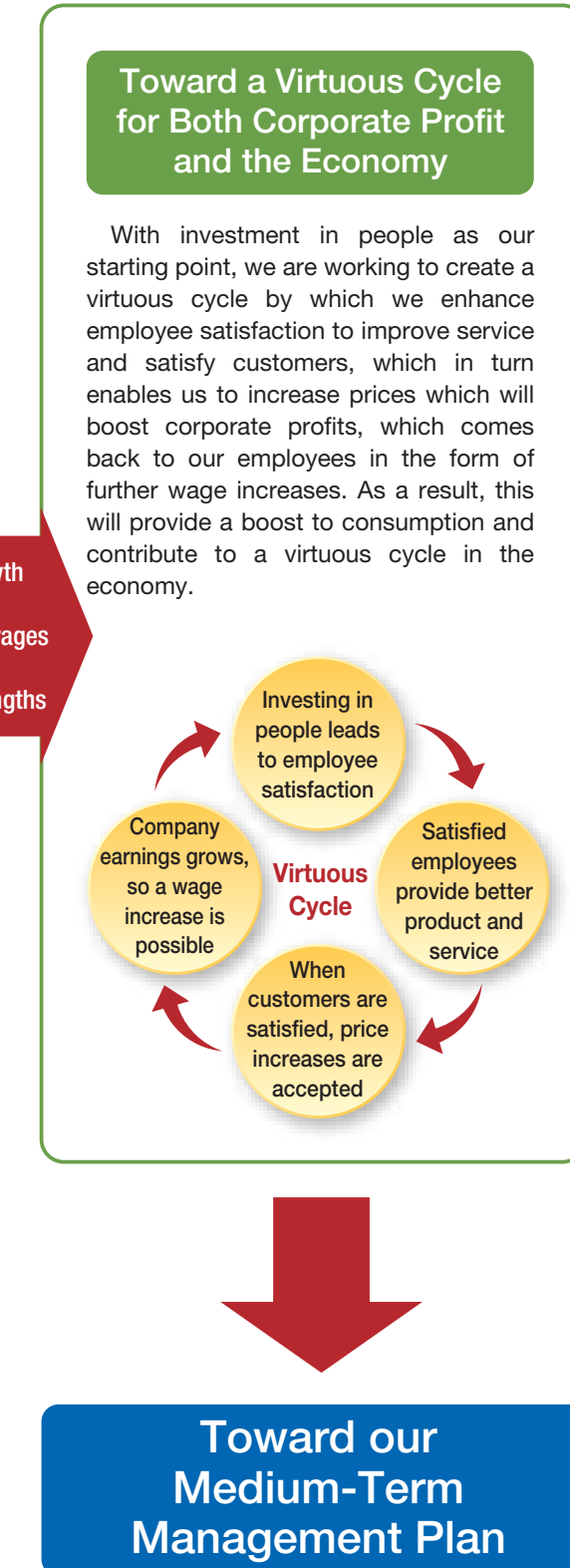
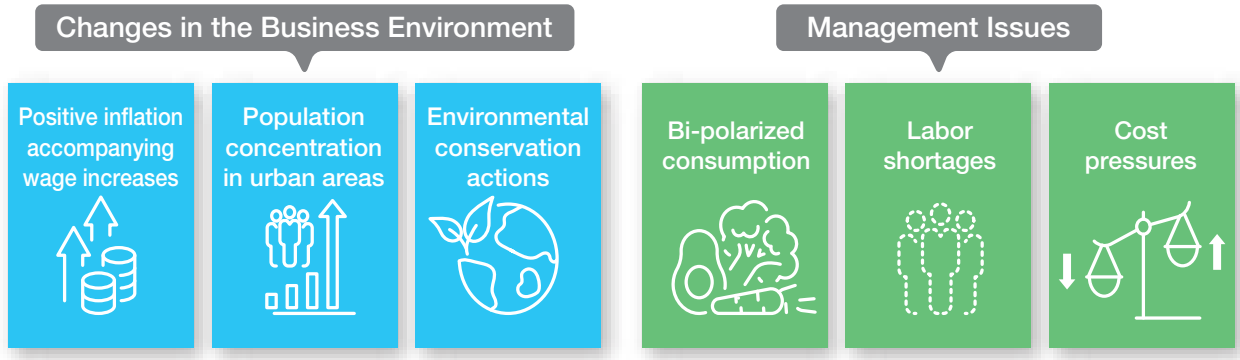
Skylark Group aims to grow by leveraging strengths that include our business scale, our infrastructure, and our diverse portfolio of brands. While generating corporate profits on the basis of investments in people, we will help boost consumption and contribute to creating a virtuous cycle in the economy.



The Current Business Environment and Management Issues

⇒ **Drastic changes in the business environment due to the COVID-19 pandemic**

In this uncertain era we recognize that dealing with the external factors shown in the figures below is a vital issue for our management. Towards future growth, we are working to resolve these issues by promptly addressing customers' changing needs, tackling the shortage of workers, and adapting to an inflationary environment.



Sustainable Management

Skylark Group aims to contribute to the creation of a sustainable society and to increase our corporate value through food service by practicing our corporate philosophy of “Creating Richness with Value to Society.”

Materiality Identification Process

STEP 1 Identifying issues

- First, we identify issues based on social demands such as the SDGs and survey items from ESG assessment organizations.
- Divisions in the company identify issues within their own area of business based on a long-term perspective.

STEP 2 Ordering of priorities

- We analyze and prioritize identified issues based on their importance to Skylark Group and their importance to stakeholders.
- We evaluate importance to Skylark Group from the perspectives of policy, strategy, social demands, and consideration for the environment, society, and issues that should be addressed based on business content.
 - We evaluate importance to stakeholders from the perspectives of trends in the world, stakeholders' expectations toward our company, and impacts on the environment and society.

STEP 3 Identification of materiality

Officers responsible for relevant divisions deliberate on the prioritized issues, after which the Group Sustainability Committee engages in deliberations, makes determinations of materiality, and reports to the Board of Directors. In identifying materiality, we conducted exchanges of ideas with outside stakeholders at officers' study sessions, and added “DX” and “biodiversity.”

	Issues that we should recognize	Issues that we should address in view of social demands and business content	Issues to be addressed as highest priority
Highest	<ul style="list-style-type: none"> • Provision of education • Prevention of child labor and forced labor 	<ul style="list-style-type: none"> • Decarbonization • De-plasticization • Prevention of environmental pollution, environmental conservation • Water conservation • Protection of biodiversity 	<ul style="list-style-type: none"> • Food safety and security • Responsible procurement • Customer orientation • Food loss reduction
Very high	<ul style="list-style-type: none"> • Prevention of odor and noise • Prevention of corruption 	<ul style="list-style-type: none"> • Assurance of data security • Support for local communities • Respect for human rights 	<ul style="list-style-type: none"> • Promotion of nutritious and healthy lifestyles • Promotion of workplace diversity and employee education • Better work environment • DX
High	<ul style="list-style-type: none"> • Elderly care • Social welfare 	<ul style="list-style-type: none"> • Fair business practices • Creation of an effective governance structure 	<ul style="list-style-type: none"> • Adaptation to changing consumer preferences • Employee health management • Stable logistics network
	High	Very high	Highest

Organization for Promoting Sustainability

Skylark Group established the Group Sustainability Committee under the supervision of the Board of Directors as a decision-making body for sustainability-related initiatives. We continuously implement sustainability measures including formulation of group-wide policies and targets, monitoring of material issues (materiality), and establishment and development of organizational structures and systems.



Reasons for Selecting Our Materiality

Materiality	Reasons for Selecting Each Materiality
Food loss reduction	If food loss continues to increase, not only will the food ingredients we provide be wasted but we will also be unable to appropriately adapt to food crises caused by environmental deterioration and future population growth. Cutting food loss reduces the amount of waste created, CO ₂ emissions from transportation and incineration, and disposal costs, while improving the image of the company. We have selected this issue as materiality as it is highly relevant to our Group, which engages in the restaurant business.
Decarbonization	Delays in CO ₂ reduction measures will accelerate global warming and climate change, resulting in frequent occurrence of natural disasters, food crises, water shortages, stoppages of infrastructure functions, and other significant impacts that will affect our Group's business. Tackling decarbonization will reduce energy costs, improving the image of the company. We have selected this issue as materiality as it is highly relevant to our Group, which has many sites and uses a large amount of energy.
Reduction of plastic consumption	Marine, soil, air, and other environmental pollution caused by plastic waste from single-use plastic that has not been properly treated, and the eating of fish which have ingested microplastics that carry harmful substances, are said to have negative effects on the human body. De-plasticization leads to reduced usage of crude oil as a raw material and the reduction of CO ₂ emissions from plastic incineration. We have selected this issue as materiality as it is highly relevant to our Group, which provides home delivery and take-out products.

Third-party evaluations

- Selection as a constituent of all six ESG indices adopted by the GPIF
- Our company is selected as a constituent of all six ESG indices adopted by the General Pension Investment Fund (GPIF), a first for a restaurant company. As of March 2024, the six Japanese stock ESG indices adopted by GPIF are:
- 1 MSCI Japan ESG Select Leaders Index (selected in March 2024)
 - 2 MSCI Empowering Women Index (WIN)
 - 3 FTSE Blossom Japan Index
 - 4 FTSE Blossom Japan Sector Relative Index
 - 5 S&P/JPX Carbon Efficient Index
 - 6 Morningstar Japan ex-REIT Gender Diversity Tilt Index

Other third-party evaluations related to ESG

- CDP Water Security 2023: A-
- CDP Forests 2023 cattle products, palm oil, timber: B
- CDP Supplier Engagement 2023: A-
- FTSE4Good Index Series
- Receipt of 12th Achievement Award for Promoting Biomass Products
- Receipt of Robotics Society of Japan 2023 Robots and Society Award
- Kankyo Keizaijin Committee 20th Environmentally Advanced Enterprise: AA rank
- Nikkei SDGs Management Survey 2023: 4-star rating
- Recipient of WORK DESIGN AWARD 2023

Risks and Opportunities that Our Materiality Poses to Our Business

With a sustainable society and enhancement of our corporate value through food service as our aims, Skylark Group undertakes the identification of our material issues (materiality). We set KPIs and, based on our materiality, identify and address risks and opportunities that affect our business operations.

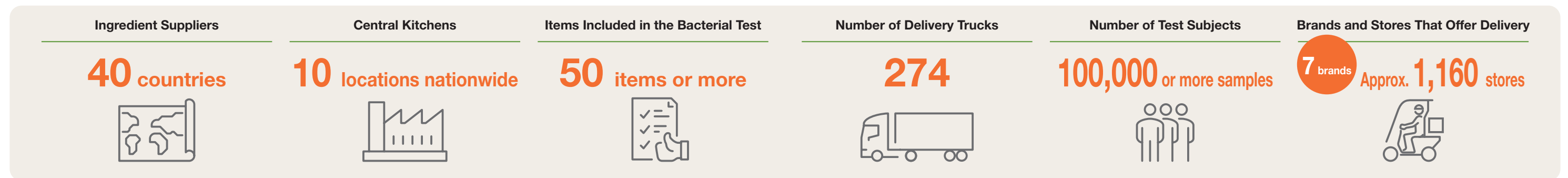
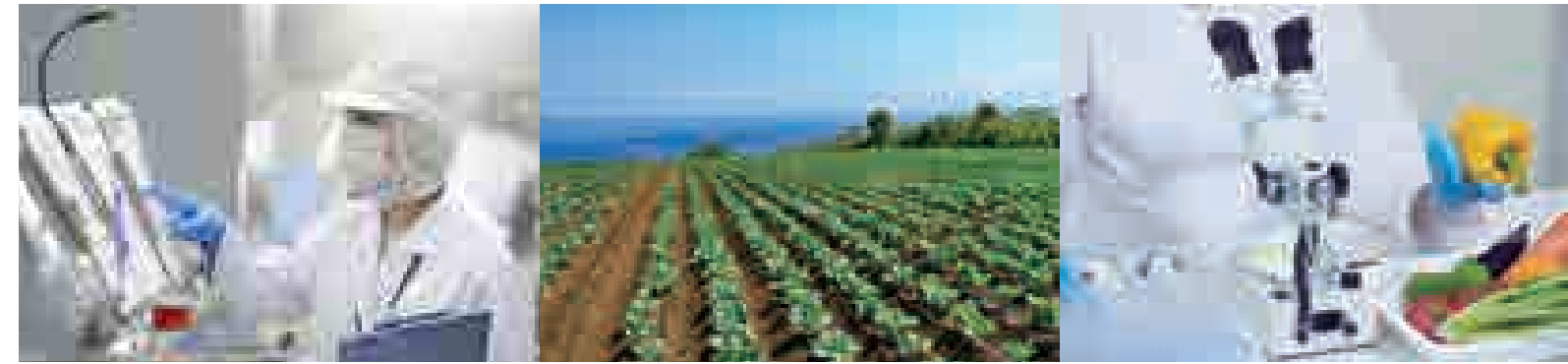
▶ For details of our materiality identification process, see [P17](#).

Theme	Materiality	Contribution to the SDGs	Skylark Group's efforts aimed at contributing to the achievement of the 169 targets of the SDGs	Major Risks	Major Opportunities	Major Indicators	2021	2022	2023	KPI		
										2024	2030	2050
Help all people lead enriched lives	Food safety and security	2.1/2.2, 3.d, 12.8	2.1/2.2/3.d Provide safe, great-tasting food at affordable prices to as many people as possible. 12.8 Provide accurate nutritional and allergen information to customers at restaurants.	Reduction in customer trust due to food-related accidents	Earning of customers' trust	Number of major food accidents Number of online/retail product recalls	0 0	0 0	0 0	0 0	0 0	0 0
	Health & nutrition	2.1/2.2, 3.4/3.d	2.1/2.2/3.4/3.d Provide healthy, great-tasting menus at affordable prices to as many people as possible.	Loss of guest count due to late response to customer feedback/needs	Increase in guest count due to health-conscious menus	Provision of products that contribute to healthy eating habits	2 (per brand)	2 (per brand)	4 (per brand)	3 (per brand)	10 (per brand)	20 (per brand)
	Customer orientation	11.7/11.8, 12.8, 17.17	11.7 Provide safe eating spaces throughout Japan for all people, especially families, as food service infrastructure. 11.8/17.17 Through store openings nationwide, contribute to local communities by enriching dining and providing places for dining and communication. 12.8 Display and advertise menus appropriately from customers' perspectives.	Loss of guest count due to late response to customer feedback/needs	Earning of customers' trust	Customer overall satisfaction	73%	81%	85%	82%	85%	90%
	DX	8.2, 9.1/9.2	8.2/9.1/9.2 Create sound and healthy work environments by improving productivity in stores, in central kitchens, and at headquarters through promotion of DX, promotion of workstyle reform, and improvement of the labor shortage situation.	Decline in competitiveness due to delayed response	Securing of competitive advantage in business overall	Number of trials for DX	0	0	118	50	50	50
Contribution to realizing an enriched society	Workstyle reform	3.a/3.d, 4.7, 5.5, 8.5/8.8, 10.3, 17.17	3.a/3.d Contribute to global health through employee health management and reducing the percentage of smokers. 4.7-10.3 Contribute to solving social issues related to employment and labor through workstyle reform. 17.17 Contribute to local communities through promotion of work-life balance and community-based activities.	Slowed growth and increased labor costs due to lack of human resources and lack of diversity	Acquisition of talented human resources, enhancement of productivity, and enhancement of employment and retention rates	Ratio of women in managerial positions Percentage of smokers Improvement of overtime work Paid leave acquisition rate	14.6% 30% 18 hours 63%	14.0% 25% 29 hours 62%	14.3% 21% 32 hours 64%	30% 15% 28 hours 65%	30% 10% 20 hours 80%	50% 0 0 100%
	Responsible procurement	1.1, 2.4, 8.4/8.7, 10.2/10.3, 12.2/12.3, 16.5	1.1 Contribute to employment and poverty issues through procurement from overseas. 2.4-12.3 Contribute to solving problems at suppliers through socially and environmentally conscious procurement. 16.5 Contribute to anti-corruption efforts through sound and fair transactions.	Decline in trust due to delayed response by the company's suppliers to social and environmental issues	Increase in guest count due to stable provision of products and menus offering ethical choices	Implementation of business partner CSR surveys Implementation of human rights due diligence for business partners	0% 0%	82% 2%	84% 39%	100% 30%	100% 100%	100% 100%
	Food loss reduction	12.3/12.5	12.3/12.5 Reduce food waste at stores and factories.	Decrease in guest count due to delayed response to food loss	Earning of trust from customers, reduction of costs, and increase in profitability	Amount of food waste Recycling rate	17,156t Compared to 2018: -35%	16,919t Compared to 2018: -36%	18,554t Compared to 2018: -30%	Compared to 2018: -35%	Compared to 2018: -50%	Compared to 2018: -75%
Environmental conservation	Reduction of plastic consumption	12.2/12.5, 13.1, 14.1	12.2/13.1 Contribute to the conservation of natural resources through reduced use of plastics. 12.5/14.1 Contribute to waste reduction through reduced use of single-use plastics.	Decrease in guest count due to delayed response to de-plasticization	Earning of customers' trust	Amount of disposable plastics used Ratio of petroleum-derived materials used in single-use plastics	4,806t Compared to 2020: +12%	4,273t Compared to 2020: ±0%	3,857t Compared to 2020: -10%	Compared to 2020: -33%	Compared to 2020: -50%	Compared to 2020: -50%
	Decarbonization	7.2/7.3, 13.1	7.2/7.3 Contribute to decarbonization through energy-saving activities in stores, factories, and headquarters and through transition to renewable energy. 13.1 Improve sustainability and reduce CO ₂ emissions through transition to renewable energy.	More stringent regulations and increased associated costs, stoppages of operations due to natural disasters, and stoppages of logistics networks	Earning of trust from customers; cost reductions through energy-saving	GHG reduction rate (Scopes 1, 2) GHG reduction rate (Scope 3) GHG reduction rate (Scopes 1, 2, 3)	303,107t-CO ₂ Compared to 2018: -30.1% 718,942t-CO ₂ Compared to 2018: -27.9%	310,692t-CO ₂ Compared to 2018: -28.4% 783,620t-CO ₂ Compared to 2018: -21.4%	316,644t-CO ₂ Compared to 2018: -27.0% 827,450t-CO ₂ Compared to 2018: -17.0%	Compared to 2018: -25.2% Compared to 2018: -15%	Compared to 2018: -50.4% Compared to 2018: -30%	0 0 0
	Preservation of water resources	6.3/6.4, 14.1	6.3/14.1 Contribute to improved water quality through proper drainage. 6.4 Contribute to improved water use efficiency through water conservation activities at stores and factories.	Stoppages of operations due to natural disasters or restrictions on water use, decline in product quality due to deterioration of water quality	Stable water usage through reduction of water risks, cost reductions through water conservation	Amount of water intake	5,806,070t Compared to 2018: -35.1%	6,183,233t Compared to 2018: -30.9%	6,252,285t Compared to 2018: -30.1%	Compared to 2018: -5%	Compared to 2018: -10%	Compared to 2018: -20%
	Biodiversity	14.4, 15.1/15.4	14.4/15.1/15.4 Contribute to the preservation of ecosystems through the use of certified food ingredients and the reduction of food loss.	Decline in guest count due to a delay in responding to biodiversity issues, difficulty in procuring food ingredients and rise in ingredient costs	Earning of customer trust, increase in guest count through menus offering ethical choices	Percentage of domestically produced vegetables certified by JGAP, or similar certified products	5%	5%	16%	16%	50%	100%
						Percentage of RSPO certified palm oil used	0%	0%	0%	0%	100%	100%
Percentage of FSC/PEFC certified paper products						0%	28%	36%	36%	75%	100%	

Business Foundation

Vertically Integrated Supply Chain

Amid the recent global rise in raw material prices, we are addressing this severe cost environment by making maximum use of our vertically integrated supply chain business model, in which we undertake all processes from procurement to service. We strive to reduce costs in each process and at the same time improve the quality we provide to customers by sharing key items among all of our brands: bulk procurement of raw materials, our processing structure by which our 10 central kitchens perform primary processing for our approximately 3,000 restaurants, our quality inspection system that ensures food safety and security, and our nationwide logistics network.



Ingredient procurement leveraging our multi-brand management

Through high expertise in every category from ingredients and tableware to consumables, our buyers deal with suppliers all over the world. They take advantage of the economies of scale afforded by Skylark Group's network of approximately 3,000 stores nationwide to procure high quality ingredients at optimal prices. We procure from suppliers in 40 countries. To minimize the impacts of exchange rate fluctuations and soaring market prices, we implement measures such as long-term contracts and diversification of suppliers, and achieve stable procurement prices by working to standardize ingredients used across multiple brands. We are also working to evolve our procurement structure through means such as our Cost Reduction Project that promotes collaboration among divisions, including those responsible for production and menu development.

▶ For details of our supplier selection, see [P54-55](#).

Cost reduction and quality improvement through the strengthening of our primary processing structure

Our 10 central kitchens throughout Japan perform primary processing of the products we provide to all stores, including pretreatment of ingredients and production of our own sauces. Operating on a base of chilled processing and logistics, we achieve the supply of fresh ingredients and reduce food loss and storage costs by not holding inventory in our stores. By operating production lines for all food categories, we adapt quickly to new brands, new seasonal menus, and product improvements. Our quality improvement activities and development of production equipment contribute to cost reduction. In addition to the ability to achieve stable quality at stores by increasing the ratio of in house production at our central kitchens, this also becomes our strength when we adopt new business models, including in-house development of frozen foods for our new online business to meet the recent growth of demand for ready-to-eat meals.

ISO 22000-based in-house hygiene management structure

We have established hygiene inspection laboratories at eight locations nationwide in the effort to offer safe and secure dining.



▶ For details of safety and security, see [P25-26](#).

A nationwide in-house logistics network that enables CO₂ reduction

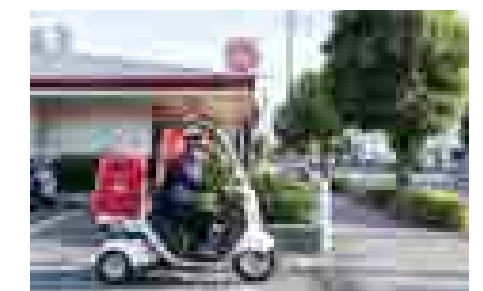
Products produced at our central kitchens are delivered fresh and at proper temperatures to our stores nationwide. Through our logistics network that efficiently delivers products to multiple stores of multiple brands within an area, we are equipped to open stores throughout Japan, from Hokkaido to Okinawa. Efficient logistics reduces the number of trucks we use and their travel distances, contributing to the reduction of CO₂ emissions. To further improve logistics efficiency, in 2021, we reduced deliveries from seven days a week to six.

Standardization of operations throughout Japan for all brands

By working to standardize operations in our management of over 20 brands, we are constructing an efficient chain store operation system for integrated time management and ingredients management in food preparation and customer service. From 2022, we also operate an online training system aimed at enhancing training so that we can offer the same quality and service at every store nationwide. For areas such as food sanitation and employee health and safety, we implement a consistent training system and personnel system across the group, allowing flexible adaptation even in cases of brand conversion or staff transfers.

A last-mile delivery network for multiple brands

We have our own delivery network with approximately 3,800 delivery vehicles and 10,000 delivery staff nationwide. We deliver freshly-made products from our stores in as little as 30 minutes. Our joint deliveries, with delivery staff shared among brands, have also been successful. Currently, we offer our own delivery service from approximately 1,160 stores under 7 brands.



Interview



A first for the restaurant industry!

Acquired the ISO 20400 certification, the international standard for sustainable procurement

Through our ISO 20400 certification, we will strengthen our transparency and accountability and promote the practice of sustainable food procurement.

Nobuyuki Katayama
Executive Officer
Managing Director of
Procurement Division

Q Is ISO 20400 necessary in the first place?

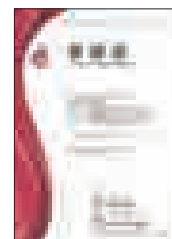
I see a major benefit for Skylark Group in enhancement of brand value.

ISO 20400 is an international standard for sustainable procurement. It is a guideline for evaluating and improving procurement processes from the perspective of sustainability. By complying with these guidelines, Skylark Group is able to show itself as actively engaged in efficient and ethical procurement while minimizing social and environmental impacts. Specific benefits include enhancement of market competitiveness, strengthening of risk management, cost reductions, efficiency improvement, and enhancement of our corporate image and brand value.

Three years ago, we considered obtaining certification for ISO 20400, which had been established in 2017. At the time, though, even reading manuals left us unsure of what exactly to do, and we had no precedents to refer to. As the COVID-19 pandemic prevented us from going overseas, from among the 4,600 items and about 300 business partners handled by the Procurement Division, we decided on a trial for the procurement of a single item that could be handled entirely within Japan: shark fin. Starting from advance preparation, we were able to obtain certification in about half a year. Following a one-year preparation period for all other ingredient categories, we obtained certification for the remaining food ingredients last year.

Benefits of ISO 20400 certification

- (1) Enhancement of market competitiveness**
As customers and business partners who place importance on sustainability tend to prioritize transactions with ISO 20400 certified companies, our certification will boost our competitiveness in the market.
- (2) Strengthening of risk management**
By improving our procurement process under the ISO 20400 framework, we are able to minimize our impacts on the environment and society and thereby reduce legal risks and impacts on our image, ensuring the sustainability of our business.
- (3) Cost reduction and improvement of efficiency**
Promoting efforts such as the efficient use of resources and reduction of wastes allows us to reduce our procurement costs and enhance efficiency. Placing an emphasis on sustainability enhances transparency and trustworthiness in the supply chain, facilitating the early detection and resolution of problems.
- (4) Enhancement of our corporate image and brand value**
Obtaining ISO20400 certification is an important means of demonstrating our company's social responsibility. It earns trust from customers and stakeholders and enhances our brand value.



Q What improvements will ISO 20400 bring about?

ISO 20400 is a guideline for promoting sustainability throughout procurement.

Amid the globalization of ingredient procurement, there is no denying the potential for harm in the form of low wages, occupational accidents, disregard for human rights, and so on due to overemphasis on economic aspects of QCD (quality, cost, and delivery time). There is also a possibility of ill effects spilling over onto second-tier and third-tier subcontracted producers. Ignoring these problems, viewing them as matters belonging not to us but to suppliers with which we have no capital relationship, is no longer a valid way of thinking. Today, companies' responsibilities are subject to strict scrutiny. Unfortunately, there are serious problems in a number of industries, including the apparel industry, electronic equipment contract production (EMS) in the IT industry, child labor used in shrimp farming in the food industry, and forced labor used in deep-sea fishing.

Conventional RBA*1 audits and Sedex's SMETA audits*2 focused on the practice of ethics, social responsibility, and working conditions. By contrast, ISO 20400 is a guideline for promoting sustainability throughout procurement. Following this guideline, companies are able to conduct effective procurement while minimizing impacts on society and the environment. Specific key points are commitment to sustainability, improvement of the supply chain, minimization of impacts, and the building of relationships of trust.

*1 RBA (Responsible Business Alliance)
In the electronic equipment industry supply chain, the working environment is safe and workers are treated with respect and dignity. Standards are also specified to make clear that manufacturing processes are responsible for their environmental impacts.

*2 Sedex's SMETA audit
This audit scheme was formulated for the purposes of improving corporate ethics in global supply chains and of lessening the burden of repeated audits and certifications on business partners. Leading retail and food companies around the world participate in the scheme.

Expected benefits of ISO 20400 certification

- (1) Strengthening of commitment to sustainability:**
Companies must demonstrate an active commitment to sustainable procurement and must consider their impacts on society and the environment.
- (2) Improvement of supply chain management:**
Under ISO 20400, companies evaluate procurement processes from a supply chain management perspective and promote sustainable improvement.
- (3) Minimization of impacts on society and the environment:**
Companies assess, and work to minimize, the impacts of procurement activities on society and the environment.
- (4) Creation of relationships of trust with stakeholders:**
Through ISO 20400 certification, companies can earn the trust of stakeholders and increase their brand value.

Q Can this certification also solve issues such as human rights issues in supply chain management?

The building of transparent and cooperative relationships among suppliers is vital in solving human rights issues.

ISO 20400 calls for the performance of due diligence to resolve human rights issues in the supply chain. In the selection and

evaluation of suppliers, companies must evaluate human rights-related risks in detail and enact appropriate countermeasures.

In order to do so, it is vital that we build transparent and cooperative relationships between ourselves and suppliers. I also believe that we need to share concerns about human rights issues, working conditions, and other matters, and jointly seek solutions, through communication with suppliers.

Skylark Group has established CSR Procurement Guidelines that we share among the Group as issues to tackle together with business partners under our procurement policy. With the acquisition of ISO 20400 certification, though, we have to go a step further into the area of our basic stance toward human rights and labor practices. As educating buyers about ISO 20400 is naturally important, we have held numerous study sessions and workshops. I've heard comments from participants that they've gained confidence through sessions. I see considerable positives in our certification. There has also been a good response from our trading partners, who have reported enhancements to their own social trust and creditworthiness through doing business with Skylark Group.

▶ For details about our relationships with business partners, see P53-56.

Q What is the relationship between the company's Purpose and supply chain management?

We aim to achieve sustainable procurement while protecting human rights throughout our supply chain.

Skylark Group's Purpose, "To contribute to enriching people's lives and to the advancement of society as a whole by creating the future of dining," is an important guideline that points to an ideal form for supply chain management. Our Purpose shows that Skylark Group pursues sustainability through its corporate activities and fulfills its responsibilities to society. With customers' interest in sustainable ingredients now growing, we believe that demand for certified ingredients will trend upward. However, certified ingredients can be expensive due to the extra work required for certification. Taking social risks into consideration, however, ISO 20400 certification allows us to procure sustainable ingredients, which enables the stable procurement of ingredients without excessive increases in cost. Because of this, I believe that we will inevitably be able to clearly differentiate ourselves from competitors in the industry and boost our competitive advantage.

Toward that end, we will build cooperative relationships with suppliers of all sizes, support sustainable business practices, strengthen transparency and accountability, and promote the practice of sustainability. Through this, we will work to achieve sustainable procurement while protecting the human rights of employees throughout the supply chain.

"How are things going?" This is how our vegetable buyers greet producers. How's the crop coming along, how's the producer's health, how's the weather? We place importance on the developing buyers who can build relationships that let producers trust us and readily associate with us. This is a future challenge for the Procurement Division. We will take our time, solidly face forward, and aim to achieve sustainable procurement.

Business Foundation

Initiatives for Safety and Security

Supply Chain Management

To thoroughly manage foreseeable risks in all processes, from procurement of ingredients to processing, distribution, in-store preparation, and provision to customers, Skylark Group has established standards for quality and hygiene management and a basic policy of thoroughly managing risks. We constantly incorporate the latest scientific insights from supervisory authorities, inspection organizations, and food industry bodies to build and operate a realistic and optimally effective quality assurance system, and pursue food safety and security for our customers from all possible angles.

ISO 22000 certification

Skylark has obtained certification under ISO 22000, an international food safety management standard. Our certification covers all ten of our central kitchens in Japan as well as our procurement division, menu development division, quality control division, and internal audit division.



Procurement initiatives

Formulation of our procurement policy

To meet the trust extended to us by our stakeholders, we have established a procurement policy under which we engage in procurement. In 2023 we obtained certification under the ISO 20400 standard for sustainable procurement, a first for the restaurant industry (see “Interview with Our Managing Director of Procurement Division,” P23–24). Together with our suppliers, we aim to achieve coexistence and co-prosperity among our corporate activities, society, and the environment.

[Web https://corp.skylark.co.jp/en/sustainability/environment/supply/](https://corp.skylark.co.jp/en/sustainability/environment/supply/)

Establishment of a traceability system

Based on Ministry of Agriculture, Forestry and Fisheries (MAFF) guidelines on the labeling of production locations by restaurants, Skylark discloses the production areas for its main raw ingredients including meats and seafood for its Japanese-cuisine brands. Additionally, by managing production information for in-house processed products through lot numbers, we have established a traceability system that allows us to go back to the time of shipment in the event of any quality-related problems.

Auditing our suppliers

When procuring ingredients, we inspect local factories and processes in accordance with our purchasing management regulations. We check hygiene management systems for each process at supplier locations based on the HACCP approach and purchase ingredients only from suppliers that meet our standards for doing business.

* Hazard Analysis and Critical Control Points, a hygiene management approach.

Inspections initiatives

Thorough inspections by our quality management group

Before the introduction of new products, whether in-house processed products or externally purchased products, our quality management group, which manages food safety, performs bacterial testing at our hygiene inspection laboratories. This ensures that only ingredients that have passed inspections based on our internal criteria are delivered to our restaurants nationwide. After the start of distribution, we conduct periodic sampling inspections at our eight hygiene inspection laboratories around Japan at every stage, from raw materials to foods ready to be served to customers, to confirm that operations meet internal standards. In bacterial testing, we establish inspection items and reference values for all items. When a test result exceeds the reference value, we take prompt measures such as prohibiting the use of the ingredient in question or canceling the introduction of a specific menu item. Through hygiene patrols conducted at all stores in collaboration with the operational audit and guidance team, we perform thorough inspections and provide guidance on more than 50 checklist items relating to hygiene, including food management and cleaning status. We also regularly inspect processing procedures and the status of hygiene management at our central kitchens through unannounced monthly checks based on ISO 22000 standards, and utilize reviews of findings to employee training. In 2022, we began physiochemical testing, conducting pesticide residue tests, water activity tests, food allergy tests, and other tests for multifaceted confirmation of the safety of products we provide. The number of samples tested by the quality control group each year is approximately 100,000, a leading level in the Japanese restaurant industry.

Production initiatives

Hygiene management system based on ISO 22000

At our central kitchens, where ingredients undergo primary processing and are then distributed, we have established a hygiene management system conforming to ISO 22000, and have received certification. We have also installed cameras to ensure that employees wash their hands properly as well as to check the health of all employees, including members of their households, ensuring that bacteria and viruses are not brought

into our central kitchens.

Logistics initiatives

A distribution system that preserves freshness

In order to deliver food in a fresh state, we have created a system for delivering products primarily from our central kitchens to our restaurants in all 47 prefectures of Japan. To maintain the ideal temperature range for each ingredient, we inject necessary amounts of carbon dioxide gas into cooling boxes before delivery, as appropriate to the day's outdoor temperature and the distance to stores.

Thorough food management

We conduct food management and food preparation at all of our stores in Japan under standardized quality based on hygiene management methods incorporating the HACCP approach. We determine food preparation procedures after repeated verification to guarantee quality and hygiene management. We develop easy-to-understand manuals that summarize procedures and key points on hygiene management so all employees can manage food appropriately, and create mechanisms that enable the provision of delicious food with safety and security through regular guidance on food preparation and hygiene.

Initiatives at stores

Disclosure of allergen and nutrition information

Through our website and other means, we disclose up-to-date information on allergens and nutrition for eight specific ingredients, to enable worry-free dining for customers who have food allergies or who limit their calorie or salt intake. We have established procedures and take great caution when serving low-allergen menu items at our restaurants to ensure no errors in serving and no contamination from unlisted ingredients. In addition to the allergen and nutrition information provided through our website and other means, we respond to nutrition information requests on an individual basis.

Food hygiene education

We have established food hygiene committees for each brand and each central kitchen, and hold regular committee meetings to improve food hygiene knowledge. Quality control divisions provide training for store managers and central kitchen managers who play central roles in our training system, to maintain and improve a high and uniform level of knowledge. Quality control departments also strive to obtain up-to-date professional knowledge from outside the Group to improve our internal quality control. Our procurement staff and quality control division staff conduct inspections of business partners together as appropriate for the nature of the food ingredients, and connect inspections to guidance on improvement.

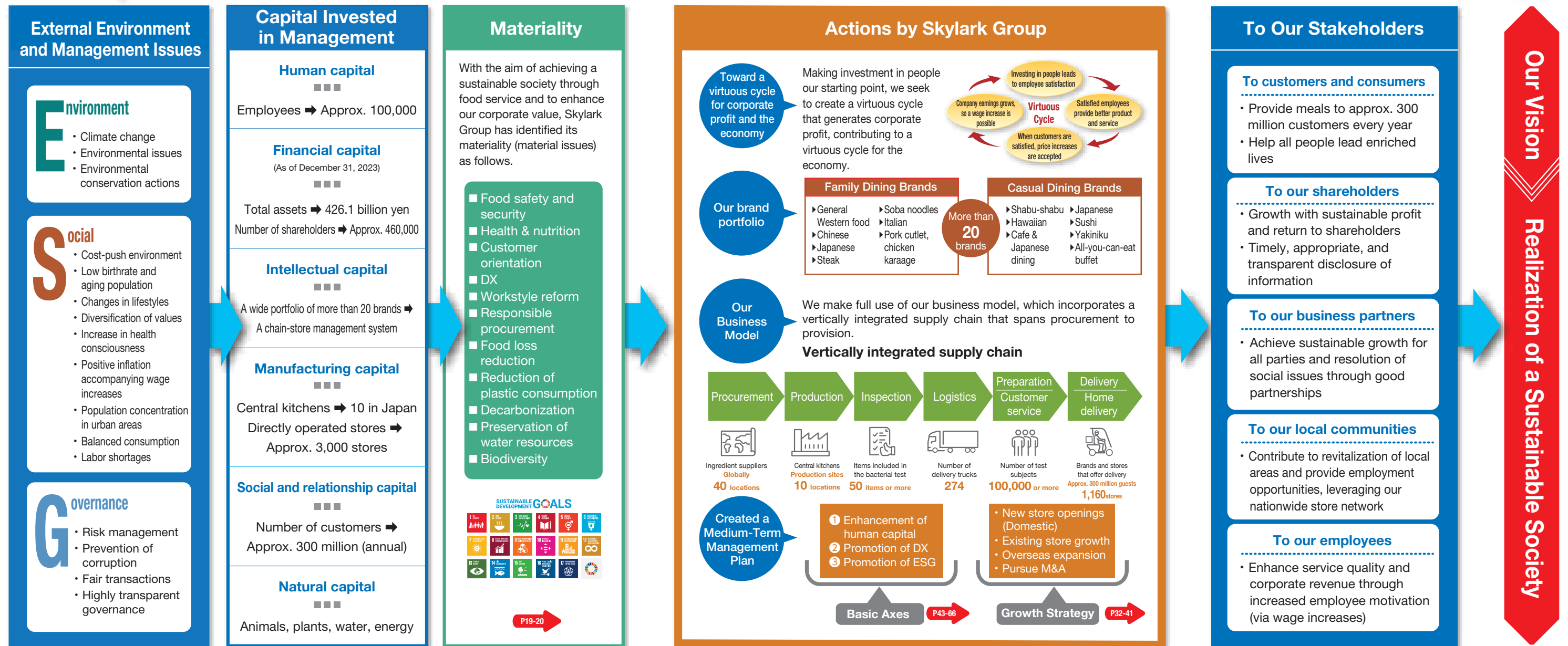


Value Creation Process of Skylark Group

Based on our understanding of the external environment and the management issues we face, we will achieve our vision by leveraging our business model and through achieving our Medium-Term Management Plan.



We offer services that satisfy people everywhere in the country, in every brand and at every store.



Corporate Philosophy Creating Richness with Value to Society + **Our Purpose** To contribute to enriching people's lives and to the advancement of society as a whole by creating the future of dining

Corporate Governance = The Practice of Sustainable Management

Message from our COO

Our growth strategy and financial policy

Skylark Group will steadily proceed with its growth strategy, leveraging its tremendous growth potential.

Minoru Kanaya

President and Chief Operating Officer

Minoru Kanaya



Evaluation and analysis of results for the fiscal year ended December 2023

In the fiscal year ended December 2023, we achieved results exceeding our expectations at the beginning of the year. The main reasons for this were increased sales due to price increase impact and increased frequency of customer visits amid recovery in consumption. Despite increased costs under inflation, we returned to profitability through recovery in sales and improvement of gross profit and costs at existing stores.

In May of last year, COVID-19 was recategorized to a Category V infectious disease, and from the middle of June, we carried out campaigns at Gusto that contributed significantly to an increase in guest count. However, the number of store employees had been reduced through the pandemic, and unfortunately, we

were unable to provide sufficient table service to our customers. To quickly address such issues, we immediately reacted and, from September, we increased hiring to 140% the level of the previous year to strengthen personnel, and set a standard for 20 hours of training per person. From October, we undertook a major renewal of our Grand Menus. For each brand, we introduced “good value-for-money menus” that reflect the latest consumption trends. We created fun selections for customers by expanding low-priced side menus, cutting the prices of alcohol, and offering set menus at reasonable prices, while also suggesting “one more item” orders to boost the number of plates ordered and the average check. By enhancing the variety of small menus, we also planned to boost the frequency of visits through enhanced usability for different occasions.

Through such activities, existing store sales were 118.4%

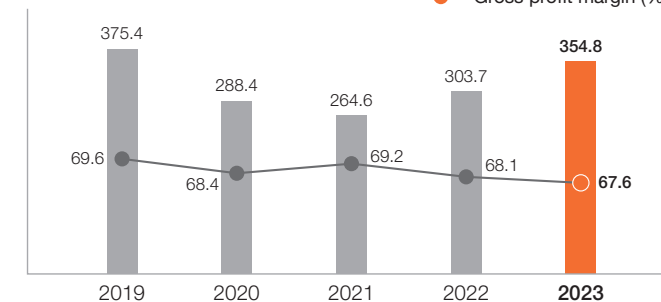
the level of the previous year. Moreover, through improvement of gross margins through price increases, reduction of food loss at stores, and measures implemented in cross-divisional cost reduction projects, we maintained having a top-level gross profit margin in the industry despite a 0.5-point decline from the previous year to 67.6%.

Although selling, general and administrative expenses increased, we have effectively achieved significant cost control through the initiatives of Group-wide profit improvement projects. We solidly eliminated unreasonable, unnecessary and uneven expenses at all stores, cut utility expenses by about 6% and tableware and consumables expenses by about 10% (excluding net increases due to sales increases), and have become able to properly manage working hours at stores in line with stable recovery in sales.

We opened 27 new stores and undertook brand conversions at 41 stores. Of the 27 new stores, 7 opened overseas, including Syabu-Yo, Yokohama Steakhouse, and Musashinomori Coffee in Taiwan and Syabu-Yo in Malaysia. We also carried out renovations at 104 stores. Looking at new brands developed in anticipation of the post-pandemic period, by the end of December 2023 we had opened a second Hachiro Soba store and a 13th Yumcha Terrace Tohsai store. Both have been well received by customers. We plan to solidify the profit structure of the brands as new candidates for store openings and brand conversions in the future.

To summarize FY2023, we view the year as one in which we prepared a business foundation for growth.

Net sales and gross profit margin Net sales (billion yen) Gross profit margin (%)



Growth strategy under our Medium-Term Management Plan

Skylark Group is tackling KPIs for the four growth strategies in our Medium-Term Management Plan: **New store openings, Existing store growth, Overseas expansion, and Pursuit of M&A.**

I believe there is considerable room for **new store openings** in Japan. While Skylark Group has expanded primarily through roadside sites in non-urban areas, we are planning to open stores in station-front areas in large cities and regional cities, including commercial districts in metropolitan areas. Last year, sales at station-front area stores were 2 to 2.5 times of the brand average, and moving Gusto and Bamiyan stores from roadside sites in

non-urban areas to station-front areas offers potential for growth. We also believe that in regions with populations exceeding 100,000, we can open multiple brands.

We are increasing our store development staff to prepare for the opening of 100 stores per year. We will also strengthen hiring and training activities to secure store managers.

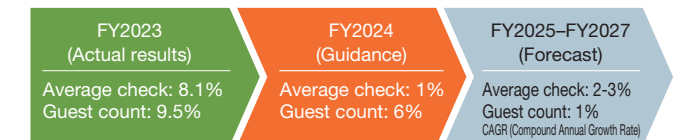
New store openings KPI



We believe that increasing our guest count is important for **existing store growth**. This year, based on factors including an upswing after the lifting of COVID-19 restrictions in May 2023, we have set targets of a 6% increase in guest count and a 1% increase in average check as well as 1% annual average increase in guest count and 2-3% annual average increase in average check as KPIs for FY2027. To achieve these targets, it is important that we enact measures to increase guest count, including menu revisions, operational measures, and incentives for store managers. We are currently focusing on increasing the number of guests we serve on weekends and holidays throughout the year. We believe it is important that customers can feel the quality of our service.

We will also actively promote brand conversions and store renovations as measures with considerable impact in boosting guest count and sales.

Existing store growth KPI



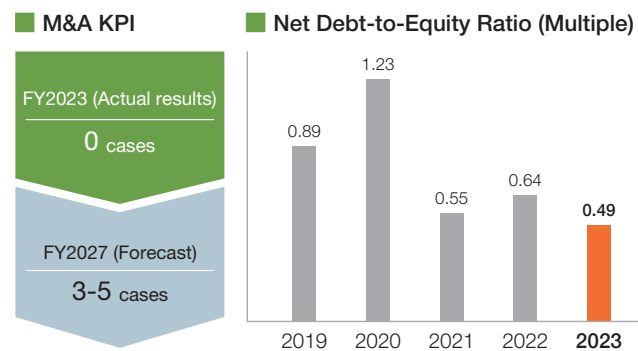
In **overseas expansion**, we now operate in three overseas countries: Taiwan, Malaysia, and the United States. Our 72 stores in Taiwan have been centered around Grazie Gardens and Syabu-Yo, but we have opened four stores in new brands, Musashinomori Coffee and Yokohama Steak. We began operation of a new central kitchen last year, preparing a foundation for expanded store openings. We plan to open stores at a pace of 10 per year, achieving 100 stores by 2027.

In Malaysia, we have opened 4 stores in Kuala Lumpur, with solid results. We plan a fifth store in Penang, located some distance from Kuala Lumpur. We hope to make Malaysia a stepping stone for expansion into Indonesia, the Philippines, and other Southeast Asian countries.

We have one store in the United States, in Chicago. The COVID-19 pandemic delayed opening of the store by about two years, but it has steadily grown in performance, with sales of 700 million yen forecast for this year. The United States is a market where we expect double the guest count and triple the average check of Japan. If we are able to generate solid results in 3 to 5 stores, I believe that rapid expansion through franchising will be possible.

Our basic policy concerning **M&A** is to not ask for the impossible. We will make decisions only in areas in which we are able to maximally leverage the know-how and infrastructure of Skylark Group, without considering actions such as hostile acquisitions in pursuit of scale. What we seek from partners are solid concepts and customer support, regardless of company size, commercial area, or region. By building win-win relationships with partners, we hope to dispel growth-inhibiting factors such as shortages of labor or funding, and thereby grow together. We expect to undertake 3 to 5 cases of M&A through FY2027, mainly with regional companies and startups.

Our current net debt-to-equity ratio is 0.49. We see a margin of about 80 billion yen until we reach a ratio of 1, and envision total M&A expenses of about 50 billion yen. As our M&A strategy is not included in the numerical targets of our Medium-Term Management Plan, realization of M&A cases will be an upside to the current targets.



Improvement of capital efficiency

We have adopted IFRS accounting standards and have decided to use ROE as an indicator for management efficiency due to the risks of misunderstanding associated with ROA. In the Medium-Term Management Plan that we recently announced, we plan to raise our ROE target from the current 3% to 9-10% in FY2027. Taking investment in human resources, M&A, and cost improvements into account, we hope to achieve a continued ROE of 10% or greater in the future. I am convinced that investments in human resources will create good service, boost guest count and average check, and enhance our company earnings, allowing us to create a virtuous cycle leading to increased employee wages. This year, we are carrying out a wage increase of 6.22% per person and investment of about 4 billion yen in employee development and training, which we expect will contribute to the company's earnings. We are also considering making ROIC (return on invested capital) a management indicator in the future.

Looking at the management of risks such as inflation and rising interest rates, exchange rate risk certainly carries a considerable impact. Depreciation of the yen by one yen to the dollar leads to cost increases of about 100 million yen. The impacts of interest rate risks are limited in the short term as interest rates are fixed.

We have received an A- credit rating, which makes it possible for us to raise funds in the corporate bond market.

In terms of risk management, soaring labor costs will have the greatest impact. We assume increases of 4 billion to 5 billion yen every year. As I've noted, however, as a restaurant chain, we believe in the importance of practicing a financial strategy that views human resources as investments.

Our future outlook and shareholder returns

In our outlook for FY2024, we continue to assume increases in sales and profit. We expect sales of 375.0 billion yen (an increase of 20.2 billion yen), business profit of 17.0 billion yen, operating profit of 15.0 billion yen, profit before tax of 12.0 billion yen, and profit attributable to owners of the parent company of 7.5 billion yen. As of the announcement of this annual guidance, we had not anticipated the price increase we implemented in April of this year. Taking this into account, we believe that we will be able to achieve results for operating profit exceeding our guidance. We receive questions from investors about the downward trend in our gross profit margin. We believe that unless the weak yen, the situation in Ukraine, and other aspects of the economic environment stabilize, it will be difficult to return quickly to our earlier 70% gross profit margin. Our current gross profit margin stands at about 67%. We are securing a sufficient gross profit amount, and are placing our emphasis on striking a balance between gross profit amount and gross profit margin. We will continue working to improve our gross profit margin while carefully watching changes in consumption trends.

In the area of shareholder returns, amid recovery in business performance, we paid out a dividend of 7 yen per share. We will continue aiming for a stable dividend payout, maintaining a payout ratio of 30% or more, balanced against profit. At the same time, we recognize that our shareholder benefits are at a good level compared to those of our competitors, and we will continue the benefits at the current level. There are also questions of whether the company will buyback its own shares to increase ROE with the aim of capital efficiency. Our approach at present is to increase returns (profit) rather than reduce equity (capital). We believe that Skylark Group has tremendous potential for growth. In terms of the balance between investment for growth and payment of dividends, we are planning to allocate capital at a ratio of about 7 to 3.

As noted earlier, the receiving of an A- credit rating has boosted our creditworthiness, expanded our financing options, and created capacity for growth investments. Based on a robust financial foundation, we will solidly execute the growth strategy of our Medium-Term Management Plan and push forward toward achieving our goals.

I look forward to the continued patronage and support of our stakeholders.

Creating of Our Medium-Term Management Plan

Aiming to practice sustainable management through four growth strategies

In May 2024, Skylark Group created a Medium-Term Management Plan with FY2027 as its final year. This Medium-Term Management Plan sets out clear growth strategies (new store openings (Domestic), existing store growth, overseas expansion, and pursuit of M&A) on a foundation of three important basic axes (enhancement of human capital, promotion of DX, and promotion of ESG) as a path to achieve future-oriented sustainable growth for Skylark Group.

Four growth strategies

Item	Strategies and Actions	Target Values
New Store Openings (Domestic)	<ul style="list-style-type: none"> Store openings in commercial districts Store openings in private railway station-front areas in large metropolitan areas Store openings in station-front areas in regional cities Opening multiple brands in regional medium-sized cities 	Approx. 300 store openings in Japan in 3 years
Existing Store Growth	<ul style="list-style-type: none"> Brand conversions tailored to the market Promotion of store renovations (remodeling) Pricing that reflects the inflationary environment 	Existing store growth: Annual average 3-4% <ul style="list-style-type: none"> Brand conversions: Avg 40 stores/year Store renovations: Avg 300 stores/year Average check growth: Avg 2-3% per year Guest count growth: Avg +1% per year
Overseas Expansion	<ul style="list-style-type: none"> Opening other brands in Taiwan Development of SHABU-YOU in the United States Expansion into Southeast Asian countries 	Approx. 100 store openings internationally in 3 years
Pursuit of M&A (not included in financial targets)	<ul style="list-style-type: none"> Support for business expansion through our infrastructure and resources 	3 to 5 cases in 3 years

Three basic axes: Enhancement of Human Capital, Promotion of DX, Promotion of ESG

Financial Targets (billion yen)

Item	2023 (Actual results)		2024 (Guidance)		2027 (Target)		2025-2027 Annual average growth rate
	Figures	% of sales	Figures	% of sales	Figures	% of sales	
Net sales	354.8	-	375.0	-	approx. 460.0	-	7% or higher
Business profit	16.4	4.6%	17.0	4.5%	approx. 34.0	7.4%	20% or higher
Operating profit	11.7	3.3%	15.0	4.0%	approx. 32.0	7.0%	20% or higher
Net income	4.8	1.3%	7.5	2.0%	approx. 18.0	3.9%	20% or higher
ROE	3.0%	-	4.5%	-	9-10%	-	-

Growth Strategy

Existing Store Growth

A challenge for the evolved Skylark:
Growing new stores in a new era

Around 300 new store openings in Japan in 3 years

With over 20 diverse brands in our portfolio, Skylark Group has wielded the ability to open new stores and conduct brand conversions matched to different markets, including suburban, station-front, and shopping center areas throughout Japan. In 2023, we launched two new brands matched to new lifestyles. Both of these are contributing to the maximization of area revenues as brands for new store openings and brand conversions.

Over the past few years, our store openings in large commercial facilities and in urban station-front areas have attracted more customers than we had planned, contributing greatly to sales and profit.

Under our store opening policy, from FY2025, we will accelerate openings in commercial districts, private railway station-front areas in metropolitan areas, and station-front areas in regional cities, and will increase brand variations in regional medium-sized cities. We plan for about 300 new store openings domestically over the next three years.

Key points in new store openings from 2024 onward

- Store openings in commercially busy districts
- Store openings in private railway station-front areas in large metropolitan areas
- Store openings in station-front areas in regional cities
- Opening of multiple brands in regional medium-sized cities

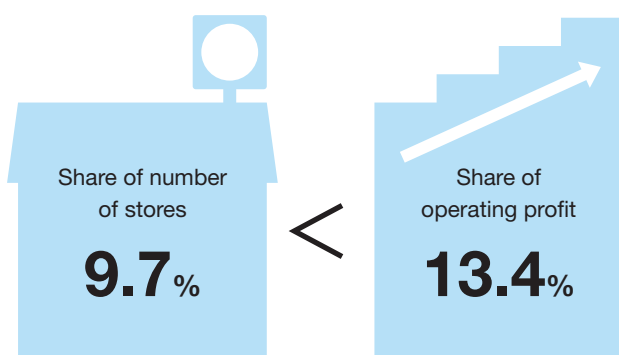
Reasons behind opening new stores

Our stores opened in recent years contribute greatly to our revenue. The stores that we opened between 2015 and 2019, prior to the COVID-19 pandemic, account for 9.7% of our Group's stores but 13.4% of operating profit.

Stores opened since 2015 accounted for 80% of the 30 stores with the highest sales in March 2024. This shows that new store openings closely tailored to the needs of the times have taken on a more important role in our corporate growth.

Contribution to performance through new store openings

Stores opened between 2015 and 2019



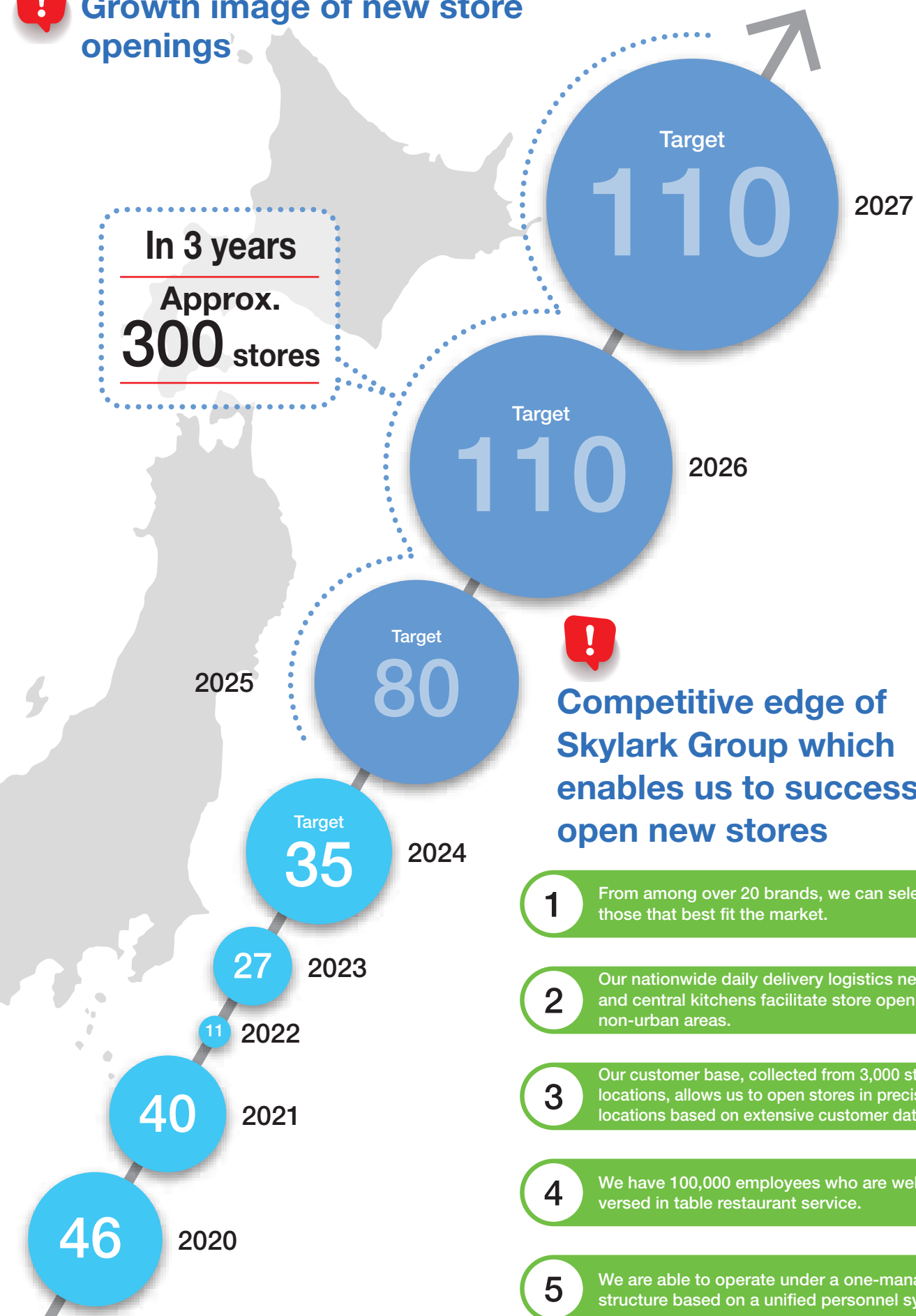
Top 30 stores by sales in March 2024, by fiscal year of opening

Year of opening	Number of stores
2023	5
2021	1
2020	3
2019	4
2018	2
2017	2
2016	1
2015	6
2014 and earlier	6
Total	30

New stores opened 2015 onward account for 80%

*Stores operated by Skylark Restaurants Co., Ltd.

Growth image of new store openings



Competitive edge of Skylark Group which enables us to successfully open new stores

- From among over 20 brands, we can select those that best fit the market.
- Our nationwide daily delivery logistics network and central kitchens facilitate store openings in non-urban areas.
- Our customer base, collected from 3,000 store locations, allows us to open stores in precise locations based on extensive customer data.
- We have 100,000 employees who are well versed in table restaurant service.
- We are able to operate under a one-manager structure based on a unified personnel system.

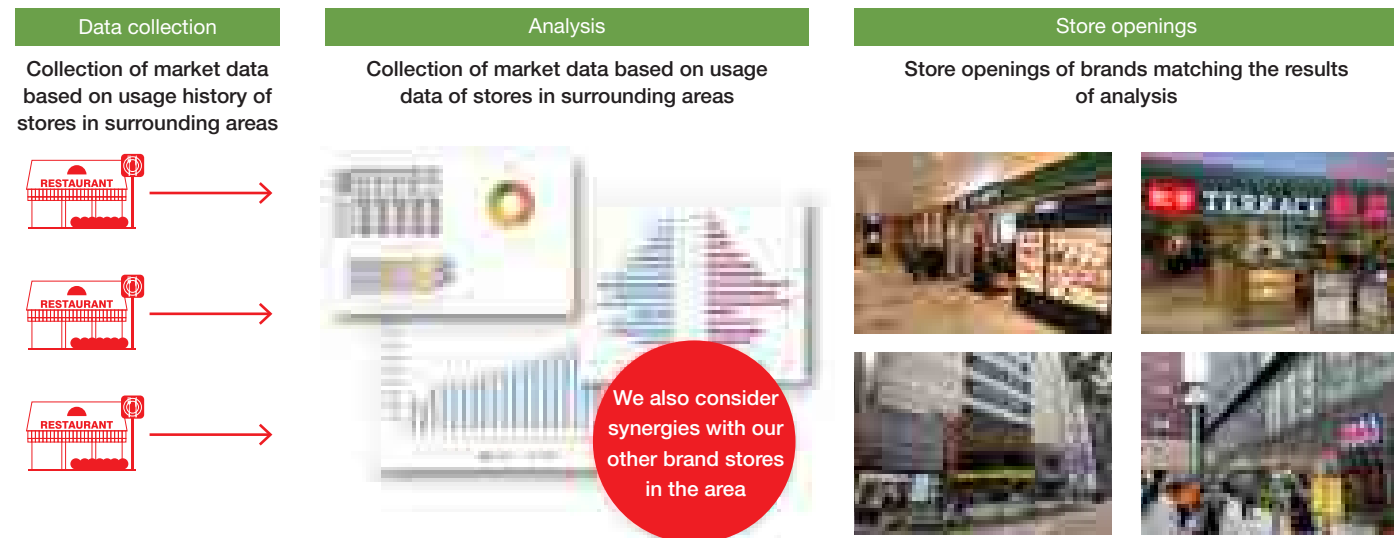
Leveraging our advantage in being able to select the most optimal brand, we analyze the potential for store openings.

Fine-toothed market analysis is essential in opening stores. We ensure the success of store openings through data-based selection of optimal brands. As the market environment and consumer lifestyles undergo great change, our ability to choose the brand that most assures profit for each site is a major point of differentiation from our competitors. Based on market data on the surrounding area and big data collected from our approximately 3,000 stores nationwide, we research the assumed customer demographics and connect this to the selection and development of optimal brands.

Based on these analyses, we estimate that there is potential for opening over a thousand more stores. We are considering store openings with a priority on highly accurate site selection.

Moreover, through detailed analysis of how many customers use our stores, their motivations, guest count by time of day, and other customer trends, we determine number of seats and tables, their layout, interior lines of movement, interior design, and other detailed aspects of store design, which we connect to the creation of stores with high customer satisfaction.

From market analysis to store opening

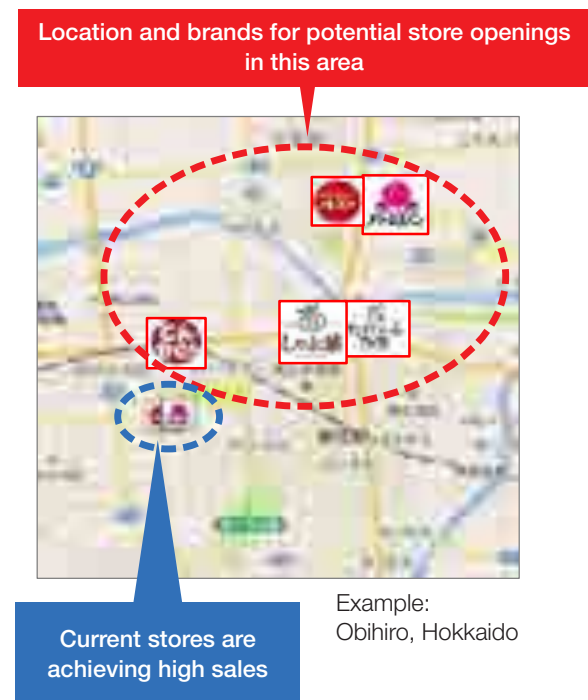


Potential for new store openings

Store opening area	Assumed brands	Potential for store openings	Notes
Concentrated commercial areas		100+	<ul style="list-style-type: none"> • 109 stores if one store from each brand at left is placed at points with no stores in the target 35 areas. • Depending on market size, additional openings are possible even in areas with existing stores.
Metropolitan private railway station-front areas		400+	<ul style="list-style-type: none"> • There are 622 candidate stations with a population of over 10,000 within 500 meters. Of these, 465 stations have no Gusto nearby. • Adding in other brands, we estimate potential for over 400 stores.
Multiple brand store openings in regional cities		400+	<ul style="list-style-type: none"> • 125 municipalities with population of 100,000 or more, excluding Tokyo, Nagoya, and Osaka • Of these, municipalities for which we can consider opening 3 or more additional stores: 69 locations/342 stores • Municipalities for which we can consider opening 1 or more stores: 56 locations/96 stores
Shopping centers		100+	<ul style="list-style-type: none"> • In Japan, there are 174 shopping centers that have annual sales of 20 billion yen or more. • Considerable potential exists, with many brands not yet opened in most shopping centers.
Other		TBD	<ul style="list-style-type: none"> • Store openings in resort locations and redeveloped properties (ground floor of condominiums) are possible

Opening multiple brands in one area for regional cities

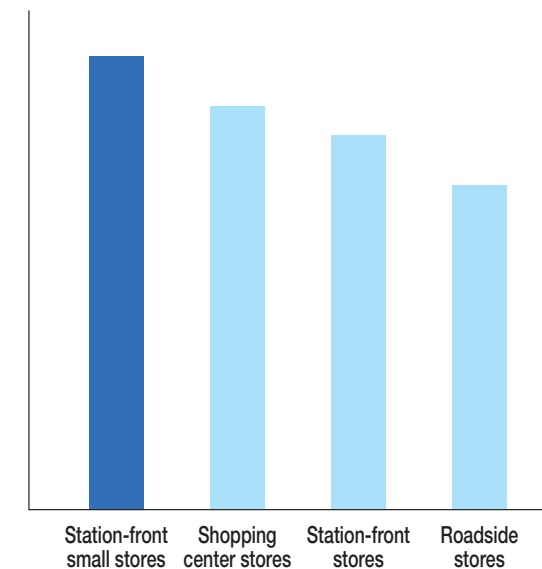
As an example, the Gusto and Bamiyan stores we operate in the city of Obihiro in Hokkaido yield high sales. Taking advantage of our strengths in the operation of multiple brands and our internal logistics network, we plan to implement more multiple brand store openings in the same area.



Opening more small-sized station-front stores

In recent years, superior properties with small footprints are increasing in station-front areas. As small (floor space less than 230 square meters and fewer than 80 seats), station-front Gusto stores are profitable and present low complexity in operation, we will actively try to open stores in such locations.

Store business profit margin



Creating an organization that enables sustainable store openings by enlarging the store development team

We have increased our store development staff by 20 persons to build a structure aimed at 300 store openings over the course of 3 years from 2025. We also engage in external hiring of alumni (persons who had changed jobs from Skylark, who are already

familiar with our business) and experienced persons, as well as in outsourcing of rent negotiations and property introductions, to prepare a robust organization for our various store development initiatives.

Strengthening education and training for store development members

(Securing high-quality properties)

- 1 Create manuals for site development, education/training, behavior management
- 2 Quantification and visualization of property evaluations for initial property judgments
- 3 Elaboration and clarification of the new store development workflow
- 4 Speedy action on special properties to avoid missing out on superior properties

Preparations for expansion of store openings

(Preparations in terms of human capital, manufactured capital, and financial capital)

- 1 Planned increase in hiring, including new graduate hires, mid-career hires, and internal change of roles
- 2 Active hiring of non-Japanese employees
- 3 Proposal of new working styles to match diverse lifestyles, and changing our personnel system
- 4 Preparation for expansion of primary processing production capacity at our central kitchens

Growth Strategy

Existing Store Growth

Promoting Brand Conversion and Store Remodeling in Line with Changes in the Market

Annual Average Sales Growth of 3–4%

For existing store growth, we will convert brands and remodel stores in line with changes in the market. In our menu strategies, we will capture wide-ranging motivations for store visits, develop menu plans and promotions that enhance the value of the dining out experience, and pursue increases in guest count and average check. To carry out pricing commensurate with service and product value in an inflationary environment, we will continue our efforts to enhance the quality of our products and services, with the aim of annual average sales growth of 3–4% at existing stores (Avg 1% guest count growth per year; Avg 2-3% average check growth per year)

- Brand conversions tailored to the market
- Promotion of store renovations (remodeling)
- Pricing tailored to the inflationary environment

Existing store growth: Annual average 3–4%

- Brand conversions: Avg 40 stores/year
 - Store renovations: Avg 300 stores/year
 - Average check growth: Avg 2-3% per year
- Guest count growth: Avg +1% per year

Brand conversions

Skylark Group does not perform brand conversions simply to improve the revenue of a single store. Our strength lies in brand conversions with careful calculation of impacts on other Group stores in the area to maximize revenue for the area. In 2023, we carried out brand conversions at 41 stores, with an impact of

about +46% on sales. In the first quarter of FY2024, we carried out brand conversions at 27 stores, with an impact of +38.6% on sales, plus a de-cannibalization impact of +10.5%. This contributed to increased revenue for the areas encompassing the converted stores and neighboring stores.

Sales impact and de-cannibalization effect of conversion

FY	Sales impact	De-cannibalization impact	Number of stores
2023	+46.0%	+6.6%	41
2024	+38.6%	+10.5%	27

Results at converted stores by brand (FY2023)

Conversion brand	Ratio of sales to pre-conversion sales	Number of stores
Tonkaratei	130.5%	10
Musashinomori Coffee	172.5%	6
Syabu-Yo	183.5%	5
La Ohana	161.4%	5
Gusto	162.3%	1
Newly developed brands (Tohsai, Hachiro Soba)	136.6%	14

Example of de-cannibalization through brand conversion

Strategic thinning out of regional Gusto stores (Hachinohe, Aomori)

We aim to improve profit by converting one Gusto store into a Syabu-Yo store, eliminating cannibalization of a nearby Gusto store



Promotion of store renovations (remodeling)

For each brand, Skylark Group undertakes design renovations tailored to the needs of the times, with store signboards, guide signs, and exterior designs that enhance store visibility.

In fiscal 2023, we renovated 104 stores, mainly Gusto and Bamiyan stores, with a sales impact of +4.6%. In the first quarter

of 2024, our renovation of 13 stores has had a guest count impact of +5.9%, for which we estimate a sales impact of about 300 million yen for 70–80 stores over the course of a year. Over the next three years, we plan to increase guest count through the renovation of an average of 300 stores per year.



Pricing tailored to the inflationary environment

Amid an environment in which raw materials, utility costs, and logistics costs have soared in recent years, Skylark Group will continuously increase the average check through the setting of price ranges commensurate with service and product value and through the proposal of menu compositions matched to customer needs.

At Gusto, a brand that we operate nationwide, we have introduced a four-region pricing scheme, taking into account region-specific rent markets and prices of goods: Super Urban, Urban Area, Regional City A, and Regional City B. To meet

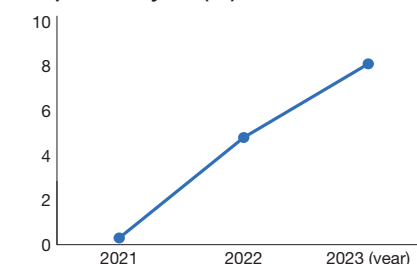
diversifying consumer lifestyles and consumption trends, a more subdivided method is essential. We are working to improve profit through a strategy of finely detailed prices that are not uniform nationwide.

In our menus, we expanded the variety of affordable small dishes at Gusto, Bamiyan, and Jonathan's restaurants in our autumn 2023 Grand Menu revision. Providing good value-for-money in our menus and the enjoyment of choosing menus yielded increases in number of dishes ordered and number of alcoholic drink orders, boosting average check.

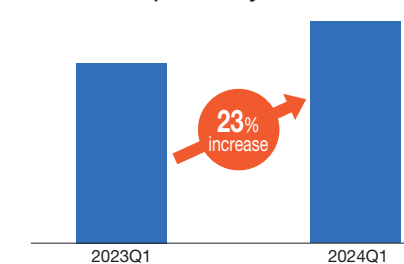
Regional pricing at Gusto Stores

July 2022	October 2022	April 2023
Standard Price	Regional Price	Regional Price A
Urban Price	Urban Price	Urban Price
	Super Urban Price	Super Urban Price

Change in average check from the previous year (%)



Change in number of side dishes from the previous year



Topical Marketing

We attract store visitors by actively developing menus and sales promotions that enhance the value of the dining out experience, such as Gusto's first Offal Hot Pot Fair supervised by famed offal hotpot restaurant Yamaya in January 2024; our Bamiyan Taiwan Fair in collaboration with a Taiwanese company; and cross-brand promotional campaigns featuring the popular Spy Family animation. We will make full use of such topical marketing methods to boost guest count and average check.



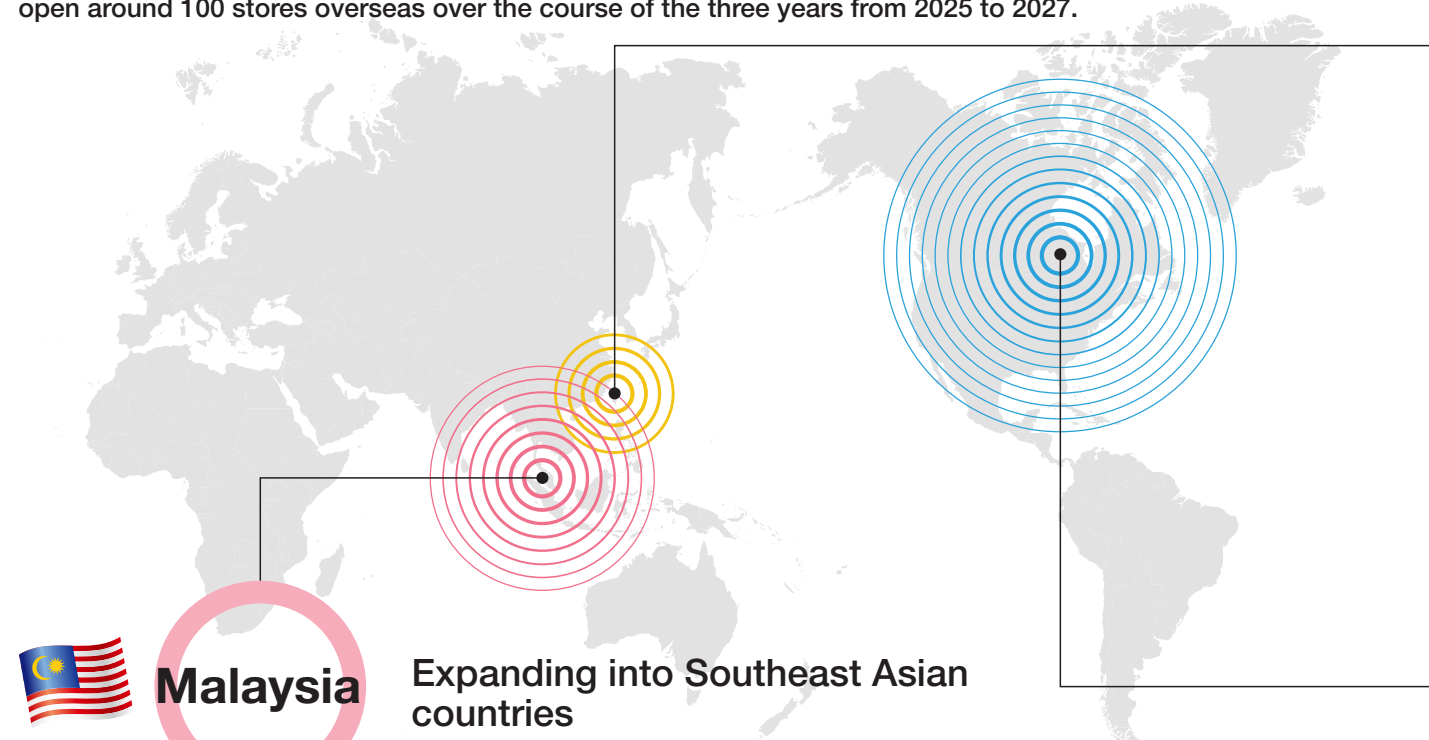
Growth Strategy

Overseas Expansion

Strong Performance in Taiwan, Malaysia, and the United States

Around 100 Store Openings Overseas in 3 Years

Skylark Group currently operates 72 stores in Taiwan, 4 in Malaysia, and 1 in the United States. While opening more stores in Japan, we will also open stores in Taiwan, Southeast Asia, and the United States, where we have been conducting market research on potential for growth. We plan to open around 100 stores overseas over the course of the three years from 2025 to 2027.



Malaysia

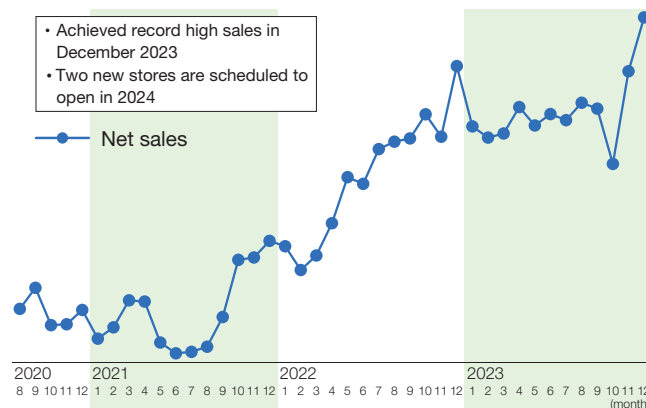
Expanding into Southeast Asian countries

We currently operate stores in Kuala Lumpur, which in December 2023 recorded highest sales ever. We plan two store openings in Malaysia in 2024, including our fifth store in the country scheduled to open in Penang, located some distance from Kuala Lumpur. We hope to make Malaysia a stepping stone for expansion into Indonesia, the Philippines, and other Southeast Asian countries.

Aiming for store openings in Southeast Asian countries



Our business in Malaysia



Store in Malaysia

Taiwan

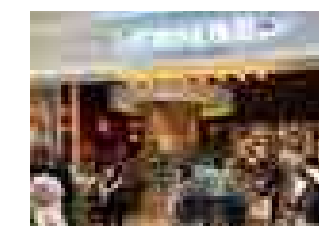
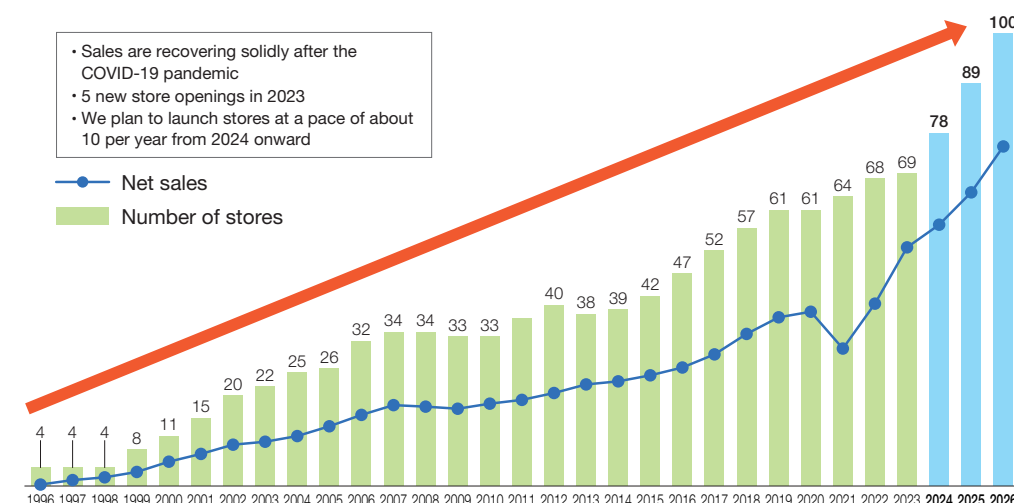
We will accelerate multi-brand operation through opening of a new central kitchen

We are steadily growing our number of stores and sales in Taiwan. In 2023, we opened our first Musashinomori Coffee store in the LaLaport shopping center in Taichung. Together with shabu-shabu restaurant Syabu-Yo and steak restaurant Yokohama Steakhouse, we opened three new stores at the same time in Taiwan. We also established a new central kitchen in Taipei in May 2023. We had two central kitchens, but closed

one and built a new one equipped with up-to-date machinery. With roughly double the scale and production capacity, the two central kitchens will shoulder the primary processing of various brands' ingredients in our future multi-store development. Having built this foundation for expansion, we plan to open stores at a pace of 10 stores per year, reaching 100 stores by 2027.

Our business in Taiwan

- Sales are recovering solidly after the COVID-19 pandemic
- 5 new store openings in 2023
- We plan to launch stores at a pace of about 10 per year from 2024 onward



Store in Taiwan



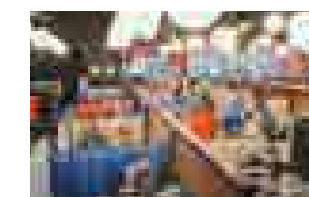
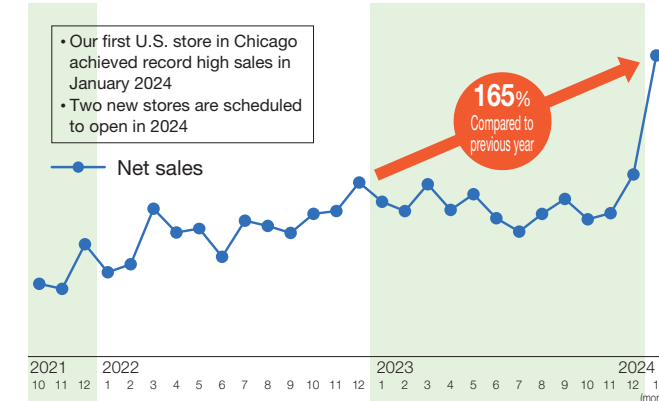
New factory in Taipei

United States

50 store openings in 3 years

We have made progress in improvements to our operations and profit structure in our store in the United States, and performance has been very strong. The United States is a market where we expect double the guest count and triple the average check of Japan. After generating solid results from around 3 to 5 stores, we believe that rapid expansion through franchising will be possible. We plan for about 50 new store openings over the next three years.

Our business in the United States



We expect sales of 700 million yen at our first U.S. store in Chicago for FY2024

Growth Strategy

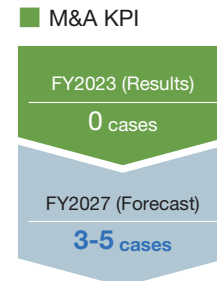


Pursuit of M&A

Ramping up M&A, With the Goal of 3 to 5 Cases over the Next 3 Years

We plan to ramp up our M&A efforts, with 3 to 5 cases over the next 3 years as our target. Targeting cases such as existing restaurant chains in need of resources to expand store openings and restaurant management startups that have superior concepts and are considering business expansion, we will actively study opportunities under a policy of leveraging our infrastructure and strengths to powerfully support business development while building a win-win relationship for both parties.

As M&A is not included in the financial targets of our Medium-Term Management Plan, any M&A cases will be an addition to the current targets.



M&A Policy

Utilizing our infrastructure to powerfully support business development

Support by our company

- Support for multi-store development leveraging our infrastructure of 3,000 stores nationwide (our existing stores can be used for store openings)
- Provision of abundant human resources and human resource development programs
- Business funding support
- Daily delivery throughout Japan via our central kitchens and in-house logistic network
- Utilization of low-cost, high-quality ingredients through our purchasing power
- Marketing capacities leveraging big data

Companies with which we have synergies (Examples)

- Existing restaurant chains in need of resources for store expansion
- Restaurant startups that have superior concepts and are considering business expansion
- Food delivery businesses, home-meal replacement businesses, for which business scale and efficiency can be enhanced through our infrastructure

Our Retail Sales and Online Businesses

We are steadily expanding the scale of our retail sales and online businesses, which we launched in full-scale in 2021. In these businesses, we sell popular items from Skylark Group brands as commercial products, such as frozen dumplings from Bamiyan and Cheese-IN Hamburger steak and pizza from Gusto. We currently offer over 30 such retail sale and online products.

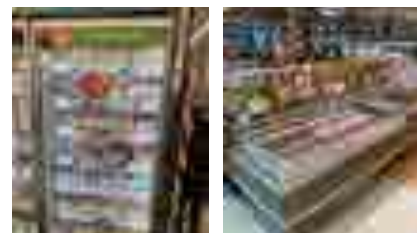
In the retail sales business, we have expanded dealings with supermarkets and mass merchandisers to over 100 partners. At some stores, we have secured display shelves dedicated to

Skylark products.

In the online business, we have expanded our sales channels, and now sell our products through the Skylark app and our own e-commerce website, while also selling through Yahoo! Shopping, Amazon, Rakuten, au Pay Market, and d-shopping.

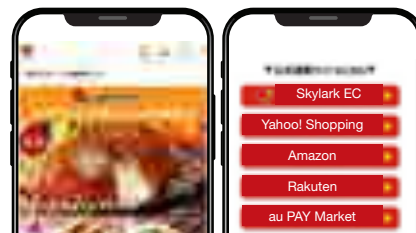
Sales in both our retail sales and online businesses have remained strong, growing in 2023 to 114% the previous year's sales and six-fold since FY2021. We will continue to strengthen sales and aim for business growth in the at-home and ready-to-eat domains.

Our retail sales



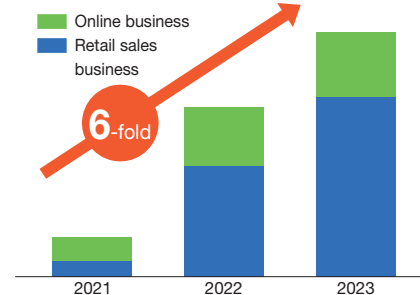
Selling via dedicated shelves at mass retailers (left: AEON STYLE; right: Yaoko Wakaba Walk)

Skylark's online sales website



Expansion of sales channels in addition to our own e-commerce website

Net sales trend



Group full-time employees
5,700
Part-time workers
approx. 100,000

Section 3

BASIC AXES

Basic Axes of Skylark Group's Growth Strategy and Details of Our Initiatives

"Basic Axes" are our foundations of growth

Contents

- P43-66 Three "Basic Axes" in Our Growth Strategy
 - P43-46 Enhancement of Human Capital
 - P47-48 Promotion of DX
 - P49-66 Promotion of ESG
 - P49-52 Environment
 - P53-56 Social
 - P57-66 Governance
 - P61-62 Directors & Officers
 - P63-66 A Talk with Our Outside Directors

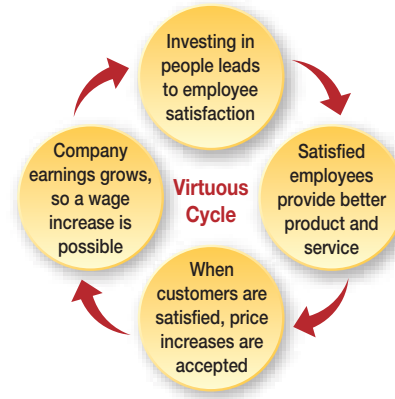


Basic Axes Enhancement of Human Capital

We Aim to Enhance Our Corporate Value by Investing in Human Capital (Human Resources)

Skylark Group sets out “Positive Work Environment/Employee Engagement” among the values that we hold dear. Under this, all of our employees cooperate with colleagues to create a positive workplace.

We believe that investing in human capital (human resources) enhances the motivation of employees which in turn enhances the quality of service, generating a virtuous cycle that also boosts corporate profits by satisfying customers.



Kouzou Nishida
 Managing Director of Human Capital Management Division,
 Chief Health Officer (CHO)

Governance

In our governance related to human capital, through the Group Sustainability Committee we continuously formulate company-wide policies, goals, and measures related to human capital; identify, monitor, and regularly review material issues (materiality); and construct and maintain a promotion structure, all under the supervision of the Board of Directors. Our structure further incorporates reports to the Board of Directors, as well as suggestions and advice from the external perspective of outside directors who participate as advisors.

HR strategies

Skylark Group executes HR strategies aligned with our management strategy, cooperating with the HR departments of Group companies. Our Group companies also conclude collective agreements with our labor union, which stipulates labor-management relations and personnel/working conditions. We hold regular council meetings and liaison meetings by Group top management and the executive members of the union to maintain and improve trouble-free business operation and working environments based on mutual understanding and relationships of trust and cooperation.

Amid a low birthrate, aging population, and declining

working-age population in Japan, securing talented human resources is an essential factor for growth. While shortages of workers exist, there are also cases in which people motivated to work after raising children are unable to find desired employment. To meet such latent needs, we will create jobs and provide a stable working environment around the country.

To address the logistics industry's “2024 problem” of limits on truck driver working hours, we made early revisions to our driver personnel system and wage regulations, creating a structure by which foods are safely and reliably delivered to all Skylark Group stores every day.

Strategy 1 Securing human resources

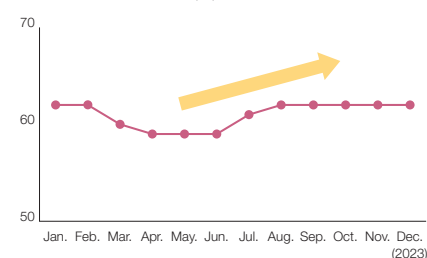
Full-time employee hiring

Hiring of full-time employees has returned to the level prior to the COVID-19 pandemic. In FY2023, the Group as a whole hired 306 persons (including 182 new graduates), with the ratio of women exceeding 50%. We also actively hire “second-career” employees in their 40s to 50s after raising children, with 20 people in that age range joining the company in 2023.

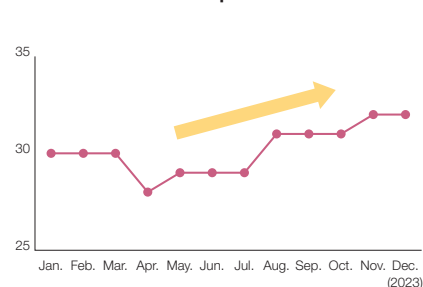
Part-time worker hiring

Following the downgrading of COVID-19 to a Category V infectious disease, both job applications and hirings have been strong, trending at around 150% compared to the previous year.

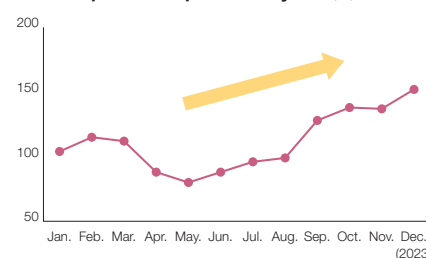
Store part-time workers retention rate (%)



Number of store part-time workers



Store part-time worker hiring, compared to previous year (%)



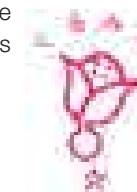
Strategy 2 Creation of a comfortable working environment for diverse human resources by advancing DX

Specific initiatives and measures

- Development of video manuals
- Creation of multilingual educational tools
- Introduction of floor service robots
- Coordination between floor service robots and order terminals
- Introduction of new POS cash register system
- Expanded introduction of self-service cash registers
- Introduction of at-table payment
- System for ushering customers to tables upon entrance

Strategy 3 Promotion of participation by women

In February 2016, we received “Kurumin” certification as a company that supports child rearing. We are working to create a structure that flexibly adapts to childbirth and other life stages.



Specific initiatives and measures

- Flexible modified working hours system (4-12 hours of work per day, 7-12 legal holidays per month)
- Special leave of one or more days is available for childcare-related purposes
- Shortened working hours for childcare is available through the 6th year of elementary school
- Employment categories with or without relocation nationwide can be flexibly selected
- A child-rearing support allowance (10,000 yen/month per dependent child) is available

Major Indicators	KPI	
	2030	2050
Ratio of women in managerial positions	30%	50%

	(FY)	2018	2019	2020	2021	2022	2023
Percentage of women among full-time employees*		12.9%	13.7%	14.0%	13.7%	14.1%	15.2%
Ratio of women among employees*		60.7%	61.0%	61.3%	61.2%	62.5%	61.6%
Percentage of women among new employees		2018	2019	2020	2021	2022	2023
Total number of new employees		427	427	261	126	242	217
Total number of female new employees		151	174	94	52	93	115
Ratio of women		35.4%	40.7%	36.0%	41.3%	38.4%	53.0%

Notes: *Items with asterisks are for the consolidated Skylark Group
 *Items without asterisks are for Skylark Holdings Co., Ltd. and Skylark Restaurants Co., Ltd.

Strategy 4 Promoting employment of people with disabilities

The employment rate for people with disabilities in 2023 was 2.85%, higher than the legally mandated rate. The number of persons with disabilities working in Skylark Group was approximately 630 as of April 2024.

▶ For the graph data on employment of people with disabilities:
 See [P72](#)

Specific initiatives and measures

- Placement of a guidebook that incorporates case studies using easy-to-understand comic-book format
- Introduction of practical training at about 180 support schools nationwide
- Establishment of a consultation desk for the employment of people with disabilities

Strategy 5 Promoting employment of the elderly

In January 2019, Skylark Group raised the age limit for part-time workers from 70 to 75. About 1,000 people between the ages of 65 and 69 currently work in the Group. In September 2015, we raised the retirement age for full-time employees from 60 to 65, the same as for part-time workers. We are working to

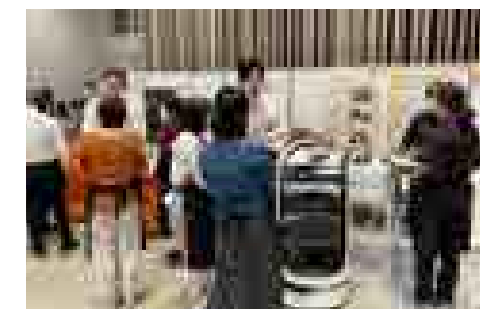
realize a society in which the elderly can work in good health, a goal promoted by the government. On October 3 in Shinjuku and October 18 in Hachioji, over 120 people took part in restaurant work experience events that we took part in.

Senior Work EXPO2023, held by the Tokyo Metropolitan Government

Skylark Group booth offered work experience in family restaurants.



Decorating and serving a pudding sundae



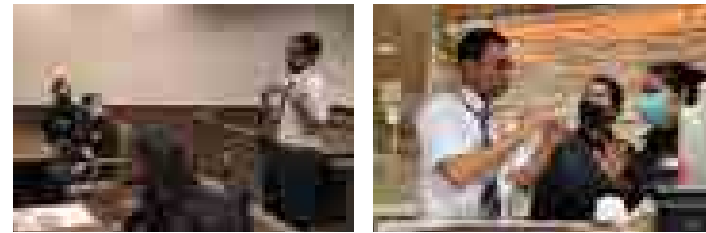
Customer service experience

Strategy 6 Promoting employment of non-Japanese human resources

About 2,800 non-Japanese employees from 26 countries work across Skylark Group. Under the Vietnamese technical trainee program that begun in 2016, about 260 people, including those with specific skills, currently work at our food and logistics factories. We actively hire non-Japanese nationals, including persons with specific skills at our stores and persons from Taiwan on working holidays.

Item	2021	2022	2023
Ratio of non-Japanese employees in Japan	1.9	1.9	2.5
Number of non-Japanese employees in Japan	1,953	2,000	2,831

Note: For Skylark Holdings Co., Ltd. and Skylark Restaurants Co., Ltd.



Initial training at the Ichigao Training Center (with store assignments made after initial training)

Specific initiatives and measures

- Establishment of a recruitment website for non-Japanese applicants using simple Japanese
- Establishment of a new training center; use of collective interviews by non-Japanese interviewers, orientation, and initial training for non-Japanese human resources
- Creation of multilingual educational tools

Key features

- We conduct these group interviews primarily in the Tokyo metropolitan area, with about 115 new non-Japanese part-time staff joining the company in four months
- We foster a sense of security during interviews and when employees join the company, through communication with instructors conversant in non-Japanese languages
- Horizontal connections among applicants are also created, which leads to a sense of security and improved retention rate
- Participants of these training sessions come from over 15 countries including Nepal, China, Sri Lanka, and Bangladesh

Strategy 7 Improving work engagement

Since 2022, we have conducted regular employee questionnaires on workplace environment and jobs, with the aim of utilizing the results for developing human resources and making workplace environments comfortable for all.

In 2023, we introduced engagement surveys to assess current conditions and issues related to employees' job

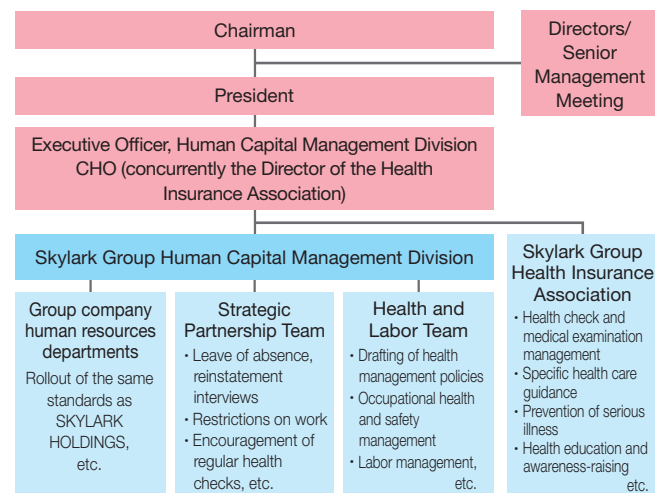
satisfaction, purpose, happiness, fulfillment, stress, and other factors, and to connect this to sustainable growth for individuals and organizations. We have also introduced Meeting For You, one-on-one meetings held for subordinates between superiors and subordinates, as a means of strengthening communication between the two groups.

Strategy 8 Promotion of health management

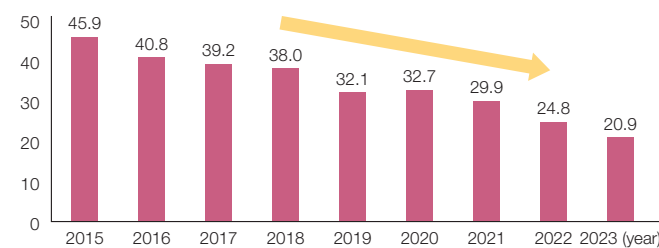
From our conviction that Group company employees continuing to work vigorously in a state of good physical and mental health will help us in fulfilling our corporate philosophy, we are working to strengthen health management. Under the leadership of top management, we appoint workplace department heads as Health Promotion Leaders who strive for health maintenance and promotion as their duty.

We have conducted a Quit Smoking campaign since 2014, steadily reducing the number of smokers. We distribute smoking cessation aids and use a smoking cessation app as specific actions, and continue to work toward our goal of zero smokers in 2050.

Promotion structure for health management



Percentage of smokers company-wide (%)



Major Indicators	KPI	
	2030	2050
Percentage of smokers	10%	0
Average overtime hours	20 hours or less	0
Paid leave acquisition rate	80%	100%
Percentage of employees receiving regular health check ups	100%	100%

Major Transformation to Individual Store-Centered Management

Skylark Group is undertaking transformation to create a virtuous cycle of corporate growth based on employee satisfaction, with a change in course from cost-control centered management under the past deflationary environment to individual store-centered management.

Details of reform initiatives aimed at store-centered management

- 1 Change of store P/L to accounting P/L directly linked to company performance
- 2 Reform of our evaluation system
- 3 Reforms related to store working hours
- 4 Introduction of a point system as incentives for part-time workers
- 5 Enhancement of education and training
- 6 Reduction of store manager work
- 7 Introduction of a performance incentive system

Introduction of point system for part-time workers

For part-time workers who work on Saturdays, Sundays, and holidays or during busy times, we have introduced a system that lets the workers earn points usable within the Group. By

boosting part-time workers' engagement and enhancing the quality of our services and products, we aim to increase sales and maximize earnings.

Enhancement of education and training

Emphasizing human resource development, we hold online training ("good service study sessions") for managers and part-time workers across all brands. In 2023, around 35,000 people took part. In 2024, we started with an Annual Policy Statement Conference for part-time workers in January, and have continued to conduct monthly training on thinking from a

customer's point of view, good orientation methods to welcome new employees, and handling apologies. We also hold study sessions for managers to enhance stores' capabilities, and conduct learning sessions on understanding accounting P/L and effectively conducting evaluation interviews.

Introduction of a performance incentive system → A system that gives back a percentage of achievements to sales divisions (teams) that achieve targets

We will introduce a performance incentive system aimed at the sharing of know-how for the enhancement of sales and QSC within sales divisions, through sales divisions working to achieve profit as a team. Doing so, we will achieve our company-wide operating profit targets.

We believe that teamwork between sales departments and enhancement of team performance overall will result in good services and products being provided in our stores, which will allow us to win support from customers in each region, leading to sustainable corporate growth.

Effective use of annual income barrier support packages

In response to policy introduced by the government, we investigated cases of adjustment of work for reasons of an annual income barrier. We identified individuals' possible working hours up to the limit imposed by such barriers, and held discussions with the individuals. Through this, we were able to increase working hours by 12,000 hours for 1,015 people in November alone.

We held in-house study groups on annual income barriers at all offices to enable employees to work beyond such limits through the effective use of annual income barrier support packages. A total of 28 events were held, with participation by about 3,000 employees. New enrollees in social insurance, particularly housewives, are at a level significantly higher than 150% that of the previous year.

Risks, indicators, and targets

Risk management

We regard the management of proper working hours and the elimination of harassment as key matters related to risk. Since 2018, before the establishment of limits on working hours on April 1, 2020, we have set our own limits of less than 80 hours per month (including work on days off) and an average of 60 hours per month (also including work on days off). Starting in 2022, we provide all store managers with training on correct time and attendance management once every two months, and

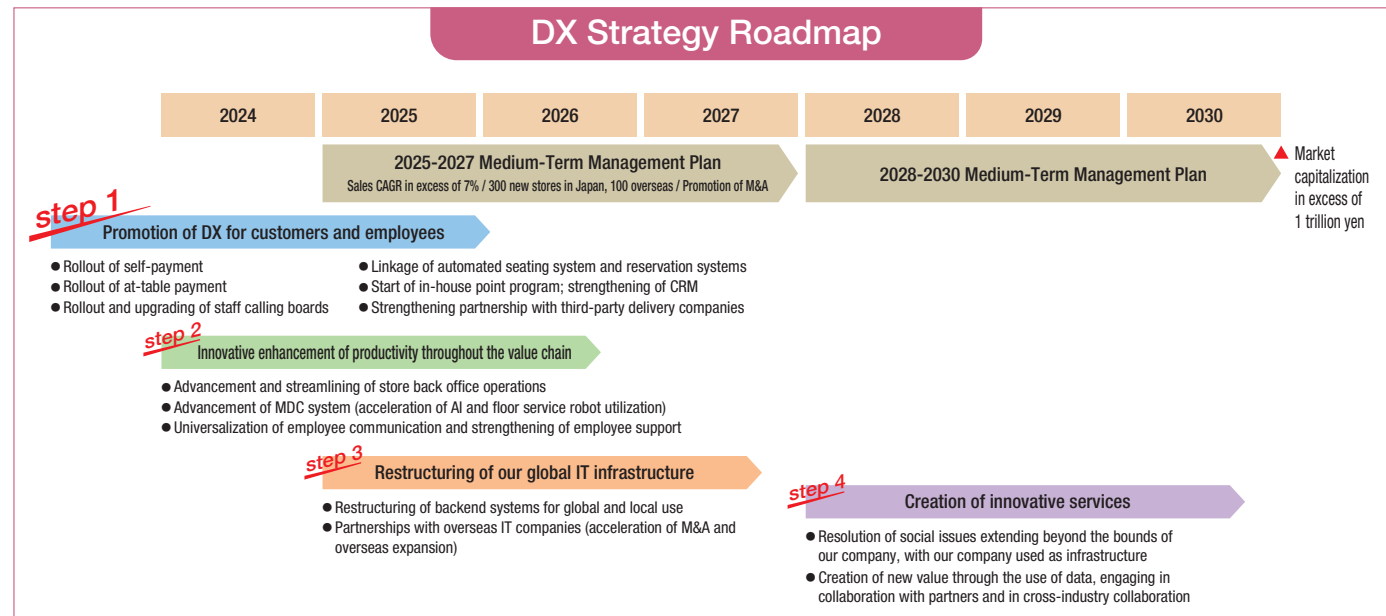
continue education and supervision for managers to ensure compliance with laws and regulations. We are working to create safe and secure work environments through the joint efforts of labor and management. In March 2021, we issued a "Joint Declaration by Labor and Management on the Prevention of Harassment."

In the area of risk management involving human risks, the Group Risk and Compliance Committee identifies the risks to be addressed and re-evaluates these once a year.

Basic Axes

Promotion of DX

Pursuit of Customer Satisfaction through New Dining Out Experiences, and Reform of Workstyles



DX to enhance company-wide productivity and customer satisfaction

From 2020 to 2023, we strongly promoted DX to improve company-wide productivity and enhance convenience for customers. In addition to successfully introducing 3,000 floor service robots at approximately 2,100 stores, we renewed the POS System at all stores and introduced at-table payment and self-checkout cash registers at approximately 2,400 stores, thoroughly reforming operations on a company-wide scale. Promoting DX does not mean that human-based services will disappear. The table service restaurants we operate have

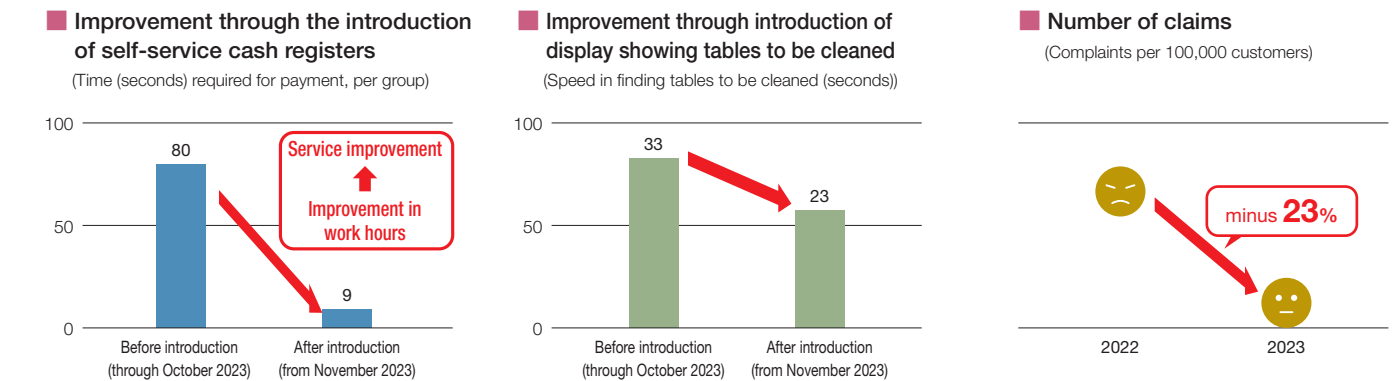
more contact points with customers than do fast-food and fast-casual restaurants. We are proposing new value for table service restaurants by thoroughly utilizing DX for operations that can improve efficiency and by providing services that create added value by employees who provide them wholeheartedly. Amid Japan's low birthrate and aging population, we are also ramping up DX in anticipation of future hiring difficulties, with the aim of building a society in which diverse human resources can actively participate.

Work improvements through operation and accounting system DX

In 2023, we introduced QR code payments to table ordering terminals at about 2,400 stores. In the first half of 2024, we introduced cashiers which can switch from manned to self-service

as well as a table clearing signal system, and these have contributed to a dramatic increase in employee productivity and service improvement.

Effects of DX promotion on service enhancement in 2023



System infrastructure with scalability and strengthening of digital marketing

Evolution of the Skylark app

The Skylark app, which is shared by multiple Skylark Group brands, has garnered over 10 million registered users and generates approximately 10 million data records every day. In addition to improving the precision of coupon delivery linked with weather and temperature data, advancing measures for individual stores, and promoting increases in sales through the effective utilization of store usage histories and behavior histories, the app greatly contributes to users becoming customers of other Group businesses as well.

In terms of feature expansion, we are integrating takeout and delivery platforms and enabling app-based ordering in our EC business, building a one-stop service that allows enjoyment of all services within the app through means such as cross-branded coupons. By doing so, we are working to increase store visit frequencies and create loyal customers.

The Skylark Point Program began in May 2024. It allows us to enhance customer loyalty, strengthen customer movement

across brands, and engage in fast marketing using purchasing data. Via our X, Facebook, Instagram, YouTube, and other social media accounts, we also make efforts to create fans through increased points of contact with customers.

Strengthening of our system infrastructure and security

In addition to renewing our merchandising systems to support the diversification of our business operations, we are also promoting a shift towards the use of cloud solutions and open systems in our systems infrastructure, while also enhancing information security. We have also taken measures to make our company-wide system infrastructure more robust in preparation for recent cyber security threats, and have enhanced security training for our employees.

Driving digital transformation creates value that transcends the analog domain. We will enhance our competitiveness through the use of IT and digital technologies.

Assignment of DX personnel in all departments company-wide to strengthen the development of DX human resources

Following the launch of our Group-Wide DX Promotion Project in 2022, we assigned full-time DX personnel in all departments, identified issues faced by each department, and have been able

to implement fundamental work reforms every year. In 2023, we achieved work improvement of 7,430 hours and saved 13.3 million yen in costs.

FOCUS | Starting from zero knowledge to earn challenging IT qualifications and become a DX leader at Skylark



Yoshie Fujimoto (Leader, Menu System Design Team, Marketing Division)

In 2022, Yoshie Fujimoto was appointed to the position of full-time DX personnel in the Sales Division, and in 2023 obtained several challenging IT qualifications (below). System improvements she has realized through introducing DX in our stores have greatly contributed to enhancing operational capabilities of the stores and have attracted wide media attention. She is active as a next-generation leader for developing DX human resources, and hosts numerous internal DX study sessions. In 2024, she built an internal training system where the company supports employees who acquire DX qualifications.

- Qualifications acquired**
- Cloud Digital Leader (a Google Cloud certification; beginner level)
 - Associate Cloud Engineer (a Google Cloud certification; intermediate level)
 - IT Passport (a national qualification)
 - Professional Data Engineer (a Google Cloud certification; advanced level)
 - Professional Cloud Architect

Basic Axes

Promotion of ESG (Environment)

Environment

Climate Change Action and Environmental Initiatives

In accordance with the Skylark Group Charter of Corporate Behavior, Skylark Group has established the Group Sustainability Committee and is voluntarily and actively undertaking environmental initiatives to minimize the impacts of climate change.

1. Compliance with laws and regulations	We comply with environmental laws and ordinances and promptly respond to legal revisions.
2. Environmental conservation	Across the entire supply chain, spanning procurement of food ingredients to production, logistics, in-store processing, and disposal, we make efforts to conserve energy and water and reduce food loss and wastes.
3. Enhancement of environmental awareness	We promote environmental education by which every individual maintains awareness of environmental conservation.
4. Environmental management	We set environmental targets and aim to continuously reduce our environmental impacts.
5. Disclosure of environmental information	We actively disclose environmental information and strive for transparency in our environmental conservation activities.

Climate change initiatives

Information disclosure related to the TCFD Recommendations

Skylark Group positions climate change as one of the important management risks that we face. We endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and disclose all 11 items of the TCFD Recommendations. Understanding the risks and opportunities presented to our company by climate change, we disclose our climate-related initiatives and targets along with our progress toward these.

In 2023, we conducted scenario analysis for a “2°C (1.5°C) scenario” and a “4°C scenario.” In terms of main risks presented by climate change, we carried out quantitative evaluations of (1) the impacts of carbon tax introductions, (2) the impacts of changes in electricity prices, (3) the impacts of flooding, and (4) the impact of storm surges.

Governance

Skylark Group has established the Group Sustainability Committee under the supervision of its Board of Directors as a decision-making body for sustainability-related initiatives. The Committee consists of the Chairman and Chief Executive Officer, President and Chief Operating Officer, all executive officers, and Group company presidents.

Our activities to promote sustainability are reported to the Board of Directors. Outside directors also participate in the Committee as advisors so that issues can be identified and advice can be received based on an outside perspective.

Risk management

We have established the Group Risk and Compliance Committee as an organization that oversees management of risks, including climate change-related risks, for the entire Group. The Committee consists of the Chairman and Chief Executive Officer and all executive officers, with the President and Chief Operating Officer serving as chair. The Committee centrally identifies climate change-related and other risks, and pinpoints those that should be tackled in consideration of factors such as their degree of impact. With regard to climate-related risks and opportunities, the Group Risk and Compliance Committee sets

out and operates an annual review process, based on the status of our actions and changes in the environment.

We also endeavor to ensure transparency in our risk management system, through means such as sharing information on the content of Group Risk and Compliance Committee deliberations with outside directors. By having outside officers also participate in the Committee as advisors, we have built a structure that allows issues to be identified and advice to be received from outside perspectives.

Strategy

The short-term, medium-term, and long-term climate-related risks and opportunities and the financial impacts of major risks on our business that we recognize are shown below. We also disclose measures to address climate-related risks and opportunities on our website.

Once a year, we check the content of our measures to address climate-related risks and opportunities, update the status of our actions, and explain the resilience of our strategy.

Financial impacts of main risks

Item	Scenario	Value of impacts on business in 2030 (estimated)
Impacts of carbon tax introductions	4°C scenario	—
	2°C (1.5°C) scenario	-3.22 billion yen
Impacts of changes in electricity prices	4°C scenario	0.3 billion yen
	2°C (1.5°C) scenario	-0.64 billion yen
Impacts of flooding	4°C scenario	-2.63 billion yen
	2°C (1.5°C) scenario	-1.49 billion yen
Impacts of storm surges	4°C scenario	-0.34 billion yen
	2°C (1.5°C) scenario	-0.33 billion yen

● **Assumed amounts of carbon taxes in 2030:**
For 4°C scenario, USD 0/t-CO₂; for 2°C (1.5°C) scenario, USD 140/t-CO₂ (source: “World Energy Outlook 2022,” IEA)

● **Assumed electricity prices in 2030:**
For 4°C scenario, USD 209/MWh; for 2°C (1.5°C) scenario, USD 231/MWh (Source: graph in “World Energy Outlook 2019,” IEA)

● **Assumed multiple of occurrence of flooding in 2030:**
For the 4°C scenario, 3-fold; for the 2°C (1.5°C) scenario, 1.7-fold (calculated from sources including “TCFD Guidance,” Ministry of the Environment, and “Recommendations for Flood Control Planning Based on Climate Change,” Ministry of Land, Infrastructure, Transport and Tourism, after mapping the locations of all stores, factories, headquarters, and other workplaces of all Group companies)

● **Assumed multiple of occurrence of storm surges in 2030:**
For the 4°C scenario, about 1.08-fold; for the 2°C (1.5°C) scenario, about 1.06-fold (source: “Climate impact explorer,” CLIMATE ANALYTICS, after mapping the locations of all stores, factories, headquarters, and other workplaces of all Group companies)

* Franchise stores of Tomato and Associates are not included in estimates of the impacts of flooding and storm surges on assets.

* Franchise stores of Tomato and Associates and Skylark Restaurants are not included in estimates of the impacts of losses from business suspension due to flooding.

Indicators and goals

KPIs related to decarbonization, water resource conservation, and de-plasticization, covering the entire Skylark Group, are as follows. Materiality-specific KPIs are posted on P19-20 of

	Major Indicators	KPI	
		2030	2050
Decarbonization	Rate of reduction in GHGs (Scopes 1, 2)	50.4% reduction (compared to 2018)	0
	Rate of reduction in GHGs (Scope 3)	30% reduction (compared to 2018)	0
	Rate of reduction in GHGs (Scopes 1, 2, 3)	37% reduction (compared to 2018)	0
Preservation of water resources	Amount of water intake	10% reduction (compared to 2018)	20% reduction (compared to 2018)

In the scenario analyses, we analyzed two scenarios: the 2°C (1.5°C) scenario in which impacts manifest as the transition to a low-carbon society takes place, and the 4°C scenario in which physical impacts associated with climate change manifest.

[Web](#) [Our measures to address major climate-related risks and opportunities](#)

Measures to address major risks (excerpt)

Addressing impacts of the introduction of carbon taxes	(1) Energy and power saving: Reduction of energy usage (2) Use of renewable energy (3) Development of environmentally considerate stores
Addressing the impacts of changes in electricity prices	Power-saving activities at stores
Addressing the impacts of flooding Addressing the impacts of storm surges	Status of countermeasures against flooding and storm surges for employees, stores, MDCs, and headquarters

Measures to address main opportunities (excerpt)

Addressing opportunities in the 2°C (1.5°C) scenario	Example: De-plasticization and other activities to promote decarbonization
Addressing opportunities in the 4°C scenario	(1) Opportunities through increased occasions for store visits (2) Opportunities through product development matching consumer needs (3) Opportunities through increased use of delivery services (4) Opportunities through increased demand for retail sales products

this Integrated Report, with additional details available on our website.

[Web](#) [ESG Data Book](#)

	Major Indicators	KPI	
		2026	2030
Reduction of plastic consumption	Amount of single-use plastics used	50% reduction (compared to 2020)	50% reduction (compared to 2020)
	Percentage of petroleum-derived materials used in single-use plastics	50%	0

Decarbonization



Launch of CO₂ Reduction Subcommittee in 2023

We launched the company-wide CO₂ Reduction Subcommittee in 2023 and are undertaking the following initiatives.

• Accurate calculation

We obtained a third-party assurance for energy usage, in addition to Category 1 of Scope 1, 2 and 3 for CO₂ emissions in 2023.

• Setting of KPIs for reducing CO₂ emissions

We set yearly KPIs in accordance with the Science Based Targets (SBT) initiative and based on accurate calculation of CO₂ emissions. We report on the progress of those KPIs and on our initiatives to reduce usage to the Sustainability Committee every quarter.

[Web](#) Energy-related usage reduction KPIs and results

• Example of CO₂ reduction efforts

We have opened an environmentally friendly store that emits virtually zero greenhouse gases through the use of solar power, CO₂-free power, carbon neutral gas, and electric motorbikes for delivery.

[Web](#) Environmentally friendly model stores



In our central kitchens and stores, we are actively switching to renewable energy through solar power generation. We are working toward introduction at 100 facilities during 2024 as a KPI.

[Web](#) Introduction of on-site solar power generation service for in-house use

[Web](#) Introduction of off-site PPA service using solar power generation

Food loss reduction



Recognizing our responsibility for food production and its consumption, we are working to reduce food loss.

Initiatives at our central kitchens

We are increasing the ratio of highly processed products that are processed in our central kitchens and reducing the number processes in stores in order to reduce food loss. Food waste is recycled into fertilizers or animal feed and the total food recycling rate at our central kitchens is approximately 90%.

Initiatives at our stores

Through promotion via notifications on table terminals, the use of our "Mottainai Pack" (20 yen; tax included) for taking home meal leftovers tripled last year (as of June 2023; approximately 109,000 packs per year). We recycle 100% of stores' waste cooking oil into feed, fats, oils, and other products, while also conducting research into the future recycling of other wastes.

Initiatives by the Food Waste Reduction Subcommittee

Launched in 2022, the Food Waste Reduction Subcommittee works to reduce waste across the company.

• Accurate calculation

Previously, we only weighed amounts and types of waste generated in our stores. However, we now also ask business partners to weigh our waste to gain more accurate data to lead to further reduction of waste.

• Setting of yearly reduction KPIs

Based on accurate calculations of amounts of waste, we set yearly KPIs for reduction amounts and report on amounts of waste and reduction initiatives to the Sustainability Committee every quarter.

• Case study of reduction

Our Syabu-Yo all-you-can-eat shabu-shabu stores propose environmentally friendly dining that addresses the social issue of food loss.

[Web](#) Komamedori Project (Food loss initiative)



"Komamedori" is an initiative to encourage customers to take what they can eat and enjoy their meals without leaving any leftovers. Not overeating, not leaving out food, and being happy for both customers and the earth.

• Training for employees

In May 2023, we held a Food Loss Reduction Study Session for store employees. In the session, we provided complementary knowledge and shared information on measures to reduce loss. Because the amounts and types of waste for disposal differ by store, we determine reduction measures and KPIs on a per-store basis in monthly discussions with superiors, and connect this to action.

Preservation of water resources



All our employees work together to conserve water with the aim of global environmental protection and cost reduction. Using the "Water Risk Atlas" of the WRI's Aqueduct, we conducted an investigation of our company's sites located in water risk areas where the amounts and quality of water resources are at risk. As of the end of 2023, no sites were located in watersheds at high or very high water risk. One facility in Japan and one overseas were located in high water stress watersheds. We are working to address these appropriately.

We use high depth groundwater, use rainwater for cooling outdoor facilities, and use secondary water for cleaning at manufacturing sites to reduce actual water usage. To achieve both hygiene management and water conservation, we have set rules for hand-washing procedures and standards for the amount of water used in hand-washing areas, and are working to spread these rules through employees education. We are

also actively installing water-saving equipment including water-saving frames, nozzles, toilets, and dishwashers.

About wastewater treatment

As we use considerable amounts of water for cooking and for cleaning dishes and utensils, we also attach importance to wastewater. About 90% of our wastewater is discharged to third parties for treatment, but we also perform primary and secondary wastewater treatment in-house in accordance with legal and regulatory standards. We also inspect the water quality and temperature of wastewater at least once a year and properly manage these.

Reduction of plastic consumption



As a company with approximately 3,000 stores nationwide, since 2018 we have been taking the lead in tackling the reduction of petroleum-based plastic products.

In 2021, we launched the Group Sustainability Committee and its subordinate bodies, the Packaging Materials and Consumables

Subcommittee and the Consumables Reduction Subcommittee. To date, these have been reducing the size and thickness of plastic bags, garbage bags, and disposable containers and packaging materials for delivery and take-out, while also initiating charges for disposable cutlery and plastic bags.

• Total cumulative donations to the Green Fund: 2,669,973 yen

From the perspective of valuing limited resources, from January 2023 we began charging for disposable cutlery. We donate a portion of the revenue from these to the Green Fund of the National Land Afforestation Promotion Organization.



[Web](#) Click here for details of our de-plasticization initiatives that have accelerated since 2018



Biodiversity



Based on strict procurement standards, we strive to procure sustainable raw materials that are environmentally and socially friendly, protective of basic human rights as well as protective of biodiversity. In addition to actively using FSC/PEFC certified paper products (paper straws, copy paper, etc.), 30% of the coffee beans used for the coffee that we serve at Gusto restaurants, our main brand, and at several other restaurants are Rainforest Alliance certified beans. In addition, we are discussing with our suppliers to change the blend of frying oils to reduce the ratio

of palm oil and introduce RSPO-certified palm oil. In addition, we intend to develop new production areas to increase the ratio of production areas with JGAP-certification or equivalent farm management standards for domestically produced vegetables and rice.

[Web](#) Click here for details of the formulation of our Group Biodiversity Policy in 2023

Basic Axes

Promotion of ESG (Social)

Social

Contributing to Enriched Lifestyles and the Advancement of Society

Skylark Group practices sustainability management aimed at achieving our purpose: “To contribute to enriching people’s lives and to the advancement of society as a whole by creating the future of dining.”

In corporate management, we engage in appropriate collaboration with our multi-stakeholders, based on the importance of co-creation of value with customers, business partners, employees, local communities, shareholders, investors, the global environment, and other stakeholders.

Relationships with customers

Customer orientation

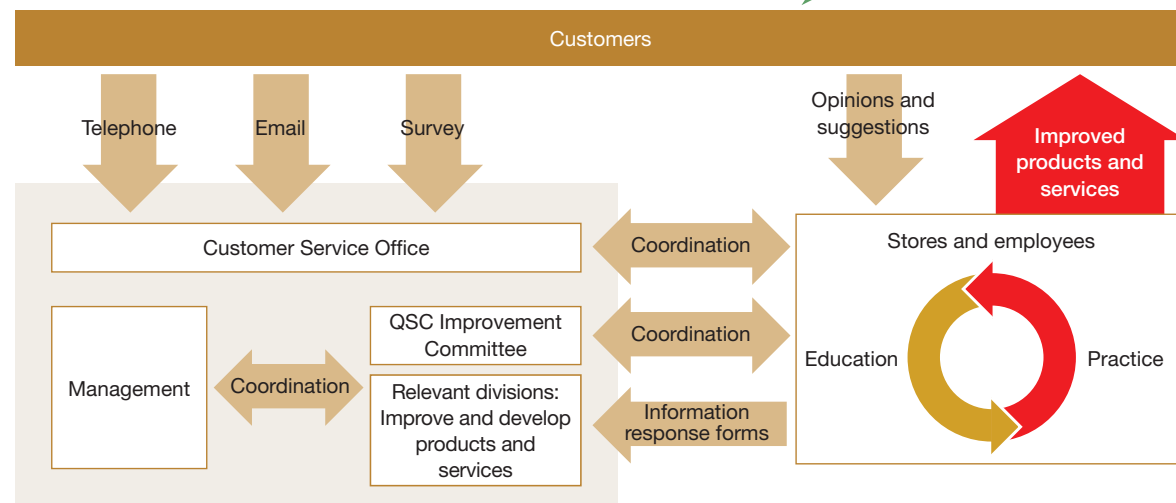


In order to meet the food service needs of all people, we are working to develop menus and improve services based on data analysis by time of day, customer attributes, store location, individual restaurant, and usage occasions by utilizing big data such as sales performance data from POS systems, smartphone apps, and customer surveys. In FY2022, we established a system whereby all management and relevant departments can view opinions, requests, and other customer feedback received by the Customer Service Office on a daily basis, and utilize them to review business operations by the QSC Improvement Committee to make prompt improvements to products and services. As a result of such initiatives, overall customer satisfaction has risen from 73% in 2021 to 81% in 2022 and 85% in 2023.



April 2024 Grand Menu (Menu focused on product development incorporating customer feedback)

Overall customer satisfaction
81% → 85%



Health & nutrition



In response to the growing health consciousness of customers in recent years, Skylark Group has developed menus that are nutritionally balanced and low in calories and fat, including vegetable-rich menus and low-carbohydrate menus, and reviews product portion sizes as appropriate. In addition to offering a wide variety of menu options to meet the various needs of customers based on factors such as age, physical constitution, and physical condition that day, we also provide several types of side dishes, a series of small-sized side dishes, toppings, sauces, and dressings that customers can combine themselves to choose the volume and flavor of their meals. In doing so, we strive to provide appropriate information such as salt and calorie content, ingredient origin information, and up-to-date allergy information. We will endeavor to provide personal nutrition suggestion to customers through our Digital Menu Books in the future.

Example of Gusto's menu



Food safety and security



▶ See P25-26 for details of safety and security initiatives.

Relationships with business partners

Responsible procurement



By establishing procurement management regulations and complying with laws and regulations to fulfill our social responsibilities through our business, we promote the purchase of safe, high-quality food materials and work to address social issues.

In the selection of suppliers, we confirm not only financial reliability and quality stability but also the status of suppliers' employee management (assurance of occupational health and safety), consideration for human rights (child labor, forced labor, discrimination, freedom of association, collective bargaining, long working hours), consideration of the environment (energy, climate change, water resources, biodiversity, food loss, and resource use), and antisocial acts. Our selections prioritize suppliers that

carry out their social responsibilities.

We require that employees of our suppliers are provided with information on our environmental policy and require their understanding and cooperation in communication with our company, training, and more. Together with suppliers, we aim for the coexistence and co-prosperity of corporate activities, society, and the environment.

Although we currently procure from 40 countries, we make decisions not based on each countries' laws, customs, and current conditions but rather based on whether significant gaps exist in light of applicable Japanese law. We strive for responsible procurement by implementing a strict policy of not initiating transactions when any problem exists.

Web About responsible procurement
<https://corp.skylark.co.jp/en/sustainability/environment/supply/>

1 About selection of suppliers

When selecting new suppliers, we carry out due diligence on all suppliers prior to the start of transactions, as follows. We do so in accordance with our Detailed Rules for Sustainable

Procurement Management and with the objective of managing risks involved with environmental issues and societal issues.

Due diligence process

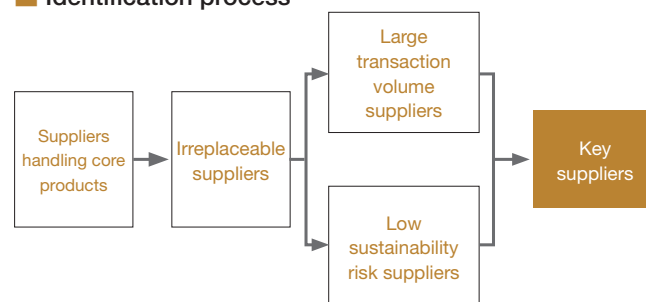


2 About supplier monitoring and audits

Item	FY2023
Total number of suppliers	743
Number of primary suppliers	280
Number of key primary suppliers*	28
Number of major suppliers other than primary suppliers	30
Total number of key suppliers	58
Number of suppliers evaluated	119
Percentage of major suppliers evaluated	5.2%
Number of suppliers evaluated as having negative impacts	3
Number of suppliers for which transactions having significant negative impacts were ended	0
Number of suppliers who supported improvement plans/corrective measures	119
Percentage of major suppliers who supported improvement plans/corrective measures	100%

* Number of key suppliers: The number of suppliers that have been identified as having an impact on ESG or as representing high business relevance or risk

Identification process



TOPICS

As a first for the food service industry, in October 2023 we obtained certification for ISO 20400, the international standard for sustainable procurement.

▶ See P23-24 for an interview with the Managing Director of the Procurement Division.

Relationships with employees

To ensure that diverse human resources can play active roles, Skylark Group establishes no differences in treatment or in human resource promotion on the basis of gender, nationality, race, religion, or presence or absence of disabilities. We have established an internal environment improvement policy and a

human resource development policy and work to enhance our human capital, thereby increasing our corporate value.

▶ See P45-48 for details on Human Capital Management.

Relationships with shareholders and investors

The basic policy for our IR activities is fair and timely disclosure of information to our shareholders, investors, and other stakeholders. We have established an IR team to plan and carry out activities for dialogues with shareholders and investors. Following announcements of quarterly financial results, we conduct online financial results briefings for analysts and institutional investors, and communicate with the stock market through the words of our management team. In 2023, we held a total of 227 individual meetings by our management team and IR staff.

We are building mechanisms by which we consolidate the opinions of the stock market based on dialogues with shareholders and investors, regularly communicate feedback from shareholders and investors to top management in Board of Directors meetings, and incorporate opinions and feedback into our corporate management.

Information disclosure policy

In our IR information disclosure policy, we believe that we bear a responsibility to disclose information appropriately and promptly while complying with timely disclosure, doing so on a foundation of transparency, fairness, and continuity. In addition to disclosure of business results, financial information, and other matters based on laws and regulations, we actively disclose information on ESG-related issues and sustainability promotion-related initiatives through our web site, Integrated Report, and other means.

Information disclosure structure

We have established internal Disclosure Control Regulations and Information Disclosure Detailed Rules to achieve fair, timely, and appropriate information disclosure.

1. We assign responsibility for information handling to the Managing Director of the Finance Division and supervision of timely disclosure to the Finance Division.
2. We have set up a Disclosure Committee that is composed of internal stakeholders and chaired by a representative director.

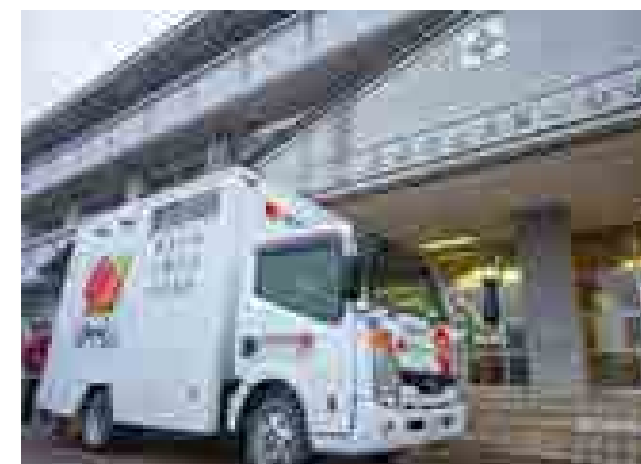
General Meeting of Shareholders

Before the annual General Meeting of Shareholders, we issue convocation notices at an early date to ensure a period during which shareholders can fully consider proposals. We are also developing an environment supporting participation by shareholders, through acceptance of questions in advance via the Internet, support for exercise of voting rights, live virtual viewing of meetings, and creation of a more convenient website for smartphones.

Relationships with local communities

Activities grounded in our social mission (Volunteer activities and fundraising)

As a company with about 3,000 stores nationwide, Skylark Group fulfills its social missions by rapidly implementing support activities in the event of a disaster.



Support Activities in Disaster-Affected Areas of Noto Peninsula (website in Japanese)
<https://corp.skylark.co.jp/sustainability/social/community/support2401.html>

2024 Noto Peninsula Earthquake

After the earthquake that struck on January 1, we launched emergency relief fundraising at 2,700 stores on the following day and began serving food to evacuees on January 12. By the end of March, we had provided about 20,000 widely varied meals through 120 company volunteers. In-store donations totaled approximately 19.8 million yen, which was donated to Toyama, Ishikawa, and Niigata prefectures.

2024 Eastern Taiwan Earthquake

After the earthquake that struck on April 3, we launched emergency relief fundraising at 2,700 stores on the following day, with Skylark matching the donated amount. We also decided to extend Bamiyan's Taiwan Fair campaign, carried out in partnership with a Taiwanese company, and decided to donate a portion of campaign sales (30 yen per meal).



Disaster Relief Menu at Bamiyan's Taiwan Fair campaign

Other support achievements

- We donated about 8.5 million yen collected by the Turkey-Syria Earthquake Disaster Relief Fund to the United Nations Refugee Agency (UNHCR) /
- Through the Children's Playground Support Foundation, employee volunteers installed playground equipment three times at the Kodomo no Ie children's house in the city of Kiyose, Tokyo Prefecture /
- We donated about 5 million yen collected towards the Hawaii Maui Wildfire Disaster Relief Fund to the Maui Strong Fund of the Hawai'i Community Foundation

Stakeholder Engagement

Believing in the importance of mutual understanding with all stakeholders, Skylark Group strives for active dialogue through varied opportunities for communication. We sincerely address the feedback and requests we receive and work to create value through management grounded in an ESG perspective.



Basic Axes

Promotion of ESG (Governance)

Governance

Enhancement of Corporate Governance

We have established the Skylark Group Charter of Corporate Behavior, sharing it with all executives and employees in our efforts to act with a social conscience while observing laws, international rules, and the spirit of these. We also follow basic policies to ensure soundness, effectiveness, and transparency in our management, and carry out initiatives aimed at enhancing corporate governance.

Our basic approach to corporate governance

Under our corporate philosophy of "Creating Richness with Value to Society" and our corporate purpose of "Contributing to Life Enrichment and Advancement of Society by Creating the Future of Dining," Skylark Group operates approximately 3,000 stores, mainly table service restaurants, that welcome approximately 300 million customers annually. We do so with the aim of offering great-tasting food at affordable prices with good service in a comfortable store environment to as many people as possible. We believe that contributing to society through dining-related businesses and continuously enhancing our corporate value are among our most important management tasks. We aim to be a corporate group that is trusted by customers, shareholders, business partners, local communities, and employees, and all other stakeholders. To achieve these objectives, we have established the Skylark Group Charter of Corporate Behavior, sharing it with all executives and employees in our efforts to act with a social conscience while observing laws, international rules, and the spirit of these. We also carry out initiatives to ensure soundness, effectiveness, and transparency in our management, and work to enhance our corporate governance.

Basic Policy

1. We respect the rights of shareholders and ensure equality.
2. We consider the interests of shareholders and other stakeholders, and collaborate appropriately with them.
3. We properly disclose corporate information and ensure transparency.
4. We ensure the effectiveness of functions to supervise the execution of duties by the Board of Directors.
5. We engage in constructive dialogues with shareholders who have investment policies aligned with the interests of medium- to long-term shareholders.

July 2014	Appointed one independent outside director and two outside auditors
October 2014	Listed on the First Section of the Tokyo Stock Exchange
January 2016	Transitioned to a holding company structure
March 2016	Increased the number of independent outside directors from one to two, with outside directors making up the majority of directors
April 2016	Established the Independent Officer Liaison Committee, consisting of a majority (two out of three) members from each of the voluntary Remuneration Committee and Nominating Committee appointed as independent outside directors
May 2016	Formulated the Basic Corporate Governance Policy
March 2017	Increased the number of outside auditors with expertise in finance and accounting by one
March 2019	Increased the number of outside directors by one (female), and appointed three of eight directors and two of the three auditors as independent officers
May 2019	Built a system for reporting the content of whistleblowing directly to independent outside directors
October 2019	Began evaluations of the effectiveness of the Board of Directors
December 2020	Established the Group Sustainability Committee and enhanced our organizational structure for promoting sustainability
March 2021	Increased the number of independent outside auditors by one (female), creating an officer composition with multiple female officers and independent directors as a majority of all officers (six out of 10)
March 2022	Increased the number of independent outside auditors by one (female), setting the ratio of women on the Board of Directors (directors and auditors) at 30% (three women out of 10 directors)
March 2023	Strengthened functions for supervision of the Board of Directors, and transitioned from a corporate structure with a board of corporate auditors to a corporate structure with an audit and supervisory committee to further enhance our corporate governance

Overview of our corporate governance structure

Board of Directors

Our Board of Directors consists of eight directors, five of which are independent outside directors, in consideration of diversity and balanced knowledge, experience, and capabilities of the Board of Directors as a whole. We believe this is necessary for the sustainable growth of Skylark Group and the medium- to long-term enhancement of our corporate value. As our Group's highest decision-making body for the management and execution of business, the Board of Directors generally meets at least once a month.

Senior Management Meeting

To promptly and flexibly carry out planning and execution of company-wide management policies and strategies, the company established the Senior Management Meeting, composed of the Chairman and Chief Executive Officer, President and Chief Operating Officer, and all executive officers. During meetings, important matters related to the entire Group are reported, examined, and discussed. Meetings are generally held every week. In addition, Group Committees (the Personnel and Systems Committee and the Policy and Investment Committee), composed of members determined in Senior Management Meetings, convene once a month to report on, examine, and discuss our personnel system, policies, and other important matters related to the Group overall.

■ FY2023 Senior Management Meetings: Held 48 times

Functions of the Audit and Supervisory Committee audits and other audits

The Audit and Supervisory Committee, composed of three auditors (a majority two of which are independent outside directors), generally meets once a month to supervise and conduct checks on management and the execution of duties. Based on auditing policies, plans, and standards determined by the Audit and Supervisory Committee, members of the committee attend Board of Directors meetings and other important conferences. They further assess the state of the company by examining business conditions to audit whether management activities are being conducted in conformance with laws, internal regulations, and other rules. Audit and Supervisory Committee members also cooperate with the Internal Audit Group and the accounting auditor through regular discussions and other means to ensure an efficient and effective auditing system.

The Internal Audit Group, our internal auditing organization, is positioned as a division under the direct control of the Chairman and Chief Executive Officer and of the President and Chief Operating Officer to ensure its organizational independence. The Audit and Supervisory Committee is also positioned as a division that possesses supervision and command authority. Based on internal regulations and annual plans, it conducts operating audits of headquarters, factories, and stores to identify problems, suggest improvements, and provide corrective guidance. Accounting audits are conducted by Deloitte Touche Tohmatsu LLC, as determined at the General Meeting of Shareholders.

■ FY2023 performance

- ➔ Board of Auditors: Convened 2 times / Audit and Supervisory Committee: Convened 10 times

Analysis and evaluation of the effectiveness of the Board of Directors

Based on the recognition that the Board of Directors should be a venue for effective and strategic discussions for the sustainable growth of the Group and the enhancement of corporate value, we analyze and evaluate the effectiveness of the Board of Directors every year to further enhance its functions. Analysis in FY2023 concluded that the size of our Board of Directors and the skills of individual directors are appropriate.

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/system/) Overview and results of evaluations conducted in 2023
https://corp.skylark.co.jp/en/sustainability/governance/cg/system/

Other committees

Group Risk and Compliance Committee (Convened 6 times; 10 times in writing)

The committee meets at least once a year. It discusses important matters regarding compliance and determines basic policy. Outside officers serve as advisors.

Group Compliance Committee (Convened 2 times in writing)

The committee engages in checks and reports regarding the state of compliance at subsidiaries, measures to prevent violations, and investigations and remedial actions in response to violations.

Group Sustainability Committee (Convened 6 times; 2 times in writing)

The committee meets as required. It determines policies and measures related to sustainability and reports to the Board of Directors on activities to promote sustainability. Outside officers serve as advisors.

Nomination Committee (Convened 4 times; 1 time in writing)

The Nomination Committee discusses matters related to proposals submitted to the Board of Directors regarding the appointment and dismissal of the company's directors and executive officers. Committee members consist of the Chairman and Chief Executive Officer serving as Chairperson, and other members appointed by resolution of the Board of Directors. The committee currently consists of five members, including the Chairman and Chief Executive Officer who serves as Chairperson and three independent outside directors who compose the majority of the committee.

Remuneration Committee (Convened 3 times; 1 time in writing)

The Remuneration Committee discusses proposals submitted to the Board of Directors regarding compensation for the Group's directors and executive officers, and proposals submitted to the Audit and Supervisory Committee regarding compensation for its members. Committee members consist of the Chairman and Chief Executive Officer serving as Chairperson, and other members appointed by resolution of the Board of Directors. The committee currently consists of five members, including the Chairman and Chief Executive Officer who serves as Chairperson and three independent outside directors who compose the majority of the committee.

Independent Officer Liaison Committee

The company has established an Independent Officer Liaison Committee composed of outside directors to strengthen collaboration among independent officers through site visits and exchanges of opinions, and to carry out activities as a venue for the provision of raw information concerning the execution of duties, for use in discussions by the Board of Directors. To strengthen means of communication with outside officers, we have also introduced a system using cloud-based groupware for questionnaires, opinion exchanges, and schedule coordination.

Status of main activities of the Independent Officer Liaison Committee in 2023

Month and year convened	Description
February 2023	Visits to new brand stores opinion exchanges
October 2023	Visits to environmentally friendly stores and Super Urban stores; opinion exchanges
December 2023	Information exchange meeting with top management

Training policy for directors

The company appropriately provides the training and information required for directors to properly fulfill their roles and responsibilities. As a part of this effort, at least once a year we provide directors with lectures and training by experts in law, corporate governance, and other subjects. To date, this has

included study groups on insider trading prevention, branding, risk management, crisis management, and ESG. In 2023, we created opportunities for considering approaches toward and engagement with institutional investors, under the theme of what institutional investors expect from companies.

Status of outside directors

Among our eight directors, we appoint five outside directors with advanced management experience and knowledge to strengthen functions for supervising the execution of duties. The five outside directors are registered with the Tokyo Stock Exchange as independent officers, and are appointed as five independent outside directors who make up a majority of our directors. Of these, three independent outside directors are included among the members of the Nomination Committee and the Remuneration Committee that serve as advisory committees for their respective topics, creating a structure for fair deliberations.

Policy on the appointment of executive management and the nomination of candidates for director

To keep up with the rapidly changing food service market, we nominate director candidates, from inside or outside the company, who possess diverse knowledge, experiences, and capabilities. With regard to candidates for internal director, after consideration of the balance of candidates' knowledge and experience in family restaurant management, financial strategy, and marketing strategy, we nominate those who are able to contribute to society through the food service business and who are able to demonstrate leadership aimed at continuously enhancing corporate value. With regard to candidates for outside director, we appoint those who possess extensive management experience in diverse companies and organizations, including in the food service industry. With regard to candidates for Audit and Supervisory Committee member, we appoint people who are able to appropriately audit the execution of duties by auditors based on their knowledge of corporate management and their knowledge of and experience with accounting, finance, law, and risk management. Under the above nomination policy, we also set a policy of actively promoting female candidates who possess the necessary skills for the Board of Directors to the position of officer. Specifically, we have set a target of 30% for the ratio of women serving on the Board of Directors. The ratio in 2023 was 25%.

Reasons for appointment and skill matrix of directors

8 Directors								
5 Outside Directors								
Name	● Makoto Tani	● Minoru Kanaya	● Fumio Tahara	● Ayako Sano	● Hirohiko Imura	● Makoto Suzuki	● Tatsuya Aoyagi	● Reiko Okuhara
Title	Chairman and Chief Executive Officer	President and Chief Operating Officer	Outside Director	Outside Director	Outside Director	Director, Standing Audit and Supervisory Committee member	Outside Director, Audit and Supervisory Committee member	Outside Director, Audit and Supervisory Committee member
Reason for appointment	After joining the company in 1977 and gaining sales experience at stores, he has held posts including General Manager of the Sales Division and President and Representative Director of NILAX Inc., and has served as President and Chief Executive Officer of the company since 2008. He was appointed as a director for his extensive business experience in the Group and insight regarding overall management of family restaurants, business management, and management and operation, in addition to having an intimate knowledge of consumer marketing in the food service market.	He was appointed as a director in view of results achieved in supervising our Finance, Administration and Human Capital Management divisions since 2008, together with his wealth of experience and insights from working at a securities company which we believe he will leverage on behalf of our growth strategy.	In the expectation that he will leverage his extensive experience and insights from working at the Ministry of Agriculture, Forestry and Fisheries and industry associations for the benefit of our management and will provide advice and supervision from an objective and long-term perspective, we have appointed him an outside director.	In the expectation that she will leverage her practical experience from working with a securities company, wide-ranging insights as an attorney, and experience with taxation for the benefit of our management and will provide advice and supervision from an objective and long-term perspective, we have appointed her an outside director.	In the expectation that he will leverage his practical experience from working with a major trading company and as the representative director of a company supervising a cable television station for the benefit of our management and will provide advice and supervision from an objective and long-term perspective, we have appointed him an outside director.	After joining the company in 1979 and gaining sales experience at stores, he held posts including General Manager, Manager of the President's Office and Manager of the Internal Audit Office. Based on his extensive business experience in the Group and his insights regarding company management, we expect that he will provide appropriate supervision of our management and have appointed him a director who is an Audit and Supervisory Committee member.	In the expectation that he will leverage his extensive experience as a certified public accountant and certified tax accountant and his knowledge of accounting and finance to perform supervision of our Group's management and achievement of continuous enhancement of corporate value, and that he is an appropriate human resource able to contribute to the enhancement of corporate governance, we have appointed him a director who is an Audit and Supervisory Committee member.	In the expectation that she will leverage her work experience at the Ministry of Finance and her wide-ranging insights as an attorney, and that she is an appropriate human resource able to contribute to the enhancement of corporate governance from the perspectives of compliance structure and risk management, we have appointed her a director who is an Audit and Supervisory Committee member.
Decision-making skills	Corporate Management	○			○		○	
	Finances/Accounting		○		○		○	
	International Business		○			○		
	Marketing	○						
Supervisory skills	Consumers	○	○	○	○	○	○	○
	IT/DX	○	○			○		
	Skylark Group Business Management	○	○				○	
	Economic/Social	○		○	○	○	○	○
	Legal				○			○
Risk Management	○	○	○	○	○	○	○	
Sustainability/ESG	○	○		○	○		○	

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/candidate/) Names and definitions of skills

Officer remuneration

Policy and decision-making process for determination of remuneration

Our policy for remuneration and other compensation for directors is designed to contribute to the continuous improvement of our operating results and corporate value and to the sharing of value with shareholders. Remuneration for directors of the company (excluding outside directors and directors who are Audit and Supervisory Committee members) consists of a fixed base remuneration and a performance-linked remuneration that varies with company performance. Performance-linked remuneration consists of fiscal year-end bonuses based on consolidated business results for each business year and remuneration for which the amount paid is linked to the stock price for a set period ("phantom stock"). From phantom Stock in 2022, in addition to the stock price requirement, an evaluation by an international ESG evaluation organization is added as an ESG indicator to ensure that executive compensation is linked to the promotion of the Company's sustainability management.

Beginning with phantom stock in 2024, in addition to the above indicators, target values for employee engagement, target values for overall customer satisfaction, and target values for reduction of CO₂ emissions are added as achievement indicators, creating a system by which officer remuneration is linked to the promotion of our sustainability management.

We have also set stock ownership guidelines for the sharing of value among directors executing duties, executive officers, and shareholders, and for the enhancement of medium- to long-term corporate value.

These guidelines stipulate that we will hold a set percentage of the company's stock for position-specific base remuneration within five years from the assumption of office, and will strive to hold the shares during the period of office even after the set percentage is reached.

From a perspective of ensuring independence, the remuneration of outside directors and directors who are Audit and Supervisory Committee members is not linked to business performance, and only base remuneration is paid. The Board of Directors determines remuneration and other compensation for directors based on proposals from the Remuneration Committee, which is an advisory organization of the Board.

Beginning in FY2022, the performance-linked remuneration of the year-end bonus and phantom stock have malus and clawback clauses which, in the event of a material accounting error, fraud, or violation, allow the Board of Directors, by resolution, to reduce or to require the return of such remuneration, in part or in full, following deliberations by the Remuneration Committee.

[Web](https://corp.skylark.co.jp/ir/library/financial_report/) Securities Report (Japanese only)

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/) Main initiatives to strengthen corporate governance

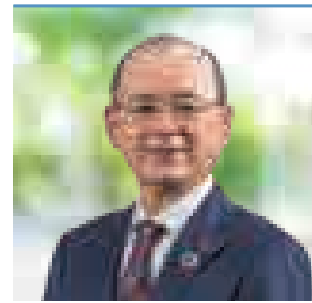
[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/candidate/) Policy on the appointment of executive management and the nomination of candidates for directors and for directors who are Audit and Supervisory Committee members

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/outside/) Support structure for outside directors

[Web](https://corp.skylark.co.jp/en/sustainability/governance/cg/candidate/) Training policy for directors and directors who are Audit and Supervisory Committee Members

Directors & Officers (as of April 1, 2024)

Directors



Makoto Tani

Chairman and Chief Executive Officer
Born December 25, 1951 (age 72)
Number of shares held: 50,000
Attendance at Board of Directors meetings:
13/13 times (100%)

April 1977 Joined Skylark Co., Ltd.
December 1987 Director and General Manager of Sales Division of NILAX Inc.
January 2000 President and Representative Director of NILAX Inc.
January 2007 President and Representative Director of NILAX Inc. and Executive Officer in charge of HD Business Strategy Group No. 1 of Skylark Co., Ltd.
October 2007 Managing Executive Officer and General Manager of Sales Division No. 2 of Skylark Co., Ltd.
August 2008 President and Representative Director of Skylark Co., Ltd.
September 2008 President and Representative Director and General Manager of Corporate Planning Division of Skylark Co., Ltd.
February 2011 President and Representative Director and General Manager of Product Division of Skylark Co., Ltd.
June 2012 President and Representative Director of Skylark Co., Ltd.
July 2014 President and Chief Executive Officer of Skylark Holdings Co., Ltd.
March 2018 Chairman, President and Chief Executive Officer of Skylark Holdings Co., Ltd.
March 2023 Chairman and Chief Executive Officer of Skylark Holdings Co., Ltd. (to present)



Minoru Kanaya

President and Chief Operating Officer
Born January 26, 1959 (age 65)
Number of shares held: 10,000
Attendance at Board of Directors meetings:
13/13 times (100%)

April 1981 Joined Nomura Securities Co., Ltd.
June 2000 Head of European Administration Department, Nomura International PLC
July 2004 Executive Officer of Nomura Principal Finance Co., Ltd.
January 2008 Managing Director, Skylark Co., Ltd.
January 2012 Managing Executive Officer and General Manager of Administrative Division, Skylark Co., Ltd.
October 2015 Executive Officer, Managing Director of Corporate Support Division and Managing Director of Human Capital Management Division, Skylark Co., Ltd.
February 2017 Managing Executive Officer, Managing Director of Corporate Support Division and Managing Director of Human Capital Management Division, Skylark Holdings Co., Ltd.
March 2018 Corporate Director and Managing Executive Officer, Managing Director of Corporate Support Division and Managing Director of Human Capital Management Division, Skylark Holdings Co., Ltd.
April 2021 Managing Executive Officer, Managing Director of Finance Division, Skylark Holdings Co., Ltd.
March 2023 President and Chief Operating Officer (to present)



Fumio Tahara

Outside Director
Born August 7, 1948 (age 75)
Number of shares held: 1,000
Attendance at Board of Directors meetings:
13/13 times (100%)

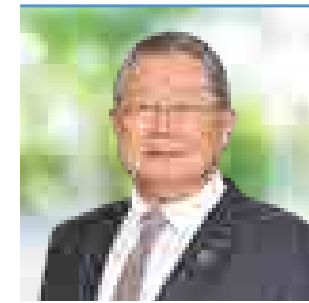
April 1972 Joined the Ministry of Agriculture and Forestry (current Ministry of Agriculture, Forestry and Fisheries)
September 1984 Director, Marine Products Section, Shizuoka Prefecture Agriculture and Fisheries Department, Ministry of Agriculture and Forestry
November 1987 Secretary to the Minister, Ministry of Agriculture, Forestry and Fisheries
February 2000 Deputy Director-General of the Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries
January 2001 Private Secretary to the Minister, Ministry of Agriculture, Forestry and Fisheries
July 2003 Director-General of the Fisheries Agency
August 2005 Director, JA Kyosai Research Institute
November 2008 Director, Overseas Fishery Cooperation Foundation of Japan
July 2012 Part-time advisor to Yanmar Co., Ltd. (part-time advisor to Yanmar Holdings Co., Ltd. since April 1, 2013)
July 2012 Part-time advisor to Kyokuyo Co., Ltd.
March 2014 Outside Auditor, Skylark Co., Ltd.
July 2014 Outside Auditor, Skylark Holdings Co., Ltd.
March 2018 Outside Director, Skylark Holdings Co., Ltd. (to present)
June 2020 Chairman, All Japan Purse Seine Fisheries Association (to present)
July 2020 Part-time advisor, Yanmar Marine System Co., Ltd. (to present)



Ayako Sano

Outside Director
Born December 9, 1977 (age 46)
Number of shares held: –
Attendance at Board of Directors meetings:
13/13 times (100%)

April 2001 Economic Research Division, Goldman Sachs (Japan) Ltd. (currently Goldman Sachs Japan Co., Ltd.)
January 2009 Joined Tokyo Nishi Law Office (currently TNLAW Law Office)
October 2018 Civil Conciliation Commissioner, Tokyo District Court
December 2018 Representative, Aya Law Office (to present)
March 2019 Outside Director, Skylark Holdings Co., Ltd. (to present)
March 2021 Outside Director (Audit and Supervisory Committee member), Metaps Inc. (to present) (currently Metaps Holdings, Inc.)
March 2024 Outside Director, Sodick Co., Ltd. (to present)
May 2024 Outside Auditor, CLAS, Inc. (to present)



Hirohiko Imura

Outside Director
Born February 14, 1958 (age 66)
Number of shares held: –
Attendance at Board of Directors meetings: –

April 1981 Joined Sumitomo Corporation
April 2005 Head of SCOA Risk Management Group, Executive Officer and General Manager of Corporate Risk Management attached to the General Manager of the Americas, Sumitomo Corporation of Americas
April 2012 Executive Officer and General Manager of Corporate Risk Management, Sumitomo Corporation
December 2014 Outside Auditor, Kato Sangyo Co., Ltd.
April 2015 Outside Director (Audit and Supervisory Committee member), Metaps Inc. (to present) (currently Metaps Holdings, Inc.)
June 2015 Representative Director and Managing Executive Officer, Sumitomo Corporation
April 2017 Representative Director and Senior Managing Executive Officer, Sumitomo Corporation
President, Jupiter Telecommunications Co., Ltd. (currently JCOM Co., Ltd.)
July 2017 President and Representative Director, Jupiter Telecommunications Co., Ltd. Chairman and Representative Director, Jupiter Telecommunications Co., Ltd.
July 2020 Outside Auditor, DeNA Co., Ltd. (to present)
June 2022 Outside Auditor, TV TOKYO Holdings Corporation (to present)
June 2023 Outside Director, Skylark Holdings Co., Ltd. (to present)
March 2024 Outside Auditor, CLAS, Inc. (to present)

Audit and Supervisory Committee Members



Makoto Suzuki

Director
Standing Audit and Supervisory Committee member
Born February 11, 1957 (age 67)
Number of shares held: 2,000
Attendance at Board of Directors meetings:
13/13 times (100%)
Attendance at Audit and Supervisory Committee meetings: 10/10 times (100%)

April 1979 Joined Skylark Co., Ltd.
May 1994 General Manager of Kita-Kanto Sales Department No. 2, Skylark Co., Ltd.
January 1999 Manager of the President's Office, Skylark Co., Ltd.
April 2009 Manager of the Internal Audit Office, Skylark Co., Ltd.
July 2010 Manager of the President's Office, Skylark Holdings Co., Ltd.
March 2011 Standing Auditor, Skylark Holdings Co., Ltd.
June 2012 Auditor, NILAX Inc. (to present)
November 2014 Auditor, Tomato and Associates Co., Ltd. (to present)
June 2012 Standing Auditor, Skylark Co., Ltd.
November 2014 Auditor, Taiwan Skylark Co., Ltd. (to present)
December 2015 Auditor, Skylark Split Preparation Co., Ltd. (trade name changed to Skylark Restaurants Co., Ltd. on January 1, 2016) (to present)
March 2023 Director and Standing Audit and Supervisory Committee member, Skylark Holdings Co., Ltd. (to present)



Tatsuya Aoyagi

Outside Director
Audit and Supervisory Committee member
Born August 8, 1971 (age 52)
Number of shares held: –
Attendance at Board of Directors meetings:
13/13 times (100%)
Attendance at Audit and Supervisory Committee meetings: 10/10 times (100%)

October 1993 Joined Tohmatu Auditing (currently Deloitte Touche Tohmatsu LLC)
February 2007 Joined Masters Trust Accounting Incorporated (currently Masters Trust Inc.)
July 2007 Representative Director, Heartworth Partners, Inc. (to present)
August 2007 Director, Share Generate Co., Ltd.
February 2010 Outside Auditor, Amlead Co., Ltd.
May 2010 Outside Auditor, BT Holdings Co., Ltd. (currently Primigest, Inc.)
June 2010 Outside Auditor, MXI, Inc.
June 2012 Outside Auditor, Skylark Holdings Co., Ltd.
March 2017 Outside Auditor, Sanwa Seiko Corporation (to present)
July 2021 Outside Director and Audit and Supervisory Committee member, Skylark Holdings Co., Ltd. (to present)



Reiko Okuhara

Outside Director
Audit and Supervisory Committee member
Born May 17, 1962 (age 61)
Number of shares held: –
Attendance at Board of Directors meetings:
13/13 times (100%)
Attendance at Audit and Supervisory Committee meetings: 10/10 times (100%)

April 1985 Joined the Ministry of Finance
April 2000 Joined Kohwa Sohgo Law Offices
April 2004 Partner and Attorney, Kohwa Sohgo Law Offices (to present)
April 2012 Member of Civil Conciliation Commissioner, Tokyo Summary Court (to present)
April 2018 Deputy Chair, Daiichi Tokyo Bar Association
April 2018 Standing Director, Japan Federation of Bar Associations
April 2019 Member of the Bidding Oversight Committee, Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism (to present)
June 2021 Director, Japan Law Foundation (to present)
March 2022 Outside Auditor, Skylark Holdings Co., Ltd.
March 2023 Outside Director and Audit and Supervisory Committee member, Skylark Holdings Co., Ltd. (to present)
Outside Director of Axis Co., Ltd. (to present)

▶ See P59-60 for reasons for selection and skill matrix of the eight directors.

Executive Officers



Nobuyuki Katayama

Executive Officer
Managing Director of Procurement Division

Joined Jonas Co., Ltd. (former Jonathan Co., Ltd.; merged into our company in January 2012) in 1982. He served as a store manager, business manager, and Director of the Akishima Logistics Center of the company. After joining Skylark Co., Ltd. in 2004, he has worked as a General Manager and Deputy Managing Director in the Procurement Department, and has served in his current position since October 2017.



Kouzou Nishida

Executive Officer
Managing Director of Human Capital Management Division

Joined Bamiyan Co., Ltd. in 1993. After working in positions including store manager, Bamiyan Company human resources manager, and sales promotion supervisor, he has served as the Chairperson of the Central Executive Committee of the Skylark Labor Union since 2010. Since 2016, he has served as Director and Deputy Managing Director of the company's Human Capital Management Division. He has served in his current position since October 2018.



Shimon Kato

Executive Officer
Managing Director of Production Division

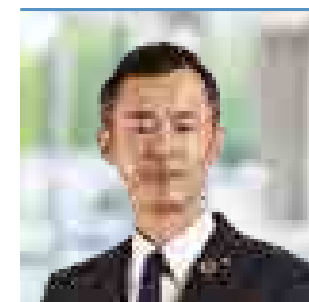
Joined Skylark Co., Ltd. in 1983. After working as a store manager, he led the Product Development Division for many years and has served as Deputy Managing Director of Marketing Division since 2016. After working as Director of the Corporate Planning Office, Deputy Manager of Marketing Policy, Manager of the Cross-Brand Menu Division, and other positions as an Executive Officer of Skylark Restaurants Co., Ltd., he has served as the Managing Director of the Production Division since May 2020 and became the Managing Director of Menu Development, Marketing and Production Division in October 2020. He has served in his current position since September 2022.



Akira Hirano

Executive Officer
Managing Director of Marketing Division

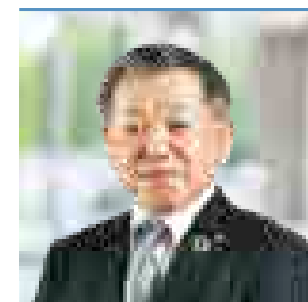
Joined the Central Audit Corporation (Certified Public Accountant) in 1994. He gained experience through positions as Senior Manager of Accenture Japan Ltd., Manager of BPM Business Division of SAS Institute Japan, and Senior Director of the Accounting and Finance Division of Quintiles Transnational Japan KK (currently IQVIA Services Japan G.K.). After joining the company in April 2015, he became the Director of the Finance Division, then the Deputy Managing Director of the IT Division in January 2019, Executive Officer in Marketing in September 2019, and the Managing Director of the IT Headquarters in July 2020. He has served in his current position since September 2022.



Ikuo Umeki

Executive Officer
Managing Director of Store Development Division

Joined Skylark Co., Ltd. in 1995. After working as a store manager, he served as the Manager of the Gusto Management Policy Office and the Manager of the Menu Planning Office in the position of Executive Officer. After working as General Manager of the Corporate Planning Division and the Managing Director of the Gusto Field Operations Division, he was appointed Representative Director of FLO Japon Co., Ltd. in 2014. He has served as the Deputy Managing Director of our Corporate Support Division since May 2020, and was appointed Executive Officer in January 2021. He has served in his current position since April 2021.



Ichiro Takei

Executive Officer
Managing Director of Administrative Division

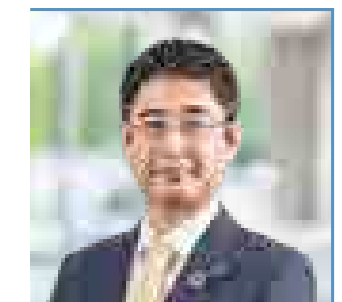
Joined Skylark Co., Ltd. in 1984. After working in positions including store manager, personnel planning leader, and promotion planning leader, he has served as General Affairs Group Director since 2012, directing governance, risk management, and other Administration Division work. He has served in his current position since April 2021.



Hisashi Nakashima

Executive Officer
President of Skylark Restaurants Co., Ltd.

Joined Bamiyan Co., Ltd. in 1995. After working in positions including store manager, education and area manager, human resources manager, and field operations leader, he was appointed Director and Bamiyan Field Operations Supervising Group Director, Family Restaurant Division, of Skylark Restaurants Co., Ltd. in 2016. He has served as Executive Officer and Manager of the Bamiyan Sales Division since 2018, Executive Officer and Director of the Sales Policy and QSC Improvement Group since May 2022, and his current position since September 2022.



Takuya Aizawa

Executive Officer
Managing Director of Finance Division

Joined Skylark Co., Ltd. in 1999. After working in positions including store manager, leader in charge of brand planning at the Bamiyan Company Policy Office, leader in charge of budget management in the Budget Management Department, Director of the Accounting Group of the Finance Division, and Director of the company-wide Management Analysis Group, he was appointed Executive Officer and Managing Director of the Finance Division in 2020. He has served in his current position since March 2023.



Fumio Tahara

Outside Director

Possesses extensive experience through work at the Ministry of Agriculture, Forestry and Fisheries and industry associations, as well as experience as an auditor of the company. In current position since 2018.



Ayako Sano

Outside Director

Possesses practical experience through work at a securities company and knowledge as an attorney. In current position since 2019.



Hirohiko Imura

Outside Director

Possesses experience and insights as a company manager at a major trading company and cable television station. Appointed to current position in 2024.

A Talk with Our Outside Directors

Surviving the Rapidly Changing Business Environment

Highly transparent corporate governance and a robust management structure —

Following the announcement of our Medium-Term Management Plan in May 2024, Skylark Group is taking steps toward our targeted growth stage. Three outside directors took part in a discussion of the current situation and issues facing corporate governance and sustainability management for Skylark Group.

Making well-balanced responses to the external environmental changes and medium- to long-term issues we face

Fumio Tahara Since COVID-19 was downgraded to a Category V infectious disease under Japan's infectious diseases legislation, signs of steady recovery have appeared in the food service industry, and Skylark Group is seriously considering strategy for a counteroffensive. My view is that control by management has let us minimize impacts in terms of our business and governance. Recently, the Board of Directors held serious discussions on the "basic axes" that will support future business growth in the Medium-Term Management Plan, and created a medium- to long-term strategy. The direction indicated in the recently announced Medium-Term Management Plan has been evaluated as generally reasonable.

Ayako Sano As an attorney and outside director, I maintain an awareness of having a perspective on governance and internal control.

When commenting on the Medium-Term Management Plan, I thought that it reflected the path that Skylark Group should pursue, a path that was thrown into relief during the difficulties under the COVID-19 pandemic. The external environment is changing drastically even now. A challenging phase is continuing, as seen in soaring raw materials costs, logistics costs, and utility costs under the Russia-Ukraine situation, the Israel-Palestine situation, and other geopolitical risks. Given that securing resilience in the supply chain is a pressing issue, I think the management team is calmly and objectively analyzing evidence and reflecting it in growth strategy.

Hirohiko Imura As the "VUCA* era" label suggests, the current era is an extremely difficult time for forecasting the future. To adapt to an era like this, I believe that my role involves providing information and materials for the steering of management and for decision-making, not only functions for governance and monitoring of enforcement. In the sustainability management pursued by Skylark Group, I think we have to give a particular emphasis to diversity. How we take in and respond to the diversifying values and preferences of customers, not only employees, is a perspective essential to further corporate growth.

* Volatility, Uncertainty, Complexity, and Ambiguity.

Fumio Tahara From that standpoint, I see the fiscal year ended December 2023, when our business performance recovered, as the year when Skylark Group's true value was questioned. As consumer trends recovered from the pandemic, Chairman Tani and President Kanaya have demonstrated outstanding leadership. They quickly hammered out a Medium-Term Management Plan and showed the seriousness of the management team. Exhaustive discussions were also held within the company to create a more freely open organization. I believe that drastic improvements in service quality, supply structures, and risk management through initiatives like these became the driving force in achieving double-digit earnings growth and a return to profitability last year. The stance of Skylark Group seems very well-balanced as it makes a steady shift toward growth areas.

A management stance that views human resources as the foundations of growth

Fumio Tahara Human capital management involves a variety of aspects, but the first key point is enhancement of employee engagement. For a company to increase the number of employees who identify with the company's way of creating value and who feel a personal involvement in its management issues, the company's communication stance for actively sharing the management team's thinking with employees is vital. In Skylark Group, however, with its 100,000 employees, carrying out human resources development perfectly is a daunting task. The food service industry, which employs a wide range of people, exists in a business environment that embraces a pack of risks, so to speak. I want management to engage in the risk management aspects of human resources with care, but I think our current governance is functioning well, including in terms of openness.

Ayako Sano It's also important that we enhance working environments with an emphasis on diversity, equity, and inclusion. I think human capital management is what will achieve these, even if it takes time to do so. Also, while diversity is not only a matter of gender, looking at gender as a typical aspect, half of the population and of our customers consists of women, and many of our employees are women, too. I want management to take a stance capable of achieving workplaces where women can actively demonstrate their power.

Hirohiko Imura Together with detailed numerical trends, the Board of Directors recognizes human resources as a vital topic that has to be discussed. I attended a Board of Directors meeting for the first time today. My first impression was that the Board has a wonderful attitude, with substantial, serious, and open discussion taking place on the spot, as opposed to some planned harmony worked out in advance. I think that this openness in the Board of Directors has spread to Skylark Group employees as well, and is leading to the construction of a free and open corporate culture, which in turn connects to enhanced loyalty to the company and strengthened awareness of compliance.



generation? We have to think about that, including development of those leaders. As an example, if we're to think about the next-generation management team a decade from now with women included, we need to start considering it now. If I were to name an issue, this is the one that strikes me.

Ayako Sano I'm in agreement. I think we've currently built an almost miraculously well-balanced structure, with the two top managers cooperatively demonstrating their differing strengths. Chairman Tani has wonderful communication skills and solid leadership, to the point that shareholders taking part in the General Meeting of Shareholders the other day posted on social media that it was worth attending the meeting just to see him. And yet, the more wonderful the current structure is, the more there's a question of how we nurture the next generation and hand over the baton, as Mr. Tahara noted. The Skylark Group's top management is required to demonstrate a diverse array of capabilities and qualities, including ethical sense, trustworthiness, toughness, a sense of responsibility, positivity, decision-making ability, strategy-creating ability, and leadership. How the Group is trying to select, nurture, and appoint candidates for new leader positions is something that has not yet been fully made clear to outside directors.

Hirohiko Imura Succession plans are a concern for any company. I think that the specs required for the top management of today differ from the specs for the next-generation leadership of tomorrow. As I noted earlier, future conditions are uncertain in the VUCA era. As an example, at times when the food service industry was steadily growing, we were able to expand business by rolling out headquarters-led menus and customer service manuals nationwide. But under conditions in which customers' preferences are more diversified and subdivided than ever,



The challenge for our management structure of Chairman Tani and President Kanaya is development of the next generation

Fumio Tahara With Audit and Supervisory Committee members excluded, Skylark Group has five directors. Three of these, including myself, are outside directors. The ratio of outside directors to Board of Directors members overall is 62.5%, which makes for a management structure capable of ensuring transparency and fairness in governance from the perspective of third parties, even when viewed as numbers. Against this background, a year has passed since the start of the structure with Chairman Tani and President Kanaya as the two top managers. My sense is that they're making great efforts. In particular, I think that the personalities and management skills of the two have synchronized well, which has let them set business performance back on track and prepare the ground for the next stage. If I were to name an issue facing us, it's that as of now, it's difficult to envision the era after Chairman Tani and President Kanaya. That is, who'll be the leaders in the next

I think that the decentralization concept of delegating authority to regions or stores to some extent is needed more than the concept of centralization. In Board of Directors discussions today, the Chairman and President made clear that they will emphasize "store-centered management" from here on out. This was an expression of Skylark Group's intent to actively challenge the greatly changing business environment, and that in the development of human resources toward that end, it is vital that we construct a development structure through ideas and thinking different from those of the past.

Toward more effective operation of the Board of Directors

Fumio Tahara The end of today's discussion brings us to the question of the Skylark Group's governance structure. On the point of aiming for a separation of management and execution, our governance structure is consistent with the spirit of the Corporate Governance Code. We have also established a Nomination Committee and a Remuneration Committee, which makes me think that we are effectively approaching a level on par with the corporate form of "corporation with a nominating committee." Our score is not perfect, but I think we've built up about halfway to our ideal form.

Ayako Sano Five years have passed since I became an outside director. I appreciate the stance of the management team in actively listening to opinions within the company and incorporating them to lead the organization in a better direction. As an outside director, one point I've noted as key to strengthening corporate governance is the importance of information sharing. As an example, in the event of some misconduct, we're required to establish a route through which information is accurately and speedily reported to management. I appreciate that Skylark Group is mindful of the importance of such information sharing.

Hirohiko Imura As long as a company is listed, as an organization it faces demands from society to construct a governance structure in accordance with the requirements and rules of society. I think Skylark meets these in a considerable number of aspects. However, I see the ultimate purpose of governance as not whether the company simply conforms to rules but whether it addresses every stakeholder sincerely and squarely. A particularly important matter is the questions of whether the company addresses customers sincerely and whether it engages in management closely aligned with customers. Shareholders exist as an extension of customers, but at the recent General Meeting of Shareholders, when I heard compliments from shareholders about polite service and store staff behavior, I felt renewed pride in our customer-oriented stance. More than anything, I feel that our shareholders are both customers and fans of Skylark Group, and I want to help make relationship even stronger.



Fumio Tahara Shareholders of Skylark Group now number over 400,000. These are both shareholders and customers. Naturally, they take an interest in not only the stock price, dividends, and shareholder benefits but also in the Skylark Group's customer service overall as customers, based on which they deliver a variety of opinions to us. I think that, in discussions by the Board of Directors, we outside directors need to maintain a monitoring role from such a perspective. What will customers think about the Medium-Term Management Plan and growth strategy that were announced, along with the services provided at stores? This is a perspective I want to hold dear.

Ayako Sano I, too, value opinions from the viewpoint of shareholders, but also see the viewpoints of stakeholders in general, including non-shareholders, as important. Discussions by the current Board of Directors keep the maintenance of win-win relationships in mind, such as by never making unilateral demands in our relationships with supply chain business partners, to give an example. I want to continue to maintain a stance of engaging in honest management that is conscious of sustainability and reputation.

Trends in Key Financial Data (11 Years)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Consolidated profit and loss											
Sales revenue (million yen)	332,484	340,002	351,146	354,513	359,445	366,360	375,394	288,434	264,570	303,705	354,831
Operating profit (loss) (million yen)	22,563	21,642	27,806	31,249	28,103	22,857	20,562	(23,031)	18,213	(5,575)	11,688
Operating profit margin (minus) (%)	6.8	6.4	7.9	8.8	7.8	6.2	5.5	(8.0)	6.9	(1.8)	3.3
Profit (loss) before tax (million yen)	11,800	16,767	24,717	28,952	23,519	18,596	16,729	(26,433)	14,325	(8,225)	8,691
Pre-tax profit margin (minus) (%)	3.5	4.9	7.0	8.2	6.5	5.1	4.5	(9.2)	5.4	(2.7)	2.4
Profit (loss) attributable to owners of the parent company (million yen)	7,087	9,469	15,109	18,213	15,549	11,438	9,487	(17,214)	8,742	(6,371)	4,781
Profit margin attributable to owners of the parent company (minus) (%)	2.1	2.8	4.3	5.1	4.3	3.1	2.5	(6.0)	3.3	(2.1)	1.3
Depreciation expenses (million yen)	12,701	12,964	13,400	13,984	13,464	14,075	51,061	51,168	47,293	47,398	48,649
Consolidated financial position											
Total assets (million yen)	306,892	312,155	314,864	318,317	318,203	330,761	453,979	441,672	457,993	424,772	426,093
Total capital (net assets) (million yen)	73,983	93,757	103,287	114,198	127,324	130,453	132,817	113,761	166,161	157,708	162,290
Equity ratio (%)	24.1	30.0	32.8	35.8	40.0	39.4	29.3	25.8	36.3	37.1	38.1
EBITDA*1 (million yen)	35,407	34,787	41,418	45,997	41,835	37,226	71,941	28,384	65,706	41,974	60,453
ROE (%)*2	8.5	11.3	15.3	16.8	12.7	8.9	7.2	(14.0)	6.2	(3.9)	3.0
ROA (%)*3	2.3	3.0	4.8	5.7	4.9	3.5	2.1	(3.9)	1.9	(1.5)	1.1
Consolidated cash flow position											
Cash flow from operating activities (million yen)	27,016	37,147	32,842	36,029	31,510	31,571	67,825	36,724	50,065	45,716	70,717
Cash flow from investment activities (minus) (million yen)	(9,480)	(11,781)	(18,275)	(16,662)	(19,606)	(19,667)	(20,446)	(15,742)	(12,987)	(15,575)	(14,861)
Cash flow from financing activities (minus) (million yen)	(15,507)	(15,921)	(19,650)	(21,344)	(13,078)	(8,049)	(47,350)	(22,921)	(16,011)	(53,271)	(44,471)
Free cash flow (million yen)	17,536	25,366	14,567	19,367	11,904	11,904	47,379	20,982	37,078	30,141	55,856
Cash and cash equivalents at end of period (million yen)	13,883	23,383	18,245	16,222	15,094	18,908	18,949	17,030	38,331	15,275	26,790
Per-share information											
Basic earnings (loss) per share (EPS) (yen)	37.29	49.57	77.79	93.57	79.36	58.04	48.07	(87.16)	40.77	(28.00)	21.01
Book-value per share (BPS) (yen)	388.59	482.42	531.04	586.13	646.57	661.92	673.03	576.00	774.90	693.22	713.36
Dividend per share (DPS) (yen)	14,620.75	0.00	33.00	38.00	38.00	38.00	19.00	0.00	12.00	0.00	7.00
Payout ratio (%)	392.1	27.3	42.4	40.6	47.9	65.5	39.5	—	29.4	—	33.3
Highest stock price (yen)	Not listed	1,299	1,958	1,644	1,804	1,976	2,242	2,188	1,795	1,675	2,312
Lowest stock price (yen)	Not listed	999	1,168	1,214	1,480	1,424	1,665	1,405	1,406	1,450	1,508

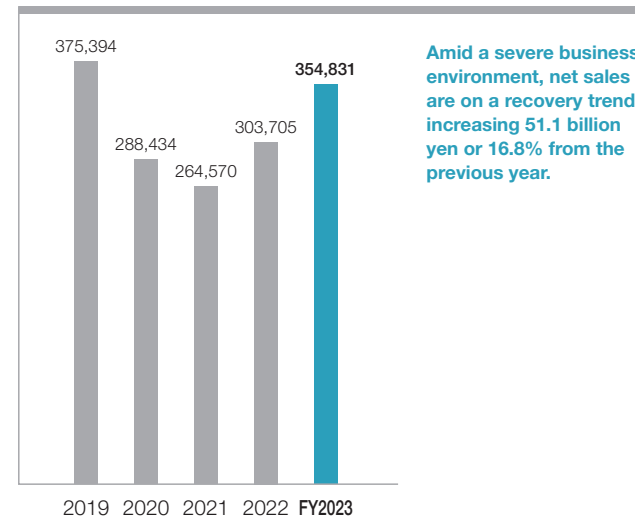
*1 EBITDA = profit before tax + interest expenses + loss on early repayment of borrowings and associated hedge-related gains and losses + other financial-related expenses (excluding loss on early repayment of borrowings and associated hedge-related gains and losses) - interest income - other financial-related income + depreciation expenses and amortization expenses + amortization expenses for long-term prepaid expenses + amortization expenses for long-term prepaid guarantee deposits

*2 ROE = Profit attributable to owners of the parent company / total capital (average during the period)

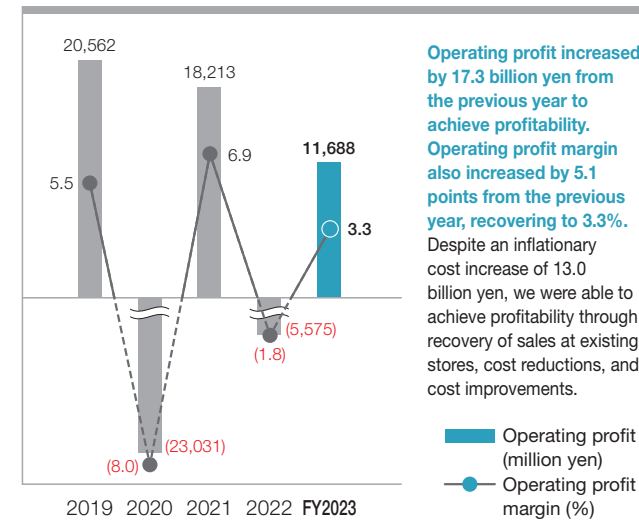
*3 ROA = Profit attributable to owners of the parent company / total assets (end of period)

Financial Data in Graphs

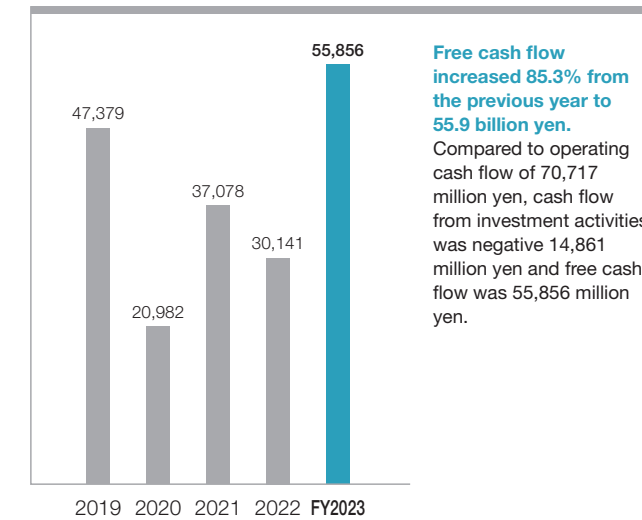
Net Sales (million yen)



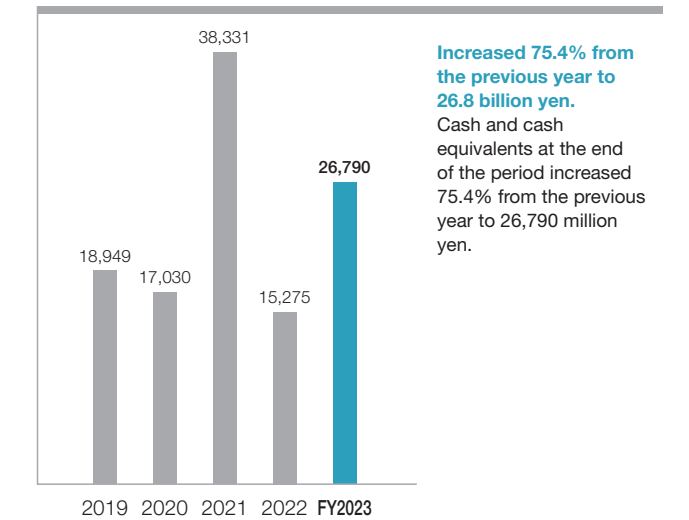
Operating profit (million yen) / Operating profit margin (%)



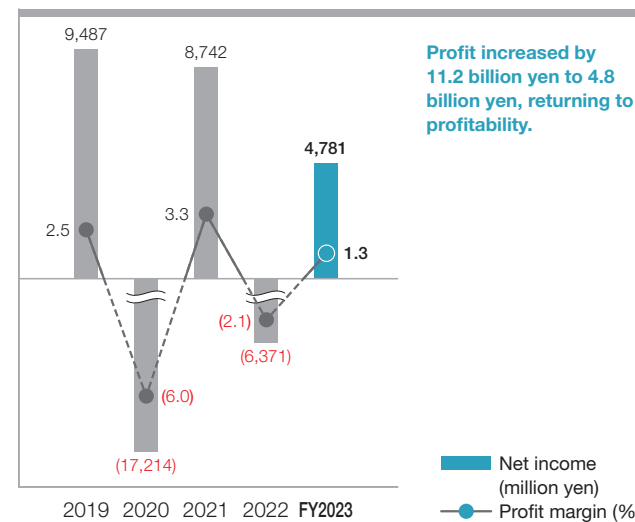
Free cash flow (million yen)



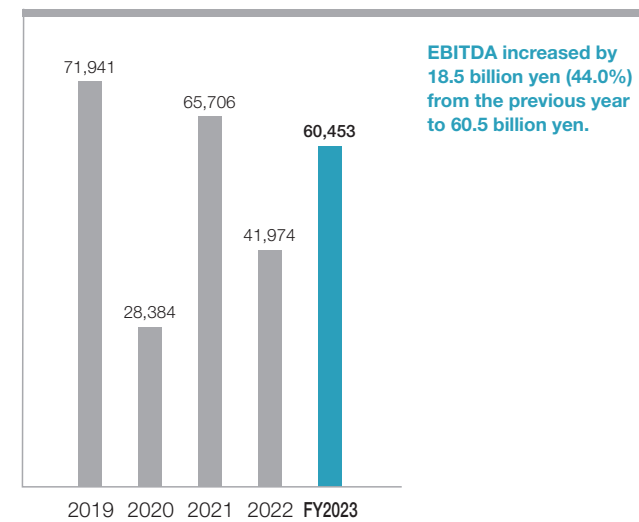
Cash and cash equivalents at end of period (million yen)



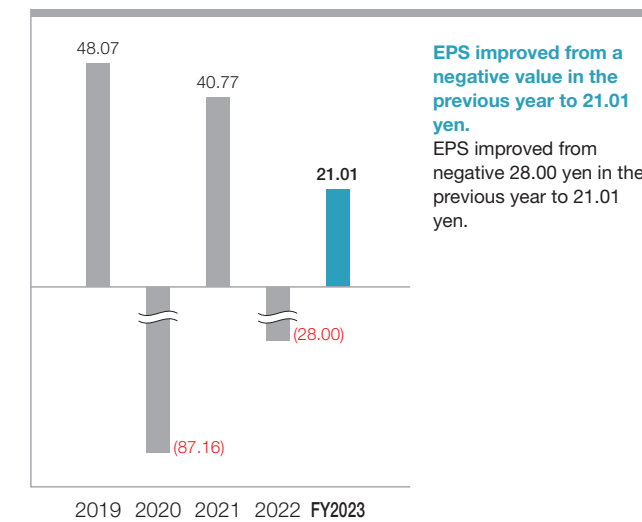
Profit attributable to owners of the parent company (million yen) / Profit margin (%)



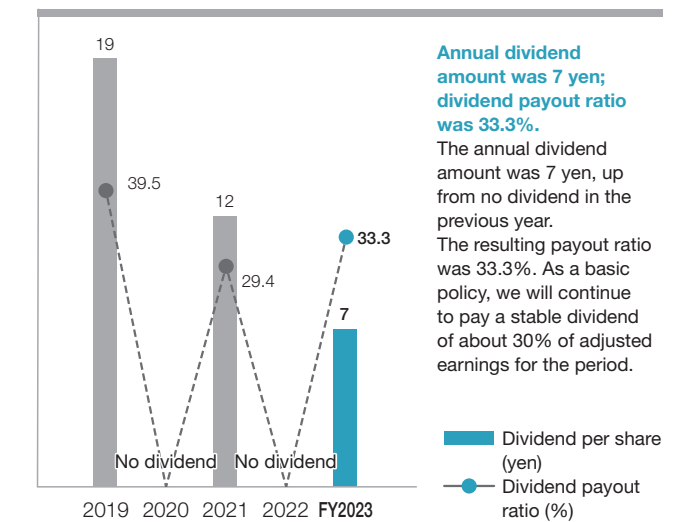
EBITDA (million yen)



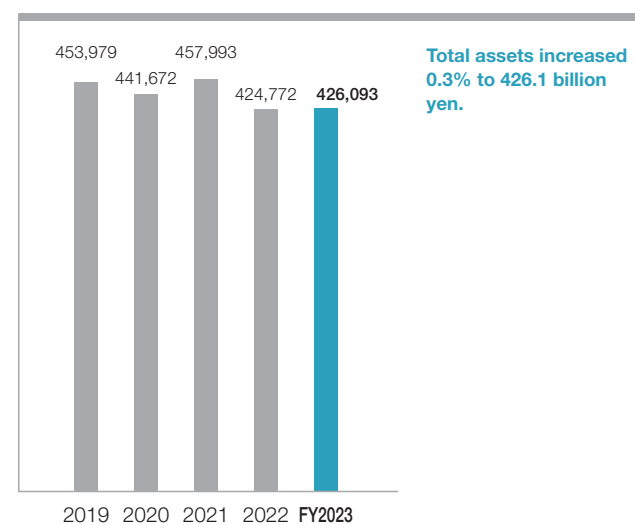
Earnings per share (EPS) (yen)



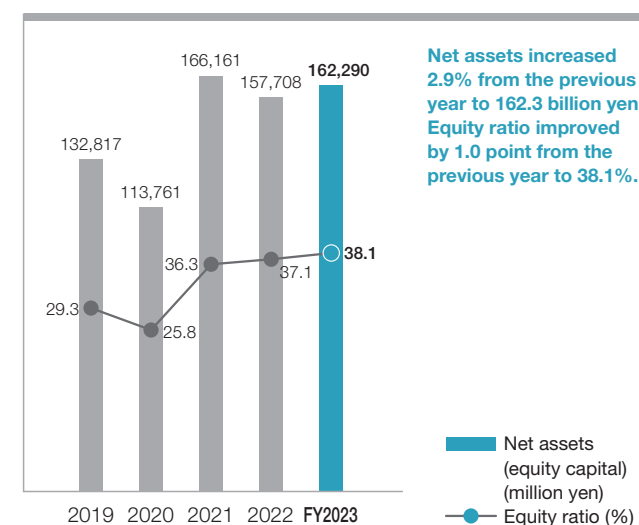
Dividend per share (DPS) (yen) / Dividend payout ratio (%)



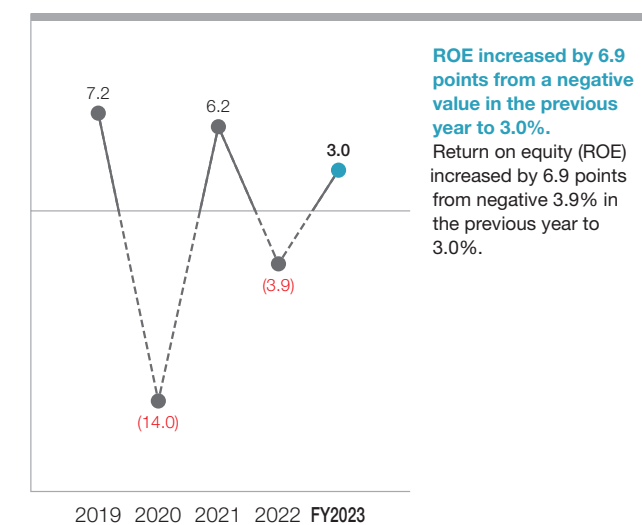
Total assets (million yen)



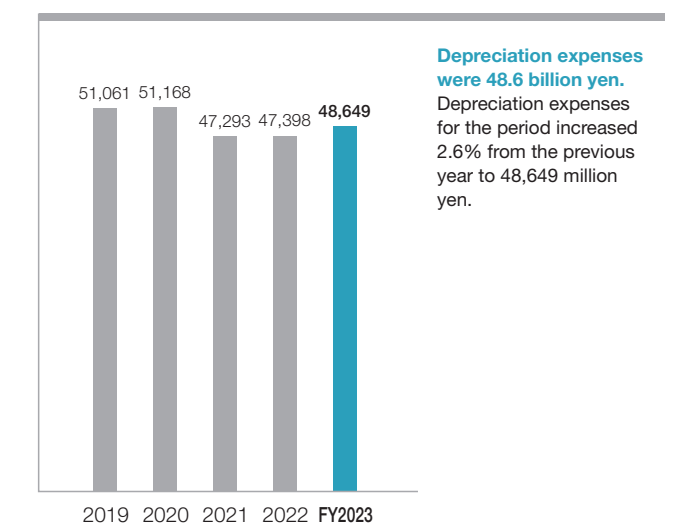
Net assets (equity) (million yen) / Equity ratio (%)



Return on equity (ROE) (%)



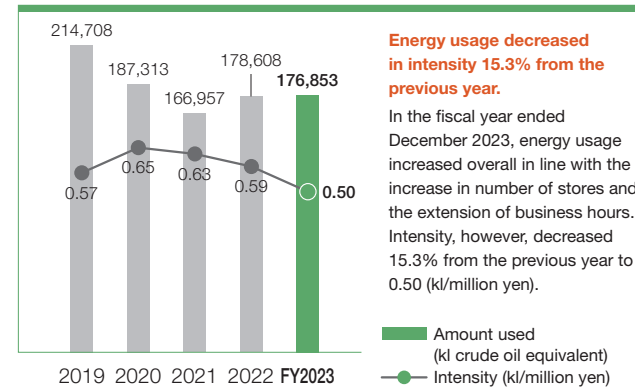
Depreciation expenses (million yen)



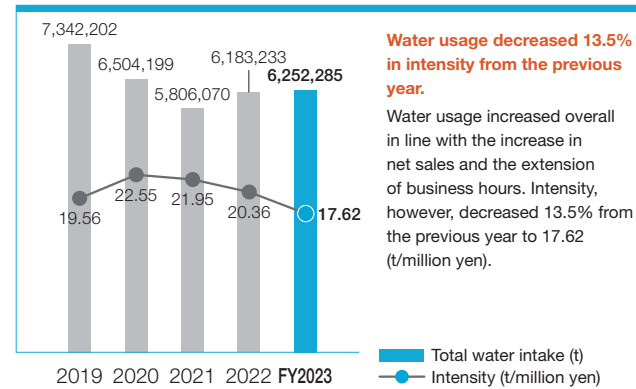
Non-Financial Data (ESG)

- Decarbonation
- Preservation of water resources
- Reduction of food loss/waste
- Plastics removal
- Biodiversity
- Employees
- Governance

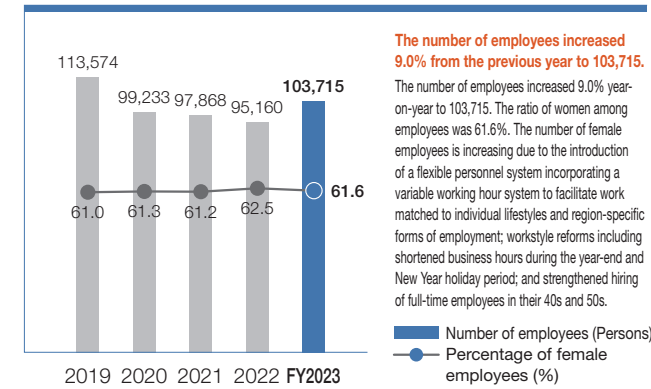
Energy usage (Consolidated)



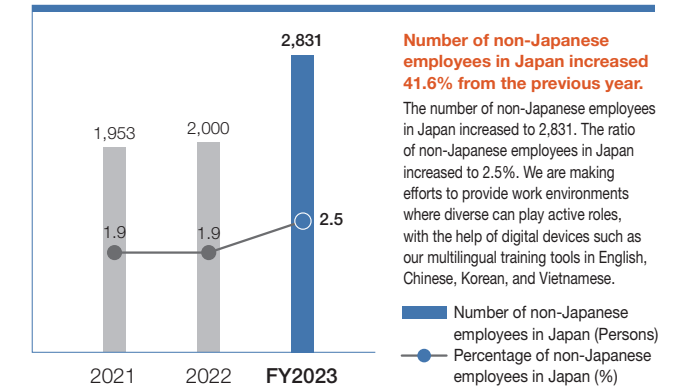
Water usage (Consolidated)



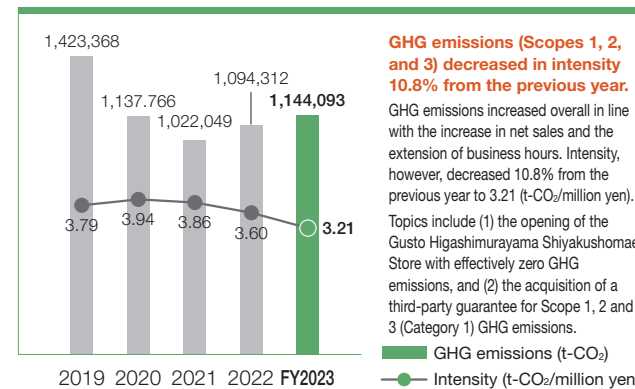
Number of employees (Consolidated)



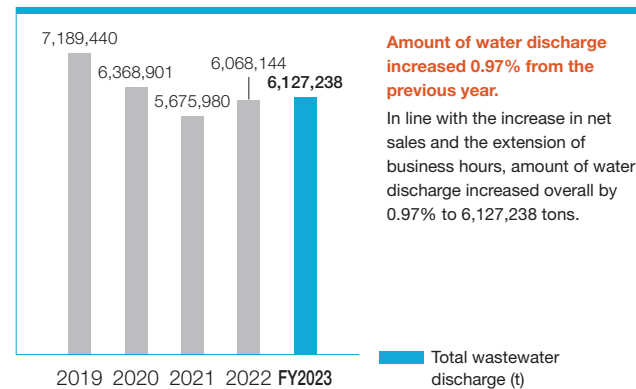
Number of non-Japanese employees (Japan, Consolidated)



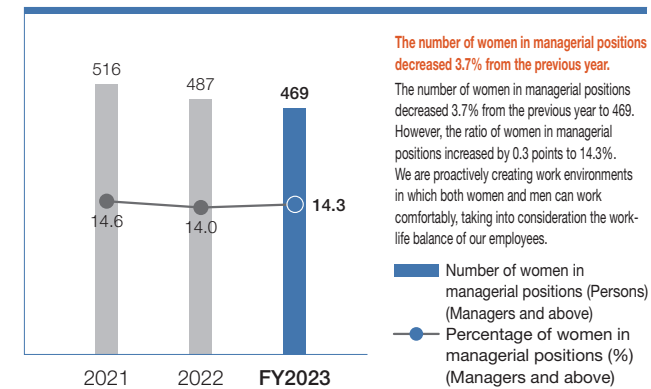
GHG emissions (Consolidated) * Total for Scopes 1, 2, and 3



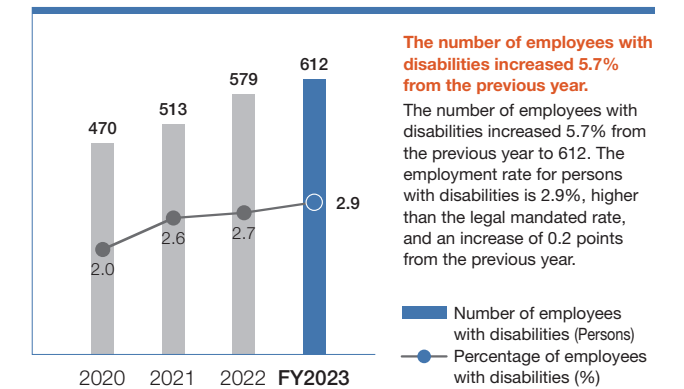
Amount of water discharge (Consolidated)



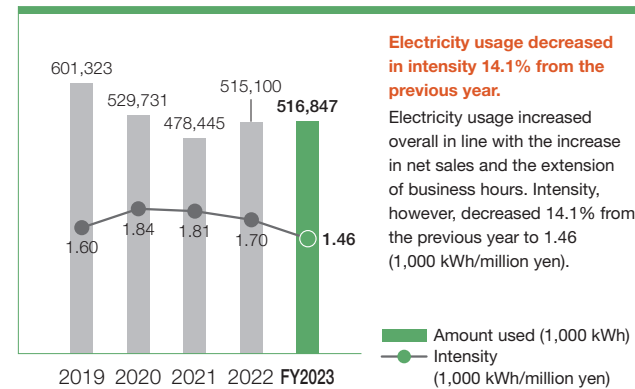
Number of women in managerial positions (Managers and above) (Consolidated)



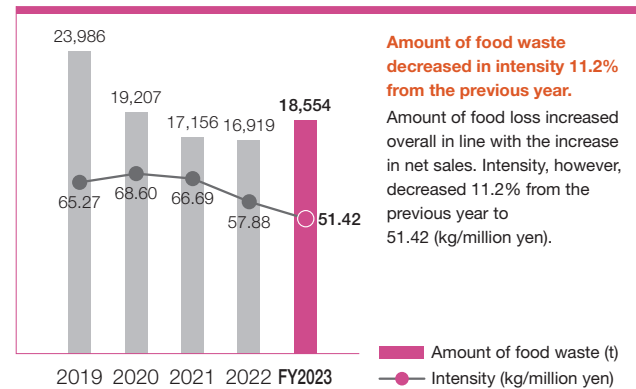
Employment of persons with disabilities (Domestic group companies)



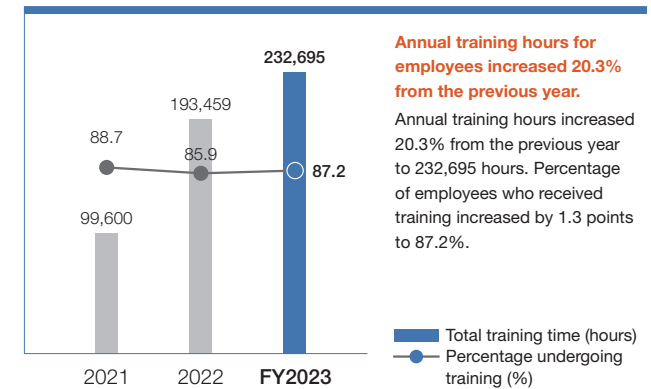
Electricity usage (Consolidated)



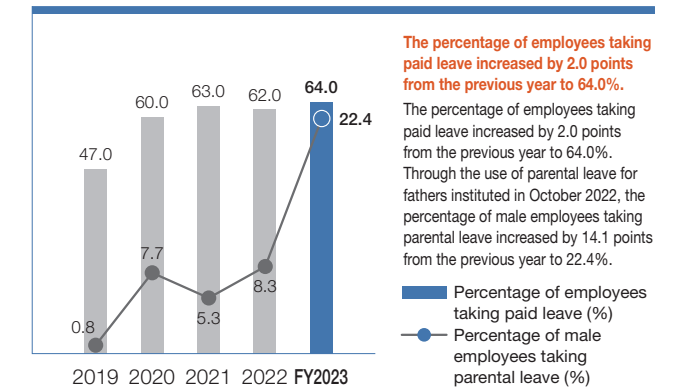
Amount of food waste



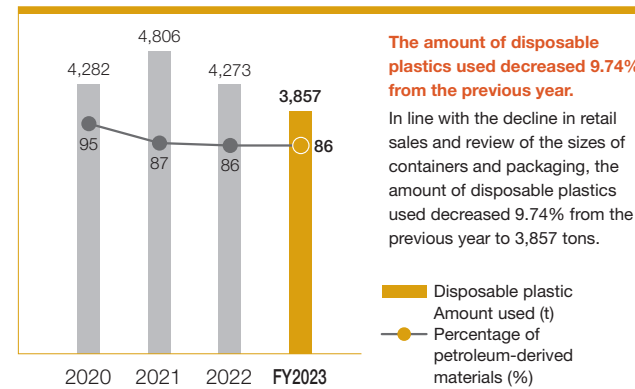
Annual training hours



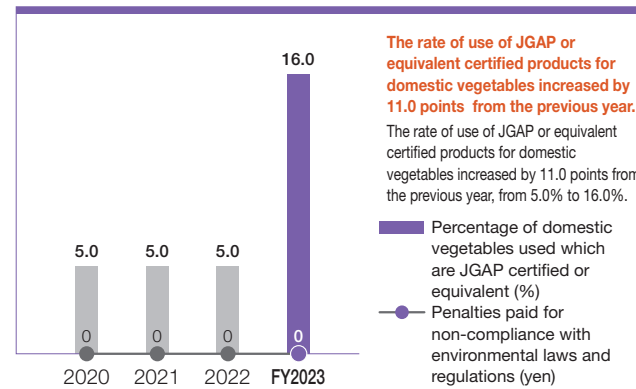
Paid leave acquisition rate / Parental leave acquisition rate of male employees



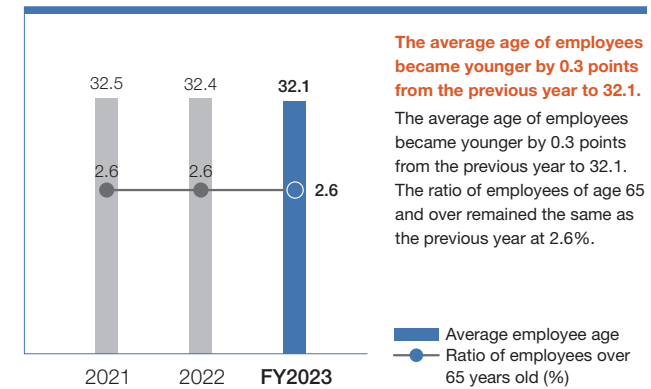
Amount of disposable plastics used



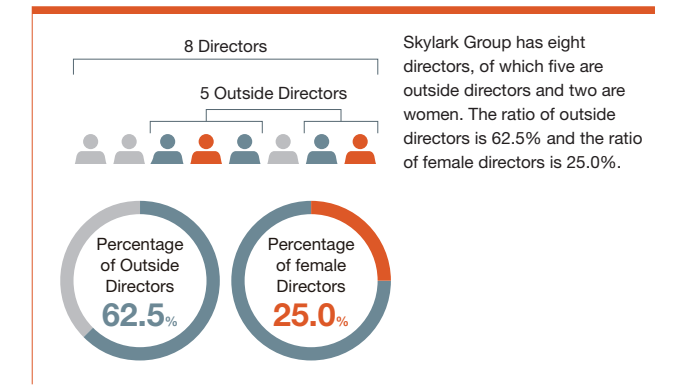
Percentage of certified products used



Average employee age / Ratio of employees over 65 years old



Composition of the Board of Directors



* Indicators are for domestic Group companies. Indicators covering consolidated information (including overseas companies and subsidiaries) are noted as consolidated. * Domestic Skylark Group companies: Skylark Holdings Co., Ltd., Skylark Restaurants Co., Ltd., NILAX Inc., Tomato and Associates Co., Ltd., FLO Japon Co., Ltd., Skylark D&M Co., Ltd., Japan Cargo, Ltd. * Overseas Group companies: Taiwan Skylark Co., Ltd., SKYLARK MALAYSIA SDN. BHD., SKYLARK USA INCORPORATED

Our History of Value Creation

The history of Skylark Group is a **history of value creation**.

Skylark Group began with the establishment of Kotobuki Foods Ltd. on April 4, 1962.

These pages introduce the Skylark Group's history of unique services and endeavors over its roughly half-century journey as a family restaurant chain.

1962 to 1979

Amid rapid economic growth, Skylark raises the curtain on dining out in Japan

As living standards improved under rapid economic growth, people's needs with regard to dining were also rising. Skylark debuted as a one-of-a-kind presence in Japan, as the first to offer a space for enjoying affordable and authentic dishes not readily available at home.

- April 1962**
Establishment of Kotobuki Foods Ltd. (April 4)
- July 1969**
Change of trade name to Kotobuki Foods Co., Ltd.; start of family restaurant business (July 17)
- July 1970**
Opening of first family restaurant (Kunitachi Store)

First family restaurant in Japan!



- February 1972**
Start of 24-hour operation (Kunitachi Store)
- November 1974**
Change of trade name to Skylark Co., Ltd.
- December 1977**
Opening of Central Kitchen Higashimatsuyama Factory (current Higashimatsuyama MDC)

1980 to 1989

Promoting the development of chains to nationwide scale as the restaurant industry enters a growth phase

As the restaurant industry entered a growth phase, we worked to further expand our business on the foundation of our achievements and experience to date. This was a time when we solidified our brands' foundations, little by little, to achieve later dramatic growth by Jonathan's, Aiya, Bamiyan, and other brands.

- April 1980**
Opening of first Jonathan's store (Nerima Takamatsu Store)



- January 1982**
Opening of first Taiwan FC store (predecessor of current Taiwan Skylark Co., Ltd.)



- November 1983**
Opening of first Aiya store (Yono Bypass Store)

- June 1984**
Listing on the First Section of the Tokyo Stock Exchange



- April 1986**
Opening of first Bamiyan store (Tsurukawa Store)

- March, April 1987**
Opening of Kansai Factory (current Nishinomiya MDC) and Akishima Factory (current Akishima MDC)

- October 1987**
Establishment of FLO Japon Co., Ltd.

- December 1987**
Establishment of NILAX Inc.

First in the world to reach 1,000 directly operated restaurants!

1990 to 1999

Gusto, born from the search for new growth strategies after the collapse of Japan's economic bubble

Our company was growing in line with Japan's economy, but the collapse of the economic bubble brought the trials of recession. Born amid these trials, Gusto grew into a major strategic brand for the revitalization of Skylark.

- March 1992**
Opening of first Gusto store (Kodaira Store)



Achieved the milestone of opening 1,000 group stores!

- September 1992**
Introduction of hot drink bar (Gusto)



- November 1993**
Introduction of call bells

- January 1994**
Opening of first Yumean store (Shin-Yurigaoka Store)



- June 1998**
Start of home delivery experiment at Gusto Kodaira Megurita Store

- June 1999**
Opening of first Totoyamichi store (Nerima Kasuga-cho Store)

2000 to 2005

Achievement of stores in all 47 prefectures Acceleration of store openings for further growth

Entering the 21st century, we introduced an internal company-based structure to strengthen our organizational foundation. As each internal company expanded with the aim of further growth, Gusto achieved stores in every prefecture and the world's-first 1,000 directly operated restaurants.

- December 2001**
Opening of first store in Okinawa (Gusto Naha Shintoshin Store)

Stores opened in all 47 prefectures!

- November 2003**
1,000th Gusto store (Hachioji Teramachi Store)

2006 to 2010

MBO implemented amid weak performance - Taking the helm of major reforms -

During this period, sales increased as stores grew in number but Skylark struggled to secure profitability. Amid poor business performance, the company was forced to render major decisions for its survival, including de-listing through management buyout (MBO) and closure of the "Skylark" brand.

- June 2006**
Announcement of MBO

- May 2007**
Opening of first Syabu-Yo store (Yokohama Store)



- August 2008**
Makoto Tani becomes President and Chief Executive Officer (current Chairman)
Closure and conversion of 300 to 400 unprofitable stores per year

- March 2009**
Announcement of 2008 financial results; first operating loss (1.1 billion yen)

- October 2009**
Closure of the "Skylark" brand (Last store: Kawaguchi-Shingo Store)



- March 2010**
Opening of first Steak Gusto store (Yamato Store)



- November 2010**
Opening of first store in China (Shanghai Cafe Grazie Sun Moon Light Center Store)

2011 to 2019

Development of specialty store brands in response to the diversification of lifestyles

Eight years after the MBO, Skylark was re-listed on the TSE and made a new start. Amid the diversification of customers' needs, we developed a number of highly specialized brands and executed strategies to increase the value of each. As natural disasters increase in frequency, we will never forget our stance of staying close to local customers at all times.

2,700 employee volunteers took part!

- March 2011**
"Soup kitchen" service following the Great East Japan Earthquake (Gusto Ishinomaki, Kesennuma, Onagawa, area around Sendai MDC)



- October 2011**
Bain Capital becomes largest shareholder

- June 2014**
Start of logistics restructuring

From brand-specific delivery to area-specific delivery

- October 2014**
Listing of Skylark on the First Section of the Tokyo Stock Exchange



- March 2015**
Opening of first Musashinomori Coffee store (Mutsukawa Store)



- April 2015**
Opening of first chawan store (LaLaport TOKYO-BAY Store)

- May 2015**
Opening of first Syabu-Yo store in Taiwan (FEDS BanQiao Store)

- June 2017**
Opening of first La Ohana store (Yokohama Honmoku Store)



- October 2017**
Opening of first Karayoshi store (Saitama Saido Store)

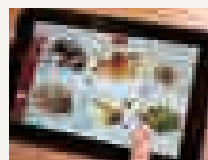
- July 2019**
Discontinuation of disposable plastic straws at all Group stores

2020 and later

Pursuit of a sustainable restaurant business

Over 50 years have passed since the birth of the first Skylark store. Even amid the changes to lifestyles wrought by the COVID-19 pandemic, we are moving ahead with new service reforms through DX, store development tailored to new markets, and ESG initiatives, to ensure that we remain a needed company.

- February 2020**
Introduction of digital menus (Gusto, Bamiyan, Jonathan's, Syabu-Yo)



- April 2020**
Discontinuation of 24-hour operation

- July 7, 2020**
50th anniversary

- August 2020**
Opening of first store in Malaysia (Syabu-Yo)

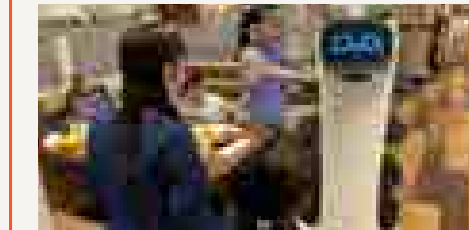
- November 2020**
Start of e-commerce business of ready-to-eat frozen meals (start of sales on Rakuten and Amazon)

- December 2020**
Establishment of the Group Sustainability Committee

- June 2021**
Raising of approximately 43 billion yen through a public offering

- September 2021**
Opening of first Syabu-Yo store in the U.S.

- December 2022**
Completed introduction of 3,000 floor service robots at around 2,100 stores



- January/February 2023**
Opening of first Hachiro Soba store (Shiraoka Store) and first Tohsai store (Tsurukawa Store)

- March 2023**
Start of new management (A two-top management structure with Tani as Chairman and Kanaya as President)

Events around the world

- 1970** • "Start of the dining out era"
- 1971** • Opening of first McDonald's store (Ginza)
- Opening of first Royal Host store (Kitakyushu)
- 1972** • Sapporo Winter Olympics
- 1973** • First energy crisis
- Company-style management of Saizeriya begins
- 1974** • Opening of first Denny's store (Kamioo-oka store)
- 1976** • Dining out becomes common for families
- 1979** • Second oil shock
- 1983** • Opening of Tokyo Disneyland
- 1989** • Emperor Showa passes away (Change of era name from Showa to Heisei)

- Introduction of consumption tax (3%)
- Fall of the Berlin Wall
- 1991** • Collapse of Japan's "bubble economy"
- 1992** • Start of Nozomi express (Shinkansen)
- 1993** • Rainbow Bridge opens
- Cool summer; poor rice harvest
- 1994** • Opening of Kansai International Airport
- 1995** • Great Hanshin-Awaji Earthquake
- Release of Microsoft Windows 95
- 1996** • Yoshiharu Habu dominates shogi's top seven titles for the first time in history
- Mass food poisoning due to E. coli O-157 spreads
- 1997** • Increase in consumption tax (from 3% to 5%)

- 1998** • Nagano Winter Olympics
- 1999** • Start of Regional Promotion Coupon program
- 2000** • G8 Kyushu-Okinawa Summit
- McDonald's weekday half-price campaign (hamburger: 65 yen; cheeseburger: 80 yen)
- 2001** • Mad cow disease
- September 11 terrorism attacks in the U.S.
- 2002** • FIFA World Cup in Japan and South Korea
- 2003** • Grand opening of Roppongi Hills
- 2004** • Niigata Chuetsu earthquake
- 2005** • EXPO 2005 AICHI, Japan
- Start of "Cool Biz" campaign by the government
- 2006** • Crude oil price inflation

- 2007** • Surfacing of falsified expiration dates, production areas by long-established restaurants, food manufacturers, and meat wholesalers
- 2008** • Arrival of iPhone in Japan
- Lehman shock
- G8 Hokkaido Toyako Summit
- 2009** • Declaration of new influenza pandemic
- 2010** • Outbreak of foot-and-mouth disease in Miyazaki Prefecture
- 2011** • Great East Japan Earthquake
- "Nadeshiko Japan," women's soccer team, becomes World Cup Champions

- Full transition to digital terrestrial television broadcasting
- 2012** • Opening of Tokyo Skytree
- Awarding of Nobel Prize for Physiology or Medicine to Shinya Yamanaka for iPS cells
- 2013** • Mt. Fuji registered as a World Heritage Site
- Japanese cuisine listed on the UNESCO Intangible Heritage List
- 2014** • Increase in consumption tax (from 5% to 8%)
- 2015** • Start of Individual Number ("My Number") card system
- 2016** • G7 Ise-Shima Summit
- Kumamoto earthquake
- Lowering of voting age to 18

- 2017** • Record 29 consecutive wins by 4-dan-ranked shogi player Sota Fujii
- Awarding of buzzword grand prize to "Instagrammable"
- 2018** • Naomi Osaka wins US Open Tennis Championships
- 2019** • Abdication of Emperor; change of era name from Heisei to Reiwa
- G20 Osaka Summit
- Rugby World Cup in Japan
- Increase in consumption tax (from 8% to 10%)
- 2020** • COVID-19 pandemic (declaration of emergency; requests for staying at home and shortening of store operating hours)

Our Group Companies and Locations

Domestic Restaurant Business

Skylark Restaurants Co., Ltd.

<https://corp.skylark.co.jp/en/brand/group/>

Location: Tokyo (Musashino)

Brands: Gusto/Bamiyan/Syabu-Yo/Jonathan's/Yumean/Steak Gusto/Karayoshi/Musashinomori Coffee/Aiya etc.

NILAX Inc.

<https://nilax.jp/>

Location: Tokyo (Musashino)

Brands: Grand Buffet, Festa Garden, Buffet ExBlue, and others

FLO Japon Co., Ltd.

<https://www.flojapon.co.jp/>

Location: Tokyo (Musashino)

Brands: FLO Prestige

Tomato and Associates Co., Ltd.

<https://www.tomato-a.co.jp/>

Location: Hyogo (Nishinomiya)

Brands: Tomato and Onion, Jyu-Jyu Karubi

Merchandizing (MD) Centers and Factories

MD Centers: Miyagi (Sendai), Saitama (Higashimatsuyama), Chiba (Shisui), Tokyo (Akishima), Kanagawa (Sagamihara), Gifu (Mitake-cho, Kani-gun), Hyogo (Nishinomiya), Fukuoka (Kitakyushu)

Factories: Gunma (Fujioka Factory), Gunma (Maebashi Factory)

Others

Skylark D&M Co., Ltd.

<https://www.skylark-sdm.co.jp/>

Location: Tokyo (Musashino)

Functions and roles: Store cleaning, sales and planning of in-store kiosk products

Japan Cargo, Ltd.

Location: Saitama (Higashimatsuyama)

Functions and roles: Transport of food business-related ingredients and other goods

Overseas Restaurant Business

Taiwan Skylark Co., Ltd.

<https://www.taiwanskylark.com.tw/>

Location: Taiwan (Taipei)

Functions and roles: Operation of the restaurant business in Taiwan

SKYLARK MALAYSIA SDN. BHD.

<https://skylark.com.my/>

Location: Malaysia (Kuala Lumpur)

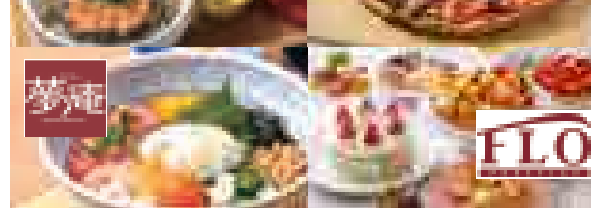
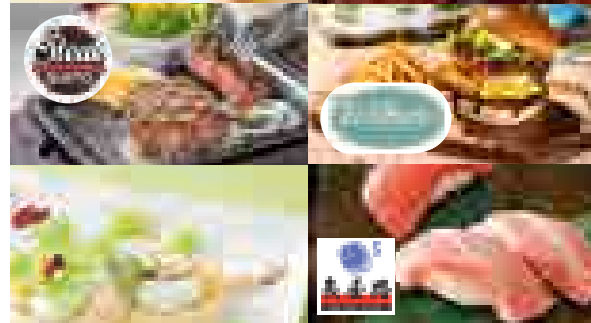
Functions and roles: Operation of the restaurant business in Malaysia

SKYLARK USA INCORPORATED

<https://shabuyou.com/>

Location: United States (Illinois)

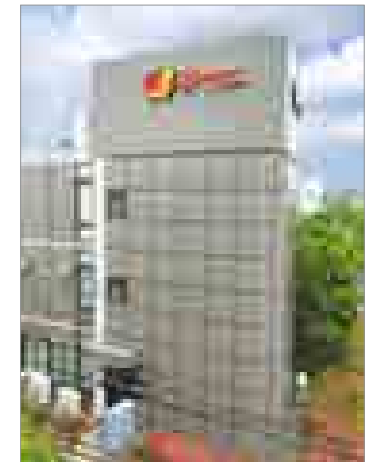
Functions and roles: Operation of the restaurant business in the United States



Company Profile

Basic Data (as of December 31, 2023)

Trade name	SKYLARK HOLDINGS CO., LTD.
Established	April 4, 1962
Representatives	Makoto Tani, Chairman and Chief Executive Officer Minoru Kanaya, President and Chief Operating Officer
Location of headquarters	1-25-8 Nishikubo, Musashino-shi, Tokyo 180-8580 Japan (Mitaka Office, Building No. 3)
Capital	25,134 million yen
Stock exchange listings	Tokyo Stock Exchange (Prime Market)
Securities code	3197
Fiscal period	December
Business description	Food service and related businesses
Number of employees	Skylark Group: full-time employees 5,700; part-time employees 98,015
Number of stores	Skylark Group (Japan): 2,902 Skylark Group (domestic & international): 2,976



Stock Information (as of December 31, 2023)

Total number of shares authorized: 600,000,000

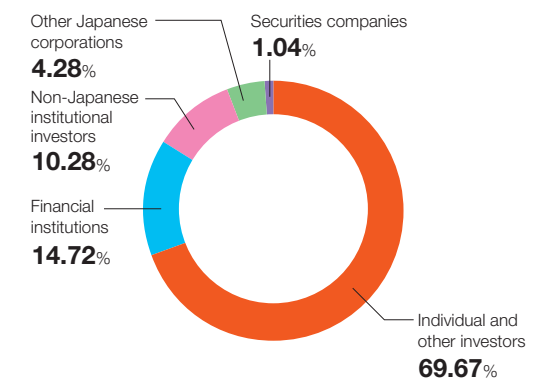
Total number of shares issued: 227,502,200

Number of shareholders: 462,085

Major shareholders

Name	Number of shares held	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	27,527,100	12.10
Custody Bank of Japan, Ltd. (trust account)	4,139,800	1.82
Asahi Breweries, Ltd.	3,416,600	1.50
Kirin Brewery Company, Limited	3,333,300	1.47
STATE STREET BANK WEST CLIENT - TREATY 505234	2,595,500	1.14
STATE STREET BANK AND TRUST COMPANY 505103	1,698,795	0.75
Suntory Spirits Ltd.	1,583,300	0.70
EUROCLEAR BANK S.A./N.V.	1,200,000	0.53
BBH FOR FIDELITY SALEM STREET TRUST: FIDELITY SAI INTERNATIONAL LOW VOLATILITY INDEX FUND	1,129,100	0.50
Custody Bank of Japan, Ltd. (trust account 4)	959,800	0.42
Total	47,583,295	20.91

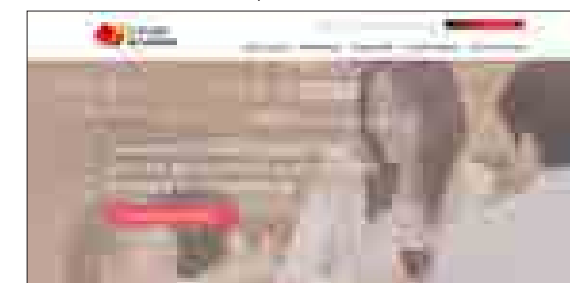
Percentage of shares by owner (as of December 31, 2023)



Information on our website

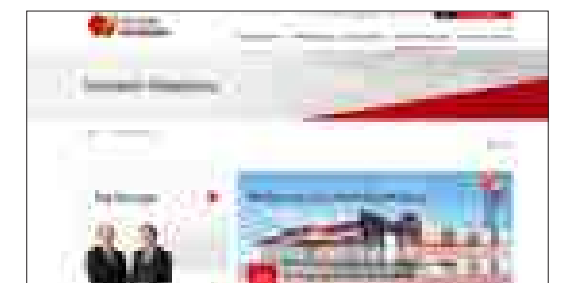
Please visit our corporate website and IR information pages for up-to-date information and performance data concerning Skylark Group.

Corporate Website



<https://corp.skylark.co.jp/en/>

IR Website



<https://corp.skylark.co.jp/en/ir/>

Inquiries

Public Relations Office

TEL: +81-422-37-5310

E-mail: pr@skylark.co.jp

For questions and comments concerning corporate information, please note that responses will be given from relevant departments, and that we will require you to give us your contact information. Replies may be sent at a later date. Your understanding is appreciated.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.