Skylark Group
Integrated Report 2025

FY2025

SKYLARK HOLDINGS CO., LTD.

Tokyo Stock Exchange Prime Market: 3197

Growth strategy based on store leading management!

Team Skylark is entering the next phase of growth.

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 competitive advantage lies in our unshakable management base grounded in the greatest business scale in Japan, a diverse brand portfolio, abundant human resources well trained in table service operations, and an in-house vertically integrated supply chain that spans procurement, production, hygiene inspection, distribution, and serving of foods.

In 2024, we made a major change in course from cost reduction-oriented management to store-centered management and we launched numerous reforms.
We believe that this transition to a high-level professional group will connect directly to the strengthening of our management capabilities in the coming era.
Our current Medium-Term Management Plan (2025–2027) is already showing extremely strong momentum that exceeds our expectations, and we are now looking to achieve the plan a year ahead of schedule.
By evolving the plan's three basic axes (enrichment of human capital, promotion of DX, and promotion of ESG), and with the unity of Team Skylark, under which every employee can shine, we will strive to further our philosophy of "Creating Richness with Value to Society" and achieve sustainable, steady growth.

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, and Corporate Values, as follows.

Creating Richness with Value to Society

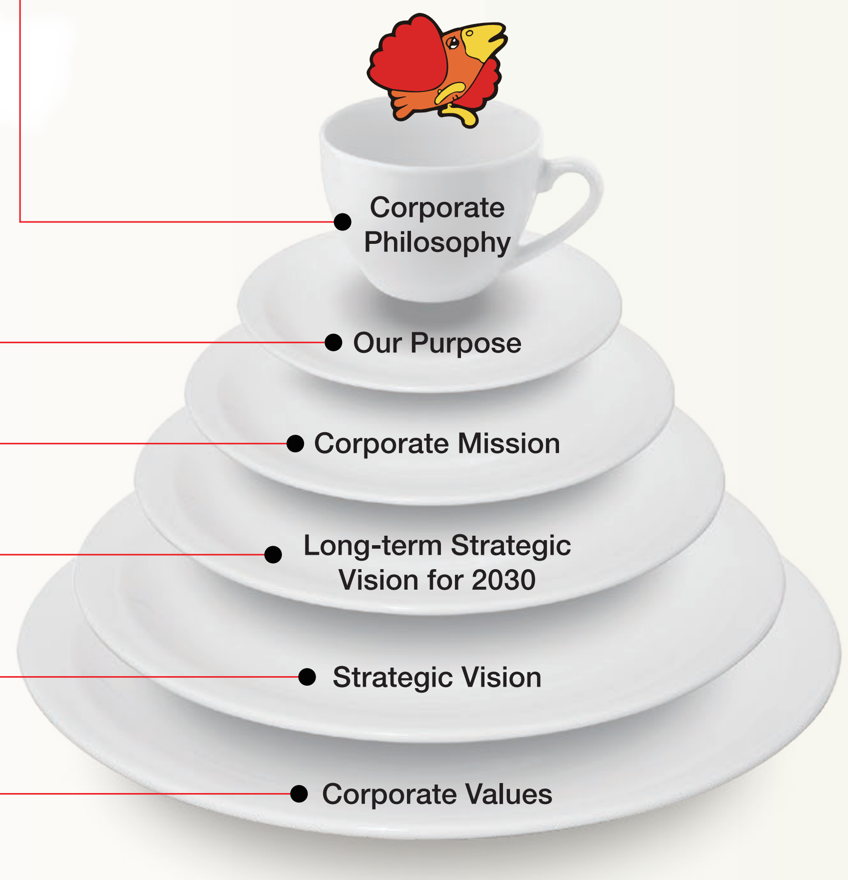
To contribute to enriching people's lives and to the advancement of society as a whole by creating the future of dining

To offer great-tasting food at affordable prices with good service in our comfortable restaurants, for as many people as possible

Realization of enriched lives for all / Contribute to realizing an enriched society / Environmental conservation

Establish a solid business foundation, be the best restaurant in each community through a continuous challenge of all employees, and achieve sustainable business growth - All for the Smiles of Our Customers -

❶ Customers
❷ Hands-On Approach
❸ Positive Work Environment/ Employee Engagement
❹ Knowledge & Skill Improvement
❺ Commitment to Achieving Goals



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 solidly 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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Integrated Report Overview
Skylark Group Integrated Report
2025 (FY2025)

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
FY2025 (January 1, 2025 to December 31, 2025)
Note: Some business activities in 2026 are covered as well.

Scope of Coverage
SKYLARK HOLDINGS CO., LTD. and its consolidated subsidiaries

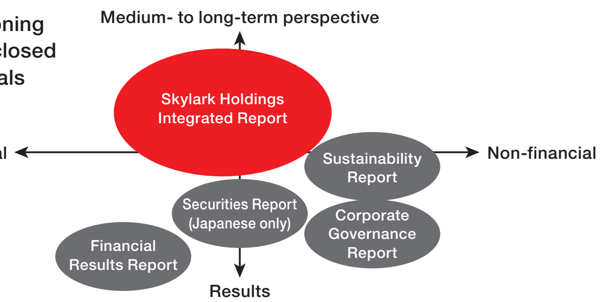
Guidelines Referenced in Editing
• Ministry of the Environment "Environmental Reporting Guidelines 2018" • GRI Global Reporting Initiative "GRI Sustainability Reporting Standards" • International Integrated Reporting Council (IIRC) "International <IR> Framework" • Ministry of Economy, Trade and Industry "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/

Positioning of Disclosed Materials



Examine the sustainability of Skylark Group.

Questions from Investors

Inflation, labor shortages, market saturation—
How will Skylark Group turn the headwinds facing the food service industry into a driving force for growth?
We answer the essential questions investors have shared with us, backed by proven facts and confidence in our strategy.

Q1
How will Skylark overcome rising costs driven by inflation and the weak yen?

See P37

Q2
Can Skylark increase customer traffic?

See P37

Q3
How will Skylark grow as the population declines in regional areas?

See P37

Q4
With the cap approaching for Specified Skilled Worker talent, how will Skylark address the labor shortage?

See P22

Q5
Is the company's risk management robust?

See P56

Q6
Why should investors expect Skylark to grow?

—The reasons we remain solid even in an opaque environment—

See P68

Sources of Value Creation (Six Forms of Capital)

Financial Capital

(As of December 31, 2025)

A solid financial base that enables resource investment aimed at transformation

Free cash flow
40.4 billion yen
(Up 40.9% year on year)

Total capital (net assets)
187.6 billion yen
(Up 8.2% year on year)

EBITDA*
82.3 billion yen
(Up 14.1% year on year)

* 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

Human Capital

(As of December 31, 2025)

By placing importance on people, we aim to create a virtuous cycle in management through higher employee satisfaction

Number of employees
128,756
(Up 11.2% year on year)

Percentage of female employees
63.9%
(Up 0.9 points year on year)

Paid leave acquisition rate
65.4%
(Up 2.4 points year on year)

Manufacturing (Service) Capital

(As of December 31, 2025)

Business scale and infrastructure that underpin our competitive advantage

Number of stores, domestic/overseas*
Over **3,107**
(Up 1.3% year on year)

* Does not include four stores that are temporarily closed.

Number of central kitchens
10 in Japan

Number of samples inspected
Over
100,000
per year

Intellectual Capital

(As of December 31, 2025)

A business model built on a vertically integrated supply chain

Diverse brands
Over **20** brands

Thorough hygiene management structure
(1) Compliant with international standard
ISO22000

Certification scope: domestic central kitchens (10 locations), Procurement Division, menu development departments, quality control departments, and internal audit division

The food service industry's first sustainable procurement guidelines
(2) Acquisition of international standard
ISO20400

Certification scope: Procurement Division

Natural Capital

(As of December 31, 2025)

To reduce environmental impact, we will accelerate the shift to renewable energy

Number of solar power generation installations
627
(158 in the previous fiscal year)

GHG emissions
353,336 t-CO_2
(Down 0.04 points on an intensity basis)

Consumption of petroleum-derived single-use plastics
2,476 t
(Down 142 tons year on year)

Social and Relationship Capital

(As of December 31, 2025)

Deepening of trust-based relationships with customers

Annual guest count
Approx. **350** million
(Up 2% year on year)

New store openings
77
(Up 34 openings year on year)

Implementation of business partner CSR surveys
95%
(Up 9 points year on year)

Target business outcomes

Financial

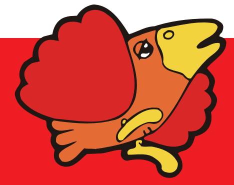
	FY2025 (results)	FY2026 (guidance)
Net sales	457.8 billion yen	490.0 billion yen (Up 7.0%)
Operating profit	30.0 billion yen	33.5 billion yen (Up 11.8%)
Net income	16.7 billion yen	19.5 billion yen (Up 16.4%)
Dividend per share	22.00 yen	26.00 yen

Non-financial

(FY2025 (actual) figures are results for our domestic subsidiaries.)

		FY2025 (results)	FY2026 KPI	FY2030 KPI	FY2050 KPI
Decarbonization	GHG emissions reduction (Scope 1 + 2) (Market-based method)	353,336t-CO_2	vs. 2018 -33.6%	vs. 2018 -50.4%	Net zero
Preservation of water resources	Water usage	7,636,121t	vs. 2018 -30%	vs. 2018 -10%	vs. 2018 -20%
Food loss reduction	Amount of food waste	25,343t	vs. 2018 -26.3%	vs. 2018 -50%	vs. 2018 -75%
Plastic countermeasures	Amount of petroleum-derived single-use plastics used	2,476t	vs. 2020 -30%	vs. 2020 -50%	0
Biodiversity	Ratio of certified products within domestically produced vegetables (JGAP)	22.0%	30%	50%	100%
Health & nutrition	Provision of products that contribute to healthy diets (per brand)	5 items	5 items	10 items	20 items
Customer Orientation	Customer rating*	14.1 points	15 points	20 points	25 points
Workstyle reform	Percentage of women in managerial positions	15.3%	16%	30%	50%
Responsible procurement	Implementation of business partner CSR surveys	95%	100%	100%	100%

* Customer rating: Average store recommendation score provided by visiting customers



Four Key Points for the Fiscal Year Ended December 2025

Skylark Group continues to evolve steadily *ing* Evolving

Thanks to our stakeholders' support, we were able to grow sales and profit in FY2025. Under our new management structure, we will continue to aim for further business growth and enhanced corporate value.

1 Performance

Increased sales and profit. We achieved growth of approximately 14% in net sales and approximately 24% in operating profit

Thanks to the support of our customers, in FY2025 we achieved growth of approximately 14% in net sales and approximately 24% in operating profit.

During FY2025, amid rising raw material costs and a downward trend in real wages in the domestic economy, consumers became more discerning, creating new opportunities for the restaurant industry to respond to changing societal needs. Against this backdrop, alongside the rollout of various marketing initiatives, we further evolved our store-centered management initiatives launched in 2024 and accelerated investment in human resources as a driving force for sustainable growth, achieving steady growth.

FY2025 PL status (unit: million yen)

	FY2024	FY2025	FY2026 (forecast)
Net sales	401,130	457,794	490,000
Operating profit	24,184	29,957	33,500
Profit before tax	21,470	26,279	29,700
Profit attributable to owners of the parent company	13,965	16,748	19,500
ROE	8.3%	9.3%	10%

2 Status of the first year of the Medium-Term Management Plan

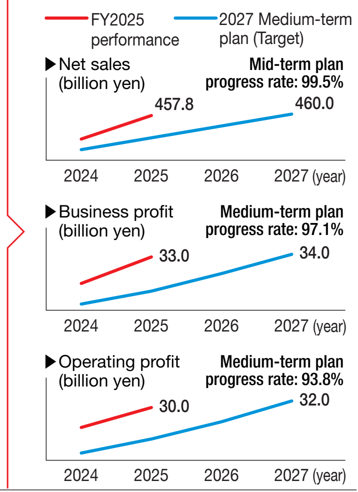
We achieved growth exceeding our assumptions for net sales and business profit

In the first year of the Medium-Term Management Plan, with FY2027 as the final year, we achieved sales, business profit and operating profit growth that exceeded our assumptions. The main factors were further advancing store-centered management and continuously strengthening existing stores; successful store openings that maximized area profitability across the Group; and the significant contribution of M&A effects from Sukesan Udon and Suki-Ya Malaysia. We will continue to push forward toward achieving our targets.

For details of our Medium-Term Management Plan, see P37-52.

Item	Target figures (2025–2027)	FY2025 (progress)
1 Existing Store Growth	Sales growth: 3–4% annual average	+8%
2 New Store Openings (Domestic)	Approximately 300 stores over three years	133 stores Including the 72 Sukesan Udon stores at the time of the M&A
3 Overseas Expansion	Approximately 100 stores over three years	31 stores Including the 13 Suki-Ya stores at the time of the M&A
4 Pursuit of M&A	3 to 5 cases in 3 years	1 case One M&A case each year from 2024 to 2026, for a total of three M&A cases

FY2025 performance (progress rate)



3 Progress along the basic axes for growth

We aim to further enhance corporate value under a new management structure aligned with the times

Together with the Medium-Term Management Plan, Skylark Group places importance on three basic axes for growth: Enhancement of Human Capital, Promotion of DX, and Promotion of ESG.

We launched a new management structure the end of this March, with Takuo Sato appointed as President and Chief Operating Officer. We are also systematically developing executives who will lead the next generation.

By steadily advancing the Medium-Term Management Plan under the new structure, we aim to achieve both contribution to solving social issues and growth of our Group.

For details on the three axes for growth and a message from the new President & COO, see P22-36.

4 Promotion of sustainable management

Efforts to reduce environmental impact and deepening of value creation: Our initiatives aimed at decarbonization and food loss reduction received high evaluations globally

Skylark Group was recognized for pioneering initiatives in the restaurant industry, including SBT certification, disclosure of information based on the TNFD recommendations, and contribution to food loss reduction, leading to receipt of the industry's first Bronze Award in the Environmental Sustainable Company category at the Ministry of the Environment's 7th ESG Finance Awards Japan. In addition, through activities such as introducing solar power generation and curbing food waste, we were certified by the Ministry of the Environment as an "Eco First Company." We further declared our "Eco First Commitment" that expresses our commitment to environmental activities. We were also selected among the top 10% of S&P Global's "The Sustainability Yearbook 2026, were ranked No. 2 in the world and No. 1 in Japan in the Restaurants & Leisure sector, and became the first food service company in Japan to be included in the DJBIC World Index.

We will continue to strengthen our ESG initiatives as we aim to be a trusted company.

Web Skylark Holdings Sustainability Website

For details on external evaluations, see P59-60.

Business Foundation

Vertically Integrated Supply Chain

Amid the recent global rise in raw material prices, we are addressing the 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 every process while improving the quality we provide to customers by sharing key items across 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 Suppliers

40 countries

Procurement

Efficient Ingredient Procurement

Consolidation of raw ingredient procurement for all brands

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 the ingredients we use 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 on supplier selection, see P74-75 .

Central Kitchens

10 locations nationwide

Production

Central Kitchens

10 production sites covering approximately 3,000 stores

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 pre-preparation 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.

Number of Inspection Samples

Over **100,000** annually

Inspection

ISO 22000-Based Management

Inspection systems for all processes, including sampling inspections and residual pesticide inspections

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 on safety and security, see P13-14 .

Number of Delivery Trucks

300

Logistics

Robust Logistics Network

Sharing our nationwide delivery network among all restaurants, regardless of brand

A nationwide in-house logistics network that enables CO_2 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 CO_2 emissions. To further improve logistics efficiency, in 2021 we reduced deliveries from seven to six days a week. Even for acquired companies, we can further improve logistics efficiency by using our own logistics network.

Number of Employees

Over **120,000**

Preparation and Service

Efficient Store Operations

Provision of high-quality, affordable menus in comfortable store environments

Standardization of operations throughout Japan and 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 ingredient 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.

Brands and Stores that Offer Delivery

Approx. **580** stores — 7 brands

Delivery

A Vast Delivery Network

A fleet of approximately 2,300 delivery vehicles, one of the largest in the restaurant industry

Last-mile delivery network for multiple brands

We have our own delivery network with approximately 2,300 delivery vehicles and 5,000 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. We are currently strengthening collaboration with external delivery partners. By effectively using our in-house and external delivery options, we provide delivery service at more than 2,000 stores, aiming to maximize sales revenue.

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. We 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 departments, quality control departments, and internal audit division.

New Challenge!

AI-based handwashing assessment

Using AI to stabilize hygiene training and improve the efficiency of management operations!

In 2025, we introduced an AI-based handwashing assessment system at the Higashimatsuyama MD Center. This has enabled standardization of handwashing training, smoother learning support for non-Japanese employees, and improved efficiency of management operations. By increasing employees' awareness of food safety, we are further promoting a culture of food safety.

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. 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/

Establishment of a traceability system

Based on Japan's Rice Traceability Act and guidelines on the provision of information on food ingredient production areas in food service and ready-to-eat foods, we publish the production areas for rice, main meat ingredients, and seafood in Japanese-style brands on our website.

For brands that offer specific dishes (yakiniku, shabu-shabu, etc.), our stores post individual identification numbers based on Japan's beef traceability system. 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, at our eight hygiene inspection laboratories around Japan we conduct periodic sampling inspections at every stage, spanning raw materials to foods ready to be served to customers, to confirm that operations meet our internal standards. In bacterial testing, we establish inspection items and reference values for all products. When a test result exceeds the reference value, we enact prompt actions 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 over 50 checklist items relating to hygiene, including ingredient 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 in employee training. In addition to bacterial tests, we will launch pesticide residue tests, water activity tests, food allergy tests, and other physical and chemical tests to confirm the safety of our products from multiple perspectives. The number of samples tested by the quality control group each year is approximately 100,000, a leading level in the Japanese restaurant industry.

Using a no-code development platform, our quality control departments have taken the lead in building and improving a system that centrally manages these diverse inspection items. This has enabled us to respond quickly and flexibly to the addition of new inspection items and changes to processes, accelerating the efficiency and sophistication of our quality control work.

By introducing the latest elemental analysis technology, we can quickly identify causes through a scientific approach in the event of trouble, preventing recurrence.

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 and 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

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 Our Stores

Disclosure of allergen and nutrition information

Through our website and other means, we disclose up-to-date information on allergens and nutrition for nine specific ingredients. This enables 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.

Our quality control departments 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. By translating training materials, manuals, and videos into multiple languages, we also work to strengthen the development of non-Japanese staff.

Our 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 department staff conduct inspections of business partners together as appropriate to the nature of the food ingredients, and connect these inspections to guidance on improvement.

Makoto Tani
Chairman and
Chief Executive Officer

CEO Message

Seizing This Turbulent Era as an Opportunity, We Will Continue to Evolve as a “food” Infrastructure, Fulfilling Our Mission as a Restaurant Chain.

Looking Back on 2025

We achieved increases in sales and profit, with contribution from strong growth in existing stores and M&A effects

Skylark Group has achieved a recovery of performance from the COVID-19 pandemic and is transitioning to a new stage of growth. In FY2025, we achieved increases in sales and profit for the third consecutive year. Against the backdrop of expanding cost-push inflation driven by the weak yen and soaring labor costs including minimum wage increases, we did not pursue solely on expansion in scale; instead, we promoted **store-centered management and thoroughly tackled reforms to the earnings structure of existing stores.** As a result, existing stores grew strongly and made a major contribution to higher profit. The early realization of synergies with Sukesan Udon and Suki-Ya Malaysia, which we acquired in 2024 and 2025, respectively, also supported our strong results.

Our Medium-Term Management Plan for 2025–2027 is progressing at a pace exceeding our expectations, and we plan to achieve the final-year (FY2027) operating profit target of 32.0 billion yen one year early in the current fiscal year (FY2026).

Skylark’s Competitive Advantages and the Value We Provide to Society

Our table service restaurants pursue “enhancement of experiential value”

Since our founding, Skylark Group has upheld “Creating Richness with Value to Society” as our Corporate Philosophy. We currently operate more than 3,200 stores in Japan and overseas. “Richness with value” is something that changes with each era. In the early 1970s, under the concept of “hotel menus at half the price,” dining out at a family restaurant was of great value as it offered an accessible luxury to many people across Japan.

Today, as food options have diversified—from convenience stores and fast food to fine dining—the question is: what value do our table service restaurants provide to customers? Last year, we held a strategy meeting where senior management and mid-level employees gathered to discuss future management issues, and concluded that **“enhancement of customers’ experiential value” is the most important theme.** We aim to deliver dining-out experiences that enrich the heart to as many customers as possible by serving delicious, piping-hot meals to customers who visit our stores, with friendly service from our employees, in a comfortable space and at reasonable prices. **We believe this ultimately comes down to improving store operating capabilities and enhancing service and quality.**

We will leverage our solid business foundation to push back against inflation and deliver delicious value nationwide

In addition to a network of approximately 3,000 stores in Japan, we believe that our solid business foundation, including **a talent pool well-versed in store operations, our brand portfolio**, and **a vertically integrated supply chain** in which we handle everything in-house from procurement of ingredients to production, delivery, and stores is the source of the value we provide as a Group that gives us a competitive advantage over other companies.

As crude oil prices rise and supply concerns spread amid the worsening situation in the Middle East, the broad-based increase in costs—from raw materials and energy costs to construction materials and packaging—will be a significant burden on our business as well. Since the COVID-19 pandemic, we have absorbed the impact of ongoing inflation through initiatives such as the company-wide cost reduction project and price pass-through accompanied by enhancements in product value. However, the impact of the latest deterioration in the situation requires an even more proactive response. As consumers face one price hike after another, simply passing additional cost increases on to prices will lead to a decline in guest count. It is precisely at times like these that we believe we should fully leverage the strengths of our **vertically integrated supply chain.** We will execute initiatives that achieve cost control while maintaining and enhancing product value, including cost control through centralized procurement, menu development that uses common ingredients across multiple brands, and development of products that can be rolled out across the Group.

▶For details on the vertically integrated supply chain, see P11-12 .

We position Promotion of ESG as an axis of our growth strategy and are promoting activities under integrated management

In response to the global environmental challenge of climate change, we are strengthening our initiatives for decarbonization and are proactively switching to solar power generation. By leveraging off-site PPAs*, we have expanded adoption to more than 1,000 facilities, including stores and our own factories. In FY2025, we established a framework to reduce greenhouse gas emissions by approximately 13,000 tons. As a company that handles food, we are also focusing on reducing food loss and implementing plastic countermeasures. To achieve our goal of reducing environmental impact by 50% by 2030 (compared with 2018), we are advancing highly effective initiatives across departments.

Through this series of initiatives and highly transparent data disclosure, our evaluations by external organizations are also improving year by year. In the DJBIC Score, a global ESG investment index, we ranked second in the world in the restaurant and leisure sector and an overwhelming first among Japanese companies. We have also been selected for inclusion in the CDP's highest-level "A List" for two consecutive years in both the "Climate Change" and "Water Security" categories.

▶For details on ESG initiatives, see P68-88 .

We believe that promoting sustainable business activities and improving external evaluations will not only enhance corporate value over the medium to long term, but also help investors make decisions regarding holding our shares. **We position ESG as an axis of our growth strategy, and will continue to promote our initiatives and contribute to the realization of a sustainable society.**

* Off-site PPA: A contract structure by which renewable energy is supplied to facilities via the transmission grid from power generation facilities located in remote areas.

We are strengthening security against increasingly sophisticated cyberattacks

IT and AI technologies are evolving rapidly. While they bring benefits in improving the productivity of business activities, cyberattack methods are also becoming more sophisticated. An attack can become a critical threat that shakes the very foundations of a company through the risk of systems highly integrated through DX shutting down and disrupting normal business operations, or the risk of confidential data such as customer information leaking and severely damaging social trust. In addition to establishing specialized departments and increasing investment to strengthen system resilience, **we will continuously strengthen our security foundation—including raising awareness among all employees—to build a robust system capable of responding swiftly to any situation.**

▶For details on cybersecurity measures, see P67 .

Domestic Growth Through Optimizing Our Store Portfolio and Our Brand Portfolio

We will shift the focus of new store openings to urban areas and locations near train stations to accelerate our growth in store openings in Japan

Our Group has expanded its store network mainly in roadside locations, with approximately 80% of our stores located along roadsides. In recent years, amid ongoing population decline in regional areas, we have significantly shifted new store openings to locations with deeper markets, such as commercial districts, areas in front of train stations, shopping centers, and the ground floors of newly built condominium buildings. In 2025, approximately 93% of our new store openings were in these high-traffic locations, delivering results that significantly exceeded existing stores in both sales and profit. Some investors have expressed concerns about the shrinking domestic market and suggested that we should seek opportunities overseas. However, within our current store portfolio, **there remains ample room to open stores in promising markets such as urban areas and locations near train stations, and we are confident that there is still significant potential for growth in the domestic market**.

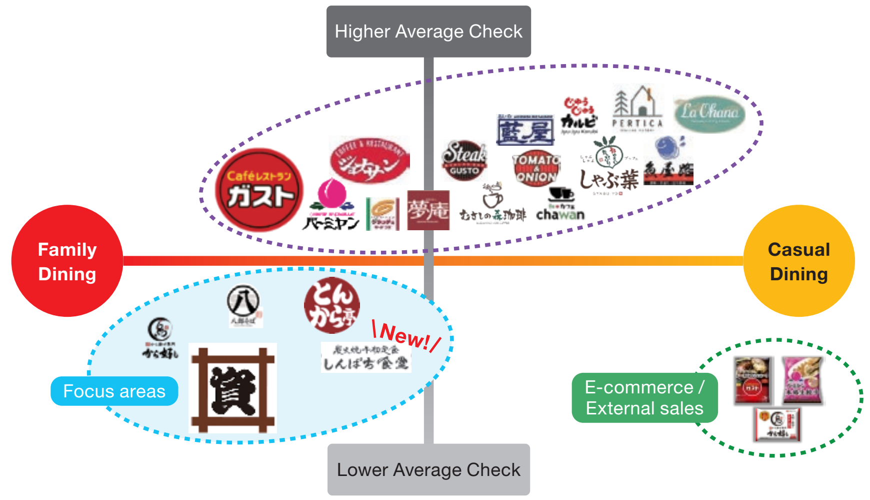
We will uncover latent market demand through brand conversions and maximize profitability across areas

That said, what about roadside locations in regional areas? There are indeed stores at which net sales are declining due to population decline. In response, we have adopted a strategy of revitalizing low-sales stores by selecting and converting them to the brand best suited to the location characteristics from our brand portfolio, while also boosting sales at nearby stores by resolving cannibalization, thereby maximizing profitability in the area. For example, when we converted a Gusto in the Maebashi area to Sukesan Udon in August 2025, that store's net sales tripled. Net sales also rose by 5–6% at three Gusto stores within a 5 km radius and by 3-4% at Bamiyan as well, improving the profitability structure of the entire area. Sukesan Udon boasts high cost performance and overwhelming customer-drawing power. By serving the value of "affordable and delicious everyday meals" to regional markets, we will uncover new needs and continue opening stores through brands that energize entire areas.

Gusto will not see its number of stores decline as a result of conversions. By shifting new store openings to market-dense urban areas and locations near train stations, we will continue to evolve Gusto as an all-purpose brand that meets a wide range of customer segments and occasions.

We will evolve our brand portfolio to respond to the expanding polarization of consumption

As inflation accelerated after the COVID-19 pandemic, major brands such as Gusto that had served the low-price segment were forced to raise the average check, leaving us with an insufficient lineup of brands that customers can readily use for everyday occasions. As the inflationary environment continues, in order to fill this low-price segment and firmly meet everyday needs and cost-saving preferences, we acquired Sukesan Udon. More recently, Shinpachi Shokudo joined the Group, further strengthening this segment. While people's budget-conscious mindset grows, polarization of consumption is becoming pronounced, as consumers do not hesitate to spend on travel, watching sports, fan activities, and other things and experiences they value. **Our Group will strengthen both our low-price brands that support everyday dining and our brands that offer the expertise and enjoyment unique to dining out, and will respond on all fronts to increasingly polarized consumer behavior.** We will continue to keenly capture market changes and evolve our brand portfolio swiftly and flexibly.



Marketing Strategy Leveraging Our Business Foundation and Data Analysis

We handle development, procurement, and production in-house to enhance added value and reduce costs

As mentioned earlier, our vertically integrated supply chain, one of our strengths, **is a powerful weapon for optimizing costs across all brands in an environment of accelerating cost-push inflation**. We will promote initiatives to achieve significant cost reductions while maintaining quality by further advancing the development of products that can be shared across the Group's multiple brands based on careful assessment of market demand, as well as further in-house production at our own factories.

In addition, we are currently working on developing "rice accompaniments" to meet the demand from customers who want to eat delicious rice. Amid soaring chicken prices, we are fundamentally reviewing our purchasing structure to control costs, while also turning scraps generated during processing into "soboro" ground chicken that we plan to introduce across the Group's brands as a topping that pairs well with rice. This will create added value for breakfast menus and reduce costs, while also contributing to loss reduction through effective use of ingredients. This system—handling everything from purchasing through production in an integrated in-house process and optimally utilizing ingredients across multiple brands—forms a solid foundation that supports our marketing strategy.

We will execute development and initiatives leveraging marketing data analysis to increase the probability of success

Another foundation supporting our marketing strategy is advanced data analysis. We have assigned many data scientists/analysts at headquarters and are strengthening their training. To develop strong-selling products and effective promotions, we analyze vast amounts of data and surveys to extract customer needs and insights. Based on these insights, we run a cycle of planning, development, execution, verification, and improvement, and practice data-driven marketing.

We sold Yamaya Motsunabe and Yukimi Daifuku Sweets during the same period. The combination of a cold dessert after a hot pot meal was extremely popular, making a major contribution to increasing the average check. **We will also accumulate insights from successful cases of capturing customer psychology in the form of marketing data, and use this to improve the hit rate of future product development and promotions.**

Menu Development Case Study

A mechanism for continuously refining customer feedback is producing results. In the third season of Gusto's Yamaya Motsunabe, we identified specific dissatisfaction points and latent needs from surveys, such as the wish to enjoy the dish piping hot and to add more ingredients, and implemented refinements such as serving the hot pot on tabletop stoves, adding extra variety meats, and expanding topping options. As a result, the value of casually enjoying a specialty restaurant-quality taste in a single-serving hot pot gained strong support, and sales volume in 2026 grew to about three times that of the first year, becoming a major hit that contributed to sales growth and created reasons for customers to visit at dinnertime.

Promotion Case Study

In the Yukimi Daifuku Sweets promotion conducted this January, we focused on acquiring Gen Z customers who will become our core customers in the future. As a result of data analysis, we identified a behavioral characteristic among younger consumers known as stock consumption, by which customers save information from social media to experience at a later date. Accordingly, we shifted our KPI from the conventional number of impressions to the number of saves, and maximized visual appeal. This generated a strong response on social media, became a hit among younger consumers centered on Gen Z as intended, and led to increased store visits.

Connecting M&A and Overseas Expansion to Our Next-Generation Growth Engine

Through M&A that leverages our business foundation, we will expand regional culinary value across Japan

The basic policy of our M&A strategy is to **maximize synergy by leveraging Skylark's business foundation and to ensure a win-win relationship for both parties**.

Sukesan Udon, which joined the Group in 2024, has expanded into the Kanto region, growing its store count to 100 locations. We believe it is Skylark's mission to protect the Sukesan Udon taste beloved by passionate fans while expanding stores nationwide. We will accelerate brand conversions and new store openings, aiming for more than 400 stores nationwide and net sales of 120 billion yen by 2030.

Shinpachi Shokudo, which joined the Group in May of this year, is a high-potential business format as a one-of-a-kind dried fish specialty restaurant possessing advanced know-how. Its business model, which delivers strong customer-drawing power in small properties near train stations in urban areas, will be a powerful tool in driving our strategy of strengthening urban store openings.

And personally speaking, it is simply delicious. Because we live in an era when the habit of grilling fish at home is fading, I have a strong desire to preserve Japan's traditional dried fish culture. The fragrant, plump grilling achieved using a proprietary charcoal grill is know-how that cannot be easily replicated. I want to cherish and protect **"ultimate everyday meals" for Japanese people, such as exceptional grilled fish paired with freshly cooked rice and miso soup, and deliver that value widely across Japan.**

▶For details on our M&A strategy, see P49-50 .

We will focus our overseas expansion on opening stores in ASEAN countries

Performance is expanding steadily in Taiwan, where we will surpass 100 stores within this fiscal year. In June, the first Sukesan Udon store will open. While this will be Sukesan's first overseas expansion, we believe its rich, savory broth with deep sweetness and umami will also be well received by people in Taiwan. We will proceed with multi-store expansion in Taiwan and, using it as a foothold, look ahead to opening stores in other Asian countries.

In Malaysia, we currently operate a total of 25 stores, including Shabu-Yo and **Suki-Ya, which we acquired**, but the potential for future store openings exceeds 100 locations. With an average age of 30, Malaysia is full of youthful energy and is at a pre-dawn stage in which consumer culture will begin to take off as life-stage changes such as marriage and childbirth increase from here. We intend to solidly capture the growth of this enormous market and accelerate store openings.

We have also begun a full-scale entry into Indonesia aimed at our next leap forward. We are taking concrete steps, including preparations to establish a local subsidiary. The know-how we refined in Malaysia for serving Muslim customers and our brand positioning will also be a powerful competitive advantage in Indonesia, another Islamic market. By strategically rolling out successful formats horizontally, we will develop the market with speed.

By combining our strengths cultivated in Japan with local needs, we aim for growth across ASEAN and intend to nurture our overseas business as a next-generation growth driver.

▶For details of our overseas expansion, see P47-48 .

Passing the Baton to the Next Generation, We will Continue to Refine the Value of Restaurants and Keep Evolving

We will accelerate growth under new leadership that drives the growth of existing stores

The key to growth for Skylark Group lies in the growth of our over 3,000 existing stores.

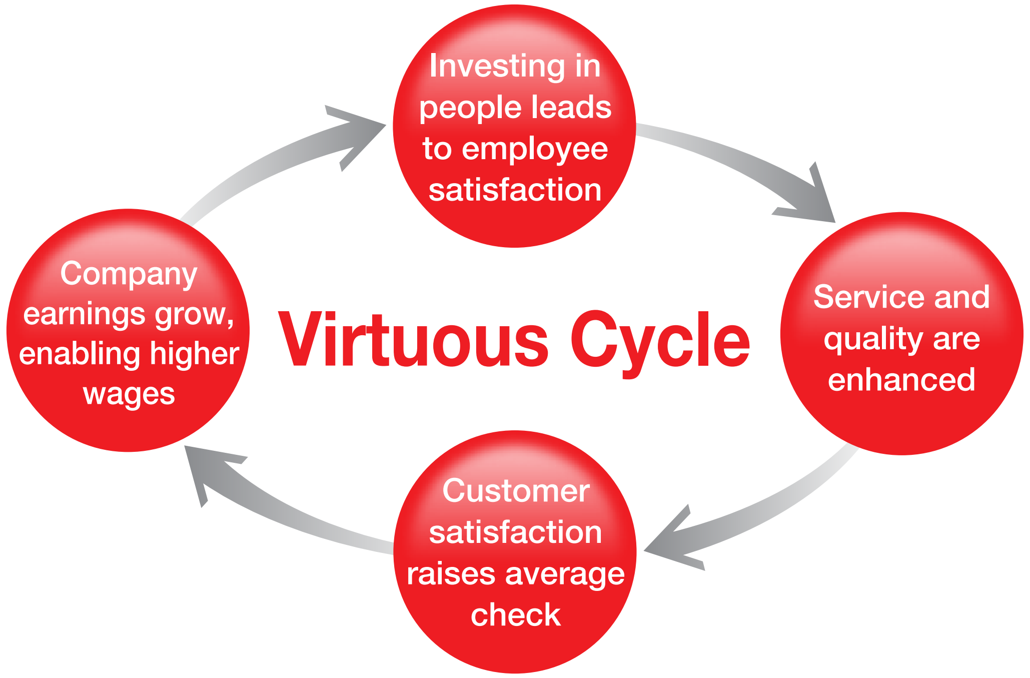
2026 will be a major turning point as post-COVID "revenge spending" runs its course and the era shifts to an "age of choice." Consumers' discernment has become more sophisticated than ever, and table service restaurants are required to deliver quality that clearly differentiates them from fast food, as well as an advanced level of operational excellence that creates a rich dining out experience.

To come out on top in this transformation, what we need most right now is deep knowledge of store operations. **Leadership that can instill strategy at every level of frontline operations and launch effective initiatives** will hold the key to growth going forward. **Takuo Sato, who assumed the role of President in March 2026, comes from Gusto, knows frontline operations thoroughly, and also has the management ability that rapidly grew our Taiwan business.** Now that lifestyles have changed dramatically, we must further elevate the quality of store operations and the experiential value we provide to customers. This is the absolute prerequisite for our Group to make a leap forward into the future. Under President Sato's strong leadership, we will move into a new growth phase with store capabilities at its core.

We will strengthen investment in people and aim to become a strong company where professional talent can thrive

Based on the belief that **employee growth is the source of corporate growth, we have been strengthening investment in people**. In addition to implementing base pay increases with full union demands met for four consecutive years, we carried out reforms to our HR systems to reward employees who improved their skills and delivered results. In April 2026, we introduced a structure that enables employees to earn high compensation as experts even without taking on managerial positions.

Enhancing employees' capabilities directly leads to higher productivity and the creation of added value. As a result, store operating quality improves, and through higher customer satisfaction, profits expand due to increases in average check and visit frequency. We then return these profits to employees. This virtuous cycle, starting with investment in employees, will become the foundation for sustainable growth.



Our employees always think from the customer's perspective, act autonomously, enhance their capabilities, deliver results, and earn their own compensation. With the necessary systems now in place, we aim to be a strong company where many of our employees can find fulfillment and thrive as professionals.

I believe that an era of uncertainty, characterized by rapid changes in global affairs and the economic environment, is precisely when a company's true value is put to the test. By leveraging the strong business foundation of Skylark Group and bringing together the collective strength of our employees, we will view this challenging business environment as an opportunity and continue to take on new challenges. Through our dining-out experiences, we will create new value and continue to evolve as a presence that enriches the lives of as many customers as possible.

I ask for the continued understanding and further support and guidance of all our stakeholders.

Three Basic Axes
Section 2 Growth Strategies

Enhancement of Human Capital

Enhancement of human capital is the greatest source of growth. As a management issue, it is crucial to realizing a virtuous management cycle that originates in boosting employee satisfaction, rather than securing profit dependent on cost reductions as in the past.

Promotion of DX

With labor shortages expected to become increasingly serious, the promotion of DX within the chain of operations can be a vital key to improving productivity. At the same time, it contributes to enhancing convenience for customers.

Promotion of ESG

We believe that the promotion of ESG is a critical societal issue in engaging in corporate activities with a view to 30, 50, even 100 years ahead. Our Group will work as one to increase our corporate value and contribute to society.

Q4 With the approach of caps on Specified Skilled Worker talent, how will Skylark address the labor shortage?

A
Invest without cutting

People are an investment in the future, not a cost: Improving retention and stabilizing store operations

We will resolve labor shortages by redefining labor hours not as a mere cost but as investment in the future that generates future earnings. By strategically staffing weekend peak times and appropriately investing time in training and education to raise proficiency in customer service and cooking, we steadily strengthen execution at the store level. As a result of advancing this investment in human capital, we have increased crew engagement, improved retention, and achieved stable store operations. We also decisively implemented reforms to HR systems for both full-time employees and crew, introducing a compensation system that rewards capabilities and results to the fullest extent. We have established a virtuous cycle that simultaneously achieves talent acquisition/retention and store growth.

Basic Axes Enhancement of Human Capital

Enhancement of human capital sharpens service quality and connects customer trust to a sustainable virtuous cycle of business value

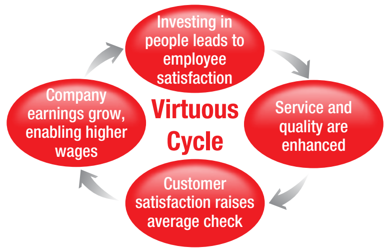
Skylark Group includes "Positive Work Environment/Employee Engagement" among the values that we treasure. Under this, all of our employees cooperate with colleagues to create a positive workplace.

We believe that investing in human capital (human resources) enhances employees' job satisfaction. This enhances the quality of service and generates a virtuous cycle that boosts corporate profits by satisfying customers and enables sustained wage increases.

Ichiro Takei

Executive Officer, Chief Health Officer and Chief Sustainability Officer / Managing Director of the Human Capital & General Affairs Division

2026
健康経営優良法人
KENKO Investment for Health
大規模法人部門



Governance

In our human capital-related governance, 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

Our 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 outstanding employees is an essential factor for our company's 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 this latent need, we will create jobs and provide a stable working environment around the country.

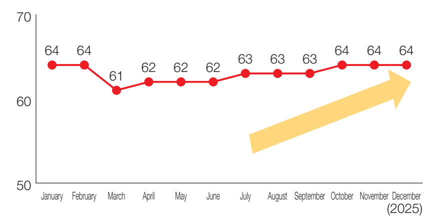
To address the logistics industry's ongoing "2024 problem" involving a shortage of drivers, we made early revisions to our driver personnel system and wage regulations, maintaining a structure by which food ingredients are delivered safely and reliably to all Skylark Group stores every day.

Strategy 1 Creating workplaces that attract people

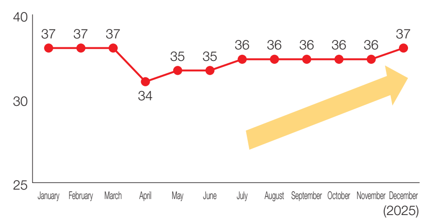
Full-time employees: Amid a difficult recruitment environment, we hire diverse talent who identify with our Corporate Philosophy, securing a sufficient number of full-time employees to realize our store opening plans. In FY2025, the Group hired 482 persons (including 175 new graduates), with the ratio of women about 36%. We also actively hire "second-career" employees in their 40s to 50s after raising children, with 9 people in that age range joining the company in FY2025.

Part-time/temporary employees: Through a review of our raise and promotion system, the enhancement of training and other initiatives, and the promotion of DX-centered environments conducive to work, proficiency in work has improved and turnover has declined. From the April turnover period, both the retention rate and the number of store part-time workers have steadily recovered and remain stable at high levels. Application numbers continue to be strong, and the pressure of labor shortages is gradually being alleviated.

■ Store part-time worker retention rate (%)



■ Number of store part-time workers



Both part-time worker retention rate and crew member count remain stable at high levels!

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
- Introduction of new POS cash register system
- Expanded introduction and evolution of self-service cash registers
- Introduction of at-table payment
- System for ushering customers to tables upon entrance
- System for showing tables to be cleaned

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.

The Group-wide percentage of women in managerial positions has risen to 15.3%!

くるみん

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 for childcare-related purposes
- Shortened working hours for childcare through the 6th year of elementary school
- Flexibly selectable employment categories, with or without relocation nationwide
- Child-rearing support allowance (10,000 yen/month per dependent child)

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

(Consolidated)	Item	FY2022	FY2023	FY2024	FY2025
Number of full-time employees	Women	882	951	1,255	1,384
	Percentage of women	14.6	15.8	20.4	21.1
	Percentage of women engaged in sales positions	12.8	13.2	13.1	17.2
	Percentage of women engaged in STEM positions*1	0.9	1.1	1.3	1.6
	Men	5,160	5,054	4,895	5,169
	Total	6,042	6,005	6,150	6,553
Managers*2 (Junior management and above)	Women	494	478	512	563
	Percentage of women	13.8	14.0	14.3	★15.3
	Men	3,092	2,929	3,075	3,128
	Total	3,586	3,407	3,587	3,691

*1 STEM positions: Total number of full-time employees engaged in IT, menu development, production, and the quality control group
*2 Director positions: Senior management positions up to two levels below the CEO; Leader positions: Middle management; Manager: Junior management

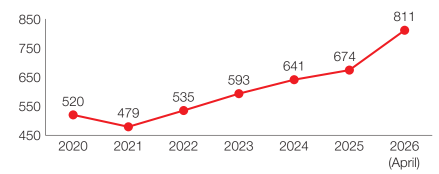
Strategy 4 Promoting employment of people with disabilities

The employment rate for people with disabilities in 2025 was 3.23%, higher than the legally mandated rate. The number of persons with disabilities working in Skylark Group was approximately 811 as of April 2026.

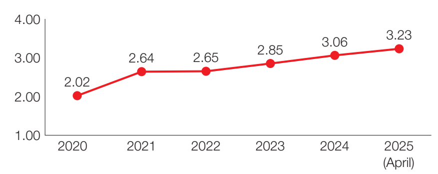
Specific initiatives and measures

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

■ Number of employees with disabilities



■ Percentage of employees with disabilities



Our employment rate for people with disabilities is significantly higher than the legally mandated rate at 3.23%!

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 4,300 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 seniors can work in good health, a goal promoted by the government.

Senior Work EXPO, held by the Tokyo Metropolitan Government

We provided work experiences to more than 200 participants! (Held at two locations: Shinjuku on October 9 and Hachioji on October 21)

For the third consecutive year, Skylark Group exhibited a family restaurant experience booth

Work-experience booth by Yumean

Soba plating experience

Strategy 6 Promoting employment of non-Japanese human resources

Across the Group, approximately 4,600 non-Japanese employees from about 60 countries work with us. 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. Our active hiring of non-Japanese nationals includes accepting persons with specific skills at stores and Taiwanese nationals on working holidays.

FY	2020	2021	2022	2023	2024	2025
Number of non-Japanese employees	2,213	2,167	2,216	3,092	4,440	4,636
Percentage of non-Japanese employees	2.5	2.2	2.3	2.9	3.6	3.7

Foreign nationals from 60 countries are actively working. We will continue working to create a work environment that is comfortable for all!

Specific initiatives and measures

- Establishment of a recruitment website for non-Japanese applicants using simple Japanese
- Use of collective interviews by non-Japanese interviewers, orientation, and initial training at our training centers for non-Japanese human resources
- Creation of multilingual educational tools


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

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 in the development of human resources and the creation of workplace environments that are 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, connecting 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.

We revised the crew personnel system in April 2025, and over two years—April 2025 and April 2026—we revised the employee personnel system, establishing a system under which all employees enhance their own capabilities and grow, thereby improving productivity across the company and creating added value.

Strategy 8 Promotion of health management

Based on the belief that corporate growth is not possible without employees' mental and physical health, we view employees as valuable management assets and position employee health management as our most important issue, under which we promote initiatives.

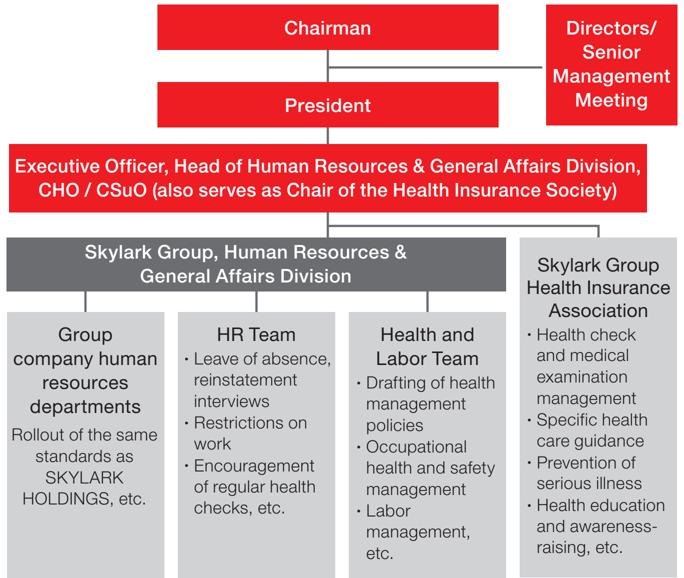
2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

In FY2026, we were certified as a Health & Productivity Management Outstanding Organization in the Large Enterprise Category.

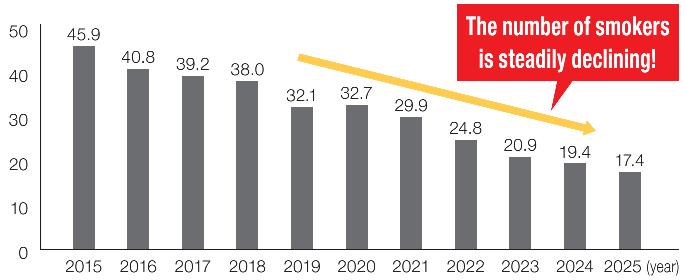
Under the leadership of top management, we appoint workplace department heads as Health Promotion Leaders who strive for health maintenance and promotion as a work duty.

We have conducted a Quit Smoking campaign since 2014, steadily reducing the number of smokers. Concretely, we distribute smoking cessation aids and offer support through a smoking cessation app as we work toward our goal of zero smokers by 2050.

Promotion structure for health management



Percentage of smokers company-wide



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

Interview

Promotion of participation by women

Joined the company as a full-time employee at age 42 and advanced from crew member to Sales Division Manager

"An environment where everyone can thrive" is the appeal of Skylark

Profile
Rinako Kumakura, Syabu-Yo Kanagawa Sales Division Manager
2007: Joined Jonathan's Sagamihara Taname Store as a crew member
2013: Appointed Community Employee
2025: Placed on special assignment to Syabu-Yo
2026: Appointed Sales Division Manager, Syabu-Yo Kanagawa Sales Division

Rinako Kumakura joined the Jonathan's Sagamihara Taname Store as a crew member at the invitation of a fellow kindergarten mom working at the store. After the Jonathan's was converted to Ohashi Cafe Gusto, she continued to energize the store together with colleagues she knew well.

As her children grew older and she began to enjoy work more, Skylark launched a new Community Employee Program that allows employees to work without worry over transfer to another store. It was her fellow store members who encouraged her to give it a try. She recalls their reassuring words of "If you're doing it, we'll help out!"

Always moving forward by choosing her own work style

Ms. Kumakura joined the company at age 42 as a Manager (full-time employee) in February 2014, soon after which the store where she worked was converted to Syabu-Yo. Guided by a belief in valuing both customers and fellow employees, she has worked to build a store rooted in the local community.

After her appointment as Manager, the need to provide nursing

care for her father led her to make full use of the variable working hours system that allows monthly prescribed working hours to be allocated day by day into shifts of 4, 6, 8, 10, or 12 hours. "Being able to take up to 12 days off without using paid leave was extremely helpful," she says. Being able to change her schedule at her own discretion as a Manager was strength at that time.

After serving as Manager at the same store for about three years, she was asked to serve as Manager of the new Syabu-Yo store in Hon-Atsugi. This store was located farther from her home and she needed to change from her current Community Employee status to Zone Employee (an employee category involving transfers within the division), but with encouragement from her family, she decided to take on the challenge in a new environment.

Ms. Kumakura says she was supported by her husband and mother-in-law as well, who told her they would take care of things at home.

During her term as Manager at her second store, she changed to National Employee status (an employee category involving nationwide transfers). She then experienced two more store transfers, but thanks to her past experience with conversions and new store openings, she was able to fully demonstrate her capabilities at existing stores, particularly in communication and training with crew members.

Looking back, she says, "Something I gained confidence in through these experiences was that I could clearly put into words why we need to follow the manual and what the manual means."

Leveraging on-site experience to become a Sales Division Manager and build the best stores together with colleagues

In March 2025, Ms. Kumakura left the store manager role to serve as a promoter for new stores. In February 2026, she assumed her current role as Sales Division Manager of the Syabu-Yo Kanagawa Sales Division.

Having connections to many stores that she supported or managed, she again received encouraging words from people at stores who committed to working hard under her as Sales Division Manager.

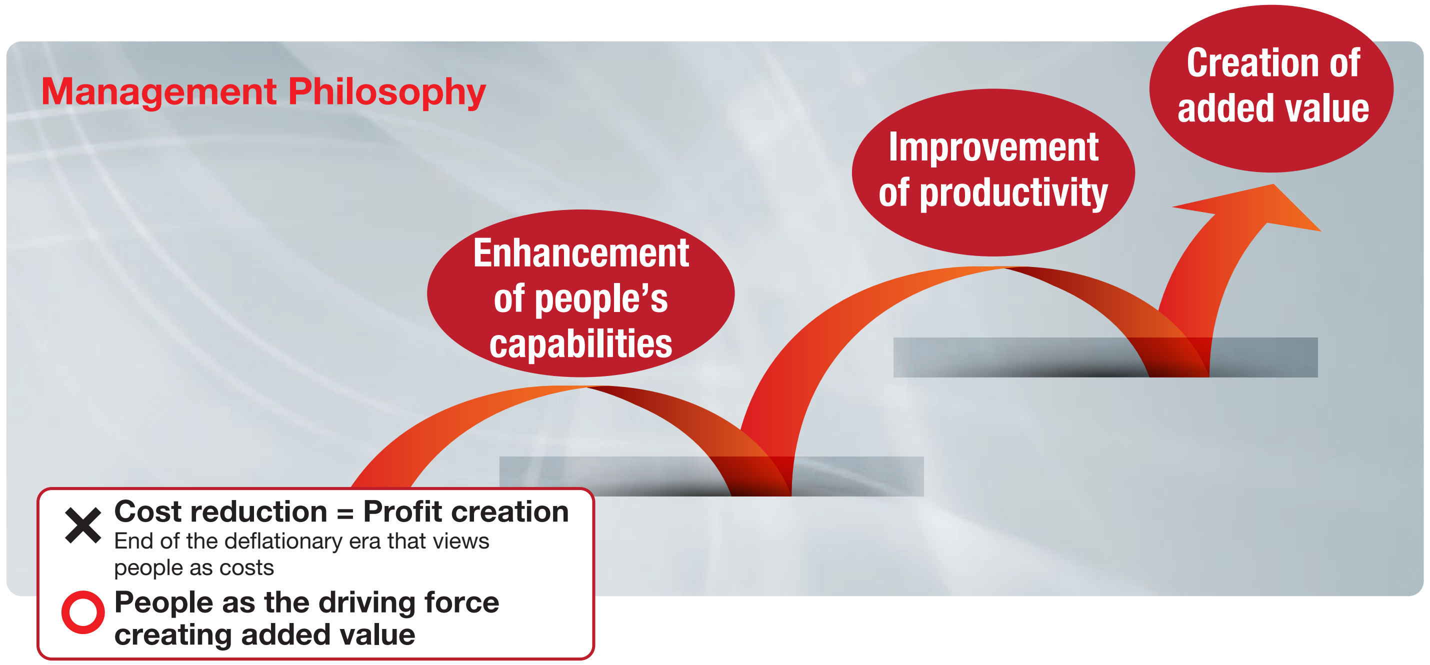
Drawing on her on-site experience, she says with enthusiasm, "I want to think together about what the Manager wants to do and, while pointing out what needs to be improved, support the store-building sought by the Manager."

Ms. Kumakura's goal is a workplace where women of all generations can thrive as managers. To make that a reality, she is committed to developing young female managers and otherwise offering support for efforts.

Further Evolving Store-Centered Management

People are the Driving Force Creating Added Value
—Sustainable growth through a virtuous cycle of Human Capital

With "Creating Richness with Value to Society" as our Corporate Philosophy, Skylark Group is accelerating a shift from the deflation-era approach of "creating profit through cost reductions" to "store-centered management," under which each Manager, as a business operator, creates added value.



Specific Priority Measures

Nurturing of Management Skills

1. Introduction of a new HR system (major reform of the evaluation system) See the next page for details
2. Reforms related to store working hours
   - Added time increments for weekend sell-out efforts
   - Added time increments for training and workshop hours
   - Added time increments for paid leave and preventive maintenance
3. Reduction of Manager work

Recruitment, Training, and Retention

4. Crew evaluation system (reform of the grade system) For details, see P31.
5. Introduction of the crew point system For details, see P31.
6. OJT (on-the-job training) and cross-brand Pleasant Service Study Sessions For details, see P32.
7. Flexible work styles through the spot crew system For details, see P42.

Improvement of Productivity

8. Introduction of CU (Clean up) time For details, see P41.
9. Introduction of spot crew system For details, see P42.
10. Introduction of schedule management app For details, see P42.
11. Introduction of product management system
12. Automated store closing processing by store computer
13. Introduction of self-service cash registers

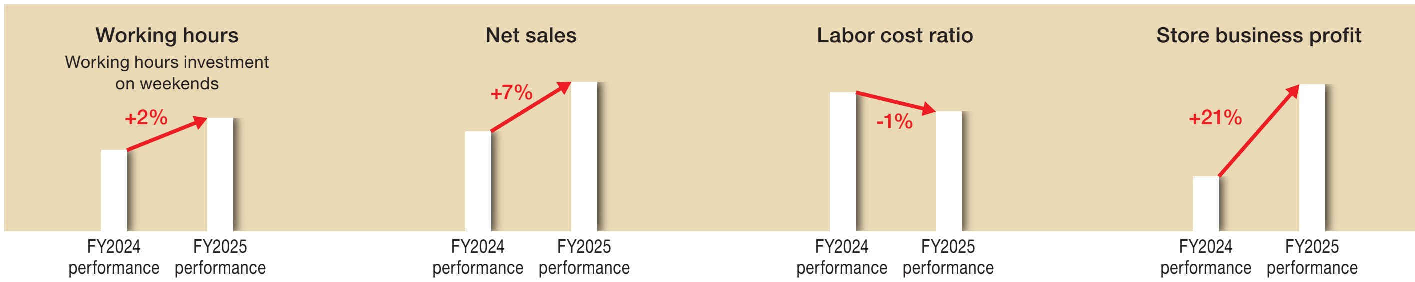
*1 "Manager" refers to store manager; "crew members" refers to part-time workers. *2 OJT (on-the-job training) refers to teaching through actual work, not study.
*3 CU time refers to the time from when a customer leaves until table setting is completed.

Investment in People Generates Improved Customer Experience Value and Creates Profit

From 2024 to 2026, we redefined working hours not as mere costs but as investment that will generate future earnings. By adding time increments for weekend sell-out efforts, training, and workshops, we strengthened stores' execution capabilities. By also contributing to higher employee retention rates at stores, this has realized a virtuous cycle of human capital: more compliments received, higher guest count, and higher store profit.

Working Hours: from "Cutting" to "Investing"

Investment in human capital: a new equation that simultaneously leads to higher revenue and profits and to a lower rate of labor costs.

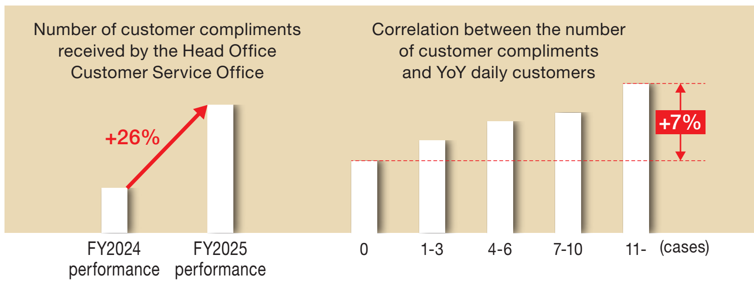


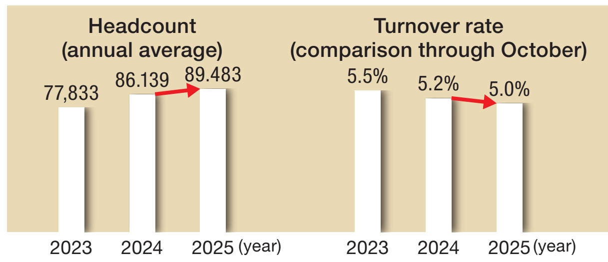
* Total for all Skylark Restaurants brands * Store business profit is business profit before deducting head office expenses

More Compliments / Higher Retention Rate

Validated Store-Centered Management

Enhancement of human capital sharpens service quality and accumulates the intangible asset of customer trust.



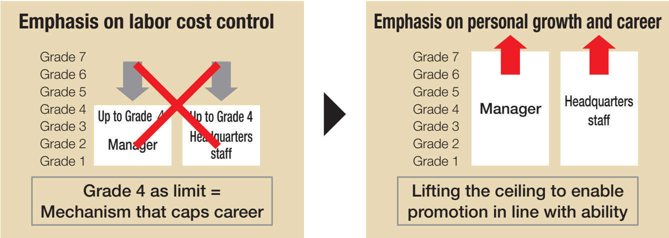


1 A new HR system that rewards ability and results

In April 2025, we carried out fundamental reforms of our full-time employee system and introduced a new HR system that places importance on individual growth and careers. We abolished the previous cap at Grade 4 to enable promotion to higher levels depending on ability, and established new "Expert" and "Specialist" career tracks for those who pursue advanced expertise. We are promoting highly professional talent development that leverages each individual's strengths and capabilities.

Main points 1 Raising the salary ceiling that caps careers, to enable promotion in line with ability

Toward a grade system that emphasizes personal growth



Main points 2 Clarifying standards for pay raises and promotions

Skills and hard work are reflected in compensation	Clear and easy-to-understand guidelines on how to earn raise	Anyone can aim for career advancement
POINT • Introduction of QSC evaluation (competency and behavior evaluation) • Salary increases and decreases based on a point system • Introduction of promotion qualification screening	POINT • Abolition of salary ranges • Salary increases/decreases changed from percentages to fixed amounts • Introduction of managerial position allowance • Revision of multi-store manager allowance	POINT • Introduction of Expert Manager position • Introduction of Headquarters/ MDC Specialist position

Launched in April 2026 | **Head Office Specialist 8**

Staff with advanced expertise and extensive experience who have influence on divisional and company management
Examples: construction management for new store openings, site development specialists, procurement merchandisers


February 2024, in Laos

Example of Head Office Specialist

Hitoshi Arimura Merchandiser
(Procurement Planning Team, Procurement Policy Group, Procurement Division)

After serving as a store Manager, Jin Arimura was assigned to the Procurement Division. His main responsibilities include procuring ingredients for overseas business and developing routes, holding training sessions to develop buyers, and performing OJT, mainly in the U.S. and Malaysia at present. Since his first overseas trip at age 27 as part of an in-house training program, he has learned six languages and visited 19 countries, and is studying for certifications and multiple foreign languages as he strives for further improvement. He intends to continue taking on challenges globally.

Special Interview

In April 2026, our first Expert Manager was born!

Hiroaki Yamaguchi
Expert, Manager
Sales Division
Gusto Kita Osaka


Pay raise exam


Crew leader training


Active discussions led by crew members

The organizational strength of 241 people across five stores: Self-directed teamwork makes stores stronger

In April 2026, I was certified as an Expert Manager. I am truly delighted that the skills and experience I have cultivated as a Manager have been recognized for a specialist role, and I find it extremely rewarding. Currently, I operate five stores together with 241 crew members. The thing I value most in managing multiple stores is organizational strength—respecting each crew member's autonomy and elevating one another together.

Of course, there is a limit to how much training I alone can provide to everyone. That is why a major help has been the well-developed, company-wide training and DX framework. An example is the area-wide leader training conducted by the Sales Division Manager. The latest knowledge and management policies gained there are immediately shared directly with on-site crew members through DX tools. Because we have a foundation for area-wide learning and growth, we have been able to achieve reproducible operations that allow each store to operate autonomously even when I am not present.

An evaluation system that makes hard work visible is also essential. With a detailed 25-level grade (rank) system, skills acquired through training steadily lead to pay increases. We are developing many crew members who feel rewarded by having their efforts properly evaluated and who find fulfillment in taking on responsible roles at stores.

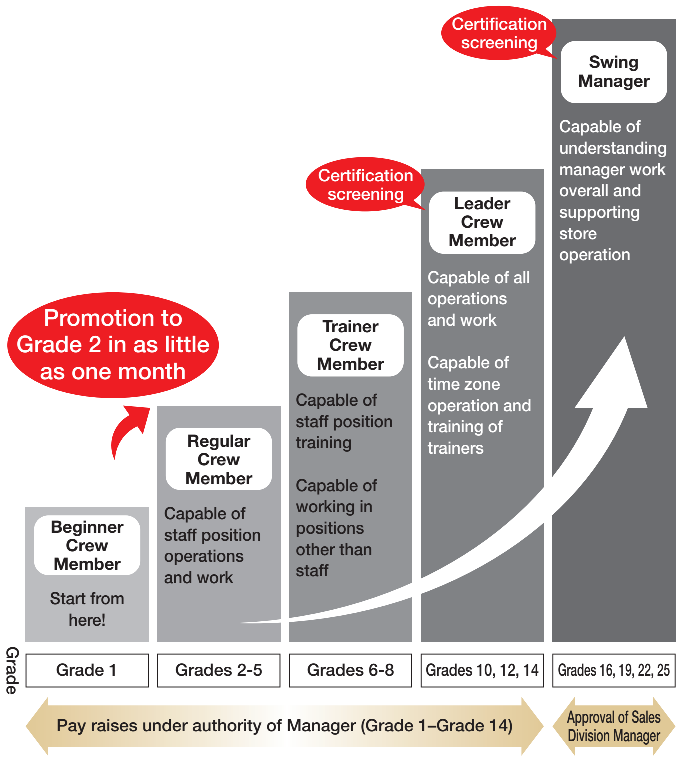
Horizontal connections are also an important factor in strengthening organizational capability. The crew members at my stores often work not only at one store but at multiple stores, and know-how is closely shared among stores. We proactively share success stories and support growth through credible evaluations. I am convinced that by keeping this cycle going, we can become one strong team. Aiming to build stores that customers choose, we will continue to build strong teamwork.

4 Crew evaluation system (reform of the grade system)

Increase in crew promotions vs. 2024: Up 22%

We introduced a system that evaluates each crew member's job skills and contribution to store operations based on objective criteria and reflects the results in hourly wages. Store managers hold considerable authority over wage increases and promote the organization of stores by systematically developing employees. With a clear career path and evaluation system, we encourage motivation for growth and are working to improve the motivation and retention rate of all crew members.

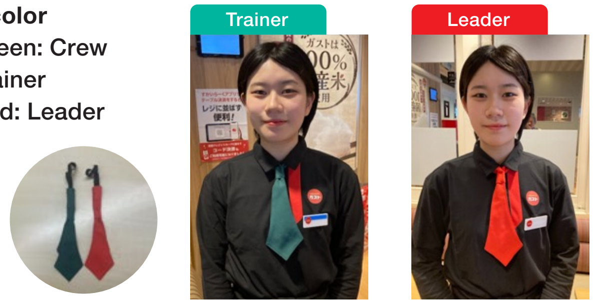
Crew career program



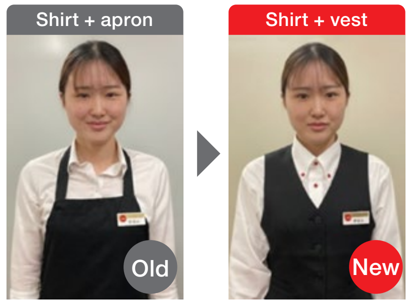
Renewed uniforms

By making status by position easy to understand, the renewed uniforms contribute to higher motivation.

Tie color
- Green: Crew Trainer
- Red: Leader



Introduced vests
<Applicable Employees>
- Manager
- Assistant
- Swing Manager



5 Introduction of a point system as an incentive for part-time workers

Launch of an initiative to award Skylark points

At the end of April 2024, we began an initiative to grant Skylark points to crew members who work weekends and busy periods. In addition to contributing to capturing full demand through investment in store working hours, this contributes to higher employee motivation.

In addition to points set by the Head Office, points are awarded at 30p to 150p per hour, taking into account local factors such as events for individual stores.

Points can be used for meals at Group stores at a rate of 1p = 1 yen, contributing to higher engagement.

6 Strengthening of OJT (on-the-job training) and cross-brand pleasant experience study sessions

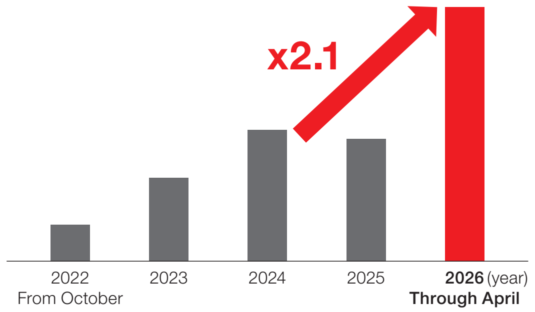
A cumulative total of 145,000 people have participated since 2023

Service improvement measures ⇒ Higher customer satisfaction ⇒ Increased guest count

In addition to strengthening group OJT at training centers and stores, a cumulative total of 145,000 people have participated since 2023 in the cross-brand Pleasant Experience study sessions. From 2026, the average monthly number of participants has more than doubled compared to the previous year, with all participants enthusiastically working to improve their skills. There is a strong correlation between the number of times participants attend the study sessions and the number of compliments received from customers, which also leads to an increase in guest count.

Monthly participants have risen 2.1-fold from the previous year

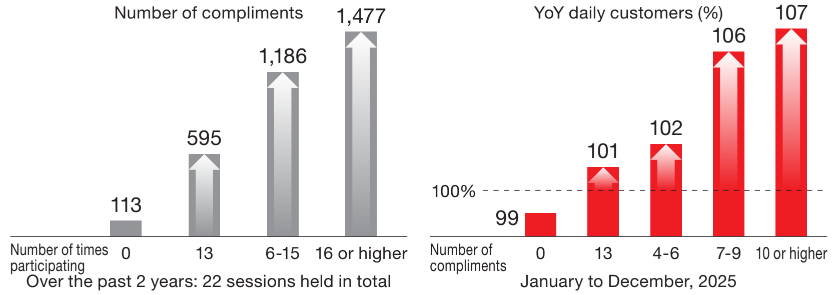
Number of monthly participants



Service improvement measures → Higher customer satisfaction → Increased guest count

Number of study session participations and number of compliments

Number of compliments and customer count



Study sessions specialized for global crew members will also be held from 2026

A system for proactively sharing information within the company

Internal streaming

Discussion video streaming

We stream a discussion video, "Monthly Management News," featuring the Chairman and President of Skylark HD, to communicate our growth strategy in an easy-to-understand and casual way

Streamed from front-line locations

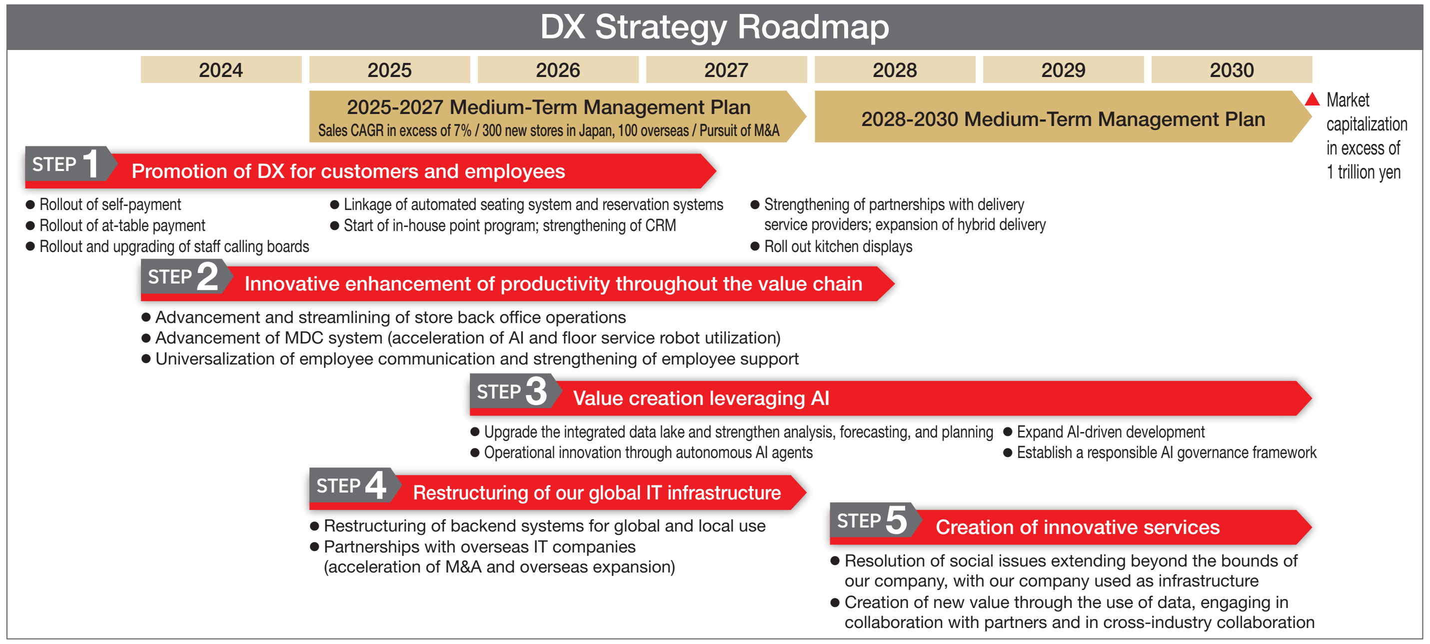
Videos featuring the President of Skylark Restaurants are streamed from front-line locations to share initiatives for strengthening store capabilities

Behind-the-scenes video streaming

We produced behind-the-scenes videos following professionals active within the company, and streamed them to all employees

Basic Axes Promotion of DX

DX that Maximizes the Capabilities of Diverse Employees



Back-Office DX that Fundamentally Transforms Store Operations

Accelerating multi-store management by a single Manager

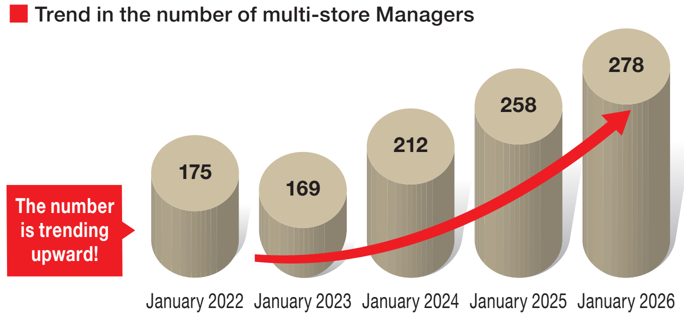
In addition to active use of ordering tablets, floor service robots, self-service cash registers, at-table payment, the bussing-table display system, and other store service-related DX, the promotion of DX for administrative tasks has improved the efficiency of Manager duties.

■ Key initiatives introduced in 2025

Priority initiatives	Concrete initiatives	Expected outcomes
New ordering system 	Uses AI to automatically calculate optimal recommended order quantities based on Head Office sales forecasts and each store's guest count forecasts.	By placing orders without relying on experience, waste and out-of-stock losses are minimized. Achieves significant time savings in ordering operations, creating more time for Managers to be on the floor.
Rakushifu (shift management) 	Collects preferred shifts directly from crew members' smartphones. Implements an automatic scheduling function and real-time integration with the store shift management system.	Time required to create shifts is cut in half. By visualizing crew members' preferences, it supports flexible work styles and also contributes to lower turnover.
Spot crew 	In response to sudden staffing shortages or insufficient staffing during peak periods, quickly secures resources through an in-house matching platform.	Supports full operation during peak periods and prevents lost sales and revenue opportunities. Maintains service quality through appropriate staffing allocation.

Through synergies created by these DX tools, the time Managers spend tied up with store management tasks has been drastically reduced. This allows Managers to focus on improving QSC (Quality, Service, Cleanliness) and developing staff and has dramatically enhanced the feasibility of multi-store management.

■ Trend in the number of multi-store Managers



Evolution of the Overall Supply Chain and the Foundation for DX talent

Using AI at Our In-House Central Kitchen — Selected as a Ministry of Agriculture, Forestry and Fisheries Model Demonstration Project

? How can Gusto serve high-quality, low-priced, house-made pizza?

In parallel with the introduction of store DX, we are also accelerating productivity improvements at our in-house central kitchen (factory). This is a source of competitive advantage that enables us to continue providing high-quality products at low prices.

Demonstration experiment at the Maebashi Factory
The pizza line at the Skylark Maebashi Factory was selected for the Ministry of Agriculture, Forestry and Fisheries "FY2024 Smart Production Model Development Project for the Food Industry initiative. By using the latest technologies including automated inspection of products using AI cameras and automated weight measurement using digital scales, we aim to build a pioneering model that addresses labor shortages while achieving more advanced quality control.

Cost competitiveness created through "vertically integrated supply chain × DX"
By combining factory automation technologies with a vertically integrated supply chain that handles everything from procurement of raw materials to production, logistics, and stores, we minimize in-process losses. This underpins cost performance that other companies cannot replicate.

Producing carefully crafted pizzas across brands to pursue pricing advantages
Gusto, Jonathan's, and the Grazia Gardens Italian brand use the same pizzas, a strength that allows the entire Group to enjoy a pricing advantage. By performing confirmed production—placing orders to the central kitchen only for the amount consumed so stores do not hold inventory—we can reduce costs through waste-free production.

Automating the process of dividing dough into equal portions, rounding it, and shaping it with artisan-level technique

AI-powered automatic sorter: Inspects shape and cheese protrusion (top camera), date code print (bottom camera), and shrink-wrap tears (angled camera).

Collaborative robots load products onto carts to increase productivity across all processes

Approximately 10% reduction in labor costs

Serving customers high-quality, low-priced, house-made pizza!

Company-Wide Development of DX Human Resources and Support for Obtaining Qualifications

In 2022, we appointed dedicated DX personnel in every division. In 2023, we renamed this initiative the Problem Improvement Project under a clearer purpose originating in on-site issues, and since then have achieved over 727 instances of DX implementation. In 2026, we launched an AI Promotion Team and introduced generative AI into operations across all divisions. Productivity improvements through operational enhancements are progressing. The company also supports employees in obtaining IT-related qualifications.

Mokumoku Study Sessions

Held 2–3 times per month
- Achievements in 2025: 35 qualifications obtained by 22 people
- Main qualifications: 14 types below

Google Cloud-related
- Professional Cloud Developer
- Cloud Professional Architect
- Professional Cloud DevOps Engineer
- Professional Cloud Security Engineer
- Professional Data Engineer
- Cloud Digital Leader

AWS-related
- AWS Certified Cloud Practitioner

General IT / Information Security / AI
- IT Passport Examination
- Information Security Management Examination
- G Certification
- CCNA
- Generative AI Leader
- Generative AI Passport

Microsoft Office-related
- MOS (Microsoft Office Specialist)

By leveraging Google Cloud's Vertex AI Search and Gemini, we built our own generative AI environment that all employees can use safely. We have established a system to instantly resolve on-site problems.

Case study 1 Automated responses for the IT help desk and store manuals

AI trained on thousands of pages of internal manuals and past knowledge instantly generates answers to inquiries from stores. This aims to minimize store downtime and reduce Manager workload while improving productivity.

Case study 2 Support for planning marketing promotions

AI trained on past success case data and trends automatically generates campaign ideas and message drafts for social media. We have increased the speed of planning and established a structure that can respond quickly to market changes.

COO MESSAGE

We will Drive Next-Generation Growth Through Enhancing Store Operational Capabilities and Maximizing Customer Experience Value.

Takuo Sato

President and

Chief Operating Officer

Store capability is the source of growth

In March 2026, I assumed the position of President and Chief Operating Officer. From my student days working part-time, and after joining our Group as a new graduate, I have consistently spent most of my career in sales. I believe that having built up real-world experience from every perspective—from part-time employee to the head of the Sales Division—is my greatest strength in management. I deeply understand the positions at each level, which I believe enables me to identify essential issues from the same perspective as all employees and to make swift, highly effective management decisions.

For the past four years, I led business growth as President of Taiwan Skylark. Although I assumed the role amid extremely challenging performance during the COVID-19 pandemic, I carried out bold reforms such as halving the number of menu items and restored profitability. Anticipating the recovery in demand after COVID-19, we prepared for new store openings and expanded new brands such as Musashinomori Coffee, laying the groundwork for growth. We also decided to introduce a dual-role system for kitchen and floor staff, which is not common at restaurants in Taiwan. There was strong pushback at first, but through careful and persistent communication, including raising wage levels and inviting executive staff to Japan to experience operations, we were ultimately able to improve quality and productivity across the store.

My work style is based on “genchi-genbutsu-genba” (go to the site, see the actual thing, and understand the workplace). I visit stores, listen to employees’ real voices and opinions, and work with them to make improvements and achieve our goals. This field-based approach will not change even now that I am in the position of President. I believe that improving store operations capability is the driving force behind our Group’s growth.

Launching cost reduction measures and a new profit improvement project in anticipation of accelerating inflation

As the situation in the Middle East deteriorates, further cost increases are expected. Surging crude oil prices, which have broad-ranging impacts, are an urgent issue that will impose a significant cost burden on our business—not only in food ingredient costs, but also in energy costs and even packaging materials and construction material costs. To address this situation, we will further strengthen our ongoing cost-reduction initiatives through cross-functional collaboration among procurement, production logistics, product development, and sales. In addition, I have taken ownership and launched a new project aimed at improving profitability. Specifically, we will rebuild our earnings foundation by improving company-wide productivity, including productivity improvements through menu optimization and fundamental reforms of low-profit stores. In the short term, we aim to achieve this fiscal year’s performance targets, while in the medium to long term we will strive for a dramatic improvement in our earnings foundation. At the same time, we will promote menu strategies that capture consumption polarization, IP collaboration promotions, and digital promotions leveraging social media, and will aim to achieve sustainable sales growth.

Further evolving store-centered management, drawing out the strength of existing stores, and driving growth

As President and COO, another important mission is to drive the growth of our existing stores, the cornerstone of our growth strategy. The foundation for this is strengthening our store operations capability. We have shifted to store-centered management and have implemented initiatives including delegation of authority, introduction of incentive programs, enhancement of education and training, and reforms to our HR systems. Through these efforts, we aim to improve store Managers’ motivation and elevate their perspective as business operators, thereby achieving improved store operations quality, higher customer satisfaction, and ultimately a virtuous cycle that leads to increases in guest count and average check.

We are in fact receiving more words of praise from customers, and our NPS (Net Promoter Score), which measures customer satisfaction, is improving. We are also seeing a clear correlation between stores receiving more compliments and higher year-on-year guest count, reinforcing our confidence that our strategy is sound. As these initiatives have also contributed to performance improvements such as higher retention rates among part-time employees and higher net sales and store business profit, we will further strengthen efforts to enhance hospitality.

We have introduced various DX tools at stores, making operations more efficient, reducing employee workload, and improving convenience. On the other hand, it is also true that direct points of contact with customers are decreasing. The essence of the restaurant business lies in “people serving people.” Now, as enhancing customers’ “experience value” becomes increasingly important, we believe we need to return once again to this fundamental principle.

That is why I make it a priority to visit stores as much as time allows. By speaking directly with employees and understanding firsthand what is happening at the stores, we make swift decisions from a management standpoint and continue to make improvements from an on-the-ground perspective. By thoroughly committing to this, we will work to raise the capability of each and every store. We aim for all stores to enhance customers’ experience value and continue to be chosen, evolving into indispensable presences in their communities.

Commitment to performance targets and future outlook

As mentioned earlier, our urgent challenge is to achieve this fiscal year’s performance targets in an environment in which accelerating inflation is expected. I intend to firmly lead our cost-reduction measures and profitability improvement project. At the same time, we will further advance store-centered management, draw out the quality of store operations and the growth potential of existing stores, and achieve sustainable profit growth for the Group as a whole.

Looking ahead, I hope to deliver Skylark Group’s rich dining experiences to people around the world. Based on my experience in Taiwan, I believe that we have great opportunities to win overseas by leveraging our solid management foundation while developing brands and menus that accurately capture local needs. In Japan as well, while keeping growth of existing stores as our core, we will expand market share by accelerating strategic store openings in carefully selected locations along with region-by-region store portfolio development.

Although the business environment is becoming increasingly uncertain, we will build an organizational structure that can demonstrate strength in any circumstances, take the lead in driving further growth in the domestic market and development of overseas markets, and work to sustainably enhance our corporate value.

We sincerely ask for your continued expectations for our Group and for your unwavering support.

Go on the offense while defending! Growth Strategy

Towards sustainable growth, the Company is promoting a growth strategy that combines "cost reduction" and "sales revenue improvement" as its two pillars. On the defensive side, the company-wide "Cost Reduction Project" to combat inflation has achieved results that exceed our targets. On the offensive side, in the first year of the Medium-Term Business Plan, we recorded growth in both sales revenue and operating profit that surpassed our projections. Going forward, we will continue to pursue this dual strategy of offense and defense to achieve further growth.

Q1 How will Skylark overcome cost increases driven by the inflation and a weaker yen?

A Our unique offensive and defensive strategies

Reducing the cost of goods through a vertically integrated supply chain, and improving sales and earnings power through store reforms

We will overcome rising raw material prices, the weak yen, and other drastic changes in the external environment through our unique offensive and defensive strategies. On the defensive side (costs), we will leverage our vertically integrated supply chain that spans everything from procurement to manufacturing, logistics, and in-store delivery to push forward with strategic cost reductions. On the offensive side, we will deploy initiatives centered on rapid business format shifts and remodeling, as well as detailed marketing strategies. Through thorough operational reforms, we are also establishing a structure that reliably increases sales and earnings power even under inflation.

Q2 Can Skylark increase customer traffic?

A Boosting customer traffic through investment in people

A virtuous cycle proven by study session and customer compliment numbers

The driving force behind increasing customer traffic lies in investment in people. We strategically strengthened our time investment in study sessions and training to enhance customer service and cooking skills. As a result, service quality has evolved and customer satisfaction has improved significantly. In fact, a strong positive correlation can be seen between the number of study sessions held and the number of compliments from customers. This on-the-ground execution capability is what increases repeat customers and contributes to a steady rise in customer traffic. Our people's sense of fulfillment supports our sustainable ability to attract customers.

Q3 How will Skylark grow as the population declines in regional areas and elsewhere?

A Local regions can win, too

Overturning the conventional wisdom of saturation: a 3,000-store "regional infrastructure strategy"

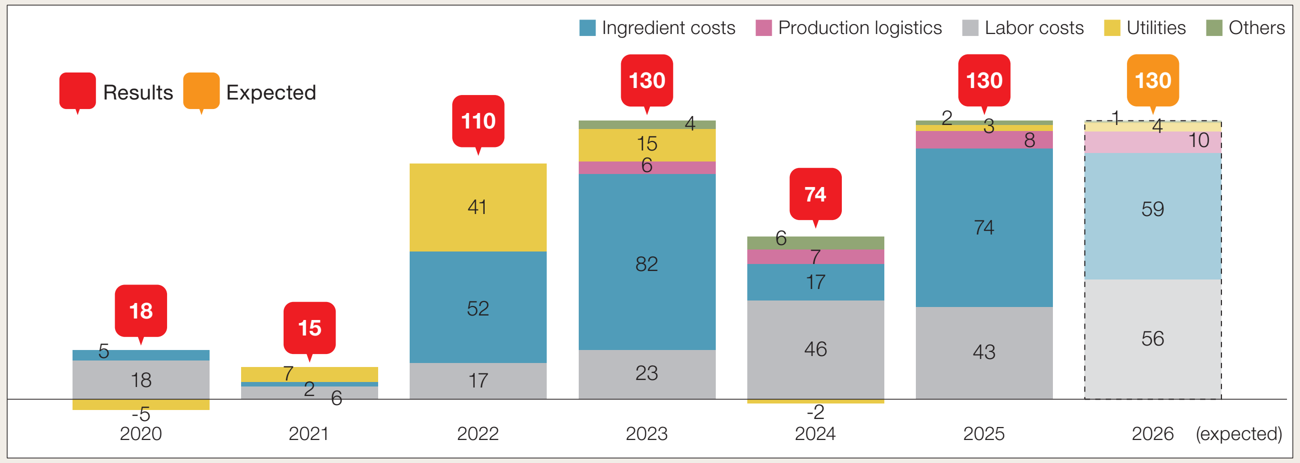
We intend to overturn the misconception of "domestic market saturation" with a network of more than 3,000 stores nationwide and diversified brand expansion. Even in rural and suburban areas where population decline is progressing, we are creating new reasons to dine out by shifting business formats to Sukesan Udon and Syabu-Yo, in line with demand. There is also ample room for new store openings in urban areas and commercial clusters. We will continue to develop a highly efficient earnings model by having our nationwide store network also function as bases for delivery and takeout.

Defensive Growth Strategy — Cost Reduction Project

Acting across our supply chain to counteract high costs

We act under our Cost Reduction Project to counteract the inflationary environment and achieve sustainable growth. We are pursuing optimization in all processes of the supply chain and have achieved results exceeding our targets.

2026 Inflation Outlook



Results of the Cost Reduction Project Promoted at Three Levels (2025 Reform Level)

Through a cross-company project team and a multifaceted approach spanning procurement, manufacturing, menu development, and store operations, we achieved cost reductions of 3.32 billion yen in FY2025 (FY2026 target: 2.2 billion yen).

Level 1 Purchasing Reform
- Price negotiations accompanying regulatory relaxation and changes in contract terms
- Change of production location (country) or diversification of business partners
- Control through bulk purchasing and long-term contracts

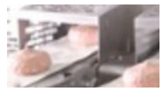
Level 2 Production and Logistics Reform
- Manufacturing work improvement
- Expansion of internalization, automation
- Logistics efficiency improvement
- Promotion of ingredients modules

Levels 3, 4 Menu Improvement
- Efficiency through menu segmentation
- Review of recipes and ingredients
- Gross profit improvement through optimization of prices
- Reduction of food loss in stores

Cross-division Project Team

Cumulative results 560 million yen

Cumulative results 300 million yen



Cumulative results 2.46 billion yen

Annual
Cumulative results **3.32 billion yen**

Key Countermeasures

Item	Specific hedging measures and actions			
Purchasing Reform	Priority categories	Inflation factors and general overview		Countermeasures
	Beef	Soaring international market prices	● The number of cattle raised in the U.S. is at its lowest level in 75 years ● Intensifying competition with other countries	● Expansion of procurement areas and routes
	Chicken	Price surge due to increased demand	● Increased demand as an alternative protein source to more expensive beef and pork	● Develope new suppliers and reduce costs by relaxing delivery size constraints for meat processed in-house factories
	Pork	Price surge due to supply shortages	● ASF (African Swine Fever) outbreak in Spain, import ban imposed	● Expansion of usable cuts ● Global development of new supply areas
	Securing inventory of crude oil-derived products and considering alternative products			
Production and Logistics Reform	Expanding in-house primary processing at our 10 in-house factories Improving yields and reducing waste loss through flexible changes to specifications			
Menu/ Operations	Improving productivity through menu standardization Promoting ingredient modules, including at acquired companies Turning delivery costs into variable costs by hybridizing with external delivery services (such as Uber Direct)			

Offensive Growth Strategy

— Robust growth power created by promoting the Medium-Term Management Plan —

Medium-Term Management Plan 2025-2027

Aiming to Practice Sustainable Management through Four Growth Strategies

Skylark Group has created a Medium-Term Management Plan with FY2027 as its final year. Under this plan, we have set out clear growth strategies (existing store growth, new store openings (domestic), overseas expansion, and pursuit of M&A) on a foundation of three key basic axes amid a drastically changing business environment, to achieve sustainable growth for Skylark Group.

Four Growth Strategies

Item	Strategies and Actions	Target Values
Existing Store Growth	● 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: Average 40 stores per year ● Store renovations: Average 300 stores per year Guest count growth: Average 1% per year ● Average check growth: Average 2-3% per year
New Store Openings (Domestic)	● 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 of multiple brands in regional medium-sized cities	**About 300 store openings in Japan in 3 years**
Overseas Expansion	● Opening of other brands in Taiwan ● Expansion of SHABU-YO stores in the U.S. ● Expansion into Southeast Asian countries	**About 100 store openings overseas in 3 years**
Pursuit of M&A (not included in financial targets)	● Support business expansion of other companies 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	FY2025 (actual)		2026 (guidance)		2027 (planned)		2025-2027
	Figure	% of sales	Figure	% of sales	Figure	% of sales	Annual average growth rate
Net sales	457.8	–	490.0	–	approx. 460.0	–	7% or higher
Business profit	33.0	7.2%	36.0	7.3%	approx. 34.0	7.4%	20% or higher
Operating profit	30.0	6.5%	33.5	6.8%	approx. 32.0	7.0%	20% or higher
Net income	16.7	3.7%	19.5	4.0%	approx. 18.0	3.9%	20% or higher
ROE	9.3%	–	10%	–	9–10%	–	–

Medium-Term Management Plan

Existing Store Growth 1

Brand Conversion and Store Remodeling

Sustainable Growth Through Maximization of Store Asset Value

Brand Conversion 1. Maximization of area profitability through strategic conversion

The strength of Skylark Group lies in its diverse portfolio of over 20 brands, allowing us to restructure to the most suitable brand for a given location while resolving cannibalization (competition between our own stores) within the same area.

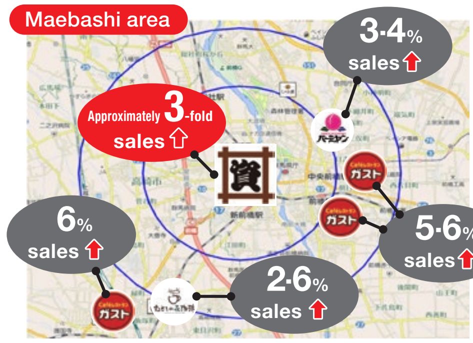
FY2025 performance

Category	Number of stores	2025 results
Brand conversion	36 (34 domestic stores, 2 overseas stores)	Sales effect: +101% De-cannibalization impact: +5.4%

Examples of area profit maximization

● Maximizing profitability by converting to Sukesan Udon in regional cities

Conversion of one of multiple Gusto stores in the same area to Sukesan
● Same-store sales increased approx. 3-fold
● Sales at surrounding stores increased by 2-6%



Enhancing market potential and creating new dining motivation even in regional areas with declining populations

— FY2026 conversion policy —
We plan to carry out 50 brand conversions in FY2026, centered on Syabu-Yo, our most profitable brand, and Sukesan Udon, which receives calls for store openings from around the country.

Store Remodeling 2. Maximization of sales through data-driven store remodeling and signage installation

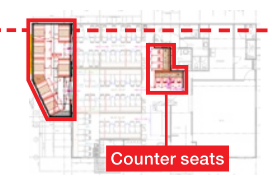
We are continuously creating spaces that adapt to the changing times to rebuild the appeal of existing stores and to increase customer traffic and average check. Furthermore, by strengthening the installation of lead signs (directional signage) and store signage, we are increasing touchpoints for customers and contributing to sales increases.

Action items	FY2025 results	Investment effects and outcomes		FY2026 plan
Store renovation	223 stores	Creation of comfortable spaces and new designs aligned with concepts Improvement of seating efficiency through table ratios tailored to party sizes visiting stores	Customer traffic effect: +4.3%	230 to 240 stores
Lead signs (directional signage)	364 stores	Visibility enhancement measures to attract “drive-by” customers, the most common reason for visiting	Customer traffic effect: +2.1%	300 stores
Storefront signage	398 stores	Visibility enhancement measures to attract “drive-by” customers, the most common reason for visiting	Customer traffic effect: +1.1%	300 stores

Remodeling example

Bamiyan Yokohama Nojima Park

Customer traffic effect: +13.3%

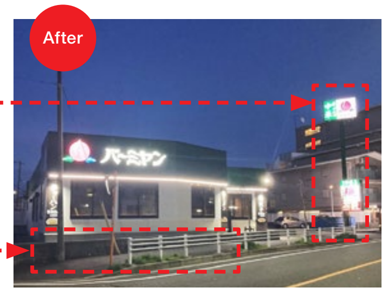


Improvement of visibility by installing graphic signage and changing the design of three-sided pole signs

Signage

Floor space expansion

We expanded floor space, significantly increasing table and seat count
31 tables, 110 seats ⇒ 48 tables, 131 seats
(+17 tables, +21 seats)



Medium-Term Management Plan

Existing Store Growth 2

Enhancement of Store Service

Significantly Improved Productivity and Net Sales through Visualization of Operations and Working Hours

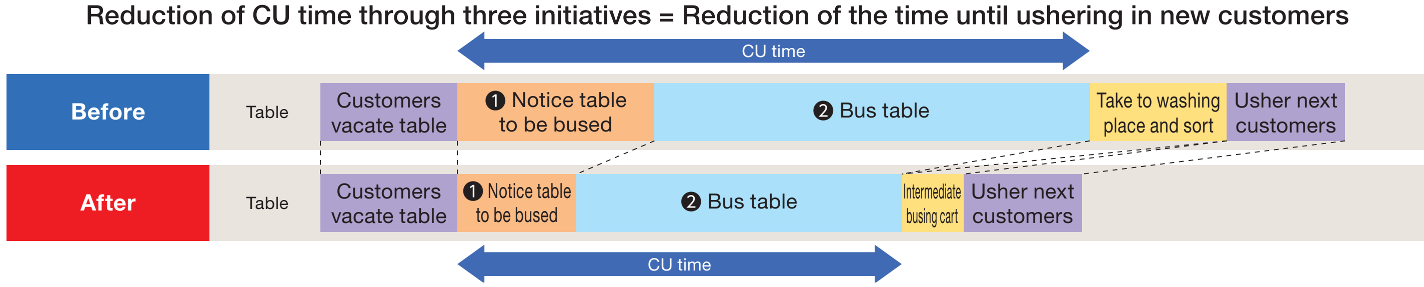
The Company has completely shifted its management focus to store-centered management to maximize profitability across its domestic network of 3,000 stores. To enhance store operational capabilities, we are undertaking initiatives to boost productivity by breaking down store operations in detail and implementing work improvements in each process. Our benchmark in doing so is "operational visualization." In 2024, we visualized data on the time (clean-up time, or CU time) to complete table setting after customers vacate a table, carried out initiatives to shorten CU time, and increased the guest count effect through improved turnover rate.

Visualization of Operations: On-Site Checking × DX

Reducing CU time in every process and improving turnover rate

❶ Noticing of table to be bused	❷ Speed of busing	❸ Use of intermediate busing cart

Reduction of CU time through three initiatives = Reduction of the time until ushering in new customers



What is CU time? ➡ The time from when guests leave the table until table setting is completed

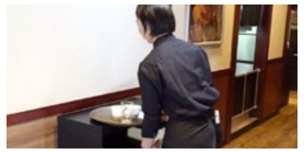
❶ **Tables vacated by guests are displayed on a tablet. Shorten time required to find tables to be bused.**

❷ **Training in faster table busing**

Production of and training with video manuals that enable the same operational procedures by all crew members.

Increase in guest ushering efficiency by changing the task allocation of two crew members to bus a table.

❸ **Reduction in walking and sorting times through placement and use of intermediate busing carts**

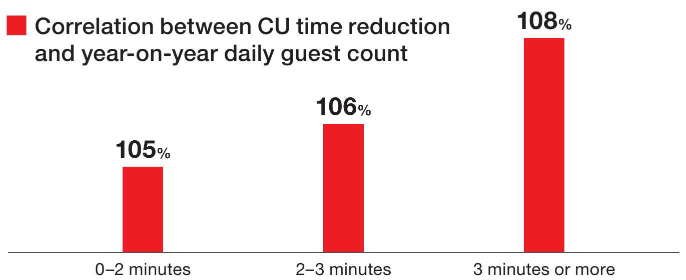


Improvement in number of steps required to reach bused tableware or carry it to washing location, depending on store floor area.

Improvement Impact

CU time is correlated with guest count. Stores that improve CU time tend to have a higher guest count than in the previous year. As an effective means of increasing guest count, we are carrying out store-specific data analysis and improvement activities.

■ Correlation between CU time reduction and year-on-year daily guest count



* Actual results for December 29, 2025 – January 4, 2026

Visualization of Working Hours Through the Introduction of the Rakushifu Attendance Management System

We have introduced the Rakushifu shift management app across all stores as an aggressive staffing platform to enhance stores' product sell-through ability.

Eliminating the black box of shift requests and systematic staff dispatch

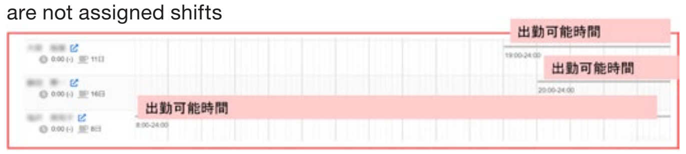
Conventionally, shift request information for employees and crew members was managed individually only by the store Manager, but we have revamped this into a system for centralized viewing in real-time up to the Sales Division Manager level. As a result, employees who have submitted their shift preferences (willingness to work) but are not assigned shifts due to time slot constraints at their store (surplus resources) are visible at a glance across the organization.

Pinpointing help requests/negotiations and appropriate labor management

With the introduction of this system, we can now scientifically execute pinpoint requests for help to neighboring stores facing staff shortages during weekends or peak seasons, based on data. We are building a flexible labor environment that enables agile "investment of working hours" during periods of highest sales momentum, while optimizing full-time employees' public holiday management and paid leave acquisition by curbing unnecessary overtime.

Work schedules of attendees (black line indicates shift requests; blue line indicates actual shifts)

Crew members who submitted preferences but are not assigned shifts



Establishment of a Single-Day Part-Time "Spot Crew System" Developed In-House

As the desire to effectively utilize spare time to work has grown with the times, we launched the in-house operation of single-day part-time jobs on July 1, 2025, matching recruitment shifts across approximately 2,600 Skylark Group stores nationwide. We are promoting the creation of an environment that meticulously responds to requests to work closer to school during free time or work for a fixed time during return trips home, linking this to resolving sudden labor shortages and securing working hours during peak business periods.

A platform allowing former crew members (retirees) to immediately contribute

Approximately 20% of matched external spot crew members consist of individuals who have retired from Skylark within the past five years (former crew members). While about 45,000 people leave annually due to graduation and other reasons, we have built a unique platform that allows highly skilled personnel to perform as immediate assets over the long term, easily working on requested dates even after retirement.

Approximately 2,600 stores nationwide

☑ Effectively utilizes spare time

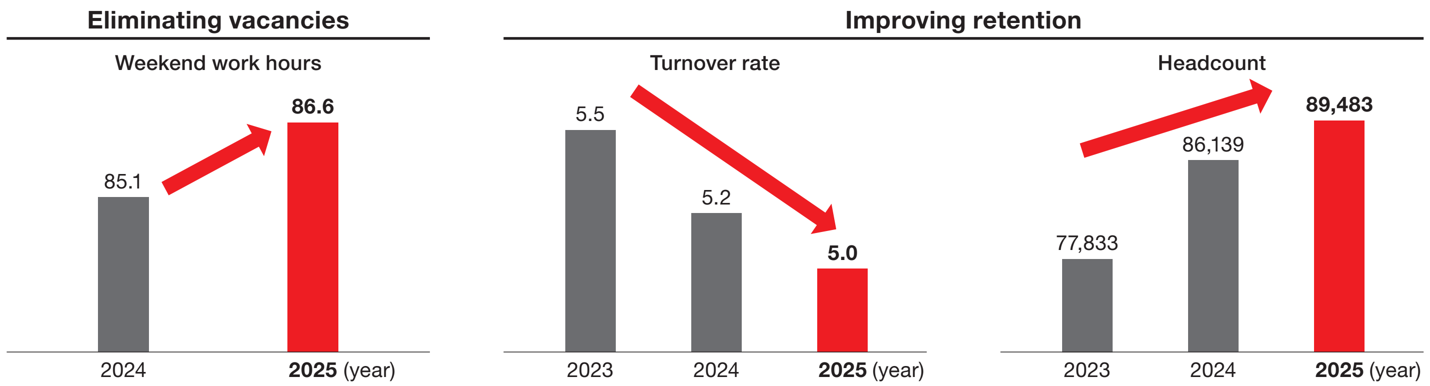
☑ Manuals are standardized, enabling immediate contribution!

Approximately 70,000 people registered
as of the end of April 2026

Crew Point System

By granting crew points on weekends and during peak seasons when the guest count increases, we have raised the attendance rate of part-time workers (2% up), contributing to securing working hours on weekends.

Thanks to these initiatives, we have seen a decline in turnover rates and improved retention, which, through enhanced employee proficiency, strengthens store operational capabilities and contributes to increased guest count and net sales.



Medium-Term Management Plan

Existing Store Growth 3

Marketing Advancements

Creating Customer Experiences by Advancing Digital Infrastructure and Data Analysis

Our Group positions its domestic store network of 3,000 locations and the Skylark app, which has surpassed 33 million downloads, as key management resources, driving a marketing strategy that deeply integrates digital and physical realms. In FY2025, the shift away from conventional, uniform promotions to data-driven marketing measures centered on customer data proved effective. We achieved strong growth, with same-store sales at 108.0% year on year (guest count 102.0% / average check 106.0%). In FY2026, we will further accelerate personalization using AI analysis, pursuing sustained sales growth and maximization of customer experience value.

1. Deepening Our Understanding of Customers and Establishing One to One Marketing Through the Skylark App

By analyzing member attribute information, visit history, order data, survey responses, and other information in detail, we are advancing the sophistication of our CRM to deeply understand the preferences and needs of every guest.

● Promotion of personalized communication linked with the app

Linking our proprietary point platform, Skylark points, with the app, we automatically deliver recommendations and campaign notifications based on individual dining history. By optimizing segmented thank-you emails and birthday coupons, we aim to enhance loyalty and maximize visit frequency.

● Designing engagement enhancement measures according to customer stage

We design communication measures according to the customer's usage stage (new, repeat, fan, dormant). In addition to communications that introduce the appeal of our brands, we build communications that effectively enhance customers' intent to visit by analyzing customer attributes and usage status (frequency/preferences) based on AI data analysis, selecting and delivering the optimal timing (season/date/time), content (products/events), and channel (tools).

2. Full-Scale Operation of Personalized Dynamic Coupons

We are moving into full-scale operation of dynamic coupons that appeal to customers while maximizing profit margins and guest count.

● Distribution of coupons optimized for individuals

Moving away from uniform brand-wide discounts, we now issue optimal coupons at the optimal time, tailored by region, prefecture, individual store, and further by customer preference and usage scenario. We have simultaneously achieved proposals that resonate with guests and highly efficient sales promotions. By linking with forecast data for quiet periods by day of the week, time slot, and store, we aim to level the operational load on stores by creating demand agilely, while promoting repeat visits driven by customer satisfaction and an increase in average check through a higher number of items ordered, without relying on excessive discounting.

3. Deepening Menu Development and Promotion Based on Data Analysis

Based on advanced data analysis, we accelerate market-in strategy formulation and tactical execution to maximize profitability, developing new menu items that excite consumers and refining existing products.

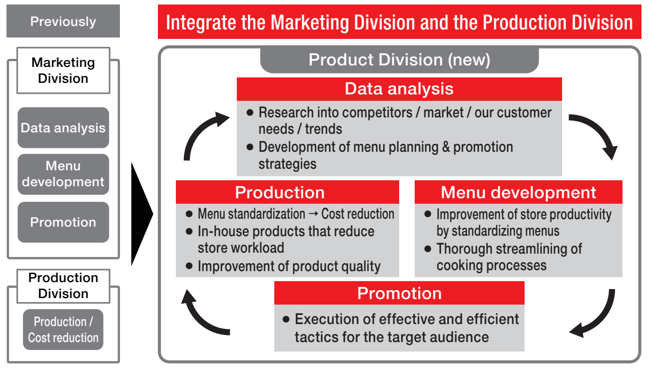
■ Example: Refining Yamaya Supervised Motsu Nabe

Unit sales price +110 yen

Period sales volume approximately tripled

Based on verification data from the previous year, we implemented improvements reflecting frequent requests, such as increased amount of variety meats, more toppings, the introduction of a champon noodle set, and use of tabletop stoves. We achieved both improved customer satisfaction and a higher average check.

■ Integrated menu development, promotion, and production under a new organization



4. Fostering Talent for Marketing and Menu Development Utilizing Generative AI

We are strengthening our organizational personnel development programs to reliably link increasingly sophisticated marketing technology and generative AI to revenue in the field and to maintain our competitive edge in the market.

● Shift to AI-driven development

We conduct specialized training aimed at improving planning quality by incorporating AI into the process from planning and drafting to tasting approval.

● Capitalizing on past knowledge and developing a data infrastructure

We are developing system infrastructure that allows AI to instantly utilize vast amounts of past development knowledge and data in the form of data lakes and RAG (Retrieval-Augmented Generation). We are building a system where accumulated know-how can be scientifically reproduced across the organization.

● Multifaceted data analysis and automatic generation of plans

We analyze three years of social media and dining data using AI to automatically generate personas. We are developing professionals who can rapidly execute product planning that excites consumers, utilizing tools like NotebookLM, image generation tools, and our dedicated menu planning app.

Leading the use of generative AI — Yoshie Fujimoto, AI Promotion Team Leader, IT Division

Yoshie Fujimoto widely promotes the use of AI in the food service industry. In this role, she has spoken at a Google event and was featured in Nikkei Woman magazine. She engages in the operational application of AI across all divisions of Skylark Holdings.

5. Evolution of the Third Growth Driver: Delivery, Takeout, E-Commerce, and External Sales

❶ Building an in-house order receipt and hybrid home delivery system and improving profitability

While the food delivery market continues to expand post-pandemic, our Group has strongly promoted the development and implementation of a hybrid delivery system for in-house orders since FY2025. This system uses AI to automatically and optimally allocate orders received via our website and app between in-house delivery staff and external delivery agents (UberDirect, etc.) in real time, based on store staffing levels and time slots. This eliminates the bottleneck of maximum order intake capacity during peak times and achieves reductions in fixed costs like vehicles and efficiency in labor costs.

For takeout, we will focus efforts on developing takeout-exclusive menus tailored to pricing strategies and usage scenarios to drive sales growth.

❷ Dramatic expansion of the e-commerce and external sales (frozen foods) business and group synergies

We advanced the expansion of our e-commerce and external sales businesses, achieving a significant increase in both revenue and profit, with annual cumulative net sales and operating profit for 2025 both reaching 139% year on year. We are pioneering the market, leveraging our greatest advantages: an app membership base exceeding 33 million downloads, strong brand recognition from our 3,000 domestic stores, and our development capabilities.

Product Planning, Proactive Sales & Promotion to Expand Sales Channels

External sales domain

Through accumulated efforts such as exhibition participation, direct proposals to buyers, and in-store activities, we succeeded in expanding product distribution to over 110 major retailers, including large-scale mass merchandisers and drugstores.

E-commerce domain

In addition to our website, we have comprehensively opened stores on seven major e-commerce malls, including Rakuten Market, Amazon, Yahoo! Shopping, and Satoful. Through seasonal event planning, email newsletter promotions, and meticulous SEO measures, we have achieved strong results, including winning a sales growth rate award on au PAY Market.

Pan Pacific International Holdings Corporation, UNY Co., Ltd., Don Quijote Co., Ltd., etc.

Medium-Term Management Plan New Store Openings (Domestic)

Optimizing Recovery of Investment through Rigorous Location Selection

Our Group is strategically promoting new store openings in the domestic market as a source of further growth, while maintaining our robust store network of 3,000 domestic locations. The environment surrounding the restaurant industry is becoming increasingly uncertain, due to recent surges in construction costs, labor shortages, and prolonged inflation associated with geopolitical risks. Under these circumstances, rather than simply pursuing an expansion path based on store opening targets, we are steering toward a highly reliable store opening policy with rigorously selected locations, prioritizing the rapid recovery of investment and maximization of area profitability for new stores.

1. Policy for Selective Store Openings and Plan for FY2026

Recent new store openings have demonstrated high profitability exceeding existing store averages. We analyze that there is still significant room for store openings in the domestic market.

Store opening plan for FY2026

We plan to open approximately 70 new stores over the full fiscal year (steady expansion compared to the previous year).

Setting of strict investment criteria

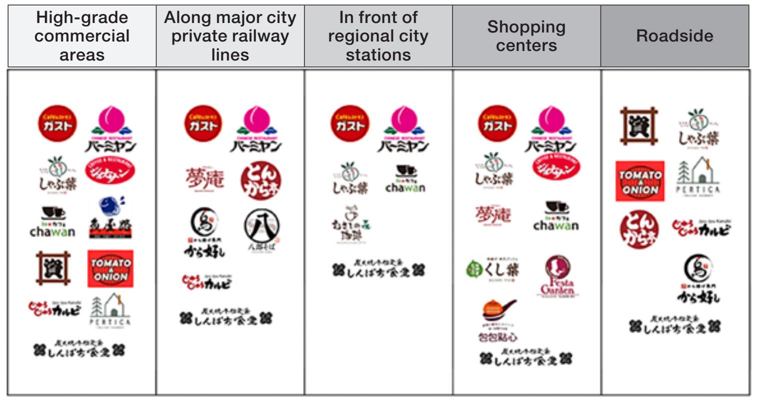
We rigorously select only high-cash-flow, high-efficiency locations where the initial investment relative to the investment amount per store can be reliably recovered within five years. We eliminate the investment risk for locations with high uncertainty through an agile store opening review process.

2. Key Store Opening Areas Driving Growth

The ratio of openings has shifted from a previous focus on roadside locations to station-front areas and shopping centers, among other areas. We estimate the potential for openings there at over 1,500 stores. With Shinpachi Shokudo joining the group, our policy is to further accelerate new openings in front of stations.

Store Opening Ratio	High-grade commercial areas	Along major city private railway lines	In front of regional city stations	Shopping centers	Roadside	Total
FY2019 performance	3.1%	12.5%	–	6.3%	78.1%	100.0%
FY2026 plan	8.0%	34.0%	12.0%	34.0%	12.0%	100.0%
Potential for store openings*	857			126	521	1,504

* Existing brands only



3. Store Opening Advantages and High Profitability Utilizing In-House Infrastructure

The unique management resources that Skylark Group has cultivated over many years dramatically increase the success rate of new store openings.

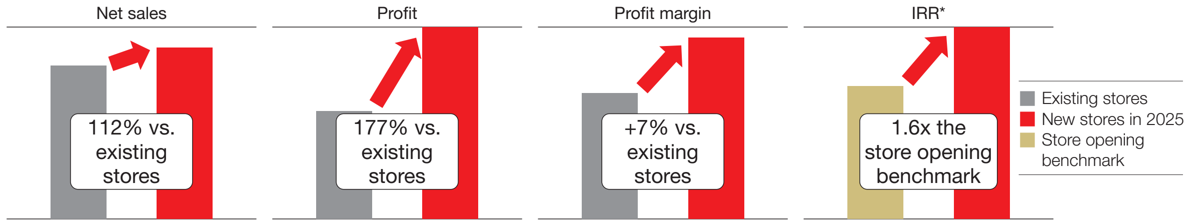
Benefits of a vertically integrated supply chain

We have built a logistics network that allows daily delivery of ingredients across Japan via 10 company-owned central kitchens and an in-house logistics network nationwide. This enables us to immediately enjoy economies of scale and maximize operational efficiency, even when expanding into regional areas or new territories.

Demonstration of higher profitability than existing stores

Our stores opened in recent years are contributing greatly to sales and profit. Our store openings in 2025 have been targeted accurately, demonstrating high performance in terms of sales, profit, and IRR compared to existing stores.

Performance of new stores opened in 2025
(43 stores of Skylark Restaurants Co., Ltd.)



* IRR (Internal Rate of Return) = Discount rate at which the present value of the future cash flow obtained through investment and the current value of the investment amount are equal

The misconception of no room for growth in the Japanese market

Proving unprecedented store opening accuracy across regions using data science
Japan's food service market expanded to around 36 trillion yen

Why is our store opening accuracy high?

- Store development know-how gained through 50 years of in-house brand and site development
- Establishment of successful store opening package involving over 320 variables, based on analysis of success and failure patterns of 5,000 past store openings, conversions, and closings
- Data analysis and market research capabilities grounded in on-site checking

■ Examples of new stores opened in 2025 and 2026

Along major city private railway lines

Gusto Kyobashi Coms Garden
vs. existing store sales:
Approx. 125%

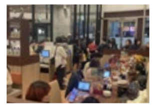
April 2025 Open

- Opened in conjunction with facility renovation in April '25
- Located within walking distance of Kyobashi Station, which has 472,000 daily passengers

High-grade commercial areas

Bamiyan Odaiba Kaihin Koen Station Front
vs. existing store sales:
Approx. 143%

January 2026 Open



- In front of Odaiba Kaihinkoen Station, 1st floor of a building opposite Jonathan's Odaiba Decks Tokyo Beach
- First floor of a large office building, which encourages entry by office workers

!
High Potential in Regional Cities

Opening of multiple brands in regional medium-sized cities

Syabu-Yo Obihiro City Hall Front
vs. existing store sales:
Approx. 132%

September 2025 Open

Musashinomori Coffee Obihiro City Hall Front
vs. existing store sales:
Approx. 108%

September 2025 Open

- Simultaneous opening of two brands in the same area
- Meets high dining-out demand in the Obihiro area for the Group (Gusto and Bamiyan already established)

Mid-sized regional cities

Bamiyan Tomakomai
Reached No. 1 in sales among all brand stores!

April 2026 Open

TOPICS

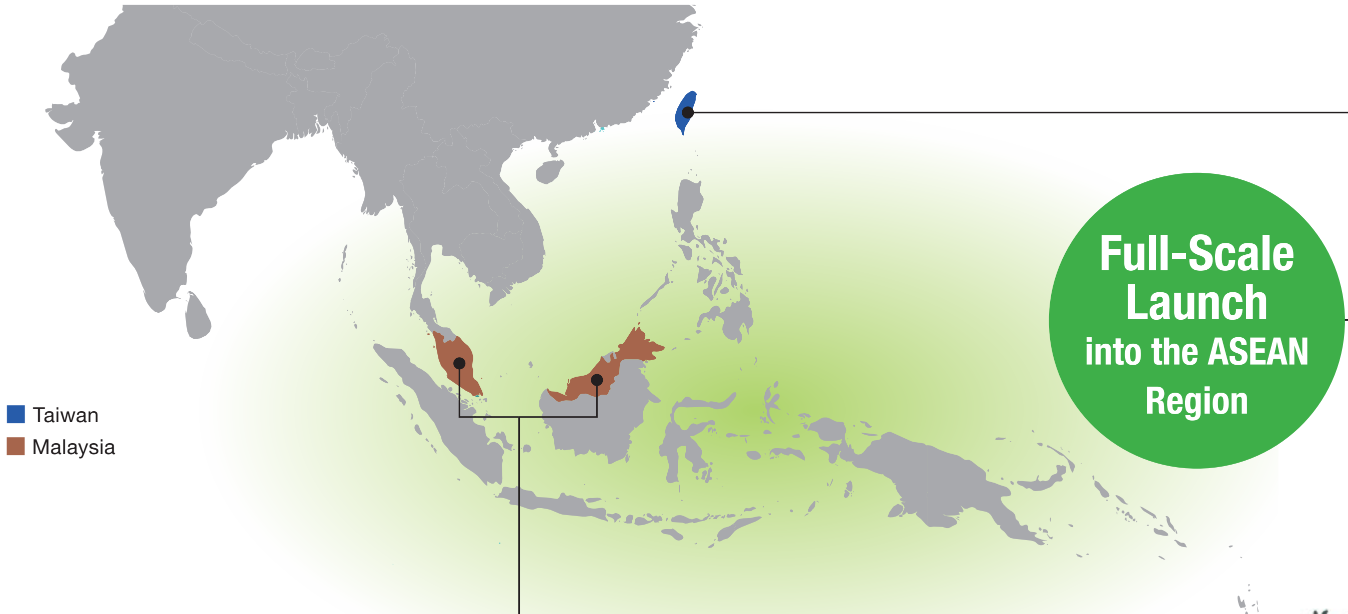
Deepening data analysis and developing expert store development personnel

- We introduced a pedestrian flow measurement system for large commercial facilities (shopping centers) to visualize consumer traffic routes and dwell time. This provides logic for scientifically selecting optimal tenant stores.
- We achieved refinement of store development based on data analysis, simulating the lifestyle and brand preferences of potential customers at a site by combining real-time pedestrian flow data, data on our 33 million app members, and competitive/market environment information.
- In line with the evolution of these technologies, we established a career path for Expert Positions (specialized roles) that pursue deep specialization. We provide advanced specialized training, such as data science and real estate investment analysis, to store development members, strengthening the development and appointment of professional personnel who lead precise, data-driven store development.

Medium-Term Management Plan **Overseas Expansion**

Accelerating Expansion in the ASEAN Region, in Addition to Active Development in Taiwan and Malaysia

As of the end of December 2025, our Group operates 89 stores in Taiwan, 25 in Malaysia, and 2 in the United States. We localize our know-how concerning vertically integrated supply chains and highly efficient multi-brand management, cultivated in the domestic market, to match the market characteristics of each country, promoting store openings while carefully assessing geopolitical risks and inflation trends. We aim to open approximately 100 stores overseas over the three years from 2025 to 2027, primarily in the ASEAN region.



Malaysia

Development of a brand strategy for two different target groups: ethnic Chinese and Malays

25 stores

Plan to open 6 stores in 2026

Potential for over 100 store openings

SYABUYO

SUKI-YA

In Malaysia, a country with a very young average age of about 30, the restaurant market is expected to grow further, primarily within the child-rearing age range and other age ranges with strong consumption propensity.

Malaysia is a nation in which two ethnic groups, Chinese and Malay, are integrated. By deploying brand strategies targeting these different audience segments, we aim to rapidly expand our store network. In January 2025, we acquired all shares of Createries Consultancy Sdn. Bhd. (CC Group), which operates popular sukiyaki and shabu-shabu restaurants in Malaysia, including Suki-Ya, and made the company a subsidiary. Along with Skylark's own SHABU-YO, we are promoting business expansion in Malaysia.

- SHABU-YO: A restaurant that serves pork and alcohol, with seven stores in the Kuala Lumpur metropolitan area. It is popular particularly with ethnic Chinese customers.
- Suki-Ya: A Muslim-oriented restaurant that does not serve pork or alcohol, with 18 stores in the Kuala Lumpur metropolitan area. It has become popular with Muslim customers.

Synergies between the two companies

By holding two shabu-shabu brands, sharing is possible in many areas including procurement, delivery, store design, and human resource training, which can increase business efficiency.

SHABU-YO

Sunway Pyramid Store

Our acquired subsidiary Suki-Ya

My Town Shopping Center Store

Taiwan

12 stores opened in 2025, with strong performance

89 stores

Plan to exceed 100 stores in 2026

First entry in 2026

The Taiwanese market is the primary driver of growth for our overseas business.

Horizontal deployment of key brands

The openings of high-value-added brands that enjoy strong domestic support in Japan, such as the shabu-shabu specialty restaurant Shabu-Yo and Musashinomori Coffee, are performing exceptionally well. Leveraging our established production capabilities and logistics network as a foundation, we will accelerate new store openings at a steady pace of over 10 stores annually, primarily in major cities, aiming for further growth.

Localization of vertical integration

The in-house factory established in Taipei in 2023 has been approximately doubled in scale and production capacity, allowing us to internalize the primary processing of ingredients for various brands. Supported by this powerful supply chain, we have established a system that achieves both economies of scale from multi-store expansion and high gross profit margins.

First store openings of brands

1996 SKYLARK

2003 Café Grazie

2007 Aiya

2015 Shabu-Yo

2015 Yokohama Steak

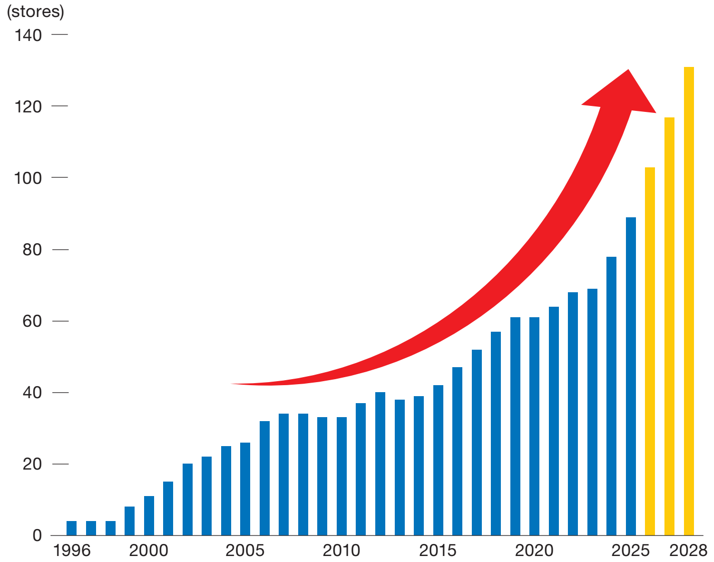
2023 Musashinomori Coffee

2025 La Ohana

June 18, 2026: Sukesan Taiwan 1st store opens

Enhanced in-house factory enables diverse brand deployment tailored to local needs

Trend in number of stores



TOPICS Toward Entry into Indonesia

As our next growth strategy in the ASEAN region, we have launched our full-scale entry into Indonesia. This country is a massive market with the world's fourth-largest population (approx. 280 million) and the world's largest Muslim population, where, against a backdrop of a young demographic, the middle-income class is expanding and solid domestic demand continues to grow. Locally, demand for and trust in Japanese cuisine are extremely high, and the number of consumers seeking premium dining out experiences is rapidly increasing. While reliably capturing these local consumption trends, we will horizontally deploy the know-how cultivated at Suki-Ya in Malaysia and aim for business success in this country.

Medium-Term Management Plan **Pursuit of M&A (Domestic) (Overseas)**

Strategic M&A that Addresses the Diversification of Food Culture

Domestic — Expanding our low-price portfolio with the addition of Shinpachi Co., Ltd. as a new partner from April 2026

As the next step in our strategic M&A to address diversifying food culture, our Group acquired all shares of Shinpachi Co., Ltd. in April 2026. Shinpachi operates 108 stores in Japan (company-owned and franchise, as of the end of February 2026), including the charcoal-grilled dried fish set meal restaurant Shinpachi Shokudo.

Strategic Background and Objectives: Why Shinpachi Shokudo Now?

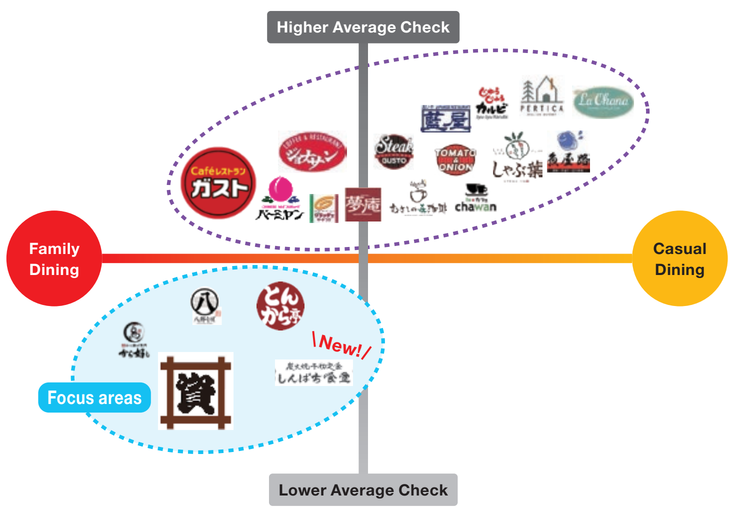
Reason 1 An overwhelmingly popular unique charcoal-grilled dried fish and grilled fish brand

Shinpachi Shokudo offers juicy dried fish carefully grilled to order on a uniquely developed charcoal grill, over 20 varieties of set meal, and carefully selected rice and miso soup used even in high-end Japanese restaurants, all at surprisingly reasonable prices. This business model, which continues to provide “authentic, luxurious everyday meals” at low prices, holds inimitable, unique value that embodies Japan’s rich food culture. With the recent rise in health consciousness and the difficulty of making grilled fish at home, the value of enjoying it at any time is gaining attention from a wide range of customers.

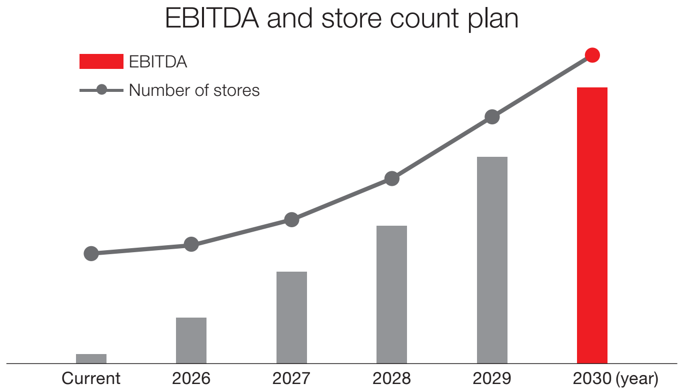
Reason 2 Strong access to prime locations including urban areas, near stations, and commercial hubs

While Skylark Group’s previous expansion was primarily centered on suburban roadside locations (approx. 80%), Shinpachi has built a strong dominance in urban areas, areas near stations, and commercial facilities including within Tokyo’s 23 wards. The mutual complementarity of our location portfolios allows us to directly meet the the dining out demands of commuters, students, single-person households, seniors, and inbound visitors in urban areas that we have been unable to fully approach until now.



Growth projection for Shinpachi Shokudo



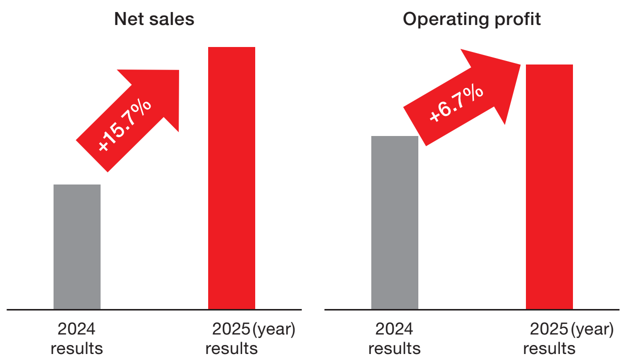
2030 targets — Store count (including overseas): 300 or more
EBITDA: 6.0 billion yen or higher

Overseas — Rapid growth of Suki-Ya in Malaysia

As a pillar of our strategic M&A in overseas markets, Suki-Ya, a shabu-shabu brand for the Muslim community in Malaysia that we acquired in January 2025, has achieved growth exceeding our expectations one year after integration.

The Overwhelming Strong Performance of Suki-Ya and Factors Behind It

Suki-Ya, which offers high-quality shabu-shabu buffets at affordable prices without serving pork or alcohol to cater to the Muslim community, boasts immense local popularity. Capturing Malaysia’s robust domestic demand, primarily among families with children, recent performance significantly exceeded plans in both net sales and profit. The number of stores has also been steadily expanding, increasing by 4 since the acquisition to 18 stores, with plans to open 5 more in 2026.



Reason 1 Addressing the majority Muslim community

Addressing the needs of the Muslim community, which makes up over half the population, we have established an unshakeable local position as a place for premium dining out experiences.

Reason 2 Speeding up investment recovery

Thanks to overwhelming brand power, net sales and profitability per store are high. We expect to significantly shorten our standard investment recovery period.

Future Outlook: Establishment of a Dedicated Factory and Horizontal Expansion Across ASEAN

The success in Malaysia will not be limited to expansion within a single country. We will expand the know-how gained from Suki-Ya across Southeast Asia.

Strengthening the supply chain through the establishment of a dedicated factory

We will construct a new company-owned factory within Malaysia and proceed with the in-house production of ingredients for Suki-Ya. We expect further profit improvement through the optimization of this manufacturing and supply line.

We will horizontally deploy the operational know-how accumulated in Malaysia, insights into menu localization, and the manufacturing and supply capabilities of the newly established dedicated factory across the ASEAN region.

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 (including those leveraging existing stores) ● 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 know-how leveraging big data
Examples of companies with which we have synergies	● 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, etc. for which business scale and efficiency can be enhanced through our infrastructure

Planned three to five cases over three years — **Conducted one M&A each year from 2024 to 2026, for a total of three M&A deals!**

Maintaining Financial Discipline & Enhancing Shareholder Value over the Medium to Long Term

In FY2025, we significantly strengthened our financial stability by extending the maturity of our funding and increasing the proportion of long-term borrowings within our interest-bearing debt. Against the backdrop of this robust financial base (a significant increase in operating cash flow in FY2025), we have set a total growth investment budget of 50.0 billion yen for FY2026, with M&A included. New store openings represent the area where we can expect the highest capital efficiency (high ROI) within this investment budget. We will execute investments under strict financial discipline, making them a driving force for medium- to long-term shareholder return (maintenance and improvement of the payout ratio).

Special Feature

One and a Half Years of Results from Integrating Sukesan and Our Growth Roadmap

Next

Bringing "everyday Sukesan" nationwide and overseas through the synergy of Skylark x Sukesan

One and a half years have passed since our acquisition of Sukesan Co., Ltd. in October 2024. Our Group is integrating the brand with the procurement, production, site development, and human resource infrastructure of Skylark Group, while respecting Sukesan's history and its taste and service that bring customers back. From the very first year, the brand has delivered overwhelming results significantly exceeding expectations, evolving into a major driving force in our growth strategy.

Introduction to Sukesan Udon

Founded in Kitakyushu in 1976, Sukesan Udon serves "soul food" long beloved by local customers. It features an extensive menu of over 100 items that including rice bowls, curry, set meals, botamochi, and the chain's signature Niku Goboten Udon, typically available 24 hours a day. As a brand suited to affordable, everyday dining, the chain operates stores closely tied to the region, with 104 stores as of May 2026.

Strategic Background and Objectives ⇨ Why Sukesan Now?

Strategy ❶ Responding to a blank area within a store portfolio that changes with the times

In response to a market that changes with the times, we are restructuring our portfolio of stores. While developing and enriching our casual dining brands aimed at visits for a particular purpose, in keeping with the times we are adopting a strategy of slightly increasing the average check to address the soaring prices of materials in the family dining business. Amid this, an untapped blank area has appeared among our everyday low-priced brands. Sukesan Udon has joined our ranks as a brand that will strongly complement this area. Our company has successfully realized an appealing and robust store portfolio aligned with the times.

Strategy ❷ Elimination of internal cannibalization and the risk of a decline in store numbers associated with non-urban population decline

Skylark Group currently operates 80% of its stores in non-urban and roadside areas. However, as the non-urban population continues to decline, we are entering a phase that demands a rethinking of our store placement. While targeting urban areas, station-front areas, and commercial areas for new store openings, we will perform brand conversions of existing stores into Sukesan Udon stores, which enjoy strong popularity in non-urban roadside areas. By doing so, we will enable store management that eliminates the risk of a future decline in store numbers and that maintains an optimal number of stores for fully leveraging the production and logistics network of our 10 central kitchens. We also believe that conversions to Sukesan Udon stores will have a strong impact on eliminating cannibalization of neighboring Group stores, contributing to maximization of area profits within the Group.

Achievements Over 1.5 Years ➡ Our Mission to Protect Long-Beloved Flavors and Become the Strongest Partner

Q 1 How can a regional udon brand become a growth driver for the entire Skylark Group?

A **Profitability per store overwhelmingly surpasses existing brands. Annual sales at newly opened Sukesan stores are triple those of existing stores.**

Some market participants had voiced doubts about the return on investment relative to the acquisition price. However, the outlook for the Sukesan business in 2025 saw the store count rise to 94 (+27% year on year), with net sales reaching 22.8 billion yen (+42% year on year) and operating profit reaching 1.1 billion yen (+71% year on year), achieving profit growth far exceeding the increase in store count.

Particularly noteworthy is the overwhelming demand in newly entered areas (Kanto and Kansai). The average annual sales per store in the Kanto and Kansai regions are recording astonishing figures: 1.6 times that of the Kyushu area, and approximately three times the average of Skylark's existing brands. Investment recovery is progressing at a pace significantly exceeding initial calculations, and the performance over this past year has dispelled concerns over the acquisition cost.

Q 2 Will Sukesan's taste truly be preserved? Won't it change with the acquisition?

A **We have launched a year-long Noodle Making Project, a powerful collaboration between Sukesan's artisans and Skylark's production specialists!**

At the time of the acquisition announcement, the most common concern raised by investors and fans was whether the pursuit of mechanization and mass production for nationwide expansion would change the taste of the broth and noodles. Sukesan's lifeblood—the "soft and chewy texture of the udon noodles" and the "broth carefully prepared daily in-store from mackerel flakes, kelp, and shiitake mushrooms"—is very delicately balanced. We consider protecting and popularizing this taste to be our mission, one that holds social significance.

Noodle Making Project launched

Along with store openings in Kanto and Kansai, we engaged in noodle manufacturing utilizing Skylark Group factories. Since water quality (hardness) differs between Kyushu and the Kanto/Kansai regions, simply sharing the recipe did not produce the same taste, leading us to conduct thorough trial and error over a period of more than one year. We succeeded in scientifically formulating a recipe for noodle-making, converting the fine adjustments that Sukesan artisans performed using their five senses. Production commenced at the Nishinomiya and Fujioka factories in September 2025. For the broth, we remain committed to carefully preparing flavored broth over 20 times daily at each store. While quantifying the process, we persistently rely on final confirmation by the palates of experienced staff, maintaining a taste that satisfies.

▲ Close-up footage of the project is distributed as an in-house professional video. We are conveying a relationship of mutual respect through this close-up documentary footage.

Q 3 Labor shortages are becoming more severe across the food service industry. Where will the personnel come from to support the acceleration of store openings?

A **We will maximize the use of brand conversions from existing Skylark stores. Staff experienced in table service can immediately contribute as assets.**

Sukesan is fundamentally based on table service, which has strong affinity with the service style of Skylark's existing brands. This creates an extremely powerful synergy, allowing Managers and crew members from existing stores to utilize their highly cultivated customer service and cooking skills directly.

As a result, even at opening, operations remain stable, and consistent quality and hospitality can be maintained. A virtuous cycle is also emerging for employees, whose own employment and skills are protected, allowing them to take on challenges with a vibrant new brand.

Q 4 Will the pace of store openings slow down amid soaring material prices?

A **Halving the investment amount and construction period through brand conversions from existing stores**

Because we utilize existing stores where infrastructure is already in place, the initial investment amount (store opening cost) per store and the construction period until opening can be held to approximately half those of companies that build from scratch. Even amidst an uncertain external environment, we have built a unique, low-risk, high-efficiency scheme for expanding our store network.

Next Stage: Overseas Expansion

Toward the first store opening in Taiwan in June 2026

Carrying forward our successful domestic model, we have set our first store opening in Taiwan for June 2026 (with plans for 3 stores by the end of 2026).

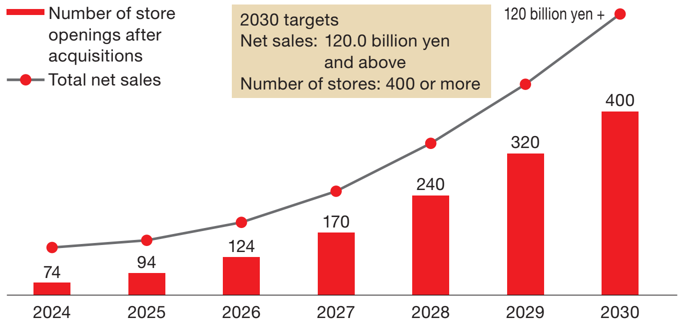
Why Taiwan?

Taiwan has few roadside locations and holds potential for high-density store openings, primarily in urban areas. We can directly utilize the management infrastructure of our local subsidiary, which already operates about 90 stores across Taiwan, and the production line of the Taipei in-house factory established in 2023, to minimize investment risk during the initial entry phase.

Prospects for success overseas

We are carefully gauging local needs while adjusting our broth and noodles. We will respond with overwhelming brand power to store opening offers from commercial facilities (SCs) that have high customer-drawing power.

We will rapidly make the three stores in Taiwan a success and accelerate our strategy for expansion across Southeast Asia.



CFO MESSAGE

While Maintaining a Sound Financial Position, We Will Accelerate Capital Investment to Drive Sustainable Growth and Maximize Corporate Value.

Yoshiaki Kita
Executive Director and
Chief Financial Officer
Managing Director of the
Finance Division

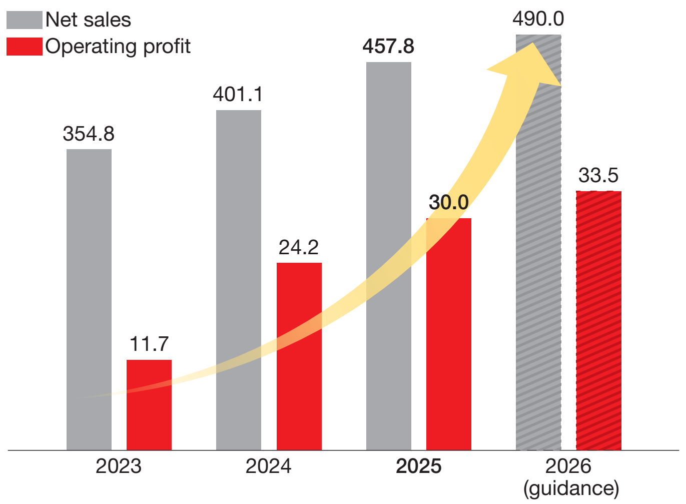
Skylark Group provides rich value through food to approximately 350 million customers annually. Since my appointment as CFO in April 2025, I have devoted all my energy to the mission of maximally leveraging the insights I have cultivated in corporate management and corporate finance to support the company's robust business model from the perspectives of financial and investment strategy and to guide it onto a path of further growth. In this Integrated Report, I will review the results for the fiscal year ended December 2025 and explain the basic principles of our capital policy, the acceleration of growth investments, and the stability of our financial base.

Evaluating the FY2025 results and moving toward accelerated achievement of the Medium-Term Management Plan

Results for the fiscal year ended December 2025 showed net sales increasing 14.1% year on year to 457.8 billion yen, operating profit increasing 23.9% to 30.0 billion yen, and net income increasing 19.9% to 16.7 billion yen. Driven by strong same-store sales growth, these were very favorable results, significantly exceeding initial forecasts.

The primary factor driving this strong performance was the improvement in field capabilities through the promotion of store-centered management. We shifted from the conventional headquarters-led management that emphasized cost reduction to a system by which store Managers act as business managers, autonomously and proactively investing in working hours, aiming to maximize customer satisfaction and profit. As a concrete result, the number of crew members (part-time workers) leaving the company decreased by 21% year on year, and improved service quality led to a 26% year-on-year increase in compliments from customers, contributing to higher net sales.

■ Trends in net sales and operating profit (billion yen)



In FY2025, there was an approximately 13.0 billion yen cost increase due to inflation. However, against this backdrop, we strategically added 2% more working hours during peak weekend times, ensuring adequate staffing. This improved seat turnover rates, resulting in a significant same-store sales increase of 8% year on year (guest count up 2%, average check up 6%). Although labor costs increased, the growth in net sales absorbed this, and the labor cost ratio decreased by 1% year on year. We also worked on a company-wide cost reduction project, reducing costs by 3.3 billion yen. As a result, operating profit achieved a significant increase of 23.9% year on year to 30.0 billion yen.

The ongoing Medium-Term Management Plan (2025-2027) is progressing at an extremely strong pace exceeding initial expectations, due to the early manifestation of results from deeper store-centered management and strategic M&A. For our full-year guidance (earnings forecast) for FY2026, we have set ambitious targets: net sales of 490.0 billion yen and operating profit of 33.5 billion yen. We aim to achieve the Medium-Term Management Plan one year ahead of schedule, which we believe is fully achievable through the combination of our strong business foundation and agile strategy execution capabilities. We will solidify this accelerating momentum and not only achieve the early completion of the Medium-Term Management Plan but also dedicate ourselves to building a business foundation for further dramatic growth beyond that.

■ Recent performance trends and FY2026 plan

	FY2024	FY2025	FY2026
Net sales (billion yen)	401.1	457.8	490.0
Operating profit (billion yen)	24.2	30.0	33.5

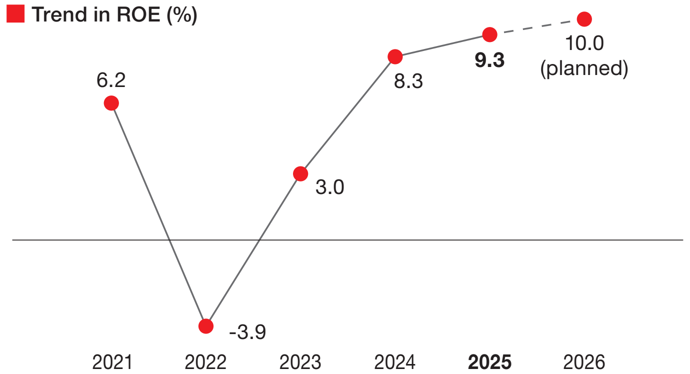
Deepening our capital policy and portfolio strategy to realize sustainable growth

Our company clearly positions itself as "a corporate group in a growth phase." In this phase, we believe that proactively investing to expand our future business foundation is essential, rather than simply pursuing capital efficiency.

Pursuit of ROE and awareness of cost of capital

We have set ROE as our most important management indicator, planning to achieve 10% in 2026. As an approach to improving ROE, we emphasize maximizing profit through growth investments. Specifically, by rigorously managing the IRR (Internal Rate of Return) of individual investment projects and generating returns that stably exceed our cost of equity (approx. 8%), we aim for a sustainable increase in corporate value. We also have a policy of allocating cash flows generated from business activities in a balanced manner between business investments for future growth and shareholder return.

■ Trend in ROE (%)



Optimal allocation

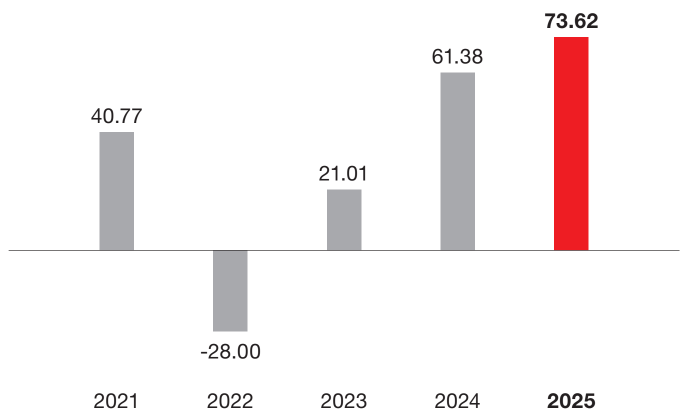
For 2026, we have set a total investment plan of 50.0 billion yen (including M&A). Focusing on existing store remodeling, new domestic store openings, overseas expansion, M&A, and investments in SCM/DX to strengthen our supply chain, we will continue optimal allocation while remaining conscious of the cost of capital.

Shareholder return and portfolio management

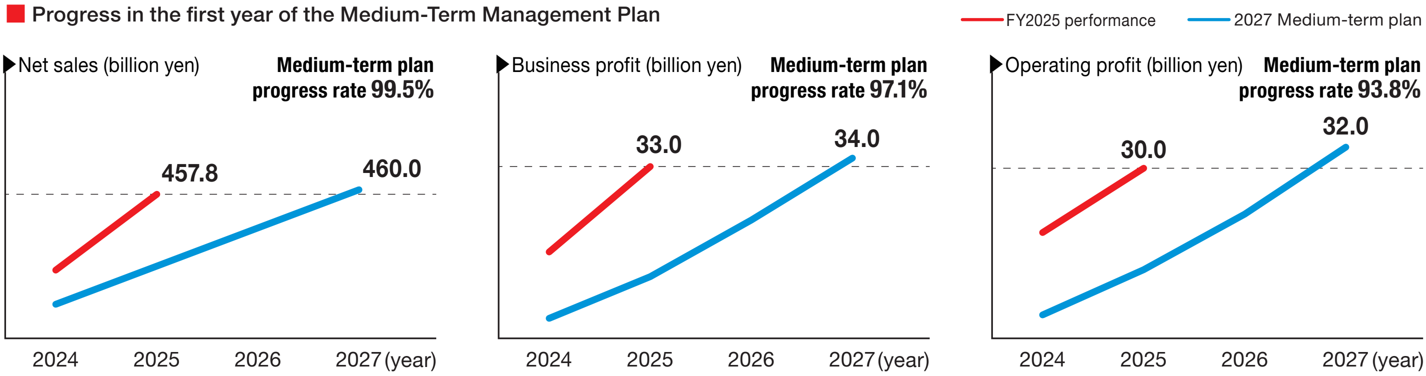
In the area of shareholder return, our basic policy is a payout ratio of 30%. The annual dividend payment for FY2025 was 22.00 yen (up 3.50 yen year on year), and our 2026 guidance projects a further increase to 26.00 yen. Regarding business portfolio management, we aim for stable growth through optimization of the our brand portfolio within our restaurant business platform. In addition to the two axes of family dining (Gusto, etc.) and highly specialized casual dining (Syabu-Yo, etc.), the addition of "Sukesan Udon" and "Shinpachi Shokudo" to the Group has yielded a strong portfolio covering everything from the low-price, everyday meal domain to the high-value-added domain.

In FY2025, our earnings per share (EPS) improved to 73.62 yen, placing the stock at high levels with a PER of 45.71x and PBR of 4.08x at the fiscal year-end. We view this as a reflection of the market's strong expectations for our growth potential.

■ Trend in earnings per share (EPS) (yen)



■ Progress in the first year of the Medium-Term Management Plan

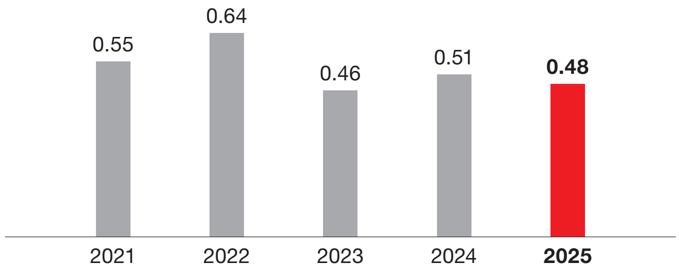


Accelerating growth investments and strengthening the financial base, backed by strong cash generation capability

In FY2025, the company recorded an operating cash flow of 74.5 billion yen and a free cash flow of 40.4 billion yen. To secure liquidity and enable flexible fundraising, we procured funds through borrowings from financial institutions and issued corporate bonds, appropriately managing interest rate rise risk by fixing long-term interest rates.

Using this cash as a source, we are actively promoting strategic investments, including capital expenditures for new store openings and store remodeling, M&A, and overseas business expansion. While continuing such proactive investments, we maintain management focused on financial soundness, keeping an equity ratio of 36.2% and a net debt-to-equity ratio of 0.48x (vs. 0.51x in the previous year), which are healthy levels. Our financial base is also highly regarded externally. In April 2026, the Japan Credit Rating Agency (JCR) upgraded the outlook for our A- rating from “Stable” to “Positive.” We will continue to accelerate growth investments and strengthen our financial base, backed by our strong cash generation capability, to achieve a sustainable increase in corporate value.

■ Trend in net debt-to-equity ratio (multiple)



Management conscious of stock price and sharing of value with shareholders

We have incorporated stock price-linked compensation into our compensation structure for directors (excluding outside directors) to share value with our shareholders. To further advance this stance and strengthen management’s commitment to medium- to long-term performance improvement, we newly introduced a Restricted Stock Compensation System for officers in April 2026. Through this, we will further deepen the sharing of value between management and our shareholders.

Towards Skylark’s future potential and sustainable growth

Even amidst a highly uncertain macro environment, Skylark Group will further accelerate growth while maintaining a sound financial position. The greatest weapon ensuring sustainable growth is the cost initiative driven by our vertically integrated supply chain. This system, which handles everything from global procurement to production, logistics, and cooking, will serve as a powerful weapon even under expected future inflationary conditions.

We will also pursue further growth through new store openings in domestic densely-populated areas where we do not have enough presence, expansion of overseas businesses in Taiwan and Malaysia, and diversified brand deployment including “Sukesan Udon” and “Shinpachi Shokudo.”

While we anticipate cost increases due to inflation in 2026 as well, we have confidence that deepened store-centered management and our experience with cost reduction will sufficiently translate into profit growth.

Skylark Group will continue “Creating Richness with Value to Society” through food service, driven by a virtuous cycle of management that starts with improving the capabilities of each and every employee. I ask for the continued understanding and continued support and guidance of all our stakeholders.