



August 12, 2025

Financial Results for the Three Months Ended June 30, 2025 under Japanese GAAP

Company name	Skymark Airlines Inc. (hereinafter referred to as "Skymark" or the "Company")
URL	https://www.skymark.co.jp/
Stock exchange listing	Tokyo Stock Exchange
Code number	9204
Representative	Manabu Motohashi, Representative Director, President and Executive Officer
Contact	Kaoru Tagami, Executive Officer in charge of finance, accounting and investor relations (Tel: +81-3-5708-8280)
Scheduled starting date of dividend payment	N/A
Supplementary material on financial results	To be uploaded on "Investor Relations" of the Company's website
Quarterly financial results briefing:	To be held for institutional investors and analysts

1. Operating Results and Financial Position as of and for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Operating Results

Three Months Ended June 30 (Millions of Yen)	Operating Revenues		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
2025	¥23,579	0.2%	¥(1,630)	— %	¥(3,113)	— %	¥(2,774)	— %
2024	23,542	6.3	(2,182)	—	(1,024)	—	(1,516)	—

Three Months Ended June 30 (Yen)	Net Income (Loss) Per Share-Basic	Net Income (loss) Per Share-Diluted
2025	¥(46.06)	—
2024	(25.73)	—

(Note) Net income (loss) per share-diluted is not presented because the Company does not have any kind of potentially dilutive shares.

(2) Financial Position

	Total Assets (Millions of Yen)	Equity (Millions of Yen)	Net Worth Ratio (%)
June 30, 2025	¥104,604	¥23,317	22.3 %
March 31, 2025	103,888	27,119	26.1

(Note) Net worth

As of June 30, 2025:
As of March 31, 2025:

¥23,317 million
27,119 million

2. Dividends

Year Ended	Dividend Per Share (Yen)				Total
	First Quarter End	Second Quarter End	Third Quarter End	Year/Period End	
March 31, 2025	—	0.00	—	3.00	3.00
March 31, 2026	—	N/A	N/A	N/A	N/A
March 31, 2026 (Projected)	N/A	0.00	—	—	—

(Note 1) Change in dividend projection: None

(Note 2) The Company's Articles of Incorporation stipulate the end of the second quarter and the end of the fiscal year as the record dates for dividends. The dividends for the year ending March 31, 2026 has not yet been determined.

3. Forecasts for the year ending March 31, 2026 (April 1, 2025 to March 31, 2026)

	Operating Revenues (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Net Income per Share (Yen)
Year ending March 31, 2026					
(amount)	¥117,300	¥2,000	¥2,100	¥1,200	¥19.93
(percentage)	7.7%	9.5%	176.2%	(44.1)%	N/A

(Note 1) Changes from the forecasts most recently announced: None

(Note 2) The forecasts for the six months period ending September 30, 2025 have been omitted because the Company manages its operations on an annual basis.

Notes

(1) Changes in accounting policy and estimates, and restatement due to:

- | | |
|---|------|
| (a) Changes in accounting policy due to revision of accounting standards: | None |
| (b) Changes in accounting policy other than (a) above: | None |
| (c) Changes in accounting estimates: | None |
| (d) Restatements: | None |

(2) Number of shares

		(shares)
(a) Common stock issued, including treasury stock, as of:		
	June 30, 2025	60,329,400
	March 31, 2025	60,329,400
(b) Treasury stock as of:		
	June 30, 2025	122,830
	March 31, 2025	106,430
(c) Average number of common stock for the nine months ended:		
	June 30, 2025	60,222,790
	June 30, 2024	58,949,373

Other Information

(1) Review on the accompanying financial statements by certified public accountants or audit firms

The original Japanese version of the financial statements have been reviewed on a voluntary basis. This English translation is not subject to review.

(2) Explanation regarding the appropriate use of earnings forecasts and other special notes

The forward-looking statements in this report, such as forecasts, are based on information currently available and certain assumptions that the Company believes to be reasonable and should not be construed as a guarantee that the Company will achieve these projections. Actual results may differ from the aforementioned forecasts depending on various factors.

(3) Access to the supplementary material on financial results

The Company plans to hold an online financial results presentation for institutional investors and analysts on Tuesday, August 12, 2025. The video of the presentation and supplementary materials on financial results will be promptly uploaded on "Investor Relations" of the Company's website.

Qualitative Information on Operating Results

1. Operating Results (April 1, 2025 to June 30, 2025)

During this three-month period, the economy in Japan was in a moderate recovery trend due to an improvement in the employment and income environment, and expansion of inbound consumption. On the other hand, the outlook still requires careful attention due to weak personal consumption caused by rising prices, increased uncertainty surrounding U.S. tariff policy, and escalating tensions in the Middle East and other factors.

In the domestic airline market in which the Company operates, travel demand remained strong due to a shift toward domestic travel caused by the weak yen and rising prices overseas. On the other hand, domestic airlines have enforced their efforts to capture non-business demand, resulting in an even more intense price competition environment than before.

In such a severe situation, the number of revenue passengers during the period reached 1,856,059 (down 6.9% as compared to a year earlier). Although the number of revenue passengers decreased due to the strategic pricing aimed at maximizing revenue, the unit fare per passenger exceeded that from a year earlier. As a result, operating revenue reached a record high for the first quarter.

Operating expenses are increasing due to rising prices caused by global inflation, reduced government support, and other factors. In response to these cost increases, the Company has worked to contain expenses through self-help measures such as reviewing operational tasks and thorough cost control.

The Company has been working on the management policies for the fiscal year ending March 31, 2026: "Evolution and transformation into a highly profitable business structure" and "Preparations for dramatic growth in the fiscal year ending March 31, 2027 and beyond," and has revised various fees and charges. In addition, the Company has promoted a wide range of measures, including preparations for the following items: online reservations for forward seats with the aim of improving customer convenience; introduction of new fares for young people; and operation of international charter flights to examine business possibilities.

(Operating revenues and operating costs)

In this three-month period, operating revenues amounted to ¥23,579 million, up 0.2%, as compared to a year earlier, due to the steady passenger demand. Operating costs amounted to ¥23,444 million, down 2.7% as compared to a year earlier, due to a decrease in outsourcing expenses associated with aircraft maintenance. As a result, the Company recorded an operating loss of ¥1,630 million (¥2,182 million a year earlier).

The Company recorded ordinary loss of ¥3,113 million (¥1,024 million a year earlier), due mainly to ¥1,054 million of foreign exchange loss associated with assets denominated in foreign currencies resulting from the appreciation of the yen,

which was recorded in the non-operating losses section. Net loss amounted to ¥2,774 million (¥1,516 million a year earlier).

2. Financial Position (As of June 30, 2025)

Total assets stood at ¥104,604 million, ¥715 million up from the previous fiscal year-end. This was mainly attributable to a combined effect of decrease in (1) cash and bank deposits by ¥1,529 million and (2) other receivables by ¥1,006 million, and increase in (1) construction in progress by ¥1,715 million associated with purchases of airplanes and (2) machinery and equipment by ¥1,623 million associated with purchases of full flight simulators.

Total liabilities stood at ¥81,286 million, ¥4,517 million up from the previous fiscal year-end. This was mainly attributable to increase in contract liabilities by ¥3,450 million and derivative payables by ¥893 million.

Equity stood at ¥23,317 million, ¥3,801 million down from the previous fiscal year-end. This was mainly attributable to decrease in retained earnings by ¥2,954 million due to dividends paid and net loss for the period.

3. Forecasts and Forward-Looking Statements

No revision has been made to the forecasts for the year ending March 31, 2026, which were announced in "Financial Results for the Fiscal Year Ended March 31, 2025 under Japanese GAAP" on May 15, 2025.

Financial Statements

Balance Sheets

(Millions of Yen)

	Year End- Previous Year As of March 31, 2025	First Quarter End- Current Year As of June 30, 2025
Assets		
Current Assets:		
Cash and bank deposits	¥26,018	¥24,489
Trade accounts receivable	5,467	5,826
Supplies	56	38
Other receivables	2,448	1,442
Prepaid expenses	4,332	3,965
Derivative receivables	62	320
Foreign exchange contracts	952	236
Other current assets	84	92
Total current assets	39,424	36,411
Non-Current Assets:		
Property and equipment—net:		
Flight equipment	8,765	8,414
Others	6,996	10,258
Total property and equipment—net	15,762	18,673
Intangible assets	218	271
Investments and other assets:		
Long-term prepaid expenses	533	473
Lease and guarantee deposits	3,961	3,857
Long-term deposits paid	24,423	24,492
Deferred tax assets	19,478	20,277
Derivative receivables	8	125
Forward foreign exchange contracts	78	21
Other assets	0	0
Total investments and other assets	48,483	49,248
Total non-current assets	64,464	68,193
Total assets	103,888	104,604

	Year End- Previous Year As of March 31, 2025	First Quarter End- Current Year As of June 30, 2025
Liabilities		
Current Liabilities:		
Trade accounts payable	¥3,805	¥4,838
Short-term bank loans	20,000	20,000
Current portion of long-term bank loans	1,750	1,875
Income taxes payable	32	8
Contract liabilities	13,862	17,313
Provision for maintenance to return leased flight equipment	—	782
Provision for periodic maintenances of flight equipment	7,288	6,739
Accrued bonuses	903	461
Derivative payables	133	1,024
Forward foreign exchange contracts	—	66
Other	2,122	2,397
Total current liabilities	49,897	55,506
Long-term Liabilities:		
Long-term bank loans	7,500	7,500
Provision for maintenance to return leased flight equipment	2,461	2,375
Provision for periodic maintenances of flight equipment	15,543	14,441
Asset retirement obligations	320	320
Derivative payables	259	261
Forward foreign exchange contracts	52	134
Other	736	745
Total long-term liabilities	26,871	25,779
Total liabilities	76,769	81,286
Equity		
Shareholders' equity:		
Common stock	100	100
Capital surplus	17,966	17,966
Retained earnings	8,858	5,903
Treasury stock	(89)	(89)
Total shareholders' equity	26,835	23,880
Remeasurement and adjustments:		
Deferred gain (loss) on derivatives under hedge accounting	284	(562)
Total remeasurement and adjustments	284	(562)
Total equity	27,119	23,317
Total liabilities and equity	103,888	104,604

Statements of Income

(Millions of Yen)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
Operating revenues	¥23,542	¥23,579
Operating costs	24,097	23,444
Gross profit	(554)	135
Selling, general and administrative expenses	1,628	1,765
Operating income (loss)	(2,182)	(1,630)
Non-operating income:		
Foreign exchange gain	1,101	—
Penalty income	205	193
Interest income	26	40
Other	35	27
Total non-operating income	1,368	261
Non-operating expenses:		
Interest expenses	123	159
Foreign exchange loss	—	1,054
Commissions and fees	4	484
Loss on disposal of property and equipment	81	43
Other	0	1
Total non-operating expenses	210	1,744
Ordinary income (loss)	(1,024)	(3,113)
Income (loss) before income taxes	(1,024)	(3,113)
Income taxes-current	8	8
Income taxes-deferred	483	(347)
Total income taxes	491	(339)
Net income (loss)	(1,516)	(2,774)

Notes to Financial Statements

Significant Items That Formulate the Basis for Preparing Quarterly Financial Statements

The accompanying quarterly financial statements of the Company have been prepared in accordance with Article 4-1 of the Standards for Preparation of Quarterly Financial Statements issued by Tokyo Stock Exchange (the "TSE Quarterly Standard") and Japanese GAAP for the quarterly financial statements (applying the omissions set forth in Article 4-2 of the TSE Quarterly Standard).

Segment Information

As the Company engages in a single segment, namely, the air transportation business, segment information is not presented.

Significant Changes in Equity

No items to report.

Going Concern Issues

No items to report.

Cash Flow Statements

The Company did not prepare the cash flow statements for the three months ended June 30, 2024 and 2025. Depreciation and amortization for the three months ended June 30, 2024 and 2025, were as follows:

	(Millions of Yen)	
	Three Months Ended June 30, 2024	Three Months Ended June 30, 2025
Depreciation and amortization	¥621	¥639

Significant Subsequent Event

Significant refinancing of funds:

On July 28, 2025, the Company has entered into syndicated loan (refinancing) agreements of which arrangers are Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited., and Development Bank of Japan Inc. On July 31, 2025, the Company executed the loan agreements with the following terms and conditions:

- | | |
|----------------------|--|
| (1) Total amount | ¥20,000 million |
| (2) Interest rate | Base rate plus spread |
| (3) Execution date | July 31, 2025 |
| (4) Repayment date | July 31, 2026 |
| (5) Repayment method | Lump-sum repayment on the repayment date |

Independent Accountant's Review Report on the Quarterly Financial Statements

The financial statements in the original Japanese version were reviewed by Deloitte Touche Tohmatsu LLC whose report, dated August 8, 2025, issued a negative assurance on the financial statements.

Other Information

All the figures in this report except per share information are rounded down to the nearest million.

This information is summarized and translated from the original Japanese version submitted to the Tokyo Securities Exchange in accordance with its disclosure rules and presentation manners. This English translation is intended solely for the convenience of readers, and not intended in any way to substitute or replace the original Japanese version. If there is any discrepancy between the original Japanese version and this translation, the original Japanese version shall supersede all information in this translation.