



May 15, 2024

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**Notice Regarding Recording of Non-operating Income (Foreign Exchange Gain) and Income Taxes-Deferred (loss), Differences Between Financial Forecasts and Actual Results and Revision of Dividend Forecast (Dividend Increase)**

Skymark Airlines, Inc. (hereinafter “Skymark”) hereby announces that it recorded non-operating income (foreign exchange gain) and income taxes-deferred (loss) as indicated below in the fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024). In addition, there is a difference between the financial forecast for the fiscal year ended March 31, 2024 announced on May 15, 2023 and the actual results announced today. Based on these results, Skymark has decided to revise the dividend forecast announced on February 9, 2024.

**1. Recording of Non-operating Income (Foreign Exchange Gain)**

Skymark had recorded a foreign exchange gain of 1,415 million yen as non-operating income (foreign exchange gain) for the fourth quarter of the fiscal year ended March 31, 2024 (January 1, 2024 to March 31, 2024) due to exchange rate fluctuations. This was mainly due to the revaluation of foreign currency-denominated assets at the closing timing of the fiscal year. Since Skymark had recorded foreign exchange gain of 1,077 million yen for the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023), the foreign exchange gains for the fiscal year ended March 31, 2024 was 2,493 million yen.

**2. Recording of Income Taxes-Deferred (loss)**

The deferred tax assets associated with tax loss carryforwards has been decreased than expected as a result of a conservative re-estimation of the recoverability of deferred tax assets in the business plan for the fiscal year ending March 31, 2025 and thereafter, taking into account the recent depreciation of yen, increase in crude oil prices, and possible impacts due to inflation in overseas countries. Furthermore, due to the heavy maintenance of aircraft engines, a reversal of deferred tax assets related to maintenance provisions was recorded. Based on these results, Skymark recorded income taxes-deferred (loss) of 4,434 million yen.

### 3. Differences between the financial forecasts and actual results for the year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

	Operating Revenues (Millions of Yen)	Operating Income (Loss) (Millions of Yen)	Ordinary Income (Loss) (Millions of Yen)	Net Income (Loss) (Millions of Yen)	Net Income (Loss) per Share (Yen)
Previous Forecasts (A)	102,300	5,600	5,600	5,800	96.14
Actual results (B)	104,075	4,668	7,463	2,997	49.93
Difference (B-A)	1,775	(931)	1,863	(2,802)	
Difference (%)	1.7	(16.6)	33.3	(48.3)	
Actual results for the fiscal year ended March 31, 2023(For reference)	84,661	3,453	3,713	5,726	111.88

### 4. Reasons for Differences between the financial forecasts and actual results

Operating revenues for the fiscal year ended March 31, 2024 remained strong, driven by steady leisure and VFR travel demands.

Operating expenses increased more than expected due to weaker yen, high crude oil prices, and inflation in overseas countries. The impact of market fluctuations on maintenance costs was particularly significant, where the operating income was lower than the forecast due to an increase in provisions by reviewing the provision rate for periodic maintenance performances conducted at the end of each fiscal year. However, increase in revenue and income were achieved due to yield management by significantly increasing the average price per passenger while maintaining high load factor.

Ordinary income far exceeded forecasts due to foreign exchange gains as a result of the depreciation of the yen at the end of the fiscal year, when the revaluation of Skymark's foreign currency-denominated assets was conducted.

Net income fell short of the initial forecast due to a higher-than-expected increase in income taxes-deferred (loss) related to deferred tax assets.

### 5. Details of the revision of dividend forecast

	Annual dividend per share (Yen)		
	End of the second quarter	Fiscal year-end	Annual
Previous forecast (Announced on February 9, 2024)		21.00	21.00
Revised forecast		29.00	29.00
Results of the current fiscal year (Fiscal year ended March 31, 2024)	0.00		
Results of the previous fiscal year (Fiscal year ended March 31, 2023)	0.00	5.00	5.00

### 6. Reasons for the revision of the dividend forecast

Skymark identified shareholder return as one of the most important management goals. The fundamental policy is to conduct continuous and stable dividends to all shareholders, taking into account the business performance, while strengthening the balance sheet and investing in growth strategies in the long term. In light of the results announced today for the fiscal year ended March 31, 2024, based on Skymark's policy on shareholder return, the year-end dividend forecast has been revised from 21 yen per share to 29 yen per share, an increase of 8 yen per share.

Please refer to page 14 of the "Supplementary Material for Financial Results for the Fiscal Year ended March 2024" released today for the further understanding of Skymark's policy on shareholder return.