



May 22, 2024

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## **Notice Regarding Introduction of Restricted Stock Compensation Plan**

Skymark Airlines Inc. (herein after the “Company”) hereby announces that its Board of Directors, held on May 22, 2024, has reviewed the executive compensation plan, and resolved to introduce the restricted stock compensation plan (hereinafter "the Plan") and to submit a proposal related to the Plan to the 28th Annual General Meeting of Shareholders scheduled for June 26, 2024 (hereinafter “the General Meeting of Shareholders”).

### 1. Purpose and requirements of introduction of the Plan

#### (1) Purpose of introducing the Plan

This Plan is intended to provide the Directors of the Company (excluding the External Directors, hereinafter "the Eligible Directors") with incentives to sustainably increase the Company’s corporate value as well as to further promote shared value with its shareholders. As stated in "Notice concerning the Purchase of Treasury Shares through ToSTNeT-3" disclosed on January 9, 2024, the Company intends to grant restricted stock compensation to its employees, and as a whole will work together to further enhance its corporate value.

#### (2) Requirements for introduction of the Plan

The Plan consists of stock compensation to grant transfer-restricted stocks (hereinafter “the Stocks”) as compensation of the Directors without payment of cash or provision of contributed assets in kind, or monetary compensation to be provided for granting the Stocks to the Eligible Directors without the need for actually paying money for the Stocks. Therefore, its introduction shall require the approval of shareholders at the General Meeting of Shareholders for the provision of the Stocks.

While compensation for the Directors was resolved at the 15th Annual General Meeting of Shareholders held on June 22, 2011, that the aggregate compensation payable to the Directors shall be no more than 500 million yen per year (however, the amount does not include the portion of employee’s salaries for the Directors who serve as employees), the Company will request shareholders’ approval of the introduction of the Plan to set a compensation amount to the Eligible Directors under the Plan out of the scope of the aforementioned Directors’ monetary compensation amount.

### 2. Overview of the Plan

Under the Plan, allocation of the Stocks shall be conducted in the manner that (1) the Eligible Directors receive common stock of the Company to be issued or disposed of, as compensation of the Directors without payment of cash or provision of contributed assets in kind, or (2) monetary compensation claims granted to the Eligible Directors by the Company shall be contributed in-kind for common stock, and the Eligible Directors shall receive common stock of the Company to be issued or disposed of.

The total number of common stock of the Company to be issued or disposed of under the Plan shall not exceed 0.1 million stocks per year, and total compensation amounts payable to the Eligible Directors shall be no more than 100

million yen per year, which is separate from the current monetary compensation amount. However, in the event of reverse stock split or stock split of the Company's common stock (including in the event of uncompensated allocation of common stocks of the Company), the total number of stocks to be issued or disposed of may be adjusted in accordance with the reverse stock split ratio or the stock split ratio.

In addition, the amounts paid per stock to be issued or disposed of in the manner (2) above will be decided by the Board of Directors, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day preceding the date of the resolution of the Board of Directors (if there is no transaction concluded on said date, the closing price of the most recent trading day preceding said date) to the extent that it will not be excessively advantageous for the Eligible Officers.

Details of grant time and allocations to each Eligible Director shall be decided by the Board of Directors.

When the Company issues or disposes of common stock under the Plan, the Company and the Eligible Directors shall conclude a restricted stock allocation agreement which shall include the items that (1) the Eligible Directors shall not transfer, create security interest on, or otherwise dispose of the Stock for the transfer restricted period and (2) if any of certain events occur, the Company shall acquire the stocks without compensation.