

Financial Results for the Fiscal Year Ended March 31, 2025 under Japanese GAAP

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| 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, General Manager of Finance and Accounting Department (Tel: +81-3-5708-8280) |
| Scheduled date of the ordinary general meeting of shareholders | June 26, 2025 |
| Scheduled starting date of dividend payment | June 27, 2025 |
| Scheduled date of filing the Securities Report (Japanese version only) | June 26, 2025 |
| Supplementary material on financial results | To be uploaded on "Investor Relations" of the Company's website |
| Financial results briefing | To be held for institutional investors and analysts |

1. Operating Results and Financial Position as of and for the Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Operating Results

| Year Ended (Millions of Yen) | Operating Revenues | | Operating Income | | Ordinary Income | | Net Income | |
|---------------------------------|--|------|---|----------|------------------|----------|------------|----------|
| March 31, 2025 | ¥108,893 | 4.6% | ¥1,826 | (60.9) % | ¥760 | (89.8) % | ¥2,146 | (28.4) % |
| March 31, 2024 | 104,075 | 22.9 | 4,668 | 35.2 | 7,463 | 101.0 | 2,997 | (47.7) |
| Year Ended (Yen) | Net Income Per Share-Basic | | Net Income Per Share-Diluted | | | | | |
| March 31, 2025 | ¥36.14 | | — | | | | | |
| March 31, 2024 | 49.93 | | — | | | | | |
| Year Ended (%) | Return on Equity (Net income / Shareholders' equity) | | Return on Assets (Ordinary income / Total assets) | | Operating Margin | | | |
| March 31, 2025 | 7.8 % | | 0.7 % | | 1.7 % | | | |
| March 31, 2024 | 11.6 | | 6.8 | | 4.5 | | | |
| Equity earnings of affiliates | Year ended March 31, 2025 | | | | ¥— million | | | |
| | Year ended March 31, 2024 | | | | — million | | | |

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

(2) Financial Position

| | Total Assets (Millions of Yen) | Total Equity (Millions of Yen) | Net Worth Ratio (%) | Equity Per Share (Yen) |
|------------------|-----------------------------------|-----------------------------------|------------------------|---------------------------|
| March 31, 2025 | ¥103,888 | ¥27,119 | 26.1 % | ¥450.32 |
| March 31, 2024 | 110,790 | 27,857 | 25.1 | 472.57 |
| (Note) Net worth | As of March 31, 2025: | | ¥27,119 million | |
| | As of March 31, 2024: | | 27,857 million | |

(3) Cash Flows

| Year Ended (Millions of Yen) | Net Cash Flows from Operating Activities | Net Cash Flows from Investing Activities | Net Cash Flows from Financing Activities | Cash and Cash Equivalents, End of Year |
|---------------------------------|---|---|---|--|
| March 31, 2025 | ¥7,182 | ¥ (5,011) | ¥(2,949) | ¥26,018 |
| March 31, 2024 | 8,179 | (2,186) | (2,326) | 26,909 |

2. Dividends

| Year Ended | Dividend Per Share (Yen) | | | | Total |
|----------------------------|--------------------------|-----------------------|----------------------|--------------------|-------|
| | First Quarter End | Second Quarter End | Third Quarter End | Year/Period End | |
| March 31, 2024 | — | 0.00 | — | 29.00 | 29.00 |
| March 31, 2025 | — | 0.00 | — | 3.00 | 3.00 |
| March 31, 2026 (Projected) | — | 0.00 | — | — | — |

| Year Ended | Total Amount of Dividends for the Year/Period (Millions of Yen) | Payout Ratio | Dividend on Equity |
|----------------------------|--|--------------|--------------------|
| | | | |
| March 31, 2024 | 1,709 | 58.1% | 6.7% |
| March 31, 2025 | 180 | 8.3% | 0.7% |
| March 31, 2026 (Projected) | N/A | —% | N/A |

(Note) 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 projected amount of 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) 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: | March 31, 2025 | 60,329,400 |
| | March 31, 2024 | 60,329,400 |
| (b) Treasury stock as of: | March 31, 2025 | 106,430 |
| | March 31, 2024 | 1,380,014 |
| (c) Average number of common stock for the year ended: | March 31, 2025 | 59,378,012 |
| | March 31, 2024 | 60,020,217 |

Other Information

(1) This financial report is not subject to review by certified public accountants or audit firms.

(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 Thursday, May 15, 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, 2024 to March 31, 2025)

During this fiscal year, the economy in Japan was in a moderate recovery trend mainly due to an improvement in the employment and income environment and the increased inbound demand. On the other hand, the outlook still requires careful attention due to decline in personal consumptions caused by soaring prices, unstable global conditions and significant foreign exchange rate fluctuations influenced by such conditions, and other factors.

In the domestic market of the airline industry in which the Company operates, operating performance remained robust, mainly due to solid domestic travel demand and continued growth in inbound travel, despite the rising travel cost.

In such a situation, the number of revenue passengers during the period reached 8,140,789 (up 2.4% as compared to the previous year), and operating revenue reached a record high.

In terms of operating expenses, the continued depreciation of the yen, the global inflation, reduction of government support and other factors resulted in an increase in operating expenses as compared to the previous year. In response to these cost increases, the Company worked to contain expenses through self-help measures such as reviewing operational tasks and thorough cost control, and raised the unit fare per passenger on the premise of improving service quality. As a result, the unit fare per passenger raised as compared to the previous year, despite the increased passenger price sensitivity. However, although the unit price per passenger remained favorable from the fourth quarter compared to the initial forecast, it was not enough to make up for the downward trend until the third quarter, resulting in a less operating income compared to the previous year.

As one of the key factors to accomplish the Company's mid- to long-term management goals, the Company continued to improve the quality of its services pursuing better customer satisfaction. As a result of these efforts, Skymark was ranked number one in customer satisfaction in the domestic long-distance transportation category in the 2024 JCSI (Japanese Customer Satisfaction Index) survey conducted by the Service Productivity & Innovation for Growth of Japan Productivity Center for the three consecutive years.

(Operational system)

In the current fiscal year, domestic passenger demand remained steady due to a return of domestic travel demand on the back of the weak yen and an increase in the number of inbound passengers as a result of the relaxation of border measures. In light of this situation, in order to best meet the diverse customer transportation needs, the Company aggressively set up additional scheduled flights on trunk lines where demand is particularly concentrated, in an effort to increase transportation capacity and improve customer convenience.

As a result, the number of flights operated during the year ended March 31, 2025 was 56,528, up 2.6%, as compared to the previous year (55,087 flights), although the number of aircraft was the same.

(Operating revenues and operating costs)

In this fiscal year, operating revenues amounted to ¥108,893 million, up 4.6%, as compared to the previous year, due to the steady increase in passenger demand. Operating costs amounted to ¥100,187 million, up ¥7.3%, as compared to the previous year, due to the depreciation of yen and hikes in purchase costs affected by the worldwide inflation. As a result, operating income amounted to ¥1,826 million, down 60.9%, as compared to the previous year.

Ordinary income amounted to ¥760 million, down 89.8%, as compared to the previous year, due to foreign exchange loss associated with assets denominated in foreign currencies resulting from the stronger yen as of March 31, 2025 as compared to March 31, 2024 . Net income amounted to ¥2,146 million, down 28.4%, as compared to the previous year, due to the effect of recording income taxes—deferred of (¥1,301) million.

2. Financial Position (As of March 31, 2025)

Total assets stood at ¥103,888 million, ¥6,901 million down from the previous fiscal year-end. This was mainly attributable to decrease in other receivables by ¥1,819 million, decrease in foreign exchange contracts by ¥1,415 million, and decrease in derivative receivables by ¥1,525 million.

Total liabilities stood at ¥76,769 million, ¥6,163 million down from the previous fiscal year-end. This was mainly attributable to decrease in provision for periodic maintenances of flight equipment by ¥4,240 million due to the implementation of heavy maintenance of aircraft, and decrease in long-term bank loans by ¥1,250 million due to repayments.

Equity stood at ¥27,119 million, ¥738 million down from the previous fiscal year-end. This was mainly attributable to a combined effect of increase in retained earnings by ¥436 million due to net income for the period, ¥1,304 million increase due to disposal of treasury stock associated with the restricted stock compensation granted to directors and employees, decrease in deferred gain on derivatives under hedge accounting by ¥2,092 million in relation to derivative transactions including foreign exchange contracts.

3. Cash Flows (April 1, 2024 to March 31, 2025)

Cash and cash equivalents as of the year-end stood at ¥26,018 million, ¥890 million down from the previous fiscal year-end (¥26,909 million). Cash flows for the year ended March 31, 2025 are summarized as follows:

(Cash flows from operating activities)

Net cash inflow from operating activities was ¥7,182 million (¥8,179 million in the previous fiscal year). The major components were income before income taxes of ¥877 million and decrease in long-term deposits paid of ¥5,509 million.

(Cash flows from investing activities)

Net cash outflow from investing activities was ¥5,011 million (¥2,186 million in the previous year). The major component was purchases of property and equipment of ¥4,609 million.

(Cash flows from financing activities)

Net cash outflow from financing activities was ¥2,949 million (¥2,326 million in the previous year). The main components were repayments of long-term bank loans of ¥1,250 million and dividends paid of ¥1,551 million.

4. Outlook

The airline industry in which the Company operates has been supported by strong passenger demand; however, the Company must continue to pay close attention to global inflation, rising purchase prices due to the weak yen, and the need to secure human resources amid diversifying work styles.

In this environment, the Company believes that there are many growth opportunities for Skymark in the future, including the expansion of slots at Haneda Airport, Kobe Airport, Fukuoka Airport and other airports, as well as the expansion of leisure and inbound demand. In anticipation of the growth stage, the Company will establish a structure that will enable the Company to secure stable profits even in a changing competitive environment where various risks are becoming apparent, and to grow continuously as an essential and favored airline, by further stimulating potential demand by improving customer experience values through the enhancement of digital marketing by utilizing CRM tools, while maintaining low-cost operations by introducing next-generation aircraft that are expected to significantly improve fuel efficiency by around 15%, with safe operations as a major premise.

In addition, the Company has a "Basic Sustainability Policy" to contribute to the sustainable development of society by providing safe, reliable, and high-quality airline services at affordable prices to all people. The Company will actively work to address climate change by introducing next-generation aircraft, improving operational efficiency, and using SAF (Sustainable Aviation Fuel), to implement measures to improve employee work styles and job satisfaction, and to collaborate with local governments and corporations.

In developing new air routes, the Company considers various factors in a diversified way to select them not only routes from/to major domestic airports, but also routes that directly connect regional areas, taking into account not only business and tourist demand but also the regional demand.

The assumptions used in preparing forecasts for the year ending March 31, 2026 are as follows: (a) foreign currency exchange rate: ¥150 to one U.S. dollar (hedged: ¥142.1 to one U.S. dollar) and (b) crude oil price on the Dubai market: U.S.\$75 per barrel (hedged: U.S.\$75.1 per barrel).

Basic approach to the selection of accounting standards

Since the Company does not have any subsidiaries, the Company does not prepare consolidated financial statements. The Company prepares its financial statements in accordance with Japanese GAAP, taking into consideration the workload of preparing financial statements in accordance with International Financial Reporting Standards.

Financial Statements

Balance Sheets

(Millions of Yen)

| | Year End- Current Year As of March 31, 2024 | Year End- Current Year As of March 31, 2025 |
|---|---|---|
| Assets | | |
| Current Assets: | | |
| Cash and bank deposits | ¥26,909 | ¥26,018 |
| Trade accounts receivable | 5,752 | 5,467 |
| Supplies | 70 | 56 |
| Other receivables | 4,267 | 2,448 |
| Prepaid expenses | 4,234 | 4,332 |
| Derivative receivables | 1,298 | 62 |
| Foreign exchange contracts | 1,905 | 952 |
| Other current assets | 32 | 84 |
| Total current assets | 44,473 | 39,424 |
| Non-Current Assets: | | |
| Property and equipment: | | |
| Flight equipment | 22,925 | 22,934 |
| Accumulated depreciation | (12,625) | (14,094) |
| Accumulated impairment losses | (73) | (73) |
| Flight equipment—net | 10,226 | 8,765 |
| Buildings and building improvements | 3,054 | 3,055 |
| Accumulated depreciation | (1,768) | (1,891) |
| Buildings and building improvements—net | 1,285 | 1,164 |
| Structures | 19 | 19 |
| Accumulated depreciation | (18) | (18) |
| Structures—net | 1 | 0 |
| Machinery and equipment | 548 | 533 |
| Accumulated depreciation | (546) | (533) |
| Machinery and equipment—net | 1 | 0 |
| Vehicles | 3,705 | 3,789 |
| Accumulated depreciation | (3,555) | (3,634) |
| Vehicles—net | 149 | 154 |
| Tools, furniture and fixtures | 2,223 | 2,219 |
| Accumulated depreciation | (1,823) | (1,718) |
| Accumulated impairment losses | (1) | (1) |
| Tools, furniture and fixtures—net | 398 | 499 |
| Leased assets | 2,181 | 1,407 |
| Accumulated depreciation | (1,508) | (974) |
| Accumulated impairment losses | (315) | — |
| Leased assets—net | 358 | 432 |
| Construction in progress | 1,478 | 4,743 |
| Total property and equipment | 13,899 | 15,762 |
| Intangible assets: | | |
| Software | 224 | 123 |
| Others | 57 | 94 |
| Total intangible assets | 281 | 218 |

| | Year End- Current Year As of March 31, 2024 | Year End- Current Year As of March 31, 2025 |
|---|---|---|
| Investments and other assets: | | |
| Investments in capital | ¥0 | ¥0 |
| Long-term prepaid expenses | 141 | 533 |
| Lease and guarantee deposits | 4,155 | 3,961 |
| Long-term deposits paid | 29,932 | 24,423 |
| Deferred tax assets | 17,067 | 19,478 |
| Derivative receivables | 297 | 8 |
| Foreign exchange contracts | 540 | 78 |
| Other assets | 0 | 0 |
| Total investments and other assets | 52,136 | 48,483 |
| Total non-current assets | 66,317 | 64,464 |
| Total assets | 110,790 | 103,888 |
| Liabilities | | |
| Current Liabilities: | | |
| Trade accounts payable | 4,050 | 3,805 |
| Short-term bank loans | 20,000 | 20,000 |
| Current portion of long-term bank loans | 1,250 | 1,750 |
| Lease obligations | 146 | 108 |
| Other payables | 335 | 80 |
| Accrued expenses | 699 | 779 |
| Income taxes payable | 32 | 32 |
| Contract liabilities | 13,688 | 13,862 |
| Deposits received | 1,080 | 1,120 |
| Provision for periodic maintenances of flight equipment | 14,743 | 7,288 |
| Accrued bonuses | 962 | 903 |
| Derivative liabilities | — | 133 |
| Other | 30 | 32 |
| Total current liabilities | 57,019 | 49,897 |
| Long-term Liabilities: | | |
| Long-term bank loans | 9,250 | 7,500 |
| Lease obligations | 450 | 497 |
| Provision for maintenance to return leased flight equipment | 3,236 | 2,461 |
| Provision for periodic maintenances of flight equipment | 12,328 | 15,543 |
| Asset retirement obligations | 445 | 320 |
| Derivative liabilities | — | 259 |
| Foreign exchange contracts | — | 52 |
| Other | 203 | 238 |
| Total long-term liabilities | 25,913 | 26,871 |
| Total liabilities | 82,932 | 76,769 |

(Millions of Yen)

| | Year End- Current Year As of March 31, 2024 | Year End- Current Year As of March 31, 2025 |
|--|---|---|
| Equity | | |
| Shareholders' equity: | | |
| Common stock | ¥100 | ¥100 |
| Capital surplus | | |
| Capital reserve | — | — |
| Other capital surplus | 18,353 | 17,966 |
| Total capital surplus | 18,353 | 17,966 |
| Retained earnings | | |
| Legal retained earnings | 25 | 25 |
| Other retained earnings | | |
| Retained earnings brought forward | 8,396 | 8,833 |
| Total retained earnings | 8,421 | 8,858 |
| Treasury stock | (1,393) | (89) |
| Total shareholders' equity | 25,481 | 26,835 |
| Remeasurement and adjustments: | | |
| Deferred gain (loss) on derivatives under hedge accounting | 2,376 | 284 |
| Total remeasurement and adjustments | 2,376 | 284 |
| Total equity | 27,857 | 27,119 |
| Total liabilities and equity | 110,790 | 103,888 |

Statements of Income

(Millions of Yen)

| | Year Ended March 31, 2024 | Year Ended March 31, 2025 |
|--|------------------------------|------------------------------|
| Operating revenues: | | |
| Air transportation revenue | ¥101,395 | ¥106,060 |
| Freight revenue | 11 | 7 |
| Ancillary services revenue | 2,669 | 2,824 |
| Total operating revenues | <u>104,075</u> | <u>108,893</u> |
| Operating costs: | | |
| Air transportation costs | 93,339 | 100,117 |
| Other costs | 38 | 69 |
| Total operating costs | <u>93,377</u> | <u>100,187</u> |
| Gross profit | <u>10,698</u> | <u>8,705</u> |
| Selling, general and administrative expenses | | |
| Sales commissions | 879 | 963 |
| Advertising | 159 | 231 |
| Directors' remuneration | 244 | 258 |
| Salaries and wages | 1,100 | 1,288 |
| Accrual of bonuses | 148 | 107 |
| Welfare expenses | 238 | 272 |
| Travel and transportation | 74 | 87 |
| System-related expenses | 486 | 494 |
| Outsourcing expenses | 615 | 882 |
| Fees and commissions | 1,162 | 1,226 |
| Rent | 115 | 121 |
| Supplies | 327 | 365 |
| Taxes and dues | 58 | 70 |
| Depreciation and amortization | 94 | 124 |
| Other | 321 | 381 |
| Total selling, general and administrative expenses | <u>6,029</u> | <u>6,878</u> |
| Operating income | <u>4,668</u> | <u>1,826</u> |
| Non-operating income: | | |
| Interest income | 35 | 316 |
| Foreign exchange gain | 2,493 | — |
| Subsidy income | 28 | 79 |
| Income from scrap sales | 205 | 180 |
| Penalty income | 887 | 933 |
| Other | 185 | 182 |
| Total non-operating income | <u>3,836</u> | <u>1,693</u> |
| Non-operating expenses: | | |
| Interest expenses | 456 | 544 |
| Foreign exchange loss | — | 1,644 |
| Commissions and fees | 397 | 263 |
| Loss on disposal of property and equipment | 91 | 216 |
| Other | 95 | 90 |
| Total non-operating income | <u>1,041</u> | <u>2,759</u> |
| Ordinary income | <u>7,463</u> | <u>760</u> |

(Millions of Yen)

| | Year Ended March 31, 2024 | Year Ended March 31, 2025 |
|--|------------------------------|------------------------------|
| Special gains: | | |
| Gain on reversal of asset retirement obligations | ¥— | ¥117 |
| Total special gains | — | 117 |
| Income before income taxes | 7,463 | 877 |
| Income taxes—current | 32 | 32 |
| Income taxes—deferred | 4,434 | (1,301) |
| Total income taxes | 4,466 | (1,268) |
| Net income | 2,997 | 2,146 |

Statements of Changes in Equity

(Millions of Yen)

| Year Ended March 31, 2024 | Shareholders' Equity | | | | | | | | | Remeasurement and Adjustments | | |
|----------------------------|----------------------|--------------------|--------------------------|---------|----------------------------|--|--------|-------------------|---------|--|--------|-----------------|
| | Capital Surplus | | | | Retained Earnings | | | | | Deferred Gain (Loss) on Derivatives under Hedge Accounting | Total | Total Equity |
| | Common Stock | Capital Reserve | Other Capital Surplus | Total | Legal Retained Earnings | Other Retained Earnings— Retained Earnings Brought Forward | Total | Treasury Stock | Total | | | |
| Beginning balance | ¥100 | ¥ — | ¥18,353 | ¥18,353 | ¥— | ¥5,726 | ¥5,726 | ¥ — | ¥24,179 | ¥(262) | ¥(262) | ¥23,917 |
| Changes during the year: | | | | | | | | | | | | |
| Dividends | — | — | — | — | 25 | (326) | (301) | — | (301) | — | — | (301) |
| Net income | — | — | — | — | — | 2,997 | 2,997 | — | 2,997 | — | — | 2,997 |
| Purchase of treasury stock | — | — | — | — | — | — | — | (1,393) | (1,393) | — | — | (1,393) |
| Other, net | — | — | — | — | — | — | — | — | — | 2,638 | 2,638 | 2,638 |
| Total changes | — | — | — | — | 25 | 2,670 | 2,695 | (1,393) | 1,301 | 2,638 | 2,638 | 3,939 |
| Ending balance | 100 | — | 18,353 | 18,353 | 25 | 8,396 | 8,421 | (1,393) | 25,481 | 2,376 | 2,376 | 27,857 |

(Millions of Yen)

| Year Ended March 31, 2025 | Shareholders' Equity | | | | | | | | | Remeasurement and Adjustments | | | |
|----------------------------|----------------------|-----------------|-----------------------|---------|-------------------------|---|---------|-----------|----------------|-------------------------------|--|---------|--------------|
| | Capital Surplus | | | | Retained Earnings | | | | Treasury Stock | Total | Deferred Gain (Loss) on Derivatives under Hedge Accounting | Total | Total Equity |
| | Common Stock | Capital Reserve | Other Capital Surplus | Total | Legal Retained Earnings | Other Retained Earnings—Retained Earnings Brought Forward | Total | | | | | | |
| Beginning balance | ¥100 | ¥ — | ¥18,353 | ¥18,353 | ¥25 | ¥8,396 | ¥8,421 | ¥ (1,393) | ¥25,481 | ¥2,376 | ¥2,376 | ¥27,857 | |
| Changes during the year: | | | | | | | | | | | | | |
| Dividends | — | — | — | — | — | (1,709) | (1,709) | — | (1,709) | — | — | (1,709) | |
| Net income | — | — | — | — | — | 2,146 | 2,146 | — | 2,146 | — | — | 2,146 | |
| Purchase of treasury stock | — | — | — | — | — | — | — | (0) | (0) | — | — | (0) | |
| Disposal of treasury stock | — | — | (387) | (387) | — | — | — | 1,304 | 917 | — | — | 917 | |
| Other, net | — | — | — | — | — | — | — | — | — | (2,092) | (2,092) | (2,092) | |
| Total changes | — | — | (387) | (387) | — | 436 | 436 | 1,304 | 1,353 | (2,092) | (2,092) | (738) | |
| Ending balance | 100 | — | 17,966 | 17,966 | 25 | 8,833 | 8,858 | (89) | 26,835 | 284 | 284 | 27,119 | |

Statements of Cash Flows

(Millions of Yen)

| | Year Ended March 31, 2024 | Year Ended March 31, 2025 |
|--|------------------------------|------------------------------|
| Cash flows from operating activities: | | |
| Income before income taxes | ¥7,463 | ¥877 |
| Depreciation and amortization | 2,474 | 2,730 |
| Increase (decrease) in provision for periodic maintenances of flight equipment | (204) | (4,240) |
| Increase (decrease) in provision for maintenance to return leased flight equipment | (325) | (775) |
| Decrease (increase) in accrued bonuses | (51) | (59) |
| Interest and dividend income | (35) | (316) |
| Interest expenses | 456 | 544 |
| Foreign exchange loss (gain) | (1,074) | 190 |
| Gain on reversal of asset retirement obligations | — | (117) |
| Income from scrap sales | (205) | (180) |
| Subsidy income | (28) | (79) |
| Insurance income | (0) | — |
| Loss on disposal of property and equipment | 91 | 216 |
| Decrease (increase) in trade accounts receivable | (296) | 284 |
| Decrease (increase) in supplies | (52) | 14 |
| Decrease (increase) in prepaid expenses | (616) | 403 |
| Decrease (increase) in other receivables | (1,733) | 1,933 |
| Decrease (increase) in long-term deposits paid | 1,170 | 5,509 |
| Increase (decrease) in trade accounts payable | 12 | (184) |
| Increase (decrease) in contract liabilities | 1,522 | 174 |
| Increase (decrease) in other payable | 290 | 61 |
| Decrease (increase) in consumption taxes receivable | (407) | (112) |
| Increase (decrease) in consumption taxes payable | (331) | — |
| Other | 279 | 308 |
| Subtotal | 8,397 | 7,182 |
| Interests and dividends received | 35 | 316 |
| Interests paid | (455) | (544) |
| Proceeds from scrap sales | 205 | 180 |
| Subsidy income received | 28 | 79 |
| Insurance income received | 0 | — |
| Income taxes paid | (32) | (32) |
| Net cash flows from operating activities | 8,179 | 7,182 |

| | Year Ended March 31, 2024 | Year Ended March 31, 2025 |
|---|------------------------------|------------------------------|
| Cash flows from investing activities: | | |
| Purchases of property and equipment | ¥(1,682) | ¥(4,609) |
| Proceeds from sales of property and equipment | 17 | 2 |
| Purchases of intangible assets | (85) | (95) |
| Payment for lease and guarantee deposits | (435) | (309) |
| Net cash flows from investing activities | (2,186) | (5,011) |
| Cash flows from financing activities: | | |
| Net increase (decrease) in short-term bank loans | (10,000) | — |
| Proceeds from long-term bank loans | 10,000 | — |
| Repayment of long-term bank loans | (500) | (1,250) |
| Repayments of lease obligations | (157) | (148) |
| Payments for purchase of treasury stock | (1,393) | (0) |
| Dividends paid | (275) | (1,551) |
| Net cash flows from financing activities | (2,326) | (2,949) |
| Foreign currency translation adjustments on cash and cash equivalents | 723 | (111) |
| Net increase (decrease) in cash and cash equivalents | 4,389 | (890) |
| Cash and cash equivalents, beginning of year | 22,519 | 26,909 |
| Cash and cash equivalents, end of year | 26,909 | 26,018 |

Notes to Financial Statements

Going Concern Issues

No items to report.

Equity Method

There are no items to report since the Company does not have any associated companies.

Segment Information

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

Per Share Information

| | Year Ended March 31, 2024 | Year Ended March 31, 2025 |
|--------------------------------|------------------------------|------------------------------|
| Equity per share (yen) | ¥472.57 | ¥450.32 |
| Basic earnings per share (yen) | 49.93 | 36.14 |

(Note 1) *Net income per share-diluted is not presented because the Company did not have any kind of potentially dilutive shares.*

(Note 2) *Basis for computing basic earnings per share is as follows:*

| | Year Ended March 31, 2024 | Year Ended March 31, 2025 |
|---|------------------------------|------------------------------|
| Net income attributable to owners of the parent (millions of yen) | ¥2,997 | ¥2,146 |
| Net income not attributable to common shareholders (millions of yen) | — | — |
| Net income attributable to common Shareholders (millions of yen) | 2,997 | 2,146 |
| Average number of shares of common stock outstanding during the year (shares) | 60,020,217 | 59,378,012 |

Significant Subsequent Event

No items to report.

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. All the figures in this report are unaudited.