



May 15, 2023

Financial Results for the Fiscal Year Ended March 31, 2023 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	Hayao Hora, President and Representative Director
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 27, 2023
Scheduled starting date of dividend payment	To be determined
Scheduled date of filing the Securities Report (Japanese version only)	June 27, 2023
Supplementary material on financial results	To be uploaded on "Investor Relations" of the Company's website

1. Operating Results and Financial Position as of and for the Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(1) Operating Results

Year Ended (Millions of Yen)	Operating Revenues		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
March 31, 2023	¥84,661	79.6%	¥3,453	— %	¥3,713	— %	¥5,726	— %
March 31, 2022	47,147	38.4	(16,694)	—	(15,079)	—	(6,729)	—

Year Ended (Yen)	Net Income (Loss) Per Share-Basic	Net Income Per Share-Diluted
March 31, 2023	¥111.88	—
March 31, 2022	(145.78)	—

Year Ended (%)	Return on Equity (Net income / Shareholders' equity)	Return on Assets (Ordinary income / Total assets)	Operating Margin
March 31, 2023	34.5 %	3.7 %	4.1 %
March 31, 2022	(68.2)	(16.8)	(35.4)

<i>Equity earnings of affiliates</i>	<i>Year ended March 31, 2023</i>	<i>¥— million</i>
	<i>Year ended March 31, 2022</i>	<i>— million</i>

(Note) Net income per share-diluted for the year ended March 31, 2023 is not presented because the Company does not have any kind of potentially dilutive shares. Net income per share-diluted for the year ended March 31, 2022 is not presented because the Company does not have any kind of potentially dilutive shares and the Company recorded a net loss.

(2) Financial Position

	Total Assets (Millions of Yen)	Total Equity (Millions of Yen)	Net Worth Ratio (%)	Equity Per Share (Yen)
March 31, 2023	¥107,837	¥23,917	22.2 %	¥396.46
March 31, 2022	93,559	9,299	9.9	196.67

<i>(Note) Net worth</i>	<i>As of March 31, 2023:</i>	<i>¥23,917 million</i>
	<i>As of March 31, 2022:</i>	<i>9,299 million</i>

(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, 2023	¥5,911	¥ (2,269)	¥9,608	¥22,519
March 31, 2022	(12,459)	(380)	8,852	9,282

2. Dividends

Year Ended	Dividend Per Share (Yen)				Total
	First Quarter End	Second Quarter End	Third Quarter End	Year/Period End	
March 31, 2022	—	0.00	—	0.00	0.00
March 31, 2023	—	0.00	—	5.00	5.00
March 31, 2024 (Projected)	—	0.00	—	—	—

Year Ended	Total Amount of Dividends for the Year/Period (Millions of Yen)	Payout Ratio	Dividend on Equity)
March 31, 2022	—	—%	—%
March 31, 2023	301	4.5%	1.7%
March 31, 2024 (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, 2024 has not yet been determined

3. Forecasts for the year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

	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, 2024					
(amount)	¥102,300	¥5,600	¥5,600	¥5,800	¥96.14
(percentage)	20.8%	62.2%	50.8%	1.3%	N/A

(Note) The forecasts for the six months period ending September 30, 2023 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:	Please refer to "Change in Accounting Policies" in "Notes to Financial Statements"
(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, 2023	60,329,400
	March 31, 2022	47,286,000
(b) Treasury stock as of:	March 31, 2023	—
	March 31, 2022	—
(c) Average number of common stock for the nine months ended:	March 31, 2023	51,181,152
	March 31, 2022	46,158,658

(Note) The number of issued shares of common stock increased by 13,043,400 shares due to issuance of new shares through a public offering of which payment date was December 13, 2022.

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 Monday, May 15, 2023. 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, 2022 to March 31, 2023)

During this fiscal year, although the economy continued to show some weakness due to the COVID-19 pandemic, it showed signs of recovery due to the effects of various policies aimed at sustaining daily life and economic and social activities. On the other hand, amid continued global monetary tightening and other factors, the outlook still requires close monitoring due to the historically weak yen and the hike in resource prices.

In the Company's business, passenger demand remained weak mainly in the first quarter of the fiscal year due to the impact of Semi-emergency COVID-19 Spread Prevention Measures, which had been issued until March 2022. However, the recovery trend became more evident from the fall due to the cancellation of action restrictions and the stimulation of tourism demand associated with nationwide travel support programs, which began in October 2022. In addition, the shift of the classification of COVID-19 to "Class 5" under the Infectious Disease Control Law and the policy of relaxing the mask-wearing rule have further boosted travel demand. As a result, the load factor in the fourth quarter period showed a strong recovery to 77.8%, up 31.2 points as compared to a year earlier, when the load factor significantly declined due to the COVID-19 pandemic. The number of revenue passengers recovered to the same level as before the outbreak of COVID-19.

In addition, as part of the Company's mid- to long-term growth strategy, the Company continued to improve the quality of its services and flight operations. As a result of these efforts, Skymark was ranked number one in the on-time operation rate for the five consecutive years and number one in customer satisfaction in the domestic long-distance transportation sector of the JCSI (Japanese Customer Satisfaction Index) for 2022. In addition, Skymark won the Minister of Land, Infrastructure, Transport and Tourism Award at the 4th Japan Service Awards. Regarding the acquisition of slots at Haneda Airport in order to expand the scale of its business, continuation of Haneda-Miyako (Shimojishima) route operation was approved until March 2025 in the Haneda Airport Slot Policy Contest.

Furthermore, the Company has decided to introduce the Boeing 737 MAX series, fuel-efficient aircraft, from fiscal 2025. The Company is making steady progress toward the realization of the mid- and long-term strategies.

Skymark will continue to refine its business model to provide safe and comfortable air travel to as many customers as possible, aiming to become the most chosen airline.

(Operational system)

In the first quarter of the fiscal year, the number of flights was reduced by up to 12% due mainly to a decline in passenger demand caused by the issuance of Semi-emergency COVID-19 Spread Prevention Measures; however, all flights have been operated since the third quarter period due to a recovery in passenger demand. In addition, the Company strived to increase operating revenues by making maximum use of the Company's 29 aircraft to operate additional scheduled flights especially on the Haneda-Fukuoka and Haneda-New Chitose routes, during periods of particularly high demand such as weekend and consecutive holidays.

As a result, the number of flights for the year ended March 31, 2023 was 54,199, up 19.5%, as compared to a year earlier that was affected by the COVID-19 pandemic.

(Operating revenues and operating costs)

In this fiscal year, the number of paid passengers amounted to 7,022,017, up 68.5% as compared to a year earlier, resulting in operating revenues amounting to ¥84,661 million, up 79.6% as compared to a year earlier. Operating costs amounted to ¥75,718 million, up ¥16,516 million as compared to a year earlier, due to increase in variable costs such as aircraft fuels and airport fees resulting from an increase in the number of flights operated; however, the Company recorded ¥3,453 million of operating income (¥16,694 million of operating loss a year earlier) because of the increase in operating revenues. Ordinary income amounted to ¥3,713 million (¥15,079 million of ordinary loss a year earlier) due to foreign exchange gain associated with the assets denominated in foreign currencies resulting from the weaker yen. Net income amounted to ¥5,726 million (¥6,729 million of net loss a year earlier) due to a combined effect of ¥1,212 million of loss on impairment of long-lived assets associated with impairment of software in progress and the effect of recording ¥3,258 million of income taxes—deferred .

2. Financial Position (As of March 31, 2023)

Total assets stood at ¥107,837 million, ¥14,277 million up from the previous fiscal year-end. Total current assets increased by ¥10,657 million because of fund raised through a public offering at the initial listing in December 2022 and increase in cash and deposits due to collection of long-term deposits paid. Total non-current assets increased by ¥3,620 million because of increase in deferred tax assets by ¥6,101 million corresponding to increase in expected taxable income in the mid- and long-term business plan.

Total liabilities stood at ¥83,919 million, ¥340 million down from the previous fiscal year-end. This was mainly attributable to a combined effect of increase in contract liabilities by ¥5,501 million corresponding to the recovery of passenger demand, repayments of short-term bank loans by ¥2,000 million and long-term bank loans by ¥2,000 million, and decrease in accounts payable by ¥2,024 million.

Equity stood at ¥23,917 million, ¥14,618 million up from the previous fiscal year-end. This was mainly attributable to a combined effect of increase in other capital surplus by ¥7,453 million in relation to issuance of new shares through a public offering, increase in retained earnings (turnaround from the deficit position) by ¥12,541 million due to disposition of deficits and net income for the fiscal year, and decrease in deferred gain on derivatives under hedge accounting by ¥5,376 million resulting from forward foreign exchange contracts and other derivative transactions.

3. Cash Flows (April 1, 2022 to March 31, 2023)

Cash and cash equivalents as of the year-end stood at ¥22,519 million, ¥13,236 million up from the previous fiscal year-end (¥9,282 million). Cash flows for the year ended March 31, 2023 are summarized as follows:

(Cash flows from operating activities)

Net cash inflow from operating activities was ¥5,911 million (an outflow of ¥12,459 million in the previous fiscal year). The main component was increase in contract liabilities of ¥5,501 million.

(Cash flows from investing activities)

Net cash outflow from investing activities was ¥2,269 million (¥380 million in the previous year). The main component was purchases of property and equipment of ¥1,471 million.

(Cash flows from financing activities)

Net cash inflow from financing activities was ¥9,608 million (¥8,852 million in the previous year). The main component was proceeds from issuance of new shares of ¥13,755 million.

4. Outlook

The airline industry, in which the Company operates, suffered greatly as most of the passenger demand evaporated due to the global spread of the COVID-19 pandemic from early 2020. However, in 2022, there was a remarkable recovery in the flow of people due to the progress of vaccinations and the cancellation of various behavioral restrictions. The Company expects that it will start the post-COVID-19 era in both name and reality, following the shift of COVID-19 to Category 5 infection, and that passenger demand will return to the situation before the COVID pandemic in fiscal 2023. On the other hand, the Company continues to face a number of challenges to deal with, including global inflation, a weak yen, and soaring crude oil prices due to Russia's invasion of Ukraine. The assumptions used in preparing forecasts for the year ending March 31, 2024 are as follows: (a) foreign currency exchange rate: ¥130 to one U.S. dollar (hedged: ¥121.5 to one U.S. dollar) and (b) crude oil price on the Dubai market: U.S.\$76 per barrel (hedged: U.S.\$79.6 per barrel).

In this environment, the Company will establish a structure that will enable the Company to secure stable profits even in a changing competitive environment by further improving customer convenience and productivity through DX promotion and introducing next-generation aircraft, with safe operations as a major premise.

In addition, the Company will continue to pursue a high level of service quality as well in terms of on-time performance and customer satisfaction, while contributing to the coexistence and further development of destinations through collaborations and event planning with local governments and companies. The Company will consider new air routes in a diversified way to select them not only to major domestic airports, but also to regional areas, thereby meeting the demand for business and tourism and establishing new air routes that are rooted in the region. The Company will actively engage in charter flights and other operations depending on the situation.

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- Previous Year As of March 31, 2022	Year End- Current Year As of March 31, 2023
Assets		
Current Assets:		
Cash and bank deposits	¥9,282	¥22,519
Trade accounts receivable	3,480	5,062
Supplies	18	18
Other receivables	647	1,831
Prepaid expenses	3,519	3,619
Derivatives	5,134	183
Other current assets	1,693	1,198
Total current assets	23,776	34,433
Non-Current Assets:		
Property and equipment:		
Flight equipment	22,524	22,569
Accumulated depreciation	(9,648)	(11,087)
Accumulated impairment losses	(73)	(73)
Flight equipment—net	12,802	11,408
Buildings and building improvements	2,951	3,002
Accumulated depreciation	(1,396)	(1,585)
Buildings and building improvements—net	1,554	1,417
Structures	19	19
Accumulated depreciation	(17)	(17)
Structures—net	2	1
Machinery and equipment	546	548
Accumulated depreciation	(545)	(546)
Machinery and equipment—net	0	1
Vehicles	3,608	3,686
Accumulated depreciation	(3,499)	(3,531)
Vehicles—net	109	154
Tools, furniture and fixtures	2,057	2,156
Accumulated depreciation	(1,556)	(1,685)
Accumulated impairment losses	(1)	(1)
Tools, furniture and fixtures—net	499	469
Leased assets	2,156	2,156
Accumulated depreciation	(1,299)	(1,407)
Accumulated impairment losses	(315)	(315)
Leased assets—net	542	434
Construction in progress	3	941
Total property and equipment	15,514	14,829
Intangible assets:		
Software	322	127
Others	1,413	249
Total intangible assets	1,736	376

	Year End- Previous Year As of March 31, 2022	Year End- Current Year As of March 31, 2023
Investments and other assets:		
Investments in a subsidiary	¥2	¥-
Investments in capital	0	0
Long-term prepaid expenses	220	173
Lease and guarantee deposits	3,241	3,979
Long-term deposits paid	30,781	31,102
Deferred tax assets	16,795	22,897
Other assets	1,490	44
Total investments and other assets	52,532	58,197
Total non-current assets	69,782	73,403
Total assets	93,559	107,837
Liabilities		
Current Liabilities:		
Trade accounts payable	6,165	4,140
Short-term bank loans	32,000	30,000
Lease obligations	147	153
Other payables	3,689	44
Accrued expenses	546	566
Income taxes payable	33	32
Contract liabilities	6,664	12,165
Deposits received	556	800
Provision for periodic maintenances of flight equipment	10,479	11,748
Accrued bonuses	-	1,014
Derivative liabilities	-	350
Other	307	360
Total current liabilities	60,590	61,378
Long-term Liabilities:		
Long-term bank loans	3,000	1,000
Lease obligations	725	572
Provision for maintenance to return leased flight equipment	2,967	3,562
Provision for periodic maintenances of flight equipment	16,305	15,527
Asset retirement obligations	433	439
Derivative liabilities	-	1,009
Other	237	430
Total long-term liabilities	23,669	22,541
Total liabilities	84,259	83,919

(Millions of Yen)

	Year End- Previous Year As of March 31, 2022	Year End- Current Year As of March 31, 2023
Equity		
Shareholders' equity:		
Common stock	100	100
Capital surplus		
Capital reserve	—	—
Other capital surplus	10,900	18,353
Total capital surplus	10,900	18,353
Retained earnings (accumulated deficit)— unappropriated	(6,815)	5,726
Total shareholders' equity	4,184	24,719
Remeasurement and adjustments:		
Deferred gain (loss) on derivatives under hedge accounting	5,114	(262)
Total remeasurement and adjustments	5,114	(262)
Total equity	9,299	23,917
Total liabilities and equity	93,559	107,837

Statements of Income

(Millions of Yen)

	Year Ended March 31, 2022	Year Ended March 31, 2023
Operating revenues:		
Air transportation revenue	¥45,641	¥82,044
Freight revenue	21	27
Ancillary services revenue	1,484	2,588
Total operating revenues	47,147	84,661
Operating costs:		
Air transportation costs	59,175	75,691
Other costs	26	27
Total operating costs	59,202	75,718
Gross profit (loss)	(12,054)	8,942
Selling, general and administrative expenses		
Sales commissions	435	748
Advertising	122	222
Directors' remuneration	209	217
Salaries and wages	1,015	1,018
Accrual of bonuses	—	115
Welfare expenses	204	206
Travel and transportation	45	58
System-related expenses	425	383
Outsourcing expenses	657	643
Fees and commissions	653	954
Rent	96	118
Supplies	169	226
Taxes and dues	61	119
Depreciation and amortization	263	202
Other	278	252
Total selling, general and administrative expenses	4,639	5,488
Operating income (loss)	(16,694)	3,453
Non-operating income:		
Interest income	9	0
Foreign exchange gain	1,113	673
Subsidy income	818	156
Penalty income	411	649
Other	122	171
Total non-operating income	2,474	1,650
Non-operating expenses:		
Interest expenses	465	461
Commissions and fees	341	340
Listing-related expenses	—	517
Loss on disposal of property and equipment	51	48
Other	1	24
Total non-operating expenses	860	1,391
Ordinary income (loss)	(15,079)	3,713

(Millions of Yen)

	Year Ended March 31, 2022	Year Ended March 31, 2023
Special gains:		
Gain on sale of property and equipment	¥1,718	¥—
Total special gains	1,718	—
Special losses:		
Impairment loss of long-lived assets	—	1,212
Total special losses	—	1,212
Income (loss) before income taxes	(13,360)	2,500
Income taxes—current	33	32
Income taxes—deferred	(6,665)	(3,258)
Total income taxes	(6,631)	(3,225)
Net income (loss)	(6,729)	5,726

Statements of Changes in Equity

(Millions of Yen)

Year Ended March 31, 2022	Shareholders' Equity					
	Common Stock	Capital Surplus			Retained Earnings (Accumulated Deficits) — Unappropriated	Total
		Capital Reserve	Other Capital Surplus	Total		
Beginning balance	¥100	¥—	¥8,900	¥8,900	¥ (86)	¥8,913
Changes during the year:						
Issuance of new shares	1,000	—	1,000	1,000	—	2,000
Reduction of capital	(1,000)	—	1,000	1,000	—	—
Net loss	—	—	—	—	(6,729)	(6,729)
Other	—	—	—	—	—	—
Total changes	—	—	2,000	2,000	(6,729)	(4,729)
Ending balance	100	—	10,900	10,900	(6,815)	4,184

	Remeasurement and Adjustments		
	Deferred Gain on Derivatives under Hedge Accounting	Total	Total Equity
Beginning balance	¥1,510	¥1,510	¥10,424
Changes during the year:			
Issuance of new shares	—	—	2,000
Reduction of capital	—	—	—
Net loss	—	—	(6,729)
Other	3,604	3,604	3,604
Total changes	3,604	3,604	(1,125)
Ending balance	5,114	5,114	9,299

(Millions of Yen)

Year Ended March 31, 2023	Shareholders' Equity					
	Common Stock	Capital Surplus			Retained Earnings (Accumulated Deficits) — Unappropriated	Total
		Capital Reserve	Other Capital Surplus	Total		
Beginning balance	¥100	¥—	¥10,900	¥10,900	¥ (6,815)	¥4,184
Changes during the year:						
Issuance of new shares	7,134	7,134	—	7,134	—	14,268
Reduction of capital	(7,134)	(7,134)	14,268	7,134	—	—
Net income	—	—	—	—	5,726	5,726
Disposition of accumulated deficit	—	—	(6,815)	(6,815)	6,815	—
Other	—	—	—	—	—	—
Total changes	—	—	7,453	7,453	12,541	19,995
Ending balance	100	—	18,353	18,353	5,726	24,179

	Remeasurement and Adjustments		
	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Total	Total Equity
Beginning balance	¥5,114	¥5,114	¥9,299
Changes during the year:			
Issuance of new shares	—	—	14,268
Reduction of capital	—	—	—
Net income	—	—	5,726
Disposition of accumulated deficit	—	—	—
Other	(5,376)	(5,376)	(5,376)
Total changes	(5,376)	(5,376)	14,618
Ending balance	(262)	(262)	23,917

Statements of Cash Flows

(Millions of Yen)

	Year Ended March 31, 2022	Year Ended March 31, 2023
Cash flows from operating activities:		
Income (loss) before income taxes	¥ (13,360)	2,500
Depreciation and amortization	2,806	2,407
Impairment loss of long-lived assets	—	1,212
Decrease (increase) in allowance for doubtful receivables	(1)	—
Increase (decrease) in provision for periodic maintenances of flight equipment	867	491
Increase (decrease) in provision for maintenance to return leased flight equipment	470	594
Decrease (increase) in accrued bonuses	—	1,014
Interest and dividend income	(9)	(0)
Interest expenses	465	461
Foreign exchange loss (gain)	(241)	(170)
Gain on sale of property and equipment	(1,719)	(0)
Listing-related expenses	—	517
Subsidy income	—	(156)
Insurance income	—	(18)
Loss on disposal of property and equipment	51	48
Decrease (increase) in trade accounts receivable	(263)	(1,582)
Decrease (increase) in supplies	(4)	0
Decrease (increase) in prepaid expenses	(984)	(99)
Decrease (increase) in other receivables	442	(1,368)
Decrease (increase) in advances paid	871	—
Decrease (increase) in long-term deposits paid	(4,509)	(320)
Increase (decrease) in trade accounts payable	276	(2,155)
Increase (decrease) in contract liabilities	2,100	5,501
Increase (decrease) in other payable	608	(3,518)
Decrease (increase) in consumption taxes receivable	164	184
Increase (decrease) in consumption taxes payable	147	57
Other	(562)	630
Subtotal	(12,385)	6,231
Interests and dividends received	9	0
Interests paid	(465)	(461)
Subsidy income received	—	156
Insurance income received	—	18
Income taxes refunded	397	—
Income taxes paid	(16)	(33)
Net cash flows from operating activities	(12,459)	5,911

	Year Ended March 31, 2022	Year Ended March 31, 2023
Cash flows from investing activities:		
Purchases of property and equipment	¥ (388)	(1,471)
Proceeds from sales of property and equipment	1	0
Purchases of intangible assets	—	(25)
Payment for acquisition of investments in capital	(0)	—
Payment for lease and guarantee deposits	—	(1,126)
Proceeds from collection of lease and guarantee deposits	7	353
Proceeds from liquidation of an associated company	—	1
Net cash flows from investing activities	<u>(380)</u>	<u>(2,269)</u>
Cash flows from financing activities:		
Net increase (decrease) in short-term bank loans	2,000	(2,000)
Proceeds from long-term bank loans	3,000	—
Repayment of long-term bank loans	—	(2,000)
Proceeds from issuance of new shares	2,000	13,755
Proceeds from sale-and-leaseback transactions	1,996	—
Repayments of lease obligations	(143)	(147)
Net cash flows from financing activities	<u>8,852</u>	<u>9,608</u>
Foreign currency translation adjustments on cash and cash equivalents	0	(13)
Net increase (decrease) in cash and cash equivalents	<u>(3,987)</u>	<u>13,236</u>
Cash and cash equivalents, beginning of year	<u>13,270</u>	<u>9,282</u>
Cash and cash equivalents, end of year	<u>9,282</u>	<u>22,519</u>

Notes to Financial Statements

Going Concern Issues

No items to report.

Changes in Accounting Policies

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)

Effective from April 1, 2022, the Company adopted Accounting Standards Board of Japan Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement" (issued on June 17, 2021, hereinafter, the "Guidance"). In accordance with the transitional treatment provided in Section 27-2 of the Guidance, the Company will prospectively apply the new accounting policies as stipulated by the Guidance. The adoption of the Guidance did not have a significant impact on the Company's financial statements.

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, 2022	Year Ended March 31, 2023
Equity per share (yen)	¥196.67	¥396.46
Basic earnings (loss) per share (yen)	(145.78)	111.88

(Note 1) *Net income per share-diluted for the year ended March 31, 2023 is not presented because the Company does not have any kind of potentially dilutive shares. Net income per share-diluted for the year ended March 31, 2022 is not presented because the Company does not have any kind of potentially dilutive shares and the Company recorded a net loss.*

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

	Year Ended March 31, 2022	Year Ended March 31, 2023
Net income (loss) attributable to owners of the parent (millions of yen)	¥ (6,729)	¥5,726
Net income (loss) not attributable to common shareholders (millions of yen)	—	—
Net income (loss) attributable to common Shareholders (millions of yen)	(6,729)	5,726
Average number of shares of common stock outstanding during the year (shares)	46,158,658	51,181,152

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.