November 7th, 2023

Company Name	Integral Corporation
Name of Representative	Reijiro Yamamoto, Representative Director and Partner (Securities code : 5842 Growth Market of the Tokyo Stock Exchange)
Inquiries	Yasuaki Sumikawa, CFO & Controller (TEL. 03-6212-6100)

Notice of Partial Transfer of Shares of Skymark Airlines Inc.

Integral Corporation is pleased to announce that Integral Corporation and its affiliated funds, Integral 2 Limited Partnership and Integral Fund II (A) L.P. (collectively "Fund II Series", and collectively with Integral Corporation "Integral"), have signed a share transfer agreement ("Agreement") to sell the partial shares (equivalent to 13.0% of total number of shares issued and outstanding) of Skymark Airlines Inc. ("Skymark" or "the Company") to SUZUYO HOLDINGS Co.,Ltd ("Suzuyo Holdings").

1. Background of the Transfer

Skymark, founded in 1996, entered the domestic airline market as a new independent player with the deregulation and has continued to provide air transportation services based on the concepts of "reasonable prices" and "simple and easy-to-understand services.

Integral has been one of the shareholders of the company since its civil rehabilitation proceedings in 2015, and together we overcame difficulties such as civil rehabilitation and the Covid-19 pandemic, leading to the company's listing on the Growth Market of the Tokyo Stock Exchange in 2022. Skymark is currently the third largest airline in Japan with the 23 domestic routes and 12 cities, operating approximately 150 flights per day, and boasts the highest on-time performance and customer satisfaction.

By the transfer of shares to Suzuyo Holdings, who is an important business partner of Skymark, Suzuyo Holdings will become a close shareholder who respects Skymark's philosophy. This transaction is expected to boost the value of Skymark through mutually beneficial business alliances in the future.

2. Overview of Investee Company (Skymark)

(1)	Name	Skymark Airlines Inc.
(2)	Address	3-5-10 Haneda Airport, Ota-ku,Tokyo 144-0041 Japan
(3)	Title and name of representative	Representative Director, President and Executive Officer Hayao Hora
(4)	Description of business	Regular air transportation service, etc
(5)	Share capital	JPY 100 million
(6)	Date of establishment	November 12th, 1996
(7)	Major shareholders and ownership ratio （As of March 2023）	Integral 2 Limited Partnership 19.51% ANA HOLDINGS INC. 12.93% UDS Airlines Investment Limited Partnership 10.53% SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) 7.54% GOLDMAN SACHS INTERNATIONAL (Standing Proxy: Goldman Sachs Japan Co., Ltd.) 4.10% MSIP CLIENT SECURITIES(Standing Proxy: Morgan Stanley MUFG Securities Co., Ltd.) 3.79%

		STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM (Standing Proxy: Securities Services Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) 2.19% INTEGRAL FUND II(A)L.P. (Standing Proxy: Daiwa Securities Co. Ltd.) 2.16% Integral II SS Investment Limited Partnership 1.90% CEPLUX- THE INDEPENDENT UCITS PLATFORM 2 (Standing proxy: Citibank, N.A., Tokyo. Branch) 1.82%	
(8)	Relationship between the Company and Integral Corporation and its group companies	Capital relationship	Integral owns 20.3% of shares of Skymark
		Personnel relationship	One director and one corporate auditor of Integral Corporation serve as directors of Skymark
		Business relationship	Not applicable.

(9) Operating results and financial portions of the Company for the latest year

Fiscal year ended	March, 2021	March, 2022	March, 2023
Net assets	JPY 10,424 MM	JPY 9,299 MM	JPY 23,917 MM
Total assets	JPY 85,452 MM	JPY 93,559 MM	JPY 107,837 MM
Shareholder's Equity per Share	JPY 231.65	JPY 196.67	JPY 396.46
Revenue	JPY 34,064 MM	JPY 47,147 MM	JPY 84,661 MM
Operating profit	JPY △31,675 MM	JPY △16,694 MM	JPY 3,453 MM
Ordinary profit	JPY △29,602 MM	JPY △15,079 MM	JPY 3,713 MM
Profit	JPY △16,342 MM	JPY △6,729 MM	JPY 5,726 MM
Profit per share	JPY△363.16	JPY △145.78	JPY 111.8
Dividend per share	JPY 0	JPY 0	JPY 5

3. Overview of the counterparty (Suzuyo Holdings)

(1)	Name	SUZUYO HOLDINGS Co.,Ltd	
(2)	Address	11-1, Irifune-cho, Shimizu-ku, Shizuoka-shi, Shizuoka	
(3)	Title and name of representative	Representative Director Yohei Suzuki	
(4)	Description of business	Financial and consulting services	
(5)	Share capital	JPY 10 million	
(6)	Date of establishment	December 27th, 2000	
(7)	Major shareholders and ownership ratio （As of March 2023）	Kenichiro Suzuki 100%	
(8)	Relationship between the Company and Integral Corporation and its group companies	Capital relationship	Not applicable.
		Personnel relationship	Not applicable.
		Business relationship	Not applicable.

4. Timeline

The transfer of shares under the agreement is expected to be executed during November 2023.

5. Future Outlook

Skymark is a publicly traded company, and the change in the fair value resulting from changes in its stock price is quarterly recorded in our Consolidated statement of Profit and Loss. Therefore, the impact of the Share Transfer on Gross investment return (See 2. Fair value movement on investment portfolio and 3. Fair value movements on subsidiaries measured at fair value in the table below) in our consolidated results for the fiscal year ending December 31, 2023 will be insignificant (*1).

On the other hand, by making the distribution related to this share transfer, Fund II Series is expected to exceed the hurdle rate (8% on an annualized basis on the deployment amount) stipulated in the partnership agreement, and Integral Group is expected to start receiving Carried Interest from Fund II Series. As for the impact of the receipt of carried interest on the consolidated financials for the fiscal year ending December 31, 2023, Gross investment return will increase by approximately JPY 3.3 billion, Profit before income taxes will increase by approximately JPY3.3 billion, and Profit for the year will increase by approximately JPY 2.2 billion respectively from the amount of each items in the Condensed Quarterly Consolidated Statement of Profit or Loss for the Six-month period ended June 30, 2023. (*2).

【Excerpts from the Consolidated Statement of Proft or Loss and items that will be affected by this share transfer】

		Amount	Note
1	Realized profits/(losses) on disposal of investments	xxx	
2	Fair value movements on investment portfolio	xxx	(*1)
3	Fair value movements on subsidiaries measured at fair value	xxx	(*1)
4	Dividends	xxx	
5	Interest income from investment portfolio	xxx	
6	Gross investment return (Total from 1 to 5)	xxx	(*1)
7	Fund Management fees	xxx	
8	Carried interest	xxx	(*2)
9	Management support fees	xxx	
10	Other operating income	xxx	
	Revenue (Total from 6 to 10)	xxx	

(*1) Items that will be affected by this transfer (The impact will be insignificant).

(*2) Items that Integral Group will receive from Fund II Series as a result of the distribution related to the Share Transfer.

【Description of Carried Interest】

Under the partnership agreements, as a General Partner, Integral Group are entitled to distribution referred to as carried interest in the amount of up to 20% (excluding the amount of general partnership interest held by our directors and employees) of cumulative gains on capital invested (such as consideration paid in exchange for transferring shares of the investees) to the extent that such gains surpass the hurdle rate of 8% of the invested amount, after deducting the invested amount and partnership fees (administrative fees and other expert fees related to fund management) from the gains from investees.

We record carried interest as a component of revenue when we deem that it is certain that the funds will make distributions in excess of the hurdle rate set forth in the partnership agreement and that it is highly probable that a significant claw-back will not occur, at which time carried interest vests.