February 10, 2025

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Notice Regarding Revision of Earnings Forecast

Skymark Airlines Inc. (hereinafter, "Skymark") hereby announces that its Board of Directors has decided at the meeting held on February 10, 2025, regarding a revision to earnings forecast.

1. Revision of earnings forecast for the year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

	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)
Previous Forecasts (A)	112,200	3,500	3,600	4,200	71.25
Actual results (B)	107,500	600	1,500	1,500	25.44
Difference (B-A)	△4,700	△2,900	△2,100	△2,700	—
Difference (%)	△4.2	△82.9	△58.3	△64.3	—
Actual results for the fiscal year ended March 31, 2024 (For reference)	104,075	4,668	7,463	2,997	49.93

2. Reasons of the revision

Regarding the financial results for the fiscal year ending March 2025, supported by solid travel demand, the cumulative number of revenue passengers for the third quarter has progressed as initially forecast. Nevertheless, the average price per passenger fell short of the initial target due to intense competition, and operating revenue is expected to fall below the initial forecast.

Operating income had been supplemented by efforts to control manageable expenses to offset the shortfall in operating revenue until the second quarter. However, operating expenses increased due to the rising cost of raw materials caused by continued inflation, efforts to enhance recruitment in preparation for the introduction of the new aircraft planned for the next fiscal year and beyond, and additional investments in human resources aimed at strengthening retention, which were implemented in the third quarter. While efforts to control manageable expenses are ongoing, operating expenses are expected to remain below the initial expense target, and the same level of cost control achieved in the first half of the fiscal year could not be maintained. Given the above, operating income is expected to fall below the initial forecast.

Ordinary income and net income are in an uncertain situation due to the impact of unstable exchange rate fluctuations, however, they are expected to fall below the initial forecast as a result of the decline in operating income.
The average price per passenger is on an upward trend while maintaining a steady number of passengers, and the strengthening of revenue management has gradually begun to bear fruit in raising the average price per passenger. We will continue strengthening these efforts and at the same time, we will strive to further control manageable expenses while making investments in safety without hesitation and advancing growth investments in consideration of the balance with business performance.

Note: The forecasts presented above are based on information available on the date of this announcement and assumptions considered reasonable. Actual results may differ from the forecasts due to various factors.