Financial Results for Third Quarter of the Fiscal Year ended March 2024 (FY2023), Q&A Summary

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17:00－17:30

Respondents:
Representative Director and Executive Officer:
Shigehiro Nishioka
Executive Officer, Finance & Accounting / IR:
Kaoru Tagami

Please be advised that the following text has been edited/modified from the original Q&A conversations for clarity.

Q1. Please explain the factors contributing to the upturn in operating revenue and operating income compared to the plan for standalone Q3?

A. Our operating revenue and operating income exceeded our projections by about JPY 350 million and JPY 570 million, respectively.
While the depreciation of the yen and rising crude oil prices led to higher than expected costs, we have continued to offset those issues by improving sales through comprehensive yield management.
One factor in Q3 was the appreciation of the yen in foreign exchanges at the end of Q3 compared to the end of Q2. This impacted the fair market valuation of our allowance for maintenance (a liability) which in turn affected operating costs, and our maintenance expenses were lower than in Q1 and Q2.

Q2. Given the progress of earnings forecasts and seasonal conditions, are there any special factors which may lead to a significant drop in earnings in Q4?

A. We expect the strong business conditions we saw through Q3 to continue into Q4, and do not anticipate any unexpected increases in costs, so we believe we will successfully meet our earnings forecast.

Q3. As you prepare to introduce the Boeing 737 MAX, have the recent problems surrounding Boeing aircraft had any impact on the introduction schedule?

A. We are planning to introduce the Boeing 737 MAX-8 in Q1 of FY2025.
With Boeing often in the news recently, we are keeping in close contact with both Boeing and leasing companies, and have not received any notice of delay at this moment.
We will of course continue to carefully monitor the situation.

Q4: With the yen continuing to depreciate and expenses expected to increase in the next fiscal year, what is Skymark's strategy in terms of average price per passenger, for the next fiscal year and beyond?

A. Our strategy for average price per passenger involves steadily increasing yield within a range that keeps the load factor at 80 to 85%.
For context, we believe there is a gap in average price per passenger between Skymark and our two major competitors operating primarily out of Haneda, so we will continue to raise the average price per passenger while making further improvements to our level of operational quality, including on-time performance rate, customer satisfaction, and more.