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October 6, 2023

Consolidated Financial Results for the Three Months Ended August 31, 2023 (Under Japanese GAAP)

Company name: Weathernews Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4825
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 Scheduled date to file quarterly securities report: October 13, 2023
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended August 31, 2023 (from June 1, 2023 to August 31, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended August 31, 2023	5,580	6.8	415	(12.1)	443	(15.7)	428	16.1
August 31, 2022	5,225	4.8	472	(10.3)	525	1.7	369	3.9

Note: Comprehensive income For the three months ended August 31, 2023: ¥503 million [6.1%]
 For the three months ended August 31, 2022: ¥474 million [29.4%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
August 31, 2023	38.85	38.75
August 31, 2022	33.53	33.45

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2023	20,630	18,242	88.0
May 31, 2023	20,979	18,400	87.3

Reference: Equity

As of August 31, 2023: ¥18,158 million
 As of May 31, 2023: ¥18,315 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2023	–	50.00	–	60.00	110.00
Fiscal year ending May 31, 2024	–				
Fiscal year ending May 31, 2024 (Forecast)		60.00	–	60.00	120.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending May 31, 2024	22,500	6.6	3,500	7.5	3,500	6.6	2,500	4.3	226.52

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2023	11,844,000 shares
As of May 31, 2023	11,844,000 shares

(ii) Number of treasury shares at the end of the period

As of August 31, 2023	818,751 shares
As of May 31, 2022	818,751 shares

(iii) Average number of shares outstanding during the period

Three months ended August 31, 2023	11,025,249 shares
Three months ended August 31, 2022	11,002,272 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements in this material, including earnings forecasts, are based on information currently available to the Company and on certain assumptions deemed reasonable. Actual results may differ significantly due to various factors.

Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of May 31, 2023	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	12,521,318	12,226,788
Notes receivable - trade	29,305	-
Accounts receivable - trade	3,572,137	3,148,494
Contract assets	407,197	584,107
Work in process	72,165	89,427
Supplies	204,639	266,877
Other	591,429	700,237
Allowance for doubtful accounts	(20,970)	(21,353)
Total current assets	17,377,223	16,994,579
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	760,668	748,608
Tools, furniture and fixtures, net	414,485	424,038
Land	413,062	413,062
Construction in progress	41,028	50,325
Other, net	54,886	49,184
Total property, plant and equipment	1,684,130	1,685,218
Intangible assets		
Software	522,602	474,288
Software in progress	10,554	13,432
Other	28,821	28,806
Total intangible assets	561,978	516,527
Investments and other assets		
Investment securities	182,071	189,001
Deferred tax assets	663,938	719,868
Other	531,918	547,943
Allowance for doubtful accounts	(21,619)	(22,878)
Total investments and other assets	1,356,308	1,433,934
Total non-current assets	3,602,417	3,635,680
Total assets	20,979,641	20,630,259

(Thousands of yen)

	As of May 31, 2023	As of August 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	135,602	86,565
Accounts payable - other	319,500	360,573
Income taxes payable	509,422	85,953
Contract liabilities	106,460	143,983
Provision for loss on litigation	15,300	16,548
Other	1,214,293	1,435,269
Total current liabilities	2,300,580	2,128,893
Non-current liabilities		
Asset retirement obligations	265,039	254,795
Other	13,797	4,180
Total non-current liabilities	278,836	258,975
Total liabilities	2,579,417	2,387,868
Net assets		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,458,226	1,458,226
Retained earnings	15,824,357	15,591,211
Treasury shares	(882,415)	(882,415)
Total shareholders' equity	18,106,668	17,873,523
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,354	25,100
Foreign currency translation adjustment	188,869	259,435
Total accumulated other comprehensive income	209,223	284,535
Share acquisition rights	84,332	84,332
Total net assets	18,400,224	18,242,390
Total liabilities and net assets	20,979,641	20,630,259

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Thousands of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Net sales	5,225,121	5,580,143
Cost of sales	2,906,055	3,042,356
Gross profit	2,319,065	2,537,787
Selling, general and administrative expenses	1,846,898	2,122,525
Operating profit	472,167	415,261
Non-operating income		
Interest income	340	575
Dividend income	500	500
Foreign exchange gains	48,050	27,957
Gain on forfeiture of unclaimed dividends	-	883
Insurance claim income	10,000	-
Other	6,325	822
Total non-operating income	65,216	30,739
Non-operating expenses		
Commitment line expenses	3,704	2,434
Loss on cancellation of insurance policies	7,599	-
Other	169	73
Total non-operating expenses	11,473	2,507
Ordinary profit	525,910	443,493
Profit before income taxes	525,910	443,493
Income taxes - current	124,829	71,013
Income taxes - deferred	32,069	(55,889)
Total income taxes	156,898	15,124
Profit	369,012	428,369
Profit attributable to owners of parent	369,012	428,369

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Profit	369,012	428,369
Other comprehensive income		
Valuation difference on available-for-sale securities	5,455	4,745
Foreign currency translation adjustment	100,405	70,566
Total other comprehensive income	105,861	75,312
Comprehensive income	474,873	503,681
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	474,873	503,681

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Cash flows from operating activities		
Profit before income taxes	525,910	443,493
Depreciation	170,810	138,282
Share-based payment expenses	36,627	24,933
Increase (decrease) in allowance for doubtful accounts	(4,093)	457
Interest and dividend income	(840)	(1,075)
Insurance claim income	(10,000)	–
Loss (gain) on cancellation of insurance policies	7,599	–
Commitment line expenses	3,704	2,434
Decrease (increase) in trade receivables	(315,575)	465,726
Decrease (increase) in contract assets	329,931	(176,909)
Decrease (increase) in inventories	(38,678)	(79,498)
Increase (decrease) in trade payables	6,749	(49,713)
Increase (decrease) in accounts payable - other	188,413	(27,344)
Increase (decrease) in accrued consumption taxes	64,676	(82,053)
Increase (decrease) in accrued expenses	(54,223)	196,749
Increase (decrease) in advances received	38,719	(2,324)
Increase (decrease) in contract liabilities	928	34,562
Increase (decrease) in deposits received	(71,627)	77,111
Other, net	(209,831)	(178,448)
Subtotal	669,201	786,383
Interest and dividends received	826	1,054
Proceeds from insurance income	10,000	–
Income taxes paid	(362,085)	(459,666)
Net cash provided by (used in) operating activities	317,942	327,771
Cash flows from investing activities		
Proceeds from sale of securities	70	–
Purchase of property, plant and equipment	(51,235)	(89,203)
Purchase of intangible assets	(12,510)	(17,271)
Payments for asset retirement obligations	–	(6,351)
Payments of leasehold and guarantee deposits	(255)	(993)
Proceeds from refund of leasehold and guarantee deposits	1,459	3,132
Purchase of insurance funds	(10,401)	(10,401)
Proceeds from cancellation of insurance funds	125,040	–
Other, net	–	(2,604)
Net cash provided by (used in) investing activities	52,166	(123,692)
Cash flows from financing activities		
Dividends paid	(490,306)	(585,353)
Purchase of treasury shares	(254)	–
Net cash provided by (used in) financing activities	(490,560)	(585,353)
Effect of exchange rate change on cash and cash equivalents	89,976	86,607
Net increase (decrease) in cash and cash equivalents	(30,475)	(294,667)
Cash and cash equivalents at beginning of period	11,422,943	12,519,256
Cash and cash equivalents at end of period	11,392,467	12,224,588