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June 30, 2022

Consolidated Financial Results for the Fiscal Year Ended May 31, 2022 (Under Japanese GAAP)

Company name: Weathernews Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4825
 URL: <https://jp.weathernews.com/>
 Representative: Chihito Kusabiraki, President and Representative Director
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 Telephone: +81-43-274-5536
 Scheduled date of annual general meeting of shareholders: August 11, 2022
 Scheduled date to commence dividend payments: August 12, 2022
 Scheduled date to file annual securities report: August 25, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2022	19,650	4.3	2,904	18.8	3,063	19.9	2,157	15.9
May 31, 2021	18,843	5.0	2,444	7.2	2,554	16.7	1,861	14.3

Note: Comprehensive income For the fiscal year ended May 31, 2022: ¥2,272 million [19.4%]
 For the fiscal year ended May 31, 2021: ¥1,902 million [17.7%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
May 31, 2022	196.25	195.73	13.4	16.6	14.8
May 31, 2021	169.81	169.36	12.5	14.8	13.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended May 31, 2022: –
 For the fiscal year ended May 31, 2021: –

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
May 31, 2022	19,127	16,843	87.6	1,523.28
May 31, 2021	17,692	15,439	86.8	1,399.19

Reference: Equity

As of May 31, 2022: ¥16,759 million

As of May 31, 2021: ¥15,355 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
May 31, 2022	3,573	(395)	(1,098)	11,422
May 31, 2021	2,479	(615)	(1,094)	9,249

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended May 31, 2021	–	50.00	–	50.00	100.00	1,097	58.9	7.4
Fiscal year ended May 31, 2022	–	50.00	–	50.00	100.00	1,100	51.0	6.8
Fiscal year ending May 31, 2023 (Forecast)	–	50.00	–	50.00	100.00		45.9	

3. Consolidated earnings forecasts for the fiscal year ending May 31, 2023 (from June 1, 2022 to May 31, 2023)

(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, 2023	21,000	6.9	3,200	10.2	3,300	7.7	2,400	11.3	217.90

* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: –

Excluded: –

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

- (3) Number of issued shares (common shares)

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

As of May 31, 2022	11,844,000 shares
As of May 31, 2021	11,844,000 shares

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

As of May 31, 2022	841,720 shares
As of May 31, 2021	869,468 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended May 31, 2022	10,991,834 shares
Fiscal year ended May 31, 2021	10,963,762 shares

[Reference] Overview of non-consolidated financial results

- 1. Non-consolidated financial results for the fiscal year ended May 31, 2022 (from June 1, 2021 to May 31, 2022)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2022	19,467	4.5	2,729	18.6	3,212	33.5	2,339	38.5
May 31, 2021	18,630	5.1	2,300	3.6	2,406	1.8	1,689	6.3

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
May 31, 2022	212.85	212.29
May 31, 2021	154.12	153.71

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 31, 2022	18,117	16,179	88.8	1,462.88
May 31, 2021	17,267	14,697	84.6	1,331.54

Reference: Equity

As of May 31, 2022: ¥16,095 million

As of May 31, 2021: ¥14,613 million

(Notes) 1. Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

2. Proper use of earnings forecasts, and other special matters

Cautions on forward-looking statements, etc.

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. Please refer to “1. Overview of operating results, etc.” of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

Consolidated Financial Statements and Significant Notes Thereto**(1) Consolidated balance sheet**

(Thousands of yen)

	As of May 31, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	9,251,103	11,424,969
Accounts receivable - trade	3,346,728	2,612,174
Accounts receivable - completed service contracts	72,722	-
Contract assets	-	708,461
Work in process	131,985	44,993
Supplies	131,659	130,643
Other	449,681	407,489
Allowance for doubtful accounts	(34,416)	(13,966)
Total current assets	13,349,464	15,314,765
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	821,253	746,917
Tools, furniture and fixtures, net	414,934	393,669
Communication satellite facilities, net	60,977	26,605
Land	413,062	413,062
Construction in progress	37,088	77,026
Other, net	0	85,100
Total property, plant and equipment	1,747,315	1,742,381
Intangible assets		
Software	977,835	757,386
Software in progress	162,322	6,710
Other	25,988	27,055
Total intangible assets	1,166,146	791,152
Investments and other assets		
Investment securities	213,769	181,299
Deferred tax assets	703,538	662,305
Other	530,421	466,760
Allowance for doubtful accounts	(17,831)	(31,243)
Total investments and other assets	1,429,898	1,279,122
Total non-current assets	4,343,360	3,812,656
Total assets	17,692,825	19,127,421

(Thousands of yen)

	As of May 31, 2021	As of May 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	157,566	91,426
Accounts payable - other	360,036	293,087
Income taxes payable	519,539	398,679
Contract liabilities	–	163,128
Provision for loss on orders received	959	–
Other	1,147,548	1,217,621
Total current liabilities	2,185,650	2,163,943
Non-current liabilities		
Asset retirement obligations	63,604	70,756
Other	3,757	48,790
Total non-current liabilities	67,362	119,547
Total liabilities	2,253,013	2,283,490
Net assets		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,169,566	1,302,857
Retained earnings	13,400,570	14,527,595
Treasury shares	(935,863)	(907,062)
Total shareholders' equity	15,340,772	16,629,890
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	330	10,707
Foreign currency translation adjustment	14,376	119,001
Total accumulated other comprehensive income	14,707	129,708
Share acquisition rights	84,332	84,332
Total net assets	15,439,812	16,843,930
Total liabilities and net assets	17,692,825	19,127,421

(2) Consolidated statement of income and comprehensive income**Consolidated statement of income**

(Thousands of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Net sales	18,843,115	19,650,943
Cost of sales	11,409,481	11,471,702
Gross profit	7,433,633	8,179,240
Selling, general and administrative expenses	4,988,800	5,274,902
Operating profit	2,444,832	2,904,338
Non-operating income		
Interest income	951	697
Dividend income	500	500
Dividend income of insurance	8,357	11,113
Rental income from buildings	2,136	14,907
Subsidy income	110,175	84,916
Foreign exchange gains	8,578	56,266
Gain on forfeiture of unclaimed dividends	1,333	940
Other	9,503	9,424
Total non-operating income	141,536	178,765
Non-operating expenses		
Commitmentline expenses	14,682	14,691
Cancellation penalty	10,568	-
Other	6,709	4,565
Total non-operating expenses	31,960	19,257
Ordinary profit	2,554,408	3,063,847
Extraordinary losses		
Loss on valuation of investment securities	-	49,975
Impairment losses	25,252	78,800
Loss on valuation of investments in subsidiaries and associates	22,000	-
Loss on liquidation of subsidiaries and associates	2,264	3,278
Total extraordinary losses	49,516	132,054
Profit before income taxes	2,504,891	2,931,793
Income taxes - current	774,741	769,733
Income taxes - deferred	(131,660)	4,888
Total income taxes	643,080	774,621
Profit	1,861,810	2,157,171
Profit attributable to owners of parent	1,861,810	2,157,171

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Profit	1,861,810	2,157,171
Other comprehensive income		
Valuation difference on available-for-sale securities	6,826	10,376
Foreign currency translation adjustment	26,926	104,625
Share of other comprehensive income of entities accounted for using equity method	7,410	-
Total other comprehensive income	41,163	115,001
Comprehensive income	1,902,974	2,272,172
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,902,974	2,272,172

(3) Consolidated statement of changes in equity

Fiscal year ended May 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,706,500	1,055,681	12,621,155	(972,254)	14,411,082
Cumulative effects of changes in accounting policies			–		–
Restated balance	1,706,500	1,055,681	12,621,155	(972,254)	14,411,082
Changes during period					
Dividends of surplus			(1,095,852)		(1,095,852)
Profit attributable to owners of parent			1,861,810		1,861,810
Purchase of treasury shares				(247)	(247)
Disposal of treasury shares		113,884		36,638	150,523
Increase in retained earnings due to decrease in entities accounted for using equity method			13,456		13,456
Net changes in items other than shareholders' equity					
Total changes during period	–	113,884	779,414	36,391	929,690
Balance at end of period	1,706,500	1,169,566	13,400,570	(935,863)	15,340,772

(Thousands of yen)

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	(6,496)	(19,960)	(26,456)	84,332	14,468,957
Cumulative effects of changes in accounting policies					–
Restated balance	(6,496)	(19,960)	(26,456)	84,332	14,468,957
Changes during period					
Dividends of surplus					(1,095,852)
Profit attributable to owners of parent					1,861,810
Purchase of treasury shares					(247)
Disposal of treasury shares					150,523
Increase in retained earnings due to decrease in entities accounted for using equity method					13,456
Net changes in items other than shareholders' equity	6,826	34,336	41,163		41,163
Total changes during period	6,826	34,336	41,163	–	970,854
Balance at end of period	330	14,376	14,707	84,332	15,439,812

Fiscal year ended May 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,706,500	1,169,566	13,400,570	(935,863)	15,340,772
Cumulative effects of changes in accounting policies			68,605		68,605
Restated balance	1,706,500	1,169,566	13,469,175	(935,863)	15,409,378
Changes during period					
Dividends of surplus			(1,098,751)		(1,098,751)
Profit attributable to owners of parent			2,157,171		2,157,171
Purchase of treasury shares				(1,331)	(1,331)
Disposal of treasury shares		133,291		30,132	163,423
Increase in retained earnings due to decrease in entities accounted for using equity method			-		-
Net changes in items other than shareholders' equity					
Total changes during period	-	133,291	1,058,420	28,800	1,220,511
Balance at end of period	1,706,500	1,302,857	14,527,595	(907,062)	16,629,890

(Thousands of yen)

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	330	14,376	14,707	84,332	15,439,812
Cumulative effects of changes in accounting policies					68,605
Restated balance	330	14,376	14,707	84,332	15,508,417
Changes during period					
Dividends of surplus					(1,098,751)
Profit attributable to owners of parent					2,157,171
Purchase of treasury shares					(1,331)
Disposal of treasury shares					163,423
Increase in retained earnings due to decrease in entities accounted for using equity method					-
Net changes in items other than shareholders' equity	10,376	104,625	115,001		115,001
Total changes during period	10,376	104,625	115,001	-	1,335,513
Balance at end of period	10,707	119,001	129,708	84,332	16,843,930

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,504,891	2,931,793
Depreciation	843,803	871,372
Share-based payment expenses	135,639	149,054
Increase (decrease) in allowance for doubtful accounts	20,370	(9,013)
Increase (decrease) in provision for loss on orders received	(26,743)	(959)
Increase (decrease) in provision for product warranties	(488)	–
Interest and dividend income	(1,451)	(1,197)
Dividend income of insurance	(8,357)	(11,113)
Subsidy income	(110,175)	(84,916)
Commitmentline expenses	14,682	14,691
Loss (gain) on valuation of investment securities	–	49,975
Loss (gain) on liquidation of subsidiaries and associates	2,264	3,278
Impairment losses	25,252	78,800
Loss on valuation of investments in subsidiaries and associates	22,000	–
Decrease (increase) in trade receivables	(155,030)	752,465
Decrease (increase) in accounts receivable - completed service contracts	(34,054)	–
Decrease (increase) in contract assets	–	(508,246)
Decrease (increase) in inventories	137,810	59,252
Increase (decrease) in trade payables	(24,174)	(66,778)
Increase (decrease) in accounts payable - other	(51,853)	(86,728)
Increase (decrease) in accrued consumption taxes	(93,709)	(50,271)
Increase (decrease) in accrued expenses	20,129	132,558
Increase (decrease) in advances received	(6,585)	11,789
Increase (decrease) in contract liabilities	–	9,033
Increase (decrease) in deposits received	(12,907)	15,111
Other, net	6,969	113,487
Subtotal	3,208,279	4,373,438
Interest and dividends received	1,450	1,185
Dividend income of insurance	8,357	11,113
Subsidies received	110,175	84,916
Payments for commitmentline expenses	(5,099)	(5,099)
Income taxes paid	(844,109)	(891,644)
Net cash provided by (used in) operating activities	2,479,054	3,573,909
Cash flows from investing activities		
Proceeds from redemption of securities	–	573
Purchase of property, plant and equipment	(230,045)	(284,731)
Purchase of intangible assets	(377,357)	(182,549)
Payments for asset retirement obligations	(22,718)	(322)
Purchase of investment securities	–	(2,876)
Proceeds from sale of investment securities	–	849
Payments of leasehold and guarantee deposits	(9,310)	(8,196)
Proceeds from refund of leasehold and guarantee deposits	23,438	82,108
Net cash provided by (used in) investing activities	(615,992)	(395,144)

(Thousands of yen)

	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022
Cash flows from financing activities		
Dividends paid	(1,094,156)	(1,097,193)
Purchase of treasury shares	(247)	(1,331)
Net cash provided by (used in) financing activities	(1,094,403)	(1,098,524)
Effect of exchange rate change on cash and cash equivalents	46,863	93,556
Net increase (decrease) in cash and cash equivalents	815,522	2,173,796
Cash and cash equivalents at beginning of period	8,433,624	9,249,147
Cash and cash equivalents at end of period	9,249,147	11,422,943