

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



October 5, 2022

Consolidated Financial Results for the Three Months Ended August 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
 Inquiries: Shigeru Kawai, IR Manager
 Telephone: +81-43-274-5536
 Scheduled date to file quarterly securities report: October 13, 2022
 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, 2022 (from June 1, 2022 to August 31, 2022)

(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, 2022	5,225	4.8	472	(10.3)	525	1.7	369	3.9
August 31, 2021	4,987	12.4	526	103.8	517	94.7	355	104.4

Note: Comprehensive income For the three months ended August 31, 2022: ¥474 million [29.4%]
 For the three months ended August 31, 2021: ¥366 million [112.1%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
August 31, 2022	33.53	33.45
August 31, 2021	32.36	32.28

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2022	19,003	16,768	87.8
May 31, 2022	19,127	16,843	87.6

Reference: Equity
 As of August 31, 2022: ¥16,684 million
 As of May 31, 2022: ¥16,759 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, 2022	–	50.00	–	50.00	100.00
Fiscal year ending May 31, 2023	–				
Fiscal year ending May 31, 2023 (Forecast)		50.00	–	50.00	100.00

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

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

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: Yes
 - (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, 2022	11,844,000 shares
As of May 31, 2022	11,844,000 shares

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

As of August 31, 2022	841,751 shares
As of May 31, 2021	841,720 shares

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

Three months ended August 31, 2022	11,002,272 shares
Three months ended August 31, 2021	10,974,515 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, 2022	As of August 31, 2022
Assets		
Current assets		
Cash and deposits	11,424,969	11,394,571
Accounts receivable - trade	2,612,174	2,950,326
Contract assets	708,461	378,529
Work in process	44,993	70,120
Supplies	130,643	144,199
Other	407,489	405,699
Allowance for doubtful accounts	(13,966)	(10,035)
Total current assets	15,314,765	15,333,410
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	746,917	814,802
Tools, furniture and fixtures, net	393,669	436,385
Communication satellite facilities, net	26,605	19,954
Land	413,062	413,062
Construction in progress	77,026	25,498
Other, net	85,100	85,383
Total property, plant and equipment	1,742,381	1,795,086
Intangible assets		
Software	757,386	681,271
Software in progress	6,710	11,307
Other	27,055	28,627
Total intangible assets	791,152	721,206
Investments and other assets		
Investment securities	181,299	189,166
Deferred tax assets	662,305	628,224
Other	466,760	369,215
Allowance for doubtful accounts	(31,243)	(33,166)
Total investments and other assets	1,279,122	1,153,440
Total non-current assets	3,812,656	3,669,733
Total assets	19,127,421	19,003,143

(Thousands of yen)

	As of May 31, 2022	As of August 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	91,426	98,767
Accounts payable - other	293,087	634,526
Income taxes payable	398,679	137,484
Contract liabilities	163,128	166,284
Other	1,217,621	1,081,670
Total current liabilities	2,163,943	2,118,734
Non-current liabilities		
Asset retirement obligations	70,756	71,189
Other	48,790	44,784
Total non-current liabilities	119,547	115,973
Total liabilities	2,283,490	2,234,707
Net assets		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,302,857	1,302,857
Retained earnings	14,527,595	14,346,493
Treasury shares	(907,062)	(907,316)
Total shareholders' equity	16,629,890	16,448,533
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,707	16,162
Foreign currency translation adjustment	119,001	219,407
Total accumulated other comprehensive income	129,708	235,570
Share acquisition rights	84,332	84,332
Total net assets	16,843,930	16,768,436
Total liabilities and net assets	19,127,421	19,003,143

(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, 2021	Three months ended August 31, 2022
Net sales	4,987,770	5,225,121
Cost of sales	2,789,718	2,906,055
Gross profit	2,198,051	2,319,065
Selling, general and administrative expenses	1,671,951	1,846,898
Operating profit	526,099	472,167
Non-operating income		
Interest income	137	340
Dividend income	500	500
Rental income from buildings	4,124	–
Foreign exchange gains	–	48,050
Insurance claim income	–	10,000
Other	2,796	6,325
Total non-operating income	7,558	65,216
Non-operating expenses		
Commitment line expenses	3,701	3,704
Foreign exchange losses	12,708	–
Loss on cancellation of insurance policies	–	7,599
Other	61	169
Total non-operating expenses	16,471	11,473
Ordinary profit	517,187	525,910
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	3,278	–
Total extraordinary losses	3,278	–
Profit before income taxes	513,908	525,910
Income taxes - current	111,641	124,829
Income taxes - deferred	47,068	32,069
Total income taxes	158,710	156,898
Profit	355,198	369,012
Profit attributable to owners of parent	355,198	369,012

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended August 31, 2021	Three months ended August 31, 2022
Profit	355,198	369,012
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,118)	5,455
Foreign currency translation adjustment	12,782	100,405
Total other comprehensive income	11,664	105,861
Comprehensive income	366,863	474,873
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	366,863	474,873

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Three months ended August 31, 2021	Three months ended August 31, 2022
Cash flows from operating activities		
Profit before income taxes	513,908	525,910
Depreciation	189,172	170,810
Share-based payment expenses	16,915	36,627
Increase (decrease) in allowance for doubtful accounts	4,493	(4,093)
Increase (decrease) in provision for loss on orders received	(959)	-
Interest and dividend income	(637)	(840)
Insurance claim income	-	(10,000)
Loss (gain) on cancellation of insurance policies	-	7,599
Commitment line expenses	3,701	3,704
Loss (gain) on liquidation of subsidiaries and associates	3,278	-
Decrease (increase) in trade receivables	218,229	(315,575)
Decrease (increase) in contract assets	(255,357)	329,931
Decrease (increase) in inventories	2,846	(38,678)
Increase (decrease) in trade payables	8,316	6,749
Increase (decrease) in accounts payable - other	97,002	188,413
Increase (decrease) in accrued consumption taxes	(44,716)	64,676
Increase (decrease) in accrued expenses	(31,170)	(54,223)
Increase (decrease) in advances received	66,391	38,719
Increase (decrease) in contract liabilities	19,475	928
Increase (decrease) in deposits received	97,385	(71,627)
Other, net	159,164	(209,831)
Subtotal	1,067,441	669,201
Interest and dividends received	632	826
Proceeds from insurance income	-	10,000
Income taxes paid	(481,857)	(362,085)
Net cash provided by (used in) operating activities	586,216	317,942
Cash flows from investing activities		
Proceeds from sale of securities	-	70
Purchase of property, plant and equipment	(58,602)	(51,235)
Purchase of intangible assets	(70,308)	(12,510)
Payments for asset retirement obligations	(322)	-
Payments of leasehold and guarantee deposits	(4,306)	(255)
Proceeds from refund of leasehold and guarantee deposits	29,252	1,459
Purchase of insurance funds	-	(10,401)
Proceeds from cancellation of insurance funds	-	125,040
Net cash provided by (used in) investing activities	(104,286)	52,166
Cash flows from financing activities		
Dividends paid	(486,749)	(490,306)
Purchase of treasury shares	(136)	(254)
Net cash provided by (used in) financing activities	(486,885)	(490,560)
Effect of exchange rate change on cash and cash equivalents	14,351	89,976
Net increase (decrease) in cash and cash equivalents	9,395	(30,475)
Cash and cash equivalents at beginning of period	9,249,147	11,422,943
Cash and cash equivalents at end of period	9,258,542	11,392,467