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December 28, 2022

Consolidated Financial Results for the Six Months Ended November 30, 2022 (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: January 12, 2023
 Scheduled date to commence dividend payments: January 25, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (for securities analysts and institutional investors)

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

1. Consolidated financial results for the six months ended November 30, 2022 (from June 1, 2022 to November 30, 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	%
Six months ended								
November 30, 2022	10,486	6.2	1,271	10.6	1,310	16.1	921	26.0
November 30, 2021	9,876	9.3	1,149	40.9	1,128	38.9	731	26.4

Note: Comprehensive income For the six months ended November 30, 2022: ¥1,062 million [38.7%]
 For the six months ended November 30, 2021: ¥766 million [36.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2022	83.73	83.51
November 30, 2021	66.59	66.41

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
November 30, 2022	19,481	17,527	89.5
May 31, 2022	19,127	16,843	87.6

Reference: Equity
 As of November 30, 2022: ¥17,442 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	–	50.00			
Fiscal year ending May 31, 2023 (Forecast)			–	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 November 30, 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 November 30, 2022	820,051 shares
As of May 31, 2022	841,720 shares

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

Six months ended November 30, 2022	11,009,891 shares
Six months ended November 30, 2021	10,983,695 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 November 30, 2022
Assets		
Current assets		
Cash and deposits	11,424,969	11,601,353
Accounts receivable - trade	2,612,174	2,893,461
Contract assets	708,461	634,757
Merchandise	-	2,822
Work in process	44,993	91,413
Supplies	130,643	180,679
Other	407,489	486,040
Allowance for doubtful accounts	(13,966)	(12,820)
Total current assets	15,314,765	15,877,707
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	746,917	793,741
Tools, furniture and fixtures, net	393,669	449,829
Communication satellite facilities, net	26,605	13,302
Land	413,062	413,062
Construction in progress	77,026	10,203
Other, net	85,100	80,192
Total property, plant and equipment	1,742,381	1,760,332
Intangible assets		
Software	757,386	619,043
Software in progress	6,710	18,878
Other	27,055	28,694
Total intangible assets	791,152	666,615
Investments and other assets		
Investment securities	181,299	191,746
Deferred tax assets	662,305	577,758
Other	466,760	439,855
Allowance for doubtful accounts	(31,243)	(32,709)
Total investments and other assets	1,279,122	1,176,650
Total non-current assets	3,812,656	3,603,598
Total assets	19,127,421	19,481,305

(Thousands of yen)

	As of May 31, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	91,426	133,387
Accounts payable - other	293,087	236,762
Income taxes payable	398,679	327,282
Contract liabilities	163,128	120,217
Other	1,217,621	1,028,691
Total current liabilities	2,163,943	1,846,341
Non-current liabilities		
Asset retirement obligations	70,756	70,991
Other	48,790	36,691
Total non-current liabilities	119,547	107,683
Total liabilities	2,283,490	1,954,024
Net assets		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,302,857	1,450,677
Retained earnings	14,527,595	14,899,374
Treasury shares	(907,062)	(883,924)
Total shareholders' equity	16,629,890	17,172,628
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,707	17,961
Foreign currency translation adjustment	119,001	252,359
Total accumulated other comprehensive income	129,708	270,321
Share acquisition rights	84,332	84,332
Total net assets	16,843,930	17,527,281
Total liabilities and net assets	19,127,421	19,481,305

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

(Thousands of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Net sales	9,876,929	10,486,170
Cost of sales	5,535,232	5,850,551
Gross profit	4,341,696	4,635,619
Selling, general and administrative expenses	3,191,773	3,364,075
Operating profit	1,149,922	1,271,543
Non-operating income		
Interest income	247	506
Dividend income	500	500
Rental income from buildings	8,237	–
Foreign exchange gains	–	26,220
Gain on forfeiture of unclaimed dividends	446	1,029
Insurance claim income	–	10,723
Other	4,380	13,947
Total non-operating income	13,811	52,928
Non-operating expenses		
Commitment line expenses	7,364	6,455
Foreign exchange losses	26,939	–
Loss on cancellation of insurance policies	–	7,599
Other	1,176	317
Total non-operating expenses	35,479	14,371
Ordinary profit	1,128,254	1,310,100
Extraordinary losses		
Impairment losses	78,800	–
Loss on liquidation of subsidiaries and associates	3,278	–
Total extraordinary losses	82,078	–
Profit before income taxes	1,046,176	1,310,100
Income taxes - current	280,648	306,400
Income taxes - deferred	34,102	81,806
Total income taxes	314,750	388,206
Profit	731,425	921,893
Profit attributable to owners of parent	731,425	921,893

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Profit	731,425	921,893
Other comprehensive income		
Valuation difference on available-for-sale securities	291	7,254
Foreign currency translation adjustment	34,305	133,357
Total other comprehensive income	34,597	140,612
Comprehensive income	766,023	1,062,505
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	766,023	1,062,505

Quarterly consolidated statement of income

(Thousands of yen)

	2nd quarter ended November 30, 2021	2nd quarter ended November 30, 2022
Net sales	4,889,158	5,261,049
Cost of sales	2,745,513	2,944,495
Gross profit	2,143,644	2,316,553
Selling, general and administrative expenses	1,519,822	1,517,177
Operating profit	623,822	799,375
Non-operating income		
Interest income	109	166
Dividend income of insurance	–	2,939
Rental income from buildings	4,113	–
Subsidy income	491	2,399
Gain on forfeiture of unclaimed dividends	446	1,029
Other	1,092	3,007
Total non-operating income	6,253	9,542
Non-operating expenses		
Foreign exchange losses	14,231	21,830
Commitment line expenses	3,662	2,751
Other	1,114	147
Total non-operating expenses	19,008	24,728
Ordinary profit	611,067	784,189
Extraordinary losses		
Impairment losses	78,800	–
Total extraordinary losses	78,800	–
Profit before income taxes	532,267	784,189
Income taxes - current	169,007	181,571
Income taxes - deferred	(12,966)	49,737
Total income taxes	156,040	231,308
Profit	376,227	552,881
Profit attributable to owners of parent	376,227	552,881

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	2nd quarter ended November 30, 2021	2nd quarter ended November 30, 2022
Profit	376,227	552,881
Other comprehensive income		
Valuation difference on available-for-sale securities	1,410	1,799
Foreign currency translation adjustment	21,522	32,952
Total other comprehensive income	22,932	34,751
Comprehensive income	399,159	587,632
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	399,159	587,632

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended November 30, 2021	Six months ended November 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,046,176	1,310,100
Depreciation	388,452	340,503
Share-based payment expenses	35,910	57,187
Increase (decrease) in allowance for doubtful accounts	476	(1,156)
Increase (decrease) in provision for loss on orders received	(959)	–
Interest and dividend income	(747)	(1,006)
Insurance claim income	–	(10,723)
Loss (gain) on cancellation of insurance policies	–	7,599
Commitment line expenses	7,364	6,455
Loss (gain) on liquidation of subsidiaries and associates	3,278	–
Impairment losses	78,800	–
Decrease (increase) in trade receivables	569,669	(261,178)
Decrease (increase) in contract assets	(448,329)	73,703
Decrease (increase) in inventories	(14,560)	(99,273)
Increase (decrease) in trade payables	(36,163)	40,969
Increase (decrease) in accounts payable - other	(81,715)	(40,598)
Increase (decrease) in accrued consumption taxes	(137,378)	(27,951)
Increase (decrease) in accrued expenses	(153,839)	(207,415)
Increase (decrease) in advances received	60,784	43,688
Increase (decrease) in contract liabilities	(30,569)	(45,222)
Increase (decrease) in deposits received	132,694	107,454
Other, net	239,876	(187,403)
Subtotal	1,659,221	1,105,729
Interest and dividends received	737	978
Proceeds from insurance income	–	10,723
Payments for commitment line expenses	(3,105)	(25,072)
Income taxes paid	(494,295)	(379,390)
Net cash provided by (used in) operating activities	1,162,558	712,968
Cash flows from investing activities		
Proceeds from sale of securities	–	71
Purchase of property, plant and equipment	(93,288)	(215,695)
Purchase of intangible assets	(126,957)	(35,610)
Payments for asset retirement obligations	(322)	–
Payments of leasehold and guarantee deposits	(4,558)	(685)
Proceeds from refund of leasehold and guarantee deposits	72,162	35,681
Purchase of insurance funds	–	(10,401)
Proceeds from cancellation of insurance funds	–	125,040
Net cash provided by (used in) investing activities	(152,964)	(101,599)
Cash flows from financing activities		
Dividends paid	(547,762)	(548,737)
Purchase of treasury shares	(319)	(254)
Net cash provided by (used in) financing activities	(548,082)	(548,991)
Effect of exchange rate change on cash and cash equivalents	15,364	114,008
Net increase (decrease) in cash and cash equivalents	476,876	176,385
Cash and cash equivalents at beginning of period	9,249,147	11,422,943
Cash and cash equivalents at end of period	9,726,023	11,599,329