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July 6, 2023

Consolidated Financial Results for the Fiscal Year Ended May 31, 2023 (Under Japanese GAAP)

Company name: Weathernews Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4825
 URL: <https://jp.weathernews.com/>
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 Telephone: +81-43-274-5536
 Scheduled date of annual general meeting of shareholders: August 19, 2023
 Scheduled date to commence dividend payments: August 21, 2023
 Scheduled date to file annual securities report: August 29, 2023
 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, 2023 (from June 1, 2022 to May 31, 2023)

(1) Consolidated operating results (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	%
Fiscal year ended								
May 31, 2023	21,114	7.4	3,256	12.1	3,284	7.2	2,398	11.2
May 31, 2022	19,650	4.3	2,904	18.8	3,063	19.9	2,157	15.9

Note: Comprehensive income For the fiscal year ended May 31, 2023: ¥2,477 million [9.0%]
 For the fiscal year ended May 31, 2022: ¥2,272 million [19.4%]

	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
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2023	217.67	217.10	13.7	16.4	15.4
May 31, 2022	196.25	195.73	13.4	16.6	14.8

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended May 31, 2023: –
 For the fiscal year ended May 31, 2022: –

(2) 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, 2023	20,979	18,400	87.3	1,661.26
May 31, 2022	19,127	16,843	87.6	1,523.28

Reference: Equity
 As of May 31, 2023: ¥18,315 million
 As of May 31, 2022: ¥16,759 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, 2023	2,384	(254)	(1,100)	12,519
May 31, 2022	3,573	(395)	(1,098)	11,422

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, 2022	–	50.00	–	50.00	100.00	1,100	51.0	6.8
Fiscal year ended May 31, 2023	–	50.00	–	60.00	110.00	1,212	50.5	6.9
Fiscal year ending May 31, 2024 (Forecast)	–	60.00	–	60.00	120.00		53.0	

3. Consolidated earnings forecasts for the fiscal year ending May 31, 2023 (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

*** 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, 2023	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 May 31, 2023	818,751 shares
As of May 31, 2022	841,720 shares

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

Fiscal year ended May 31, 2023	11,016,572 shares
Fiscal year ended May 31, 2022	10,991,834 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended May 31, 2023 (from June 1, 2022 to May 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
May 31, 2023	20,901	7.4	3,179	16.5	3,203	(0.3)	2,312	(1.1)
May 31, 2022	19,467	4.5	2,729	18.6	3,212	33.5	2,339	38.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
May 31, 2023	209.94		209.39	
May 31, 2022	212.85		212.29	

(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, 2023	19,978	17,580	87.6	1,586.93
May 31, 2022	18,117	16,179	88.8	1,462.88

Reference: Equity

As of May 31, 2023: ¥17,496 million

As of May 31, 2022: ¥16,095 million

(Notes) 1. Financial results reports are exempt from audits 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.

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

(Thousands of yen)

	As of May 31, 2022	As of May 31, 2023
Assets		
Current assets		
Cash and deposits	11,424,969	12,521,318
Notes receivable - trade	-	29,305
Accounts receivable - trade	2,612,174	3,572,137
Contract assets	708,461	407,197
Work in process	44,993	72,165
Supplies	130,643	204,639
Other	407,489	591,429
Allowance for doubtful accounts	(13,966)	(20,970)
Total current assets	15,314,765	17,377,223
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	746,917	760,668
Tools, furniture and fixtures, net	393,669	414,485
Communication satellite facilities, net	26,605	0
Land	413,062	413,062
Construction in progress	77,026	41,028
Other, net	85,100	54,886
Total property, plant and equipment	1,742,381	1,684,130
Intangible assets		
Software	757,386	522,602
Software in progress	6,710	10,554
Other	27,055	28,821
Total intangible assets	791,152	561,978
Investments and other assets		
Investment securities	181,299	182,071
Deferred tax assets	662,305	663,938
Other	466,760	531,918
Allowance for doubtful accounts	(31,243)	(21,619)
Total investments and other assets	1,279,122	1,356,308
Total non-current assets	3,812,656	3,602,417
Total assets	19,127,421	20,979,641

(Thousands of yen)

	As of May 31, 2022	As of May 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	91,426	135,602
Accounts payable - other	293,087	319,500
Income taxes payable	398,679	509,422
Contract liabilities	163,128	106,460
Provision for loss on litigation	–	15,300
Other	1,217,621	1,214,293
Total current liabilities	2,163,943	2,300,580
Non-current liabilities		
Asset retirement obligations	70,756	265,039
Other	48,790	13,797
Total non-current liabilities	119,547	278,836
Total liabilities	2,283,490	2,579,417
Net assets		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,302,857	1,458,226
Retained earnings	14,527,595	15,824,357
Treasury shares	(907,062)	(882,415)
Total shareholders' equity	16,629,890	18,106,668
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,707	20,354
Foreign currency translation adjustment	119,001	188,869
Total accumulated other comprehensive income	129,708	209,223
Share acquisition rights	84,332	84,332
Total net assets	16,843,930	18,400,224
Total liabilities and net assets	19,127,421	20,979,641

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

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Net sales	19,650,943	21,114,563
Cost of sales	11,471,702	12,150,189
Gross profit	8,179,240	8,964,373
Selling, general and administrative expenses	5,274,902	5,708,169
Operating profit	2,904,338	3,256,204
Non-operating income		
Interest income	697	1,042
Dividend income	500	500
Dividend income of insurance	11,113	6,812
Rental income from buildings	14,907	-
Subsidy income	84,916	3,128
Foreign exchange gains	56,266	57,338
Gain on forfeiture of unclaimed dividends	940	2,044
Insurance claim income	-	10,723
Other	9,424	10,389
Total non-operating income	178,765	91,979
Non-operating expenses		
Commitment line expenses	14,691	11,249
Settlement payments	-	26,399
Provision for loss on litigation	-	14,801
Loss on cancellation of insurance policies	-	7,599
Other	4,565	3,467
Total non-operating expenses	19,257	63,517
Ordinary profit	3,063,847	3,284,666
Extraordinary income		
Gain on liquidation of subsidiaries and associates	-	3,947
Total extraordinary income	-	3,947
Extraordinary losses		
Loss on valuation of investment securities	49,975	-
Impairment losses	78,800	-
Loss on liquidation of subsidiaries and associates	3,278	-
Total extraordinary losses	132,054	-
Profit before income taxes	2,931,793	3,288,614
Income taxes - current	769,733	896,475
Income taxes - deferred	4,888	(5,934)
Total income taxes	774,621	890,540
Profit	2,157,171	2,398,073
Profit attributable to owners of parent	2,157,171	2,398,073

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Profit	2,157,171	2,398,073
Other comprehensive income		
Valuation difference on available-for-sale securities	10,376	9,647
Foreign currency translation adjustment	104,625	69,867
Total other comprehensive income	115,001	79,514
Comprehensive income	2,272,172	2,477,588
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,272,172	2,477,588

(3) Consolidated statement of changes in equity

Fiscal year ended May 31, 2022

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,706,500	1,169,566	13,400,570	(935,863)	15,340,772	330	14,376	14,707	84,332	15,439,812
Cumulative effects of changes in accounting policies			68,605		68,605					68,605
Restated balance	1,706,500	1,169,566	13,469,175	(935,863)	15,409,378	330	14,376	14,707	84,332	15,508,417
Changes during period										
Dividends of surplus			(1,098,751)		(1,098,751)					(1,098,751)
Profit attributable to owners of parent			2,157,171		2,157,171					2,157,171
Purchase of treasury shares				(1,331)	(1,331)					(1,331)
Disposal of treasury shares		133,291		30,132	163,423					163,423
Net changes in items other than shareholders' equity						10,376	104,625	115,001		115,001
Total changes during period	–	133,291	1,058,420	28,800	1,220,511	10,376	104,625	115,001	–	1,335,513
Balance at end of period	1,706,500	1,302,857	14,527,595	(907,062)	16,629,890	10,707	119,001	129,708	84,332	16,843,930

Fiscal year ended May 31, 2023

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	1,706,500	1,302,857	14,527,595	(907,062)	16,629,890	10,707	119,001	129,708	84,332	16,843,930
Changes during period										
Dividends of surplus			(1,101,311)		(1,101,311)					(1,101,311)
Profit attributable to owners of parent			2,398,073		2,398,073					2,398,073
Purchase of treasury shares				(254)	(254)					(254)
Disposal of treasury shares		155,369		24,901	180,271					180,271
Net changes in items other than shareholders' equity						9,647	69,867	79,514		79,514
Total changes during period	–	155,369	1,296,761	24,647	1,476,778	9,647	69,867	79,514	–	1,556,293
Balance at end of period	1,706,500	1,458,226	15,824,357	(882,415)	18,106,668	20,354	188,869	209,223	84,332	18,400,224

(4) Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Cash flows from operating activities		
Profit before income taxes	2,931,793	3,288,614
Depreciation	871,372	860,914
Share-based payment expenses	149,054	135,055
Increase (decrease) in allowance for doubtful accounts	(9,013)	(3,787)
Increase (decrease) in provision for loss on orders received	(959)	–
Increase (decrease) in provision for loss on litigation	–	14,801
Interest and dividend income	(1,197)	(1,542)
Insurance claim income	–	(10,723)
Dividend income of insurance	(11,113)	(6,812)
Settlement payments	–	26,155
Loss (gain) on cancellation of insurance policies	–	7,599
Subsidy income	(84,916)	(3,128)
Commitment line expenses	14,691	11,249
Loss (gain) on valuation of investment securities	49,975	–
Loss (gain) on liquidation of subsidiaries and associates	3,278	(3,947)
Impairment losses	78,800	–
Decrease (increase) in trade receivables	752,465	(978,226)
Decrease (increase) in contract assets	(508,246)	301,263
Decrease (increase) in inventories	59,252	(101,154)
Increase (decrease) in trade payables	(66,778)	43,572
Increase (decrease) in accounts payable - other	(86,728)	32,722
Increase (decrease) in accrued consumption taxes	(50,271)	121,703
Increase (decrease) in accrued expenses	132,558	(26,590)
Increase (decrease) in advances received	11,789	2,586
Increase (decrease) in contract liabilities	9,033	(59,482)
Increase (decrease) in deposits received	15,111	6,653
Other, net	113,487	(473,636)
Subtotal	4,373,438	3,183,857
Interest and dividends received	1,185	1,522
Dividend income of insurance	11,113	6,812
Proceeds from insurance income	–	10,723
Subsidies received	84,916	3,128
Payments for commitment line expenses	(5,099)	(26,064)
Income taxes paid	(891,644)	(794,983)
Net cash provided by (used in) operating activities	3,573,909	2,384,997

(Thousands of yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Cash flows from investing activities		
Proceeds from sale of securities	–	72
Proceeds from redemption of securities	573	–
Purchase of property, plant and equipment	(284,731)	(350,173)
Proceeds from sale of property, plant and equipment	–	874
Purchase of intangible assets	(182,549)	(71,225)
Payments for asset retirement obligations	(322)	(1,588)
Purchase of investment securities	(2,876)	–
Proceeds from sale of investment securities	849	13
Proceeds from liquidation of subsidiaries and associates	–	17,111
Payments of leasehold and guarantee deposits	(8,196)	(2,215)
Proceeds from refund of leasehold and guarantee deposits	82,108	37,601
Purchase of insurance funds	–	(10,401)
Proceeds from cancellation of insurance funds	–	125,040
Net cash provided by (used in) investing activities	(395,144)	(254,892)
Cash flows from financing activities		
Dividends paid	(1,097,193)	(1,100,245)
Purchase of treasury shares	(1,331)	(254)
Net cash provided by (used in) financing activities	(1,098,524)	(1,100,499)
Effect of exchange rate change on cash and cash equivalents	93,556	66,707
Net increase (decrease) in cash and cash equivalents	2,173,796	1,096,312
Cash and cash equivalents at beginning of period	9,249,147	11,422,943
Cash and cash equivalents at end of period	11,422,943	12,519,256