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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/>
 Representative: Chihito Kusabiraki, President and Representative Director
 Inquiries: Shigeru Kawai, IR Manager
 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

*** 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. 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.

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1. Overview of Operating Results, Etc.

(1) Overview of operating results for the fiscal year under review

1) Business environment

In the fiscal year ended May 31, 2023 (the “fiscal year under review”), the global economy generally continued to slow down due to inflation and monetary tightening in the U.S., energy supply constraints in Europe in response to the situation in Russia and Ukraine, and a slowdown in the pace of recovery in China from the lifting of its zero-COVID measures. Meanwhile, in the Japanese economy, there was a gradual normalization of economic activities, mainly in consumer spending, as inbound demand recovered in response to the easing of restrictions on movement and border control measures.

In terms of the Company’s sales, in the mobile/internet planning service, people’s attention to weather forecasting and disaster preparedness increased due to the occurrence of weather disasters associated with heavy rain, typhoons, and snow precipitation resulting from cold waves, among other factors. Under such circumstances, subscription service sales and advertising revenue were strong as app users grew in number due to raised public profile of the service through aggressive investment in advertising, improved forecast accuracy and enhanced unique content. In the sea planning service, despite progress in resolving port congestion, demand for transportation declined, and the number of voyages by vessels provided service was sluggish. On the other hand, sales increased due to an increase in the number of vessels under contract as well as the positive impact from foreign exchange rates. In the sky planning service, the airline market continued to recover, with an increase in inbound demand due to the easing of entry/exit restrictions for international flights among other factors, as well as a lifting of restrictions on movement and subsequent nationwide travel support for domestic flights. In addition, sales increased as the sales expansion of movement management systems in the Japanese helicopter market progressed. As a result, for the fiscal year under review, consolidated net sales increased 7.4% year over year to ¥21,114 million.

In terms of expenses, the Company continued to achieve optimization of software development expenses through working to streamline its development platform by bringing software development in-house and making it agile. On the other hand, the Company has continued enhancement of software development capabilities and investment in human resources for new businesses, as well as its aggressive advertising investments, such as TV commercials and internet advertising. In addition, telecommunication costs increased due to progress in shifting to cloud computing for development and operation environments.

As a result, operating profit increased 12.1% year over year to ¥3,256 million, ordinary profit increased 7.2% year over year to ¥3,284 million, and profit attributable to owners of parent increased 11.2% year over year to ¥2,398 million.

2) Business overview by business field

<Sea Planning>

In the marine transportation market, the number of voyages provided service declined as the temporary increase in transportation demand due to the economic recovery subsided, but sales of services for environmentally conscious operations increased due to the implementation of the Carbon Intensity Indicator (CII) rating system. In addition, the positive impact from foreign exchange rates also contributed to an increase in overall revenue in sea planning services.

<Sky Planning>

The airline market continued to steadily recover, with an increase in inbound demand due to the easing of entry/exit restrictions for international flights among other factors, as well as the easing of restrictions on movement for domestic flights. The Company achieved an increase in revenue due to the sales expansion of movement management systems, mainly for government offices, in the Japanese helicopter market.

<Land Planning>

While a gradual recovery continued for the railway and expressway markets in Japan in line with the recovery of the movement of people due to nationwide travel support and other factors, the Company's revenue decreased due to a temporary decline in sales.

<Environment Planning>

Against the backdrop of wide-area power transmission coordination and renewable energy transmission plans by electric power companies in Japan and business feasibility studies by wind power producers, demand for wind power generation forecasts and other services have increased. The Company achieved revenue growth mainly in Europe by improving the accuracy and productivity of power generation forecasts for renewable energy.

<Sports Planning>

Revenue decreased for sports planning services due to the swing-back effect from the one-time contracted operations regarding the provision of weather information to a large sporting event in the previous fiscal year.

<Climate Tech Planning>

The Company has expanded the sales of a service of analyzing climate change risks for municipal governments and manufacturers.

<Mobile/Internet Planning>

App users grew as the Company achieved a higher public profile due to aggressive advertising investments such as TV commercials and internet advertising. Subscription service sales and advertising revenue increased as a result of conducting various initiatives to enhance satisfaction and utilization of app users through upgrading content to be distributed by the Company, such as typhoon information and heavy snowfall information due to cold waves, and improving app UI/UX continually while attention to weather-related topics such as weather disasters increased in Japan.

<Broadcast Planning>

Revenue decreased for broadcast planning services due to a decline in sales from effects related to the replacement cycle of systems for broadcasting companies and the impact of cost revisions by such companies as part of structural reforms.

Business segment		Fiscal year ended May 31, 2022			Fiscal year ended May 31, 2023			Rate of change
		(Millions of yen)			(Millions of yen)			(%)
		SRS	Tollgate	Total	SRS	Tollgate	Total	Total
	Sea Planning	3	5,198	5,202	1	5,502	5,503	5.8
	Sky Planning	55	878	934	80	1,154	1,235	32.2
	Land Planning	243	3,019	3,262	175	3,027	3,202	(1.8)
	Environment Planning	114	780	894	138	906	1,044	16.8
	Other BtoB business	16	48	65	16	34	50	(22.8)
	Total BtoB business	433	9,925	10,359	411	10,625	11,037	6.5
	Mobile/Internet Planning	15	6,806	6,821	61	7,768	7,829	14.8
	Broadcast Planning	561	1,908	2,470	377	1,869	2,247	(9.0)
	Total BtoS business	576	8,714	9,291	439	9,637	10,077	8.5
	Total	1,010	18,640	19,650	851	20,263	21,114	7.4

(Reference) Net sales by region

Regional segment		Fiscal year ended May 31, 2022			Fiscal year ended May 31, 2023			Rate of change
		(Millions of yen)			(Millions of yen)			(%)
		SRS	Tollgate	Total	SRS	Tollgate	Total	Total
	Japan	401	5,873	6,275	403	6,212	6,616	5.4
	Asia	–	1,927	1,927	–	2,213	2,213	14.8
	Europe	32	1,833	1,865	8	1,857	1,865	(0.0)
	Americas	–	290	290	–	341	341	17.6
	Total BtoB business	433	9,925	10,359	411	10,625	11,037	6.5
	Japan	576	8,041	8,618	439	8,931	9,371	8.7
	Asia	–	672	672	–	705	705	5.0
	Europe	–	1	1	–	–	–	–
	Americas	–	–	–	–	0	0	–
	Total BtoS business	576	8,714	9,291	439	9,637	10,077	8.5
	Total	1,010	18,640	19,650	851	20,263	21,114	7.4

Note: Tollgate refers to the Company's original business format. A typical example is the tollgates of expressways. Sales continually generated in the form of consideration for provision of services. Stage requirement setting (SRS) refers to one-time examination and system sales that lead to future tollgate sales.

BtoS business refers to business targeting individuals ("S" stands for supporters).

(2) Overview of financial position for the fiscal year under review

At the end of the fiscal year under review, total assets increased by ¥1,852 million compared with the end of the previous fiscal year to ¥20,979 million, reflecting increases in cash and deposits, and other items. Liabilities increased by ¥295 million compared with the end of the previous fiscal year to ¥2,579 million, reflecting increases in asset retirement obligations, and other items.

Net assets increased by ¥1,556 million compared with the end of the previous fiscal year to ¥18,400 million, as a result of recording profit attributable to owners of parent of ¥2,398 million, while distributing dividends of ¥1,101 million in total at the end of the previous fiscal year and at the end of the current interim period. As a result of these factors, the equity-to-asset ratio at the end of the fiscal year under review was 87.3%.

(3) Overview of cash flows for the fiscal year under review

Net cash provided by operating activities was ¥2,384 million (net cash of ¥3,573 million provided in the previous fiscal year), reflecting the payment of income taxes of ¥794 million and recording profit before income taxes of ¥3,288 million, among other reasons.

Net cash used in investing activities amounted to ¥254 million (net cash of ¥395 million used in the previous fiscal year), mainly reflecting the purchase of property, plant and equipment and intangible assets.

Net cash used in financing activities amounted to ¥1,100 million (net cash of ¥1,098 million used in the previous fiscal year), mainly as a result of distributing dividends.

Cash and cash equivalents at the end of the fiscal year under review were ¥12,519 million (¥11,422 million at the end of the previous year), as a result of adding the effect of exchange rate change on cash and cash equivalents of ¥66 million.

(Reference) Trends in cash flow indicators

	Fiscal year ended May 31, 2019	Fiscal year ended May 31, 2020	Fiscal year ended May 31, 2021	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Equity-to-asset ratio (%)	87.5	85.1	86.8	87.6	87.3
Equity-to-asset ratio on market value basis (%)	222.6	244.5	330.0	386.0	351.0
Interest-bearing debt to cash flow ratio (%)	–	–	–	2.3	2.2
Interest coverage ratio (times)	170.0	181.2	168.8	220.0	190.9

(4) Outlook

The Company expects to grow sales due to the continued enhancement of original content and further expansion of its advertising service in the mobile/internet planning service. Also, for each BtoB business, in addition to growth in conventional services, the Company plans to achieve growth through a shift to a SaaS-type business model.

For investments, the Company will continue to actively invest in advertising in mobile/internet planning service, invest in human resources to accelerate overseas expansion, and promote investment in data and cloud computing with a view toward SaaS-type business.

As a result of the above, the Company expects to achieve consolidated net sales of ¥22,500 million, operating profit of ¥3,500 million, ordinary profit of ¥3,500 million, and profit attributable to owners of parent of ¥2,500 million for the fiscal year ending May 31, 2024.

2. Management Policies

(1) Basic policy

In pursuit of its corporate dream “Saving the lives of sailors. Saving the future of our planet too.,” the Group’s basic concept is to become a “Weather Content Maker” that responds to social risks related to

weather and the environment by providing the most comprehensive, fastest, and most up-to-date weather content services together with its supporters. As a frontrunner in the weather content market, it aims for “Supporter Value Creation” and corporate value maximization while innovatively creating new markets.

In addition, in order to realize this concept, it recognizes that its mission is to become a Full Service “Weather & Climate” Company, considering its core competence to be “the world’s largest database, the industry’s No. 1 forecast accuracy, and serving communities in every market.”

(2) Targeted management indicators

In the growing weather content market, the Company believes it can link net sales growth with corporate growth by realizing a tollgate-type business model (continuous content service). For this reason, the Company recognizes net sales, operating profit margin, and ROE as key management indicators.

(3) Issues to be addressed (mid-term management plan)

<1. Review of the previous mid-term management plan>

The Company positioned the 11-year period from June 2012 to May 2023 as the fourth growth period, and it implemented the mid-term management plan as the 3rd stage of the fourth growth period for the four years (June 2019–May 2023) from the fiscal year ended May 31, 2020, while working on global expansion of services under the theme of “Innovation.”

Under said mid-term management plan, the Company promoted four key themes: (1) strengthening its revenue base by continued growth in existing businesses, (2) pursuing top forecast accuracy in the world, (3) establishing an IT service base to accelerate market development, and (4) creating new growing business that addresses climate change, and the Company achieved profit growth as initially targeted. Specific factors that contributed to growth include the following.

For sales, the Company achieved significant sales growth in the BtoS mobile/internet planning service by implementing advertising strategies, including TV commercials, under the No. 1 forecast accuracy brand. In the BtoB business as well, the Company maintained sales growth despite the impact of the spread of COVID-19 and other factors, and it also proceeded with the establishment of a sales infrastructure for global expansion. In terms of expenses, the Company achieved profit growth as a result of a company-wide shift to in-house development systems and a decrease in outsourcing expenses, as it promoted the development of a DevOps system that can respond to the speed of business demanded by its customers.

In the fifth growth period starting June 2023, the Company will work on new measures to further scale up its business.

As a specific initiative during the three years of the new mid-term management plan (June 2023–May 2026), the Company aims to shift to a SaaS-type business model that can support more companies. At the same time, the Company will improve operational productivity by converting the function of risk communication by humans into content through an AI-based operation model. Also, the Company aims to create synergy between BtoB and BtoS by leveraging the BtoS network of supporters to provide public relations and marketing support to BtoB as well. In addition, the Company will reconfigure its overseas sales structure to accelerate global business development. Also, as a new measure for business expansion, the Company will not only grow its business but also contribute to the global environment by developing CO₂ reduction services in sea planning service, and climate change-responsive services in climate tech planning.

(KPI progress in the mid-term management plan)

Business field	KPI					Details
	End of FY20/5 Actual	End of FY21/5 Actual	End of FY22/5 Actual	End of FY23/5 Targets	End of FY23/5 Actual	
TG sales ratio in overall BtoB business (Japan: overseas)	61:39	61:39	59:41	50:50	58:42	Steady growth. Progress in establishing sales infrastructure for global expansion
1) Strengthen its revenue base by continued growth in existing businesses						
Sea Planning (Number of vessels)	4,600	5,300	6,300	9,200	7,050	In addition to mainstay OSR service, released NAR, which assists in avoiding running aground and collisions. Contributed to increase in number of vessels
Sky Planning (Number of customers)	60	59	65	85	66	Airline market significantly affected by spread of COVID-19, but customers grew mainly in Asia
Environment Planning (Number of customers)	8	16	24	38	33	Increased sales of electricity supply-demand forecasting services and weather data provision services led to an increase in Japanese electric power business customers
Mobile/Internet Planning (Number of MAU: tens of thousands of users)	3,242	3,849	4,516	5,500	5,880	Raised public profile through advertising investment, improved app UI/UX, and enhanced content increased MAUs
2) Pursue top forecast accuracy in the world and drastically improve content productivity						
Forecasting accuracy (%)	93.3	91.2	90.7	90.0 or higher	90.3	Maintained 90% or higher with enhanced weather data and AI-based proprietary analysis

<2. New mid-term management plan>

A new mid-term management plan has been formulated for the three-year period beginning June 2023 based on the policies of the fifth growth period. For details, please refer to the mid-term management plan material on the Company's website: <https://jp.weathernews.com/irinfo/plan/> (in Japanese)

3. Basic Approach to Selection of Accounting Standards

The Company currently applies Japanese generally accepted accounting principles to its consolidated financial statements. The Company constantly examines the application of optimal accounting standards with a view toward the future while paying due attention to trends surrounding the various accounting standards available to us.

4. 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	-	*1 3,947
Total extraordinary income	-	3,947
Extraordinary losses		
Loss on valuation of investment securities	*2 49,975	-
Impairment losses	*3 78,800	-
Loss on liquidation of subsidiaries and associates	*4 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

(5) Notes to consolidated financial statements
(Notes to premise of going concern)

Not applicable

(Changes in accounting policies)

Application of implementation guidance on accounting standard for fair value measurement

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as “Fair Value Measurement Accounting Guidance”) from the beginning of the fiscal year under review, and it has applied the new accounting policy, provided for by the Fair Value Measurement Accounting Guidance, prospectively in accordance with the transitional measures provided for in paragraph 27-2 of the Fair Value Measurement Accounting Guidance. The Company does not expect that this change will have a material impact on its consolidated results.

(Notes to consolidated statement of income)

* 1. Gain on liquidation of subsidiaries and associates

Fiscal year ended May 31, 2022

Not applicable

Fiscal year ended May 31, 2023

Gain on liquidation of subsidiaries and associates recognized in the consolidated statement of income is related to the liquidation of maruFreight, Inc.

* 2. Loss on valuation of investment securities

Fiscal year ended May 31, 2022

Loss on valuation of investment securities is impairment loss on securities held by the Company that is categorized as “investment securities” with a significant decline in nominal values.

Fiscal year ended May 31, 2023

Not applicable

* 3. Impairment losses

Fiscal year ended May 31, 2022

The Group recognized impairment losses on the assets group listed below.

Place	Use	Class	Impairment losses (Thousands of yen)
Japan	Idle assets	Software	78,800
Total	—	—	78,800

For internal management purposes, the Group’s business assets are grouped based on the smallest unit that generates cash flows. In addition, idle assets are grouped by individual asset.

Regarding idle assets, due to a review of the software development plan, the Company no longer expects to earn profit as originally planned from such idle assets. Therefore, the carrying amount is written down to the recoverable amount, and the write-down amount is recorded as impairment losses

in extraordinary losses. The recoverable amount is measured at value in use. However, a discount rate is not taken into consideration because the estimated useful life is short.

Fiscal year ended May 31, 2023

Not applicable

* 4. Loss on liquidation of subsidiaries and associates

Fiscal year ended May 31, 2022

Loss on liquidation of subsidiaries and associates recognized in the consolidated statement of income is the loss resulting from the liquidation of Weathernews Nepal Pvt. Ltd., the Company's consolidated subsidiary.

Fiscal year ended May 31, 2023

Not applicable

(Notes to consolidated statement of cash flows)

Reconciliation of cash and cash equivalents at end of the fiscal year and the related account on the consolidated balance sheet is as follows:

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Cash and deposits	11,424,969	12,521,318
Time deposits with maturity over 3 months	(2,026)	(2,062)
Cash and cash equivalents	11,422,943	12,519,256

(Notes to revenue recognition)

1. Information on disaggregation of revenue from contracts with customers

Fiscal year ended May 31, 2022

		(Thousands of yen)				
		BtoB business				
		Sea Planning	Sky Planning	Land Planning	Environment Planning	Other
Goods or services transferred at a point in time	SRS	3,270	2,900	26,512	18,865	1,561
	Tollgate	-	-	-	-	-
	Total	3,270	2,900	26,512	18,865	1,561
Goods or services transferred over time	SRS	281	52,838	216,969	95,178	15,410
	Tollgate	5,198,747	878,923	3,019,002	780,092	48,702
	Total	5,199,028	931,761	3,235,972	875,270	64,113
Revenue from contracts with customers	SRS	3,551	55,738	243,481	114,044	16,971
	Tollgate	5,198,747	878,923	3,019,002	780,092	48,702
	Total	5,202,299	934,661	3,262,484	894,136	65,674
Other revenue		-	-	-	-	-
Revenues from external customers		5,202,299	934,661	3,262,484	894,136	65,674

		BtoS business		Total
		Mobile/Internet Planning	Broadcast Planning	
Goods or services transferred at a point in time	SRS	8,968	181,222	243,300
	Tollgate	–	–	–
	Total	8,968	181,222	243,300
Goods or services transferred over time	SRS	6,407	380,179	767,264
	Tollgate	6,806,257	1,908,652	18,640,378
	Total	6,812,664	2,288,831	19,407,643
Revenue from contracts with customers	SRS	15,375	561,401	1,010,564
	Tollgate	6,806,257	1,908,652	18,640,378
	Total	6,821,632	2,470,053	19,650,943
Other revenue		–	–	–
Revenues from external customers		6,821,632	2,470,053	19,650,943

Fiscal year ended May 31, 2023

(Thousands of yen)

		BtoB business				
		Sea Planning	Sky Planning	Land Planning	Environment Planning	Other
Goods or services transferred at a point in time	SRS	1,500	11,288	28,083	17,003	2,830
	Tollgate	–	–	–	–	–
	Total	1,500	11,288	28,083	17,003	2,830
Goods or services transferred over time	SRS	–	69,169	147,288	121,069	13,402
	Tollgate	5,502,328	1,154,870	3,027,518	906,586	34,460
	Total	5,502,328	1,224,040	3,174,807	1,027,655	47,862
Revenue from contracts with customers	SRS	1,500	80,458	175,372	138,073	16,232
	Tollgate	5,502,328	1,154,870	3,027,518	906,586	34,460
	Total	5,503,828	1,235,329	3,202,890	1,044,659	50,693
Other revenue		–	–	–	–	–
Revenues from external customers		5,503,828	1,235,329	3,202,890	1,044,659	50,693

		BtoS business		Total
		Mobile/Internet Planning	Broadcast Planning	
Goods or services transferred at a point in time	SRS	42,718	41,448	144,872
	Tollgate	–	–	–
	Total	42,718	41,448	144,872
Goods or services transferred over time	SRS	18,738	336,551	706,220
	Tollgate	7,768,319	1,869,385	20,263,469
	Total	7,787,058	2,205,937	20,969,690
Revenue from contracts with customers	SRS	61,457	377,999	851,093
	Tollgate	7,768,319	1,869,385	20,263,469
	Total	7,829,776	2,247,385	21,114,563
Other revenue		–	–	–
Revenues from external customers		7,829,776	2,247,385	21,114,563

2. Information that is fundamental to understanding revenue from contracts with customers

Regarding the significant businesses related to revenue from the Group's customers, the details of the performance obligations and the time when the Group satisfies such performance obligations (the normal time when revenue is recognized) are as follows:

(1) Tollgate-type service

1) Fixed monthly pricing

Based on a common core infrastructure built by the Group, individual business groups provide weather information-based content and services or newly developed content on an ongoing basis over the contract period. These sales are calculated based on a monthly unit price predetermined

for each customer. The Company recognizes revenue over a certain period of time, and the services provided to the customer are considered as fulfillment of a performance obligation over the contract period.

The standard provision is to receive the revenue within one month of satisfaction of the performance obligation and does not include a significant financing component.

Businesses to which this revenue recognition standard is primarily applied: Sky Planning, Land Planning, Environment Planning, and Broadcast Planning

2) Pay-as-you-go pricing

Based on a common core infrastructure built by the Group, individual business groups provide weather information-based content and services or newly developed content relative to trading volume based on contracts. These sales are calculated by multiplying the contract unit price by the trading volume of services provided. The Company recognizes revenue over a certain period of time, and the services provided to the customer are considered as fulfillment of a performance obligation over the contract period.

The standard provision is to receive the revenue within one month of satisfaction of the performance obligation and does not include a significant financing component.

Businesses to which this revenue recognition standard is primarily applied (trading volume): Sea Planning (the number of vessels, the number of services, the number of days in operation), Mobile/Internet Planning (the number of contracts)

(2) Stage requirement setting (SRS)-type service

To tie its efforts to generate future tollgate-type sales, the Company conducts sales of weather-related systems, as well as research and development services. The Company recognizes revenue at a point in time when the control of the promised goods or services is transferred to the customer, at the amount expected to be received upon the exchange of said goods or services. In cases where customers receive benefits as the performance obligations are satisfied, revenue has been recognized over a certain period of time, based on the ratio of the cost incurred for research and development and other operations to the total projected cost (the progress rate).

3. Information regarding the relationship between the satisfaction of performance obligations based on contracts with customers and cash flows from the said contracts, the amount of revenue from a contract with a customer who existed at the end of the fiscal year under review that is expected to be recognized from the fiscal year ending May 31, 2024, and the time of recognition

(1) Balances of contract assets and contract liabilities

	(Thousands of yen)	
	Fiscal Year ended May 31, 2022	Fiscal Year ended May 31, 2023
Receivables from contracts with customers (at the beginning of the period)	3,346,728	2,612,174
Receivables from contracts with customers (at the end of period)	2,612,174	3,601,442
Contract assets (at the beginning of the period)	200,214	708,461
Contract assets (at the end of period)	708,461	407,197
Contract liabilities (at the beginning of the period)	151,356	163,128
Contract liabilities (at the end of period)	163,128	106,460

Contract assets are un-invoiced accounts receivable - trade for revenue from contracts with customers that has been recognized over a certain period, according to the progress in relation to contracts with customers. Contract assets are reclassified and stated as receivables arising from a contract with a customer at the time of inspection performed by the customer.

Contract liabilities are related to advances received from a customer based on the terms and conditions of a contract with the customer. Contract liabilities are reversed when revenue is recognized.

The main reason for the ¥301,263 thousand decrease in contract assets in the fiscal year under review was the decrease due to transfers to receivables arising from contracts with customers in land planning exceeded the increase due to revenue recognition.

Out of revenues recognized for the fiscal year under review, those included in the outstanding contract liabilities at the beginning of the fiscal year amounted to ¥154,546 thousand.

(2) Transaction price allocated to remaining performance obligations

Total transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations and the period during which revenue is expected to be recognized are as follows. As a result of the Company's use of practical expedients, transactions with an initial projected remaining period of within one year are not included.

(Thousands of yen)

	Fiscal Year ended May 31, 2022	Fiscal Year ended May 31, 2023
Within 1 year	1,132,828	875,508
1 to 2 years	613,192	649,299
2 to 3 years	531,446	134,011
Over 3 years	1,855	15,019
Total	2,279,323	1,673,839

(Notes to segment information, etc.)

The Company and its consolidated subsidiaries engage in the provision of comprehensive content centered on weather information as referred to as the description of the business thereof, which constitutes a single business segment. Therefore, segment information is omitted.

(Per share information)

(Yen)

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Net assets per share	1,523.28	1,661.26
Basic earnings per share	196.25	217.67
Diluted earnings per share	195.73	217.10

Note: The basis used for calculating basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended May 31, 2022	Fiscal year ended May 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Thousands of yen)	2,157,171	2,398,073
Profit not attributable to common shareholders (Thousands of yen)	–	–
Profit attributable to owners of parent pertaining to common shares (Thousands of yen)	2,157,171	2,398,073
Average number of outstanding common shares during the period (Shares)	10,991,834	11,016,572
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (Thousands of yen)	–	–
Increase in number of shares of common shares (Shares)	28,996	28,996
[of which subscription rights to shares (Shares)]	(28,996)	(28,996)
Overview of dilutive shares that are not included in the calculation of diluted earnings per share as they have no dilutive effects		–

(Subsequent events)

Not applicable