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October 6, 2023

## Consolidated Financial Results for the Three Months Ended August 31, 2023 (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: October 13, 2023  
 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, 2023 (from June 1, 2023 to August 31, 2023)

#### (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, 2023	5,580	6.8	415	(12.1)	443	(15.7)	428	16.1
August 31, 2022	5,225	4.8	472	(10.3)	525	1.7	369	3.9

Note: Comprehensive income For the three months ended August 31, 2023: ¥503 million [6.1%]  
 For the three months ended August 31, 2022: ¥474 million [29.4%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
August 31, 2023	38.85	38.75
August 31, 2022	33.53	33.45

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
August 31, 2023	20,630	18,242	88.0
May 31, 2023	20,979	18,400	87.3

Reference: Equity

As of August 31, 2023: ¥18,158 million  
 As of May 31, 2023: ¥18,315 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, 2023	–	50.00	–	60.00	110.00
Fiscal year ending May 31, 2024	–				
Fiscal year ending May 31, 2024 (Forecast)		60.00	–	60.00	120.00

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

**3. Consolidated earnings forecasts for the fiscal year ending May 31, 2024 (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

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: None
- (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, 2023	11,844,000 shares
As of May 31, 2023	11,844,000 shares

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

As of August 31, 2023	818,751 shares
As of May 31, 2023	818,751 shares

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

Three months ended August 31, 2023	11,025,249 shares
Three months ended August 31, 2022	11,002,272 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. Please refer to "1. Qualitative Information on Quarterly Financial Results" 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. Qualitative Information on Quarterly Financial Results

### (1) Operating results

#### 1) Business environment

In the three months ended August 31, 2023 (the “period under review”), the global economy slowed down moderately due to the continuation of inflation and monetary tightening, particularly in Europe and North America, and the stagnation of internal and external demand and other factors caused by the end of rebound consumption from COVID-19 in China. In the Japanese economy, economic activities continued to normalize against the backdrop of increased consumer spending, primarily service consumption such as eating out and travel, inbound demand, etc.

In terms of the Company’s sales, in the mobile/internet planning service, subscription service sales and advertising revenue were strong as app users grew in number due to continued initiatives to raise the public profile of the service through investment in advertising as well as improved forecast accuracy, and enhanced app unique content. In the sea planning service, despite a decline in demand for transportation, there was a progress in resolving port congestion, and the number of voyages by vessels provided service increased. In the land planning service, revenue increased due to an increase in the number of customers in the expressway market. As a result, for the period under review, consolidated net sales increased 6.8% year over year to ¥5,580 million.

In terms of expenses, from the previous fiscal year, the Company has continued its aggressive advertising investments, such as TV commercials and internet advertising, enhancement of software development capabilities, as well as investment in human resources for new businesses. In addition, telecommunication costs increased due to progress in shifting to cloud computing for development and operation environments.

As a result, operating profit decreased 12.1% year over year to ¥415 million, and ordinary profit decreased 15.7% year over year to ¥443 million. The total amount of income taxes, which includes income taxes - deferred, was ¥15 million due to the recognition of tax effects from the introduction of the mandatory retirement system, and profit attributable to owners of parent increased 16.1% year over year to ¥428 million.

#### 2) Business overview by business field

##### <Sea Planning>

In the marine transportation market, while vessel supply volume recovered due to the alleviation of ships waiting for berth, the situation remained weak due to cargo demand decreasing. For the Company, although the numbers of service provision decreased in Europe, sales of OSR-e, a service for environmentally conscious operations, increased, and the positive impact from foreign exchange rates also contributed to an increase in revenue.

##### <Sky Planning>

In the airline market, the number of travelers continued to recover together with number of domestic and international flights due to social and economic activities restarting because of the end of border control measures and lifting of restrictions on movement caused by COVID-19. For the Company, sales in domestic and overseas airline markets recovered. As sales in sky planning temporarily increased in the three months ended August 31, 2022 due to necessary adjustments regarding significant transactions during the period up to the consolidated closing date, revenue decreased in the three months ended August 31, 2023 due to a decline from the swing-back effect.

##### <Land Planning>

In logistics-related markets, which includes expressways and railways, weather information needs increased from the perspective of ensuring safety for logistics, such as disaster prevention and transportation effects at bases when extreme weather events occur. In the Company’s expressway market, revenue increased as the number of customers increased due to the provision of weather information that includes regional characteristics.

<Environment Planning>

In the energy market, the development of global renewable energy markets proceeded, and needs increased against the backdrop of weather, such as typhoons, torrential downpours and sweltering heat, in Japan during summer. The Company achieved revenue growth by continued sales expansion of power generation forecasts for renewable energy and electricity demand forecasting services.

<Sports Planning>

The Company has supported the determination of whether or not competitions for various types of sports can be held, and supported representative teams.

<Climate Tech Planning>

The Company has expanded the sales of “Climate Impact,” a service of analyzing climate change risks, primarily for companies in Japan.

<Mobile/Internet Planning>

App users grew as the Company continued advertising investments such as TV commercials and internet advertising. Subscription service sales and advertising revenue increased as a result of enhancing satisfaction and utilization of users through the upgrading of app content while attention to weather-related topics increased in Japan.

<Broadcast Planning>

Although the importance of weather information steadily increased for disaster prevention news, the trend of cost revisions continued due to structural reforms to the business environments of major customers, such as TV stations. For the Company, revenue decreased due to the effects related to the replacement cycle of systems for broadcasting companies despite proceeding with the building of a profit structure through increased efficiency for the operation of services and initiatives for establishing new services.

Business segment	Three months ended August 31, 2022	Three months ended August 31, 2023	Rate of change
	(Millions of yen)	(Millions of yen)	(%)
Sea Planning	1,378	1,411	2.4
Sky Planning	334	301	(9.8)
Land Planning	734	802	9.3
Environment Planning	225	286	27.1
Other BtoB business	7	22	182.6
Total BtoB business	2,681	2,824	5.4
Mobile/Internet Planning	2,011	2,229	10.8
Broadcast Planning	532	525	(1.3)
Total BtoS business	2,544	2,755	8.3
Total	5,225	5,580	6.8

## (Reference) Net sales by region

Regional segment	Three months ended August 31, 2022	Three months ended August 31, 2023	Rate of change
	(Millions of yen)	(Millions of yen)	(%)
Japan	1,529	1,671	9.3
Asia	586	585	(0.1)
Europe	476	488	2.5
Americas	89	79	(11.0)
Total BtoB business	2,681	2,824	5.4
Japan	2,305	2,528	9.7
Asia	238	226	(5.1)
Europe	–	–	–
Americas	0	–	(100.0)
Total BtoS business	2,544	2,755	8.3
Total	5,225	5,580	6.8

Notes: 1. Until the previous fiscal year, sales were disclosed after being classified as Tollgate sales, which are sales continually generated in the form of consideration for provision of services, and SRS (Stage Requirement Settings) sales, which are one-time examination and system sales. However, the Company will abolish these sales classifications from the period under review as the ratio of SRS sales to overall sales has decreased.

2. BtoS business refers to business targeting individuals (“S” stands for supporters).

## (2) Financial position

### 1) Assets, liabilities and net assets

As of August 31, 2023, total assets decreased by ¥349 million compared with the end of the previous fiscal year to ¥20,630 million, reflecting decreases in accounts receivable - trade and other items. Total liabilities decreased by ¥191 million compared with the end of the previous fiscal year to ¥2,387 million, reflecting decreases in income taxes payable and other items. Net assets decreased by ¥157 million compared with the end of the previous fiscal year to ¥18,242 million, as a result of distributing dividends of ¥661 million at the end of the previous fiscal year, while recording profit attributable to owners of parent of ¥428 million.

As a result of these factors, equity-to-asset ratio was 88.0%.

### 2) Cash flows

Net cash provided by operating activities was ¥327 million (net cash of ¥317 million provided in the same period of the previous fiscal year), reflecting the payment of income taxes of ¥459 million and recording profit before income taxes of ¥443 million, among other reasons.

Net cash used in investing activities amounted to ¥123 million (net cash of ¥52 million provided in the previous fiscal year), mainly reflecting the purchase of property, plant and equipment.

Net cash used in financing activities amounted to ¥585 million (net cash of ¥490 million used in the same period of the previous fiscal year) as a result of distributing dividends.

Cash and cash equivalents as of August 31, 2023 were ¥12,224 million (¥11,392 million at the end of the same period of the previous year), as a result of adding the effect of exchange rate change on cash and cash equivalents of ¥86 million.

### (3) Explanation on consolidated earnings forecasts and other forward-looking statements

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 an expansion of SaaS-type business.

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, our initial forecasts are unchanged, and 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. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of May 31, 2023	As of August 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	12,521,318	12,226,788
Notes receivable - trade	29,305	-
Accounts receivable - trade	3,572,137	3,148,494
Contract assets	407,197	584,107
Work in process	72,165	89,427
Supplies	204,639	266,877
Other	591,429	700,237
Allowance for doubtful accounts	(20,970)	(21,353)
Total current assets	17,377,223	16,994,579
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	760,668	748,608
Tools, furniture and fixtures, net	414,485	424,038
Land	413,062	413,062
Construction in progress	41,028	50,325
Other, net	54,886	49,184
Total property, plant and equipment	1,684,130	1,685,218
Intangible assets		
Software	522,602	474,288
Software in progress	10,554	13,432
Other	28,821	28,806
Total intangible assets	561,978	516,527
Investments and other assets		
Investment securities	182,071	189,001
Deferred tax assets	663,938	719,868
Other	531,918	547,943
Allowance for doubtful accounts	(21,619)	(22,878)
Total investments and other assets	1,356,308	1,433,934
Total non-current assets	3,602,417	3,635,680
Total assets	20,979,641	20,630,259

(Thousands of yen)

	As of May 31, 2023	As of August 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	135,602	86,565
Accounts payable - other	319,500	360,573
Income taxes payable	509,422	85,953
Contract liabilities	106,460	143,983
Provision for loss on litigation	15,300	16,548
Other	1,214,293	1,435,269
<b>Total current liabilities</b>	<b>2,300,580</b>	<b>2,128,893</b>
Non-current liabilities		
Asset retirement obligations	265,039	254,795
Other	13,797	4,180
<b>Total non-current liabilities</b>	<b>278,836</b>	<b>258,975</b>
<b>Total liabilities</b>	<b>2,579,417</b>	<b>2,387,868</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,458,226	1,458,226
Retained earnings	15,824,357	15,591,211
Treasury shares	(882,415)	(882,415)
<b>Total shareholders' equity</b>	<b>18,106,668</b>	<b>17,873,523</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,354	25,100
Foreign currency translation adjustment	188,869	259,435
<b>Total accumulated other comprehensive income</b>	<b>209,223</b>	<b>284,535</b>
Share acquisition rights	84,332	84,332
<b>Total net assets</b>	<b>18,400,224</b>	<b>18,242,390</b>
<b>Total liabilities and net assets</b>	<b>20,979,641</b>	<b>20,630,259</b>

**(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, 2022	Three months ended August 31, 2023
Net sales	5,225,121	5,580,143
Cost of sales	2,906,055	3,042,356
Gross profit	2,319,065	2,537,787
Selling, general and administrative expenses	1,846,898	2,122,525
Operating profit	472,167	415,261
Non-operating income		
Interest income	340	575
Dividend income	500	500
Foreign exchange gains	48,050	27,957
Gain on forfeiture of unclaimed dividends	–	883
Insurance claim income	10,000	–
Other	6,325	822
Total non-operating income	65,216	30,739
Non-operating expenses		
Commitment line expenses	3,704	2,434
Loss on cancellation of insurance policies	7,599	–
Other	169	73
Total non-operating expenses	11,473	2,507
Ordinary profit	525,910	443,493
Profit before income taxes	525,910	443,493
Income taxes - current	124,829	71,013
Income taxes - deferred	32,069	(55,889)
Total income taxes	156,898	15,124
Profit	369,012	428,369
Profit attributable to owners of parent	369,012	428,369

**Quarterly consolidated statement of comprehensive income (cumulative)**

(Thousands of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
Profit	369,012	428,369
Other comprehensive income		
Valuation difference on available-for-sale securities	5,455	4,745
Foreign currency translation adjustment	100,405	70,566
Total other comprehensive income	105,861	75,312
Comprehensive income	474,873	503,681
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	474,873	503,681

**(3) Quarterly consolidated statement of cash flows**

(Thousands of yen)

	Three months ended August 31, 2022	Three months ended August 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	525,910	443,493
Depreciation	170,810	138,282
Share-based payment expenses	36,627	24,933
Increase (decrease) in allowance for doubtful accounts	(4,093)	457
Interest and dividend income	(840)	(1,075)
Insurance claim income	(10,000)	–
Loss (gain) on cancellation of insurance policies	7,599	–
Commitment line expenses	3,704	2,434
Decrease (increase) in trade receivables	(315,575)	465,726
Decrease (increase) in contract assets	329,931	(176,909)
Decrease (increase) in inventories	(38,678)	(79,498)
Increase (decrease) in trade payables	6,749	(49,713)
Increase (decrease) in accounts payable - other	188,413	(27,344)
Increase (decrease) in accrued consumption taxes	64,676	(82,053)
Increase (decrease) in accrued expenses	(54,223)	196,749
Increase (decrease) in advances received	38,719	(2,324)
Increase (decrease) in contract liabilities	928	34,562
Increase (decrease) in deposits received	(71,627)	77,111
Other, net	(209,831)	(178,448)
Subtotal	669,201	786,383
Interest and dividends received	826	1,054
Proceeds from insurance income	10,000	–
Income taxes paid	(362,085)	(459,666)
Net cash provided by (used in) operating activities	317,942	327,771
<b>Cash flows from investing activities</b>		
Proceeds from sale of securities	70	–
Purchase of property, plant and equipment	(51,235)	(89,203)
Purchase of intangible assets	(12,510)	(17,271)
Payments for asset retirement obligations	–	(6,351)
Payments of leasehold and guarantee deposits	(255)	(993)
Proceeds from refund of leasehold and guarantee deposits	1,459	3,132
Purchase of insurance funds	(10,401)	(10,401)
Proceeds from cancellation of insurance funds	125,040	–
Other, net	–	(2,604)
Net cash provided by (used in) investing activities	52,166	(123,692)
<b>Cash flows from financing activities</b>		
Dividends paid	(490,306)	(585,353)
Purchase of treasury shares	(254)	–
Net cash provided by (used in) financing activities	(490,560)	(585,353)
Effect of exchange rate change on cash and cash equivalents	89,976	86,607
Net increase (decrease) in cash and cash equivalents	(30,475)	(294,667)
Cash and cash equivalents at beginning of period	11,422,943	12,519,256
Cash and cash equivalents at end of period	11,392,467	12,224,588

**(4) Notes to premise of going concern**

Not applicable

**(5) Notes on significant changes in the amount of shareholders' equity**

Not applicable

**(6) 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.

**(7) Notes to revenue recognition**

Information on disaggregation of revenue from contracts with customers

The three months ended August 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	1,500	3,121	2,700	2,113	300
	Tollgate	–	–	–	–	–
	Total	1,500	3,121	2,700	2,113	300
Goods or services transferred over time	SRS	–	12,012	23,774	4,889	4,620
	Tollgate	1,377,179	319,527	708,152	218,194	3,007
	Total	1,377,179	331,540	731,927	223,083	7,628
Revenue from contracts with customers	SRS	1,500	15,134	26,474	7,002	4,920
	Tollgate	1,377,179	319,527	708,152	218,194	3,007
	Total	1,378,679	334,661	734,627	225,196	7,928
Other revenue		–	–	–	–	–
Revenues from external customers		1,378,679	334,661	734,627	225,196	7,928

		BtoS business		Total
		Mobile/Internet Planning	Broadcast Planning	
Goods or services transferred at a point in time	SRS	690	9,791	20,216
	Tollgate	–	–	–
	Total	690	9,791	20,216
Goods or services transferred over time	SRS	1,677	54,936	101,912
	Tollgate	2,009,583	467,348	5,102,992
	Total	2,011,261	522,285	5,204,905
Revenue from contracts with customers	SRS	2,368	64,727	122,128
	Tollgate	2,009,583	467,348	5,102,992
	Total	2,011,951	532,076	5,225,121
Other revenue		–	–	–
Revenues from external customers		2,011,951	532,076	5,225,121

(Note) The Group mainly promotes the Tollgate-type business model to continuously provide content. At the same time, there are also opportunities to sell temporary research and systems with the potential to lead to Tollgate-type sales in the future and the Company refers to these opportunities as SRS (Stage Requirement Settings).

The three months ended August 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	–	905	2,755	6,035	–
	Tollgate	–	–	–	–	–
	Total	–	905	2,755	6,035	–
Goods or services transferred over time	SRS	–	13,586	40,990	35,676	5,388
	Tollgate	1,411,579	287,353	759,198	244,465	17,013
	Total	1,411,579	300,940	800,188	280,142	22,402
Revenue from contracts with customers	SRS	–	14,492	43,745	41,712	5,388
	Tollgate	1,411,579	287,353	759,198	244,465	17,013
	Total	1,411,579	301,846	802,943	286,177	22,402
Other revenue		–	–	–	–	–
Revenues from external customers		1,411,579	301,846	802,943	286,177	22,402

		BtoS business		Total
		Mobile/Internet Planning	Broadcast Planning	
Goods or services transferred at a point in time	SRS	15,935	6,682	32,314
	Tollgate	–	–	–
	Total	15,935	6,682	32,314
Goods or services transferred over time	SRS	1,807	52,152	149,602
	Tollgate	2,212,221	466,394	5,398,226
	Total	2,214,029	518,546	5,547,828
Revenue from contracts with customers	SRS	17,743	58,834	181,916
	Tollgate	2,212,221	466,394	5,398,226
	Total	2,229,964	525,228	5,580,143
Other revenue		–	–	–
Revenues from external customers		2,229,964	525,228	5,580,143

(Note) The Group mainly promotes the Tollgate-type business model to continuously provide content. At the same time, there are also opportunities to sell temporary research and systems with the potential to lead to Tollgate-type sales in the future and the Company refers to these opportunities as SRS (Stage Requirement Settings).