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December 28, 2023

Consolidated Financial Results for the Six Months Ended November 30, 2023 (Under Japanese GAAP)

Company name: Weathernews Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4825
 URL: <https://jp.weathernews.com/>
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 Scheduled date to file quarterly securities report: January 12, 2024
 Scheduled date to commence dividend payments: January 25, 2024
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 six months ended November 30, 2023 (from June 1, 2023 to November 30, 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	%
Six months ended								
November 30, 2023	11,150	6.3	1,263	(0.7)	1,284	(2.0)	1,018	10.4
November 30, 2022	10,486	6.2	1,271	10.6	1,310	16.1	921	26.0

Note: Comprehensive income For the six months ended November 30, 2023: ¥1,123 million [5.7%]
 For the six months ended November 30, 2022: ¥1,062 million [38.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2023	92.28	92.04
November 30, 2022	83.73	83.51

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
November 30, 2023	21,052	18,994	89.8
May 31, 2023	20,979	18,400	87.3

Reference: Equity

As of November 30, 2023: ¥18,910 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	–	60.00			
Fiscal year ending May 31, 2024 (Forecast)			–	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 November 30, 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 November 30, 2023	798,276 shares
As of May 31, 2023	818,751 shares

(iii) Average number of shares outstanding during the period

Six months ended November 30, 2023	11,031,631 shares
Six months ended November 30, 2022	11,009,891 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 Weathernews Inc. 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, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	12,521,318	12,550,867
Notes receivable - trade	29,305	8,453
Accounts receivable - trade	3,572,137	3,052,936
Contract assets	407,197	752,045
Merchandise	0	4,706
Work in process	72,165	61,959
Supplies	204,639	324,713
Other	591,429	724,966
Allowance for doubtful accounts	(20,970)	(19,763)
Total current assets	17,377,223	17,460,884
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	760,668	736,811
Tools, furniture and fixtures, net	414,485	404,015
Land	413,062	413,062
Construction in progress	41,028	91,469
Other, net	54,886	39,953
Total property, plant and equipment	1,684,130	1,685,311
Intangible assets		
Software	522,602	421,347
Software in progress	10,554	37,381
Other	28,821	28,791
Total intangible assets	561,978	487,520
Investments and other assets		
Investment securities	182,071	191,907
Deferred tax assets	663,938	725,892
Other	531,918	524,317
Allowance for doubtful accounts	(21,619)	(23,239)
Total investments and other assets	1,356,308	1,418,877
Total non-current assets	3,602,417	3,591,708
Total assets	20,979,641	21,052,593

(Thousands of yen)

	As of May 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	135,602	74,626
Accounts payable - other	319,500	285,513
Income taxes payable	509,422	362,847
Contract liabilities	106,460	113,323
Provision for loss on litigation	15,300	16,590
Other	1,214,293	950,590
Total current liabilities	2,300,580	1,803,491
Non-current liabilities		
Asset retirement obligations	265,039	254,173
Other	13,797	512
Total non-current liabilities	278,836	254,686
Total liabilities	2,579,417	2,058,177
Net assets		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,458,226	1,568,391
Retained earnings	15,824,357	16,180,902
Treasury shares	(882,415)	(860,100)
Total shareholders' equity	18,106,668	18,595,693
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,354	27,044
Foreign currency translation adjustment	188,869	287,345
Total accumulated other comprehensive income	209,223	314,390
Share acquisition rights	84,332	84,332
Total net assets	18,400,224	18,994,415
Total liabilities and net assets	20,979,641	21,052,593

(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, 2022	Six months ended November 30, 2023
Net sales	10,486,170	11,150,426
Cost of sales	5,850,551	6,269,035
Gross profit	4,635,619	4,881,391
Selling, general and administrative expenses	3,364,075	3,618,358
Operating profit	1,271,543	1,263,032
Non-operating income		
Interest income	506	1,033
Dividend income	500	500
Foreign exchange gains	26,220	19,867
Gain on forfeiture of unclaimed dividends	1,029	889
Insurance claim income	10,723	–
Other	13,947	3,673
Total non-operating income	52,928	25,963
Non-operating expenses		
Commitment line expenses	6,455	4,849
Loss on cancellation of insurance policies	7,599	–
Other	317	77
Total non-operating expenses	14,371	4,926
Ordinary profit	1,310,100	1,284,069
Profit before income taxes	1,310,100	1,284,069
Income taxes - current	306,400	327,958
Income taxes - deferred	81,806	(61,948)
Total income taxes	388,206	266,009
Profit	921,893	1,018,059
Profit attributable to owners of parent	921,893	1,018,059

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Profit	921,893	1,018,059
Other comprehensive income		
Valuation difference on available-for-sale securities	7,254	6,690
Foreign currency translation adjustment	133,357	98,475
Total other comprehensive income	140,612	105,166
Comprehensive income	1,062,505	1,123,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,062,505	1,123,226

Quarterly consolidated statement of income

(Thousands of yen)

	2nd quarter ended November 30, 2022	2nd quarter ended November 30, 2023
Net sales	5,261,049	5,570,283
Cost of sales	2,944,495	3,226,679
Gross profit	2,316,553	2,343,604
Selling, general and administrative expenses	1,517,177	1,495,833
Operating profit	799,375	847,770
Non-operating income		
Interest income	166	457
Dividend income of insurance	2,939	–
Subsidy income	2,399	1,700
Gain on forfeiture of unclaimed dividends	1,029	5
Other	3,007	1,151
Total non-operating income	9,542	3,313
Non-operating expenses		
Foreign exchange losses	21,830	8,089
Commitment line expenses	2,751	2,414
Other	147	3
Total non-operating expenses	24,728	10,508
Ordinary profit	784,189	840,575
Profit before income taxes	784,189	840,575
Income taxes - current	181,571	256,944
Income taxes - deferred	49,737	(6,058)
Total income taxes	231,308	250,885
Profit	552,881	589,690
Profit attributable to owners of parent	552,881	589,690

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	2nd quarter ended November 30, 2022	2nd quarter ended November 30, 2023
Profit	552,881	589,690
Other comprehensive income		
Valuation difference on available-for-sale securities	1,799	1,944
Foreign currency translation adjustment	32,952	27,909
Total other comprehensive income	34,751	29,854
Comprehensive income	587,632	619,544
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	587,632	619,544

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,310,100	1,284,069
Depreciation	340,503	279,059
Share-based payment expenses	57,187	46,080
Increase (decrease) in allowance for doubtful accounts	(1,156)	(1,126)
Interest and dividend income	(1,006)	(1,533)
Insurance claim income	(10,723)	–
Loss (gain) on cancellation of insurance policies	7,599	–
Commitment line expenses	6,455	4,849
Decrease (increase) in trade receivables	(261,178)	558,176
Decrease (increase) in contract assets	73,703	(344,847)
Decrease (increase) in inventories	(99,273)	(114,557)
Increase (decrease) in trade payables	40,969	(61,915)
Increase (decrease) in accounts payable - other	(40,598)	(46,019)
Increase (decrease) in accrued consumption taxes	(27,951)	(206,521)
Increase (decrease) in accrued expenses	(207,415)	(146,189)
Increase (decrease) in advances received	43,688	5,825
Increase (decrease) in contract liabilities	(45,222)	3,412
Increase (decrease) in deposits received	107,454	72,864
Other, net	(187,403)	(60,124)
Subtotal	1,105,729	1,271,503
Interest and dividends received	978	1,489
Proceeds from insurance income	10,723	–
Payments for commitment line expenses	(25,072)	(2,108)
Income taxes paid	(379,390)	(468,441)
Net cash provided by (used in) operating activities	712,968	802,443
Cash flows from investing activities		
Proceeds from sale of securities	71	–
Purchase of property, plant and equipment	(215,695)	(157,460)
Purchase of intangible assets	(35,610)	(50,407)
Payments for asset retirement obligations	–	(8,660)
Payments of leasehold and guarantee deposits	(685)	(1,600)
Proceeds from refund of leasehold and guarantee deposits	35,681	3,222
Purchase of insurance funds	(10,401)	(10,401)
Proceeds from cancellation of insurance funds	125,040	–
Other, net	–	(2,238)
Net cash provided by (used in) investing activities	(101,599)	(227,546)
Cash flows from financing activities		
Dividends paid	(548,737)	(660,448)
Purchase of treasury shares	(254)	–
Net cash provided by (used in) financing activities	(548,991)	(660,448)
Effect of exchange rate change on cash and cash equivalents	114,008	114,941
Net increase (decrease) in cash and cash equivalents	176,385	29,389
Cash and cash equivalents at beginning of period	11,422,943	12,519,256
Cash and cash equivalents at end of period	11,599,329	12,548,645