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April 5, 2024

Consolidated Financial Results for the Nine Months Ended February 29, 2024 (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: April 12, 2024
 Scheduled date to commence dividend payments: —
 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 nine months ended February 29, 2024 (from June 1, 2023 to February 29, 2024)

(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	%
Nine months ended								
February 29, 2024	16,658	5.4	2,287	(8.9)	2,337	(9.3)	1,749	(3.0)
February 28, 2023	15,804	7.4	2,510	18.5	2,577	21.7	1,803	22.1

Note: Comprehensive income For the nine months ended February 29, 2024: ¥1,814 million [(2.7)%]
 For the nine months ended February 28, 2023: ¥1,865 million [21.1%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
February 29, 2024	158.51	158.10
February 28, 2023	163.77	163.34

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 29, 2024	20,786	19,031	91.1
May 31, 2023	20,979	18,400	87.3

Reference: Equity
 As of February 29, 2024: ¥18,942 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 February 29, 2024	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 February 29, 2024	797,376 shares
As of May 31, 2023	818,751 shares

(iii) Average number of shares outstanding during the period

Nine months ended February 29, 2024	11,035,889 shares
Nine months ended February 28, 2023	11,014,108 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 February 29, 2024
Assets		
Current assets		
Cash and deposits	12,521,318	12,220,984
Notes receivable - trade	29,305	5,139
Accounts receivable - trade	3,572,137	3,108,591
Contract assets	407,197	1,020,074
Work in process	72,165	33,709
Supplies	204,639	235,264
Other	591,429	716,694
Allowance for doubtful accounts	(20,970)	(17,957)
Total current assets	17,377,223	17,322,500
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	760,668	717,492
Tools, furniture and fixtures, net	414,485	383,528
Land	413,062	413,062
Construction in progress	41,028	129,241
Other, net	54,886	27,610
Total property, plant and equipment	1,684,130	1,670,935
Intangible assets		
Software	522,602	371,630
Software in progress	10,554	53,611
Other	28,821	28,763
Total intangible assets	561,978	454,004
Investments and other assets		
Investment securities	182,071	194,148
Deferred tax assets	663,938	690,764
Other	531,918	476,333
Allowance for doubtful accounts	(21,619)	(22,206)
Total investments and other assets	1,356,308	1,339,039
Total non-current assets	3,602,417	3,463,978
Total assets	20,979,641	20,786,478

(Thousands of yen)

	As of May 31, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	135,602	94,827
Accounts payable - other	319,500	235,580
Income taxes payable	509,422	209,523
Contract liabilities	106,460	107,997
Provision for loss on litigation	15,300	16,497
Other	1,214,293	840,831
Total current liabilities	2,300,580	1,505,258
Non-current liabilities		
Asset retirement obligations	265,039	249,124
Other	13,797	479
Total non-current liabilities	278,836	249,603
Total liabilities	2,579,417	1,754,861
Net assets		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,458,226	1,570,590
Retained earnings	15,824,357	16,249,465
Treasury shares	(882,415)	(858,808)
Total shareholders' equity	18,106,668	18,667,747
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,354	28,581
Foreign currency translation adjustment	188,869	245,898
Total accumulated other comprehensive income	209,223	274,480
Share acquisition rights	84,332	80,842
Non-controlling interests	–	8,547
Total net assets	18,400,224	19,031,617
Total liabilities and net assets	20,979,641	20,786,478

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

(Thousands of yen)

	Nine months ended February 28, 2023	Nine months ended February 29, 2024
Net sales	15,804,459	16,658,226
Cost of sales	8,824,037	9,537,180
Gross profit	6,980,421	7,121,045
Selling, general and administrative expenses	4,469,968	4,833,495
Operating profit	2,510,452	2,287,550
Non-operating income		
Interest income	821	1,675
Dividend income	500	500
Dividend income of insurance	6,812	12,182
Foreign exchange gains	50,944	31,064
Gain on forfeiture of unclaimed dividends	2,042	1,828
Insurance claim income	10,723	–
Other	12,652	10,126
Total non-operating income	84,497	57,376
Non-operating expenses		
Commitment line expenses	8,836	7,256
Loss on cancellation of insurance policies	7,599	–
Other	1,113	31
Total non-operating expenses	17,550	7,288
Ordinary profit	2,577,400	2,337,638
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	4,249
Total extraordinary losses	–	4,249
Profit before income taxes	2,577,400	2,333,389
Income taxes - current	681,378	612,931
Income taxes - deferred	92,204	(28,908)
Total income taxes	773,583	584,023
Profit	1,803,816	1,749,366
Profit attributable to owners of parent	1,803,816	1,749,366

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended February 28, 2023	Nine months ended February 29, 2024
Profit	1,803,816	1,749,366
Other comprehensive income		
Valuation difference on available-for-sale securities	7,410	8,227
Foreign currency translation adjustment	54,007	56,906
Total other comprehensive income	61,417	65,134
Comprehensive income	1,865,233	1,814,500
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,865,233	1,814,622
Comprehensive income attributable to non-controlling interests	-	(122)

Quarterly consolidated statement of income

(Thousands of yen)

	3rd quarter ended February 28, 2023	3rd quarter ended February 29, 2024
Net sales	5,318,288	5,507,799
Cost of sales	2,973,486	3,268,145
Gross profit	2,344,802	2,239,654
Selling, general and administrative expenses	1,105,892	1,215,136
Operating profit	1,238,909	1,024,517
Non-operating income		
Interest income	314	641
Dividend income of insurance	3,872	12,182
Foreign exchange gains	24,724	11,196
Gain on forfeiture of unclaimed dividends	1,012	939
Settlement income	–	4,250
Other	1,644	2,247
Total non-operating income	31,568	31,458
Non-operating expenses		
Commitment line expenses	2,381	2,407
Other	796	–
Total non-operating expenses	3,178	2,407
Ordinary profit	1,267,300	1,053,569
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	4,249
Total extraordinary losses	–	4,249
Profit before income taxes	1,267,300	1,049,319
Income taxes - current	374,978	284,973
Income taxes - deferred	10,398	33,039
Total income taxes	385,377	318,013
Profit	881,923	731,306
Profit attributable to owners of parent	881,923	731,306

Quarterly consolidated statement of comprehensive income

(Thousands of yen)

	3rd quarter ended February 28, 2023	3rd quarter ended February 29, 2024
Profit	881,923	731,306
Other comprehensive income		
Valuation difference on available-for-sale securities	155	1,536
Foreign currency translation adjustment	(79,350)	(41,569)
Total other comprehensive income	(79,195)	(40,032)
Comprehensive income	802,728	691,273
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	802,728	691,396
Comprehensive income attributable to non-controlling interests	–	(122)

(3) Quarterly consolidated statement of cash flows

(Thousands of yen)

	Nine months ended February 28, 2023	Nine months ended February 29, 2024
Cash flows from operating activities		
Profit before income taxes	2,577,400	2,333,389
Depreciation	507,943	422,378
Share-based payment expenses	86,138	76,362
Increase (decrease) in allowance for doubtful accounts	7,315	(3,752)
Interest and dividend income	(1,321)	(2,175)
Insurance claim income	(10,723)	–
Dividend income of insurance	(6,812)	(12,182)
Loss (gain) on cancellation of insurance policies	7,599	–
Subsidy income	(2,850)	(1,750)
Commitment line expenses	8,836	7,256
Loss (gain) on liquidation of subsidiaries and associates	–	4,249
Decrease (increase) in trade receivables	(346,972)	499,146
Decrease (increase) in contract assets	(259,872)	(612,876)
Decrease (increase) in inventories	(130,953)	7,835
Increase (decrease) in trade payables	(9,606)	(41,403)
Increase (decrease) in accounts payable - other	108,362	(80,024)
Increase (decrease) in accrued consumption taxes	20,203	(195,195)
Increase (decrease) in accrued expenses	(319,601)	(196,006)
Increase (decrease) in advances received	78,653	25,707
Increase (decrease) in contract liabilities	(103,746)	(1,125)
Increase (decrease) in deposits received	(107,551)	(3,471)
Other, net	(363,424)	(59,030)
Subtotal	1,739,014	2,167,331
Interest and dividends received	1,278	2,108
Dividend income of insurance	6,812	12,182
Proceeds from insurance income	10,723	–
Subsidies received	2,850	1,750
Payments for commitment line expenses	(25,072)	(2,108)
Income taxes paid	(755,456)	(884,524)
Net cash provided by (used in) operating activities	980,150	1,296,740
Cash flows from investing activities		
Proceeds from sale of securities	72	–
Purchase of property, plant and equipment	(282,522)	(258,543)
Purchase of intangible assets	(56,060)	(76,666)
Payments for asset retirement obligations	–	(11,952)
Proceeds from sale of investment securities	13	–
Payments of leasehold and guarantee deposits	(976)	(4,981)
Proceeds from refund of leasehold and guarantee deposits	37,132	4,616
Purchase of insurance funds	(10,401)	(10,401)
Proceeds from cancellation of insurance funds	125,040	–
Other, net	–	(1,869)
Net cash provided by (used in) investing activities	(187,703)	(359,798)

(Thousands of yen)

	Nine months ended February 28, 2023	Nine months ended February 29, 2024
Cash flows from financing activities		
Dividends paid	(1,097,369)	(1,319,671)
Proceeds from sale of treasury shares	–	1
Purchase of treasury shares	(254)	–
Proceeds from share issuance to non-controlling shareholders	–	8,670
Net cash provided by (used in) financing activities	(1,097,624)	(1,311,000)
Effect of exchange rate change on cash and cash equivalents	49,314	73,576
Net increase (decrease) in cash and cash equivalents	(255,862)	(300,481)
Cash and cash equivalents at beginning of period	11,422,943	12,519,256
Cash and cash equivalents at end of period	11,167,081	12,218,774