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December 27, 2024

Consolidated Financial Results for the Six Months Ended November 30, 2024 (Under Japanese GAAP)

Company name: Weathernews Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 4825
 URL: <https://global.weathernews.com/>
 Representative: Tomohiro Ishibashi, President and Representative Director
 Inquiries: Shigeru Kawai, IR Manager
 Telephone: +81-43-274-5536
 Scheduled date to file semi-annual securities report: January 10, 2025
 Scheduled date to commence dividend payments: January 27, 2025
 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 six months ended November 30, 2024 (from June 1, 2024 to November 30, 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	%
Six months ended								
November 30, 2024	11,609	4.1	1,676	32.8	1,622	26.3	1,134	11.4
November 30, 2023	11,150	6.3	1,263	(0.7)	1,284	(2.0)	1,018	10.4

Note: Comprehensive income For the six months ended November 30, 2024: ¥1,072 million [(4.5) %]
 For the six months ended November 30, 2023: ¥1,123 million [5.7%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2024	51.30	51.17
November 30, 2023	46.14	46.02

Note: Weathernews Inc. (the "Company") conducted a stock split on December 1, 2024, whereby one common share was split into two shares. Basic earnings per share and diluted earnings per share have been calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
November 30, 2024	23,385	20,296	86.5
May 31, 2024	23,058	19,788	85.4

Reference: Equity

As of November 30, 2024: ¥20,232 million
 As of May 31, 2024: ¥19,699 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, 2024	–	60.00	–	60.00	120.00
Fiscal year ending May 31, 2025	–	70.00			
Fiscal year ending May 31, 2025 (Forecast)			–	35.00	–

- Notes: 1. Revisions to the forecast of cash dividends most recently announced: None
2. The Company conducted a stock split on December 1, 2024, whereby one common share was split into two shares. The figures stated for the fiscal year ended May 31, 2024 and the second quarter-end dividend for the fiscal year ending May 31, 2025 are the actual amounts of dividends paid before the stock split, and the figure stated for the fiscal year-end dividend for the fiscal year ending May 31, 2025 (forecast) is the amount after the stock split. For the forecast of the total annual dividends per share, “–” is shown because the stock split makes it impossible to calculate a simple total of the dividend amounts. Based on the basis of shares existing before the stock split, the fiscal year-end dividend for the fiscal year ending May 31, 2025 (forecast) would be 70 yen and the total annual dividends per share would be 140 yen.

3. Consolidated earnings forecasts for the fiscal year ending May 31, 2025 (from June 1, 2024 to May 31, 2025)

(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, 2025	23,500	5.7	3,800	16.2	3,800	13.7	2,700	10.8	122.12

- Note: 1. Revisions to the consolidated earnings forecasts most recently announced: None
- Note: 2. The Company conducted a stock split with a record date of November 30, 2024 (effective date December 1, 2024), whereby one common share was split into two shares. The figure stated for basic earnings per share in the forecast for the fiscal year ending May 31, 2025 considers the effect of the stock split. Based on the basis of shares existing before the stock split, basic earnings per share for the fiscal year ending May 31, 2025 would be 244.24 yen.

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual 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: Yes
- (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, 2024	23,688,000 shares
As of May 31, 2024	23,688,000 shares

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

As of November 30, 2024	1,545,752 shares
As of May 31, 2024	1,598,102 shares

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

Six months ended November 30, 2024	22,109,727 shares
Six months ended November 30, 2023	22,063,262 shares

Note: The Company conducted a stock split on December 1, 2024, whereby one common share was split into two shares. Total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares outstanding during the period have been calculated assuming that the stock split was conducted at the beginning of the previous fiscal year.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 Semi-annual 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 Semi-annual Financial Results

(1) Operating results

1) Business environment

We provide weather services to corporations and individuals, including transportation and infrastructure companies in the land, sea, and air domains for corporations, and to the general public through our apps and media platforms for individuals.

The Sea Domain, which was our business when the Company was founded and targets corporations, has a global presence. Our main service is to support large vessels on long voyages across countries and regions. Freight traffic in the global marine transportation market and the underlying geopolitical risks affect our business performance. The Internet Domain, which is a business targeting individuals, operates mainly in Japan and consists of subscription service sales and advertising revenue from its app “Weathernews.”

In this business environment, for the six months ended November 30, 2024 (the “period under review”), consolidated net sales increased 4.1% year over year to ¥11,609 million. In the Sea Domain, freight traffic was strong due to the moderate recovery in the global economy, despite continuing logistics disruptions caused by the unstable situation in the Middle East. Revenue increased due to the renewal of contracts accompanying price increases for some large customers, new customer acquisition, and the impact of foreign exchange rates. In the Land Domain, revenue increased due to the increased sales in the expressway market and an increase in the number of customers and the sales expansion of SaaS-type products in the energy and retail markets. For the Internet Domain, subscription service sales and advertising revenue increased as the number of app users grew due to the raised public profile of the service through investment in ongoing advertising, such as TV commercials amid the growing needs for weather information against the backdrop of increasingly severe extreme weather events, frequent occurrence of weather disasters and other factors. On the other hand, the sales to mobile carriers in subscription service sales continued to decrease.

In terms of expenses, advertising investments have been flexibly implemented in light of the current weather conditions, and increased year over year in the period under review. Personnel expenses increased due to our efforts continuing from the previous fiscal year to strengthen human resources for SaaS-type product development and other IT development. Telecommunication costs increased due to the continued shift to cloud computing for development and operation environments. One-time expenses were lower year on year, mainly due to reduced development expenses following a revision of the development system and the reactionary impact of outsourcing expenses that were recorded in the same period of the previous fiscal year. As a result, operating profit increased 32.8% year over year to ¥1,676 million.

Ordinary profit increased 26.3% year over year to ¥1,622 million and profit attributable to owners of parent increased 11.4% year over year to ¥1,134 million.

2) Business overview by business domain

<Sea Domain>

In the marine transportation market, freight traffic was strong due to the moderate recovery in the global economy, despite continuing logistics disruptions caused by the situation in the Middle East. Revenue for the Company increased due to the renewal of contracts accompanying price increases for large customers mainly in the European market and the impact of foreign exchange rates.

<Sky Domain>

In the airline market, the number of travelers recovered as the recovery of domestic leisure demand and inbound demand resulting from the impact of the weak yen were robust. The Company saw an increase in revenue due to the contribution of sales for Asian airline customers.

<Land Domain>

Due to increasing needs for weather information from the perspectives of disaster prevention and transportation effects at bases when extreme weather events occur and ensuring safety, the number of customers increased in the expressway market. In addition, in the energy and retail markets, revenue increased due to expanded sales for conventional services as well as for the WxTech services (SaaS-type products).

<Internet Domain>

Amid the growing needs for weather information against the backdrop of extreme weather events, frequent occurrence of weather disasters and other factors, the frequency of app usage improved and the number of app users grew through continued investments in TV commercials and internet advertising. Subscription service sales and advertising revenue returned solid performances while sales to mobile carriers were sluggish. Overall, the Internet Domain continued to secure increased revenues.

The number of downloads of the app “Weathernews” exceeded a cumulative total of 45,000,000 and the number subscribers to the YouTube channel “Weathernews LiVE” exceeded 1,340,000.

Business domain	Six months ended November 30, 2023	Six months ended November 30, 2024	Rate of change
	(Millions of yen)	(Millions of yen)	(%)
Sea	2,863	3,141	9.7
Sky	588	654	11.1
Land	3,010	3,233	7.4
Internet	4,233	4,281	1.1
Total recurring sales	10,695	11,310	5.7
Non-recurring sales	455	299	(34.3)
Total	11,150	11,609	4.1

Note: Recurring sales: Sales continually generated in the form of consideration for the provision of services

Non-recurring sales: Sales from one-time investigations and system sales

(Reference) Net sales by region

Regional segment	Six months ended November 30, 2023	Six months ended November 30, 2024	Rate of change
	(Millions of yen)	(Millions of yen)	(%)
Japan	8,411	8,592	2.2
Asia	1,581	1,659	5.0
Europe	988	1,135	15.0
Americas	169	221	30.8
Total	11,150	11,609	4.1

(2) Financial position

Assets, liabilities and net assets

As of November 30, 2024, total assets increased by ¥326 million compared with the end of the previous fiscal year to ¥23,385 million, reflecting increases in cash and deposits, and other items. Total liabilities decreased by ¥181 million compared with the end of the previous fiscal year to ¥3,088 million, reflecting decreases in contract liabilities and other items. Net assets increased by ¥508 million compared with the end of the previous fiscal year to ¥20,296 million, as a result of recording profit attributable to owners of parent of ¥1,134 million, while distributing dividends of the end of the previous fiscal year of ¥662 million.

As a result of these factors, equity-to-asset ratio was 86.5%.

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

In terms of sales, we expect continued growth in the Internet Domain due to subscription service sales resulting from enhancement of original content and an increase in advertising revenue through further expansion of the advertising business. In the Sea Domain, we plan to increase revenues by expanding sales of routing services in the European region, and in the Land Domain, we plan to grow by shifting to a SaaS-type business model.

For investments, we plan to invest in human resources, mainly to strengthen our overseas sales structure, in data and cloud computing in anticipation of full-scale development of our SaaS-type business, in global weather data acquisition, and in ongoing advertising in the Internet Domain.

As a result of the above, our initial forecasts are unchanged, and we expect to achieve consolidated net sales of ¥23,500 million, operating profit of ¥3,800 million, ordinary profit of ¥3,800 million, and profit attributable to owners of parent of ¥2,700 million for the fiscal year ending May 31, 2025. The exchange rate is assumed to be ¥150 per U.S. dollar.

2. Semi-annual Consolidated Financial Statements and Significant Notes Thereto

(1) Semi-annual consolidated balance sheet

(Thousands of yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	14,313,310	14,842,338
Accounts receivable - trade	3,428,022	3,277,726
Contract assets	724,552	779,468
Work in process	28,447	113,546
Supplies	209,876	220,772
Other	704,703	698,706
Allowance for doubtful accounts	(16,132)	(16,895)
Total current assets	19,392,781	19,915,662
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,006,442	909,413
Tools, furniture and fixtures, net	360,409	317,938
Land	413,062	413,062
Construction in progress	61,046	73,881
Other, net	18,461	163,450
Total property, plant and equipment	1,859,422	1,877,746
Intangible assets		
Software	396,389	302,152
Software in progress	3,574	2,657
Other	26,244	26,106
Total intangible assets	426,208	330,916
Investments and other assets		
Investment securities	199,960	191,235
Deferred tax assets	770,537	747,438
Other	432,384	344,247
Allowance for doubtful accounts	(22,915)	(22,120)
Total investments and other assets	1,379,967	1,260,801
Total non-current assets	3,665,597	3,469,464
Total assets	23,058,378	23,385,126

(Thousands of yen)

	As of May 31, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	65,758	86,317
Accounts payable - other	342,297	404,061
Income taxes payable	620,463	489,559
Contract liabilities	576,088	356,062
Provision for loss on orders received	–	99
Provision for loss on litigation	38,866	37,959
Other	1,074,758	1,056,183
Total current liabilities	2,718,233	2,430,242
Non-current liabilities		
Asset retirement obligations	551,268	519,004
Other	568	139,222
Total non-current liabilities	551,837	658,226
Total liabilities	3,270,070	3,088,469
Net assets		
Shareholders' equity		
Share capital	1,706,500	1,706,500
Capital surplus	1,570,590	1,666,285
Retained earnings	16,937,920	17,409,621
Treasury shares	(858,808)	(830,568)
Total shareholders' equity	19,356,202	19,951,837
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,627	28,980
Foreign currency translation adjustment	311,040	251,354
Total accumulated other comprehensive income	343,668	280,335
Share acquisition rights	81,304	56,189
Non-controlling interests	7,134	8,294
Total net assets	19,788,308	20,296,657
Total liabilities and net assets	23,058,378	23,385,126

(2) Semi-annual consolidated statement of income and semi-annual consolidated statement of comprehensive income**Semi-annual consolidated statement of income**

(Thousands of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Net sales	11,150,426	11,609,356
Cost of sales	6,269,035	6,164,551
Gross profit	4,881,391	5,444,804
Selling, general and administrative expenses	3,618,358	3,768,086
Operating profit	1,263,032	1,676,718
Non-operating income		
Interest income	1,033	1,330
Dividend income	500	500
Foreign exchange gains	19,867	–
Subsidy income	1,700	25,533
Gain on forfeiture of unclaimed dividends	889	823
Other	1,973	2,796
Total non-operating income	25,963	30,983
Non-operating expenses		
Commitment line expenses	4,849	4,853
Foreign exchange losses	–	76,761
Other	77	3,709
Total non-operating expenses	4,926	85,325
Ordinary profit	1,284,069	1,622,376
Profit before income taxes	1,284,069	1,622,376
Income taxes - current	327,958	464,755
Income taxes - deferred	(61,948)	22,515
Total income taxes	266,009	487,270
Profit	1,018,059	1,135,106
Profit attributable to non-controlling interests	–	708
Profit attributable to owners of parent	1,018,059	1,134,397

Semi-annual consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended November 30, 2023	Six months ended November 30, 2024
Profit	1,018,059	1,135,106
Other comprehensive income		
Valuation difference on available-for-sale securities	6,690	(3,646)
Foreign currency translation adjustment	98,475	(59,234)
Total other comprehensive income	105,166	(62,881)
Comprehensive income	1,123,226	1,072,225
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,123,226	1,071,064
Comprehensive income attributable to non-controlling interests	–	1,160

(3) Notes to semi-annual consolidated financial statements

(Notes to premise of going concern)

Not applicable

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

Not applicable

(Notes on changes in accounting policies)

Application of the Accounting Standard for Current Income Taxes, etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the first six months of the fiscal year ending May 31, 2025.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022). The Company does not expect that this change will have a material impact on its semi-annual consolidated financial statements.

(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.

(Subsequent events)

Stock split and amendment to the Articles of Incorporation in relation to the stock split

The Company conducted a stock split and amended the Articles of Incorporation in relation to the stock split with the effective date of December 1, 2024 in accordance with a resolution of the Board of Directors meeting held on October 4, 2024.

1. Purpose of the stock split

The purpose of the stock split is to expand the investor base by increasing the liquidity of the Company's shares through a reduction in the price per investment unit and by creating a more investment-friendly environment for the Company's shares.

2. Overview of the stock split

(1) Method of the stock split

The Company will conduct a 2-for-1 stock split of common shares owned by shareholders recorded in the final shareholder register as of the record date of Saturday, November 30, 2024.

(2) Number of shares to be increased by the stock split

1) Total number of issued shares before the stock split	11,844,000 shares
2) Number of shares to be increased by this stock split	11,844,000 shares
3) Total number of issued shares after the stock split	23,688,000 shares
4) Total number of shares authorized to be issued after the stock split	94,000,000 shares

(3) Schedule of the stock split

Date of public notice of the record date	Wednesday, November 13, 2024
Record date	Saturday, November 30, 2024*
Effective date	Sunday, December 1, 2024

* Since the record date is a non-business day of the shareholder register administrator, the date shall effectively be Friday, November 29, 2024.

(4) Impact on per share information

The figures are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended May 31, 2024 and stated in the "Summary information."

3. Amendment to the Articles of Incorporation in relation to the stock split

(1) Reason for the amendment

In accordance with the stock split and pursuant to the provision of Article 184, paragraph 2 of the Companies Act, the total number of shares authorized to be issued as stipulated in Article 6 of the Company's Articles of Incorporation will be changed with an effective date of Sunday, December 1, 2024.

(2) Details of the amendment

The details of the amendment are as follows. (Amended parts are underlined)

Current Articles of Incorporation	Articles of Incorporation after the amendment
Article 6 The total number of shares authorized to be issued by the Company shall be <u>47,000,000</u> .	Article 6 The total number of shares authorized to be issued by the Company shall be <u>94,000,000</u> .

There will be no change in the amount of share capital of the Company as a result of this stock split.