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(Securities Code: 4825)

July 27, 2018

To Shareholders with Voting Rights:

Chihito Kusabiraki
President and Representative Director
Weathernews Inc.
Makuhari Techno-Garden
1-3, Nakase, Mihama-ku, Chiba-city,
Chiba Prefecture, Japan

**NOTICE OF
THE 32nd ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 32nd Annual General Meeting of Shareholders of Weathernews Inc. (the “Company”). The meeting will be held for the purposes described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing by submitting the Voting Rights Exercise Form. Please review the Reference Documents for the General Meeting of Shareholders (described hereinafter) and indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return the form so that it arrives by 5:30 p.m. on Friday, August 10, 2018, Japan time.

- 1. Date and Time:** Saturday, August 11, 2018, at 1:30 p.m. Japan time
- 2. Place:** Convention Hall, Makuhari Messe International Convention Complex, located at 2-1, Nakase, Mihama-ku, Chiba-city, Chiba Prefecture, Japan
- 3. Meeting Agenda:**
Matters to be reported: The Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements for the Company’s 32nd Fiscal Year (June 1, 2017 - May 31, 2018), as well as the results of audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Proposals to be resolved:

Proposal No. 1: Appropriation of Surplus

Proposal No. 2: Partial Amendments to the Articles of Incorporation

Proposal No. 3: Election of Seven (7) Directors

Proposal No. 4: Election of One (1) Audit & Supervisory Board Member

Proposal No. 5: Election of One (1) Alternate Audit & Supervisory Board Member

Proposal No. 6: Determination of Restricted Stock Remuneration Plan and Performance-Linked Stock Remuneration Plan for Directors

4. Other Matters Regarding This Notice:

- (1) The following materials, which should be made available to shareholders when sending this notice of convocation, are posted on the Company's website at the following URL (<https://jp.weathernews.com/>), instead of being stated in this notice, in accordance with the provisions of the relevant laws and regulations and Article 16 of the Articles of Incorporation of the Company.
 - 1) "Basic Principles regarding the Control of the Company"
 - 2) "Notes to the Consolidated Financial Statements" of the consolidated financial statements (32nd Fiscal Year)
 - 3) "Notes to the Non-consolidated Financial Statements" of the non-consolidated financial statements (32nd Fiscal Year)
- (2) Any amendments to the Reference Documents for the General Meeting of Shareholders and the Appendix will be posted on the aforementioned Company's website.

Requests for Attending Shareholders

Shareholders who plan to attend the meeting in person are requested to respect the following items.

- (1) When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk on the day of the meeting for confirmation. If you wish to exercise your voting rights by proxy, designate another shareholder who is entitled to exercise your voting rights as a proxy at the meeting. Such a shareholder acting as a proxy is kindly requested to attend in person and submit your Voting Rights Exercise Form and the power of attorney at the reception desk.
- (2) Note that only shareholders of the Company may enter the venue of the meeting.
- (3) Your early arrival would be appreciated as the reception desk is expected to be crowded just before the opening of the meeting (we will open for entry at 12:30 p.m.).
- (4) Note that electricity-saving measures will be taken at the venue for lighting and the adjustment of the air-conditioning temperature. It is recommended that you dress lightly.

Internet Stream for Shareholders

The Company will stream the General Meeting of Shareholders live on the Internet so that shareholders unable to attend the meeting in person can view the meeting remotely. To protect the privacy of shareholders, the stream will only show the officers' seating area during the meeting. Also please note that shareholders viewing the stream will be unable to exercise their voting rights or ask questions via the Internet platform.

Date and streaming schedule Saturday, August 11, 2018, from 1:30 p.m. Japan time to the conclusion of the meeting

Accessing the stream Please visit the live stream website for the meeting and enter your "Shareholder ID" and "Password" from the login screen.

Live stream website for the General Meeting of Shareholders		
http://weathernews.jp/kabu/		
Shareholder ID	(eight digits):	Shareholder number shown on the enclosed Voting Rights Exercise Form
Password	(seven digits):	Zip code of the registered address (enter the zip code without a hyphen)

[Notes]

1. To view the live stream, you will require a broadband line and Flash Player 10.0 or higher (free of charge). If Flash Player is not installed on your computer, you can download it from the following URL (downloadable free of charge). Please install the software in advance of the meeting.

Download Flash Player (free of charge) from: <http://get.adobe.com/jp/flashplayer/>

2. Images and voices may lag or temporarily freeze during the stream, depending on your Internet environment (functions and performance), line conditions, heavy traffic from shareholders viewing the stream, and other factors. Note also that the stream may be unviewable from some smartphone. Please be aware that technical problems of this type may occur.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company desires to gain greater support from stakeholders who sympathize with the corporate dream “To Become an Information Exchange Platform for Seven Billion Six Hundred Million People Around the World” and the projects oriented toward that dream, and intends to expand the number of shareholder supporters in the medium- to long-term.

The Company distributes profit based on its general management principle of “high contribution, high profit, high sharing.” The Company determines a policy for returning profit to shareholder supporters taking into consideration investments in services, technologies and infrastructure, as well as internal reserves to enhance financial standing, that enable the creation of new value through weather forecasting. We recognize growth in sales from tollgate-type business from among net sales as an important management indicator and determine the amount of dividends while taking into account other factors such as business results, the payout ratio, the dividend yield and capital efficiency.

Regarding the dividends for the fiscal year ended May 31, 2018, we will pay an annual ordinary dividend of ¥100 per share in accordance with the dividend policy under the mid-term management plan. Because we already paid an interim dividend of ¥50 per share in January for the year under review, we will provide ¥50 per share as a year-end dividend as described below.

Matters concerning the year-end dividends

(1) Type of property dividends	Cash
(2) Matters concerning the distribution of property dividends to shareholders and the total amount thereof	¥50 per share of common stock of the Company Total amount: ¥544,954,650
(3) Effective date of the dividends from surplus	August 13, 2018

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendments

(1) Additional Purpose of Business

The Company disseminates information centered on the weather, premised on its aim which is “To Become an Information Exchange Platform for Seven Billion Six Hundred Million People Around the World.” Accordingly, we hope to further develop the Company’s distinctive approach to distributing weather-related content drawing on our own media including the Internet. We therefore propose the inclusion of an additional purpose of business, namely the business of Internet advertising service for individuals conducted through means such as collaboration with other companies.

(2) Strengthening of Governance System

With respect to management of the Company, we seek to realize a governance system that appropriately ensures mutual checks and balances, whereby management is furnished with more opportunities in terms of addressing needs for multifaceted business decisions and investment evaluation as we consider our next development strategy. We therefore propose that changes be made with respect to the Board of Directors to make it possible to appoint another director to preside over the discussion of the Board of Directors’ meetings, depending on the subject of discussion.

In addition, in order to prepare for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by laws and regulations, we therefore propose to establish new regulations regarding alternate Audit & Supervisory Board Members and stipulate the effective term of a resolution for the election of an alternate Audit & Supervisory Board Member while defining the term of office to be served by such person should they be appointed as an Audit & Supervisory Board Member.

2. Details of the amendments

The current Articles of Incorporation and the proposed amendments thereto are as follows:

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>Objectives of the Company Article 2 (Omitted) (1) to (6) (Omitted)</p> <p>(7) Planning, production and sales activities for risk communication content for individuals based on weather conditions, oceanographic conditions, hydrographic and terrestrial phenomena <u>and</u> distribution of such content to broadcasters, newspaper companies and publishers;</p> <p>(8) to (10) (Omitted)</p> <p>(11) Investigation, research, consulting <u>and</u> worker dispatching service with respect to the activities described in (1) through (10);</p> <p>(12) to (14) (Omitted)</p>	<p>Objectives of the Company Article 2 (Unchanged) (1) to (6) (Unchanged)</p> <p>(7) Planning, production and sales activities for risk communication content for individuals based on weather conditions, oceanographic conditions, hydrographic and terrestrial phenomena, distribution of such content to broadcasters, newspaper companies and publishers, <u>and advertising service for individuals;</u></p> <p>(8) to (10) (Unchanged)</p> <p>(11) Investigation, research, consulting, worker dispatching <u>and advertising</u> service with respect to the activities described in (1) through (10);</p> <p>(12) to (14) (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>Convening and Presiding over Meetings of the Board of Directors Article 23</p> <p><u>Either the Chairman of the Board of Directors or the President shall convene and preside over meetings of the Board of Directors.</u></p> <p><u>When an unforeseen event renders both the Chairman of the Board of Directors and the President unable to convene and/or preside over meetings of the Board of Directors, the next Director in line in accordance with the established order by the Board of Directors shall convene and/or preside over meetings of the Board of Directors.</u></p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Convening and Presiding over Meetings of the Board of Directors Article 23</p> <p><u>Unless otherwise stipulated by laws and regulations, meetings of the Board of Directors shall be convened by the President and presided over by a Director who has been appointed by the Board of Directors.</u></p> <p>2. <u>When an unforeseen event renders the President unable to convene meetings of the Board of Directors, the next Director in line in accordance with the established order by the Board of Directors shall convene meetings of the Board of Directors.</u></p> <p>3. <u>When an unforeseen event renders a Director appointed by the Board of Directors as described in Paragraph 1 unable to preside over its meetings, the next Director in line in accordance with the established order by the Board of Directors shall preside over meetings of the Board of Directors.</u></p>
<p>Election of Audit & Supervisory Board Members Article 34 (Omitted)</p> <p>(Newly established)</p> <p>(Newly established)</p>	<p>Election of Audit & Supervisory Board Members Article 34 (Unchanged)</p> <p>2. <u>The Company may elect an alternate Audit & Supervisory Board Member at the general meeting of shareholders in order to prepare for a case in which the number of Audit & Supervisory Board Members falls short of the number stipulated by laws and regulations under the provisions of Article 329, Paragraph 3 of the Companies Act.</u></p> <p>3. <u>The effective term of a resolution for the election of an alternate Audit & Supervisory Board Member described in the preceding paragraph shall expire at the beginning of the annual general meeting of shareholders held for the latest settlement of accounts within four (4) years of such resolution.</u></p>
<p>Term of Office of Audit & Supervisory Board Members Article 35 (Omitted)</p> <p>2. Alternate Audit & Supervisory Board Members elected to replace Audit & Supervisory Board Members who resign prior to the end of their term shall remain in office for the remaining term of such retired Audit & Supervisory Board Members.</p>	<p>Term of Office of Audit & Supervisory Board Members Article 35 (Unchanged)</p> <p>2. Alternate Audit & Supervisory Board Members elected to replace Audit & Supervisory Board Members who resign prior to the end of their term shall remain in office for the remaining term of such retired Audit & Supervisory Board Members. <u>However, in cases where an alternate Audit & Supervisory Board Member elected</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p><u>pursuant to Paragraph 2 of the preceding article assumes the office of Audit & Supervisory Board Member, such alternate Audit & Supervisory Board Member may not serve beyond the close of the annual general meeting of shareholders held for the latest settlement of accounts within four (4) years of their assuming office in that capacity.</u></p>

Note: Some underlining does not coincide with the Japanese version because of translation adjustments.

Proposal No. 3: Election of Seven (7) Directors

The Company's Articles of Incorporation provide that the term of office for Directors be one year. This is intended to clarify the Directors' responsibility for achieving the performance targets of each fiscal year and confirm shareholders' confidence in Directors for each fiscal year. According to the provisions of said Articles of Incorporation, the term of office of seven (7) Directors of the Company will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose the election of seven (7) Directors.

The candidates for the position of Director are as follows:

No.	Name	Current positions and responsibilities at the Company	Number of Board of Directors' meetings attended
1	[Reappointed] Chihito Kusabiraki	President and Representative Director & Chief Executive Officer	13 out of 13
2	[Reappointed] Yasushi Shiga	Director & Chief Revenue Officer (Japan and Asia)	12 out of 13
3	[Reappointed] Masanori Yoshitake	Director & Chief Financial Officer	13 out of 13
4	[Reappointed] Daisuke Abe	Director & Chief Service Officer	13 out of 13
5	[Reappointed] Hidenori Iwasa	Director & Chief Revenue Officer (Europe and the United States)	10 out of 10
6	[Reappointed] [Outside] [Independent] Koichiro Tsujino	Outside Director	10 out of 10
7	[Newly appointed] [Outside] [Independent] Shigeru Muraki	—	—

Note: For Mr. Hidenori Iwasa and Mr. Koichiro Tsujino, the number of meetings attended pertains to the Board of Directors' meetings held after they assumed office on August 11, 2017.

Candidate No. 1	Chihito Kusabiraki	Date of birth March 18, 1965	Number of shares of the Company held 70,632
Reappointed	<p>Past experience, positions and responsibilities (Significant concurrent positions)</p> <p>March 1987 Graduated from Department of Physics, College of Science and Engineering, Aoyama Gakuin University</p> <p>April 1987 Joined the Company</p> <p>April 1993 General Manager, CSS Business Department, Marketing Division</p> <p>June 1993 General Manager, Aviation Business Department, Marketing Headquarters</p> <p>June 1996 General Manager, Disaster Prevention/Aviation Business Division</p> <p>August 1996 Director</p> <p>August 1997 Managing Director</p> <p>August 1999 Executive Vice President and Representative Director</p> <p>September 2006 President and Representative Director (in charge of overall management and sales (Asia, Europe, and the United States))</p> <p>August 2016 President and Representative Director (Chief Executive Officer) (to present)</p> <p>Significant concurrent position</p> <p>Director, Chiba Institute of Technology</p> <p>Reason for nominating the candidate for Director</p> <p>Mr. Chihito Kusabiraki has outstanding insight and achievements in the fields of disaster prevention and aviation business in which he has been engaged since joining the Company. He also has excellent managerial skills developed through his experience, particularly his experience serving as the General Manager of the Disaster Prevention/Aviation Business Division, combined with personal qualities that are suitable for the corporate manager of the Company. Based on the aforementioned, he has assumed office as President and Representative Director since 2006, and we have reelected him as a candidate for Director.</p> <p>The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 22 years</p>		
Candidate No. 2	Yasushi Shiga	Date of birth July 14, 1963	Number of shares of the Company held 25,868
Reappointed	<p>Past experience, positions and responsibilities (Significant concurrent positions)</p> <p>March 1986 Graduated from Department of Commerce, Takachiho College of Commerce</p> <p>April 1986 Joined Tokyo Ricoh Co., Ltd.</p> <p>March 1992 Joined the Company</p> <p>July 1999 General Manager, Fukuoka Branch</p> <p>June 2003 Marketing Group Leader</p> <p>August 2005 Director (in charge of the overall Japanese market)</p> <p>August 2008 Director (in charge of overall business in Asia)</p> <p>June 2012 Director (in charge of sales in Japan)</p> <p>August 2012 Managing Director (in charge of sales in Japan)</p> <p>August 2013 Senior Managing Director (in charge of sales in Japan)</p> <p>May 2014 Senior Managing Director (in charge of overall sales (Japan and emerging countries))</p> <p>August 2016 Senior Managing Director (Chief Revenue Officer)</p> <p>August 2017 Director (Chief Revenue Officer (Japan and Asia)) (to present)</p> <p>Reason for nominating the candidate for Director</p> <p>Mr. Yasushi Shiga has outstanding insight and achievements in the field of transportation weather business in which he has been engaged since joining the Company. He also has excellent managerial skills developed through his experience, particularly his experience serving as the Marketing Group Leader, combined with personal qualities that are suitable for taking on a share of the duties of the corporate managers of the Company. Based on the aforementioned, we have reelected him as a candidate for Director.</p> <p>The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 13 years</p>		

Candidate No. 3	Masanori Yoshitake	Date of birth October 14, 1972	Number of shares of the Company held 10,825
Reappointed	<p>Past experience, positions and responsibilities (Significant concurrent positions)</p> <p>March 1996 Graduated from Agricultural Engineering Division (Civil Engineering), Faculty of Agriculture, Kyushu University</p> <p>July 1996 Joined the Company</p> <p>June 2004 General Manager, Fukuoka Branch</p> <p>December 2006 Leader, Station Sales Division of WITH STATION Inc.</p> <p>June 2011 Group Leader, General Affairs Department of the Company</p> <p>August 2014 Director (in charge of general affairs)</p> <p>August 2015 Director (in charge of overall accounting, financial, and general affairs)</p> <p>August 2016 Managing Director (Chief Financial Officer)</p> <p>August 2017 Director (Chief Financial Officer) (to present)</p> <hr/> <p>Reason for nominating the candidate for Director</p> <p>Mr. Masanori Yoshitake has outstanding insight and achievements in the field of general affairs in which he has been engaged since joining the Company. He also has excellent managerial skills developed through his experience, particularly his experience serving as the Group Leader of the General Affairs Department and of being in charge of overall accounting, financial, and general affairs, combined with personal qualities that are suitable for taking on a share of the duties of the corporate managers of the Company. Based on the aforementioned, we have reelected him as a candidate for Director.</p> <p>The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 4 years</p>		

Candidate No. 4	Daisuke Abe	Date of birth December 29, 1970	Number of shares of the Company held 13,707
Reappointed	<p>Past experience, positions and responsibilities (Significant concurrent positions)</p> <p>March 1995 Completed master's course at Graduate School of Science, Hokkaido University</p> <p>April 1995 Joined the Company</p> <p>October 2008 Group Leader, Forecasting Center</p> <p>September 2011 In charge of overall service operation</p> <p>August 2012 Director (in charge of service operation)</p> <p>August 2015 Executive Officer (in charge of service operation)</p> <p>July 2016 Executive Officer (Chief Service Officer)</p> <p>August 2016 Director (Chief Service Officer) (to present)</p> <hr/> <p>Reason for nominating the candidate for Director</p> <p>Mr. Daisuke Abe has outstanding insight and achievements in the field of forecasting in which he has been engaged since joining the Company. He also has excellent managerial skills developed through his experience, particularly his experience serving as the Group Leader of the Forecasting Center and of being in charge of service operation including systems development, combined with personal qualities that are suitable for taking on a share of the duties of the corporate managers of the Company. Based on the aforementioned, we have reelected him as a candidate for Director.</p> <p>The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 5 years</p>		

Candidate No. 5	Hidenori Iwasa	Date of birth October 26, 1967	Number of shares of the Company held 11,409
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Reappointed	Past experience, positions and responsibilities (Significant concurrent positions)		
	September 1988	Graduated from Nautical Course, National Institute of Technology, Toba College	
	October 1988	Joined Ocean Routes Japan Inc.	
	January 1994	Joined the Company	
	June 2002	General Manager, Tokyo Branch	
	May 2012	In charge of overall sales of Voyage Planning Weather services and overall sales in Europe	
	August 2012	Director (in charge of overall sales of Voyage Planning Weather services and overall sales in Europe)	
	May 2014	Director (in charge of sales in the United States)	
	August 2015	Executive Officer (in charge of sales of Voyage Planning Weather services)	
	July 2017	Executive Officer (Chief Revenue Officer (Europe and the United States))	
August 2017	Director (Chief Revenue Officer (Europe and the United States)) (to present)		
Significant concurrent position			
Director, Symphony Creative Solutions Pte. Ltd.			
Director, maruFreight, Inc.			
Reason for nominating the candidate for Director			
Mr. Hidenori Iwasa has outstanding insight and achievements in the field of voyage planning weather services in which he has been engaged since joining the Company. He also has excellent managerial skills developed through his experience, particularly his experience of being in charge of overall sales of Voyage Planning services and overall sales in Europe, combined with personal qualities that are suitable for taking on a share of the duties of corporate managers of the Company. Based on the aforementioned, we have reelected him as a candidate for Director.			
The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 4 years			

Candidate No. 6	Koichiro Tsujino	Date of birth July 10, 1957	Number of shares of the Company held 0
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Reappointed	Past experience, positions and responsibilities (Significant concurrent positions)		
	March 1984	Master of Science in Engineering, Graduate School of Engineering, Keio University	
	April 1984	Joined Sony Corporation	
	June 1988	Master of Science in Electrical Engineering, Department of Electrical Engineering, California Institute of Technology, USA	
	April 2001	President, Network Terminal Solution Company, Sony Corporation	
	November 2004	President, Connect Company, Sony Corporation	
	April 2007	Executive Officer and General Manager, Product Planning Headquarters, Google Inc.	
	January 2009	President of Google Japan Inc.	
	October 2010	Founder & CEO of ALEX Corporation (to present)	
	August 2017	Outside Director of the Company (to present)	
Outside	Significant concurrent position		
	Founder & CEO, ALEX Corporation		
Independent	President, Green Spire Corporation		
	Reason for nominating the candidate for Director		
Mr. Koichiro Tsujino has abundant knowledge and experience in the BtoS business and as well possesses insight and supervisory capabilities developed as a corporate manager of global companies. He has furnished sound advice regarding management of the Company and performed a supervisory function from a standpoint of independence. Accordingly, we have reelected him as a candidate for Outside Director so that he can continue to advise and supervise the Company.			
The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 1 year			

Candidate No.	Shigeru Muraki		Date of birth	Number of shares of the Company held
7			August 29, 1949	1,000
Newly appointed	Past experience, positions and responsibilities (Significant concurrent positions)			
	June 1972	Graduated from Faculty of Engineering, The University of Tokyo		
Outside	July 1972	Joined Tokyo Gas Co., Ltd.		
Independent	June 1996	Manager of Resource Research and Development Group, Gas Resources Dept., Tokyo Gas Co., Ltd.		
	June 2000	General Manager of Gas Resources Dept., Tokyo Gas Co., Ltd.		
	June 2002	Executive Officer and General Manager of Gas Resources Dept. of Strategic Planning Div., Tokyo Gas Co., Ltd.		
	April 2004	Senior Executive Officer and Chief Executive of R&D Div., Tokyo Gas Co., Ltd.		
	April 2007	Senior Executive Officer, Chief Executive of Energy Solution Div., Tokyo Gas Co., Ltd.		
	June 2007	Director, Senior Executive Officer, Chief Executive of Energy Solution Div., Tokyo Gas Co., Ltd.		
	April 2010	Representative Director and Executive Vice President, Tokyo Gas Co., Ltd.		
	April 2014	Director and Vice Chairman, Tokyo Gas Co., Ltd.		
	June 2015	Executive Adviser, Tokyo Gas Co., Ltd. (to present)		
	Significant concurrent position			
	Outside Director, Gas Malaysia Berhad			
	Outside Director, WORLD TRADE CENTER BUILDING, INC.			
	Reason for nominating the candidate for Director			
	We believe that Mr. Shigeru Muraki will utilize his deep insight and supervisory capabilities developed over many years as a corporate manager to furnish sound advice regarding management of the Company and play a supervisory role from a standpoint of independence. Accordingly we have elected him as a candidate for Outside Director.			

Notes:

1. No material conflict of interest exists between the Company and any of the above candidates.
2. Koichiro Tsujino and Shigeru Muraki are candidates for Outside Director. The Company has notified to Tokyo Stock Exchange, Inc. that both of them are Independent Officers pursuant to the provisions of the Exchange.
3. The Company has entered into a limited liability agreement with Koichiro Tsujino, which restricts the upper limit of the liability for damages of outside directors and outside audit & supervisory board members to an amount specified by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act. If he is reelected, the Company plans to renew the agreement. In addition, if Shigeru Muraki is elected, the Company will enter into a limited liability agreement with him, which restricts the upper limit of the liability for damages of outside directors and outside audit & supervisory board members to an amount specified by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act.
4. The number of shares held by each of the above candidates includes the number of those held thereby through the Shareholding Association of Weathernews Directors.

(Reference) Standard for Nominating Candidates for Directors and Audit & Supervisory Board Members and Standard for the Independence of Outside Directors and Outside Audit & Supervisory Board Members

1) Standard for Nominating Candidates for Directors and Audit & Supervisory Board Members

The Company nominates candidates for Directors in consideration of the following standards.

1. Legality

- A person who has no reason for disqualification
- A person who can fulfill the duty of care and fiduciary duties as a person entrusted with management responsibilities

2. Eligibility

- A person who has excellent, well-rounded personal qualities (i.e., fair, modest, honest and open-minded, disciplined, helps others achieve their wishes and intentions, and graciously accepts defeat), is talented as a corporate manager, and can appropriately dedicate his/her efforts and contribute to the Company's management
- A person who can understand and sympathize with the Company's businesses and culture
- A person who remains physically and mentally healthy in the performance of his/her duties

3. Area of specialty and originality

- A person who has outstanding capabilities (ability, knowledge, and experience) and achievements in the area of his/her specialty
- A person who is capable of grasping the essence of things without being fettered by conventional concepts and has capabilities and a track record of success in recreating them, sometimes through a process of creative destruction.

4. Independence and diversity

- A person prepared to frankly ask questions and equipped with the mental independence necessary to propose alternatives
- A person who is not a relevant person from the Company who holds a controlling interest in the Company or has any conflict of interest with the Company

2) Standard for the Independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company judges whether or not candidates are independent in consideration of their personal relationships, capital relationships, transactional relationships, or other relationships of interest with the Company in accordance with the independence standard determined by a financial instruments exchange, in addition to judging whether the candidates meet the requirements for outside director stipulated in the Companies Act.

Proposal No. 4: Election of One (1) Audit & Supervisory Board Member

According to the provisions of the Company's Articles of Incorporation, the term of office of Toshio Kinoshita, Audit & Supervisory Board Member, will expire at the conclusion of this General Meeting of Shareholders. Accordingly, we propose the election of one (1) Audit & Supervisory Board Member.

This proposal has been approved by the Audit & Supervisory Board.

The candidate for the position of Audit & Supervisory Board Member is as follows:

Fumitaka Koyama	Date of birth September 22, 1951	Number of shares of the Company held 0			
<table border="1"><tr><td>Newly appointed</td></tr><tr><td>Outside</td></tr><tr><td>Independent</td></tr></table>	Newly appointed	Outside	Independent	Past experience and positions (Significant concurrent positions)	
Newly appointed					
Outside					
Independent					
	March 1975	Graduated from Department of Economics, Faculty of Economics, Kyoto University			
	April 1975	Joined Mitsui & Co., Ltd.			
	April 2002	General Manager of HR Planning Office, Human Resources Division of Head Office, Mitsui & Co., Ltd.			
	March 2005	Director & Executive Managing Officer, Vice General Manager of Burberry Business Department, Business Headquarters, and General Manager of Burberry Business Management Office, SANYO SHOKAI LTD.			
	January 2006	Managing Director & Executive Managing Officer, Vice Director-General of Business Headquarters, Burberry Business Management Office Control, Corporate Management Headquarters Control, SANYO SHOKAI LTD.			
	March 2007	Representative Director, Vice President & Chief Operating Officer, General Manager of Corporate Management Headquarters, and Vice Director-General of Business Headquarters, SANYO SHOKAI LTD. President of SHANGHAI SANYO FASHION INC.			
	July 2013	Representative Director, Vice President & Chief Operating Officer, and Vice Director-General of Business Headquarters, SANYO SHOKAI LTD.			
	March 2015	Senior Counsellor, SANYO SHOKAI LTD.			
	March 2018	Retired as Senior Counsellor, SANYO SHOKAI LTD.			
	Reason for nominating the candidate for Audit & Supervisory Board Member				
	We have nominated Mr. Fumitaka Koyama as a candidate for Outside Audit & Supervisory Board Member upon having deemed that he is appropriate for the position given his abundant knowledge and experience as a corporate manager, and with expectations that he will furnish opinions and advice useful to the Company's management from a neutral and objective viewpoint as an Outside Audit & Supervisory Board Member of the Company.				

Notes:

1. No material conflict of interest exists between the Company and Fumitaka Koyama.
2. Fumitaka Koyama is a candidate for Outside Audit & Supervisory Board Member. The Company has notified to Tokyo Stock Exchange, Inc. that he is an Independent Officer pursuant to the provisions of the Exchange.
3. If Fumitaka Koyama is elected, the Company will enter into a limited liability agreement with him, which restricts the upper limit of the liability for damages of audit & supervisory board members to an amount specified by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act.

(Reference) Composition of the attendees at the Board of Directors' meetings of the Company

If Proposal No. 3 and Proposal No. 4 are approved as proposed, audit & supervisory board members and outside directors (non-executive directors and audit & supervisory board members) who undertake a role of supervising and monitoring executive directors will account for half (five out of ten) of the attendees at the Board of Directors' meetings of the Company, and outside directors and outside audit & supervisory board members will account for two fifth (four out of ten) of the attendees, after this General Meeting of Shareholders. The Company will thus ensure sufficient consideration from multidirectional perspectives and objective decision-making by the Board of Directors.

Candidate No.		Name			Position
Attendees at the Board of Directors' meetings	Directors	Proposal No. 3	1	Chihito Kusabiraki	President and Representative Director
			2	Yasushi Shiga	Director
			3	Masanori Yoshitake	Director
			4	Daisuke Abe	Director
			5	Hidenori Iwasa	Director
			6	Koichiro Tsujino [Outside] [Independent] Non-executive	Director
			7	Shigeru Muraki [Newly appointed] [Outside] [Independent] Non-executive	Director
	Audit & Supervisory Board Members	Proposal No. 4		Takashi Tomura Non-executive	Audit & Supervisory Board Member
				Saeko Masumi [Outside] [Independent] Non-executive	Audit & Supervisory Board Members
				Fumitaka Koyama [Newly appointed] [Outside] [Independent] Non-executive	Audit & Supervisory Board Members

Note: [Newly appointed]: Newly appointed candidate

[Outside]: Outside director or Outside audit & supervisory board member

[Independent]: Independent Officer

Non-executive: Non-executive director and audit & supervisory board member

Proposal No. 5: Election of One (1) Alternate Audit & Supervisory Board Member

In order to prepare for a case in which the number of Audit & Supervisory Board Member falls short of the number stipulated by laws and regulations, we propose the election of one (1) alternate Outside Audit & Supervisory Board Member.

Note that the effectiveness of this election may be cancelled by a resolution of the Board of Directors with Audit & Supervisory Board approval only before the position of the Audit & Supervisory Board Member is assumed.

This proposal has been approved by the Audit & Supervisory Board.

The candidate for the position of alternate Audit & Supervisory Board Member is as follows:

Izumi Hayashi	Date of birth August 20, 1958	Number of shares of the Company held 0
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Newly appointed	Past experience and positions (Significant concurrent positions)
Outside	March 1981 Graduated from School of Law, Waseda University
Independent	April 1986 Prosecutor, Nagoya District Public Prosecutors Office
	March 1987 Registered as an attorney-at-law (Tokyo Bar Association)
	March 1987 Joined Logan, Takashima & Nemoto Law Offices
	March 1993 Partner, Eitai Sogo Law Offices
	January 2015 Partner, Sakurazaka Law Offices (to present)
	Significant concurrent position:
	Partner, Sakurazaka Law Offices
	Member of the Council for Promotion of Regulatory Reform, Cabinet Office, Government of Japan
	Outside Member of the Board, SEIKAGAKU CORPORATION
	Reason for nominating the candidate for Audit & Supervisory Board Member
	We have nominated Ms. Izumi Hayashi as a candidate for alternate Outside Audit & Supervisory Board Member because we expect that she will apply her substantial expertise cultivated as an attorney-at-law to the Company's Audit & Supervisory Board Member structure.
	Although Ms. Izumi Hayashi has never been involved in corporate management in the past, she is expected to be fully capable of performing her duties properly as an Outside Audit & Supervisory Board Member because of the above-mentioned reasons.

Notes:

1. No material conflict of interest exists between the Company and Izumi Hayashi.
2. Izumi Hayashi is a candidate for alternate Outside Audit & Supervisory Board Member. The Company has notified to Tokyo Stock Exchange, Inc. that she is an Independent Officer pursuant to the provisions of the Exchange.
3. Izumi Hayashi's name on the Family Register is Izumi Sakamoto.
4. If Izumi Hayashi assumes the office of Audit & Supervisory Board Member, the Company will enter into a limited liability agreement with her, which restricts the upper limit of the liability for damages of audit & supervisory board members to an amount specified by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act.

Proposal No. 6: Determination of Restricted Stock Remuneration Plan and Performance-Linked Stock Remuneration Plan for Directors

The 23rd Annual General Meeting of Shareholders of the Company held on August 16, 2009, approved a yearly limit of five hundred (500) million yen on the amount of remuneration, etc., for the Company's Directors, and the 28th Annual General Meeting of Shareholders of the Company held on August 9, 2014, approved an annual amount of up to two hundred (200) million yen, separate from the above-mentioned amount of remuneration, etc., for the Company's Directors, as the amount of remuneration, etc., for the Company's Directors (excluding Outside Directors) in the form of stock acquisition rights as stock options.

The Company believes that, based on being the Aggressively Adaptable Company (AAC) in its general management principle, it is important for the Company to practice a form of organized Entrepreneurship by actively anticipating the needs and wants of supporters and work to maximize corporate and shareholder value over the medium- to long- term in order to create supporter value, which forms the basis for this Entrepreneurship, as well as fulfilling its social responsibility and achieving sustainable growth and development. In line with this belief, the Company plans to introduce a system (the "Restricted Stock Remuneration Plan") to grant to the Directors (limited to those who are executive Directors excluding Outside Directors; hereinafter, the "Eligible Directors") common shares of the Company subject to provisions including a certain transfer restriction period and acquisition of the shares by the Company without contribution under specified circumstances (the "Restricted Stock" or "Restricted Shares"). The Company also plans to introduce a system (the "Performance-Linked Stock Remuneration Plan") to grant to the Eligible Directors common shares of the Company as performance-linked stock remuneration as described below. Collectively, the Restricted Stock Remuneration Plan and the Performance-Linked Stock Remuneration Plan are hereinafter referred to as the "Plan." The objective to introduce the Plan is to increase the motivation of the Eligible Directors to contribute to an increase in the share price and corporate value more than in the past and for them to share with shareholders in the benefits and risks of fluctuations in the share price based on the enhancement of corporate governance.

Accordingly, taking into consideration comprehensively the various matters such as the level of contribution of the Directors to the Company, it is planned to set a limit of two hundred (200) million yen as the total paid to Eligible Directors as an amount separate from the limit of the amount of remuneration, etc. for the Directors above (the "total of remuneration, etc., under the Plan"), which is the sum of the total amount of monetary remuneration claims to be paid as remuneration, etc., in the form of Restricted Stock for the period starting from the date of the annual general meeting of shareholders of the Company that is held during the fiscal year that coincides with the commencement date of the Stock Restriction Period [as defined in 1. (3) (a) below; the same applies hereinafter] under the Restricted Stock Remuneration Plan until the date of the annual general meeting of shareholders of the Company that is next to arrive, and the total amount of monetary remuneration claims to be paid as remuneration, etc., for one fiscal year of each Applicable Period [as defined in 2. (1) below; the same applies hereinafter] under the Performance-Linked Stock Remuneration Plan.

Also, the payment of remuneration, etc., under the Plan has been determined taking into consideration comprehensively the various matters such as the level of contribution of the Directors to the Company, and the Company considers the provisions for the payment to be reasonable. If this proposal is approved, the Company intends to abolish the aforementioned provisions for the amount of remuneration, etc., for the Company's Directors (excluding Outside Directors) in the form of stock acquisition rights as stock options and not to issue any further stock acquisition rights as stock options based on said provisions for the amount

of remuneration, etc.

In addition, of the seven (7) current Directors, two (2) of whom are Outside Directors, five (5) are Eligible Directors for the Plan, and this will also be the case in the event that approval is obtained for Proposal No. 3 as the number of the Eligible Directors will be unchanged.

1. Specific provisions for and upper limit on number of Restricted Shares for the Eligible Directors under the Restricted Stock Remuneration Plan

(1) Allotment of Restricted Shares and payment therefor

Based on the resolution of its Board of Directors, the Company shall pay monetary remuneration claims within the total of remuneration, etc., under the Plan (two hundred (200) million yen) outlined above to the Eligible Directors as Restricted Stock remuneration under the Restricted Stock Remuneration Plan, and each Eligible Director shall provide all of the said monetary remuneration claims by way of in-kind contribution to receive an allotment of Restricted Shares.

The amount to be paid in for the Restricted Shares shall be determined by the Company's Board of Directors based on the closing price of the common shares of the Company on the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution of the Company's Board of Directors concerning the issuance or disposition of the Restricted Shares (if there is no closing price on such date, the closing price on the closest preceding trading day) and within a range that is not particularly favorable for the Eligible Directors who subscribe for the Restricted Shares.

In addition, the aforementioned monetary remuneration claims shall be paid subject to the conditions that the Eligible Directors have agreed to the aforementioned in-kind contribution and concluded an agreement on allotment of Restricted Shares that includes the provisions set out in (3) below.

(2) Total number of Restricted Shares

In the Restricted Stock Remuneration Plan, the total number of Restricted Shares to be allotted to the Eligible Directors shall be fifty thousand (50,000), and this shall be the upper limit for the number of Restricted Shares allotted in each fiscal year.

However, in the event that a stock split (including a gratis allotment of common shares of the Company) or a reverse stock split of common shares of the Company is executed on or after the date of approval of this proposal, or in the event of other equivalent cases in which it is necessary to adjust the number of Restricted Shares to be allotted, the Company may reasonably adjust the total number of the Restricted Shares.

(3) Provisions of agreement on allotment of Restricted Shares

In the Restricted Stock Remuneration Plan, the agreement on allotment of Restricted Shares to be concluded, upon allotment of Restricted Shares, between the Company and the Eligible Directors to be allotted Restricted Shares based on the resolution of the Company's Board of Directors shall include the provisions set out below.

(a) Provisions for transfer restrictions

An Eligible Director who has received an allotment of Restricted Shares may not transfer to a third party, create a pledge or mortgage by transfer, make a gift before death or bequest, or otherwise dispose of the Restricted Shares allotted to the Eligible Director (the "Allotted Shares") (such restrictions are

hereinafter referred to as the “transfer restrictions”) during the period to be established by the Company’s Board of Directors ranging between ten (10) and fifty (50) years (the “Restricted Period”).

(b) Acquisition of Restricted Shares without contribution

In the event that an Eligible Director who has received an allotment of Restricted Shares resigns or retires from a position as Director, Executive Officer, or employee of the Company on or before the day immediately preceding the date when the first annual general meeting of shareholders of the Company is held after the date of commencement of the Restricted Period, the Company shall, by rights, acquire the Allotted Shares without contribution, except in cases where there is a reason that the Company’s Board of Directors deems to be justified.

In addition, in the event that there are any Allotted Shares for which the transfer restrictions have not been lifted based on the provisions for the lifting of the transfer restrictions in (c) below at the expiry of the Restricted Period in (a) above, the Company shall, by rights, acquire the Allotted Shares without contribution.

(c) Lifting of transfer restrictions

The Company shall lift the transfer restrictions at the expiry of the Restricted Period for all of the Allotted Shares subject to the condition that an Eligible Director who has received an allotment of Restricted Shares continued in a position as Director, Executive Officer, or employee of the Company from the date of commencement of the Restricted Period until the day when the first annual general meeting of shareholders of the Company is held after such date of commencement.

However, in the event that the Eligible Director resigns or retires from his/her position as Director, Executive Officer or employee of the Company before the expiry of the Restricted Period for a reason that the Company’s Board of Directors deems to be justified, the Company shall reasonably adjust the number of Allotted Shares on which it will lift the transfer restrictions and the timing for lifting the transfer restrictions as necessary.

(d) Treatment under reorganization, etc.

In the event that a proposal regarding a merger agreement in which the Company is the absorbed company, or a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other proposal concerning reorganization, etc. is approved by a general meeting of shareholders of the Company (the Company’s Board of Directors in the event that the said reorganization, etc. does not require the approval of a general meeting of shareholders of the Company) during the Restricted Period, based on the resolution of its Board of Directors, the Company shall lift the transfer restrictions before the effective date of the said reorganization, etc. for the number of Allotted Shares reasonably determined based on the period from the date of commencement of the Restricted Period to the date of approval of the said reorganization, etc.

In this case, the Company shall, by rights, acquire the Allotted Shares for which the transfer restrictions have not been lifted immediately after the transfer restrictions are lifted based on the provision above, without contribution.

2. Specific provisions for the Performance-Linked Stock Remuneration Plan and the method of calculation for the number of common shares of the Company delivered to Eligible Directors based on the Plan

(1) Provisions for the Performance-Linked Stock Remuneration Plan

The Performance-Linked Stock Remuneration Plan is a stock remuneration plan that is linked to performance, and for which the Company's Board of Directors will set, in advance, numerical targets for one fiscal year (hereinafter referred to as the "Applicable Period." The initial Applicable Period will be the fiscal year from June 1, 2018 to May 31, 2019, and it will be possible to implement the Performance-Linked Stock Remuneration Plan, with the fiscal year beginning immediately after each Applicable Period ends as the new Applicable Period, within the range approved by this General Meeting of Shareholders even after the expiry of the initial Applicable Period), including the Company's financial performance, and common shares of the Company shall be delivered to the Eligible Directors as remuneration, etc. for the Applicable Period in proportion to the rate of achievement of the said numerical targets, etc.

Consequently, since, under the Performance-Linked Stock Remuneration Plan, common shares of the Company shall be delivered in proportion to the achievement of the aforementioned numerical targets, etc., whether or not shares will be delivered and the number of shares to be delivered has not been determined at the point of introduction of the said plan.

(2) Framework of the Performance-Linked Stock Remuneration Plan

The specific framework of the Performance-Linked Stock Remuneration Plan is as set out below.

- (a) The indicators, formula, and other items required for the specific calculation of the number of common shares of the Company to be delivered to Eligible Directors, including each of the numerical targets of the Company's financial performance, etc., (to be established based on ordinary income and net income attributable to owners of parent, and those targets will include consolidated indicators) and the calculation method of the payment rate in proportion to the rate of achievement of these targets that the Company will use in the Performance-Linked Stock Remuneration Plan shall be determined by the Company's Board of Directors.
- (b) After the expiry of the Applicable Period, the Company shall determine the number of common shares of the Company to be delivered to each Eligible Director based on the payment rate calculated in proportion to the rate of achievement of each of the numerical targets of the Company's financial performance, etc., in the corresponding Applicable Period.
- (c) The Company shall pay each Eligible Director monetary remuneration claims to be contributed as property in-kind in proportion to the number of common shares of the Company to be delivered to each Eligible Director that is determined in accordance with (b) above. Each Eligible Director will receive an allotment of the common shares of the Company by providing the Company with all of the monetary remuneration claims by way of in-kind contribution. The amount to be paid in for the common shares of the Company shall be determined by the Company's Board of Directors based on the closing price of the common shares of the Company on the Tokyo Stock Exchange on the business day immediately prior to the date of the resolution of the Company's Board of Directors concerning the issuance or disposition of the common shares (if there is no closing price on such date, the closing price on the closest preceding trading day) and within a range that is not particularly favorable for the Directors who subscribe for the common shares.

(3) Method of calculation for the number of common shares of the Company to be delivered to each Eligible

Director under the Performance-Linked Stock Remuneration Plan

The Company shall calculate the number of common shares of the Company to be delivered to each Eligible Director using the formula below. Fractions of less than one hundred (100) shares shall be rounded up.

Calculation formula: Standard number of shares to be delivered*¹ × payment rate*²

- *1. The number determined by the Company's Board of Directors taking into consideration such factors as the position of each Eligible Director
- *2. A rate to be calculated ranging from 0% to 200% in accordance with the method stipulated by the Company's Board of Directors in proportion to the rate of achievement of each of the numerical targets of the Company's financial performance, etc., in the Applicable Period

The total amount of the monetary remuneration claims in (2), (c) above shall be no more than the total of remuneration, etc., under the Plan. Also, the Company shall set an upper limit of fifty thousand (50,000) shares in each Applicable Period as the total number of common shares of the Company to be delivered to the Eligible Directors based on the Performance-Linked Stock Remuneration Plan; provided, however, that, on or after the day on which this proposal is resolved, in the event that the total number of the Company's shares outstanding changes due to a reverse stock split, a stock split, or a gratis allotment of shares, the upper limit on the total number of common shares of the Company (fifty thousand (50,000) shares) that the Company will deliver to the Eligible Directors and the number of common shares of the Company to be delivered to each Eligible Director shall be adjusted according to the relevant ratio.

Moreover, in the event that the total of remuneration, etc., under the Plan set out above (two hundred (200) million yen) or the upper limit on the total number of common shares that the Company will deliver to the Eligible Directors is likely to exceed the number of shares to be delivered to each Eligible Director due to the delivery of the number of common shares of the Company set out above, the number of shares to be delivered to each Eligible Director shall be reduced using a reasonable method determined by the Company's Board of Directors such as a proportional distribution in a range that does not exceed the amount of remuneration or the upper limit on the total number of common shares that the Company will deliver to Eligible Directors.

(4) Requirements for delivery of common shares of the Company to the Eligible Directors

Under the Performance-Linked Stock Remuneration Plan, when the Applicable Period expires and the following requirements for the delivery of shares are met, common shares of the Company shall be delivered to each Eligible Director. The delivery of the common shares of the Company shall be conducted through the issuance of shares or the disposal of treasury stock by the Company. The Eligible Directors who will qualify for receiving the delivery of common shares of the Company and offering terms for the issuance of shares or the disposition of disposal of treasury stock shall be determined, in accordance with the requirements outlined below in (a) through (c) as well as with the calculation method provided in (3) above, at a meeting of the Company's Board of Directors to be held after the expiry of the Applicable Period.

- (a) The Eligible Director was in office as a Director of the Company throughout the Applicable Period
- (b) The Eligible Director did not commit unlawful acts designated by the Company's Board of Directors

(c) The Eligible Director satisfies other requirements specified by the Company's Board of Directors as being necessary to attain the objectives of the Performance-Linked Stock Remuneration Plan

- * The Eligible Directors who retire from office during the Applicable Period will receive the number of common shares of the Company prorated, in accordance with a method reasonably determined by the Board of Directors of the Company, to the period the retiring Directors have held office up to the time of retirement during the Applicable Period. In addition, the Company will deliver to the Eligible Directors who are newly appointed during the Applicable Period common shares of the Company at the number prorated, in accordance with a method reasonably determined by the Board of Directors of the Company, to the period in office.

In the event that, during the Applicable Period, a proposal regarding a merger agreement in which the Company is the absorbed company, or a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other proposal concerning reorganization, etc. is approved by a general meeting of shareholders of the Company (the Company's Board of Directors in the event that the said reorganization, etc. does not require the approval of a general meeting of shareholders of the Company), the Company will deliver to the Eligible Directors the number of common shares of the Company prorated, in accordance with a method reasonably determined by the Board of Directors of the Company, to the period up to the date of approval of the applicable reorganization, etc. during the Applicable Period.

(Reference)

The Company intends to allot Restricted Shares that are similar to the above Restricted Shares to the Executive Officers and employees of the Company and introduce a Performance-Linked Stock Remuneration Plan similar to this proposal on or after the conclusion of this General Meeting of Shareholders on the condition that this proposal is approved at this General Meeting of Shareholders.

(Appendix)

Business Report

(From June 1, 2017, to May 31, 2018)

1. Overview of the Company Group

(1) Business Progress and Results

1) Business overview

The global weather service market is estimated at more than ¥600.0 billion and is expected to continue growing with rising interest in weather risks and the development of Internet technologies.

The Company has conducted business activities under the corporate dream “To Become an Information Exchange Platform for Seven Billion Six Hundred Million People Around the World,” under the themes of “Growth Potential of Business” in the first growth stage (June 1986–May 1995), “Diversification of Business Models” in the second growth stage (June 1995–May 2004) and “Soundness of Management” in the third growth stage (June 2004–May 2012). In the fiscal year ended May 31, 2018, the sixth year of the fourth growth stage, during which we pursued a full-fledged global evolution under the theme of “Innovation,” we aggressively addressed the following initiatives.

a) Business development

- Voyage planning weather:

Develop a service for each type of ship to recommend a total fleet optimization plan and service in response to the regulations introduced on carbon dioxide emission and actively engage in overseas sales centered on the European market

- Sky weather:

Expand service development mainly for airline companies in Asia and promote marketing in Europe

- Road weather and railway weather:

Strengthen domestic services and jointly establish a standard for operational regulation in Asia

- Environment weather:

Promote the launch of environment weather services mainly by Weathernews France SAS

- BtoS (for individuals and *Bunshu**: S means supporters)

Expand a network of platforms that delivers original content under the trans-platform strategy and take on initiatives geared to maximizing traffic through investment in advertising

b) Investment overview

- Capital investments:

Core infrastructure capable of effectively analyzing accumulated data as a basis for service development using big data, WNI SAT-1R (commenced full-fledged operation in November 2017), our original satellite, and our original observation infrastructure for

developing an observation network in emerging economies

- Human capital investments:

Strengthen sales and service staff in each country in Asia and Europe to accelerate our development in those regions; engineers equipped with skills in artificial intelligence (AI) and growth hacking, and; IT professionals who will continually develop new services

- Business investments:

Established joint venture enterprise maruFreight, Inc. with Mitsui & Co. in order to engage in the business of providing services for matching trampers shipowners with shippers

*A concept devised in comparison with mass (the public), meaning “differentiated consumers having diverse values.”

For the fiscal year ended May 31, 2018, consolidated net sales rose 9.2% year over year to ¥15,874 million. Sky weather services received more new orders in Asia, while voyage planning weather services delivered a greater number of services mainly in the European market and was also affected by foreign exchange fluctuation in the form of a weakening yen. Accordingly, net sales in the overall BtoB market increased 9.6% year over year to ¥9,616 million. In the BtoS market, i.e., services for individuals, in addition to achieving strong sales of our revenue-sharing business model involving smartphones on account of an upturn in the rate of continued utilization that has flowed from the maximization of traffic through advertising investment, enhancement of original content, and ongoing improvements in UI/UX (user interface and user experience), we also increased sales of initial-type SRS (Stage Requirement Settings) due to growth in services for broadcasting stations and the timing of system updates. As a result, net sales in the BtoS market increased 8.4% year over year to ¥6,257 million.

For income during the fiscal year under review, operating income decreased 11.8% year over year to ¥2,490 million and ordinary income decreased 11.7% to ¥2,495 million. These results were chiefly attributable to the impact of expenses incurred in association with proactively recruiting service staff to accelerate global expansion and development staff to create new services, increasing advertising investment, and initiating depreciation of satellites and strengthening system development capabilities in response to global business. Meanwhile, net income attributable to owners of parent decreased 42.1% year over year to ¥1,138 million as a result of having incurred impairment loss on the unamortized balance of goodwill recognized upon acquiring shares of Metnext SAS (currently Weathernews France SAS).

Net sales by market segment were as follows:

Market segment		Previous Fiscal Year ended May 31, 2017 (from June 1, 2016, to May 31, 2017)			Fiscal Year ended May 31, 2018 (from June 1, 2017, to May 31, 2018)			Rate of change
		(Millions of yen)			(Millions of yen)			(%)
		SRS	Tollgate	Total	SRS	Tollgate	Total	Total
Transportation Weather	338	6,389	6,728	506	6,921	7,427	10.4	
Other weather (excluding Transportation Weather)	144	1,899	2,044	162	2,026	2,189	7.1	
BtoB market	483	8,288	8,772	668	8,947	9,616	9.6	
Mobile/Internet media	–	3,345	3,345	20	3,517	3,537	5.7	
Other media	307	2,117	2,424	499	2,220	2,719	12.2	
BtoS market	307	5,462	5,769	519	5,737	6,257	8.4	
Total	790	13,751	14,542	1,188	14,685	15,874	9.2	

Note: Net sales of ¥306 million by Weathernews France SAS, a company consolidated from the fourth quarter of the fiscal year ended May 31, 2017, are included in the above “Other weather (excluding Transportation Weather)” under the BtoB market.

(Reference) Net sales by region

	Previous Fiscal Year ended May 31, 2017 (from June 1, 2016, to May 31, 2017)			Fiscal Year ended May 31, 2018 (from June 1, 2017, to May 31, 2018)			Rate of change
	(Millions of yen)			(Millions of yen)			(%)
	SRS	Tollgate	Total	SRS	Tollgate	Total	Total
Japan	773	10,529	11,302	1,134	10,940	12,074	6.8
Asia & Australia	–	1,218	1,218	–	1,445	1,445	18.6
Europe	16	1,601	1,618	54	1,907	1,962	21.2
North America	–	402	402	–	392	392	(2.7)
Total	790	13,751	14,542	1,188	14,685	15,874	9.2

Note: Net sales by Weathernews France SAS, a company consolidated from the fourth quarter of the fiscal year ended May 31, 2017, are included in Europe in the amount shown above.

The Company mainly promotes the tollgate-type business model to continuously provide content while seeking opportunities to sell temporary research and system with the potential to lead to tollgate-type sales in the future. The Company refers to these opportunities as SRS (Stage Requirement Settings).

BtoB Market (for corporations):

In the BtoB market, Transportation Weather (voyage planning, sky, road, railway, and maritime weather services), for which there is high demand among corporations as to the social infrastructure and future global growth is anticipated, is positioned as the strategically-focused business. In the voyage planning service for shipping companies, which was the first service of the Company, we focus on providing the OSR (Optimum Ship Routeing) service to improve efficiency with safety and good fuel consumption for containers, car carriers, bulk carriers and tankers.

For the fiscal year ended May 31, 2018, sales of voyage planning weather services increased due to foreign exchange impact arising from the weaker yen, combined with an increase in the number of provided services mainly in the European market. Moreover, sales of sky weather services achieved firm growth due to an increase in new customers receiving the Go or No-Go Decision Support Service in Asia.

As a result, sales in the Transportation Weather markets grew with a 10.4% year-over-year increase, and net sales of the overall BtoB market increased 9.6% year over year to ¥9,616 million.

BtoS Market (for individuals and *Bunshu*):

In the BtoS market during the fiscal year ended May 31, 2018, net sales increased 5.7% year over year due to steady gains in the number of users of our proprietary apps, in addition to strong sales of our revenue-sharing business model involving smartphones. That increase was on account of an upturn in the rate of continued utilization that has flowed from a gain in daily active users (DAU) as a result of having diversified initiatives for attracting users including advertising campaigns via mobile devices and the Internet, enhancement of original content and ongoing improvements of UI/UX. Meanwhile, sales of services for broadcasting stations grew due to higher sales of initial-type SRS attributable to the timing of system updates for broadcasting stations, in addition to our success in attracting new customers and growth in newscaster dispatching service in response to market needs. As a result, net sales of the overall BtoS market increased 8.4% year over year to ¥6,257 million.

2) Capital investments

For the fiscal year ended May 31, 2018, the Company Group made capital investments (for property, plant and equipment and intangible assets) of ¥1,029 million (versus ¥684 million for the previous fiscal year). The main investments were for the infrastructure to realize value-creation services, IT development, and renewals for business continuation.

3) Financing

The necessary funds of the Group for the fiscal year under review were furnished by its own resources.

4) Transfer of business, absorption-type company split or incorporation-type company split

Not applicable

5) Business taken over from other companies

Not applicable

6) Succession of rights and obligations with respect to business of other companies through absorption-type company merger or split

Not applicable

7) Acquisition and disposal of shares and other equity interests or subscription rights to shares of other companies

Not applicable

8) Issues to be addressed

[Mission to be realized]

The basic concept of the Company is to be a “Full-Service Weather Company” that encompasses and autonomously provides all content relating to weather, climate change and the environment—collection and delivery of meteorological data—without relying on government services. In addition, the Group aims to cultivate new markets and services as “Full Services,” which would enable the provision of innovative services in all fields where weather can be a significant content. In this context, the mission of the Company is summarized in the five items described below:

- a) To be the world’s largest “weather content maker,” creating and providing the most abundant, updated and speediest content services for each of the 7.6 billion people around the world;
- b) To realize “value creation for supporters” and maximize corporate value while developing new markets as the global leader in the weather content market;
- c) To implement a quantum shift from conventional meteorology by putting in orbit the world’s first interactive weather information communications network, through which supporters (individuals and corporations) can participate in the Eye-servation* forecasting and delivery processes;
- d) To realize *Kotozukuri* (new value creation) together with supporters by extending our business fields to include climate change and environmental issues based on meteorology; and
- e) To provide supporters unprecedented content by proactively developing and using revolutionary infrastructure without being fettered by in-the-box thinking.

*A coined term that literally means “observation with the participants’ own eyes.”

[Issues to be addressed]

- a) We continue to pursue overseas business expansion with our sights set on extending our reach to all geographic areas, in order to become a “Full-Service Weather Company” worldwide. We regard these efforts as an important component of our aim of achieving future growth.
As for our acquisition of Metnext SAS (currently Weathernews France SAS) shares, we recorded impairment loss, particularly with respect to goodwill and software, having deemed that efforts will take time in terms of carrying out development geared to launching versatile and ongoing services in Europe, and building a sales framework. We are still forging ahead with this business, thereby undertaking efforts geared to further expanding into Europe, which involves strengthening and reorganizing our services development and marketing structures.
Moreover, we will enhance and strengthen our governance, investment evaluation and

organization system so that they better address various forms of potential risk incurred when expanding new business, which is a lesson we have learned in having recorded the impairment loss.

- b) With respect to the Company's services, we are overhauling our current quality control systems in order to better maintain and improve quality, particularly in terms of our weather services encompassing transportation, broadcasting and disaster prevention, which have a direct effect on human life and social infrastructure. Moreover, to make sure that these efforts are effective, we have embarked on initiatives that involve improving development processes and establishing quantitative standards for software quality. We are also upgrading and expanding education on quality in order to ensure success of these initiatives.

9) Mid-term vision

Toward the corporate dream "To Become an Information Exchange Platform for Seven Billion Six Hundred Million People Around the World," the Company has plotted out its business development in accordance with the themes of "Growth Potential of Business" in its first growth stage (June 1986–May 1995), "Diversification of Business Models" in its second growth stage (June 1995–May 2004) and "Soundness of Management" in its third growth stage (June 2004–May 2012). The Company has selected "Innovation" as its theme for the fourth growth period (June 2012–May 2022) in order to pursue a full-fledged global evolution.

Vision for the Fourth Growth Period:

<Basic strategy for the fourth growth period>

—From a Service Company to a "Service & Infrastructure Company with the Supporters" —

The Company is experienced in starting businesses centering on Transportation Weather via the systematic operation of the Risk Communication (RC) service while developing innovative infrastructures jointly with customers. Based on the experience, we intend to develop new global businesses in Asia, Europe and the United States.

- a) Areas of focus (Marketing)

<Transportation Weather>

It can be said that Transportation Weather on the sea (voyage planning weather service) is an "authorized private market" where no government service exists. The Company already develops voyage planning services in a global market but we still only provide the service to about 30% of the 20,000 vessels now at sea worldwide. In the fourth growth period, we intend to improve the quality of existing services and start new services to cover almost 10,000 vessels.

Next, although we already provide Transportation Weather in the sky (sky weather service) mainly for airline companies in Japan and Asia, we intend to extend the service area to Europe and the United States in the second half of the fourth growth period to raise our global market share.

Moreover, for Transportation Weather on land (road weather and railway weather services), targeting expressways and high-speed railway markets, we will globally expand our services, starting in Asia, by applying the services currently offered in Japan to Asian countries.

In addition, guided by global structural changes toward the use of natural energy, we will aim to newly launch environment weather services through proactive collaboration with European companies that have been making advanced efforts with respect to natural energy.

<Mobile/Internet>

We will globally evolve and extend not only observation infrastructures such as the WNI Satellite and the WITH Radar but also the Eye-servation infrastructure while involving supporters' participation. Drawing on our trans-platform service development to provide optimum content to all of our diversified platforms, we will create interactive, network-type weather- and *Bunshu*-focused content services, in which supporters can participate, and globally reinforce our fee-based services.

Moreover, we aim to develop a platform that enables individuals seeking useful information to have comprehensive access in that regard, and are accordingly launching an original Internet advertising business for individuals providing content that is highly correlated to the weather.

Strategies by business field:

Business field	Business strategy
Voyage planning weather	<ul style="list-style-type: none"> Globally provide the OSR service and expand the relevant services with a target of 10,000 vessels in the fourth growth period. Create new value-creation services such as the Arctic sailing route.
Sky weather	<ul style="list-style-type: none"> Expand the relevant services in Asia and other regions globally.
Road weather	<ul style="list-style-type: none"> Globally expand the relevant services in the expressway field based on our experience in Japan.
Railway weather	<ul style="list-style-type: none"> Globally evolve the relevant services in the high-speed railway field.
Environment weather	<ul style="list-style-type: none"> Expand into the energy market particularly with respect to electricity and gas utilities on the basis of demand forecasting Expand into the distribution and retail market on the basis of sales volume forecasting
Mobile/Internet	<ul style="list-style-type: none"> Promote the trans-platform service development to provide optimum content to all of our diversified platforms. Globally evolve supporter-participative and network-type content services.

b) Operation of services (Service Marketing and Infrastructure Marketing)

<The market-in approach and the development of the “out-of-box thinking” infrastructure>

To globally evolve our weather information service, it is important to create content services with value to satisfy the needs of supporters. To that end, we believe that the *Kotozukuri* approach, creating content together with customers, is more effective than the conventional approach starting from capital investment. *Kotozukuri* refers to bringing a business to its commercial realization while gaining the trust of society, and it calls for a commercialization process of conceiving, designing, establishing and operating a service that involves working together with the parties that actually require responsive action.

It is important that we develop an innovative “out-of-box thinking” infrastructure in order to address the market needs detailed above. To accomplish this, we will collaborate with the University of Oklahoma and various research organizations, corporations and supporters worldwide, and aggressively and continually invest in innovative infrastructures including the WNI Satellite.

<Area deployment>

We will promote market cultivation and the establishment of infrastructures over 3–5 years for each region in the order of Asia, Europe and the United States.

10) Outlook for the next period

In the three years (June 2016—May 2019) from the fiscal year ended May 31, 2017, the period we position as the 2nd stage of the fourth growth period during which we pursue a full-fledged global evolution of the Transportation Weather under the theme of “Innovation,” we will aggressively invest in business and infrastructure with a view to accelerating the expansion of our global businesses.

<Business development>

a) Provide the OSR service to 6,000 vessels via our Total Fleet Management system

We will establish a service system that provides full support for voyage planning with the aim of continually accelerating the OSR service toward our service target of 6,000 vessels. To such ends, we will develop a service that enables recommendations on total fleet optimization, and also develop a fleet allocation planning service that makes it possible to match performance of owned vessels and business data.

b) Globally evolve SKY & LAND Planning

We will expand services through area marketing in Asia while launching new marketing campaigns for sky weather service and establishing its sales system in Europe.

c) Launch Environment Weather

Guided by global structural changes toward the use of natural energy, we will aim to newly launch environment weather services through proactive collaboration with European companies that have been making advanced efforts with respect to natural energy.

d) Become the top weather web portal in the BtoS market

With respect to our services for individuals, we aim to become the top weather web portal. To that end, we will maximize our base traffic flow from external locations by making effective use of approaches such as search engine optimization (SEO), app store optimization (ASO) and advertising, in addition to trans-platform strategies.

We also aim to become the top-performer in terms of forecasting accuracy, which is our duty as a weather services company, in order to generate business from our maximized base traffic. To that end, we will enhance the UI/UX, while upgrading and expanding our participative content which is a Weathernews strength.

Moreover, we aim to develop a platform that enables individuals seeking useful information to have comprehensive access in that regard, and are accordingly launching an original Internet advertising business for individuals providing content that is highly correlated to the weather.

<Investment plans>

To realize the above business development, we will make aggressive investments focused on the following three points.

a) Review core infrastructure that processes big data effectively and efficiently.

b) Streamline weather observation infrastructure that enhances value-creation services.

c) Collaborate with others (including M&As) to accelerate business development.

At the same time, we will continuously invest in human resource procurement to effectively promote business development and investments.

As a result of the ongoing initiatives described above, the Group expects to achieve consolidated net sales of ¥16,800 million, operating income of ¥2,600 million, ordinary income of ¥2,600 million and net income attributable to owners of parent of ¥1,800 million for the fiscal year ending May 31, 2019.

(2) Trends in Assets and Income

Item	29th fiscal year ended May 31, 2015	30th fiscal year ended May 31, 2016	31st fiscal year ended May 31, 2017	32nd fiscal year ended May 31, 2018
Net sales (Millions of yen)	14,064	14,511	14,542	15,874
Operating income (Millions of yen)	3,304	3,387	2,824	2,490
Ordinary income (Millions of yen)	3,504	3,208	2,825	2,495
Net income attributable to owners of parent (Millions of yen)	2,252	2,195	1,965	1,138
Net assets (Millions of yen)	11,868	12,889	13,557	13,618
Total assets (Millions of yen)	13,583	14,204	15,311	15,106
Net assets per share (Yen)	¥1,081.93	¥1,173.78	¥1,235.32	¥1,241.38
Basic net income per share (Yen)	¥207.19	¥201.57	¥180.39	¥104.49
Return on equity (%)	20.6	17.9	15.0	8.4

(3) Material Parent Company and Subsidiaries

1) Relationship with a Parent Company

Not applicable

2) Material Subsidiaries

Company name	Capital	The Company's percentage of equity participation	Principal business
WEATHERNEWS AMERICA INC.	USD 81,644	100.0%	Comprehensive weather information services
WEATHERNEWS U.K. LTD.	GBP 272	100.0%	Comprehensive weather information services
Weathernews Benelux B.V.	EUR 180,000	100.0%	Comprehensive weather information services
WEATHERNEWS RUS LLC.	RUB 12,000,000	100.0%	Comprehensive weather information services
Weathernews France SAS	EUR 3,607,059	100.0%	Comprehensive weather information services
AXANTEM SAS	EUR 2,041	100.0%	Comprehensive weather information services
WEATHERNEWS AUSTRALIA PTY. LTD.	AUD 30,000	100.0%	Comprehensive weather information services
WEATHERNEWS HONG KONG LIMITED	HKD 1,594,000	100.0%	Comprehensive weather information services
Weathernews Korea Inc.	KRW 653,000,000	100.0%	Comprehensive weather information services
Weathernews Shanghai Co, Ltd.	USD 140,000	100.0%	Comprehensive weather information services
WEATHERNEWS TAIWAN LTD.	TWD 10,000,000	100.0%	Comprehensive weather information services
Weathernews Nepal Pvt. Ltd.	NPR 45,000,000	100.0%	Comprehensive weather information services
Weathernews India Pvt. Ltd.	INR 35,000,000	100.0%	Comprehensive weather information services
WEATHERNEWS SINGAPORE PTE. LTD.	SGD 620,002	100.0%	Comprehensive weather information services

Notes:

1. The shares of AXANTEM SAS are indirectly held through Weathernews France SAS.
2. The Company acquired additional shares of Weathernews Korea Inc., making it a wholly-owned subsidiary effective on April 10, 2018.
3. The Company has resolved to liquidate WEATHERNEWS AUSTRALIA PTY. LTD. effective on May 30, 2018.

3) Major Affiliates

Company name	Capital	The Company's percentage of equity participation	Principal business
SHANGHAI XINGTUAN INFORMATION TECHNOLOGY CO. LTD.	CNY 1,000,000	25.0%	Comprehensive weather information services
Symphony Creative Solutions Pte. Ltd.	SGD 7,031,500	19.9%	Sea transportation logistics system services
maruFreight, Inc.	USD 3,000,000	40.0%	Services for matching shipowners and shippers

Note: The Company invested capital in maruFreight, Inc. on January 8, 2018, which resulted in it becoming an affiliate accounted for using equity method effective the year under review.

(4) Major Business Locations

Headquarters: Makuhari Techno Garden, 1-3 Nakase, Mihama-ku, Chiba-city, Chiba Prefecture, Japan

Major Sales Offices: 11 domestic offices, 15 overseas offices

Sapporo SSB	New York SSB	(USA)
Sendai SSB	Sao Paulo SSB	(Brazil)
Tokyo SSB	London SSB	(UK)
Niigata SSB	Copenhagen SSB	(Denmark)
Kanazawa SSB	Moscow SSB	(Russia)
Nagoya SSB	Athens SSB	(Greece)
Osaka SSB	Paris SSB	(France)
Hiroshima SSB	Hong Kong SSB	(Hong Kong)
Takamatsu SSB	Seoul SSB	(South Korea)
Fukuoka SSB	Shanghai SSB	(China)
Naha SSB	Taipei SSB	(Taiwan)
	Kathmandu SSB	(Nepal)
	New Delhi SSB	(India)
	Singapore SSB	(Singapore)
	Manila SSB	(Philippines)

Major Service & Operation Centers: 7 centers

Global Center	(Headquarters)
Oklahoma	(USA)
Amsterdam	(Netherlands)
Copenhagen	(Denmark)
Paris	(France)
Manila	(Philippines)
Yangon	(Myanmar)

Other Overseas Offices: 3 offices

Jakarta SSB	(Indonesia)
Hanoi SSB	(Vietnam)
Bangkok SSB	(Thailand)

Note: "SSB" refers to offices that are strategic sales bases or representative offices in the preliminary phase of operations.

2. Status of the Company

(1) Matters Related to Shares of the Company

- 1) Total number of shares authorized to be issued: 47,000,000 shares
- 2) Total number of shares outstanding: 11,844,000 shares
(no change compared with the previous year)

Note: This number includes 944,907 shares of treasury shares.

- 3) Number of shareholders 10,346 persons
(an increase of 1,121 persons from the previous year)

4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio (%)
WNI WxBunka Foundation	1,700,000	15.60
WNI Institute Inc.	1,700,000	15.60
Weathernews Employee Supporter Shareholding Association	424,700	3.90
MUFG Bank, Ltd.	360,000	3.30
The Chiba Bank, Ltd.	360,000	3.30
Taeko Ishibashi	353,800	3.25
The Master Trust Bank of Japan, Ltd. (trust account for Weathernews Directors)	284,800	2.61
The Master Trust Bank of Japan, Ltd. (trust account)	243,000	2.23
Nippon Life Insurance Company	200,000	1.84
Sumitomo Mitsui Banking Corporation	180,000	1.65

Notes:

1. Although the Company owns 944,907 shares of treasury shares, it is excluded from the major shareholders above.
2. The shareholding ratio has been calculated excluding treasury shares.
3. All of the shares held by The Master Trust Bank of Japan, Ltd. (trust account for Weathernews Directors), and The Master Trust Bank of Japan, Ltd. (trust account), are related to the trust services.
4. The number of the shares held by The Master Trust Bank of Japan, Ltd. (trust account for Weathernews Directors) includes shares held by Weathernews Directors and Executive Officers through the Shareholding Association of Weathernews Directors.
5. On April 16, 2018, Mitsubishi UFJ Financial Group, Inc. submitted a Statement of Changes to a Statement of Large-Volume Holdings pertaining to the Company's stock to the Director-General of the Kanto Finance Bureau. Whereas the Statement of Changes states that Mitsubishi UFJ Financial Group's holdings amount to 716,395 shares as of April 9, 2018, we did not include Mitsubishi UFJ Financial Group among the major shareholders of the Company listed above because we could not confirm the number of shares substantially held at the end of the fiscal year ended May 31, 2018.

- 5) Other important matters related to shares of the Company
Not applicable

(2) Company Officers

1) Directors and Audit & Supervisory Board Members

(As of May 31, 2018)

Position	Name	Areas of responsibility	Significant concurrent positions
President and Representative Director	Chihito Kusabiraki	Chief Executive Officer	Director, Chiba Institute of Technology
Director	Yasushi Shiga	Chief Revenue Officer (Japan and Asia)	
Director	Masanori Yoshitake	Chief Financial Officer	
Director	Daisuke Abe	Chief Service Officer	
Director	Hidenori Iwasa	Chief Revenue Officer (Europe and the United States)	Director, Symphony Creative Solutions Pte. Ltd. Director, maruFreight, Inc.
Director	Nobuo Seki	Outside Director	Outside Director, Teijin Limited Outside Director, Kameda Seika Co., Ltd. Outside Director, Yokogawa Electric Corporation
Director	Koichiro Tsujino	Outside Director	Founder & CEO, ALEX Corporation President, Green Spire Corporation

Audit & Supervisory Board Member	Takashi Tomura		
Audit & Supervisory Board Member	Toshio Kinoshita	Outside Audit & Supervisory Board Member	Representative Director, Global Professional Partners Inc. Outside Director, ASATSU-DK INC. Outside Corporate Auditor, Cool Japan Fund Inc. Outside Corporate Auditor, Panasonic Corporation Member of the Board of Directors, Mizuho Bank, Ltd. Director, TACHI-S CO., LTD. Audit & Supervisory Board Member (Outside), Denka Company Limited
Audit & Supervisory Board Member	Saeko Masumi	Outside Audit & Supervisory Board Member	Attorney-at-law, Sengokuyama Law Office Vice-chairman for 2017, Daini Tokyo Bar Association Trustee, Association of Remedial Teaching for People with Developmental Handicaps Representative Director, Japan Civil Liberties Union Deputy Chairman, the Committee for the Investigation of Broadcasting Ethics, Broadcasting Ethics & Program Improvement Organization

Notes:

1. Audit & Supervisory Board Member Takashi Tomura has gained extensive experience and knowledge about

accounting at a leading steel company, was responsible for preparations for the Company's stock listing and overall management of the accounting and financial affairs of the Company as an officer, and thereby has considerable knowledge about finance and accounting.

2. Audit & Supervisory Board Member Toshio Kinoshita is a Certified Public Accountant and has considerable knowledge about finance and accounting.
3. The Company has no special interest relationships expected to create problems or hinder the performance of the duties of Outside Directors or Outside Audit & Supervisory Board Members with any of the Outside Directors, Outside Audit & Supervisory Board Members, or entities in which the Outside Directors or Outside Audit & Supervisory Board Members concurrently hold positions.
4. Pursuant to the provision of Tokyo Stock Exchange, Inc., the Company has designated Directors Nobuo Seki and Koichiro Tsujino and Audit & Supervisory Board Members Toshio Kinoshita and Saeko Masumi as Independent Officers, and has so notified the said Exchange.
5. Saeko Masumi's name on the Family Register is Saeko Saito.

2) Overview of liability limitation agreement

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each of the Outside Directors, Outside Audit & Supervisory Board Members, and Audit & Supervisory Board Members to limit his/her liability for compensation to the amount provided by laws and regulations.

3) Executive Officers

Name, position and area of responsibility of each Executive Officer as of July 12, 2018 are as follows.

Position	Name	Areas of responsibility
* President	Chihito Kusabiraki	Chief Executive Officer
* Senior Managing Officer	Yasushi Shiga	Chief Revenue Officer (Japan and Asia)
* Managing Officer	Masanori Yoshitake	Chief Financial Officer
* Executive Officer	Daisuke Abe	Chief Service Officer
* Executive Officer	Hidenori Iwasa	Chief Revenue Officer (Europe and the United States)
Executive Officer	Masaya Yamamoto	Chief Technology Officer
Executive Officer	Mitsuhiro Ogata	Sales of Environment services
Executive Officer	Tomohiro Ishibashi	BtoS service sales
Executive Officer	Thomas Skov	Sales (Europe)
Executive Officer	Tetsuo Aruga	Service operation
Executive Officer	Kiyoteru Morita	BtoS contents operation

Note: * indicates a person scheduled to serve concurrently as Director.

(3) Accounting Auditor

1) Name

Deloitte Touche Tohmatsu LLC

2) Amount of remuneration

(Thousands of yen)

Category	Amount
Amount of remuneration for services provided in Article 2, Paragraph 1 of the Certified Public Accountants Act (Act No. 103 of 1948)	35,700
Amount of remuneration for services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Act	–
Total	35,700

Total amount of remuneration paid or payable to the Accounting Auditor by the Company and its subsidiaries	35,700
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Note: Given that the audit engagement agreement between the Company and the Accounting Auditor does not clearly differentiate the amount of audit fees payable under the Companies Act from the amount of audit fees payable under the Financial Instruments and Exchange Act, and given that such differentiation is practically impossible, the above amount of remuneration is stated as an aggregate of both amounts.

The Audit & Supervisory Board confirmed that the amount of remuneration had been determined after sufficient consultation with the Company's Accounting Auditor on the details of the auditing plans, the performance of duties in the past, the number of days required for auditing, the number of personnel required, etc., in order to realize fair and efficient audits. The Audit & Supervisory Board thereupon consented to the Accounting Auditor's remuneration pursuant to Article 399, Paragraph 1 of the Companies Act.

3) Audits of subsidiaries

From the viewpoint of internal control, the following consolidated subsidiaries were audited by Certified Public Accountants or audit corporations (including those who have a foreign qualification equivalent to said certificates) other than the Company's Accounting Auditor, irrespective of the existence of legal provisions in operating countries.

Statutory audits	Voluntary audits, etc.
WEATHERNEWS U.K. LTD. Weathernews France SAS AXANTEM SAS WEATHERNEWS HONG KONG LIMITED Weathernews Shanghai Co, Ltd. Weathernews Nepal Pvt. Ltd. Weathernews India Pvt. Ltd. WEATHERNEWS SINGAPORE PTE. LTD.	WEATHERNEWS AMERICA INC. Weathernews Benelux B.V. WEATHERNEWS RUS LLC. Weathernews Korea Inc. WEATHERNEWS TAIWAN LTD.

Note: Statutory audits are limited to those conducted pursuant to the provisions of the Companies Act or the Financial Instruments and Exchange Act (including foreign laws and regulations equivalent to the said Acts).

4) Policy on decisions to appoint or dismiss the Accounting Auditor

i) Policy on decisions to appoint or reappoint the Accounting Auditor

The Company believes that the relationship between corporate accounting and accounting audits is a relationship of co-creation in the realm of financial accounting undertaken to appropriately represent the actual status of business and secure objectivity. At the same time, the Company is to periodically review its engagement audit corporation or engagement partners for the purpose of mutually maintaining the appropriateness of operations.

When the Audit & Supervisory Board appoints an Accounting Auditor, the Audit & Supervisory Board shall confirm its qualification, its attitude toward co-creation with the Company, and other factors, and thereupon decide on the contents of its proposal for the appointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders. When the Audit & Supervisory Board reappoints the Accounting Auditor, the Audit & Supervisory Board shall, in addition to the above, confirm the appropriateness of the auditing plans, the status of audit implementation, and other factors, and thereupon conclude that there is no need to dismiss or to not reappoint the Accounting Auditor.

ii) Policy on decisions to dismiss or to not reappoint the Accounting Auditor

In addition to the dismissal of Accounting Auditor by the Audit & Supervisory Board as stipulated in Article 340 of the Companies Act, the Audit & Supervisory Board shall decide and submit the proposal on the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders if it is deemed difficult for the Accounting Auditor to appropriately perform duties.

(4) System to ensure the appropriateness of business

1) Basic approach to corporate governance

The Company's general management principle is to realize the Company's purpose of "value creation for supporters" through the efforts of all its employees and the exchange of information among all of its stakeholders, including shareholders, customers, officers, and employees, with a deep awareness that the Company is a presence open to the market. The Company considers it important to make efforts to maximize mid- to long-term corporate value and shareholder value, and concurrently to fulfill social responsibility and achieve sustainable growth and development.

Under its corporate commitment to "Transparency," the Company proactively discloses information far beyond the scope of statutory information disclosure, including its corporate philosophy, corporate culture, management strategies, business models, visions toward future value creation, to enunciate the fundamental approaches underlying its corporate value. Through these efforts, the Company will cultivate mutual reliance with supporters and thereby aim for mid- to long-term improvement of its corporate value through a co-creative approach.

The Company's corporate culture prescribes that the necessary information should be shared with not only shareholders and customers, but also officers and employees in house under a policy where "even the president must kneel down before the truth," that everything should be discussed openly, and that all processes of discussion should be made clear. The Company has cultivated this corporate culture as an "information democracy." To respond to the ever-changing market circumstances, we aspire to become an AAC (Aggressively Adaptable Company) in our management philosophy, reflect wisdom and deep insights from outside the Company into our management, and promote fair business activities.

Under these two policies, our implementation guideline places most importance on efforts by every officer and employee of the Company to maintain entrepreneurship. The principle of "no autonomy without independence" forms the bedrock of our management and implementation system. With a "culture of mutual trust," we aim to operate as an autonomous, decentralized integrated company. We recognize the importance of "controlling with our own eyes" without depending too much on indirect information.

Our management organization system consists of a SHOP system (service planning, operation and cultivation divisions) as a center, an SSI system (share-use infrastructure operation and development divisions), and an SES system (direct sales divisions). Each of these divisions performs its respective functions at the highest possible level while sharing information to enlighten the other divisions, in order to realize a check-and-balance relationship.

For business implementation, we promote decision-making on management issues and the appropriate implementation, rationalization, and efficiency of management by sharing our corporate vision and management policy among all of our officers and employees engaged in business operations and unifying their vectors through SMART (Service Menu Affirmative Review and Tollgating) month activities, AAC meetings, and SSM (Speed & Scope Merit) meetings. We emphasize process above procedures in order to avoid falling into formulaic thinking. We understand that corporate culture as implicit knowledge is born anew every day, value an explicit knowledge culture in which corporate culture, wisdom, and information that

are known and recognized internally are shared with words, illustrations and audio visuals via channels such as internal magazines and the intranet, and thereby endeavor to realize a management system in which all employees are involved and compliance with laws, regulations, and internal rules. We also grasp the implementation status and progress of our business plans in quantitative and qualitative terms by establishing a scoring committee, while mutually confirming our compliance with laws, regulations, and internal rules from the viewpoint of internal control. The investment committee (How Wonderful Committee) that has been established and put into operation as of the 33rd fiscal year will evaluate the increasing number of proposals for new businesses and infrastructure investment from the standpoints of business strategy and economic rationalism.

To evaluate the performance of the officers and employees who bear the above system, we use an evaluation system whereby each officer and employee determines his or her objectives, tasks, and specific challenges (small category) according to the Company's business policy (large category) from an MMCL perspective (My & My Colleague Leader: an entrepreneur who leads colleagues by example), declares them to others, and thus shares the themes. Our performance evaluations are managed and confirmed by company-wide eyes based on evaluation by the objective eyes of the market at the MME (Matrix Management Evaluation) meeting of officers and employees held every three months. This evaluation system, whereby the declaration and performance of each officer and employee are valued even if the objectives are not achieved and a mere consequentialism is excluded, is thus managed with high transparency and persuasiveness supported by a commitment to "evaluate the process as well."

i) Reason for selecting the current corporate governance system

In developing a corporate governance system, the Company emphasizes "Managerial effectiveness, fairness and transparency." The Board of Directors, a body consisting of Executive Directors well versed in the Company's business and Outside Directors taking part in the management of the Company from independent standpoints, decides upon the important business execution in an appropriate and swift manner and supervises the performance of duties by Directors. The Audit & Supervisory Board Members, who are endowed with the legal right to audit, audit the performance of duties by Directors and improve supervising functions over the management from a standpoint of fairness and independence. The Company believes that the above-mentioned system is effective in ensuring managerial effectiveness, fairness, and transparency and in achieving sound and sustainable growth for the Company. Accordingly, the Company adopted a "company with an Audit & Supervisory Board" system.

ii) The Board of Directors and executive officer system

Under the "company with an Audit & Supervisory Board" system, the Company adopted an executive officer system to ensure that its Directors may perform their duties and supervise as corporate managers in an effective and efficient manner. The Directors (the Board of Directors) delegate authority over business execution to the Executive Officers and then supervise the execution of duties by the Executive Officers. In order to better clarify the Directors' managerial responsibilities for the performance objectives for each fiscal year, the term of office of every Director is stipulated to be one year.

The Company considers it important to reflect into its management excellent wisdom and deep insight from outside parties, with a view to quickly grasping changes in social environments and

business conditions and promoting socially fair corporate activities. To that end, we are further reinforcing our corporate governance through the active involvement of Outside Directors with broad management experience and knowledge and through neutral and objective audits by Outside Audit & Supervisory Board Members with excellent expertise (two Outside Directors and two Outside Audit & Supervisory Board Members out of seven Directors and three Audit & Supervisory Board Members).

In recognition of the managerial importance of the optimal selection of and fair remuneration for the members of management, the Board of Directors decides these issues by adopting resolutions with reference to reports from the Nominating Committee and Remuneration Committee, advisory organs of the Board of Directors that include Outside Directors and Outside Audit & Supervisory Board Members.

2) Basic policy on the establishment of an internal control system

At the Board of Directors' meeting held on June 29, 2018, the Company resolved its "Basic Policy on the Establishment of an Internal Control System" pursuant to Article 362 of the Companies Act and Article 100 of the Regulation for Enforcement of the Companies Act, as follows.

1. System to ensure that Directors execute their duties in compliance with relevant laws, regulations, and the Articles of Incorporation

(Article 362, Paragraph 4, Item 6 of the Companies Act)

- a. The Company shall hold a Board of Directors' meeting once a month in principle according to the "Rules of the Board of Directors."
- b. Directors shall supervise the execution of duties by other Directors through the Board of Directors' meetings.
- c. In order to ensure the execution of duties in compliance with relevant laws and regulations, etc., the Executive Directors, Executive Officers and leaders shall make preliminary reports on important information concerning group-wide business execution to prevent legal violations in advance at the Board of Directors' meetings, EM (Executive Meeting) meetings, SSM meetings and other important meetings of the Company. If any behavior or event likely to constitute a legal violation comes to light, they shall take necessary measures to prevent or remedy the violation.
- d. The Company has an Audit & Supervisory Board. Under the audit policy stipulated by the Audit & Supervisory Board, each Audit & Supervisory Board Member shall audit the execution of duties by Directors by attending the Board of Directors' meetings and examining business execution, etc.
- e. The Group shall establish and provide multiple "WNI Help Lines" as compliance reports and consultancy routes for its officers and employees and take necessary measures to protect whistleblowers.

2. System to retain and manage information relating to the execution of duties by Directors

(Article 100, Paragraph 1, Item 1 of the Regulation for Enforcement of the Companies Act)

- a. Minutes of the General Meetings of Shareholders and the Board of Directors' meetings shall be prepared according to the relevant laws, regulations and internal rules, and appropriately retained and managed.
- b. Important information, decisions, internal notices, etc. concerning management and business execution shall be prepared by the divisions in charge and appropriately retained and managed.

3. Rules and systems related to the management of risk of loss

(Article 100, Paragraph 1, Item 2 of the Regulation for Enforcement of the Companies Act)

- a. Matters to be approved at the Board of Directors' meetings, EM meetings and SSM meetings of the Company and matters to be approved at the group companies shall be stipulated according to the "WNI Approval Standard."
- b. Executive Directors, Executive Officers and leaders shall make periodical reports on important information concerning group-wide business execution at the Board of Directors' meetings, EM meetings, SSM meetings, and other important meetings of the Company.
- c. To respond to risks concerning information security, the environment, disaster prevention, hygiene and health, each division in charge shall establish rules, implement education and enlightenment activities, and conduct the necessary monitoring.
- d. The Contingency Planning Committee shall convene meetings as an organization in charge of risk management when necessary to clarify the Company's basic policy of group-wide risk management and to develop response measures in the event of the occurrence of any significant risks that may destabilize business continuity.

4. System to ensure that Directors execute their duties efficiently

(Article 100, Paragraph 1, Item 3 of the Regulation for Enforcement of the Companies Act)

- a. The Board of Directors shall resolve the basic policy of management, matters concerning the execution of important business and matters stipulated by laws, regulations and the Articles of Incorporation, receive reports on the execution of important business, and supervise the same. An executive officer system shall be adopted to enable the Directors to more effectively and efficiently execute and supervise their duties as managers.
- b. Group-wide matters to be resolved by the Board of Directors shall be preliminarily discussed and important matters stipulated by the "WNI Approval Standard" shall be confirmed at EM meetings.
- c. For the decision-making by the Board of Directors, sufficient and appropriate information shall be provided to each Director.
- d. The Group holds DEViCo Week (Dream Enthusiasm Vision Concept and Communication) in May and November every year to formulate the most appropriate business plans for the whole Group.

5. System to ensure that employees conduct business in compliance with relevant laws, regulations and the Articles of Incorporation

(Article 100, Paragraph 1, Item 4 of the Regulation for Enforcement of the Companies Act)

- a. "Makuhari Weather Street Charter," the policy and standard of behavior for the execution of group-wide business, shall be established and made available for access by all employees through the Company's intranet, etc., and education, enlightenment, and audit activities concerning compliance with laws, regulations and social norms shall be implemented.
- b. The Internal Audit Office, which works as an internal audit division, shall conduct audits on whether the business execution of each division complies with laws, regulations and the Articles of Incorporation.

6. System to ensure the appropriateness of business operations of the Company and the business group consisting of the Company, its parent company, and its subsidiaries

(Article 100, Paragraph 1, Item 5 of the Regulation for Enforcement of the Companies Act)

- a. Under the SHOP system, the Group shall have the Directors and Executive Officers of the Company supervise decision-making on important group-wide matters and the business execution of subsidiaries through the Board of Directors' meetings and EM meetings.
- b. For the management of subsidiaries, the Directors and Executive Officers of the Company who control each business and subsidiary shall make the officers and employees of the subsidiaries under their control fully aware of the Company's business operation policies, etc. and thereby ensure the effectiveness of business execution and the appropriateness of the business of the whole Group. The President's office shall request reports, as necessary, in order to precisely grasp the business of the subsidiaries based on the "Rules on the Management of Subsidiaries and Affiliates."
- c. The Company holds a Board of Directors' meeting once a month in principle and EM meetings once a week in principle, where important matters concerning group management and the status of business execution are appropriately discussed and reported based on the "WNI Approval Standard."

7. Matters concerning employees who assist Audit & Supervisory Board Members when Audit & Supervisory Board Members request those assistant employees

(Article 100, Paragraph 3, Item 1 of the Regulation for Enforcement of the Companies Act)

- a. An Auditors' Office shall be established as a department to exclusively assist the duties of the Audit & Supervisory Board Members.

8. Independence of the employees described in the preceding paragraph from Directors and the assurance of the effectiveness of instructions from the Audit & Supervisory Board Members to those employees

(Article 100, Paragraph 3, Items 2 and 3 of the Regulation for Enforcement of the Companies Act)

- a. The Audit & Supervisory Board Members shall hold the rights to supervise and instruct the employees who belong to the Auditors' Office in daily business, and such employees will not be subject to supervision or instruction by Directors.
- b. The personnel transfer and evaluation of the employees who belong to the Auditors' Office shall be subject to prior approval by the Audit & Supervisory Board Members.

9. System for Directors and employees and Directors, Audit & Supervisory Board Members and employees of subsidiaries to report to Audit & Supervisory Board Members and other matters concerning reporting to Audit & Supervisory Board Members

(Article 100, Paragraph 3, Items 4 and 5 of the Regulation for Enforcement of the Companies Act)

- a. Matters to be reported by officers and employees of the Group to the Audit & Supervisory Board Members and the method of reporting shall be stipulated.
- b. The Audit & Supervisory Board Members may request reports from Directors and employees at any time if deemed necessary to conduct their duties.
- c. The division in charge of the "WNI Help Line" shall periodically report to the Audit & Supervisory Board Members on the situation of whistleblowing by the officers and employees of the Group.
- d. With regard to those who have reported to the Audit & Supervisory Board Members through the use of the "WNI Help Line" or other channels, necessary measures shall be taken to protect them against any disadvantage incurred as a result of such reporting.

10. Matters concerning the policy to process expenses arising from the execution of duties of Audit & Supervisory Board Members

(Article 100, Paragraph 3, Item 6 of the Regulation for Enforcement of the Companies Act)

- a. The Company shall promptly process the expenses, etc. arising from the execution of duties of Audit & Supervisory Board Members based on the “WNI Approval Standard,” excluding any expenses considered to be unnecessary for the execution of duties by the said Audit & Supervisory Board Members.

11. Other systems to ensure that Audit & Supervisory Board Members conduct audits effectively

(Article 100, Paragraph 3, Item 7 of the Regulation for Enforcement of the Companies Act)

- a. Systems shall be established to enable the Audit & Supervisory Board Members to hold hearings with Directors and key employees and to exchange opinions periodically or from time to time as necessary with the Representative Director, Internal Audit Office and Accounting Auditor.
- b. In order to implement a system to audit the group effectively, the Audit & Supervisory Board Members shall periodically exchange opinions with the Directors and Audit & Supervisory Board Members of subsidiaries, and, irrespective of the existence of legal provisions in operating countries, every subsidiary shall conclude an agreement with an accounting auditor who has a global network.

12. Basic policies on exclusion of antisocial forces and the development status thereof

- a. In its general management principle, the Company aims to “behave with a recognition of its mission to contribute to an affluent human society that coexists with nature” as a “global people committed to contributing to society.” In keeping with this philosophy, the Group will fulfill the social responsibility as a “global people” by ensuring that it has no relationships with antisocial forces.
- b. If circumstances arise where the Company faces coercive pressure to enter into any relationship with antisocial forces, the Legal Division will engage the cooperation of corporate lawyers, police forces, etc., and play a leading role in taking a resolute stance against antisocial forces.

3) Outline of the implementation of internal control system during the 32nd fiscal year

The Company has established and implemented an internal control system based on the “Basic Policy on the Establishment of an Internal Control System” resolved at the Board of Directors’ meeting. Outline of the implementation of internal control system during the 32nd fiscal year is as follows.

1. Internal control system in general

- a. DEViCo Week was held at the beginning and in the middle of the fiscal year, at which the strategy of the Group’s business plan for the current fiscal year was confirmed and the vectors for the management policy were unified.
- b. Ten AAC meetings were held during the year, at which the monthly progress of the business plan and changes of circumstances of each market were confirmed and the appropriate implementation of group-wide business and rational and effective performance were confirmed. Eleven Scoring Committee meetings were held during the year, at which the implementation and progress of the business plan were grasped in both quantitative and qualitative terms and the prescribed procedure for confirmation was conducted from the viewpoint of ensuring the objectives of the internal control system, namely, the “effectiveness and efficiency of operations,” “safeguarding of assets,” “reliability

of financial reporting,” and “compliance with applicable laws and regulations.” The investment committee (How Wonderful Committee) that has been established and put into operation as of the 33rd fiscal year will be held once every month to evaluate the increasing number of proposals for new businesses and infrastructure investment from the standpoints of business strategy and economic rationalism.

- c. The Internal Audit Office appropriately reports the status of the establishment and implementation of the internal control system to the Scoring Committee, EM meetings, and the Board of Directors during the year. The Internal Audit Office also reports the results of its evaluations of the effectiveness of the internal control system to the Scoring Committee, EM meetings, and the Board of Directors at the end of the year, based on the status of implementation of internal control activities, the results of internal auditing, etc.
 - d. Based on the results of the aforesaid evaluation, the Company formulates measures conducive to the improved effectiveness of the internal control system and reflects them in its internal control implementation plan for the next year.
2. Implementation of a system to ensure compliance with relevant laws and regulations, etc.
- a. During the course of appropriately reviewing mottoes, the general management principle, the Staff Charter, and the Makuhari Weather Street Charter, the Company makes its officers and employees fully aware of the above in order to enhance their awareness of compliance and encourage them to commit to undertaking specific compliance activities. In addition, at the SSM meeting, a plenary session held every week, meeting participants share issues related to business operations and administration and multidirectionally discuss them from legal, ethical, and other viewpoints.
 - b. The Company held 13 meetings of the Board of Directors and implemented one deemed resolution in writing during the year, whereby the Board of Directors deliberated and resolved agenda based on active opinion exchanges on matters regarding important business execution and matters stipulated by laws, regulations and the Articles of Incorporation. In addition, the Board of Directors received reports on matters provided in laws and regulations and matters regarding important business execution, and supervised the performance of duties by Directors and Executive Officers.
 - c. The Scoring Committee grasped the issues of the Company Group’s compliance and formulated and implemented measures therefor.
 - d. The Company has established compliance reports and consultancy routes (WNI Help Lines) with contact points at the President’s office, Audit & Supervisory Board Members, and Outside Audit & Supervisory Board Members. The Company specifies the handling of personal information and measures to protect whistleblowers in its guideline for action and continuously makes them well known to the officers and staff of the Company Group.
3. Implementation of measures to manage the risk of loss
- a. Executive Directors and Executive Officers periodically report on the progress of the business execution of the Company Group as a whole to the Board of Directors and EM meetings.
 - b. If a risk in business execution becomes apparent, the Company will cope with the risk by establishing an appropriate system, implementing countermeasures, and duly disclosing the relevant information according to the level assigned to the risk under the Company’s contingency planning regime.

4. Implementation of measures to ensure efficiency
 - a. An EM meeting attended by Executive Officers (including those concurrently serving as Directors) is held once a week to deliberate in advance on matters to be discussed for the Company Group as a whole at the Board of Directors' meetings and SSM meetings.
 - b. The Company strives to deliver in advance agenda items and related materials for the Board of Directors' meetings and EM meetings, and thereby strives to ensure time to review before attending the meetings.
 - c. The AAC meetings are held to share information on changes in the market environment and numerical changes in performance and plans relating to the monthly progress of business plans. The Scoring Committee is held to revise development management by the methods used in an AAC meeting in response to changes in business/sales plans so that the vectors between manufacturing and sales are unified.
 - d. In addition, the Company reviews the Rules on the Management of Noncurrent Assets and other rules relating to internal procedures to streamline business operations.

5. Implementation of the internal control system in the Group
 - a. The Directors and Executive Officers in charge of sales and operation and the Directors in charge of local areas manage overseas subsidiaries in a matrix manner. Each Director and Executive Officer shares issues on the business operations and administration of subsidiaries by appropriately taking up the issues for discussion and reporting on them to the Board of Directors and EM meetings according to the division of his/her duties, and thereupon clarifies procedures therefor.
 - b. The Company has overseas subsidiaries directly participate in SSM meetings via a videoconferencing platform and translate parts of the Company's internal newsletter (President message at SSM meeting, etc.) into *Businglish* (materials translated into English, illustrations, etc.), and thereby makes the officers and employees of its subsidiaries fully aware of its policies on business operations and compliance issues. In addition, the Directors and Executive Officers in charge of sales and operation and the Directors in charge of local areas visit subsidiaries appropriately. Through these efforts, the Company strives to facilitate direct communications.

6. Implementation of measures to ensure the effectiveness of audits by the Audit & Supervisory Board Members
 - a. The Audit & Supervisory Board Members attend the Board of Directors' meetings and the Audit & Supervisory Board Member attends EM meetings, SSM meetings, the Scoring Committee and other important meetings and participates in meetings for financial analysis at the monthly closing. Through these initiatives, the Audit & Supervisory Board Members strive to ensure the appropriateness of the establishment and implementation of its internal control system.
 - b. Fifteen meetings of the Audit & Supervisory Board were held during the year, at which agenda at the Board of Directors' meetings and other important matters on management were shared in advance among Audit & Supervisory Board Members. Each Audit & Supervisory Board Member examined the execution of duties by the Directors and Executive Officers, audited the performance of duties by the Directors in cooperation with the Internal Audit Office and the Accounting Auditor, and put together their opinions as the opinions of the Audit & Supervisory Board each quarter to report them to the Board of Directors. In addition, the Audit & Supervisory Board Members appropriately held the (extensive) meetings of the Audit & Supervisory Board where the Outside Directors also attended

so that the Outside Directors and Outside Audit & Supervisory Board Members could mutually understand and share important managerial matters. Through these efforts, the Audit & Supervisory Board Members have improved the effectiveness of the Board of Directors. Furthermore, during the year, the Audit & Supervisory Board carried out audits on the major investment projects made in the past on a priority basis taking into consideration the viewpoints of specialists, etc., and provided suggestions to Executive Directors on governance system reform and improvement of investment evaluation, and received measures for improvement from them.

- c. The Company has established an Auditors' Office in which one staff member is assigned to assist the duties of the Audit & Supervisory Board Members. The said staff member engages in operations based on instructions from the Audit & Supervisory Board Members, and any personnel transfer, evaluation, etc. of the said staff member requires the approval of the Audit & Supervisory Board Members.

Note: With regard to numerical figures stated in this business report, monetary amounts are rounded down to the nearest stated unit, and percentages, etc. are rounded off to one decimal place.

Consolidated Balance Sheet

(As of May 31, 2018)

(Thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	10,924,675	Current liabilities	1,487,224
Cash and deposits	7,188,106	Accounts payable - trade	214,911
Accounts receivable - trade	2,988,759	Accounts payable - other	261,915
Accounts receivable - completed operation	3,992	Income taxes payable	195,614
Work in process	341,108	Provision for loss on order received	2,561
Supplies	141,499	Provision for product warranties	2,866
Deferred tax assets	60,130	Other	809,355
Other	233,564	Noncurrent liabilities	404
Allowance for doubtful accounts	(32,486)	Other	404
Noncurrent assets	4,181,640		
Property, plant and equipment	2,064,072		
Buildings and structures	929,487	Total liabilities	1,487,629
Tools, furniture and fixtures	468,244		
Communication satellite facilities	238,081	(Net assets)	
Land	413,062	Shareholders' equity	13,439,815
Construction in progress	15,157	Capital stock	1,706,500
Other	38	Capital surplus	951,400
Intangible assets	1,035,598	Retained earnings	11,808,338
Software	787,009	Treasury stock	(1,026,424)
Software in progress	222,786		
Other	25,803	Accumulated other comprehensive income	90,176
Investments and other assets	1,081,969	Foreign currency translation adjustment	90,176
Investment securities	314,692	Subscription rights to shares	88,694
Deferred tax assets	144,817		
Other	665,259	Total net assets	13,618,685
Allowance for doubtful accounts	(42,800)		
Total assets	15,106,315	Total liabilities and net assets	15,106,315

Consolidated Statement of Income

(From June 1, 2017, to May 31, 2018)

(Thousands of yen)

Item	Amount	
Net sales		15,874,028
Cost of sales		9,825,297
Gross profit		6,048,730
Selling, general and administrative expenses		3,557,777
Operating income		2,490,953
Non-operating income		
Interest income	14,040	
Dividends income	708	
Gain on sales of investment securities	3,519	
Dividends income of insurance	1,473	
Foreign exchange gains	13,611	
Other	2,314	35,667
Non-operating expenses		
Interest expenses	720	
Commitment line-related expenses	14,641	
Share of loss of entities accounted for using equity method	9,806	
Other	6,259	31,427
Ordinary income		2,495,193
Extraordinary income		
Reversal of provision for loss on liquidation of subsidiaries and affiliates	3,000	3,000
Extraordinary loss		
Impairment loss	638,185	
Cost for product warranties	10,537	648,723
Income before income taxes		1,849,469
Income taxes - current	670,808	
Income taxes - deferred	40,031	710,839
Net income		1,138,630
Net income attributable to non-controlling interests		-
Net income attributable to owners of parent		1,138,630

Consolidated Statement of Changes in Net Assets

(From June 1, 2017, to May 31, 2018)

(Thousands of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of June 1, 2017	1,706,500	948,506	11,759,318	(1,029,682)	13,384,642
Changes of items during the fiscal year					
Dividends from surplus			(1,089,609)		(1,089,609)
Net income attributable to owners of parent			1,138,630		1,138,630
Disposal of treasury stock		5,469		3,258	8,727
Additional purchase of shares of consolidated subsidiaries		(2,574)			(2,574)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	2,894	49,020	3,258	55,173
Balance as of May 31, 2018	1,706,500	951,400	11,808,338	(1,026,424)	13,439,815

	Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of June 1, 2017	75,586	75,586	97,418	13,557,646
Changes of items during the fiscal year				
Dividends from surplus				(1,089,609)
Net income attributable to owners of parent				1,138,630
Disposal of treasury stock				8,727
Additional purchase of shares of consolidated subsidiaries				(2,574)
Net changes of items other than shareholders' equity	14,590	14,590	(8,724)	5,866
Total changes of items during the fiscal year	14,590	14,590	(8,724)	61,039
Balance as of May 31, 2018	90,176	90,176	88,694	13,618,685

(Reference)

Consolidated Statement of Cash Flows

(From June 1, 2017, to May 31, 2018)

(Thousands of yen)

Item	Amount
Net cash provided by (used in) operating activities	1,873,891
Net cash provided by (used in) investing activities	(450,357)
Net cash provided by (used in) financing activities	(1,132,605)
Effect of exchange rate change on cash and cash equivalents	(1,542)
Net increase (decrease) in cash and cash equivalents	289,386
Cash and cash equivalents at beginning of the fiscal year	6,896,722
Cash and cash equivalents at end of the fiscal year	7,186,108

Non-consolidated Balance Sheet

(As of May 31, 2018)

(Thousands of yen)

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets	9,897,962	Current liabilities	1,680,573
Cash and deposits	5,779,918	Accounts payable - trade	727,540
Accounts receivable - trade	3,412,973	Accounts payable - other	230,062
Accounts receivable - completed operation	3,992	Accrued consumption taxes	92,691
Work in process	341,101	Accrued expenses	153,191
Supplies	141,125	Income taxes payable	189,935
Prepaid expenses	130,634	Advances received	161,092
Deferred tax assets	76,103	Deposits received	86,814
Short-term loans receivable	12,180	Provision for loss on order received	2,561
Other	97,092	Provision for product warranties	2,866
Allowance for doubtful accounts	(97,158)	Provision for loss on business of subsidiaries and affiliates	22,000
Noncurrent assets	4,889,745	Other	11,818
Property, plant and equipment	2,028,192		
Buildings	929,487	Total liabilities	1,680,573
Tools, furniture and fixtures	432,404		
Communication satellite facilities	238,081	(Net assets)	
Land	413,062	Shareholders' equity	13,018,440
Construction in progress	15,157	Capital stock	1,706,500
Intangible assets	1,035,429	Capital surplus	953,975
Software	787,009	Other capital surplus	953,975
Software in progress	222,786	Retained earnings	11,384,389
Telephone subscription right	25,634	Legal retained earnings	426,625
Investments and other assets	1,826,123	Other retained earnings	10,957,764
Investment securities	88,715	General reserve	9,500,000
Shares of subsidiaries and affiliates	924,644	Retained earnings brought forward	1,457,764
Investments in capital of subsidiaries and affiliates	50,274	Treasury stock	(1,026,424)
Long-term loans receivable from subsidiaries and affiliates	145,739	Subscription rights to shares	88,694
Claims provable in bankruptcy, claims provable in rehabilitation and other	20,718		
Long-term prepaid expenses	28,096	Total net assets	13,107,134
Deferred tax assets	168,249	Total liabilities and net assets	14,787,708
Insurance funds	296,767		
Lease and guarantee deposits	268,636		
Allowance for doubtful accounts	(165,718)		
Total assets	14,787,708		

Non-consolidated Statement of Income

(From June 1, 2017, to May 31, 2018)

(Thousands of yen)

Item	Amount	
Net sales		15,390,617
Cost of sales		9,712,703
Gross profit		5,677,913
Selling, general and administrative expenses		3,101,430
Operating income		2,576,483
Non-operating income		
Interest income	1,746	
Dividends income	708	
Gain on sales of investment securities	3,519	
Dividends income of insurance	1,473	
Gain on forfeiture of unclaimed dividends	1,136	
Other	885	9,470
Non-operating expenses		
Interest expenses	44	
Foreign exchange losses	28,092	
Commitment line-related expenses	14,641	
Provision of allowance for doubtful accounts	154,000	
Other	2,096	198,876
Ordinary income		2,387,077
Extraordinary income		
Reversal of provision for loss on liquidation of subsidiaries and affiliates	3,000	3,000
Extraordinary loss		
Impairment loss	62,898	
Provision for loss on business of subsidiaries and affiliates	22,000	
Loss on valuation of investments in subsidiaries and affiliates	631,879	
Cost for product warranties	10,537	727,315
Income before income taxes		1,662,761
Income taxes - current	662,067	
Income taxes - deferred	12,356	674,424
Net income		988,337

Non-consolidated Statement of Changes in Net Assets

(From June 1, 2017, to May 31, 2018)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward	
Balance as of June 1, 2017	1,706,500	948,506	948,506	426,625	8,500,000	2,559,036	11,485,661
Changes of items during the fiscal year							
Dividends from surplus						(1,089,609)	(1,089,609)
Net income						988,337	988,337
Disposal of treasury stock		5,469	5,469				
Provision of general reserve					1,000,000	(1,000,000)	–
Net changes of items other than shareholders' equity							
Total changes of items during the fiscal year	–	5,469	5,469	–	1,000,000	(1,101,272)	(101,272)
Balance as of May 31, 2018	1,706,500	953,975	953,975	426,625	9,500,000	1,457,764	11,384,389

	Shareholders' equity		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity		
Balance as of June 1, 2017	(1,029,682)	13,110,985	97,418	13,208,403
Changes of items during the fiscal year				
Dividends from surplus		(1,089,609)		(1,089,609)
Net income		988,337		988,337
Disposal of treasury stock	3,258	8,727		8,727
Provision of general reserve		–		–
Net changes of items other than shareholders' equity			(8,724)	(8,724)
Total changes of items during the fiscal year	3,258	(92,545)	(8,724)	(101,269)
Balance as of May 31, 2018	(1,026,424)	13,018,440	88,694	13,107,134

Audit & Supervisory Board's Report

Audit Report

The Audit & Supervisory Board, upon deliberations based on the reports made by each Audit & Supervisory Board Member concerning the results of the audit on the execution of duties by the Directors for the 32nd fiscal year from June 1, 2017 through May 31, 2018, have prepared this Audit Report and hereby submits it as follows:

1. Auditing Methods by the Audit & Supervisory Board Members and Audit & Supervisory Board and the Content thereof

(1) The Audit & Supervisory Board established the auditing policies, division of duties, etc., received reports on the implementation status and results of the audits from each Audit & Supervisory Board Member, as well as reports regarding the status of the execution of duties from the Directors and Accounting Auditor, and requested explanations as necessary.

(2) In accordance with the auditing standards for Audit & Supervisory Board Members determined by the Audit & Supervisory Board and the auditing policies and division of duties, etc. each Audit & Supervisory Board Member made efforts to collect information and establish an auditing environment through communication with Directors, the internal audit division, and other employees, and conducted the audits in accordance with the following procedures.

(i) Each Audit & Supervisory Board Member attended the Board of Directors' meeting and other important meetings to receive reports regarding the execution of duties from Directors and employees and requested explanations as necessary. Each Audit & Supervisory Board Member also inspected the approved documents and examined the status of operations and conditions of assets at its head office and principal offices. With respect to subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with the Directors and Audit & Supervisory Board Members of subsidiaries and received reports on business from the subsidiaries as necessary.

In the fiscal year under review, each Audit & Supervisory Board Member carried out audits on the major investment projects made in the past on a priority basis taking into consideration the viewpoints of specialists, etc., and provided suggestions to Executive Directors on governance system reform and improvement of investment evaluation, and received measures for improvement from them.

(ii) With respect to the resolutions adopted by the Board of Directors regarding the establishment of the system to ensure that Directors execute their duties in compliance with relevant laws, regulations, and the Articles of Incorporation of the Company as specified in the business report and the establishment of a system to ensure the appropriateness of business operations of the Company and the business group consisting of the Company, its parent company, and its subsidiaries, as set forth in Article 100, Paragraphs 1 and 3 of the Regulation for Enforcement of the Companies Act, as well as the systems (Internal Control System) established in accordance with the resolution of the Board of Directors, each Audit & Supervisory Board Member regularly received reports from the Directors and employees on the status of the establishment and operations thereof, requested explanations as necessary, and expressed his/her opinion.

(iii) With respect to the basic policy set forth in Article 118, Item 3 (a) of the Regulation for Enforcement of the Companies Act as specified in the business report and each approach set forth in Item 3 (b) of the same article, the Audit & Supervisory Board Members reviewed the details based on discussion at the Board of Directors' meeting and on other occasions.

(iv) Each Audit & Supervisory Board Member monitored and verified that the Accounting Auditor maintained independence and conducted the audits appropriately. Each Audit & Supervisory Board Member also received reports on the status of the execution of duties from the Accounting Auditor and requested explanation as necessary. In addition, the Audit & Supervisory Board

Members were informed of the arrangement of the “System for ensuring that the duties are performed appropriately” (matters stipulated in the items of Article 131 of the Regulation on Accounting of Companies in accordance with “Quality Control Standard for Audit” (Business Accounting Council, October 28, 2005)), etc. by the Accounting Auditor and requested explanations as necessary.

In accordance with the procedures mentioned above, the Audit & Supervisory Board reviewed the business report and supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements), the supplementary schedules thereto, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to the consolidated financial statements) for the fiscal year ended May 31, 2018.

2. Results of Audit

(1) Results of the audit of business report, etc.

- (i) The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;
- (ii) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company;
- (iii) The resolutions of the Board of Directors regarding the internal control system are fair and reasonable. Regarding the content of business report descriptions on the said internal control system and the execution of duties by Directors, all efforts for development were undertaken based on the recognition that improvements are necessary in response to changes in the business environment in Japan and overseas, and there are no matters requiring additional mention. Furthermore, as stated in the business report, the Audit & Supervisory Board Members will continue to focus their attention on the status of implementation of the enhancement and strengthening of governance, investment evaluation and organization system—initiatives informed by the lessons learned from the impairment loss recorded in the fiscal year under review; and
- (iv) There are no matters requiring additional mention regarding the Basic Policy on the Composition of Persons to Control Decision-Making over the Financial and Business Policies of the Company specified in the business report. The Audit & Supervisory Board acknowledges that the approaches set forth in Article 118, Item 3 (b) of the Regulation for Enforcement of the Companies Act as specified in the business report conform with the basic policy, do not harm any common interests of shareholders, and were not adopted with the intention of maintaining the positions of Directors and Audit & Supervisory Board Members.

(2) Results of the audit of the non-consolidated financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

(3) Results of the audit of the consolidated financial statements

The auditing methods and results of the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

July 12, 2018

The Audit & Supervisory Board of Weathernews Inc.
Takashi Tomura (Seal)

Audit & Supervisory Board Member

Toshio Kinoshita (Seal)

Audit & Supervisory Board Member

Saeko Masumi (Seal)

Audit & Supervisory Board Member

(Note) The Audit & Supervisory Board Members Mr. Toshio Kinoshita and Ms. Saeko Masumi are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.