

These documents have been translated from Japanese originals for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

(Securities Code: 4825)

July 26, 2019

**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 33rd ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 33rd 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 9, 2019, Japan time.

- 1. Date and Time:** Saturday, August 10, 2019, at 1:30 p.m. Japan time  
(venue opens: 12:30 p.m.)
- 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 33rd Fiscal Year (June 1, 2018 - May 31, 2019), 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:** Election of Five (5) Directors
- Proposal No. 3:** Election of Three (3) Audit & Supervisory Board Members
- Proposal No. 4:** Election of One (1) Alternate Audit & Supervisory Board Member

#### **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.

When preparing the Audit Report that is the same as the document appended to this notice of convocation, the Audit & Supervisory Board Members audited items "1)" to "4)" below and the Accounting Auditor audited items "3)" and "4)."

- 1) "Matters regarding subscriptions rights to shares, etc." inside the Business Report
  - 2) "Basic Principles regarding the Control of the Company" inside the Business Report
  - 3) "Notes to the Consolidated Financial Statements" of the consolidated financial statements (33rd Fiscal Year)
  - 4) "Notes to the Non-consolidated Financial Statements" of the non-consolidated financial statements (33rd Fiscal Year)
- (2) Any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, 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 10, 2019, 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		
<a href="https://weathernews.jp/kabu/">https://weathernews.jp/kabu/</a>		
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: <https://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, 2019, 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: ¥546,012,650
(3) Effective date of the dividends from surplus	August 13, 2019

**Proposal No. 2: Election of Five (5) 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. In order to clarify the management responsibilities of the Company, we will change the number of Directors to five (5) as from the 34th fiscal year. Accordingly, we propose the election of five (5) 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	13 out of 13
2	[Reappointed] Yasushi Shiga	Director	13 out of 13
3	[Reappointed] Masanori Yoshitake	Director	13 out of 13
4	[Reappointed] [External] [Independent] Koichiro Tsujino	Director (External)	13 out of 13
5	[Reappointed] [External] [Independent] Shigeru Muraki	Director (External)	11 out of 11

Note: For Mr. Shigeru Muraki, the number of meetings attended pertains to the Board of Directors' meetings held after he assumed office on August 11, 2018.

Candidate No. 1	<b>Chihito Kusabiraki</b>	Date of birth March 18, 1965	Number of shares of the Company held 73,207
Reappointed	<b>Past experience, positions and responsibilities (Significant concurrent positions)</b> March 1987      Graduated from Department of Physics, College of Science and Engineering, Aoyama Gakuin University April 1987      Joined the Company April 1993      General Manager, CSS Business Department, Marketing Division June 1993      General Manager, Aviation Business Department, Marketing Headquarters June 1996      General Manager, Disaster Prevention/Aviation Business Division August 1996      Director August 1997      Managing Director August 1999      Executive Vice President and Representative Director September 2006      President and Representative Director (in charge of overall management and sales (Asia, Europe, and the United States)) August 2016      President and Representative Director (Chief Executive Officer) (to present)  <b>Significant concurrent position</b> Director, Chiba Institute of Technology		
	<b>Reason for nominating the candidate for Director</b> 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. The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 23 years		
Candidate No. 2	<b>Yasushi Shiga</b>	Date of birth July 14, 1963	Number of shares of the Company held 27,481
Reappointed	<b>Past experience, positions and responsibilities (Significant concurrent positions)</b> March 1986      Graduated from Department of Commerce, Takachiho College of Commerce April 1986      Joined Tokyo Ricoh Co., Ltd. March 1992      Joined the Company July 1999      General Manager, Fukuoka Branch June 2003      Marketing Group Leader August 2005      Director (in charge of the overall Japanese market) August 2008      Director (in charge of overall business in Asia) June 2012      Director (in charge of sales in Japan) August 2012      Managing Director (in charge of sales in Japan) August 2013      Senior Managing Director (in charge of sales in Japan) May 2014      Senior Managing Director (in charge of overall sales (Japan and emerging countries)) August 2016      Senior Managing Director (Chief Revenue Officer) August 2017      Director (Senior Managing Officer, Chief Revenue Officer (Japan and Asia)) June 2019      Director (Senior Managing Officer) (to present)  <b>Reason for nominating the candidate for Director</b> 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. The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 14 years		

Candidate No. <b>3</b>	<b>Masanori Yoshitake</b>	Date of birth October 14, 1972	Number of shares of the Company held 12,364
Reappointed	<b>Past experience, positions and responsibilities (Significant concurrent positions)</b> March 1996      Graduated from Agricultural Engineering Division (Civil Engineering), Faculty of Agriculture, Kyushu University July 1996      Joined the Company June 2004      General Manager, Fukuoka Branch December 2006      Leader, Station Sales Division of WITH STATION Inc. June 2011      Group Leader, General Affairs Department of the Company August 2014      Director (in charge of general affairs) August 2015      Director (in charge of overall accounting, financial, and general affairs) August 2016      Managing Director (Chief Financial Officer) August 2017      Director (Managing Officer, Chief Financial Officer) June 2019      Director (Managing Officer) (to present)		
	<b>Reason for nominating the candidate for Director</b> 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. The number of years in office as Director (as of the conclusion of this General Meeting of Shareholders): 5 years		

Candidate No. <b>4</b>	<b>Koichiro Tsujino</b>	Date of birth July 10, 1957	Number of shares of the Company held 0
Reappointed	<b>Past experience, positions and responsibilities (Significant concurrent positions)</b> 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      Director (External) of the Company (to present)		
External	<b>Significant concurrent position</b> Founder & CEO, ALEX Corporation President, Green Spire Corporation		
Independent	<b>Reason for nominating the candidate for Director</b> 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 Director (External) 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): 2 years		

Candidate No. 5	Shigeru Muraki	Date of birth August 29, 1949	Number of shares of the Company held 1,000
Reappointed	<b>Past experience, positions and responsibilities (Significant concurrent positions)</b>		
External	June 1972	Graduated from Faculty of Engineering, The University of Tokyo	
Independent	July 1972	Joined Tokyo Gas Co., Ltd.	
	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)	
August 2018	Director (External) of the Company (to present)		
<b>Significant concurrent position</b>			
Outside Director, WORLD TRADE CENTER BUILDING, INC.			
<b>Reason for nominating the candidate for Director</b>			
Mr. Shigeru Muraki possesses deep insight and supervisory capabilities developed over many years as a corporate manager. 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 Director (External) 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			

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 Director (External). 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 limited liability agreements with Koichiro Tsujino and Shigeru Muraki, which restricts the upper limit of the liability for damages of directors (external) and audit & supervisory board members (external) to an amount specified by laws and regulations, pursuant to Article 427, Paragraph 1 of the Companies Act. If they are reelected, the Company plans to renew the agreements.
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 Directors (External) and Audit & Supervisory Board Members (External)

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 Directors (External) and Audit & Supervisory Board Members (External)

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 director (external) stipulated in the Companies Act.

**Proposal No. 3: Election of Three (3) Audit & Supervisory Board Members**

According to the provisions of the Company's Articles of Incorporation, the term of office of Takashi Tomura and Saeko Masumi, Audit & Supervisory Board Members, will expire at the conclusion of this General Meeting of Shareholders. In this regard, we propose the election of three (3) Audit & Supervisory Board Members, increasing the number of Audit & Supervisory Board Members by one (1) to strengthen and enhance the audit system.

This proposal has been approved by the Audit & Supervisory Board. The candidates for the position of Audit & Supervisory Board Member are as follows:

Candidate No. 1	Yasushi Sugino	Date of birth February 7, 1963	Number of shares of the Company held 0
Newly appointed	<b>Past experience and positions (Significant concurrent positions)</b>		
	March 1987	Graduated from Faculty of Economics, Nagasaki University	
	April 1987	Joined The Mitsubishi Bank, Limited	
	February 1998	Deputy Director, Document Group, Corporate Administration Division, The Bank of Tokyo-Mitsubishi, Ltd.	
	August 2003	Chief Manager, Shinjuku Chuo Commercial Banking Office, The Bank of Tokyo-Mitsubishi, Ltd.	
	October 2006	Chief Manager, Business Planning Group, Business Loan Office, Small and Medium Business Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
	February 2010	Senior Director, Corporate Business Risk Management Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
	October 2013	General Manager, Kan-Etsu Loan Promotion Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd.	
	March 2016	Joined the Company as General Manager, Auditors' Office (to present)	
	<b>Reason for nominating the candidate for Audit &amp; Supervisory Board Member</b>		
	Mr. Yasushi Sugino possesses abundant experience in management divisions and corporate marketing operations from his previous job at a bank. Over three years as General Manager of Auditors' Office at the Company, he has, in collaboration with Audit & Supervisory Board Members, systematically identified issues to be addressed in auditing, and has appropriately performed audit services. The Company judges that together with his knowledge of companies in general, he is fully capable of diagnosing individual companies and performing auditing of the Company properly.		

Candidate No. <b>2</b>	<b>Takashi Tomura</b>	Date of birth October 14, 1954	Number of shares of the Company held 16,445
Reappointed	<b>Past experience and positions (Significant concurrent positions)</b> March 1978      Graduated from Faculty of Economics, Hitotsubashi University April 1978      Joined NKK Corp. July 1991      Manager, Budget Section, Accounting Department, NKK Corp. July 1995      Manager, Management Section, Accounting Department, NKK Corp. March 1999      Completed a master's program, Graduate School of Law, Hitotsubashi University April 1999      Joined the Company August 2000      Director August 2001      Managing Director August 2005      Managing Director (in charge of Accounting and Finance) August 2010      Director and Executive Vice President (in charge of overall accounting and financial affairs) August 2015      Audit & Supervisory Board Member (to present)		
	<b>Reason for nominating the candidate for Audit &amp; Supervisory Board Member</b> He has focused his energies on the business operations and accounting auditing of the Company from position in charge of the accounting and financial affairs as a Director of the Company, and then from a legal and objective standpoint as an Audit & Supervisory Board Member. At present, as the Company is diversifying its business activities, it is expected that through his reappointment he can utilize his knowledge of business and finance of the Company to enhance auditing activities.		

Candidate No. <b>3</b>	<b>Izumi Hayashi</b>	Date of birth August 20, 1958	Number of shares of the Company held 0
Newly appointed	<b>Past experience and positions (Significant concurrent positions)</b> March 1981      Graduated from School of Law, Waseda University 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)		
External	<b>Significant concurrent position</b> Lawyer / Partner, Sakurazaka Law Offices		
Independent	<b>Reason for nominating the candidate for Audit &amp; Supervisory Board Member</b> We have nominated Ms. Izumi Hayashi as a candidate for Audit & Supervisory Board Member (External) 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. Ms. Izumi Hayashi has the experience of serving as a director (external) at other companies and she is also well versed in corporate law as an attorney-at-law. Accordingly, she is expected to be fully capable of performing her duties properly as an Audit & Supervisory Board Member (External).		

Notes:

1. No material conflict of interest exists between the Company and any of the above candidates.
2. Izumi Hayashi is a candidate for Audit & Supervisory Board Member (External). 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 The Company has entered into a limited liability agreement with Takashi Tomura, 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. If he is reelected, the Company plans to renew the agreement. In addition, if Yasushi Sugino and Izumi Hayashi are elected, the Company will enter into a limited liability agreement with each of them, 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. 2 and Proposal No. 3 are approved as proposed, as shown in the table below, audit & supervisory board members and directors (external) (non-executive directors and audit & supervisory board members) who undertake a role of supervising and monitoring executive directors will account for six out of the nine attendees at the Board of Directors' meetings of the Company, and directors (external) and audit & supervisory board members (external) will account for four out of the nine 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. 2	1	Chihito Kusabiraki	President and Representative Director
			2	Yasushi Shiga	Senior Managing Director
			3	Masanori Yoshitake	Managing Director
			4	Koichiro Tsujino [External] [Independent] <b>Non-executive</b>	Director
			5	Shigeru Muraki [External] [Independent] <b>Non-executive</b>	Director
	Audit & Supervisory Board Members	Proposal No. 3	1	Yasushi Sugino [Newly appointed] <b>Non-executive</b>	Audit & Supervisory Board Member
			2	Takashi Tomura <b>Non-executive</b>	Audit & Supervisory Board Member
		Proposal No. 3		Fumitaka Koyama [External] [Independent] <b>Non-executive</b>	Audit & Supervisory Board Member
			3	Izumi Hayashi [Newly appointed] [External] [Independent] <b>Non-executive</b>	Audit & Supervisory Board Member

Note: [Newly appointed]: Newly appointed candidate

[External]: Director (external) or audit & supervisory board member (external)

[Independent]: Independent Officer

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

**Proposal No. 4: 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 Audit & Supervisory Board Member (External).

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:

**Ayami Toda**

Date of birth

November 3, 1963

Number of shares of the Company held

0

Newly appointed	<b>Past experience and positions (Significant concurrent positions)</b>
	March 1988      Graduated from Faculty of Law, The University of Tokyo
External	April 1991      Registered as an attorney-at-law (Daini Tokyo Bar Association) Joined Tokyo Kyodo Law Office
Independent	January 2012    Joined Tokyo-Kamiyacho Law Office (to present)
	<b>Significant concurrent position</b>
	Attorney-at-law, Tokyo-Kamiyacho Law Office
	Head, JFBA Comprehensive Center for Continuing Legal Education
	Deputy Chairman, Financial Committee, Daini Tokyo Bar Association
	<b>Reason for nominating the candidate for Audit &amp; Supervisory Board Member</b>
	We have nominated Ms. Ayami Toda as a candidate for alternate Audit & Supervisory Board Member (External) 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. Ms. Ayami Toda has deeply been involved in the management of the JFBA (Japan Federation of Bar Associations) and the Daini Tokyo Bar Association while actively practicing law as an attorney-at-law, and she is well versed in the essentials of organizational management. Accordingly, she is expected to be fully capable of performing her duties properly as an Audit & Supervisory Board Member (External).

Notes:

1. No material conflict of interest exists between the Company and Ayami Toda.
2. Ayami Toda is a candidate for alternate Audit & Supervisory Board Member (External).
3. If Ayami Toda 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.

## **Business Report**

(From June 1, 2018 to May 31, 2019)

### **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 period (June 1986–May 1995), “Diversification of Business Models” in the second growth period (June 1995–May 2004) and “Soundness of Management” in the third growth period (June 2004–May 2012). In the fiscal year ended May 31, 2019, the seventh year of the fourth growth period, 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)

Initiatives aimed at maximizing traffic by boosting advertising investment and delivery of content and original Internet advertising business for individuals related to weather information

##### **b) Investment overview**

- Capital investments:

Core infrastructure capable of effectively analyzing accumulated data as a basis for service development using big data, the efficient operation system for services with a view to increasing the number of our services in the future, and our proprietary observation

infrastructure for developing an observation network in emerging economies

- Human capital investments:

Strengthen service staff to accelerate our development in Asia and Europe; engineers equipped with skills in artificial intelligence (AI) and growth hacking; IT professionals who will continually develop new services; and the management staff who deal with globalization.

- Business investments:

Place advertisement mainly in net media and conduct search engine advertisement through SEO and ASO (optimization to ensure our website and applications are searched with priority)

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

For the fiscal year ended May 31, 2019, consolidated net sales rose 7.4% year over year to ¥17,052 million. Sky weather services received more new orders in Asia and road weather services expanded its market share in Japan, while voyage planning weather services delivered a greater number of services mainly in the Asian and European markets. Accordingly, net sales in the overall BtoB market increased 3.6% year over year to ¥9,961 million. In the BtoS market, i.e., services for individuals, in addition to achieving strong sales of our services aimed at 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 enhanced our advertising business. As a result, net sales in the BtoS market increased 13.3% year over year to ¥7,090 million.

For income during the fiscal year under review, operating income decreased 17.9% year over year to ¥2,045 million and ordinary income decreased 22.6% to ¥1,930 million. These results were chiefly attributable to the impact of expenses incurred in association with proactively recruiting staff to accelerate global expansion and new service creation, increased development expenses for service software, and increased advertising investment, as well as the new system development based on a medium- to long-term perspectives. Meanwhile, net income attributable to owners of parent increased 20.4% year over year to ¥1,370 million as a result of having incurred impairment loss on the unamortized balance of goodwill recognized upon acquiring shares of Weathernews France SAS in the previous fiscal year.

Net sales by market segment were as follows:

Market segment		Previous Fiscal Year ended May 31, 2018 (from June 1, 2017, to May 31, 2018)			Fiscal Year ended May 31, 2019 (from June 1, 2018, to May 31, 2019)			Rate of change
		(Millions of yen)			(Millions of yen)			(%)
		SRS	Tollgate	Total	SRS	Tollgate	Total	Total
	Transportation Weather	506	6,921	7,427	456	7,345	7,801	5.0
	Other weather (excluding Transportation Weather)	162	2,026	2,189	140	2,019	2,160	(1.3)
	BtoB market	668	8,947	9,616	596	9,365	9,961	3.6
	Mobile/Internet media	20	3,517	3,537	26	4,186	4,212	19.1
	Other media	499	2,220	2,719	609	2,268	2,877	5.8
	BtoS market	519	5,737	6,257	635	6,454	7,090	13.3
	Total	1,188	14,685	15,874	1,232	15,820	17,052	7.4

(Reference) Net sales by region

	Previous Fiscal Year ended May 31, 2018 (from June 1, 2017, to May 31, 2018)			Fiscal Year ended May 31, 2019 (from June 1, 2018, to May 31, 2019)			Rate of change
	(Millions of yen)			(Millions of yen)			(%)
	SRS	Tollgate	Total	SRS	Tollgate	Total	Total
Japan	1,134	10,940	12,074	1,164	11,629	12,794	6.0
Asia & Australia	—	1,445	1,445	5	1,924	1,930	33.6
Europe	54	1,907	1,962	62	1,959	2,021	3.0
North America	—	392	392	—	305	305	(22.0)
Total	1,188	14,685	15,874	1,232	15,820	17,052	7.4

The Company mainly promotes the tollgate-type business model to continuously provide content while seeking opportunities to sell temporary research and systems 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, 2019, sales of voyage planning service increased due to an increase of the number of provided services mainly in the Asian and European markets. This is attributable to our introduction of T-MAX, a service that recommends a total fleet optimization plan and that grasps the trend of using IT technologies in the shipping market. Sales of sky weather services increased due to an increase in customers receiving the Go or No-Go Decision Support Service as a result of new orders received mainly in Asia. Furthermore, sales of road weather services also increased due to attracting new customers and expanding operational and staffing decision support services to the existing customers.

As a result, sales in the Transportation Weather markets grew with a 5.0% year-over-year increase, and net sales of the overall BtoB market increased 3.6% year over year to ¥9,961 million.

**BtoS Market (for individuals and *Bunshu*):**

In the BtoS market during the fiscal year ended May 31, 2019, net sales increased 19.1% year over year due to firm growth of our advertising business enhanced from this year, 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. As a result, net sales of the overall BtoS market increased 13.3% year over year to ¥7,090 million.

**2) Capital investments**

For the fiscal year ended May 31, 2019, the Company Group made capital investments (for property, plant and equipment and intangible assets) of ¥859 million (versus ¥1,029 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

The Company has made being the world's largest "weather content maker," creating and providing the most abundant, updated and speediest content services along with each of the 7.6 billion people around the world as its basic concept, and while originally developing new markets as a global leader in the weather content market, it aims to achieve "value creation for supporters" and maximize corporate value.

In order to realize this concept, we believe that our mission is to become a Full Service "Weather & Climate" Company, treating "the largest database in the world, the most accurate forecasting in the world, and Risk Communicator in every market" as our core competence.

In accordance with this mission, the Company aims to realize "the most accurate forecasting in the world" that accommodates to the needs of each market instead of making a standardized forecast. In order to achieve this aim, the Company will make full use of the IT technologies that utilize AI to implement analysis and forecast as well as its world's largest database of weather and climate containing the weather data observed by its proprietary weather observation infrastructure, various business data gathered through communication with customers in each market, and the Eye-servation\* data provided by supporters.

Using this forecasting accuracy as leverage, the Company also aims to achieve not only the prior recognition of the short-term weather risks and its countermeasures, but also to implement research and analysis on long-term structural business risks in weather and climate change and to provide support services adapting to such risks.

\*A coined term that literally means "observation with the participants' own eyes."

- 9) Medium- to long-term company management strategies

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 period (June 1986–May 1995), "Diversification of Business Models" in its second growth period (June 1995–May 2004) and "Soundness of Management" in its third growth period (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 Americas.

As from the fiscal year ending May 31, 2020, in order to clarify the responsibilities of each business unit for its sales and profits in respective markets, the Company will designate its major business as Planning (Sea Planning, Sky Planning, Land Planning, Environment Planning, Mobile/Internet Planning, Broadcast Planning, and Sports Planning). Each Planning business unit will conduct its service planning, operation, development, and marketing with specific focus on each market to promote business. The divisions providing shared service infrastructures to all Planning business units (share-use infrastructure operation, development and management divisions) will be called SSI. SSI will support each Planning business unit from a professional point of view and will establish overall improvement in quality and productivity of the entire Company. In addition, Directors will not be assigned to specific executive duties, but will be responsible for supervision of the overall business and realize a check-and-balance relationship in the system for the execution.

### **a) Areas of focus**

<Transportation Weather>

It can be said that 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 sky weather service mainly for airline companies in Japan and Asia, we intend to extend the service area to Europe and the Americas in the second half of the fourth growth period to raise our global market share.

Moreover, for land weather service, 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 mainly providing demand forecasting to energy companies in Europe, Japan, and Asia.

<Mobile/Internet weather>

In terms of contents, we will analyze not only observation data provided by meteorological agencies around the world, but also data obtained from our proprietary satellites, radars, small observation instruments, and live cameras, and Eye-servation data such as large amount of photographs and sensory data sent from supporters by using the updated technologies such as

AI/Deep Learning. By so doing, we will create our contents that are difficult for our competitors to imitate.

In terms of the business, we will increase the number of paying members and enhance our advertising business by expanding our weathernews app contents to other various diversified platforms in addition to our own media.

Strategies by business field:

Business field	Business strategy
Sea-Planning	<ul style="list-style-type: none"> <li>Expand our routing service to 10,000 vessels during the fourth growth period</li> </ul>
Sky-Planning	<ul style="list-style-type: none"> <li>Expand into the markets in Europe and the Americas</li> </ul>
Land-Planning	<ul style="list-style-type: none"> <li>Expand the road and railway fields into Asian market</li> </ul>
Environment-Planning	<ul style="list-style-type: none"> <li>Expand into the energy market particularly with respect to electricity and gas utilities on the basis of demand forecasting</li> <li>Expand into the distribution and retail market on the basis of sales volume forecasting</li> </ul>
Broadcast-Planning	<ul style="list-style-type: none"> <li>Maintain our market and endeavor to promote our Internet-based services for broadcasting stations</li> </ul>
Mobile·Internet-Planning	<ul style="list-style-type: none"> <li>Overwhelming No. 1 weather content platform in Japan</li> </ul>
Sports-Planning	<ul style="list-style-type: none"> <li>Support sport event operation, both domestic and overseas, and support national teams</li> <li>Start to expand business targeting individuals</li> </ul>

<Area deployment>

Under our plan, in addition to the Asian market in which we have already advanced, we will start marketing the sky weather services in the markets in Europe and the Americas as well as the environment weather services in the market in the Americas in the second half of the fiscal year ending May 31, 2020.

#### b) Service design

Based upon the relation of trust with customers that we have earned over many years, we will start Risk Communication Service (our core competence) in collaboration with Symbolic Customer and elevate such service to the one having high versatile menu that grasps any needs in the entire market. By so doing, we will promote our marketing, improve the productivity by proactively using the updated technologies such as the IT infrastructures and AI, and keep the cycle of ever more value creation moving forward.

#### 10) Outlook

We position the three years (June 2019—May 2022) from the fiscal year ending May 31, 2020 as the 3rd stage of the fourth growth period during which we pursue a full-fledged global evolution of the Transportation Weather under the theme of “Innovation.” During the stage we will accelerate our business in the following four priority subjects, and by so doing, further stabilize the foundation of our business, and seek to create new growing business with an eye to the fifth growth period.

From the fiscal year ending May 31, 2020, we will categorize and redefine our current target markets into seven business fields: voyage planning weather, sky weather, land weather, environment weather,

broadcasting weather, mobile/Internet weather, and sports weather. We will conduct our service planning, operation, development, and marketing with specific focus on each of these business fields. In the BtoB market, we aim to establish sales ratio of 50:50 between Japan and overseas.

a) Strengthen our revenue base by continuing growth in the existing business

We will continue to make growth in our existing business (voyage planning weather, sky weather, environment weather, and mobile/Internet weather) and seek to strengthen our revenue base.

b) Pursue world's highest level of forecasting accuracy and drastically improve contents productivity

We will aim to achieve the most accurate forecasting in the world by utilizing our world's largest database of weather and climate and our original AI analysis, as well as to improve contents productivity by utilizing new core database, development platform, and our original AI technologies.

c) Establishment of IT service base to accelerate market growth

We will build the infrastructure that makes weather information available to all supporters as fast as possible on the global scale regardless of their devices and other environment, and seek to build the infrastructure that allows the entire population of 7.6 billion people around the world to use the weather information.

d) Create new growing business

We will aim to develop and provide full range services to cover various weather risks, including a research and the detailed analysis on business risks in the market as well as creation of support services in adapting to business risks due to extreme weather and climate change.

<Investment plans>

The period of aggressive investment based on a medium- to long-term perspectives terminated at the end of May 2019. However, the non-recurring cost is included in the investment plans for replacement of existing software after the termination of Flash support at the end of 2020 and to introduce new observation instruments that cope with observation elements by adding them to, or replacing, the existing observation instruments installed at mobile phone base stations nationwide.

As a result of the ongoing initiatives described above, the Group expects to achieve consolidated net sales of ¥18,300 million, operating income of ¥2,100 million, ordinary income of ¥2,100 million and net income attributable to owners of parent of ¥1,500 million for the fiscal year ending May 31, 2020.

**(2) Trends in Assets and Income**

Item	30th fiscal year ended May 31, 2016	31st fiscal year ended May 31, 2017	32nd fiscal year ended May 31, 2018	33rd fiscal year ended May 31, 2019
Net sales (Millions of yen)	14,511	14,542	15,874	17,052
Operating income (Millions of yen)	3,387	2,824	2,490	2,045
Ordinary income (Millions of yen)	3,208	2,825	2,495	1,930
Net income attributable to owners of parent (Millions of yen)	2,195	1,965	1,138	1,370
Net assets (Millions of yen)	12,889	13,557	13,618	13,860
Total assets (Millions of yen)	14,204	15,311	15,106	15,746
Net assets per share (Yen)	¥1,173.78	¥1,235.32	¥1,241.38	¥1,261.16
Basic net income per share (Yen)	¥201.57	¥180.39	¥104.49	¥125.63
Return on equity (%)	17.9	15.0	8.4	10.0

### (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 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 45,000,000	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. Liquidation of WEATHERNEWS AUSTRALIA PTY. LTD. was completed as of August 8, 2018.
3. Weathernews India Pvt. Ltd. is under liquidation process.
4. Weathernews Nepal Pvt. Ltd. is under liquidation process.
5. WEATHERNEWS RUS LLC. is under liquidation process.

### 3) Major Affiliates

Company name	Capital	The Company's percentage of equity participation	Principal business
maruFreight, Inc.	USD 6,500,000	40.0%	Services for matching shipowners and shippers

Notes:

1. The amount of capital for Symphony Creative Solutions Pte. Ltd. has been changed after the company issued new shares through a third-party allotment on November 1. As the result, the Company's percentage of equity participation was reduced to 11.9% from 19.9%. Thus, Symphony Creative Solutions Pte. Ltd. is no longer an affiliate accounted for using equity method.
2. SHANGHAI SUNSHINE INFORMATION TECHNOLOGY CO. LTD (formerly SHANGHAI XINGTUAN INFORMATION TECHNOLOGY CO. LTD.) changed from being an affiliate accounted for using equity method to a non-consolidated subsidiary.

### (4) Major Business Locations

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

Major Sales Offices: 11 domestic offices, 13 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	Athens SSB	(Greece)
Nagoya SSB	Paris SSB	(France)
Osaka SSB	Hong Kong SSB	(Hong Kong)
Hiroshima SSB	Seoul SSB	(South Korea)
Takamatsu SSB	Shanghai SSB	(China)
Fukuoka SSB	Taipei SSB	(Taiwan)
Naha SSB	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 923,747 shares of treasury shares.

3) Number of shareholders 11,356 persons  
(includes 10,843 shareholders of shares constituting one unit)

#### 4) Major shareholders

Shareholder name	Number of shares	Shareholding ratio (%)
WNI WxBunka Foundation	1,700,000	15.57
WNI Institute Inc.	1,700,000	15.57
Weathernews Employee Supporter Shareholding Association	449,300	4.11
The Master Trust Bank of Japan, Ltd. (trust account)	380,600	3.49
MUFG Bank, Ltd.	360,000	3.30
The Chiba Bank, Ltd.	360,000	3.30
Taeko Ishibashi	353,800	3.24
The Master Trust Bank of Japan, Ltd. (trust account for Weathernews Directors)	286,100	2.62
Nippon Life Insurance Company	200,000	1.83
Sumitomo Mitsui Banking Corporation	180,000	1.65

Notes:

1. Although the Company owns 923,747 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) and The Master Trust Bank of Japan, Ltd. (trust account for Weathernews Directors) 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 Large-Volume Holdings 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, 2019.

5) Other important matters related to shares of the Company

The Company introduced the Restricted Stock Remuneration Plan in accordance with the resolution made at the Annual General Meeting of Shareholders held on August 11, 2018. Furthermore, the resolution was made at the Board of Directors' meeting of the Company on September 10, 2018 to dispose of treasury shares for the restricted stock remuneration. The disposition of 22,000 shares of treasury shares was made on October 9, 2018 to five Directors (excluding Directors (External)), six Executive Officers, and seventeen employees.

## (2) Company Officers

### 1) Directors and Audit & Supervisory Board Members

(As of May 31, 2019)

Position	Name	Areas of responsibility	Significant concurrent position
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	Koichiro Tsujino	Director (External)	Founder & CEO, ALEX Corporation President, Green Spire Corporation
Director	Shigeru Muraki	Director (External)	Outside Director, WORLD TRADE CENTER BUILDING, INC.

Audit & Supervisory Board Member	Takashi Tomura		
Audit & Supervisory Board Member	Saeko Masumi	Audit & Supervisory Board Member (External)	Attorney-at-law, Sengokuyama Law Office 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
Audit & Supervisory Board Member	Fumitaka Koyama	Audit & Supervisory Board Member (External)	

#### 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. The Company has no special interest relationships expected to create problems or hinder the performance of the duties of Directors (External) or Audit & Supervisory Board Members (External) with any of the Directors (External), Audit & Supervisory Board Members (External), or entities in which the Directors (External) or Audit & Supervisory Board Members (External) concurrently hold positions.
3. Pursuant to the provision of Tokyo Stock Exchange, Inc., the Company has designated Directors Koichiro Tsujino and Shigeru Muraki and Audit & Supervisory Board Members Saeko Masumi and Fumitaka Koyama as Independent Officers, and has so notified the said Exchange.
4. The terms of office of Daisuke Abe and Hidenori Iwasa will expire at the conclusion of the 33rd Annual General Meeting

of Shareholders. They will step down as Directors to concentrate on their roles as Executive Officer to work for the achievement of the new mid-term management plan.

## 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 Directors (External), Audit & Supervisory Board Members (External), and Audit & Supervisory Board Members to limit his/her liability for compensation to the amount provided by laws and regulations.

## 3) Executive Officers

Name and area of responsibility of each Executive Officer as of July 11, 2019 are as follows.

	Name	Areas of responsibility
*	Chihito Kusabiraki	Chief Executive Officer Sky-Planning Sports-Planning
*	Yasushi Shiga	Land-Planning New Business Development
*	Masanori Yoshitake	Administrative and Business Planning Risk Management
	Hidenori Iwasa	Sea-Planning
	Mitsuhiro Ogata	Environment-Planning
	Shoko Isogai	Broadcast-Planning
	Tomohiro Ishibashi	Mobile•Internet-Planning
	Thomas Skov	Sales & Market Development, EMEA
	Daisuke Abe	Service Operation and Development
	Tetsuo Aruga	Service Operations
	Kiyoteru Morita	Forecast Center
	Masaki Fukuda	IT System Development
	Masaya Yamamoto	Innovation and Development
	Yoshinori Fujita	Accounting and Finance

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)	40,800
Amount of remuneration for services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Act	—
Total	40,800

Total amount of remuneration paid or payable to the Accounting Auditor by the Company and its subsidiaries	40,800
--	--------

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 medium- 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 medium- 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, 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 independently dependent company. We recognize the importance of "controlling with our own eyes" without depending too much on indirect information.

As from the 34th fiscal year, in order to clarify the responsibilities of each business unit for its sales and profits in respective markets, the Company will designate its major business as Planning (Sea Planning, Sky Planning, Land Planning, Environment Planning, Mobile/Internet Planning, Broadcast Planning, and Sports Planning). Each Planning business unit will conduct its service planning, operation, development, and marketing with specific focus on each market to promote business. The divisions providing shared service infrastructures to all Planning business units (share-use infrastructure operation, development and management divisions) will be called SSI. SSI will support each Planning business unit from a professional point of view and will establish overall improvement in quality and productivity of the entire Company. In addition, Directors will not be assigned to specific executive duties, but will be responsible for supervision of the overall business and realize a check-and-balance relationship in the system for the execution.

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 Toll gating) 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 and evaluate the proposals for new businesses and infrastructure investment from the standpoints of business strategy and economic rationalism at the investment committee (How Wonderful Committee), while mutually confirming our compliance with laws, regulations, and internal rules from the viewpoint of internal control.

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 MMM (Matrix Management 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 Directors well versed in the Company's business and Directors (External) 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 Directors (External) with broad management experience and knowledge and through neutral and objective audits by Audit & Supervisory Board Members (External) with excellent expertise (two Directors (External) and two Audit & Supervisory Board Members (External) 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 Directors (External) and Audit & Supervisory Board Members (External).

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

At the Board of Directors' meeting held on June 28, 2019, 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 "Board of Directors Regulations."
- 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 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 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. All Directors shall monitor the judgments and content such reports.
- 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 (Dream Enthusiasm Vision Concept and Commitment) Week 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. 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 management divisions 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 33rd 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 33rd 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. Nine 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. Seven 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 seven investment committee (How Wonderful Committee) meetings were held, at which the proposals for new businesses and infrastructure investment were evaluated from the standpoints of business strategy and economic rationalism, 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.”

- 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 multi directionally 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 management divisions, Audit & Supervisory Board Members, Audit & Supervisory Board Members (External), and an outside entity which was newly added to the contact point as from the 33rd fiscal year. 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 the changes in the market environment and numerical changes in performance and plans relating to the monthly progress of business plans. If any change is made in business/sales plans, the development management will be revised so that the vectors between manufacturing and sales are unified.

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. Fourteen 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 Directors (External) also attended so that the Directors (External) and Audit & Supervisory Board Members (External) could mutually understand and share important managerial matters. With regard to the suggestions made in the 32nd fiscal year to Executive Directors on governance system reform and improvement of investment

evaluation, the Audit & Supervisory Board has been paying close attention to the progress on such reform and measures for improvement during the fiscal year ended May 31, 2019.

- 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, 2019)

(Thousands of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>11,388,218</b>	<b>Current liabilities</b>	<b>1,883,917</b>
Cash and deposits	7,597,477	Accounts payable - trade	174,639
Notes receivable - trade	20,138	Accounts payable - other	280,090
Accounts receivable - trade	2,886,199	Income taxes payable	321,013
Accounts receivable - completed operation	65,601	Provision for loss on order received	44,020
Work in process	376,547	Provision for product warranties	29,542
Supplies	161,835	Other	1,034,609
Other	305,078		
Allowance for doubtful accounts	(24,659)	<b>Noncurrent liabilities</b>	<b>2,015</b>
		Other	2,015
<b>Noncurrent assets</b>	<b>4,358,702</b>		
<b>Property, plant and equipment</b>	<b>2,048,598</b>	<b>Total liabilities</b>	<b>1,885,932</b>
Buildings and structures	889,647		
Tools, furniture and fixtures	489,246	<b>(Net assets)</b>	
Communication satellite facilities	178,871	<b>Shareholders' equity</b>	<b>13,786,714</b>
Land	413,062	Capital stock	1,706,500
Construction in progress	77,740	Capital surplus	998,128
Other	30	Retained earnings	12,085,075
<b>Intangible assets</b>	<b>1,015,483</b>	Treasury stock	(1,002,989)
Software	610,040	<b>Accumulated other comprehensive income</b>	<b>(14,419)</b>
Software in progress	379,642	Valuation difference on available-for-sale securities	(3,209)
Other	25,800		
<b>Investments and other assets</b>	<b>1,294,620</b>	Foreign currency translation adjustment	(11,210)
Investment securities	424,585	<b>Subscription rights to shares</b>	<b>88,694</b>
Deferred tax assets	266,259		
Other	622,576	<b>Total net assets</b>	<b>13,860,988</b>
Allowance for doubtful accounts	(18,801)		
<b>Total assets</b>	<b>15,746,921</b>	<b>Total liabilities and net assets</b>	<b>15,746,921</b>

## Consolidated Statement of Income

(From June 1, 2018, to May 31, 2019)

(Thousands of yen)

Item	Amount	
Net sales		17,052,283
Cost of sales		10,948,299
<b>Gross profit</b>		<b>6,103,983</b>
Selling, general and administrative expenses		4,058,105
<b>Operating income</b>		<b>2,045,878</b>
Non-operating income		
Interest income	3,551	
Dividends income	704	
Gain on forfeiture of unclaimed dividends	1,153	
Other	4,778	10,187
Non-operating expenses		
Interest expenses	186	
Commitment line-related expenses	14,666	
Foreign exchange losses	61,823	
Loss on retirement of non-current assets	412	
Share of loss of entities accounted for using equity method	43,721	
Other	4,477	125,287
<b>Ordinary income</b>		<b>1,930,778</b>
Extraordinary income		
Gain on liquidation of subsidiaries and affiliates	129,775	129,775
Extraordinary loss		
Loss on sale of investments in capital of subsidiaries and affiliates	596	
Impairment loss	124,667	
Cost for product warranties	51,180	
Loss on change in equity	2,174	178,618
<b>Income before income taxes</b>		<b>1,881,935</b>
Income taxes - current	570,210	
Income taxes - deferred	(59,239)	510,971
<b>Net income</b>		<b>1,370,964</b>
<b>Net income attributable to non-controlling interests</b>		—
<b>Net income attributable to owners of parent</b>		<b>1,370,964</b>

## Consolidated Statement of Changes in Net Assets

(From June 1, 2018, to May 31, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of June 1, 2018	1,706,500	951,400	11,808,338	(1,026,424)	13,439,815
Changes of items during the fiscal year					
Dividends from surplus			(1,090,967)		(1,090,967)
Net income attributable to owners of parent			1,370,964		1,370,964
Acquisition of treasury stock				(457)	(457)
Disposal of treasury stock		46,728		23,892	70,620
Decrease in retained earnings due to exclusion of equity method companies			(3,261)		(3,261)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	46,728	276,736	23,435	346,899
Balance as of May 31, 2019	1,706,500	998,128	12,085,075	(1,002,989)	13,786,714

	Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of June 1, 2018	—	90,176	90,176	88,694	13,618,685
Changes of items during the fiscal year					
Dividends from surplus					(1,090,967)
Net income attributable to owners of parent					1,370,964
Acquisition of treasury stock					(457)
Disposal of treasury stock					70,620
Decrease in retained earnings due to exclusion of equity method companies					(3,261)
Net changes of items other than shareholders' equity	(3,209)	(101,387)	(104,596)		(104,596)
Total changes of items during the fiscal year	(3,209)	(101,387)	(104,596)	—	242,302
Balance as of May 31, 2019	(3,209)	(11,210)	(14,419)	88,694	13,860,988

(Reference)

## Consolidated Statement of Cash Flows

(From June 1, 2018, to May 31, 2019)

(Thousands of yen)

Item	Amount
Net cash provided by (used in) operating activities	2,525,451
Net cash provided by (used in) investing activities	(983,860)
Net cash provided by (used in) financing activities	(1,090,533)
Effect of exchange rate change on cash and cash equivalents	(41,647)
Net increase (decrease) in cash and cash equivalents	409,409
Cash and cash equivalents at beginning of the fiscal year	7,186,108
Cash and cash equivalents at end of the fiscal year	7,595,517

## Non-consolidated Balance Sheet

(As of May 31, 2019)

(Thousands of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>10,388,794</b>	<b>Current liabilities</b>	<b>2,165,299</b>
Cash and deposits	6,138,568	Accounts payable - trade	771,602
Notes receivable - trade	20,138	Accounts payable - other	245,808
Accounts receivable - trade	3,438,545	Accrued consumption taxes	113,063
Accounts receivable - completed operation	65,601	Accrued expenses	145,228
Work in process	374,318	Income taxes payable	314,600
Supplies	161,478	Advances received	360,635
Prepaid expenses	175,484	Deposits received	125,944
Other	84,450	Provision for loss on order received	44,020
Allowance for doubtful accounts	(69,791)	Provision for product warranties	29,542
		Provision for loss on business of subsidiaries and affiliates	12,000
<b>Noncurrent assets</b>	<b>5,146,310</b>	Other	2,852
<b>Property, plant and equipment</b>	<b>2,012,586</b>		
Buildings	889,647	<b>Total liabilities</b>	<b>2,165,299</b>
Vehicles	0		
Tools, furniture and fixtures	453,264	<b>(Net assets)</b>	
Communication satellite facilities	178,871	<b>Shareholders' equity</b>	<b>13,284,320</b>
Land	413,062	<b>Capital stock</b>	<b>1,706,500</b>
Construction in progress	77,740	<b>Capital surplus</b>	<b>1,000,703</b>
<b>Intangible assets</b>	<b>1,015,317</b>	Other capital surplus	1,000,703
Software	610,040	<b>Retained earnings</b>	<b>11,580,106</b>
Software in progress	379,642	Legal retained earnings	426,625
Telephone subscription right	25,634	Other retained earnings	11,153,481
<b>Investments and other assets</b>	<b>2,118,406</b>	General reserve	9,500,000
Investment securities	199,635	Retained earnings brought forward	1,653,481
Shares of subsidiaries and affiliates	967,698	<b>Treasury stock</b>	<b>(1,002,989)</b>
Investments in capital of subsidiaries and affiliates	49,361	<b>Valuation and translation adjustments</b>	<b>(3,209)</b>
Long-term loans receivable from subsidiaries and affiliates	164,349	Valuation difference on available-for-sale securities	(3,209)
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,171	<b>Subscription rights to shares</b>	<b>88,694</b>
Long-term prepaid expenses	17,064		
Deferred tax assets	326,429	<b>Total net assets</b>	<b>13,369,805</b>
Insurance funds	296,767		
Lease and guarantee deposits	267,070	<b>Total liabilities and net assets</b>	<b>15,535,105</b>
Allowance for doubtful accounts	(172,141)		
<b>Total assets</b>	<b>15,535,105</b>		

## Non-consolidated Statement of Income

(From June 1, 2018, to May 31, 2019)

(Thousands of yen)

Item	Amount	
Net sales		16,683,686
Cost of sales		11,008,674
<b>Gross profit</b>		<b>5,675,012</b>
Selling, general and administrative expenses		3,650,082
<b>Operating income</b>		<b>2,024,930</b>
Non-operating income		
Interest income	2,315	
Dividends income	704	
Gain on forfeiture of unclaimed dividends	1,153	
Other	4,701	8,874
Non-operating expenses		
Interest expenses	186	
Foreign exchange losses	47,005	
Commitment line-related expenses	14,666	
Provision of allowance for doubtful accounts	16,000	
Other	2,837	80,696
<b>Ordinary income</b>		<b>1,953,107</b>
Extraordinary income		
Gain on sale of investments in capital of subsidiaries and associates	3,058	
Reversal of provision for loss on business of subsidiaries and associates	10,000	13,058
Extraordinary loss		
Impairment loss	124,667	
Loss on valuation of investments in subsidiaries and affiliates	15,800	
Cost for product warranties	51,180	191,647
<b>Income before income taxes</b>		<b>1,774,518</b>
Income taxes - current	568,502	
Income taxes - deferred	(80,668)	487,833
<b>Net income</b>		<b>1,286,684</b>

## Non-consolidated Statement of Changes in Net Assets

(From June 1, 2018, to May 31, 2019)

(Thousands of yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings			
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward	
Balance as of June 1, 2018	1,706,500	953,975	953,975	426,625	9,500,000	1,457,764	11,384,389
Changes of items during the fiscal year							
Dividends from surplus						(1,090,967)	(1,090,967)
Net income						1,286,684	1,286,684
Acquisition of treasury stock							
Disposal of treasury stock		46,728	46,728				
Net changes of items other than shareholders' equity							
Total changes of items during the fiscal year	—	46,728	46,728	—	—	195,717	195,717
Balance as of May 31, 2019	1,706,500	1,000,703	1,000,703	426,625	9,500,000	1,653,481	11,580,106

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of June 1, 2018	(1,026,424)	13,018,440	—	—	88,694	13,107,134
Changes of items during the fiscal year						
Dividends from surplus		(1,090,967)				(1,090,967)
Net income		1,286,684				1,286,684
Acquisition of treasury stock	(457)	(457)				(457)
Disposal of treasury stock	23,892	70,620				70,620
Net changes of items other than shareholders' equity			(3,209)	(3,209)		(3,209)
Total changes of items during the fiscal year	23,435	265,880	(3,209)	(3,209)	—	262,671
Balance as of May 31, 2019	(1,002,989)	13,284,320	(3,209)	(3,209)	88,694	13,369,805

## 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 33rd fiscal year from June 1, 2018 through May 31, 2019, 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.
  - (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, 2019.

## 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. Furthermore, over the 33 years since its foundation, the Company has been working to deepen a renewed awareness of issues arising from changes in the business environment and the Company's business and operations, to take measures in response, and to put in place a framework for improvement. There are no significant matters that require pointing out regarding the content of the business report relating to the aforementioned internal control and the Director's execution of duties. With regard to the suggestions made in the 32nd fiscal year to Executive Directors on governance system reform and improvement of investment evaluation, efforts are currently ongoing and certain progress has been made.
- (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 11, 2019

The Audit & Supervisory Board of Weathernews Inc.

Takashi Tomura (seal)  
Audit & Supervisory Board Member

Saeko Masumi (Seal)  
Audit & Supervisory Board Member  
Audit & Supervisory Board Member

Fumitaka Koyama (Seal)  
Audit & Supervisory Board Member

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