



October 12, 2022

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending February 28, 2023
(Six Months Ended August 31, 2022)

[Japanese GAAP]

Company name: AIT CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 9381

URL: <https://www.ait-jp.com/>

Representative: Hidekazu Yagura, President and CEO

Contact: Toshiaki Uchida, Executive Officer, General Manager, Accounting & Finance Dept.

Tel: +81-6-6260-3450

Scheduled date of filing of Quarterly Report:

October 17, 2022

Scheduled date of payment of dividend:

October 28, 2022

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter (March 1, 2022 – August 31, 2022) of the Fiscal Year Ending February 28, 2023

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Aug. 31, 2022	35,744	32.5	2,754	79.6	2,805	67.7	1,873	92.3
Six months ended Aug. 31, 2021	26,971	25.0	1,533	73.5	1,673	59.2	974	36.1

Note: Comprehensive income

Six months ended Aug. 31, 2022: 2,597 million yen (up 102.4%)

Six months ended Aug. 31, 2021: 1,283 million yen (up 101.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Aug. 31, 2022	79.76	-
Six months ended Aug. 31, 2021	41.48	-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen	%	Million yen	%	%	%
As of Aug. 31, 2022	26,471		15,855		58.9	
As of Feb. 28, 2022	23,516		14,134		59.2	

Reference: Equity capital

As of Aug. 31, 2022: 15,600 million yen

As of Feb. 28, 2022: 13,931 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2022	-	22.00	-	36.00	58.00
Fiscal year ending Feb. 28, 2023	-	30.00	-	-	-
Fiscal year ending Feb. 28, 2023 (forecast)	-	-	-	50.00	80.00

Notes: 1. Revision to the most recently announced dividend forecast: Yes

2. Breakdown of the year-end dividend forecast for the fiscal year ended February 28, 2022

Ordinary dividend: ¥29.00; Commemorative dividend to celebrate 15th listing anniversary: ¥7.00

3. Please refer to the press release "Notice Regarding Dividends of Surplus (Interim Dividend) and Revision of Year-end Dividend Forecast (Dividend Increase)" (Japanese version only) announced on October 12, 2022.

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2023 (March 1, 2022 – February 28, 2023)

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	69,300	15.6	4,930	37.7	4,980	30.3	3,430	44.9	146.00

Note: Revision to the most recently announced forecast of consolidated results: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

- | | |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | Yes |
| 2) Changes in accounting policies other than 1) above: | None |
| 3) Changes in accounting-based estimates: | None |
| 4) Restatements: | None |

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Aug. 31, 2022:	23,913,600 shares	As of Feb. 28, 2022:	23,913,600 shares
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2) Number of treasury shares at the end of the period

As of Aug. 31, 2022:	420,008 shares	As of Feb. 28, 2022:	419,975 shares
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3) Average number of shares during the period

Six months ended Aug. 31, 2022:	23,493,603 shares	Six months ended Aug. 31, 2021:	23,493,668 shares
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The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Cautionary statement with respect to forecasts of future performance and other special items

Note concerning forward-looking statements

Forward-looking statements in these materials are based on certain assumptions judged to be valid and information currently available to AIT. These statements are not promises by AIT regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Forecast of Consolidated Results and Other Forward-looking Statements” on page 4 of the attachments regarding preconditions or other related matters for forecasts shown above.

Supplementary information at the quarterly financial results meeting

AIT does not plan to hold a financial results meeting for analysts and institutional investors for the first half. Materials supplementary to the financial results will be available in Japanese language on AIT’s website soon after the release of the first-half financial results.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending February 28, 2023, although the pandemic continued to have a negative impact on the Japanese economy, there were signs of a slow recovery as consumer spending began to increase due to the easing of restrictions on outings. Despite this positive sign, the outlook for the economy remains uncertain for many reasons. Concerns include the lack of indications of an end of the pandemic, the rising cost of raw materials and energy caused by the Ukraine crisis, inflation due to the yen's rapid depreciation and other reasons, weak consumer spending, and declining earnings at companies.

The business climate for the AIT Group remained challenging in April and May 2022 because of lockdowns in Shanghai due to another upturn in COVID-19 cases. Many of our shippers have factories in Shanghai that had to be closed due to the lockdowns. Logistics functions were also impacted by supply chain disruptions and declining logistics operations such as international cargo movements and cargo shipments by truck within China.

The AIT Group worked closely with its subsidiaries in China, provided information to customers and used Shanghai and ports in its vicinity for cargoes that could be shipped to ensure stable international cargo transportation. At the same time, logistics costs have gone up further for many shippers as ocean freight rates remained high and the yen weakened significantly. Since the AIT Group focuses on sales activities using proposals involving international freight, group companies view these challenges as an opportunity to increase revenue by adding new customers and strengthening relationships with current customers. There were also many sales activities with the goal of receiving even more orders for integrated services. As the yen weakened, we also concentrated on handling more export shipments from Japan.

Lockdowns in Shanghai had a particularly large impact in the first half of the current fiscal year because container volume and customs clearance orders were lower than in the first half of the previous fiscal year. On the other hand, high ocean freight rates and the ongoing depreciation of the yen provided a tailwind for earnings growth, offsetting the declines in cargo volume and other factors. The AIT Group also continued to focus on digital transformation initiatives to improve operational efficiency and continued to hold down selling, general and administrative expenses as much as possible in order to increase earnings.

Operating revenue increased 32.5% year-on-year to 35,744 million yen. Earnings at all levels were much higher than one year earlier mainly because of the significant increase in operating revenue. Operating profit increased 79.6% to 2,754 million yen, ordinary profit was up 67.7% to 2,805 million yen and profit attributable to owners of parent increased 92.3% to 1,873 million yen.

Results by business segment are as follows.

In the China segment, Nisshin International Trading Co.,Ltd. is currently being liquidated.

1) Japan

There were indications of an economic recovery during the fiscal year's first half as economic and social activities began to return to normal. But consumer spending is still soft because people are cautious about making purchases due to inflation and other reasons. Furthermore, lockdowns in Shanghai have disrupted cargo transportation services between Japan and China.

In this difficult environment, we focused on sales activities that leverage the AIT Group's ability to provide integrated services from international freight forwarding and customs clearance to delivery. The number of containers handled in the sea freight sector decreased 6.0% from one year earlier to 125,317 TEU for imports and the total for imports and exports decreased 4.7% to 133,596 TEU mainly due to the lockdown in Shanghai. Customs clearance orders were lower than one year earlier, decreasing 2.8% to 70,378 because of lower ocean freight volume.

On the other hand, high ocean freight rates and the depreciation of the yen raised operating revenue and the gross profit. We are constantly reexamining selling, general and administrative expenses and using the digital transformation to operate more efficiently in order to cut costs for further earnings growth.

As a result, operating revenue increased 39.9% from one year earlier to 31,393 million yen. Segment profit increased 89.3% to 2,480 million yen mainly because of a big increase in the gross profit and measures to hold down personnel expenses and expenses for sales activities.

2) China

The volume of apparel shipments is recovering but the recovery is not yet robust. Consequently, receiving orders for merchandise inspections, needle detection and other services associated with these shipments is difficult. On the other hand, the volume of freight for Japan handled by the AIT Group increased between January to March 2022 because of the large volume of household and other miscellaneous products. This created opportunities for increasing revenue involving cargo shipments within China. However, opportunities to capture orders decreased in April and May because the volume of cargo handled in Shanghai fell sharply due to lockdowns.

As a result, operating revenue decreased 12.8% from one year earlier to 3,541 million yen and segment profit decreased 9.8% to 191 million yen.

3) Other

The volume of cargo handled and revenue remained steady at subsidiaries in Taiwan and Vietnam. Revenue is also recovering at the Myanmar subsidiary as the effects of the pandemic and civil unrest are declining. The effect of the weaker yen on yen translations of local currency revenue and earnings further contributed to the performance of this sector. As a result, operating revenue increased 70.6% from one year earlier to 809 million yen and segment profit was 81 million yen compared with segment profit of 10 million yen one year earlier.

Note: TEU (twenty-foot equivalent unit) is a unit of cargo capacity based on a standard intermodal container.

(2) Explanation of Financial Position

1) Balance sheet position

Assets

Total assets increased 2,954 million yen from the end of the previous fiscal year to 26,471 million yen at the end of the first half of the current fiscal year.

Current assets increased 3,175 million yen to 22,410 million yen. This was mainly due to increases in notes and accounts receivable-trade, and contract assets of 1,182 million yen, cash and deposits of 1,037 million yen and advances paid of 653 million yen.

Non-current assets decreased 220 million yen to 4,060 million yen. This was mainly due to decreases in customer-related assets of 131 million yen, guarantee deposits of 77 million yen and goodwill of 54 million yen.

Liabilities

Total liabilities increased 1,233 million yen to 10,616 million yen.

Current liabilities increased 1,207 million yen to 9,082 million yen. This was mainly due to an increase in accounts payable-trade of 1,206 million yen.

Non-current liabilities increased 26 million yen to 1,533 million yen. This was mainly due to an increase in asset retirement obligations of 20 million yen resulting from the relocation of the Tokyo Branch.

Net assets

Net assets increased 1,721 million yen to 15,855 million yen. This was mainly due to profit attributable to owners of parent of 1,873 million yen, dividends distributed from retained earnings of 845 million yen and a 639 million yen increase in foreign currency translation adjustment.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the first half of the current fiscal year were 13,589 million yen, 1,170 million yen more than at the end of the previous fiscal year.

The cash flow components and the main reasons for changes are as follows .

Cash flows from operating activities

Net cash provided by operating activities was 1,467 million yen, a decrease of 32 million yen from the same period of the previous fiscal year. Negative items include an increase in trade receivables of 977 million yen, income taxes paid of 778 million yen, an increase in advances paid of 653 million yen, share of profit of entities accounted for using equity method of 78 million yen, and a decrease in deposits received of 52 million yen. Cash was provided by profit before income taxes of 2,794 million yen, an increase in trade payables of 1,062 million yen, depreciation of 327 million yen, interest and dividends received of 102 million yen, and amortization of goodwill of 54 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 103 million yen, a decrease of 237 million yen from the same period of the previous fiscal year. There were payments into time deposits of 189 million yen and proceeds from withdrawal of time deposits of 341 million yen.

Cash flows from financing activities

Net cash used in financing activities was 962 million yen, a decrease of 606 million yen from the same period of the previous fiscal year. This was mainly due to cash dividends paid of 845 million yen.

(3) Explanation of Forecast of Consolidated Results and Other Forward-looking Statements

AIT announced upward revisions of the forecasts for the first half of the current fiscal year and the fiscal year on July 12, 2022. Actual first half operating revenue and earnings at all levels up to operating profit were higher than the revised first half forecast.

Third quarter revenue and earnings are normally a large share of fiscal year revenue and earnings because of shipments of fall and winter apparel and merchandise for the year-end selling season. Ocean freight rates are constantly changing, including the current slow decrease of rates on some shipping routes.

In Japan, there are concerns about the negative effects of high prices of imported goods due to the yen’s depreciation and of other sources of inflation on the volume of imports and consumer spending. In addition, although problems involving the shipping container shortage are declining, there is still uncertainty about the outlook for freight rates. Due to the current situation, we are making no changes at this time to the fiscal year forecast that was announced on July 12, 2022.

If there is a need to revise this forecast, we will make an announcement promptly.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Millions of yen)

	FY2/22 (As of Feb. 28, 2022)	Second quarter of FY2/23 (As of Aug. 31, 2022)
Assets		
Current assets		
Cash and deposits	12,654	13,691
Notes and accounts receivable-trade	4,757	-
Notes and accounts receivable-trade, and contract assets	-	5,940
Advances paid	1,629	2,282
Other	235	547
Allowance for doubtful accounts	(41)	(51)
Total current assets	19,235	22,410
Non-current assets		
Property, plant and equipment	635	677
Intangible assets		
Goodwill	761	707
Customer-related assets	1,842	1,710
Other	168	172
Total intangible assets	2,772	2,590
Investments and other assets		
Investment securities	525	485
Guarantee deposits	285	207
Other	93	130
Allowance for doubtful accounts	(31)	(31)
Total investments and other assets	872	791
Total non-current assets	4,280	4,060
Total assets	23,516	26,471
Liabilities		
Current liabilities		
Accounts payable-trade	3,007	4,213
Current portion of long-term borrowings	2,700	2,700
Income taxes payable	817	962
Provision for bonuses	446	477
Provision for bonuses for directors (and other officers)	37	20
Other	866	709
Total current liabilities	7,875	9,082
Non-current liabilities		
Deferred tax liabilities	383	331
Retirement benefit liability	646	650
Provision for retirement benefits for directors (and other officers)	155	169
Asset retirement obligations	206	226
Other	115	155
Total non-current liabilities	1,507	1,533
Total liabilities	9,382	10,616

	(Millions of yen)	
	FY2/22 (As of Feb. 28, 2022)	Second quarter of FY2/23 (As of Aug. 31, 2022)
Net assets		
Shareholders' equity		
Share capital	271	271
Capital surplus	5,274	5,274
Retained earnings	8,189	9,217
Treasury shares	(392)	(392)
Total shareholders' equity	13,341	14,369
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	10
Foreign currency translation adjustment	586	1,226
Remeasurements of defined benefit plans	(5)	(5)
Total accumulated other comprehensive income	589	1,231
Non-controlling interests	202	254
Total net assets	14,134	15,855
Total liabilities and net assets	23,516	26,471

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Millions of yen)

	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)	First six months of FY2/23 (Mar. 1, 2022 – Aug. 31, 2022)
Operating revenue		
Forwarding income	26,971	35,744
Total operating revenue	26,971	35,744
Operating costs		
Forwarding cost	22,469	29,983
Total operating costs	22,469	29,983
Gross profit	4,501	5,761
Selling, general and administrative expenses	2,967	3,006
Operating profit	1,533	2,754
Non-operating income		
Interest income	14	9
Dividend income	1	3
Share of profit of entities accounted for using equity method	89	78
Foreign exchange gains	20	-
Other	21	19
Total non-operating income	146	111
Non-operating expenses		
Interest expenses	6	7
Foreign exchange losses	-	52
Other	0	0
Total non-operating expenses	7	60
Ordinary profit	1,673	2,805
Extraordinary income		
Gain on sale of non-current assets	-	33
Total extraordinary income	-	33
Extraordinary losses		
Loss on retirement of non-current assets	0	23
Loss on liquidation of subsidiaries and associates	0	-
Business restructuring expenses	73	21
Total extraordinary losses	73	44
Profit before income taxes	1,599	2,794
Income taxes-current	585	923
Income taxes-deferred	29	(49)
Total income taxes	614	873
Profit	984	1,920
Profit attributable to non-controlling interests	10	46
Profit attributable to owners of parent	974	1,873

Quarterly Consolidated Statement of Comprehensive Income
(For the Six-month Period)

(Millions of yen)

	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)	First six months of FY2/23 (Mar. 1, 2022 – Aug. 31, 2022)
Profit	984	1,920
Other comprehensive income		
Valuation difference on available-for-sale securities	2	0
Foreign currency translation adjustment	254	602
Share of other comprehensive income of entities accounted for using equity method	40	73
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	298	677
Comprehensive income	1,283	2,597
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,276	2,514
Comprehensive income attributable to non-controlling interests	7	82

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)	First six months of FY2/23 (Mar. 1, 2022 – Aug. 31, 2022)
Cash flows from operating activities		
Profit before income taxes	1,599	2,794
Depreciation	293	327
Amortization of goodwill	54	54
Increase (decrease) in allowance for doubtful accounts	35	9
Increase (decrease) in provision for bonuses	(8)	19
Increase (decrease) in provision for bonuses for directors (and other officers)	(20)	(17)
Increase (decrease) in retirement benefit liability	12	4
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	14
Interest and dividend income	(15)	(13)
Interest expenses	6	7
Share of loss (profit) of entities accounted for using equity method	(89)	(78)
Loss (gain) on sale of non-current assets	-	(33)
Loss on retirement of non-current assets	0	23
Business structure reform expenses	73	21
Increase (decrease) in deposits received	(79)	(52)
Decrease (increase) in trade receivables	(313)	(977)
Decrease (increase) in advances paid	(277)	(653)
Increase (decrease) in trade payables	740	1,062
Other, net	30	(309)
Subtotal	2,042	2,202
Interest and dividends received	127	102
Interest paid	(6)	(7)
Payments for business structure reform expenses	(62)	(51)
Income taxes paid	(600)	(778)
Net cash provided by (used in) operating activities	1,500	1,467
Cash flows from investing activities		
Payments into time deposits	(833)	(189)
Proceeds from withdrawal of time deposits	1,176	341
Purchase of property, plant and equipment	(10)	(54)
Proceeds from sale of property, plant and equipment	-	39
Purchase of intangible assets	(4)	(35)
Proceeds from sale of investment securities	2	-
Payments of guarantee deposits	(3)	(6)
Proceeds from refund of guarantee deposits	11	9
Other, net	0	(0)
Net cash provided by (used in) investing activities	340	103

(Millions of yen)

	First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)	First six months of FY2/23 (Mar. 1, 2022 – Aug. 31, 2022)
Cash flows from financing activities		
Proceeds from long-term borrowings	2,700	-
Repayments of long-term borrowings	(3,700)	-
Purchase of treasury shares	(0)	(0)
Dividends paid	(469)	(845)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(13)	-
Other, net	(85)	(116)
Net cash provided by (used in) financing activities	(1,568)	(962)
Effect of exchange rate change on cash and cash equivalents	175	561
Net increase (decrease) in cash and cash equivalents	447	1,170
Cash and cash equivalents at beginning of period	10,052	12,419
Cash and cash equivalents at end of period	10,499	13,589

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Beginning with the first quarter of the current fiscal year, the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020) has been applied. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. Accordingly, revenue from performance obligation over time is recognized based on the progress towards completion of the performance obligation.

In previous years, the Group recognized the total amount received from customers as revenue for transactions in which the Group provides products or services to customers as an agent. The Group has changed to a method of recognizing revenue as the net amount obtained by deducting the amount paid to the supplier from the amount received from the customer.

For the application of the accounting standard for revenue recognition, in accordance with the transitional treatment in the proviso to paragraph 84 of this standard, the new standard is then applied from the beginning of the first quarter of the current fiscal year. However, the Company has applied the method prescribed in paragraph 86 of this standard and has not retrospectively applied the new accounting policy to contracts in which almost all revenue were recognized in accordance with the previous treatment prior to the beginning of the first quarter of the current fiscal year.

The effect of this change on operating revenue and profit in the first half of the current fiscal year is insignificant, and there is no impact on the balance of retained earnings at the beginning of the current fiscal year.

Due to the application of the Revenue Recognition Accounting Standard, "Notes and accounts receivable-trade" presented under "Current assets" in the consolidated balance sheet for the previous fiscal year has now been included in "Notes and accounts receivable-trade, and contractual assets" in the consolidated balance sheet for the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Accounting Standard, reclassification based on the new presentation method has not been carried out for the previous fiscal year. In addition, in accordance with the transitional treatment set forth in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12 issued on March 31, 2020), disaggregated revenue arising from contracts with customers in the first half of the previous fiscal year is not presented.

Application of the Accounting Standard for Fair Value Measurement

We have applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard") from the beginning of the first quarter of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019), we have decided to prospectively apply the new accounting policy set forth in the Fair Value Measurement Accounting Standard. This decision has no impact on the quarterly financial statements for the first half of the current fiscal year.

Additional Information

Impact of the COVID-19 pandemic on accounting estimates

There is no important change in the assumptions about the impact of the COVID-19 pandemic on accounting estimates which was presented in additional information in the Annual Securities Report for the previous fiscal year.

Segment and Other Information

Segment Information

I First six months of FY2/22 (Mar. 1, 2021 – Aug. 31, 2021)

Information related to operating revenue and profit or loss for each reportable segment

	Reportable segment			Other (Note 2)	Total	Adjustment	(Millions of yen)
	Japan	China (Note 1)	Sub-total				Amounts shown on quarterly consolidated statement of income (Note 3)
Operating revenue							
(1) Revenue from external customers	22,435	4,061	26,496	474	26,971	-	26,971
(2) Inter-segment revenue and transfers	68	1,981	2,050	192	2,242	(2,242)	-
Total	22,504	6,043	28,547	666	29,214	(2,242)	26,971
Segment profit	1,310	212	1,523	10	1,533	-	1,533

Notes: 1. "China" includes the business activities of entities in China and Hong Kong.

2. "Other" is a business segment not included in reportable segments and includes the business activities of entities in Taiwan, Vietnam and Myanmar. U.S. subsidiary AIT International of America, Inc. was liquidated in the first quarter of FY2/22 and excluded from consolidation.

3. Segment profit is consistent with operating profit recorded in the quarterly consolidated statement of income.

II First six months of FY2/23 (Mar. 1, 2022 – Aug. 31, 2022)

1. Information related to operating revenue and profit or loss for each reportable segment

	Reportable segment			Other (Note 2)	Total	Adjustment	(Millions of yen)
	Japan	China (Note 1)	Sub-total				Amounts shown on quarterly consolidated statement of income (Note 3)
Operating revenue							
Revenue from contracts with customers	31,333	3,541	34,874	809	35,683	-	35,683
Other revenue	60	-	60	-	60	-	60
(1) Revenue from external customers	31,393	3,541	34,935	809	35,744	-	35,744
(2) Inter-segment revenue and transfers	62	2,862	2,924	299	3,224	(3,224)	-
Total	31,456	6,403	37,859	1,109	38,969	(3,224)	35,744
Segment profit	2,480	191	2,672	81	2,754	-	2,754

Notes: 1. "China" includes the business activities of entities in China and Hong Kong. In the "China" segment, consolidated subsidiary Nisshin International Trading is currently being liquidated.

2. "Other" is a business segment not included in reportable segments and includes the business activities of entities in Taiwan, Vietnam and Myanmar.

3. Segment profit is consistent with operating revenue recorded in the quarterly consolidated statement of income.

2. Information related to revisions for reportable segments

As described in Changes in Accounting Policies, the AIT Group has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition. The method for calculating profit or loss in business segments has been changed accordingly.

The effect of this change on operating revenue and segment profit for reportable segments for the first six months of FY2/23 is insignificant.

This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.