



July 12, 2023

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 29, 2024
(Three Months Ended May 31, 2023)

[Japanese GAAP]

Company name: AIT CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 9381

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

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Scheduled date of filing of Quarterly Report:

July 18, 2023

Scheduled date of payment of dividend:

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Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting:

None

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

1. Consolidated Financial Results for the First Quarter (March 1, 2023 – May 31, 2023) of the Fiscal Year Ending February 29, 2024

(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	%
Three months ended May 31, 2023	13,218	(23.6)	1,152	(11.8)	1,163	(3.2)	766	(5.4)
Three months ended May 31, 2022	17,305	28.0	1,306	76.1	1,202	46.4	810	56.7

Note: Comprehensive income Three months ended May 31, 2023: 893 million yen (down 24.2%)

Three months ended May 31, 2022: 1,179 million yen (up 53.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2023	32.62	-
Three months ended May 31, 2022	34.49	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2023	24,342	16,321	65.8
As of Feb. 28, 2023	24,888	16,602	65.6

Reference: Equity capital

As of May 31, 2023: 16,013 million yen

As of Feb. 28, 2023: 16,318 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, 2023	-	30.00	-	50.00	80.00
Fiscal year ending Feb. 29, 2024	-	-	-	-	-
Fiscal year ending Feb. 29, 2024 (forecast)	-	40.00	-	40.00	80.00

Note: Revision to the most recently announced dividend forecast: None

3. Consolidated Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 – February 29, 2024)

(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
First half	32,200	(9.9)	2,150	(21.9)	2,250	(19.8)	1,500	(19.9)	63.85
Full year	70,000	0.8	5,300	0.2	5,620	0.3	3,700	0.4	157.49

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: None

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 May 31, 2023:	23,913,600 shares	As of Feb. 28, 2023:	23,913,600 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2023:	420,008 shares	As of Feb. 28, 2023:	420,008 shares
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3) Average number of shares during the period

Three months ended May 31, 2023:	23,493,592 shares	Three months ended May 31, 2022:	23,493,615 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 3 of the attachments regarding preconditions or other related matters for forecasts shown above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year ending February 29, 2024, there was a slow recovery of the Japanese economy as social and economic activities continued to return to normal following the end of most restrictions associated with the pandemic. There was also a gradual upturn in consumer spending as people are going out again and demand generated by foreign tourists in Japan increased. However, people are increasingly holding down their spending in response to inflation caused in part by the yen's depreciation and global events creating instability and uncertainty. As a result, the outlook for the economy remains unclear.

The operating environment for the AIT Group has been affected by a decline in shipping rates that started in the fall of 2022. Currently, the downturn in rates is occurring on routes to Europe, North America and Southeast Asia as well as on China routes, which account for the largest share of the AIT Group's cargo volume.

Under these circumstances, the AIT Group focused on sales activities to capture orders in the core international freight forwarding business as well as for customs clearance, delivery, merchandise inspections, needle detection, processing and other services associated with imports and exports. There are also activities involving our digital strategy to become more competitive and involving our operations to further improve the convenience of our services for customers.

The volume of apparel shipments started to recover in the first quarter because people have more opportunities to go out. On the other hand, the volume of miscellaneous goods and other cargo categories other than apparel was sluggish mainly because of inventory reductions by customers and the end of the temporary upturn in demand caused by the pandemic. Overall, the volume of international cargo was low. The decline in shipping rates also impacted results of operations. As a result, operating revenue was lower than in the first quarter of the previous fiscal year. However, the gross profit margin increased due to lower operating costs due in part to the decline in shipping rates. In addition, measures to reexamine expenses and cut costs continued in order to generate as much earnings as possible.

Operating revenue decreased 23.6% year-on-year to 13,218 million yen. Operating profit decreased 11.8% to 1,152 million yen. Ordinary profit was down 3.2% to 1,163 million yen mainly due to a decrease in foreign exchange losses compared to one year earlier, and profit attributable to owners of parent decreased 5.4% to 766 million yen.

Results by business segment are as follows.

1) Japan

The balance between the supply and demand for transporting cargo in containers was generally normal in relation to the situation during the first quarter of the current fiscal year. As ocean freight rates decline, companies importing cargo to Japan have benefited from a downturn in logistics costs, an item that had been a significant burden for these companies. There were many sales activities for adding new customers and raising the volume of business with current customers. However, as the yen continued to depreciate, the volume of imports was lackluster due in part to inventory reductions and the end of one-time demand created by the pandemic.

The number of containers handled in the sea freight sector decreased 5.1% from one year earlier to 57,996 TEU for imports and the total for imports and exports decreased 5.8% to 61,583 TEU. Customs clearance orders were slightly higher than one year earlier, increasing 0.8% to 35,030 because of an increase in orders received at subsidiaries.

As a result, operating revenue in Japan decreased 23.5% from one year earlier to 11,436 million yen, negatively affected by declines in freight rates and the volume of cargo handled. Segment profit decreased 16.9% to 988 million yen. The decrease was smaller compared to operating revenue mainly because of an improvement in the gross profit margin and measures to hold down personnel expenses and expenses for business activities by promoting digital transformation.

2) China

The volume of freight for Japan handled by the AIT Group sharply decreased between January to February 2023, and opportunities to receive orders in China also decreased.

As a result, operating revenue in China decreased 21.6% from one year earlier to 1,477 million yen. Segment profit increased 106.8% to 108 million yen due to improved gross profit margin and measures for improving profitability.

3) Other

There were recoveries in revenue from merchandise inspections and needle detection as well as from domestic logistics operations at the subsidiary in Myanmar. At the subsidiaries in Taiwan and Vietnam, the volume of cargo shipped to Japan decreased. As a result, operating revenue decreased 35.8% from one year earlier to 305 million yen and segment profit decreased 14.8% to 54 million yen.

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

(2) Explanation of Financial Position**Assets**

Total assets decreased 546 million yen from the end of the previous fiscal year to 24,342 million yen at the end of the first quarter of the current fiscal year.

Current assets decreased 462 million yen to 20,586 million yen. This was mainly due to decreases in cash and deposits of 667 million yen and notes and accounts receivable-trade of 108 million yen, while there was an increase in advances paid of 267 million yen.

Non-current assets decreased 83 million yen to 3,756 million yen. This was mainly due to decreases in customer-related assets of 65 million yen and goodwill of 27 million yen.

Liabilities

Total liabilities decreased 265 million yen to 8,020 million yen.

Current liabilities decreased 321 million yen to 6,273 million yen. This was mainly due to a decrease in income taxes payable of 610 million yen.

Non-current liabilities increased 55 million yen to 1,747 million yen. This was mainly due to increases in deferred tax liabilities of 39 million yen and net defined benefit liability of 20 million yen.

Net assets

Net assets decreased 280 million yen to 16,321 million yen. This was mainly due to a decrease of 1,174 million yen resulting from dividends distributed from retained earnings while there was profit attributable to owners of parent of 766 million yen. There was also a 98 million yen increase in foreign currency translation adjustment.

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

There are no revisions to the first half and full year forecasts of consolidated results for the fiscal year ending February 29, 2024, which was announced on April 13, 2023.

We will continue to monitor changes in the business climate and will make an announcement promptly if we decide that there is a need to revise the fiscal year forecast.

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

(Millions of yen)

	FY2/23 (As of Feb. 28, 2023)	First quarter of FY2/24 (As of May 31, 2023)
Assets		
Current assets		
Cash and deposits	15,374	14,707
Notes and accounts receivable-trade	4,159	4,051
Advances paid	1,263	1,530
Other	284	333
Allowance for doubtful accounts	(33)	(36)
Total current assets	21,048	20,586
Non-current assets		
Property, plant and equipment	606	548
Intangible assets		
Goodwill	652	625
Customer-related assets	1,579	1,513
Other	174	169
Total intangible assets	2,406	2,308
Investments and other assets		
Investment securities	551	520
Other	307	410
Allowance for doubtful accounts	(31)	(31)
Total investments and other assets	826	899
Total non-current assets	3,840	3,756
Total assets	24,888	24,342
Liabilities		
Current liabilities		
Accounts payable-trade	2,679	2,660
Current portion of long-term borrowings	1,700	1,700
Income taxes payable	1,051	441
Provision for bonuses	442	451
Provision for bonuses for directors (and other officers)	37	10
Other	684	1,010
Total current liabilities	6,594	6,273
Non-current liabilities		
Deferred tax liabilities	422	461
Retirement benefit liability	681	701
Provision for retirement benefits for directors (and other officers)	182	189
Asset retirement obligations	226	226
Other	178	167
Total non-current liabilities	1,691	1,747
Total liabilities	8,286	8,020

	(Millions of yen)	
	FY2/23 (As of Feb. 28, 2023)	First quarter of FY2/24 (As of May 31, 2023)
Net assets		
Shareholders' equity		
Share capital	271	500
Capital surplus	5,274	5,045
Retained earnings	10,323	9,914
Treasury shares	(392)	(392)
Total shareholders' equity	15,476	15,067
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	18
Foreign currency translation adjustment	832	931
Remeasurements of defined benefit plans	(4)	(4)
Total accumulated other comprehensive income	842	945
Non-controlling interests	283	308
Total net assets	16,602	16,321
Total liabilities and net assets	24,888	24,342

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

(Millions of yen)

	First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)	First three months of FY2/24 (Mar. 1, 2023 – May 31, 2023)
Operating revenue		
Forwarding income	17,305	13,218
Total operating revenue	17,305	13,218
Operating costs		
Forwarding cost	14,485	10,627
Total operating costs	14,485	10,627
Gross profit	2,820	2,591
Selling, general and administrative expenses	1,513	1,438
Operating profit	1,306	1,152
Non-operating income		
Interest income	4	3
Dividend income	2	2
Share of profit of entities accounted for using equity method	32	37
Other	8	15
Total non-operating income	47	58
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	148	44
Other	0	0
Total non-operating expenses	151	47
Ordinary profit	1,202	1,163
Extraordinary income		
Gain on sale of non-current assets	29	-
Total extraordinary income	29	-
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Business structure reform expenses	4	-
Total extraordinary losses	5	0
Profit before income taxes	1,227	1,163
Income taxes-current	419	405
Income taxes-deferred	(32)	(29)
Total income taxes	386	375
Profit	840	787
Profit attributable to non-controlling interests	30	21
Profit attributable to owners of parent	810	766

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

	(Millions of yen)	
	First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)	First three months of FY2/24 (Mar. 1, 2023 – May 31, 2023)
Profit	840	787
Other comprehensive income		
Valuation difference on available-for-sale securities	1	4
Foreign currency translation adjustment	297	89
Share of other comprehensive income of entities accounted for using equity method	40	12
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	338	106
Comprehensive income	1,179	893
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,134	869
Comprehensive income attributable to non-controlling interests	45	24

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information**Segment Information**

I First three months of FY2/23 (Mar. 1, 2022 – May 31, 2022)

Information related to operating revenue and profit or loss for each reportable segment and breakdown of revenue
(Millions of yen)

	Reportable segment			Other (Note 2)	Total	Adjustment	Amounts shown on quarterly consolidated statement of income (Note 3)
	Japan	China (Note 1)	Sub-total				
Operating revenue							
Revenue from contracts with customers	14,945	1,885	16,830	474	17,305	-	17,305
(1) Revenue from external customers	14,945	1,885	16,830	474	17,305	-	17,305
(2) Inter-segment revenue and transfers	34	1,174	1,208	173	1,381	(1,381)	-
Total	14,980	3,059	18,039	648	18,687	(1,381)	17,305
Segment profit	1,189	52	1,242	64	1,306	-	1,306

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.

II First three months of FY2/24 (Mar. 1, 2023 – May 31, 2023)

Information related to operating revenue and profit or loss for each reportable segment and breakdown of revenue
(Millions of yen)

	Reportable segment			Other (Note 2)	Total	Adjustment	Amounts shown on quarterly consolidated statement of income (Note 3)
	Japan	China (Note 1)	Sub-total				
Operating revenue							
Revenue from contracts with customers	11,405	1,477	12,883	305	13,188	-	13,188
Other revenue	30	-	30	-	30	-	30
(1) Revenue from external customers	11,436	1,477	12,913	305	13,218	-	13,218
(2) Inter-segment revenue and transfers	23	1,100	1,123	115	1,238	(1,238)	-
Total	11,459	2,577	14,037	420	14,457	(1,238)	13,218
Segment profit	988	108	1,097	54	1,152	-	1,152

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.

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

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.