



January 12, 2021

**Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending February 28, 2021
(Nine Months Ended November 30, 2020)**

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: January 14, 2021

Scheduled date of payment of dividend: -

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 Third Quarter (March 1, 2020 – November 30, 2020) of the Fiscal Year Ending February 28, 2021

(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	%
Nine months ended Nov. 30, 2020	33,641	(4.0)	1,679	12.8	1,915	7.1	1,285	5.0
Nine months ended Nov. 30, 2019	35,028	66.5	1,488	18.6	1,787	29.2	1,224	29.7

Note: Comprehensive income
 Nine months ended Nov. 30, 2020: 1,314 million yen (up 30.5%)
 Nine months ended Nov. 30, 2019: 1,007 million yen (up 14.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Nov. 30, 2020	54.40	-
Nine months ended Nov. 30, 2019	51.19	-

Notes: 1. At the end of the previous fiscal year, a provisional accounting method used for a business combination was finalized. All figures for the nine months ended November 30, 2019 reflect the replacement of this provisional method with the finalized numbers.

2. AIT acquired 220,000 treasury shares upon resolution of the Board of Directors on November 19, 2019. In addition, AIT acquired 199,800 treasury shares upon resolution of the Board of Directors on July 13, 2020. The net income per share for the nine months ended November 30, 2020 is calculated using an average number of shares during the period of 23,635,269.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Nov. 30, 2020	21,019		11,725		54.8	
As of Feb. 29, 2020	20,644		11,715		54.9	

Reference: Equity capital As of Nov. 30, 2020: 11,513 million yen As of Feb. 29, 2020: 11,342 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. 29, 2020	-	18.00	-	18.00	36.00
Fiscal year ending Feb. 28, 2021	-	18.00	-		
Fiscal year ending Feb. 28, 2021 (forecast)				20.00	38.00

Note: Revision to the most recently announced dividend forecast: Yes

Please refer to the press release “Revision of Dividend Forecast (Commemorative Dividend to Celebrate 25th Founding Anniversary)” (Japanese version only) announced on January 12, 2021.

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2021 (March 1, 2020 – February 28, 2021)

(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	45,500	1.1	1,765	12.0	2,045	5.0	1,420	7.1	60.17

Notes: 1. Revision to the most recently announced forecast of consolidated results: None

2. The AIT Board of Directors approved a resolution on November 19, 2019 and July 13, 2020 to repurchase its own shares. Net income per share forecast has been adjusted to reflect the stock repurchase.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: -

Excluded: 1, Nisshin Trans Consolidator Co., Ltd.

(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 Nov. 30, 2020:	23,913,600 shares	As of Feb. 29, 2020:	23,913,600 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2020:	419,912 shares	As of Feb. 29, 2020:	146,733 shares
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3) Average number of shares during the period

Nine months ended Nov. 30, 2020:	23,635,269 shares	Nine months ended Nov. 30, 2019:	23,913,275 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

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.

On November 6, 2020, AIT completed the repurchase of stock that was authorized by the Board of Directors on July 13, 2020. The net income per share forecast in the consolidated forecast for the fiscal year ending February 28, 2021 has been adjusted to reflect the repurchase of this stock. The average number of shares during the fiscal year used to calculate the net income per share forecast was reduced from 23,696,237 to 23,600,359 due to the repurchase of this stock.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the fiscal year ending February 28, 2021, the business climate remained very challenging because of the severe impact of COVID-19 on the activities of companies and consumers as well as employment. Economic activity resumed in stages following the end of the state of emergency, accompanied by measures to prevent the spread of infections. Although manufacturing and consumer spending started to recover, the outlook is still uncertain because it is impossible to predict when this crisis will end.

The business climate for operations of the AIT Group was affected by COVID-19 in the fiscal year's first quarter by events such as the suspension of economic activity in China as the country extended the Spring Festival holiday and the movement of cargo in China temporarily stopped. In Japan, there was a big decline in economic activity after the declaration of a state of emergency in April 2020. Concerns about a further downturn in consumer spending increased as a result.

To continue business operations in this challenging environment, the AIT Group is using teleworking as well as online meetings in response to the restrictions on the ability to hold face-to-face meetings for sales and other purposes. The current priority is receiving orders involving shipments of goods by sea from China and Southeast Asia to Japan. There are also many sales activities to receive orders for services associated with imports and exports, such as customs clearance, delivery, inspections, needle detection and processing.

During the first nine months of the fiscal year, consumer spending in Japan plummeted because of severe limitations on the ability to go out due to the COVID-19 crisis. Most significantly, this caused a decline in the volume of apparel shipments handled by the AIT Group, primarily for current customers. Apparel shipments remained sluggish even during the period when there is normally a large volume of shipments of fall and winter merchandise. On the other hand, the big increase in the amount of time people spend at home resulted in consistently high volume of cargo for products required for household activities, such as household and other miscellaneous products, home appliances, and other products. The higher volume of household goods offset the decline in the apparel category. To hold down selling, general and administrative expenses and generate profits group companies used teleworking and other measures to reduce personnel expenses and other expenses required for business operations.

Operating revenue decreased 4.0% year-on-year to 33,641 million yen, but earnings were higher at all levels mainly due to measures to hold down selling, general and administrative expenses. As a result, operating profit was up 12.8% to 1,679 million yen, ordinary profit was up 7.1% to 1,915 million yen and profit attributable to owners of parent increased 5.0% to 1,285 million yen.

Results by business segment are as follows.

In "Other," which is not a reportable segment, U.S. subsidiary AIT International of America, Inc. terminated its operations on February 29, 2020 and is currently being liquidated.

1) Japan

Business activities and consumer spending fell sharply because of the COVID-19 crisis. After the state of emergency ended, some sectors of the economy started to recover as economic activity resumed in stages. However, the pace of the recovery is slow due to worries about another wave of infections and the economic outlook remains uncertain.

During the first nine months, the volume of cargo was low, especially for apparel, mainly because people stayed home for safety. To capture more orders, sales activities were strengthened by using online meetings and expanding the lineup of services.

Due to these activities, the number of containers handled in the sea freight sector increased 0.5% from one year earlier to 201,141 TEU for imports and the total for imports and exports was about the same, decreasing 0.5% to 211,530 TEU. Customs clearance orders decreased 8.5% to 105,880.

As a result, operating revenue decreased 3.0% to 26,995 million yen. Segment profit increased 12.1% to 1,121 million yen mainly because of an improvement in the gross profit margin and measures to hold down personnel

expenses and expenses for sales activities.

2) China

New orders for cargo shipments and associated services such as merchandise inspections and needle detection decreased temporarily because of the extension of the Spring Festival holiday and other responses by the Chinese government due to the COVID-19 outbreak. Opportunities to earn profits in China declined as a result.

Following the Spring Festival holiday, factories slowly began to restart operations in all areas of China and cargo shipments resumed. However, operating revenue was down 10.5% from one year earlier to 5,696 million yen because of the big decline in profit opportunities in February 2020. Segment profit increased 18.2% to 492 million yen because of measures to hold down personnel expenses and expenses for business operations.

3) Other

The liquidation of a U.S. subsidiary and lower revenue at the Myanmar subsidiary because of COVID-19 had a negative effect on the performance of this segment. However, operating revenue increased 13.3% to 949 million yen because of the stable earnings of subsidiaries in Taiwan and Vietnam. Segment profit decreased 7.9% to 66 million yen because of expenses for sales activities.

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 increased 374 million yen from the end of the previous fiscal year to 21,019 million yen at the end of the period under review.

Current assets increased 854 million yen to 16,307 million yen. This was mainly due to increases in notes and accounts receivable-trade of 1,568 million yen and advances paid of 467 million yen, which were partially offset by a decrease in cash and deposits of 1,043 million yen.

Non-current assets decreased 479 million yen to 4,711 million yen. This was mainly due to decreases in customer-related assets of 197 million yen, goodwill of 81 million yen and investment securities of 80 million yen.

Liabilities

Total liabilities increased 365 million yen to 9,293 million yen.

Current liabilities increased 407 million yen to 7,798 million yen. This was mainly due to increases in current portion of long-term borrowings of 3,700 million yen and accounts payable-trade of 854 million yen, which was partially offset by a decrease in short-term borrowings of 4,331 million yen.

Non-current liabilities decreased 42 million yen to 1,494 million yen. This was mainly due to a decrease in deferred tax liabilities of 71 million yen, which was partially offset by an increase in retirement benefit liability of 28 million yen.

Net assets

Net assets increased 9 million yen to 11,725 million yen. This was mainly due to a booking of profit attributable to owners of parent of 1,285 million yen, dividends distributed from retained earnings of 852 million yen, a 247 million yen decrease due to purchase of treasury shares and a 161 million yen decrease in non-controlling interests.

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

There are no revisions to full year forecasts of consolidated results for the fiscal year ending February 28, 2021, which was announced on July 13, 2020.

If revisions to the forecast become necessary, we will make an announcement promptly.

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

(Thousands of yen)

	FY2/20 (As of Feb. 29, 2020)	Third quarter of FY2/21 (As of Nov. 30, 2020)
Assets		
Current assets		
Cash and deposits	10,971,134	9,927,254
Notes and accounts receivable-trade	3,009,596	4,577,920
Advances paid	898,275	1,365,774
Other	603,799	478,363
Allowance for doubtful accounts	(30,073)	(41,739)
Total current assets	15,452,732	16,307,573
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	218,466	189,739
Machinery, equipment and vehicles, net	265,146	242,995
Other, net	97,457	81,869
Total property, plant and equipment	581,070	514,605
Intangible assets		
Goodwill	979,334	897,722
Customer-related assets	2,368,800	2,171,400
Other	254,947	203,413
Total intangible assets	3,603,081	3,272,536
Investments and other assets		
Investment securities	607,619	527,508
Deferred tax assets	88,021	99,441
Guarantee deposits	258,539	250,263
Other	53,477	47,804
Allowance for doubtful accounts	-	(251)
Total investments and other assets	1,007,658	924,766
Total non-current assets	5,191,810	4,711,907
Total assets	20,644,542	21,019,481
Liabilities		
Current liabilities		
Accounts payable-trade	1,616,438	2,471,396
Short-term borrowings	4,347,040	15,540
Current portion of long-term borrowings	-	3,700,000
Income taxes payable	396,152	374,295
Provision for bonuses	288,449	291,921
Provision for bonuses for directors (and other officers)	31,604	25,123
Other	711,463	920,601
Total current liabilities	7,391,148	7,798,877
Non-current liabilities		
Retirement benefit liability	535,126	563,196
Provision for retirement benefits for directors (and other officers)	131,965	133,665
Deferred tax liabilities	624,746	552,770
Asset retirement obligations	207,393	209,142
Other	38,418	36,174
Total non-current liabilities	1,537,650	1,494,949
Total liabilities	8,928,799	9,293,827

	(Thousands of yen)	
	FY2/20 (As of Feb. 29, 2020)	Third quarter of FY2/21 (As of Nov. 30, 2020)
Net assets		
Shareholders' equity		
Share capital	271,140	271,140
Capital surplus	5,275,185	5,275,185
Retained earnings	5,929,306	6,362,355
Treasury shares	(144,392)	(392,327)
Total shareholders' equity	11,331,240	11,516,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(8,102)	1,888
Foreign currency translation adjustment	19,388	(4,329)
Remeasurements of defined benefit plans	(265)	(251)
Total accumulated other comprehensive income	11,020	(2,691)
Non-controlling interests	373,482	211,992
Total net assets	11,715,743	11,725,654
Total liabilities and net assets	20,644,542	21,019,481

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

(Thousands of yen)

	First nine months of FY2/20 (Mar. 1, 2019 – Nov. 30, 2019)	First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)
Operating revenue		
Forwarding income	35,028,479	33,641,435
Total operating revenue	35,028,479	33,641,435
Operating cost		
Forwarding cost	28,560,618	27,508,618
Total operating cost	28,560,618	27,508,618
Gross profit	6,467,861	6,132,816
Selling, general and administrative expenses	4,978,877	4,452,829
Operating profit	1,488,983	1,679,986
Non-operating income		
Interest income	34,159	28,302
Dividend income	6,268	5,877
Share of profit of entities accounted for using equity method	185,765	135,508
Foreign exchange gains	31,713	22,107
Other	45,677	47,428
Total non-operating income	303,584	239,223
Non-operating expenses		
Interest expenses	2,445	2,802
Other	2,436	1,375
Total non-operating expenses	4,881	4,178
Ordinary profit	1,787,686	1,915,031
Extraordinary income		
Gain on sales of non-current assets	60	-
Gain on sales of shares of subsidiaries and associates	20,408	-
Total extraordinary income	20,468	-
Extraordinary losses		
Loss on sales of non-current assets	1,518	89
Loss on retirement of non-current assets	6,536	3,337
Loss on liquidation of subsidiaries and associates	-	14,403
Loss on valuation of membership	-	5,490
Total extraordinary losses	8,055	23,319
Profit before income taxes	1,800,100	1,891,711
Income taxes-current	731,576	661,078
Income taxes-deferred	(183,362)	(86,032)
Total income taxes	548,213	575,046
Profit	1,251,886	1,316,665
Profit attributable to non-controlling interests	27,703	30,839
Profit attributable to owners of parent	1,224,182	1,285,825

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

(Thousands of yen)

	First nine months of FY2/20 (Mar. 1, 2019 – Nov. 30, 2019)	First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)
Profit	1,251,886	1,316,665
Other comprehensive income		
Valuation difference on available-for-sale securities	8,345	9,991
Foreign currency translation adjustment	(253,145)	(4,905)
Share of other comprehensive income of entities accounted for using equity method	-	(7,459)
Remeasurements of defined benefit plans, net of tax	-	14
Total other comprehensive income	(244,799)	(2,359)
Comprehensive income	1,007,086	1,314,305
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	981,291	1,272,114
Comprehensive income attributable to non-controlling interests	25,794	42,191

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in the Scope of Consolidation or Application of the Equity Method

Important changes in the scope of consolidation

During the first quarter of FY2/21, consolidated subsidiary Nisshin Trans Consolidator Co., Ltd. merged with consolidated subsidiary Nisshin Transportation Co., Ltd., which is the surviving company. Following the merger, Nisshin Trans Consolidator was dissolved and excluded from the scope of consolidation. One other company was liquidated in the third quarter of FY2/21 and excluded from the scope of consolidation.

Additional Information

Although Japan has ended the state of emergency, it is still impossible to predict the upcoming effects of this crisis and when it will end. Accounting estimates used for the preparation of the financial statements reflect the business climate and other factors concerning this crisis as of around the end of the previous fiscal year. Management believes that the effects of COVID-19 do not require significant revisions to the factors used for these accounting estimates. If the downturns of economies become even worse because of this crisis, there may be an effect on results of operations. Currently, accounting estimates for the recoverability of deferred tax assets, goodwill valuation and other items are based on the assumption that factors used to determine these estimates will remain the same as during normal business operations.

Segment and Other Information**Segment Information**

I First nine months of FY2/20 (Mar. 1, 2019 – Nov. 30, 2019)

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

(Thousands 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							
(1) Revenue from external customers	27,826,686	6,364,137	34,190,824	837,655	35,028,479	-	35,028,479
(2) Inter-segment revenue and transfers	195,165	3,219,900	3,415,065	472,871	3,887,937	(3,887,937)	-
Total	28,021,852	9,584,037	37,605,889	1,310,527	38,916,417	(3,887,937)	35,028,479
Segment profit	1,000,999	416,286	1,417,285	71,697	1,488,983	-	1,488,983

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 the U.S., Taiwan, Vietnam and Myanmar.

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

4. The amount of segment profit reflects a significant revision of the initial allocation of the acquisition cost arising from finalization of the provisional accounting method for business combinations, which is stated in "Notes to Quarterly Consolidated Financial Statements, Business Combinations."

2. Information related to assets for each reportable segment

On March 1, 2019, AIT and Nisshin Transportation conducted a share exchange with AIT as the sole parent company and Nisshin Transportation as the wholly owned subsidiary. Accordingly, Nisshin Transportation and Nisshin Trans Consolidator, Nisshin Global Logistics (Shanghai), Nisshin International Trading (Shanghai), and Nisshin (Myanmar), which are subsidiaries of Nisshin Transportation, were included in the scope of consolidation beginning in the first quarter of FY2/20.

As a result, segment assets in “Japan,” “China” and “Other” increased 11,071,343 thousand yen, 4,696,950 thousand yen and 822,347 thousand yen, respectively, from the end of FY2/19. The amount of segment assets reflects a significant revision of the initial allocation of the acquisition cost arising from finalization of the provisional accounting method for business combinations, which is stated in “Notes to Quarterly Consolidated Financial Statements, Business Combinations.”

II First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)

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

	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							
(1) Revenue from external customers	26,995,671	5,696,510	32,692,182	949,252	33,641,435	-	33,641,435
(2) Inter-segment revenue and transfers	128,276	2,787,296	2,915,572	412,234	3,327,807	(3,327,807)	-
Total	27,123,948	8,483,807	35,607,755	1,361,487	36,969,242	(3,327,807)	33,641,435
Segment profit	1,121,844	492,084	1,613,929	66,057	1,679,986	-	1,679,986

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 the U.S., Taiwan, Vietnam and Myanmar. U.S. subsidiary AIT International of America terminated its operations on February 29, 2020 and is currently being liquidated.

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

Business Combinations

Significant revision of initial allocation of acquisition cost in comparative information

A provisional accounting method was used in the third quarter of the previous fiscal year for the business combination on March 1, 2019 involving Nisshin Transportation. This provisional method was finalized at the end of the previous fiscal year.

Due to the finalization of this method, a significant revision of the initial allocation of the acquisition cost is incorporated in the comparative information in the consolidated financial statements for the first nine months of the current fiscal year. The value of goodwill was finalized, resulting in a 2,214,525 thousand yen reduction in goodwill from the provisional value of 3,309,880 thousand yen to the final value of 1,095,355 thousand yen. The main reasons for this decrease are a 2,632,000 thousand yen increase in customer-related assets and the recognition of deferred tax liabilities of 804,865 thousand yen in conjunction with this increase.

In the consolidated statement of income for the first nine months of the previous fiscal year, this reduction of goodwill lowered the amortization of goodwill and increased amortization expenses for intangible assets, resulting in a 31,338 thousand yen increase in selling, general and administrative expenses. Consequently, operating profit, ordinary profit and profit before income taxes each decreased 31,338 thousand yen, while profit and profit attributable to owners of parent increased 29,026 thousand yen.

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.