



July 13, 2021

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 28, 2022
(Three Months Ended May 31, 2021)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: July 15, 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 First Quarter (March 1, 2021 – May 31, 2021) of the Fiscal Year Ending February 28, 2022

(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, 2021	13,515	22.1	741	71.8	821	61.1	517	49.4
Three months ended May 31, 2020	11,073	(1.5)	431	28.7	509	30.5	346	37.4

Note: Comprehensive income
 Three months ended May 31, 2021: 769 million yen (up 203.1%)
 Three months ended May 31, 2020: 253 million yen (down 20.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2021	22.01	-
Three months ended May 31, 2020	14.61	-

Note: AIT acquired 199,800 treasury shares upon resolution of the Board of Directors on July 13, 2020. The net income per share for the fiscal year ending February 28, 2022 is calculated using an average number of shares during the period of 23,493,688.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2021	22,449	12,531	54.8
As of Feb. 28, 2021	21,630	12,231	55.6

Reference: Equity capital As of May 31, 2021: 12,313 million yen As of Feb. 28, 2021: 12,022 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, 2021	-	18.00	-	20.00	38.00
Fiscal year ending Feb. 28, 2022	-	-	-	-	-
Fiscal year ending Feb. 28, 2022 (forecast)	-	20.00	-	20.00	40.00

Notes: 1. Revision to the most recently announced dividend forecast: None

2. Ordinary dividend: ¥18.00; Commemorative dividend to celebrate 25th founding anniversary: ¥2.00

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2022 (March 1, 2021 – February 28, 2022)

(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	26,200	21.4	1,320	49.4	1,430	36.0	950	32.7	40.44
Full year	53,000	15.7	2,830	22.8	3,050	19.8	2,040	17.8	86.83

Note: Revision to the most recently announced forecast of consolidated results: Yes

*** 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, AIT International of America, Inc.

(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, 2021:	23,913,600 shares	As of Feb. 28, 2021:	23,913,600 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2021:	419,912 shares	As of Feb. 28, 2021:	419,912 shares
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3) Average number of shares during the period

Three months ended May 31, 2021:	23,493,688 shares	Three months ended May 31, 2020:	23,704,160 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.

Change in units for monetary figures

Monetary figures in the quarterly consolidated financial statements and in other items had been shown in thousands of yen in prior years. Beginning with the first quarter of the fiscal year ending in February 2022, monetary figures are shown in millions of yen. To facilitate comparisons, figures for the previous first quarter and fiscal year have been also revised to millions of yen.

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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 28, 2022, another wave of COVID-19 infections severely restricted economic and social activities in Japan. The business climate remains extremely challenging and the economic outlook is still unclear.

Although the new wave of infections did not affect cargo movements, another state of emergency in some areas of Japan has created more concerns about consumer spending. As a result, the business climate for the AIT Group remains uncertain.

During the first quarter, the AIT Group focused on receiving orders for cargo from China and Southeast Asia going to Japan by sea. There were also many sales activities to receive orders for services associated with imports and exports, such as customs clearance, delivery, inspections, needle detection and processing. As in the previous fiscal year, there was a small volume of apparel products because of the COVID-19 crisis. However, the volume of household products, home appliances and other products where demand is increasing as people stay home remained high.

There has been a global shortage of shipping containers since the fall of 2020 due to the COVID-19 pandemic. This has caused a big increase in freight rates on some routes used by the AIT Group. Group companies responded by taking numerous actions for providing stable international cargo transportation services to customers. There is still a shortage of containers and freight rates remain high on some routes. These high rates made a contribution to revenue and earnings growth in the first quarter.

In addition, the AIT Group continued to review and hold down personnel expenses and other components of selling, general and administrative expenses in order to increase earnings.

Operating revenue increased 22.1% year-on-year to 13,515 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 71.8% to 741 million yen, ordinary profit was up 61.1% to 821 million yen and profit attributable to owners of parent increased 49.4% to 517 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. was liquidated in the first quarter of the current fiscal year and excluded from consolidation.

1) Japan

In the first quarter, another state of emergency severely impacted consumer spending and other economic activity in Japan, further delaying the recovery of the Japanese economy.

Although market conditions were challenging, consumer spending associated with staying home for safety increased. To receive more orders for integrated freight transport services, there were many activities to add new customers and raise the volume of business with existing customers.

Due to these activities, the number of containers handled in the sea freight sector increased 4.8% from one year earlier to 68,918 TEU for imports and the total for imports and exports increased 4.3% to 72,323 TEU. Customs clearance orders were about the same, increasing 1.2% to 36,935.

Freight rates increased significantly on some routes used by the AIT Group and remain high because of the shipping container shortage that started in the fall of 2020. These high rates made a big contribution to operating revenue and the gross profit.

As a result, operating revenue increased 25.3% from one year earlier to 11,440 million yen. Segment profit increased 88.1% to 659 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 consistently low volume of apparel shipments makes it very difficult to receive orders for merchandise inspections, needle detection and other services associated with these shipments. The slow cargo movements in

February and March 2020 in China caused by the COVID-19 outbreak ended quickly. In the first quarter of the current fiscal year, cargo movements in China were normal and the volume of freight for Japan handled by the AIT Group has recovered in comparison with one year earlier. These favorable trends are creating more opportunities involving cargo shipments to increase revenue in China.

As a result, operating revenue increased 12.0% from one year earlier to 1,858 million yen and segment profit increased 27.5% to 76 million yen.

3) Other

Although operating revenue was stable at subsidiaries in Taiwan and Vietnam, revenue declined at the Myanmar subsidiary because of the pandemic and civil unrest. The performance of this segment was also affected by the liquidation of a U.S. subsidiary. As a result, operating revenue decreased 22.8% to 216 million yen and segment profit decreased 73.7% to 5 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 increased 818 million yen from the end of the previous fiscal year to 22,449 million yen at the end of the period under review.

Current assets increased 894 million yen to 17,748 million yen. This was mainly due to an increase in cash and deposits of 907 million yen.

Non-current assets decreased 76 million yen to 4,701 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 increased 519 million yen to 9,918 million yen.

Current liabilities increased 545 million yen to 8,309 million yen. This was mainly due to increases in accounts payable-trade of 606 million yen and provision for bonuses of 190 million yen, which were partially offset by a decrease in income taxes payable of 271 million yen.

Non-current liabilities decreased 26 million yen to 1,608 million yen. This was mainly due to a decrease in retirement benefit liability of 14 million yen.

Net assets

Net assets increased 299 million yen to 12,531 million yen. This was mainly due to a booking of profit attributable to owners of parent of 517 million yen, dividends distributed from retained earnings of 469 million yen and a 239 million yen increase in foreign currency translation adjustment.

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

Based on the current performance trends, the AIT Group has revised the full year forecasts of consolidated results for the fiscal year ending February 28, 2022, which was announced on April 14, 2021. For further details, please refer to the press release “Revision of Consolidated Forecast” (Japanese version only) announced today.

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

(Millions of yen)

	FY2/21 (As of Feb. 28, 2021)	First quarter of FY2/22 (As of May 31, 2021)
Assets		
Current assets		
Cash and deposits	10,653	11,560
Notes and accounts receivable-trade	4,507	4,482
Advances paid	1,375	1,400
Other	358	345
Allowance for doubtful accounts	(41)	(41)
Total current assets	16,853	17,748
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	179	171
Machinery, equipment and vehicles, net	229	220
Leased assets, net	295	275
Other, net	69	65
Total property, plant and equipment	774	732
Intangible assets		
Goodwill	870	843
Customer-related assets	2,105	2,039
Other	188	172
Total intangible assets	3,164	3,055
Investments and other assets		
Investment securities	460	533
Deferred tax assets	86	83
Guarantee deposits	244	248
Other	47	81
Allowance for doubtful accounts	(0)	(33)
Total investments and other assets	838	912
Total non-current assets	4,777	4,701
Total assets	21,630	22,449
Liabilities		
Current liabilities		
Accounts payable-trade	2,247	2,853
Current portion of long-term borrowings	3,700	3,700
Income taxes payable	580	308
Provision for bonuses	389	580
Provision for bonuses for directors (and other officers)	35	19
Other	811	846
Total current liabilities	7,764	8,309
Non-current liabilities		
Deferred tax liabilities	501	502
Retirement benefit liability	584	569
Provision for retirement benefits for directors (and other officers)	140	147
Asset retirement obligations	210	211
Other	198	177
Total non-current liabilities	1,634	1,608
Total liabilities	9,399	9,918

	(Millions of yen)	
	FY2/21 (As of Feb. 28, 2021)	First quarter of FY2/22 (As of May 31, 2021)
Net assets		
Shareholders' equity		
Share capital	271	271
Capital surplus	5,275	5,275
Retained earnings	6,808	6,856
Treasury shares	(392)	(392)
Total shareholders' equity	11,962	12,010
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	10
Foreign currency translation adjustment	57	296
Remeasurements of defined benefit plans	(4)	(3)
Total accumulated other comprehensive income	59	303
Non-controlling interests	209	218
Total net assets	12,231	12,531
Total liabilities and net assets	21,630	22,449

(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 FY2/21 (Mar. 1, 2020 – May 31, 2020)	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)
Operating revenue		
Forwarding income	11,073	13,515
Total operating revenue	11,073	13,515
Operating costs		
Forwarding cost	9,077	11,243
Total operating costs	9,077	11,243
Gross profit	1,996	2,271
Selling, general and administrative expenses	1,564	1,529
Operating profit	431	741
Non-operating income		
Interest income	11	6
Dividend income	0	0
Share of profit of entities accounted for using equity method	24	38
Foreign exchange gains	24	24
Other	19	13
Total non-operating income	80	83
Non-operating expenses		
Interest expenses	1	3
Other	0	0
Total non-operating expenses	2	3
Ordinary profit	509	821
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	2	0
Loss on liquidation of subsidiaries and associates	-	0
Total extraordinary losses	2	0
Profit before income taxes	507	821
Income taxes-current	173	294
Income taxes-deferred	(23)	3
Total income taxes	149	298
Profit	358	522
Profit attributable to non-controlling interests	11	5
Profit attributable to owners of parent	346	517

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

(Millions of yen)

	First three months of FY2/21 (Mar. 1, 2020 – May 31, 2020)	First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)
Profit	358	522
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	3
Foreign currency translation adjustment	(73)	209
Share of other comprehensive income of entities accounted for using equity method	(14)	33
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	(104)	246
Comprehensive income	253	769
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	243	760
Comprehensive income attributable to non-controlling interests	10	9

(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

Consolidated subsidiary AIT International of America, Inc. was liquidated in the first quarter of the current fiscal year and excluded from consolidation.

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 three months of FY2/21 (Mar. 1, 2020 – May 31, 2020)

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

(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							
(1) Revenue from external customers	9,133	1,660	10,793	280	11,073	-	11,073
(2) Inter-segment revenue and transfers	47	967	1,014	143	1,157	(1,157)	-
Total	9,180	2,627	11,808	423	12,231	(1,157)	11,073
Segment profit	350	60	410	21	431	-	431

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, Inc. 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.

II First three months of FY2/22 (Mar. 1, 2021 – May 31, 2021)

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

(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							
(1) Revenue from external customers	11,440	1,858	13,298	216	13,515	-	13,515
(2) Inter-segment revenue and transfers	39	963	1,003	111	1,114	(1,114)	-
Total	11,480	2,821	14,302	328	14,630	(1,114)	13,515
Segment profit	659	76	736	5	741	-	741

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.

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.