



January 11, 2024

Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending February 29, 2024
(Nine Months Ended November 30, 2023)

[Japanese GAAP]

Company name: AIT CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 9381

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Scheduled date of filing of Quarterly Report:

January 15, 2024

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 Third Quarter (March 1, 2023 – November 30, 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	%
Nine months ended Nov. 30, 2023	39,499	(29.1)	3,566	(22.0)	3,738	(21.9)	2,476	(24.2)
Nine months ended Nov. 30, 2022	55,689	25.8	4,569	54.5	4,788	51.8	3,265	63.8

Note: Comprehensive income Nine months ended Nov. 30, 2023: 3,010 million yen (down 25.0%)

Nine months ended Nov. 30, 2022: 4,013 million yen (up 74.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Nov. 30, 2023	105.42	-
Nine months ended Nov. 30, 2022	139.01	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Nov. 30, 2023	26,121	17,454	65.6
As of Feb. 28, 2023	24,888	16,602	65.6

Reference: Equity capital

As of Nov. 30, 2023: 17,129 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	-	40.00	-		
Fiscal year ending Feb. 29, 2024 (forecast)				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
Full year	50,600	(27.2)	4,050	(23.4)	4,250	(24.2)	2,820	(23.5)	120.03

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): 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 Nov. 30, 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 Nov. 30, 2023:	420,008 shares	As of Feb. 28, 2023:	420,008 shares
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3) Average number of shares during the period

Nine months ended Nov. 30, 2023:	23,493,592 shares	Nine months ended Nov. 30, 2022:	23,493,599 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 nine months of the fiscal year ending February 29, 2024, the Japanese economy recovered as social and economic activity returned to normal following the Japanese government's downgrade of COVID-19. The recovery included upturns in consumer spending and spending by foreign tourists in Japan. However, people are increasingly holding down their spending in response to inflation caused by the yen's depreciation, the rising cost of raw materials and other reasons as global events create 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 continuing decline in ocean shipping rates following the sharp increase in rates during the pandemic. The balance between the supply and demand for transporting cargo in containers is generally normal and rates have been lower than one year earlier. Rates are even falling for shipments originating in China, which accounts for the largest share of the AIT Group's cargo volume.

The AIT Group is focusing 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 many activities involving our digital strategy. For example, the cargo search service was upgraded in June 2023 and the functions of this service were expanded in November. These activities are making trading operations more convenient for customers and making our services more competitive.

The volume of apparel shipments was recovering until late September because people had more opportunities to go out. In October and November, this recovery began to slow down, particularly for winter apparel. The volume of imports of household products, furniture and other consumer goods, a category where demand was strong as people stayed home during the pandemic, is decreasing as demand declines, importers reduce inventories and inflation negatively affects consumer spending. Overall, the volume of international cargo has been low. The decline in ocean shipping rates also impacted results of operations. As a result, operating revenue was lower than in the first nine months of the previous fiscal year. However, the gross profit margin increased because of 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. The closing of some locations in China during the previous fiscal year lowered expenses for operating business sites.

Operating revenue decreased 29.1% year-on-year to 39,499 million yen. Operating profit decreased 22.0% to 3,566 million yen. Ordinary profit was down 21.9% to 3,738 million yen and profit attributable to owners of parent decreased 24.2% to 2,476 million yen.

Results by business segment are as follows.

1) Japan

During the first nine months of the current fiscal year, as ocean freight rates declined, 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 merchandise inventory reductions and the end of one-time demand created by the pandemic as well as inflation and other reasons.

The number of containers handled in the ocean freight sector decreased 8.0% from one year earlier to 176,131 TEU for imports and the total for imports and exports decreased 8.3% to 186,883 TEU. Customs clearance orders were lower than one year earlier, decreasing 2.6% to 104,211 because of a decrease in the volume of cargo.

As a result, operating revenue in Japan decreased 30.3% from one year earlier to 33,935 million yen, negatively affected by declines in freight rates and the volume of cargo handled. Segment profit decreased 25.1% to 2,969 million yen. The decrease was smaller than the decline in 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 using the digital transformation.

2) China

The downturn in the volume of freight for Japan handled by the AIT Group also reduced opportunities to receive orders for shipments within China. As a result, operating revenue decreased 18.4% from one year earlier to 4,723 million yen. Segment profit increased 7.3% to 465 million yen due to an improvement in the gross profit margin and measures for increasing profitability.

3) Other

There were recoveries in revenue from merchandise inspections and needle detection as well as from internal 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 31.7% from one year earlier to 840 million yen and segment profit decreased 23.9% to 131 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 1,232 million yen from the end of the previous fiscal year to 26,121 million yen at the end of the third quarter of the current fiscal year.

Current assets increased 1,065 million yen to 22,114 million yen. This was mainly due to increases in notes and accounts receivable-trade of 784 million yen and advances paid of 251 million yen.

Non-current assets increased 167 million yen to 4,007 million yen. This was mainly due to an increase in property, plant and equipment of 195 million yen.

Liabilities

Total liabilities increased 380 million yen to 8,666 million yen.

Current liabilities increased 79 million yen to 6,674 million yen. This was mainly due to an increase in accounts payable-trade of 313 million yen.

Non-current liabilities increased 301 million yen to 1,992 million yen. This was mainly due to a 69 million increase in retirement benefit liability.

Net assets

Net assets increased 852 million yen to 17,454 million yen. This was mainly due to a decrease of 2,114 million yen resulting from dividends from retained earnings and to profit attributable to owners of parent of 2,476 million yen. There was also a 429 million yen increase in foreign currency translation adjustment.

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

Based on the recent results of operations, AIT has revised its forecast for the fiscal year ending February 29, 2024 that was announced on April 13, 2023. For further details, see the release titled "Notice Regarding Revision of Consolidated Forecast and Announcement of Non-consolidated Forecast" (Japanese version only).

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

(Millions of yen)

	FY2/23 (As of Feb. 28, 2023)	Third quarter of FY2/24 (As of Nov. 30, 2023)
Assets		
Current assets		
Cash and deposits	15,374	15,408
Notes and accounts receivable-trade	4,159	4,944
Advances paid	1,263	1,514
Other	284	286
Allowance for doubtful accounts	(33)	(40)
Total current assets	21,048	22,114
Non-current assets		
Property, plant and equipment	606	801
Intangible assets		
Goodwill	652	571
Customer-related assets	1,579	1,381
Other	174	183
Total intangible assets	2,406	2,136
Investments and other assets		
Investment securities	551	589
Other	307	510
Allowance for doubtful accounts	(31)	(30)
Total investments and other assets	826	1,068
Total non-current assets	3,840	4,007
Total assets	24,888	26,121
Liabilities		
Current liabilities		
Accounts payable-trade	2,679	2,992
Current portion of long-term borrowings	1,700	1,700
Income taxes payable	1,051	565
Provision for bonuses	442	337
Provision for bonuses for directors (and other officers)	37	31
Other	684	1,046
Total current liabilities	6,594	6,674
Non-current liabilities		
Deferred tax liabilities	422	409
Retirement benefit liability	681	750
Provision for retirement benefits for directors (and other officers)	182	206
Asset retirement obligations	226	229
Other	178	396
Total non-current liabilities	1,691	1,992
Total liabilities	8,286	8,666

	(Millions of yen)	
	FY2/23 (As of Feb. 28, 2023)	Third quarter of FY2/24 (As of Nov. 30, 2023)
Net assets		
Shareholders' equity		
Share capital	271	500
Capital surplus	5,274	5,045
Retained earnings	10,323	10,685
Treasury shares	(392)	(392)
Total shareholders' equity	15,476	15,838
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	32
Foreign currency translation adjustment	832	1,262
Remeasurements of defined benefit plans	(4)	(3)
Total accumulated other comprehensive income	842	1,291
Non-controlling interests	283	325
Total net assets	16,602	17,454
Total liabilities and net assets	24,888	26,121

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

(Millions of yen)

	First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)	First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023)
Operating revenue		
Forwarding income	55,689	39,499
Total operating revenue	55,689	39,499
Operating costs		
Forwarding cost	46,610	31,541
Total operating costs	46,610	31,541
Gross profit	9,078	7,957
Selling, general and administrative expenses	4,509	4,391
Operating profit	4,569	3,566
Non-operating income		
Interest income	17	21
Dividend income	4	4
Share of profit of entities accounted for using equity method	151	156
Foreign exchange gains	22	-
Other	33	42
Total non-operating income	229	224
Non-operating expenses		
Interest expenses	11	11
Foreign exchange losses	-	40
Other	0	0
Total non-operating expenses	11	52
Ordinary profit	4,788	3,738
Extraordinary income		
Gain on sale of non-current assets	34	2
Other	7	-
Total extraordinary income	41	2
Extraordinary losses		
Loss on sale of non-current assets	-	19
Loss on retirement of non-current assets	23	1
Business structure reform expenses	22	-
Total extraordinary losses	46	20
Profit before income taxes	4,783	3,720
Income taxes-current	1,467	1,330
Income taxes-deferred	(35)	(140)
Total income taxes	1,431	1,190
Profit	3,352	2,530
Profit attributable to non-controlling interests	86	53
Profit attributable to owners of parent	3,265	2,476

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

	(Millions of yen)	
	First nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 2022)	First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 2023)
Profit	3,352	2,530
Other comprehensive income		
Valuation difference on available-for-sale securities	3	18
Foreign currency translation adjustment	588	417
Share of other comprehensive income of entities accounted for using equity method	68	44
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	661	480
Comprehensive income	4,013	3,010
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,899	2,925
Comprehensive income attributable to non-controlling interests	114	85

(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 nine months of FY2/23 (Mar. 1, 2022 – Nov. 30, 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	48,579	5,787	54,367	1,231	55,598	-	55,598
Other revenue	91	-	91	-	91	-	91
(1) Revenue from external customers	48,670	5,787	54,458	1,231	55,689	-	55,689
(2) Inter-segment revenue and transfers	85	4,564	4,650	538	5,188	(5,188)	-
Total	48,756	10,352	59,109	1,769	60,878	(5,188)	55,689
Segment profit	3,963	433	4,397	172	4,569	-	4,569

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.

II First nine months of FY2/24 (Mar. 1, 2023 – Nov. 30, 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	33,843	4,723	38,567	840	39,408	-	39,408
Other revenue	91	-	91	-	91	-	91
(1) Revenue from external customers	33,935	4,723	38,658	840	39,499	-	39,499
(2) Inter-segment revenue and transfers	81	3,389	3,470	351	3,821	(3,821)	-
Total	34,016	8,113	42,129	1,191	43,321	(3,821)	39,499
Segment profit	2,969	465	3,435	131	3,566	-	3,566

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.