



July 10, 2019

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 29, 2020
(Three Months Ended May 31, 2019)

[Japanese GAAP]

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

1. Consolidated Financial Results for the First Quarter (March 1, 2019 – May 31, 2019) of the Fiscal Year Ending February 29, 2020

(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, 2019	11,236	80.4	346	15.6	401	43.0	242	24.6
Three months ended May 31, 2018	6,230	3.6	299	(22.4)	280	(31.9)	194	(31.2)

Note: Comprehensive income
 Three months ended May 31, 2019: 311 million yen (up 116.2%)
 Three months ended May 31, 2018: 144 million yen (down 36.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2019	10.13	-
Three months ended May 31, 2018	10.18	-

Note: There was a share exchange with Nisshin Transportation Co., Ltd. on March 1, 2019 in which Nisshin Transportation received 4,800,000 shares of AIT stock consisting of 4,159,200 shares newly issued and 640,800 treasury shares. The net income per share for the three months ended May 31, 2019 is calculated using an average number of shares during the period of 23,913,567, which is 23,913,600 shares outstanding, including the shares newly issued for the share exchange with Nisshin Transportation, minus 33 treasury shares.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of May 31, 2019	20,426		11,363		53.9	
As of Feb. 28, 2019	8,214		5,954		72.2	

Reference: Equity capital As of May 31, 2019: 11,007 million yen As of Feb. 28, 2019: 5,927 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, 2019	-	18.00	-	18.00	36.00
Fiscal year ending Feb. 29, 2020	-				
Fiscal year ending Feb. 29, 2020 (forecast)		18.00	-	18.00	36.00

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

3. Consolidated Forecast for the Fiscal Year Ending February 29, 2020 (March 1, 2019 – February 29, 2020)

(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	23,400	80.0	590	(17.3)	730	(5.4)	440	(16.6)	18.40
Full year	50,000	80.0	1,650	6.9	1,960	15.0	1,250	7.1	52.27

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): Yes

Newly added: 5, Nisshin Transportation Co., Ltd., Nisshin Trans Consolidator Co., Ltd., Nisshin Global Logistics (Shanghai) Co., Ltd., Nisshin International Trading (Shanghai) Co., Ltd., Nisshin (Myanmar) Co., Ltd.

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, 2019: | 23,913,600 shares | As of Feb. 28, 2019: | 19,754,400 shares |
| 2) Number of treasury shares at the end of the period | | | |
| As of May 31, 2019: | 33 shares | As of Feb. 28, 2019: | 640,833 shares |
| 3) Average number of shares outstanding during the period | | | |
| Three months ended May 31, 2019: | 23,913,567 shares | Three months ended May 31, 2018: | 19,113,571 shares |

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 4 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, 2020, the labor market and personal income in Japan improved but corporate earnings are becoming sluggish. The overseas economy remained unstable and the uncertainty of the outlook is increasing rapidly because of U.S.-China trade friction, Britain's departure from the European Union and other issues.

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. Due to this share exchange, Nisshin Transportation and its subsidiaries in Japan, China and Myanmar have joined the AIT Group.

Adding Nisshin Transportation to the AIT Group has increased the volume of cargo handled by the group that is shipped by sea from China and Southeast Asia to Japan. This move also improves the AIT Group's ability to provide a comprehensive lineup of subcontracting services associated with imports and exports, such as merchandise inspections, needle detection in apparel shipments and distribution processing. The result is the ability to provide customers with more and better services as well as to conduct activities aimed at creating synergies among group companies in order to achieve more growth and increase the breadth of the group's operations.

During the first quarter, the AIT Group used its ability to create proposals for fully integrated service packages in order to add new customers and deepen relationships with current customers.

To maintain the stability of earnings, there were measures to raise selling prices in order to reflect the higher cost of purchasing logistic services.

All components of selling, general and administrative expenses were higher than one year earlier mainly because of amortization of goodwill associated with making Nisshin Transportation a subsidiary and higher personnel expenses due to the larger number of employees and restructuring of the group's personnel systems.

Operating revenue increased 80.4% year-on-year to 11,236 million yen, and earnings were higher as well at all levels. Operating profit was up 15.6% to 346 million yen. Ordinary profit was up 43.0% to 401 million yen as non-operating income increased mainly due to earnings of equity-method affiliates, and profit attributable to owners of parent increased 24.6% to 242 million yen.

Results by business segment are as follows.

Starting on March 1, 2019, Nisshin Transportation and Nisshin Trans Consolidator Co., Ltd. were added to the "Japan" segment, Nisshin Global Logistics (Shanghai) Co., Ltd. and Nisshin International Trading (Shanghai) Co., Ltd. were added to the "China" segment, and Nisshin (Myanmar) Co., Ltd. was added to "Other," which is not a reportable segment.

AIT LOGISTICS (THAILAND) LIMITED, which was a consolidated subsidiary, was excluded from the scope of consolidation in the first quarter of the current fiscal year because its liquidation process was completed. Consequently, "Thailand" is no longer a reportable segment in the first quarter of this fiscal year.

1) Japan

During the first quarter, sales activities to capture more orders for fully integrated service packages were strengthened and there were benefits from adding Nisshin Transportation to the AIT Group. The primary benefit of these measures was the handling of a larger volume of imports from China.

The number of containers handled in the sea freight sector increased 30.1% to 64,439 TEU for imports and 30.9% to 68,792 TEU for total imports and exports. Customs clearance orders largely increased 87.3% to 39,763.

Performance in Japan also benefited from measures to revise service rates, chiefly involving sea freight rates and delivery fees within Japan, in order to reflect higher expenses.

As a result, operating revenue increased 75.9% to 9,027 million yen and segment profit increased 12.9% to 225 million yen because of an increase in selling, general and administrative expenses, including the amortization of goodwill.

2) China

There were more opportunities to earn profits associated with transportation within China due to the growth of the volume of shipments from China to Japan handled by the AIT Group. In addition, there was higher operating revenue from merchandise inspection, needle detection in apparel shipments and distribution processing services in China due to the addition of Nisshin Transportation to the group and the scale of operations in China increased.

As a result, operating revenue increased 99.3% to 1,933 million yen and segment profit decreased 2.3% to 96 million yen because of an increase in selling, general and administrative expenses, including the amortization of goodwill.

3) Other

There was growth in the volume of cargo at subsidiaries in the United States and Taiwan and at a joint venture in Vietnam. In addition, operating revenue in Myanmar contributed to this growth. As a result, operating revenue was 276 million yen, compared with 105 million yen one year earlier and segment profit was 24 million yen compared with 2 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

Figures changed substantially following the use of a share exchange to make Nisshin Transportation a wholly owned subsidiary effective March 1, 2019.

Assets

Total assets increased 12,212 million yen from the end of the previous fiscal year to 20,426 million yen at the end of the period under review.

Current assets increased 7,451 million yen to 15,176 million yen. This was mainly due to increases in cash and deposits of 4,301 million yen and notes and accounts receivable-trade of 2,572 million yen because of making Nisshin Transportation a wholly owned subsidiary.

Non-current assets increased 4,760 million yen to 5,250 million yen. This was mainly due to increases in goodwill of 3,219 million yen, property, plant and equipment of 508 million yen and investment securities of 495 million yen because of making Nisshin Transportation a wholly owned subsidiary. The amount of goodwill is calculated provisionally because the allocation of the acquisition cost is incomplete.

Liabilities

Total liabilities increased 6,803 million yen to 9,063 million yen.

Current liabilities increased 6,552 million yen to 8,328 million yen. This was mainly due to increases in short-term loans payable of 4,365 million yen, accounts payable-trade of 1,332 million yen and provision for bonuses of 297 million yen because of making Nisshin Transportation a wholly owned subsidiary.

Non-current liabilities increased 250 million yen to 734 million yen. This was mainly due to an increase in net defined benefit liability of 232 million yen because of making Nisshin Transportation a wholly owned subsidiary.

Net assets

Net assets increased 5,408 million yen to 11,363 million yen. This was mainly due to a 5,053 million yen increase in capital surplus because of newly issued shares following the share exchange with Nisshin Transportation and a 327 million yen increase in non-controlling interests because of making Nisshin Transportation a wholly owned subsidiary. In addition, there was a booking of profit attributable to owners of parent of 242 million yen and dividends distributed from retained earnings of 344 million yen.

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

Results of operations in the first quarter were generally consistent with the plan for the fiscal year.

Following the share exchange that made Nisshin Transportation a wholly owned subsidiary, work is under way to determine the allocation of the acquisition cost for Nisshin Transportation and its subsidiaries. Since the allocation of the acquisition cost has not been completed, a provisional amount of goodwill has been calculated.

Apparel and household products account for a large share of the cargo handled by the AIT Group. Every fiscal year, the international transportation volume of these two product categories usually peaks in the third quarter. However, the outlook is uncertain because of the expected impact of Japan's October 2019 consumption tax hike on consumer spending, rapid changes in global events and the potential effects of these events on exchange rates.

Based on this outlook, we maintain the full year forecasts of consolidated results for the fiscal year ending February 29, 2020, which was announced on April 10, 2019.

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)

	FY2/19 (As of Feb. 28, 2019)	First quarter of FY2/20 (As of May 31, 2019)
Assets		
Current assets		
Cash and deposits	4,999,159	9,301,125
Notes and accounts receivable-trade	1,833,833	4,406,220
Advances paid	775,691	784,393
Other	135,236	708,213
Allowance for doubtful accounts	(18,866)	(23,674)
Total current assets	7,725,053	15,176,278
Non-current assets		
Property, plant and equipment	82,423	590,871
Intangible assets		
Goodwill	-	3,219,750
Other	144,869	310,404
Total intangible assets	144,869	3,530,154
Investments and other assets		
Investment securities	3,185	498,469
Shares of subsidiaries and associates	-	11,250
Deferred tax assets	25,993	226,146
Guarantee deposits	228,297	341,265
Other	4,758	52,365
Allowance for doubtful accounts	(232)	(232)
Total investments and other assets	262,003	1,129,266
Total non-current assets	489,296	5,250,292
Total assets	8,214,350	20,426,571
Liabilities		
Current liabilities		
Accounts payable-trade	1,047,594	2,380,408
Short-term loans payable	-	4,365,960
Income taxes payable	253,949	239,483
Provision for bonuses	93,118	390,929
Provision for directors' bonuses	20,000	5,074
Other	361,086	946,557
Total current liabilities	1,775,748	8,328,412
Non-current liabilities		
Net defined benefit liability	333,759	566,434
Provision for directors' retirement benefits	94,220	98,619
Other	55,886	69,666
Total non-current liabilities	483,865	734,720
Total liabilities	2,259,614	9,063,133

	(Thousands of yen)	
	FY2/19 (As of Feb. 28, 2019)	First quarter of FY2/20 (As of May 31, 2019)
Net assets		
Shareholders' equity		
Capital stock	271,140	271,140
Capital surplus	221,590	5,275,185
Retained earnings	5,378,034	5,277,660
Treasury shares	(68,008)	(3)
Total shareholders' equity	5,802,756	10,823,982
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	223	(12,096)
Foreign currency translation adjustment	124,051	196,023
Total accumulated other comprehensive income	124,274	183,927
Non-controlling interests	27,704	355,528
Total net assets	5,954,735	11,363,438
Total liabilities and net assets	8,214,350	20,426,571

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

(Thousands of yen)

	First three months of FY2/19 (Mar. 1, 2018 – May 31, 2018)	First three months of FY2/20 (Mar. 1, 2019 – May 31, 2019)
Operating revenue		
Forwarding income	6,230,070	11,236,986
Total operating revenue	6,230,070	11,236,986
Operating cost		
Forwarding cost	5,274,047	9,207,376
Total operating cost	5,274,047	9,207,376
Gross profit	956,023	2,029,609
Selling, general and administrative expenses	656,603	1,683,605
Operating profit	299,419	346,004
Non-operating income		
Interest income	1,988	5,709
Dividend income	29	260
Share of profit of entities accounted for using equity method	-	50,095
Other	7,568	20,777
Total non-operating income	9,587	76,842
Non-operating expenses		
Interest expenses	-	1,286
Foreign exchange losses	28,567	18,825
Other	-	1,651
Total non-operating expenses	28,567	21,764
Ordinary profit	280,438	401,082
Extraordinary losses		
Loss on retirement of non-current assets	349	63
Total extraordinary losses	349	63
Profit before income taxes	280,089	401,019
Income taxes-current	102,769	189,812
Income taxes-deferred	(16,236)	(41,931)
Total income taxes	86,533	147,881
Profit	193,556	253,138
Profit (loss) attributable to non-controlling interests	(963)	10,813
Profit attributable to owners of parent	194,519	242,324

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

(Thousands of yen)

	First three months of FY2/19 (Mar. 1, 2018 – May 31, 2018)	First three months of FY2/20 (Mar. 1, 2019 – May 31, 2019)
Profit	193,556	253,138
Other comprehensive income		
Valuation difference on available-for-sale securities	162	(12,319)
Deferred gains or losses on hedges	(268)	-
Foreign currency translation adjustment	(49,334)	70,699
Total other comprehensive income	(49,440)	58,380
Comprehensive income	144,115	311,518
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	146,632	301,977
Comprehensive income attributable to non-controlling interests	(2,516)	9,540

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

Not applicable.

Significant Changes in Shareholders' Equity

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. Due to this share exchange, Nisshin Transportation received AIT stock consisting of 4,159,200 shares newly issued and 640,800 treasury shares. As a result, capital surplus increased 5,053,595 thousand yen to 5,275,185 thousand yen, and treasury shares decreased 68,004 thousand yen to 3 thousand yen at the end of the first quarter of the current fiscal year.

Changes in the Scope of Consolidation or Application of the Equity Method**(1) Important changes in the scope of consolidation**

As there was a share exchange with Nisshin Transportation on March 1, 2019 to make this company a wholly owned subsidiary, Nisshin Transportation, Nisshin Trans Consolidator, Nisshin Global Logistics (Shanghai), Nisshin International Trading (Shanghai), Nisshin (Myanmar) and two other companies currently being liquidated were included in the scope of consolidation in the first quarter of the current fiscal year.

Nisshin Transportation and its four subsidiaries is considered as specified subsidiaries of AIT.

AIT LOGISTICS (THAILAND) LIMITED, which was a consolidated subsidiary, was excluded from the scope of consolidation in the first quarter of the current fiscal year because its liquidation process was completed.

(2) Important changes in the scope of application of the equity method

As there was a share exchange with Nisshin Transportation on March 1, 2019 to make this company a wholly owned subsidiary, Nisshin Logistics and five other companies are included in the scope of the equity method from the first quarter of the current fiscal year.

Additional Information

Application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.

Effective from the beginning of the first quarter of the current fiscal year, the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Reclassifications**Quarterly Consolidated Statement of Income**

Beginning with the first quarter of the current fiscal year, expenses for international cargo transportation, customs clearance services and delivery services are included in operating cost instead of selling, general and administrative expenses as in prior years. The purposes of this change are to clearly link expenses with revenue, use a single method for management of the AIT Group's results of operations, and provide a more suitable presentation of gross profit and selling, general and administrative expenses.

To conform to this change, the quarterly financial statements for the first three months of the previous fiscal year are restated. As a result, 343,904 thousand yen of selling, general and administrative expenses in the first three months of the previous fiscal year's quarterly consolidated statement of income is reclassified as operating cost.

Segment and Other Information**Segment Information**

I First three months of FY2/19 (Mar. 1, 2018 – May 31, 2018)

Information related to 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)	Thailand	Total				
Operating revenue								
(1) Revenue from external customers	5,132,247	970,034	21,925	6,124,206	105,864	6,230,070	-	6,230,070
(2) Inter-segment revenue and transfers	47,739	569,999	7,371	625,110	58,293	683,403	(683,403)	-
Total	5,179,987	1,540,033	29,296	6,749,316	164,157	6,913,473	(683,403)	6,230,070
Segment profit (loss)	199,613	98,381	(1,521)	296,472	2,946	299,419	-	299,419

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 and Vietnam.

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

II First three months of FY2/20 (Mar. 1, 2019 – May 31, 2019)

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

(Thousands of yen)

	Reportable segment				Other (Note 3)	Total	Adjustment	Amounts shown on quarterly consolidated statement of income (Note 4)
	Japan	China (Note 1)	Thailand (Note 2)	Total				
Operating revenue								
(1) Revenue from external customers	9,027,393	1,933,591	-	10,960,984	276,001	11,236,986	-	11,236,986
(2) Inter-segment revenue and transfers	70,685	1,054,580	-	1,125,265	148,185	1,273,450	(1,273,450)	-
Total	9,098,078	2,988,171	-	12,086,249	424,187	12,510,437	(1,273,450)	11,236,986
Segment profit	225,310	96,085	-	321,395	24,608	346,004	-	346,004

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

2. AIT LOGISTICS (THAILAND) LIMITED, which was a consolidated subsidiary, was excluded from the scope of consolidation in the first quarter of FY2/20 because its liquidation process was completed. Accordingly, “Thailand” is no longer a reportable segment in the first three months of FY2/20.

3. “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.

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

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 9,626,396 thousand yen, 4,242,324 thousand yen and 769,244 thousand yen, respectively, from the end of FY2/19.

Since the allocation of the acquisition cost has not been completed as of the end of the first quarter of FY2/20, a provisional amount of asset has been calculated.

3. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Impairment losses related to non-current assets

Not applicable.

Significant change in goodwill

In the first quarter of FY2/20, Nisshin Transportation and its four subsidiaries were included in the scope of consolidation. Accordingly, goodwill in “Japan,” “China” and “Other” which is not included in any of the reportable segments, are booked 1,727,107 thousand yen, 1,285,565 thousand yen and 297,207 thousand yen, respectively. The amount of goodwill is calculated provisionally because the allocation of the acquisition cost is incomplete at the end of the first quarter of FY2/20.

Business Combinations

Business combination through acquisition

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.

(1) Summary of business combination

1) Name of company acquired and its business activity

Name of company acquired: Nisshin Transportation Co., Ltd.

Business activities: International freight forwarding business

2) Reason for business combination

AIT is an integrated logistics company with wide-ranging logistics expertise including international transportation, customs clearance and third-party logistics. AIT specializes mainly in China-related business by having a suitable number of business bases along the Chinese coast since its establishment and provides a high-level transportation service and the rapid cargo-related information for customers. AIT is registered as an Authorized Economic Operator by Japan Customs. AIT, as a company with high-level security and rigorous compliance, is dedicated to providing highly convenient and world-class services in international transportation business.

Nisshin Transportation provides integrated freight transportation services for both exports and imports, mainly involving China. The subsidiaries of Nisshin Transportation also have transportation-related businesses such as needle detection in apparel shipments, merchandise inspections and distribution processing.

By adding Nisshin Transportation and its subsidiaries to the AIT Group, AIT intends to expand its marine transportation business between China and Japan in order to improve the quality of services for customers.

3) Date of business combination

March 1, 2019

4) Method of business combination

A share exchange to make AIT the sole parent company and Nisshin Transportation a wholly owned subsidiary of AIT

5) Name of Nisshin Transportation after business combination

There is no change in the company's name.

6) Ratio of ownership

100%

7) Basis for choosing the acquiring company

Use of a share exchange to acquire 100% of the voting rights of Nisshin Transportation and make this company a wholly owned subsidiary of AIT

- (2) Period of Nisshin Transportation's performance included in the quarterly consolidated statement of income in the current fiscal year

From March 1, 2019 to May 31, 2019

- (3) Acquisition cost of acquired company and type of consideration

Consideration for the acquisition:

Market value of AIT common stock used for the share exchange 5,121,600 thousand yen

Acquisition cost: 5,121,600 thousand yen

- (4) Exchange ratio and class of stock, calculation method and number of shares

- 1) Exchange ratio and class of stock

One share of AIT common stock for 1.20 shares of Nisshin Transportation common stock

- 2) Exchange ratio calculation method

To secure fairness and validity in the analysis of the share exchange ratio used in for the share exchange, it was decided that AIT would ask an independent third party to analyze this ratio and IR Japan, Inc. was selected as the third-party financial advisor.

Considering financial positions, achievement trends, stock price trends and other characteristics of both AIT and Nisshin Transportation and the analysis of the share exchange ratio by the third-party financial advisor, AIT, Nisshin Transportation and Hitachi Transport System, which was previously the parent company of Nisshin Transportation, proceeded with careful negotiations and discussions and reached the conclusion that this ratio is reasonable. As a result, the Board of Directors of AIT and Nisshin Transportation approved resolutions on October 10, 2018 to execute the share exchange at this ratio.

IR Japan performed an average share price analysis on the shares of AIT because it is listed on a financial instruments exchange, as well as a discounted cash flow analysis ("DCF") to reflect the future results of operations. An average share price analysis was performed by using the following prices of shares of AIT on the first section of the Tokyo Stock Exchange:

- a) Average daily closing price from April 10, 2018 to October 9, 2018.
- b) Average daily closing price from July 10, 2018 to October 9, 2018.
- c) Average daily closing price from September 10, 2018 to October 9, 2018.
- d) Average daily closing price from October 2, 2018 to October 9, 2018.
- e) Closing price on October 9, 2018.

IR Japan performed a comparable companies analysis on the shares of Nisshin Transportation because it is not listed on a financial instruments exchange and there are many listed companies with similar businesses, as well as DCF to reflect the future results of operations.

Value ranges calculated by using 1 as the value of one share of AIT stock are as follows.

Method		Results
AIT	Nisshin Transportation	
Average share price analysis	Comparable companies analysis	0.80 – 1.13
DCF	DCF	1.05 – 1.67

IR Japan has relied upon and assumes the accuracy and completeness of all information that was furnished by AIT and Nisshin Transportation or that is publicly available and IR Japan has not independently verified that this information is accurate or complete. IR Japan has not independently evaluated and has not asked a third party to evaluate any assets or liabilities (including contingent liabilities) of AIT, Nisshin Transportation or their affiliates. The share exchange ratio analysis by IR Japan is based on information and economic condition as of October 9, 2018. The expected future financial conditions (including profit plans) are based on the best currently available estimates and judgments by the managements of AIT and Nisshin Transportation.

The business plans of AIT and Nisshin Transportation used by IR Japan for the analysis of DCF do not include business years with significant profit fluctuations. The expected future financial conditions of AIT and Nisshin Transportation which IR Japan used for the analysis of DCF do not include the execution of this share exchange.

3) Number of shares delivered

4,800,000 shares

(5) Major acquisition-related expenses

Advisory compensation, fees, etc.: 54,224 thousand yen

(6) Goodwill resulting from the acquisition

1) Value of goodwill

3,309,880 thousand yen

Since the allocation of the acquisition cost has not been completed as the end of the first quarter of FY2/20, a provisional amount of goodwill has been calculated.

2) Source of goodwill

Goodwill was recorded because the cost of acquiring Nisshin Transportation was higher than the fair value of this company's net assets.

3) Amortization method and amortization period

The method of amortization and the length of the amortization period will be determined based on how the acquisition cost is allocated.

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.