April 13, 2023

Consolidated Financial Results for the Fiscal Year Ended February 28, 2023

[Japanese GAAP]

Company name: AIT CORPORATION
Listing: Tokyo Stock Exchange
Securities code: 9381
URL: https://www.ait-jp.com/
Representative: Hidekazu Yagura, President and CEO
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Scheduled date of Annual General Meeting of Shareholders: May 23, 2023
Scheduled date of filing of Annual Securities Report: May 24, 2023
Scheduled date of payment of dividend: May 24, 2023
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: None

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

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2023 (March 1, 2022 – February 28, 2023)

(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	%
Fiscal year ended Feb. 28, 2023	69,463	15.9	5,288	47.7	5,605	46.7	3,684	55.7
Fiscal year ended Feb. 28, 2022	59,931	30.9	3,581	55.4	3,821	50.1	2,367	36.6

Note: Comprehensive income
Fiscal year ended Feb. 28, 2023: 4,049 million yen (up 38.5%)
Fiscal year ended Feb. 28, 2022: 2,923 million yen (up 60.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to operating revenue
	Yen	Yen	%	%	%
Fiscal year ended Feb. 28, 2023	156.85	-	24.4	23.2	7.6
Fiscal year ended Feb. 28, 2022	100.75	-	18.2	16.9	6.0

Reference: Equity in earnings of affiliates
Fiscal year ended Feb. 28, 2023: 186 million yen
Fiscal year ended Feb. 28, 2022: 198 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2023	24,888	16,602	65.6	694.61
As of Feb. 28, 2022	23,516	14,134	59.2	593.00

Reference: Equity capital As of Feb. 28, 2023: 16,318 million yen As of Feb. 28, 2022: 13,931 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 28, 2023	5,321	167	(2,809)	15,323
Fiscal year ended Feb. 28, 2022	3,772	396	(2,197)	12,419

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 28, 2022	-	22.00	-	36.00	58.00	1,362	57.6	10.5
Fiscal year ended Feb. 28, 2023	-	30.00	-	50.00	80.00	1,879	51.0	12.4
Fiscal year ending Feb. 29, 2024 (forecast)	-	40.00	-	40.00	80.00		50.8	

Note: Breakdown of the year-end dividend forecast for the fiscal year ended February 28, 2022
Ordinary dividend: ¥29.00; Commemorative dividend to celebrate 15th listing anniversary: ¥7.00

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

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	32,200	(9.9)	2,150	(21.9)	2,250	(19.8)	1,500	(19.9)	63.85
Full year	70,000	0.8	5,300	0.2	5,620	0.3	3,700	0.4	157.49

*** 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 International Trading (Shanghai) Co., Ltd.

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others:	Yes
2) Changes in accounting policies other than 1) above:	None
3) Changes in accounting-based estimates:	None
4) Restatements:	None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Feb. 28, 2023	23,913,600 shares	As of Feb. 28, 2022:	23,913,600 shares

2) Number of treasury shares at the end of the period

As of Feb. 28, 2023:	420,008 shares	As of Feb. 28, 2022:	419,975 shares

3) Average number of shares during the period

Fiscal year ended Feb. 28, 2023:	23,493,597 shares	Fiscal year ended Feb. 28, 2022:	23,493,647 shares

Reference: Summary of Non-consolidated Financial Results
Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2023
(March 1, 2022 – February 28, 2023)

(1) Non-consolidated results of operations (Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2023	41,823	22.0	3,555	42.7	4,249	51.1	3,084	53.9
Fiscal year ended Feb. 28, 2022	34,292	41.2	2,491	87.4	2,813	68.6	2,003	70.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Feb. 28, 2023	131.28	-
Fiscal year ended Feb. 28, 2022	85.30	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2023	15,263	12,153	79.6	517.33
As of Feb. 28, 2022	13,714	10,620	77.4	452.05

Reference: Shareholders' equity As of Feb. 28, 2023: 12,153 million yen As of Feb. 28, 2022: 10,620 million yen

The current financial report is not subject to audit 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. Overview of Results of Operations, (4) Outlook" on page 5 of the attachments regarding preconditions or other related matters for forecasts shown above.

Financial results meeting and supplementary information

AIT has canceled this year's financial results meeting for institutional investor and analysts for the safety of participants. AIT plans to post materials that would have been used for this year's financial results meeting on its website after the earnings announcement.

Contents of Attachments

1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended February 28, 2023, there was a slow recovery of the Japanese economy as economic and social activities gradually returned to normal despite the lingering impact of the pandemic. However, the outlook for the economy remains uncertain because of the increasing tendency of people to economize as prices of raw materials, energy and consumer goods increase, the result of growing tension worldwide and the yen's depreciation.

Early in the fiscal year, logistics operations declined due to temporary supply chain disruptions caused by lockdowns in Shanghai in April and May 2022. In response to these challenges, AIT took steps to ensure the stability of international cargo shipments.

In the ocean cargo transport sector, which is the core business of the AIT Group, shipping rates decreased on routes to North America and Southeast Asia and the volume of cargo was down beginning in the fall of 2022 on some China routes, a category that accounts for a large share of the group's ocean shipments. Expenses for shippers are high because shipping rates are still higher than before the pandemic started and because of the yen's depreciation. Since the AIT Group focuses on sales activities using proposals involving international freight, group companies view these challenges as a positive opportunity to increase revenue by adding new customers and strengthening relationships with current customers. There were also many sales activities with the goal of receiving even more orders for integrated services. As the yen weakened, we also concentrated on handling more export shipments from Japan.

Container volume and customs clearance orders were down from the previous fiscal year because of lockdowns in Shanghai early in the fiscal year and the yen's depreciation that began in the middle of the fiscal year and resulted in lower imports by some customers. However, the AIT Group was able to offset downward pressure on earnings from lower cargo volume and other challenges because shipping rates were higher than in the previous fiscal year and the yen's depreciation had an even greater positive effect on operating revenue. The AIT Group also continued to focus on digital transformation initiatives to improve operational efficiency and continued to hold down selling, general and administrative expenses as much as possible in order to increase earnings.

Operating revenue increased 15.9% year-on-year to 69,463 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 47.7% to 5,288 million yen, ordinary profit was up 46.7% to 5,605 million yen and profit attributable to owners of parent increased 55.7% to 3,684 million yen.

Results by business segment are as follows.

In the China segment, consolidated subsidiary Nisshin International Trading (Shanghai) was liquidated in the fiscal year that ended in February 2023 and excluded from consolidation.

1) Japan

Inflation and the higher cost of imported goods due to the yen's depreciation created a challenging environment for consumer spending during the fiscal year. Furthermore, there was a temporary disruption of shipments between Japan and China because of lockdowns in Shanghai.

In this difficult environment, we focused on sales activities that leverage the AIT Group's ability to provide integrated services extending from international freight forwarding and customs clearance to delivery. We also worked closely with overseas group business sites to provide customers with useful information about logistics.

Although problems involving containership capacity constraints are declining, the volume of Japan's imports decreased because of lockdowns in Shanghai and weakening of the yen. The number of containers handled in the sea freight sector decreased 9.3% from one year earlier to 242,407 TEU for imports and the total for imports and exports decreased 7.9% to 258,302 TEU. Customs clearance orders were lower than one year earlier, decreasing 7.4% to 135,176 because of lower ocean freight volume.

Despite these declines, operating revenue and gross profit increased significantly because of consistently higher ocean freight rates on China routes, which account for the largest share of the AIT Group's cargo volume, and the positive effect of the yen's depreciation. We are constantly reexamining selling, general and administrative expenses and using the digital transformation to operate more efficiently in order to cut costs for further earnings growth.

As a result, operating revenue increased 19.3% from one year earlier to 59,963 million yen. Segment profit increased 45.6% to 4,519 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 volume of apparel shipments is recovering but the recovery is not yet robust. Consequently, receiving orders for merchandise inspections, needle detection and other services associated with these shipments is difficult. On the other hand, the volume of freight for Japan handled by the AIT Group increased between January to March 2022 because of the large volume of household and other miscellaneous products. The volume of cargo decreased because of lockdowns in Shanghai in April and May and the subsequent rapid depreciation of the yen also held down shipments to Japan. As a result, opportunities to receive orders in China decreased.

As a result, operating revenue decreased 4.7% from one year earlier to 7,957 million yen and segment profit increased 38.1% to 538 million yen due to improved profitability.

3) Other

At the Taiwan subsidiary, opportunities for receiving orders decreased as the volume of cargo shipped to Japan declined due to the yen's depreciation and other reasons. The volume of cargo handled and revenue remained steady at subsidiaries in Vietnam. Revenue is recovering at the Myanmar subsidiary as the effects of the pandemic and civil unrest are declining. The effect of the weaker yen on yen translations of local currency revenue and earnings further contributed to the performance of this sector. As a result, operating revenue increased 17.8% from one year earlier to 1,542 million yen and segment profit was 230 million yen compared with segment profit of 88 million yen one year earlier.

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

(2) Financial Position

Assets

Total assets increased 1,372 million yen from the end of the previous fiscal year to 24,888 million yen at the end of the current fiscal year.

Current assets increased 1,812 million yen to 21,048 million yen. This was mainly due to an increase in cash and deposits of 2,720 million yen, while there was a decrease in operating receivables of 597 million yen and advances paid of 366 million yen.

Non-current assets decreased 440 million yen to 3,840 million yen. This was mainly due to decreases in customer-related assets of 263 million yen and goodwill of 108 million yen.

Liabilities

Total liabilities decreased 1,096 million yen to 8,286 million yen.

Current liabilities decreased 1,280 million yen to 6,594 million yen. This was mainly due to decreases in current portion of long-term borrowings of 1,000 million yen and accounts payable-trade of 327 million yen, while there was an increase in income taxes payable of 234 million yen.

Non-current liabilities increased 184 million yen to 1,691 million yen. This was mainly due to increases in deferred tax liabilities of 38 million yen and net defined benefit liability of 34 million yen.

Net assets

Net assets increased 2,468 million yen to 16,602 million yen. This was mainly due to profit attributable to owners of parent of 3,684 million yen, dividends distributed from retained earnings of 1,550 million yen and a 246 million yen increase in foreign currency translation adjustment.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the current fiscal year were 15,323 million yen, up 2,903 million yen over the end of the previous fiscal year.

The cash flow components and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities was 5,321 million yen, an increase of 1,548 million yen from the previous fiscal year. Negative factors include income taxes paid of 1,565 million yen and a decrease in trade payables of 390 million yen. there were positive factors including profit before income taxes of 5,609 million yen, a decrease in trade receivables of 691 million yen, depreciation of 659 million yen, a decrease in advances paid of 366 million yen and interest and dividends received of 232 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 167 million yen, a decrease of 229 million yen from the previous fiscal year. There were payments into time deposits of 246 million yen and proceeds from withdrawal of time deposits of 448 million yen.

Cash flows from financing activities

Net cash used in financing activities was 2,809 million yen, an increase of 612 million yen from the previous fiscal year. Although there were positive factors including proceeds from long-term borrowings of 1,700 million yen, there were negative factors including repayments of long-term borrowings of 2,700 million yen and cash dividends paid of 1,550 million yen.

Reference: Trends in cash flow indicators

	FY2/19	FY2/20	FY2/21	FY2/22	FY2/23
Shareholders’ equity ratio (%)	72.2	54.9	55.6	59.2	65.6
Shareholders’ equity ratio based on market value (%)	249.2	94.1	107.4	132.0	144.4
Interest-bearing debt to cash flow ratio (%)	-	196.6	262.7	78.5	37.3
Interest coverage ratio (times)	-	750.0	322.4	247.9	349.6

Shareholders’ equity ratio = Shareholders’ equity / Total assets
Shareholders’ equity ratio based on market value = Market capitalization / Total assets
Interest-bearing debt to cash flow ratio = Interest-bearing debt / Cash flows
Interest coverage ratio = Cash flows from operating activities / Interest payments

Notes:

1. All indices are calculated based on consolidated figures.
2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares outstanding, excluding treasury shares, at the end of the period.
3. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest. Interest payments use the amount of interest expenses paid on the consolidated statement of cash flows.

(4) Outlook

There are expectations for an economic recovery as activities in Japan and other countries return to normal. However, the outlook is still unclear due to the prolonged Ukraine crisis, exchange rate volatility and other sources of uncertainty.

On China routes, which account for the largest share of the AIT Group's cargo volume, shipping rates began to decline on some routes in the fall of 2022. To continue growing, group companies must become even more competitive and build a powerful profit structure that is not vulnerable to changes in the business climate.

For more growth of revenue and earnings, we will take many actions involving our digital strategy to become more competitive and involving our operations to further improve the convenience of our services for customers. Another priority is increasing orders in the core international freight forwarding business as well as for customs clearance, delivery, inspections, needle detection, processing and other services associated with imports and exports. We will also continue to focus on capturing orders for cargo transportation that does not involve Japan by using cooperation among our subsidiaries in Japan and other countries and agents worldwide. All our activities have the objectives of building a more powerful global logistics infrastructure and foundation for business operations.

By taking these actions, our goal is stable revenue and earnings in the fiscal year ending in February 2024 by using measures at all group companies for achieving a recovery in container volume and customs clearance orders, which decreased in the fiscal year that ended in February 2023.

In the first half of the fiscal year ending in February 2024, there are concerns about a possible continuation of the low volume of import and export cargo. In addition, shipping rates are currently declining and are well below the level of one year earlier when these rates peaked. As a result, the business climate in the first half is expected to be challenging due to the outlook for revenue that is down from one year earlier.

In the fiscal year's second half, shipping rates are expected to remain low. In the second half of the fiscal year that ended in February 2023, there was a sharp drop in ocean shipments and customs clearance orders in part because of the yen's rapid depreciation that at one point reached 150 yen to the dollar. Declining shipping rates are slowly reducing logistics expenses and there are expectations for a recovery in the volume of imports and exports. Therefore, the outlook is for second half performance to offset the first half decline as group companies use the initiatives outlined earlier to produce even greater benefits, resulting in a big increase in the volume of cargo handled. In addition, benefits are expected from measures to strengthen the operations of Nisshin Transportation in Japan and subsidiaries in China and Southeast Asia in order to turn around their performance.

For the stability of revenue and earnings, we will continue to reexamine and cut expenses as numerous initiatives continue for the utilization of digital technologies.

Based on this outlook, we expect operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent to rise by 0.8%, 0.2%, 0.3% and 0.4% year-on-year to 70,000 million yen, 5,300 million yen, 5,620 million yen, and 3,700 million yen, respectively.

(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The basic policy is to pay a dividend that is stable and consistent. The dividend reflects the goal of increasing distributions of earnings to shareholders, the AIT Group's consolidated results of operations and dividend payout ratio in each fiscal year, and the need to retain earnings for achieving growth and strengthening business operations in Japan and overseas.

Based on this policy, the interim dividend for the fiscal year was 30 yen per share in order to meet the expectations of shareholders. To increase distributions to shareholders, the planned year-end dividend was increased from 31 yen to 50 yen as announced on October 12, 2022 in a release titled "Notice of Interim Dividend and Increase in Year-end Dividend Forecast (Japanese version only)." A proposal to pay this dividend will be submitted at the Annual General Meeting of Shareholders for the fiscal year that ended in February 2023.

As a result, we plan to pay a dividend of 80 yen per share for the fiscal year that ended in February 2023. This is an increase of 22 yen from the previous fiscal year when the dividend was 58 yen per share, the sum of a 51 yen ordinary dividend and 7 yen for the 15th anniversary of our stock market listing.

Using the 80 yen dividend planned for the fiscal year that ended in February 2023 as the base, we plan to pay a dividend of 80 yen consisting of a 40 yen interim dividend and 40 yen year-end dividend for the fiscal year ending in February 2024. We plan to pay a consistent dividend while increasing shareholder value as we take into consideration results of operations, our dividend payout ratio target, the need to retain earnings for expanding business operations in Japan and overseas and strengthening our infrastructure for these operations, and other applicable items.

2. Basic Approach to the Selection of Accounting Standards

The AIT Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	FY2/22 (As of Feb. 28, 2022)	FY2/23 (As of Feb. 28, 2023)
Assets		
Current assets		
Cash and deposits	12,654	15,374
Notes and accounts receivable-trade	4,757	-
Notes receivable-trade	-	8
Electronically recorded monetary claims-operating	-	306
Accounts receivable-trade	-	3,845
Advances paid	1,629	1,263
Other	235	284
Allowance for doubtful accounts	(41)	(33)
Total current assets	19,235	21,048
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	155	138
Machinery, equipment and vehicles, net	167	138
Leased assets, net	257	281
Other, net	54	46
Total property, plant and equipment	635	606
Intangible assets		
Goodwill	761	652
Customer-related assets	1,842	1,579
Other	168	174
Total intangible assets	2,772	2,406
Investments and other assets		
Investment securities	525	551
Deferred tax assets	21	29
Other	357	277
Allowance for doubtful accounts	(31)	(31)
Total investments and other assets	872	826
Total non-current assets	4,280	3,840
Total assets	23,516	24,888
Liabilities		
Current liabilities		
Accounts payable-trade	3,007	2,679
Current portion of long-term borrowings	2,700	1,700
Income taxes payable	817	1,051
Provision for bonuses	446	442
Provision for bonuses for directors (and other officers)	37	37
Other	866	684
Total current liabilities	7,875	6,594
Non-current liabilities		
Deferred tax liabilities	383	422
Retirement benefit liability	646	681
Provision for retirement benefits for directors (and other officers)	155	182
Asset retirement obligations	206	226
Other	115	178
Total non-current liabilities	1,507	1,691
Total liabilities	9,382	8,286

(Millions of yen)

	FY2/22 (As of Feb. 28, 2022)	FY2/23 (As of Feb. 28, 2023)
Net assets		
Shareholders' equity		
Share capital	271	271
Capital surplus	5,274	5,274
Retained earnings	8,189	10,323
Treasury shares	(392)	(392)
Total shareholders' equity	13,341	15,476
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9	14
Foreign currency translation adjustment	586	832
Remeasurements of defined benefit plans	(5)	(4)
Total accumulated other comprehensive income	589	842
Non-controlling interests	202	283
Total net assets	14,134	16,602
Total liabilities and net assets	23,516	24,888

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)
Operating revenue		
Forwarding income	59,931	69,463
Total operating revenue	59,931	69,463
Operating costs		
Forwarding cost	50,253	58,221
Total operating costs	50,253	58,221
Gross profit	9,677	11,242
Selling, general and administrative expenses	6,096	5,953
Operating profit	3,581	5,288
Non-operating income		
Interest income	31	31
Dividend income	1	4
Share of profit of entities accounted for using equity method	198	186
Foreign exchange gains	-	62
Other	72	48
Total non-operating income	303	333
Non-operating expenses		
Interest expenses	15	15
Foreign exchange losses	42	-
Other	5	1
Total non-operating expenses	63	16
Ordinary profit	3,821	5,605
Extraordinary income		
Gain on sale of non-current assets	1	41
Gain on liquidation of subsidiaries and associates	-	7
Other	-	4
Total extraordinary income	1	53
Extraordinary losses		
Loss on sale of non-current assets	3	0
Loss on retirement of non-current assets	3	24
Loss on liquidation of subsidiaries and associates	0	-
Business structure reform expenses	145	25
Total extraordinary losses	152	49
Profit before income taxes	3,670	5,609
Income taxes-current	1,314	1,789
Income taxes-deferred	(53)	26
Total income taxes	1,261	1,816
Profit	2,408	3,793
Profit attributable to non-controlling interests	41	108
Profit attributable to owners of parent	2,367	3,684

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)
Profit	2,408	3,793
Other comprehensive income		
Valuation difference on available-for-sale securities	2	5
Foreign currency translation adjustment	427	223
Share of other comprehensive income of entities accounted for using equity method	86	26
Remeasurements of defined benefit plans, net of tax	(1)	0
Total other comprehensive income	514	256
Comprehensive income	2,923	4,049
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,897	3,937
Comprehensive income attributable to non-controlling interests	26	112

(3) Consolidated Statement of Changes in Equity

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	271	5,275	6,808	(392)	11,962
Changes during period					
Dividends of surplus			(986)		(986)
Profit attributable to owners of parent			2,367		2,367
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries		(1)			(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	(1)	1,380	(0)	1,379
Balance at end of period	271	5,274	8,189	(392)	13,341

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	6	57	(4)	59	209	12,231
Changes during period						
Dividends of surplus						(986)
Profit attributable to owners of parent						2,367
Purchase of treasury shares						(0)
Purchase of shares of consolidated subsidiaries						(1)
Net changes other than shareholders' equity	2	529	(1)	530	(6)	523
Total changes during period	2	529	(1)	530	(6)	1,902
Balance at end of period	9	586	(5)	589	202	14,134

FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	271	5,274	8,189	(392)	13,341
Changes during period					
Dividends of surplus			(1,550)		(1,550)
Profit attributable to owners of parent			3,684		3,684
Purchase of treasury shares				(0)	(0)
Purchase of shares of consolidated subsidiaries					
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,134	(0)	2,134
Balance at end of period	271	5,274	10,323	(392)	15,476

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	9	586	(5)	589	202	14,134
Changes during period						
Dividends of surplus						(1,550)
Profit attributable to owners of parent						3,684
Purchase of treasury shares						(0)
Purchase of shares of consolidated subsidiaries						-
Net changes other than shareholders' equity	5	246	0	252	81	334
Total changes during period	5	246	0	252	81	2,468
Balance at end of period	14	832	(4)	842	283	16,602

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)
Cash flows from operating activities		
Profit before income taxes	3,670	5,609
Depreciation	636	659
Amortization of goodwill	108	108
Increase (decrease) in allowance for doubtful accounts	29	(7)
Increase (decrease) in provision for bonuses	56	(4)
Increase (decrease) in provision for bonuses for directors (and other officers)	2	(0)
Increase (decrease) in retirement benefit liability	60	35
Increase (decrease) in provision for retirement benefits for directors (and other officers)	14	27
Interest and dividend income	(33)	(36)
Interest expenses	15	15
Share of loss (profit) of entities accounted for using equity method	(198)	(186)
Loss (gain) on sale of non-current assets	2	(41)
Loss on retirement of non-current assets	3	24
Loss (gain) on sale of investment securities	(0)	-
Business structure reform expenses	145	25
Increase (decrease) in deposits received	3	(15)
Decrease (increase) in trade receivables	(151)	691
Decrease (increase) in advances paid	(253)	366
Increase (decrease) in trade payables	655	(390)
Other, net	(41)	(155)
Subtotal	4,725	6,724
Interest and dividends received	252	232
Interest paid	(15)	(15)
Payments for business structure reform expenses	(104)	(55)
Income taxes paid	(1,085)	(1,565)
Net cash provided by (used in) operating activities	3,772	5,321
Cash flows from investing activities		
Payments into time deposits	(1,158)	(246)
Proceeds from withdrawal of time deposits	1,595	448
Purchase of property, plant and equipment	(7)	(63)
Proceeds from sale of property, plant and equipment	3	48
Payments for retirement of property, plant and equipment	-	(1)
Purchase of intangible assets	(44)	(76)
Proceeds from sale of investment securities	2	-
Payments of guarantee deposits	(40)	(7)
Proceeds from refund of guarantee deposits	15	91
Other, net	29	(26)
Net cash provided by (used in) investing activities	396	167

(Millions of yen)

	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)
Cash flows from financing activities		
Proceeds from long-term borrowings	2,700	1,700
Repayments of long-term borrowings	(3,700)	(2,700)
Purchase of treasury shares	(0)	(0)
Dividends paid	(986)	(1,550)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(13)	-
Other, net	(197)	(259)
Net cash provided by (used in) financing activities	(2,197)	(2,809)
Effect of exchange rate change on cash and cash equivalents	396	225
Net increase (decrease) in cash and cash equivalents	2,367	2,903
Cash and cash equivalents at beginning of period	10,052	12,419
Cash and cash equivalents at end of period	12,419	15,323

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

Application of the Accounting Standard for Revenue Recognition

Beginning with the current fiscal year, the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020) has been applied. Based on this standard, revenue expected to be received in exchange for the provision of goods and services is recognized when the control of the goods and services is transferred to customers. Accordingly, revenue from performance obligation over time is recognized based on the progress towards completion of the performance obligation.

In previous years, the Group recognized the total amount received from customers as revenue for transactions in which the Group provides products or services to customers as an agent. The Group has changed to a method of recognizing revenue as the net amount obtained by deducting the amount paid to the supplier from the amount received from the customer.

For the application of the accounting standard for revenue recognition, in accordance with the transitional treatment in the proviso to paragraph 84 of this standard, the new standard is then applied from the beginning of the current fiscal year. However, the Company has applied the method prescribed in paragraph 86 of this standard and has not retrospectively applied the new accounting policy to contracts in which almost all revenue were recognized in accordance with the previous treatment prior to the beginning of the current fiscal year.

The effect of this change on operating revenue and profit in the current fiscal year is insignificant, and there is no impact on the balance of retained earnings at the beginning of the current fiscal year. Since the effect of these changes on per share information is insignificant, this information is omitted.

Due to the application of the Revenue Recognition Accounting Standard, “Notes and accounts receivable-trade” presented under “Current assets” in the consolidated balance sheet for the previous fiscal year has now been included in “Notes receivable-trade”, “Electronically recorded monetary claims-operating” and “Accounts receivable-trade” in the consolidated balance sheet for the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Accounting Standard, reclassification based on the new presentation method has not been carried out for the previous fiscal year.

In accordance with the transitional treatment prescribed in Paragraph 89-3 of the Revenue Recognition Accounting Standard, there is no note concerning “revenue recognition matters” for the previous fiscal year.

Application of the Accounting Standard for Fair Value Measurement

We have applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter the “Fair Value Measurement Accounting Standard”) from the beginning of the current fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019), we have decided to prospectively apply the new accounting policy set forth in the Fair Value Measurement Accounting Standard. This decision has no impact on the financial statements for the current fiscal year.

Reclassifications

Consolidated Balance Sheet

“Guarantee deposits” under investments and other assets presented as a separate item in the previous fiscal year, is reclassified and included in “Other” under investments and other assets, given the reduced materiality of impact of the amount on the consolidated financial statements. To conform to this change, the consolidated financial statements for the previous fiscal year are restated.

As a result, 285 million yen of “Guarantee deposits” under investments and other assets in the previous fiscal year’s consolidated balance sheet is included in “Other” under investments and other assets.

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

Important changes in the scope of consolidation

Consolidated subsidiary Nisshin International Trading (Shanghai) Co., Ltd. was liquidated in the fiscal year ended February 28, 2023 and excluded from consolidation.

Segment and Other Information

Segment Information

1. Overview of reportable segments

Determination of reportable segments

Segments used for financial reporting are the AIT Group’s constituent units for which separate financial information is available and for which Board of Directors, the highest management decision-making body, performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

AIT and its consolidated subsidiaries operate the international freight forwarding business as well as associated business activities and other activities. AIT and domestic subsidiaries, primarily in Japan, and subsidiaries in China (including Hong Kong) are each managed independently. Each of these companies establishes comprehensive strategies and conducts business activities in its own region.

Consequently, AIT and its consolidated subsidiaries consist of two reportable geographic segments that have their own sales, order receipt and logistics frameworks: Japan and China.

2. Calculation method for revenue, profit or loss, assets, and other items for each reportable segment

The accounting treatment methods for reportable segments are generally the same as accounting principles and procedures used for the preparation of the consolidated financial statements. Segment profit for reportable business segments is based on operating profit.

Inter-segment revenue is based on prices used for third-party transactions.

As described in Changes in Accounting Policies, the AIT Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No.29 issued on March 31, 2020) from the beginning of the current fiscal year and changed the accounting method for revenue recognition. The method for calculating revenue, profit or loss in business segments has been changed accordingly. The effect of this change on operating revenue and segmet proft for reportable segments for the current fiscal year is insignificant.

3. Information related to revenue, profit or loss, assets, and other items for each reportable segment and on breakdown of revenues

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022) (Millions of yen)

	Reportable segment			Other (Note 2)	Total	Adjustment (Note 3)	Amounts shown on consolidated financial statements (Note 4)
	Japan	China (Note 1)	Total				
Operating revenue							
Revenue from external customers	50,268	8,353	58,622	1,309	59,931	-	59,931
Inter-segment revenue and transfers	136	4,628	4,764	505	5,269	(5,269)	-
Total	50,404	12,981	63,386	1,814	65,200	(5,269)	59,931
Segment profit	3,102	390	3,493	88	3,581	-	3,581
Segment assets	15,058	6,839	21,898	1,017	22,915	601	23,516
Other items							
Depreciation	254	325	580	55	636	-	636
Amortization of goodwill	56	42	99	9	108	-	108
Equity in earnings of affiliates	255	216	472	-	472	-	472
Increase in property, plant and equipment and intangible assets	68	127	195	0	196	-	196

Notes: 1. “China” includes the business activities of entities in China and Hong Kong. In the “China” segment, consolidated subsidiary Nisshin International Trading (Shanghai) is currently being liquidated.

2. “Other” is a business segment not included in reportable segments and includes the business activities of entities in Taiwan, Vietnam and Myanmar. In the “Other” segment, consolidated subsidiary AIT International of America, Inc. was liquidated in FY2/22 and excluded from consolidation.

3. The 601 million yen adjustment to segment assets includes corporate assets, offsetting elimination of debts and credits with consolidated subsidiaries, and shares of subsidiaries and associates posted by AIT and its consolidated subsidiaries that are not allocated to any of the reportable segments. Corporate assets mainly consist of the parent company’s surplus funds (cash and deposits).

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

FY2/23 (Mar. 1, 2022 – Feb. 28, 2023) (Millions of yen)

	Reportable segment			Other (Note 2)	Total	Adjustment (Note 3)	Amounts shown on consolidated financial statements (Note 4)
	Japan	China (Note 1)	Total				
Operating revenue							
Revenue from contracts with customers	59,841	7,957	67,799	1,542	69,342	-	69,342
Other revenue	121	-	121	-	121	-	121
Revenue from external customers	59,963	7,957	67,920	1,542	69,463	-	69,463
Inter-segment revenue and transfers	112	5,710	5,822	695	6,518	(6,518)	-
Total	60,075	13,667	73,743	2,238	75,982	(6,518)	69,463
Segment profit	4,519	538	5,058	230	5,288	-	5,288
Segment assets	13,960	6,684	20,644	1,093	21,737	3,151	24,888
Other items							
Depreciation	238	370	608	50	659	-	659
Amortization of goodwill	56	42	99	9	108	-	108
Equity in earnings of affiliates	249	240	489	-	489	-	489
Increase in property, plant and equipment and intangible assets	115	265	381	11	392	-	392

Notes: 1. "China" includes the business activities of entities in China and Hong Kong. In the "China" segment, consolidated subsidiary Nisshin International Trading (Shanghai) was liquidated in FY2/23 and excluded from consolidation.

2. "Other" is a business segment not included in reportable segments and includes the business activities of entities in Taiwan, Vietnam and Myanmar.

3. The 3,151 million yen adjustment to segment assets includes corporate assets, offsetting elimination of debts and credits with consolidated subsidiaries, and shares of subsidiaries and associates posted by AIT and its consolidated subsidiaries that are not allocated to any of the reportable segments. Corporate assets mainly consist of the parent company's surplus funds (cash and deposits).

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

4. Information related to revisions for reportable segments

As described in Changes in Accounting Policies, the AIT Group has applied the Accounting Standard for Revenue Recognition from the beginning of the current fiscal year and changed the accounting method for revenue recognition. The method for calculating profit or loss in business segments has been changed accordingly.

The effect of this change on operating revenue and segmet proft for reportable segments for FY2/23 is insignificant.

Related information

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

1. Information by product or service

Omitted since revenue to external customers in the category of a single product or service exceeded 90% of operating revenue on the consolidated statement of income.

2. Information by region

(1) Operating revenue

This information is omitted since the same information is presented in segment information.

(2) Property, plant and equipment (Millions of yen)

Japan	China	Other	Total
185	349	100	635

3. Information by major client

This information is omitted since no external client accounts for more than 10% of operating revenue on the consolidated statement of income.

FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)

1. Information by product or service

Omitted since revenue to external customers in the category of a single product or service exceeded 90% of operating revenue on the consolidated statement of income.

2. Information by region

(1) Operating revenue

This information is omitted since the same information is presented in segment information.

(2) Property, plant and equipment (Millions of yen)

Japan	China	Other	Total
174	347	83	606

3. Information by major client

This information is omitted since no external client accounts for more than 10% of operating revenue on the consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)

(Millions of yen)

	Reportable segment			Other	Adjustment	Total
	Japan	China	Total			
Balance at end of current period	398	294	693	68	-	761

Note: Goodwill amortization is omitted because the same information is presented in segment information.

FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)

(Millions of yen)

	Reportable segment			Other	Adjustment	Total
	Japan	China	Total			
Balance at end of current period	341	252	594	58	-	652

Note: Goodwill amortization is omitted because the same information is presented in segment information.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)
Net assets per share	593.00	694.61
Net income per share	100.75	156.85

Notes: 1. Diluted net income per share is not presented since AIT has no outstanding dilutive shares.

2. The basis of calculating the net assets per share is as follows:

(Millions of yen)

	FY2/22 (As of Feb. 28, 2022)	FY2/23 (As of Feb. 28, 2023)
Total net assets	14,134	16,602
Deduction on total net assets	202	283
[of which non-controlling interests]	[202]	[283]
Net assets applicable to common shares at end of period	13,931	16,318
Number of common shares outstanding (Shares)	23,913,600	23,913,600
Number of treasury shares (Shares)	419,975	420,008
Number of common shares used in calculation of net assets per share (Shares)	23,493,625	23,493,592

3. The basis of calculating the net income per share is as follows:

(Millions of yen)

	FY2/22 (Mar. 1, 2021 – Feb. 28, 2022)	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)
Profit attributable to owners of parent	2,367	3,684
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	2,367	3,684
Average number of common shares outstanding during the period (Shares)	23,493,647	23,493,597

Subsequent Events

Not applicable.

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.