



May 20, 2020

To Whom It May Concern

Company Name: AIT CORPORATION
Title of Representative: Hidekazu Yagura, President and CEO
(Code Number: 9381 – First Section of the Tokyo Stock Exchange)
Inquiry: Tsukasa Nishimura ,
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(Numerical and Other Corrections)
Announcement of Corrections to Consolidated Financial Results
for the Fiscal Year Ended February 29, 2020

AIT CORPORATION has made the following numerical and other corrections to the consolidated financial results for the fiscal year ended February 29, 2020, which were announced on April 13, 2020. The corrected figures are shown below. Sections that have been corrected are underlined.

1. Reason for corrections

Following the announcement on April 13, 2020 of the consolidated financial results for the fiscal year ended on February 29, 2020, AIT discovered errors concerning the consolidated statement of comprehensive income, consolidated statement of cash flows, and segment information.

There is no impact on earnings.

2. Explanation of corrections

Sections that have been corrected are underlined.

On page 9 of the attachments

3. Consolidated Financial Statements and Notes

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Comprehensive Income

Before corrections

	(Thousands of yen)	
	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)
Profit	1,169,896	1,363,254
Other comprehensive income		
Valuation difference on available-for-sale securities	195	(8,325)
Foreign currency translation adjustment	(114,975)	<u>(106,571)</u>
Remeasurements of defined benefit plans, net of tax	-	(265)
Total other comprehensive income	<u>(114,780)</u>	<u>(115,162)</u>
Comprehensive income	<u>1,055,116</u>	<u>1,248,091</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,053,986	1,212,506
Comprehensive income attributable to non-controlling interests	1,129	35,584

After corrections

	(Thousands of yen)	
	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)
Profit	1,169,896	1,363,254
Other comprehensive income		
Valuation difference on available-for-sale securities	195	(8,325)
Foreign currency translation adjustment	(114,975)	<u>(97,846)</u>
<u>Share of other comprehensive income of entities accounted for using equity method</u>	=	<u>(8,724)</u>
Remeasurements of defined benefit plans, net of tax	-	(265)
Total other comprehensive income	<u>(114,780)</u>	<u>(115,162)</u>
Comprehensive income	<u>1,055,116</u>	<u>1,248,091</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,053,986	1,212,506
Comprehensive income attributable to non-controlling interests	1,129	35,584

On page 12 of the attachments

3. Consolidated Financial Statements and Notes

(4) Consolidated Statement of Cash Flows

Before corrections

	(Thousands of yen)	
	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)
Cash flows from operating activities		
Profit before income taxes	1,703,068	1,955,717
Depreciation	32,951	495,189
Amortization of goodwill	-	116,020
Increase (decrease) in allowance for doubtful accounts	(649)	10,420
Increase (decrease) in provision for bonuses	24,005	22,449
Increase (decrease) in provision for bonuses for directors (and other officers)	3,200	(7,103)
Increase (decrease) in retirement benefit liability	65,224	4,805
Increase (decrease) in provision for retirement benefits for directors (and other officers)	16,550	(6,455)
Interest and dividend income	(14,739)	(65,247)
Interest expenses	-	2,944
Foreign exchange losses (gains)	(4,600)	1,163
Share of loss (profit) of entities accounted for using equity method	-	(217,284)
Loss (gain) on sales of property, plant and equipment	-	(387)
Loss on retirement of non-current assets	768	11,605
<u>Loss (gain) on sales of investment securities</u>	-	(20,408)
Increase (decrease) in deposits received	22,622	(901,179)
Decrease (increase) in notes and accounts receivable-trade	(74,286)	937,135
Decrease (increase) in advances paid	178,771	293,051
Increase (decrease) in notes and accounts payable-trade	17,308	(347,664)
Other, net	15,014	96,544
Subtotal	1,985,210	2,381,320
Interest and dividend income received	14,755	309,784
Interest expenses paid	-	(2,958)
Income taxes paid	(510,853)	(469,319)
Net cash provided by (used in) operating activities	1,489,112	2,218,826
Cash flows from investing activities		
Payments into time deposits	(400,500)	(1,343,654)
Proceeds from withdrawal of time deposits	783,500	1,342,052
Purchase of property, plant and equipment	(52,225)	(147,269)
Proceeds from sales of property, plant and equipment	469	1,554
Purchase of intangible assets	(50,448)	(111,294)
Proceeds from sales of investment securities	-	28,935
Payments for guarantee deposits	(14,258)	(83,363)
Proceeds from collection of guarantee deposits	4,917	56,513
Other, net	-	96,114
Net cash provided by (used in) investing activities	271,453	(160,412)

	(Thousands of yen)	
	FY2/19	FY2/20
	(Mar. 1, 2018 – Feb. 28, 2019)	(Mar. 1, 2019 – Feb. 29, 2020)
Cash flows from financing activities		
Increase in short-term loans payable	-	4,473,470
Decrease in short-term loans payable	-	(4,026,160)
Purchase of treasury shares	(3)	(144,388)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3,258)	-
Cash dividends paid	(707,193)	(774,270)
Other, net	-	(16,343)
Net cash provided by (used in) financing activities	(710,455)	(487,692)
Effect of exchange rate change on cash and cash equivalents	(96,851)	(46,792)
Net increase (decrease) in cash and cash equivalents	953,259	1,523,928
Cash and cash equivalents at beginning of period	3,884,299	4,837,559
Increase in cash and cash equivalents by share exchange	-	4,451,253
Cash and cash equivalents at end of period	4,837,559	10,812,741

After corrections

(Thousands of yen)

	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)
Cash flows from operating activities		
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Loss on retirement of non-current assets	768	11,605
<u>Loss (gain) on sales of shares of subsidiaries and associates</u>	-	(20,408)
Increase (decrease) in deposits received	22,622	(901,179)
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Increase in cash and cash equivalents by share exchange	-	4,451,253
Cash and cash equivalents at end of period	4,837,559	10,812,741

On page 19 of the attachments

3. Consolidated Financial Statements and Notes

(5) Notes to Consolidated Financial Statements

Segment and Other Information

Segment information

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

Before corrections

FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)

(Thousands of yen)

	Reportable segment				Other (Note 2)	Total	Adjustment (Note 3)	Amounts shown on consolidated financial statements (Note 4)
	Japan	China (Note 1)	Thailand	Total				
Operating revenue								
Revenue from external customers	21,962,471	5,191,027	85,732	27,239,231	543,864	27,783,095	-	27,783,095
Inter-segment revenue and transfers	189,124	2,366,559	24,887	2,580,571	245,872	2,826,443	(2,826,443)	-
Total	22,151,595	7,557,587	110,620	29,819,802	789,737	30,609,539	(2,826,443)	27,783,095
Segment profit (loss)	876,132	658,214	(12,133)	1,522,213	21,157	1,543,371	-	1,543,371
Segment assets	<u>4,492,047</u>	2,550,337	18,097	<u>7,060,482</u>	220,336	<u>7,280,819</u>	957,630	<u>8,238,449</u>
Other items								
Depreciation	23,043	8,659	364	32,067	883	32,951	-	32,951
Increase in property, plant and equipment and intangible assets	152,975	5,908	194	159,079	302	159,381	-	159,381

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. The 957,630 thousand yen adjustment to segment assets includes corporate assets of 1,662,865 thousand yen 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 (loss) is consistent with operating profit recorded in the consolidated statement of income.

After corrections

FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)

(Thousands of yen)

	Reportable segment				Other (Note 2)	Total	Adjustment (Note 3)	Amounts shown on consolidated financial statements (Note 4)
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Total	22,151,595	7,557,587	110,620	29,819,802	789,737	30,609,539	(2,826,443)	27,783,095
Segment profit (loss)	876,132	658,214	(12,133)	1,522,213	21,157	1,543,371	-	1,543,371
Segment assets	<u>4,467,948</u>	2,550,337	18,097	<u>7,036,383</u>	220,336	<u>7,256,720</u>	957,630	<u>8,214,350</u>
Other items								
Depreciation	23,043	8,659	364	32,067	883	32,951	-	32,951
Increase in property, plant and equipment and intangible assets	152,975	5,908	194	159,079	302	159,381	-	159,381

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3. The 957,630 thousand yen adjustment to segment assets includes corporate assets of 1,662,865 thousand yen 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 (loss) is consistent with operating profit recorded in the consolidated statement of income.

Before correction

(Omitted)

FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)

(Thousands 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	35,443,613	8,432,378	43,875,992	1,127,854	45,003,847	-	45,003,847
Inter-segment revenue and transfers	252,354	4,134,976	4,387,330	646,342	5,033,672	(5,033,672)	-
Total	35,695,968	12,567,355	48,263,323	1,774,197	50,037,520	(5,033,672)	45,003,847
Segment profit	1,072,504	410,900	1,483,404	92,578	1,575,983	-	1,575,983
Segment assets	13,161,512	6,281,048	19,442,561	1,074,275	20,516,836	127,705	20,644,542
Other items							
Depreciation	271,588	168,382	439,971	55,218	495,189	-	495,189
Amortization of goodwill	56,910	49,317	106,227	9,793	116,020	-	116,020
<u>Equity in earnings of affiliates</u>	<u>107,147</u>	<u>110,136</u>	<u>217,284</u>	-	<u>217,284</u>	-	<u>217,284</u>
Increase in property, plant and equipment and intangible assets	<u>436,199</u>	<u>219,773</u>	<u>655,973</u>	<u>207,990</u>	<u>863,963</u>	-	<u>863,963</u>

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

2. "Other" is a business segment not included in reportable segments and includes the business activities of entities in the U.S., Taiwan, Vietnam and Myanmar. Consolidated subsidiary AIT International of America, Inc. terminated its operations on February 29, 2020 and is currently being liquidated.

3. The 127,705 thousand yen adjustment to segment assets includes corporate assets of 2,254,923 thousand yen 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.

After corrections

(Omitted)

FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)

(Thousands 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	35,443,613	8,432,378	43,875,992	1,127,854	45,003,847	-	45,003,847
Inter-segment revenue and transfers	252,354	4,134,976	4,387,330	646,342	5,033,672	(5,033,672)	-
Total	35,695,968	12,567,355	48,263,323	1,774,197	50,037,520	(5,033,672)	45,003,847
Segment profit	1,072,504	410,900	1,483,404	92,578	1,575,983	-	1,575,983
Segment assets	13,161,512	6,281,048	19,442,561	1,074,275	20,516,836	127,705	20,644,542
Other items							
Depreciation	271,588	168,382	439,971	55,218	495,189	-	495,189
Amortization of goodwill	56,910	49,317	106,227	9,793	116,020	-	116,020
<u>Investment in equity-method affiliates</u>	<u>235,935</u>	<u>224,857</u>	<u>460,793</u>	-	<u>460,793</u>	-	<u>460,793</u>
Increase in property, plant and equipment and intangible assets <u>(Note 5)</u>	<u>2,381,837</u>	<u>1,666,677</u>	<u>4,048,514</u>	<u>542,803</u>	<u>4,591,318</u>	-	<u>4,591,318</u>

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

2. "Other" is a business segment not included in reportable segments and includes the business activities of entities in the U.S., Taiwan, Vietnam and Myanmar. Consolidated subsidiary AIT International of America, Inc. terminated its operations on February 29, 2020 and is currently being liquidated.

3. The 127,705 thousand 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.

5. Increase in property, plant and equipment and intangible assets includes increases of goodwill and customer-related assets that are intangible assets of 1,945,637 thousand yen in Japan, 1,446,903 thousand yen in China and 334,813 thousand yen in Other.