



April 15, 2024

Consolidated Financial Results for the Fiscal Year Ended February 29, 2024

[Japanese GAAP]

Company name: AIT CORPORATION

Listing: Tokyo Stock Exchange

Securities code: 9381

URL: <https://www.ait-jp.com/>

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Scheduled date of Annual General Meeting of Shareholders: May 22, 2024

Scheduled date of filing of Annual Securities Report: May 23, 2024

Scheduled date of payment of dividend: May 23, 2024

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 29, 2024

(March 1, 2023 – February 29, 2024)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 29, 2024	51,400	(26.0)	4,328	(18.1)	4,536	(19.1)	2,989	(18.9)
Fiscal year ended Feb. 28, 2023	69,463	15.9	5,288	47.7	5,605	46.7	3,684	55.7

Note: Comprehensive income Fiscal year ended Feb. 29, 2024: 3,399 million yen (down 16.1%)

Fiscal year ended Feb. 28, 2023: 4,049 million yen (up 38.5%)

	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. 29, 2024	127.23	-	17.7	18.6	8.4
Fiscal year ended Feb. 28, 2023	156.85	-	24.4	23.2	7.6

Reference: Equity in earnings of affiliates Fiscal year ended Feb. 29, 2024: 204 million yen

Fiscal year ended Feb. 28, 2023: 186 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 29, 2024	23,866	17,843	73.4	745.45
As of Feb. 28, 2023	24,888	16,602	65.6	694.61

Reference: Equity capital As of Feb. 29, 2024: 17,513 million yen As of Feb. 28, 2023: 16,318 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. 29, 2024	3,174	(201)	(4,064)	14,448
Fiscal year ended Feb. 28, 2023	5,321	167	(2,809)	15,323

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Feb. 28, 2023	-	30.00	-	50.00	80.00	1,879	51.0	12.4
Fiscal year ended Feb. 29, 2024	-	40.00	-	40.00	80.00	1,879	62.9	11.1
Fiscal year ending Feb. 28, 2025 (forecast)	-	40.00	-	40.00	80.00		58.0	

3. Consolidated Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 – February 28, 2025)

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	26,700	5.4	2,000	(9.3)	2,120	(9.2)	1,430	(7.5)	60.87
Full year	55,600	8.2	4,500	4.0	4,750	4.7	3,240	8.4	137.91

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: - Excluded: -

(2) 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

(3) Number of outstanding shares (common stock)

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

As of Feb. 29, 2024 23,913,600 shares As of Feb. 28, 2023: 23,913,600 shares

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

As of Feb. 29, 2024: 420,008 shares As of Feb. 28, 2023: 420,008 shares

3) Average number of shares during the period

Fiscal year ended Feb. 29, 2024: 23,493,592 shares Fiscal year ended Feb. 28, 2023: 23,493,597 shares

Reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended February 29, 2024 (March 1, 2023 – February 29, 2024)

(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. 29, 2024	28,420	(32.0)	2,602	(26.8)	4,215	(0.8)	3,233	4.8
Fiscal year ended Feb. 28, 2023	41,823	22.0	3,555	42.7	4,249	51.1	3,084	53.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Feb. 29, 2024	137.64	-
Fiscal year ended Feb. 28, 2023	131.28	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 29, 2024	15,958	13,273	83.2	564.97
As of Feb. 28, 2023	15,263	12,153	79.6	517.33

Reference: Shareholders' equity As of Feb. 29, 2024: 13,273 million yen As of Feb. 28, 2023: 12,153 million yen

2. Non-consolidated Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 – February 28, 2025)

(Percentages represent year-on-year changes)

	Operating revenue		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	15,200	5.0	1,670	(5.3)	1,210	(6.3)	51.50
Full year	30,500	7.3	3,030	(28.1)	2,150	(33.5)	91.51

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 4 of the attachments regarding preconditions or other related matters for forecasts shown above.

Supplementary materials for financial results

AIT plans to post materials supplementary to the financial results on its website soon after the earnings announcement.

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1. Overview of Results of Operations

(1) Results of Operations

During the fiscal year ended February 29, 2024, there was a slow recovery of the Japanese economy as social and economic activity returned to normal after the pandemic, although there was no growth in some sectors of the economy. However, people are increasingly holding down their spending in response to inflation caused by the yen's depreciation, the rising cost of raw materials and other reasons as global events create instability and uncertainty. As a result, the outlook for the economy remains unclear.

The operating environment for the AIT Group continued to be challenging. There was a decline in ocean shipping rates following the sharp increase in rates during the pandemic. The balance between the supply and demand for transporting cargo in containers is generally normal. Rates are even falling for shipments originating in China, which accounts for the largest share of the AIT Group's cargo volume. The AIT Group is focusing on sales activities to capture orders in the core international freight forwarding business as well as for customs clearance, delivery, merchandise inspections, needle detection, processing and other services associated with imports and exports. There are also many activities involving our digital strategy. For example, the cargo search service was upgraded in June 2023 and the functions of this service were expanded in November. These activities are making trading operations more convenient for customers and making our services more competitive.

However, the volume of imports of household products, furniture and other consumer goods, a category where demand was strong as people stayed home during the pandemic, is decreasing as demand declines, importers reduce inventories and inflation negatively affects consumer spending. Apparel shipments slowed down somewhat in October and November, which is a peak season in this category, primarily for winter merchandise.

For these reasons, the volume of international cargo was low throughout the fiscal year and the decline in ocean shipping rates also impacted results of operations. As a result, operating revenue decreased significantly. Earnings were lower for the same reasons. The gross profit margin increased because of lower operating costs due in part to the decline in shipping rates. In addition, measures to reexamine expenses and cut costs continued in order to generate as much earnings as possible. The closing of some locations in China during the previous fiscal year lowered expenses for operating business sites.

Operating revenue decreased 26.0% year-on-year to 51,400 million yen. Operating profit decreased 18.1% to 4,328 million yen. Ordinary profit was down 19.1% to 4,536 million yen and profit attributable to owners of parent decreased 18.9% to 2,989 million yen.

Results by business segment are as follows.

1) Japan

During the fiscal year, logistics expenses that were previously a significant burden for shippers decreased as ocean freight rates declined. There were many sales activities for adding new customers and raising the volume of business with current customers. However, as the yen continued to depreciate, the volume of imports was lackluster due in part to merchandise inventory reductions and the end of one-time demand created by the pandemic as well as inflation and other reasons.

The number of containers handled in the ocean freight sector decreased 5.7% from one year earlier to 228,569 TEU for imports and the total for imports and exports decreased 5.7% to 243,525 TEU. Customs clearance orders decreased 0.1% to 135,027 mainly because an increase in orders at a subsidiary largely offset the negative effect of the decline in the number of containers.

As a result, operating revenue in Japan decreased 26.9% from one year earlier to 43,837 million yen, negatively affected by declines in freight rates and the volume of cargo handled. Segment profit decreased 21.5% to 3,548 million yen. The decrease was smaller than the decline in operating revenue mainly because of an improvement in the gross profit margin and measures to hold down personnel expenses and expenses for business activities by using the digital transformation.

2) China

The downturn in the volume of freight for Japan handled by the AIT Group also reduced opportunities to receive orders for shipments within China. As a result, operating revenue decreased 19.2% from one year earlier to 6,432 million yen. Segment profit increased 12.1% to 604 million yen due to an improvement in the gross profit margin and measures for increasing profitability.

3) Other

There were recoveries in revenue from merchandise inspections and needle detection at the subsidiary in Myanmar. At the subsidiaries in Taiwan and Vietnam, the volume of cargo shipped to Japan decreased. As a result, operating revenue decreased 26.7% from one year earlier to 1,130 million yen and segment profit decreased 23.6% to 176 million yen.

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

(2) Financial Position**Assets**

Total assets decreased 1,021 million yen from the end of the previous fiscal year to 23,866 million yen at the end of the fiscal year.

Current assets decreased 1,080 million yen to 19,968 million yen. This was mainly due to decreases in cash and deposits of 870 million yen and accounts receivable-trade of 203 million yen.

Non-current assets increased 58 million yen to 3,898 million yen. This was mainly due to an increase in leased assets of 158 million yen.

Liabilities

Total liabilities decreased 2,262 million yen to 6,023 million yen.

Current liabilities decreased 2,485 million yen to 4,109 million yen. This was mainly due to decreases of 1,700 million yen in current portion of long-term borrowings, 484 million yen in accounts payable-trade and 333 million yen in income taxes payable.

Non-current liabilities increased 223 million yen to 1,914 million yen. This was mainly due to increases of 158 million yen in lease liabilities and 97 million in retirement benefit liability.

Net assets

Net assets increased 1,240 million yen to 17,843 million yen. This was mainly due to a decrease of 2,114 million yen resulting from dividends from retained earnings and to profit attributable to owners of parent of 2,989 million yen. There was also a 301 million yen increase in foreign currency translation adjustment.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year were 14,448 million yen, down 874 million yen from 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 3,174 million yen, a decrease of 2,146 million yen from the previous fiscal year. Negative factors include income taxes paid of 1,979 million yen and a decrease in trade payables of 529 million yen. There were positive factors including profit before income taxes of 4,514 million yen, depreciation of 627 million yen, a decrease in trade receivables of 298 million yen, interest and dividends received of 249 million yen, and amortization of goodwill of 108 million yen.

Cash flows from investing activities

Net cash used in investing activities was 201 million yen compared with net cash provided of 167 million yen in the previous fiscal year. Although there were positive factors including proceeds from withdrawal of time deposits of 54 million yen, there were negative factors including purchase of intangible assets of 69 million yen, payments of guarantee deposits of 64 million yen, payments into time deposits of 56 million yen and purchase of property, plant and equipment of 41 million yen.

Cash flows from financing activities

Net cash used in financing activities was 4,064 million yen, an increase of 1,255 million yen from the previous fiscal year. The primary use of cash was cash dividends paid of 2,114 million yen and repayments of long-term borrowings of 1,700 million yen.

Reference: Trends in cash flow indicators

	FY2/20	FY2/21	FY2/22	FY2/23	FY2/24
Shareholders' equity ratio (%)	54.9	55.6	59.2	65.6	73.4
Shareholders' equity ratio based on market value (%)	94.1	107.4	132.0	144.4	176.7
Interest-bearing debt to cash flow ratio (%)	196.6	262.7	78.5	37.3	14.0
Interest coverage ratio (times)	750.0	322.4	247.9	349.6	198.3

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

The recovery of the Japanese economy is expected to continue during the fiscal year ending in February 2025 along with improvements in the labor market and personal income. However, the outlook for the economy remained unclear for many reasons. Major sources of uncertainty are monetary tightening in many countries, inflation, tension in the Middle East, financial market volatility and exchange rate movements.

To continue growing in this business climate, group companies must become even more competitive and build a powerful profit structure that is not vulnerable to changes in market conditions. During the fiscal year ended in February 2024, changes in the business climate had a major impact on results of operations. The volume of cargo decreased as importers reduced inventories and consumer spending in Japan weakened somewhat. A downturn in ocean freight rates further held down performance.

To become more competitive, group companies are continuing to take many actions involving the digital strategy for improving the convenience of services for customers. Another initiative is the use of the digital transformation to create new forms of value with the goal of creating value for customers too.

As numerous activities continue for progress involving the digital strategy, group companies are also working on achieving a recovery in the volume of containers and the number of customs clearance orders, which have been declining. The objectives are a stable base for operating revenue and earnings and consistent growth. To accomplish these goals, there are activities for 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. Activities for increasing the ability to receive orders for cargo transportation that does not involve Japan will also continue. In addition, there are sales activities for receiving more third-party logistics (3PL) orders in Japan and other countries.

Ocean freight rates decreased slowly throughout the fiscal year that ended in February 2024. During the first half of the fiscal year ending in February 2025, we believe that achieving the same level of earnings as one year earlier will be difficult. Although there are numerous measures for increasing the volume of business, first half earnings comparisons with one year earlier will be affected by lower freight rates and the relatively high gross profit margin one year earlier. In addition, selling, general and administrative expenses are expected to be higher than in the first half of the previous fiscal year. In the fiscal year's second half, upturns in operating revenue and earnings are expected that will offset the anticipated first half decrease. The difference in freight rates in relation to one year earlier will be smaller, benefits of many activities are expected to produce a big increase in cargo volume, and activities to reexamine and cut costs will continue. For the fiscal year, the goal is increases in operating revenue and earnings.

Based on this outlook, we expect operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent to rise by 8.2%, 4.0%, 4.7% and 8.4% year-on-year to 55,600 million yen, 4,500 million yen, 4,750 million yen, and 3,240 million yen, respectively.

We are announcing a non-consolidated forecast for the fiscal year ending in February 2025. In previous years, a non-consolidated forecast was not announced at the beginning of the fiscal year because the forecast is not significant. We have decided to announce a forecast at this time because of the expected difference between results of operations in the past fiscal year and the forecast for the fiscal year ending in February 2025. As in the consolidated forecast, operating revenue is expected to increase. Ordinary profit and profit are expected to be lower than in the previous fiscal year mainly because of a decline in dividends received from consolidated subsidiaries, which is non-operating income.

(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.

Although the business climate was challenging during the fiscal year that ended in February 2024, there was an interim dividend of 40 yen per share as forecast and the plan for the year-end dividend is 40 yen per share as in the initial forecast. These dividend payments are based on the basic policy for profit distribution, the commitment to increasing the distribution of earnings by using dividends, cash flows and plans for upcoming business operations. A proposal to pay this year-end dividend will be submitted at the Annual General Meeting of Shareholders for the fiscal year that ended in February 2024. If this proposal is approved, the dividend per share for the fiscal year will be 80 yen per share, the same as for the fiscal year that ended in February 2023.

Using the 80 yen dividend planned for the fiscal year that ended in February 2024 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 2025.

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)

	FY2/23 (As of Feb. 28, 2023)	FY2/24 (As of Feb. 29, 2024)
Assets		
Current assets		
Cash and deposits	15,374	14,504
Notes receivable-trade	8	7
Electronically recorded monetary claims-operating	306	272
Accounts receivable-trade	3,845	3,641
Advances paid	1,263	1,287
Other	284	287
Allowance for doubtful accounts	(33)	(33)
Total current assets	21,048	19,968
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	138	162
Machinery, equipment and vehicles, net	138	123
Leased assets, net	281	440
Other, net	46	48
Total property, plant and equipment	606	774
Intangible assets		
Goodwill	652	544
Customer-related assets	1,579	1,316
Other	174	166
Total intangible assets	2,406	2,026
Investments and other assets		
Investment securities	551	634
Deferred tax assets	29	138
Other	277	355
Allowance for doubtful accounts	(31)	(30)
Total investments and other assets	826	1,097
Total non-current assets	3,840	3,898
Total assets	24,888	23,866
Liabilities		
Current liabilities		
Accounts payable-trade	2,679	2,194
Current portion of long-term borrowings	1,700	-
Income taxes payable	1,051	718
Provision for bonuses	442	428
Provision for bonuses for directors (and other officers)	37	38
Other	684	729
Total current liabilities	6,594	4,109
Non-current liabilities		
Deferred tax liabilities	422	329
Retirement benefit liability	681	779
Provision for retirement benefits for directors (and other officers)	182	214
Lease liabilities	134	292
Asset retirement obligations	226	247
Other	43	51
Total non-current liabilities	1,691	1,914
Total liabilities	8,286	6,023

	(Millions of yen)	
	FY2/23	FY2/24
	(As of Feb. 28, 2023)	(As of Feb. 29, 2024)
Net assets		
Shareholders' equity		
Share capital	271	500
Capital surplus	5,274	5,045
Retained earnings	10,323	11,198
Treasury shares	(392)	(392)
Total shareholders' equity	15,476	16,350
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	43
Foreign currency translation adjustment	832	1,134
Remeasurements of defined benefit plans	(4)	(14)
Total accumulated other comprehensive income	842	1,162
Non-controlling interests	283	329
Total net assets	16,602	17,843
Total liabilities and net assets	24,888	23,866

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Millions of yen)

	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)
Operating revenue		
Forwarding income	69,342	51,278
Other business income	121	121
Total operating revenue	69,463	51,400
Operating costs		
Forwarding cost	58,155	41,115
Cost of other business	65	65
Total operating costs	58,221	41,181
Gross profit	11,242	10,219
Selling, general and administrative expenses	5,953	5,890
Operating profit	5,288	4,328
Non-operating income		
Interest income	31	52
Dividend income	4	4
Share of profit of entities accounted for using equity method	186	204
Foreign exchange gains	62	-
Other	48	63
Total non-operating income	333	325
Non-operating expenses		
Interest expenses	15	16
Foreign exchange losses	-	98
Other	1	3
Total non-operating expenses	16	118
Ordinary profit	5,605	4,536
Extraordinary income		
Gain on sale of non-current assets	41	3
Gain on liquidation of subsidiaries and associates	7	-
Other	4	-
Total extraordinary income	53	3
Extraordinary losses		
Loss on sale of non-current assets	0	19
Loss on retirement of non-current assets	24	5
Business structure reform expenses	25	-
Total extraordinary losses	49	24
Profit before income taxes	5,609	4,514
Income taxes-current	1,789	1,659
Income taxes-deferred	26	(208)
Total income taxes	1,816	1,451
Profit	3,793	3,062
Profit attributable to non-controlling interests	108	73
Profit attributable to owners of parent	3,684	2,989

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)
Profit	3,793	3,062
Other comprehensive income		
Valuation difference on available-for-sale securities	5	28
Foreign currency translation adjustment	223	291
Share of other comprehensive income of entities accounted for using equity method	26	27
Remeasurements of defined benefit plans, net of tax	0	(10)
Total other comprehensive income	256	336
Comprehensive income	4,049	3,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,937	3,308
Comprehensive income attributable to non-controlling interests	112	90

(3) Consolidated Statement of Changes in Equity

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)
Transfer from capital surplus to share capital					
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)
Transfer from capital surplus to share capital						-
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

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	271	5,274	10,323	(392)	15,476
Changes during period					
Dividends of surplus			(2,114)		(2,114)
Profit attributable to owners of parent			2,989		2,989
Purchase of treasury shares					
Transfer from capital surplus to share capital	228	(228)			-
Net changes in items other than shareholders' equity					
Total changes during period	228	(228)	874	-	874
Balance at end of period	500	5,045	11,198	(392)	16,350

(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	14	832	(4)	842	283	16,602
Changes during period						
Dividends of surplus						(2,114)
Profit attributable to owners of parent						2,989
Purchase of treasury shares						-
Transfer from capital surplus to share capital						-
Net changes other than shareholders' equity	28	301	(10)	319	46	365
Total changes during period	28	301	(10)	319	46	1,240
Balance at end of period	43	1,134	(14)	1,162	329	17,843

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)
Cash flows from operating activities		
Profit before income taxes	5,609	4,514
Depreciation	659	627
Amortization of goodwill	108	108
Increase (decrease) in allowance for doubtful accounts	(7)	(2)
Increase (decrease) in provision for bonuses	(4)	(16)
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	1
Increase (decrease) in retirement benefit liability	35	87
Increase (decrease) in provision for retirement benefits for directors (and other officers)	27	31
Interest and dividend income	(36)	(57)
Interest expenses	15	16
Share of loss (profit) of entities accounted for using equity method	(186)	(204)
Loss (gain) on sale of non-current assets	(41)	16
Loss on retirement of non-current assets	24	5
Business structure reform expenses	25	-
Increase (decrease) in deposits received	(15)	(7)
Decrease (increase) in trade receivables	691	298
Decrease (increase) in advances paid	366	(24)
Increase (decrease) in trade payables	(390)	(529)
Other, net	(155)	54
Subtotal	6,724	4,920
Interest and dividends received	232	249
Interest paid	(15)	(16)
Payments for business structure reform expenses	(55)	-
Income taxes paid	(1,565)	(1,979)
Net cash provided by (used in) operating activities	5,321	3,174
Cash flows from investing activities		
Payments into time deposits	(246)	(56)
Proceeds from withdrawal of time deposits	448	54
Purchase of property, plant and equipment	(63)	(41)
Proceeds from sale of property, plant and equipment	48	6
Payments for retirement of property, plant and equipment	(1)	(0)
Purchase of intangible assets	(76)	(69)
Payments of guarantee deposits	(7)	(64)
Proceeds from refund of guarantee deposits	91	3
Other, net	(26)	(34)
Net cash provided by (used in) investing activities	167	(201)

	(Millions of yen)	
	FY2/23	FY2/24
	(Mar. 1, 2022 – Feb. 28, 2023)	(Mar. 1, 2023 – Feb. 29, 2024)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,700	-
Repayments of long-term borrowings	(2,700)	(1,700)
Purchase of treasury shares	(0)	-
Dividends paid	(1,550)	(2,114)
Other, net	(259)	(250)
Net cash provided by (used in) financing activities	(2,809)	(4,064)
Effect of exchange rate change on cash and cash equivalents	225	217
Net increase (decrease) in cash and cash equivalents	2,903	(874)
Cash and cash equivalents at beginning of period	12,419	15,323
Cash and cash equivalents at end of period	15,323	14,448

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

Consolidated Balance Sheet

Lease liabilities, included in other under non-current liabilities in the previous fiscal year, is presented as a separate line item because the amount exceeds 1/100 of total liabilities and net assets. To conform to this change, the consolidated financial statements for the previous fiscal year are restated.

As a result, 178 million yen of other under non-current liabilities in the previous fiscal year's consolidated balance sheet is reclassified as 134 million yen of lease liabilities and 43 million yen of other.

Consolidated Statement of Income

For real estate for rent, rental income and related rental expenses, etc., which were previously presented as forwarding income under operating revenue and forwarding cost under operating costs, respectively, are presented respectively in other business income under operating revenue and cost of other business under operating costs in order to improve clarity effective from the fiscal year ended February 2024. To conform to this change, the consolidated financial statements for the previous fiscal year are restated.

Accordingly, 69,463 million yen presented as forwarding income under operating revenue in the consolidated statement of income for the previous fiscal year is reclassified as forwarding income of 69,342 million yen and other business income of 121 million yen, and 58,221 million yen presented as forwarding cost under operating costs is reclassified as forwarding cost of 58,155 million yen and cost of other business of 65 million yen.

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.

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

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.

- "Other" is a business segment not included in reportable segments and includes the business activities of entities in Taiwan, Vietnam and Myanmar.
- 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).
- Segment profit is consistent with operating profit recorded in the consolidated statement of income.

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

(Millions of yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Amounts shown on consolidated financial statements (Note 3)
	Japan	China	Total				
Operating revenue							
Revenue from contracts with customers	43,715	6,432	50,148	1,130	51,278	-	51,278
Other revenue	121	-	121	-	121	-	121
Revenue from external customers	43,837	6,432	50,269	1,130	51,400	-	51,400
Inter-segment revenue and transfers	107	4,451	4,558	474	5,032	(5,032)	-
Total	43,944	10,883	54,828	1,604	56,433	(5,032)	51,400
Segment profit	3,548	604	4,152	176	4,328	-	4,328
Segment assets	12,691	5,664	18,356	1,110	19,467	4,399	23,866
Other items							
Depreciation	240	340	581	46	627	-	627
Amortization of goodwill	56	42	99	9	108	-	108
Equity in earnings of affiliates	262	266	529	-	529	-	529
Increase in property, plant and equipment and intangible assets	130	378	509	23	533	-	533

Notes: 1. "Other" is a business segment not included in reportable segments and includes the business activities of entities in Taiwan, Vietnam and Myanmar.

2. The 4,399 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).

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

Related information

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.

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

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
212	474	87	774

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

FY2/23 (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.

FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)

(Millions of yen)

	Reportable segment			Other	Adjustment	Total
	Japan	China	Total			
Balance at end of current period	284	210	495	48	-	544

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)

	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)
Net assets per share	694.61	745.45
Net income per share	156.85	127.23

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)

	FY2/23 (As of Feb. 28, 2023)	FY2/24 (As of Feb. 29, 2024)
Total net assets	16,602	17,843
Deduction on total net assets	283	329
[of which non-controlling interests]	[283]	[329]
Net assets applicable to common shares at end of period	16,318	17,513
Number of common shares outstanding (Shares)	23,913,600	23,913,600
Number of treasury shares (Shares)	420,008	420,008
Number of common shares used in calculation of net assets per share (Shares)	23,493,592	23,493,592

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

(Millions of yen)

	FY2/23 (Mar. 1, 2022 – Feb. 28, 2023)	FY2/24 (Mar. 1, 2023 – Feb. 29, 2024)
Profit attributable to owners of parent	3,684	2,989
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	3,684	2,989
Average number of common shares outstanding during the period (Shares)	23,493,597	23,493,592

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.