



FY2021 2Q Financial Results and FY2021 Forecasts

November 24, 2021

Asahi Diamond Industrial Co., Ltd.



1. FY2021 2Q Financial Results

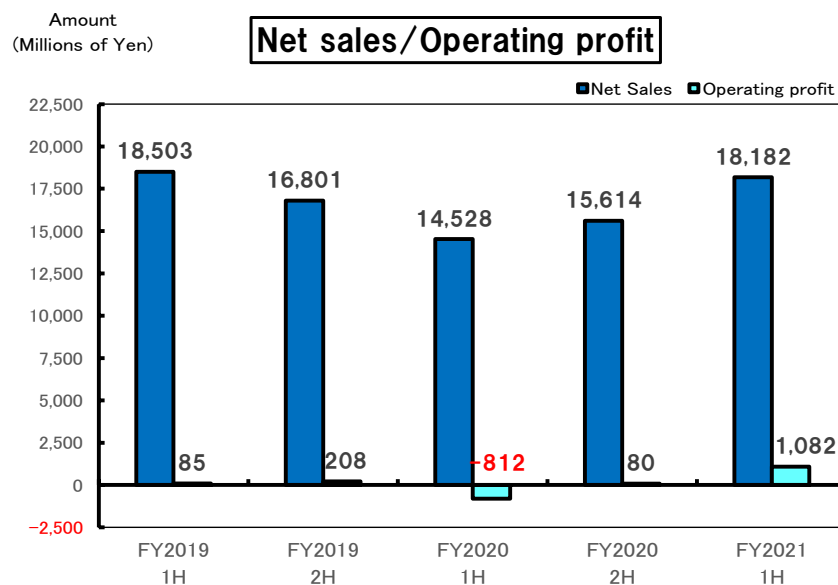
2. FY2021 Forecasts

3. Mid-term management plan progress

Financial Results (Consolidated)

(Millions of Yen)

| | FY2020 | | FY2021 | | | |
|---|--------------------|-------|--------------------|-------|------------|----------------|
| | 1H Results '20/4-9 | % | 1H Results '21/4-9 | % | YoY Change | YoY Change (%) |
| Net sales | 14,528 | 100.0 | 18,182 | 100.0 | 3,654 | 25.2 |
| Operating profit | -812 | -5.6 | 1,082 | 6.0 | 1,895 | - |
| Ordinary profit | -664 | -4.6 | 1,367 | 7.5 | 2,032 | - |
| Profit attributable to owners of parent | -815 | -5.6 | 1,089 | 6.0 | 1,904 | - |
| Earnings per share (Yen) | -14.68 | - | 19.62 | - | 34.30 | - |



Operating profit (YoY change)

- ◆ Increase factor
 - Increase in sales 2,449 Mill Yen
- ◆ Decrease factor
 - Increase in personnel expenses 259 Mill Yen
 - Increase in depreciation 103 Mill Yen

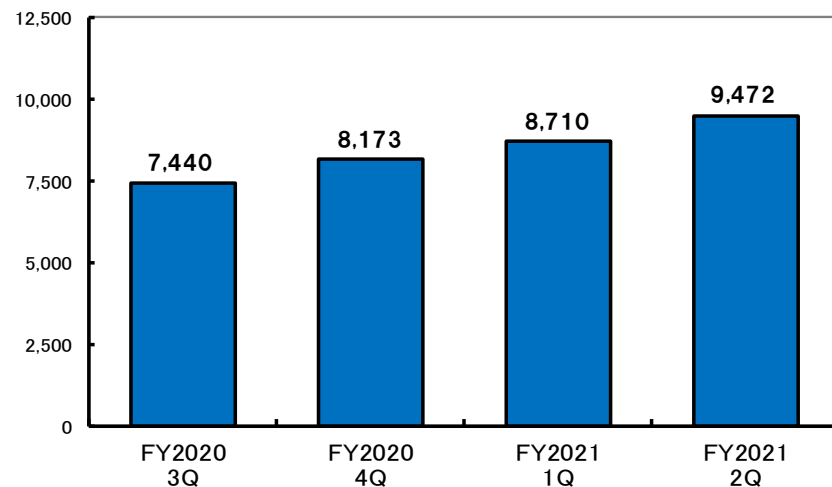
Quarterly Results of Operation (Consolidated)

(Millions of Yen)

| | FY2020 | | | | FY2021 | | | |
|---|---------|-------|---------|-------|---------|-------|---------|-------|
| | 3Q | | 4Q | | 1Q | | 2Q | |
| | Results | % | Results | % | Results | % | Results | % |
| Net sales | 7,440 | 100.0 | 8,173 | 100.0 | 8,710 | 100.0 | 9,472 | 100.0 |
| Operating profit | -146 | -2.0 | 226 | 2.8 | 396 | 4.5 | 686 | 7.2 |
| Ordinary profit | -15 | -0.2 | 342 | 4.2 | 544 | 6.3 | 822 | 8.7 |
| Profit attributable to owners of parent | -64 | -0.9 | 548 | 6.7 | 397 | 4.6 | 691 | 7.3 |

Net sales
(Millions of Yen)

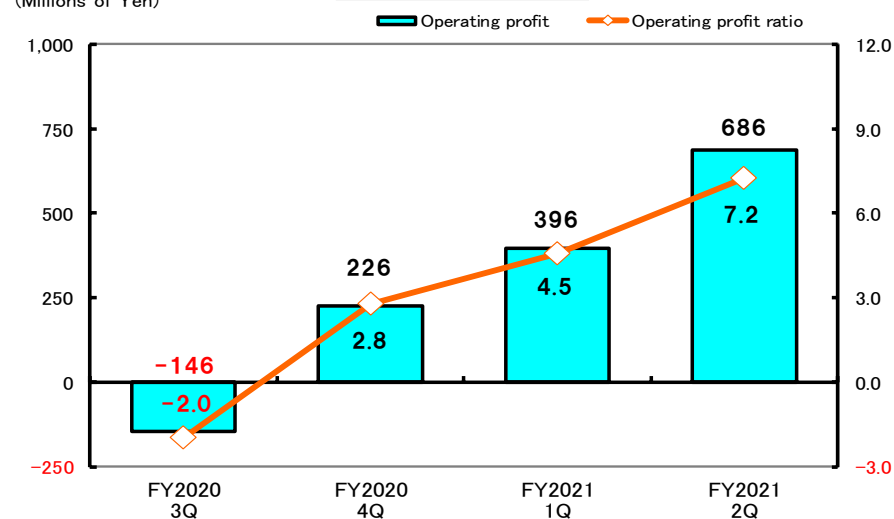
Net sales



Amount
(Millions of Yen)

Operating Profit

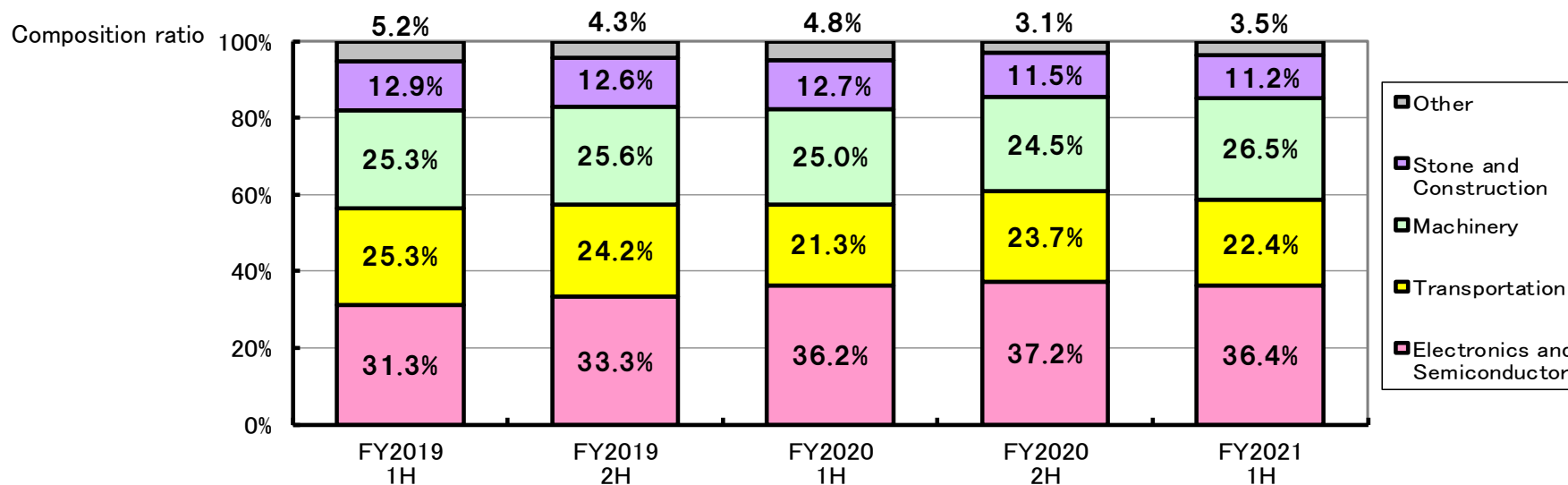
Operating profit ratio (%)



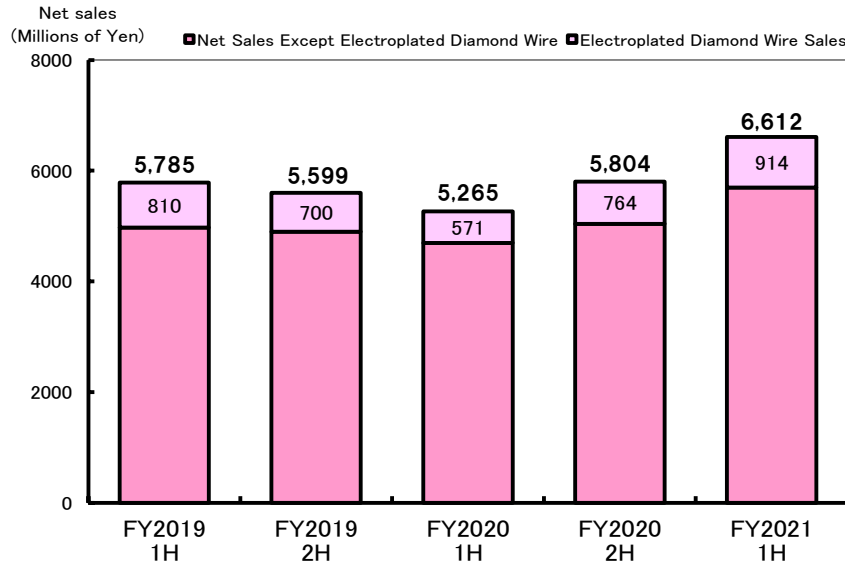
Net Sales Breakdown by Industry (Consolidated)

(Millions of Yen)

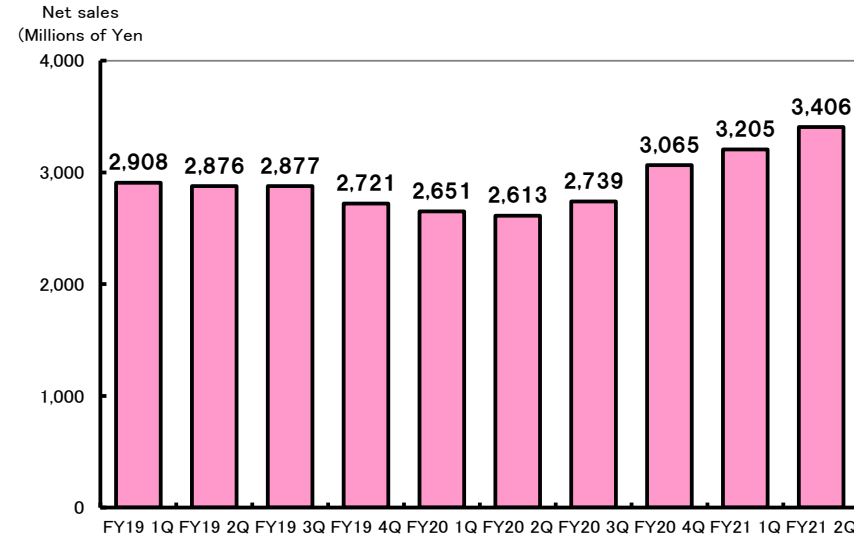
| | FY2020 | | | | FY2021 | | | |
|-------------------------------|--------------------|-------|-------------------------|-------|--------------------|-------|------------|----------------|
| | 1H Results '20/4-9 | % | 2H Results '20/10-'21/3 | % | 1H Results '21/4-9 | % | YoY Change | YoY Change (%) |
| Electronics and Semiconductor | 5,265 | 36.2 | 5,804 | 37.2 | 6,612 | 36.4 | +1,346 | +25.6 |
| Transportation | 3,101 | 21.3 | 3,698 | 23.7 | 4,068 | 22.4 | +966 | +31.2 |
| Machinery | 3,630 | 25.0 | 3,830 | 24.5 | 4,824 | 26.5 | +1,194 | +32.9 |
| Stone and Construction | 1,839 | 12.7 | 1,796 | 11.5 | 2,031 | 11.2 | +192 | +10.4 |
| Other | 691 | 4.8 | 484 | 3.1 | 646 | 3.5 | -45 | -6.6 |
| Total | 14,528 | 100.0 | 15,614 | 100.0 | 18,182 | 100.0 | +3,654 | +25.2 |



【Half-year】



【Quarter】



◆ Semiconductor & Electronic Component

Sales of the related tools increased compared to the same period last year due to increase in demand of semiconductor, 5G and smart phone related.

◆ F P D

Sales of the related tools increased compared to the same period last year, because production of the overseas main customers has been changed smoothly.

◆ Wire Drawing Die

Sales of the related tools increased compared to the same period last year due to strong demand from semiconductor related industries.

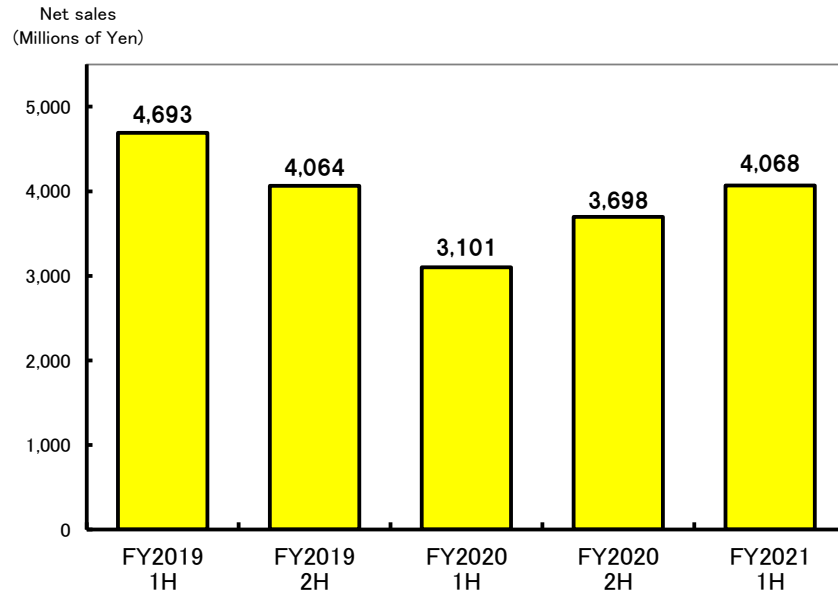
◆ Electroplated Diamond Wire

Sales increased compared to the same period last year, mainly for semiconductor.

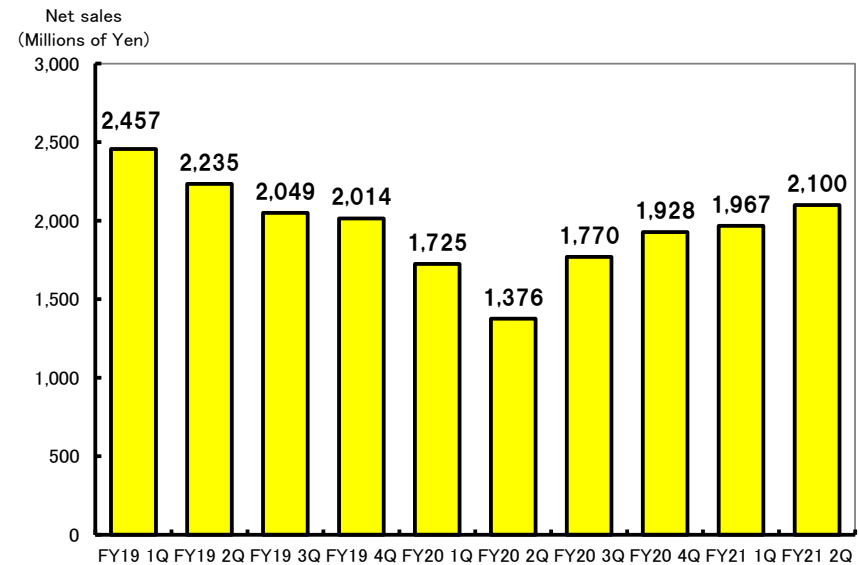


Net Sales Breakdown by Industry : 2. Transportation

【Half-year】



【Quarter】



◆ Automobile

Sales of the related tools increased mainly for transmission parts process because of recovering trend for automobile production in each countries.

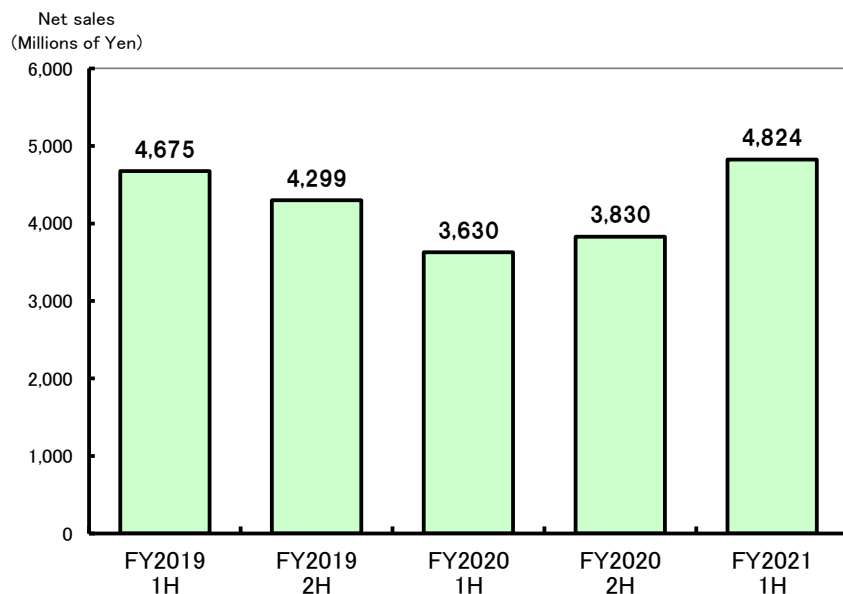
◆ Aircraft

Sales of the related tools decreased because of slow industry trend.

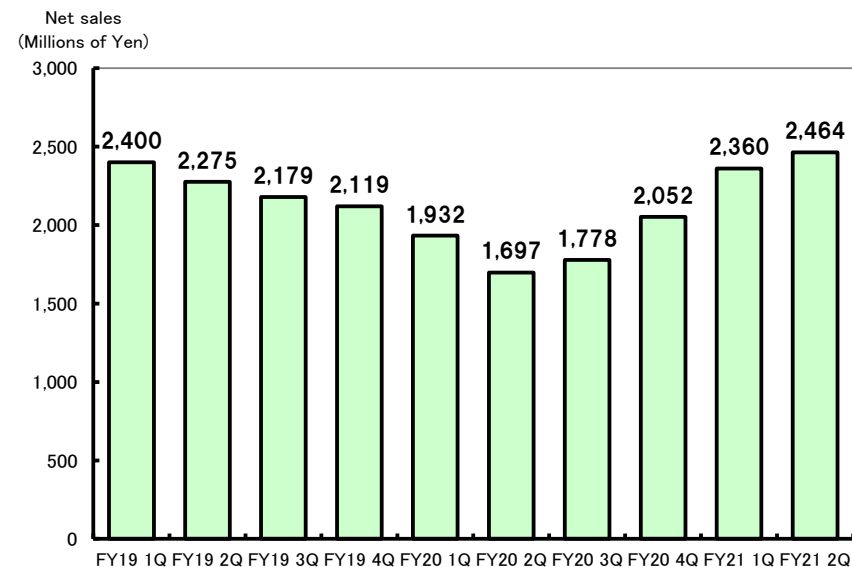


Net Sales Breakdown by Industry : 3. Machinery

【Half-year】



【Quarter】



◆ Bearing

Sales of the related tools increased because of strong industry trend in Japan.

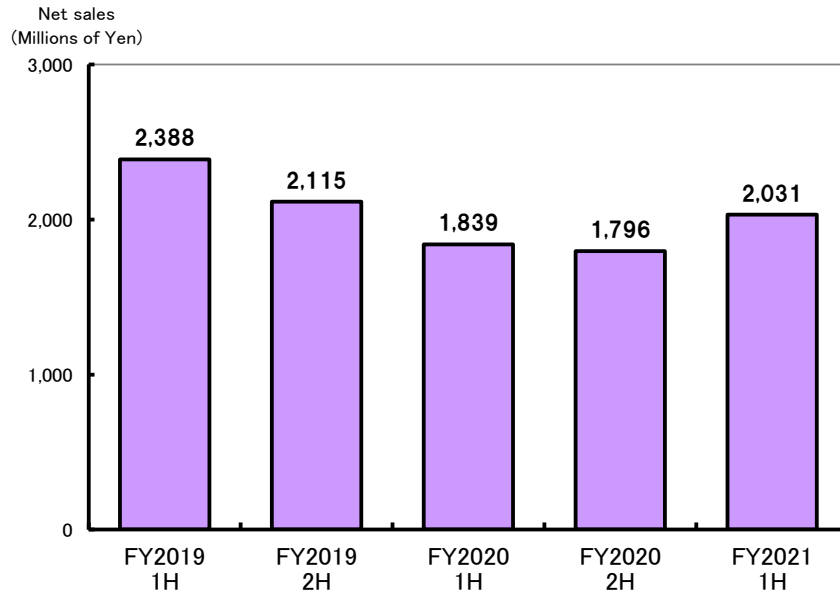
◆ Cemented Carbide Tool

Sales of the related tools increased because of strong industry trend in Japan.

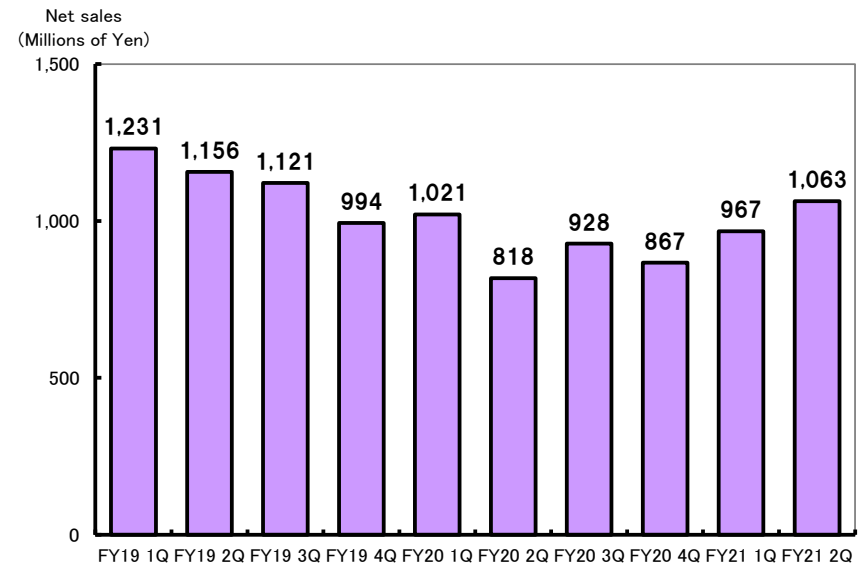


Net Sales Breakdown by Industry : 4. Stone and Construction

【Half-year】



【Quarter】



◆ Natural Resources Exploration

In spite of overseas sales, sales of the related tools increased because of strong geological survey in Japan.

◆ Construction in Japan

Sales of related tools decreased because of slow demand during Olympic games.

◆ Commercial Product (Portable Cutter)

Sales increased, because orders from main overseas customers are on a recovery trend.

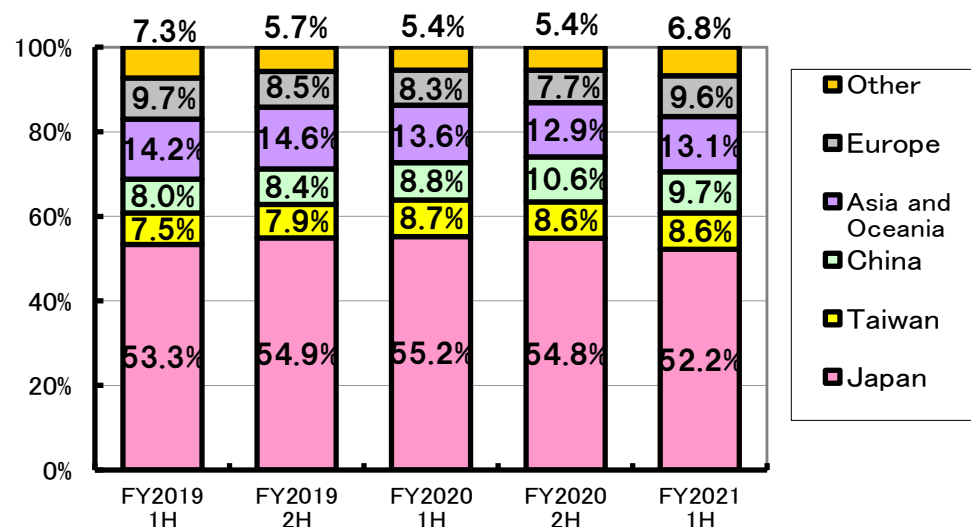


Net Sales Breakdown by Geographical Region (Consolidated)

(Millions of Yen)

| | FY2020 | | | | FY2021 | | | |
|------------------------|--------------------|-------|-------------------------|-------|--------------------|-------|------------|----------------|
| | 1H Results '20/4-9 | % | 2H Results '20/10-'21/3 | % | 1H Results '21/4-9 | % | YoY Change | YoY Change (%) |
| Japan | 8,016 | 55.2 | 8,549 | 54.8 | 9,496 | 52.2 | +1,479 | +18.5 |
| Taiwan | 1,263 | 8.7 | 1,347 | 8.6 | 1,566 | 8.6 | +303 | +24.1 |
| China | 1,279 | 8.8 | 1,653 | 10.6 | 1,755 | 9.7 | +475 | +37.2 |
| Other Asia and Oceania | 1,975 | 13.6 | 2,014 | 12.9 | 2,378 | 13.1 | +402 | +20.4 |
| Europe | 1,208 | 8.3 | 1,201 | 7.7 | 1,751 | 9.6 | +543 | +45.0 |
| Other | 785 | 5.4 | 848 | 5.4 | 1,234 | 6.8 | +448 | +57.1 |
| Overseas total | 6,512 | 44.8 | 7,064 | 45.2 | 8,686 | 47.8 | +2,174 | +33.4 |
| Total | 14,528 | 100.0 | 15,614 | 100.0 | 18,182 | 100.0 | +3,654 | +25.2 |

Composition ratio



- ◆ **Japan**
Increased in sales main industry.
- ◆ **Other Asia and Oceania**
Increased in sales mainly for Transportation.
- ◆ **Other**
Increased in sales mainly for Electronics and Semiconductor.

Consolidated Balance Sheets

(Millions of Yen)

| | 2021/3 | 2021/9 | Change | | 2021/3 | 2021/9 | Change |
|-------------------------------------|--------|--------|--------|---|--------|--------|--------|
| Assets | | | | Liabilities | | | |
| Cash and deposits | 10,649 | 12,806 | +2,157 | Notes and accounts payable-trade | 1,293 | 1,393 | +99 |
| Notes and accounts receivable-trade | 9,148 | 10,153 | +1,004 | Income taxes payable | 70 | 240 | +169 |
| Inventories | 6,298 | 6,443 | +144 | Retirement benefit liability | 5,375 | 5,349 | -26 |
| Property, plant and equipment | 26,535 | 26,023 | -511 | Other | 4,012 | 4,038 | -68 |
| Intangible assets | 228 | 233 | +5 | Total liabilities | 10,847 | 11,021 | +174 |
| Investment securities | 11,581 | 10,916 | -664 | Net assets | | | |
| Other | 3,702 | 3,345 | -357 | Total net assets | 57,297 | 58,900 | +1,603 |
| Total assets | 68,144 | 69,922 | +1,777 | Total liabilities and net assets | 68,144 | 69,922 | +1,777 |



1. FY2021 2Q Financial Results

2. FY2021 Forecasts

3. Mid-term management plan progress

Outline of Forecasts (Consolidated)

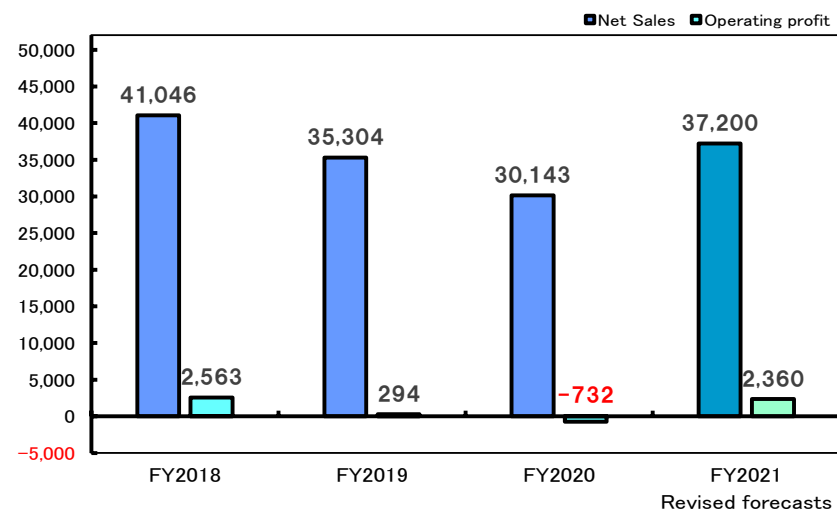
(Millions of Yen)

| | FY2020 Full-Yr Results | % | FY2021 Full-Yr Forecasts | % | YoY Change (%) |
|--|------------------------------|-------------|--------------------------------|-------|-------------------|
| Net sales | 30,143 | 100.0 | 37,200 | 100.0 | +23.4 |
| Operating profit | -732 | -2.4 | 2,360 | 6.3 | - |
| Ordinary profit | -337 | -1.1 | 2,720 | 7.3 | - |
| Profit attributable to owners of parent | -331 | -1.1 | 2,240 | 6.0 | - |

*Forecasts figures were announced on November 9, 2021.

Amount
(Millions of Yen)

Net sales/Operating profit



Operating profit (YoY change)

◆ Increase factor

- Increase in sales 4,523 Mill Yen

◆ Decrease factor

- Increase in personnel expenses 632 Mill Yen
- Increase in depreciation 191 Mill Yen



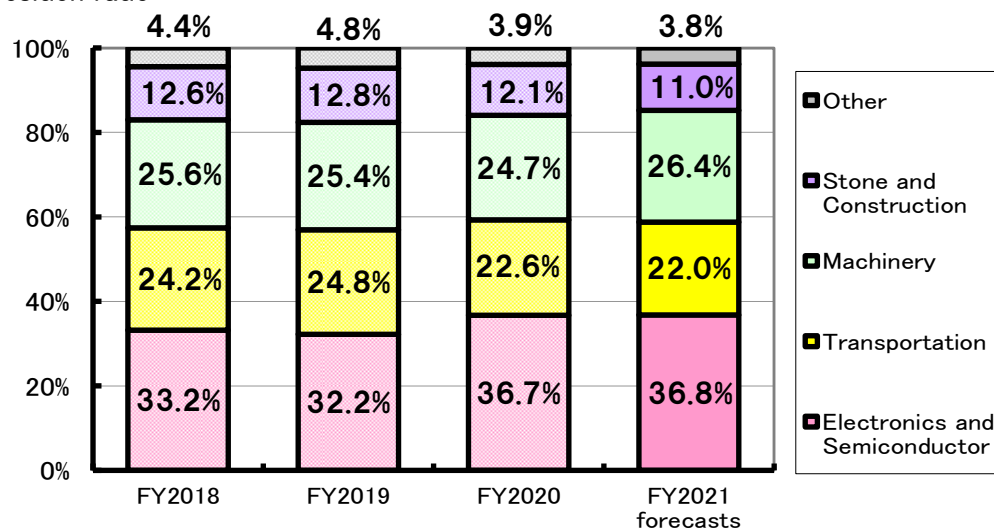
Forecasts for Net Sales and Composition by Industry (Consolidated)

(Millions of Yen)

| | FY2020 Full-Yr Results | % | FY2021 Full-Yr Rev'd Forecasts | % | YoY Change (%) |
|-------------------------------|------------------------------|--------------|--------------------------------------|--------------|----------------------|
| Electronics and Semiconductor | 11,070 | 36.7 | 13,700 | 36.8 | +23.8 |
| Transportation | 6,800 | 22.6 | 8,200 | 22.0 | +20.6 |
| Machinery | 7,460 | 24.7 | 9,800 | 26.4 | +31.4 |
| Stone and Construction | 3,635 | 12.1 | 4,100 | 11.0 | +12.8 |
| Other | 1,176 | 3.9 | 1,400 | 3.8 | +19.0 |
| Total | 30,143 | 100.0 | 37,200 | 100.0 | +23.4 |

*Forecasts figures were announced on November 9, 2021.

Composition ratio



- ◆ **Electronics and semiconductor**
Increase in sales mainly rerate to 5G.
- ◆ **Transportation**
Increase in sales mainly for automobile.
- ◆ **Machinery**
Increase in sales for Cemented Carbide Tool.
Increase in sales for Bearing.
- ◆ **Stone and Construction**
Increase in sales in Japan.



Forecasts for Net Sales and Composition by Geographical Region (Consolidated)

ASAHI DIAMOND

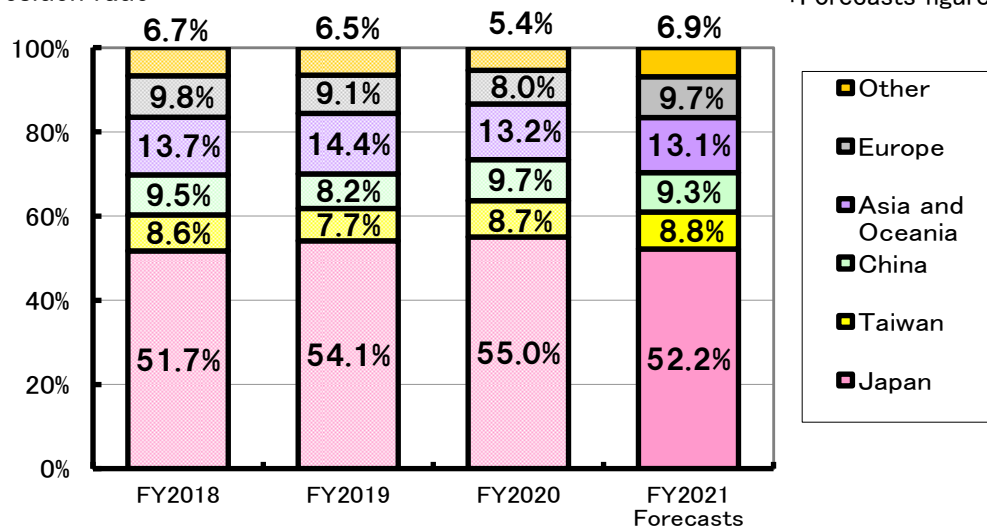


(Millions of Yen)

| | FY2020 Full-Yr Results | % | FY2021 Full-Yr Forecasts | % | YoY Change (%) |
|------------------------|------------------------|-------|--------------------------|-------|----------------|
| Japan | 16,566 | 55.0 | 19,420 | 52.2 | +17.2 |
| Taiwan | 2,610 | 8.7 | 3,270 | 8.8 | +25.3 |
| China | 2,933 | 9.7 | 3,470 | 9.3 | +18.3 |
| Other Asia and Oceania | 3,989 | 13.2 | 4,880 | 13.1 | +22.3 |
| Europe | 2,409 | 8.0 | 3,610 | 9.7 | +49.8 |
| Other | 1,634 | 5.4 | 2,550 | 6.9 | +56.0 |
| Overseas total | 13,577 | 45.0 | 17,780 | 47.8 | +31.0 |
| Total | 30,143 | 100.0 | 37,200 | 100.0 | +23.4 |

Composition ratio

*Forecasts figures were announced on November 9, 2021.



◆ In each regions, sales increase compared to the previous year results due to continue recovery trend.



Asahi Diamond Industrial Co., Ltd.

1. FY2021 2Q Financial Results

2. FY2021 Forecasts

3. Mid-term management plan progress

① Integrated response to highly specialized customer needs

4 products development projects are in progress mainly related to Electronic and Semiconductor.

⇒FY2021 1half sales of the target product are about 3 billion yen. (Annual forecast of about 6.5 billion yen.)

⇒Set development goals for each project and strengthening our product capabilities.

② Optimize and accelerate global expansion

Business Alliance with Tyrolit.

⇒Progress of mutual supply of products (for Semiconductor, Bearing industry, etc.) .

⇒In the 1H of FY2021, the amount of mutual supply of products will be about 3 times as much as the same period of the previous year, and we expect it will be several hundred million yen for the full year.

③ Strengthening management infrastructure and management systems

Integrated Implementation of 4 sales bases in Japan.

⇒Promote operational efficiency by integrating bases.



Manufacturing excitement through innovation

Stand Alone

We are at the vanguard of world change, and shall use our groundbreaking technology and global organizational strength to continue providing products and solutions that only we can make possible.

Eternal Growth

In order to make growth sustainable we establish ourselves as the most trustworthy choice for customers engaged in manufacturing across the globe.

Job Satisfaction

We strive to be an efficient company, by linking job satisfaction with individual growth while fostering character.

This presentation contains forward-looking statements and plans, which based on current available information and assumptions we believe to be reasonable. These forward-looking statements involve various factors, and Asahi Diamond's actual results could be materially different from those mentioned on these forward-looking statements.

