
Fiscal Year ending March 2022

Financial results briefing

May 26, 2022



Asahi Diamond Industrial Co., Ltd.

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FY2021 Financial Results

02

FY2022 Forecasts

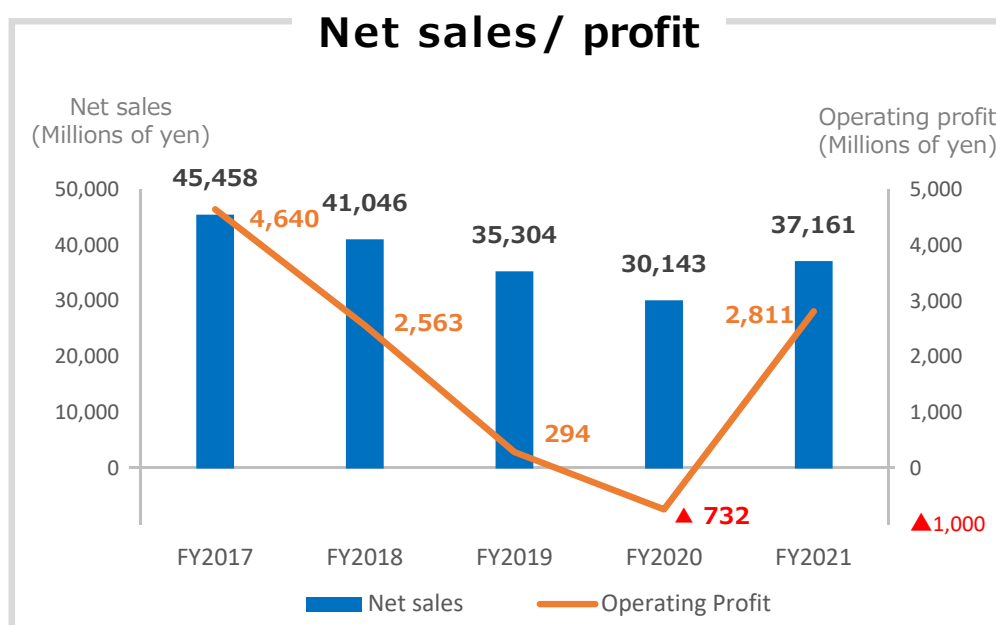
03

Mid-term management plan progress

Financial Results (Consolidated)

Unit: Millions of yen

	FY2020		FY2021			
	Result	%	Result	%	YoY Change	YoY Change (%)
Net sales	30,143	100.0	37,161	100.0	7,018	23.3
Operating profit	▲732	▲2.4	2,811	7.6	3,543	-
Ordinary profit	▲337	▲1.1	3,650	9.8	3,988	-
Profit attributable to owners of parent	▲331	▲1.1	3,288	8.8	3,619	-
Earning per Share (Yen)	▲5.97	-	59.23	-	65.20	-



Operating profit (YoY change)

Increase Factors

- Increase in sales 4,878 million yen

Decrease Factors

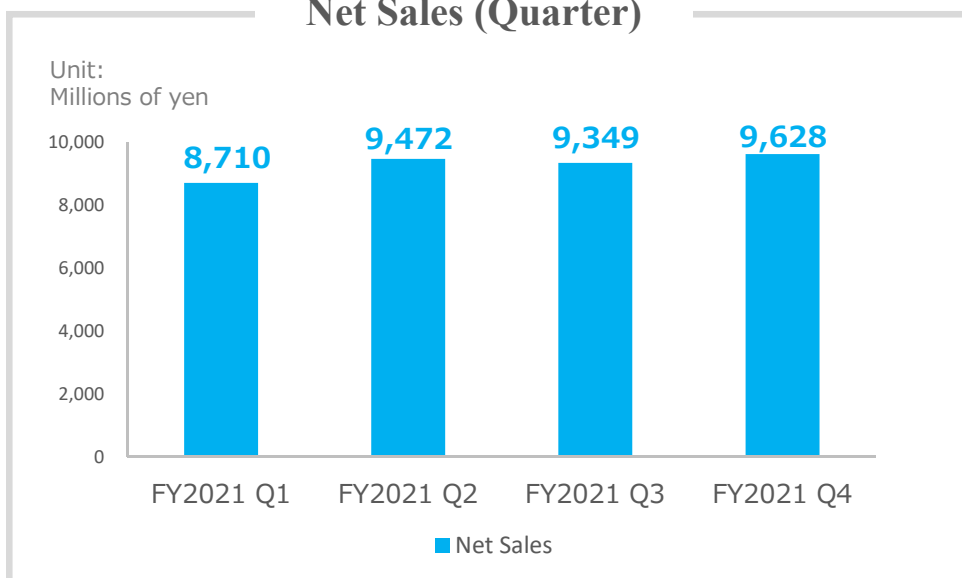
- Increase in personnel expenses 819 million yen
- Increase in depreciation 114 million yen

Quarterly Results of Operarion (Consolidated)

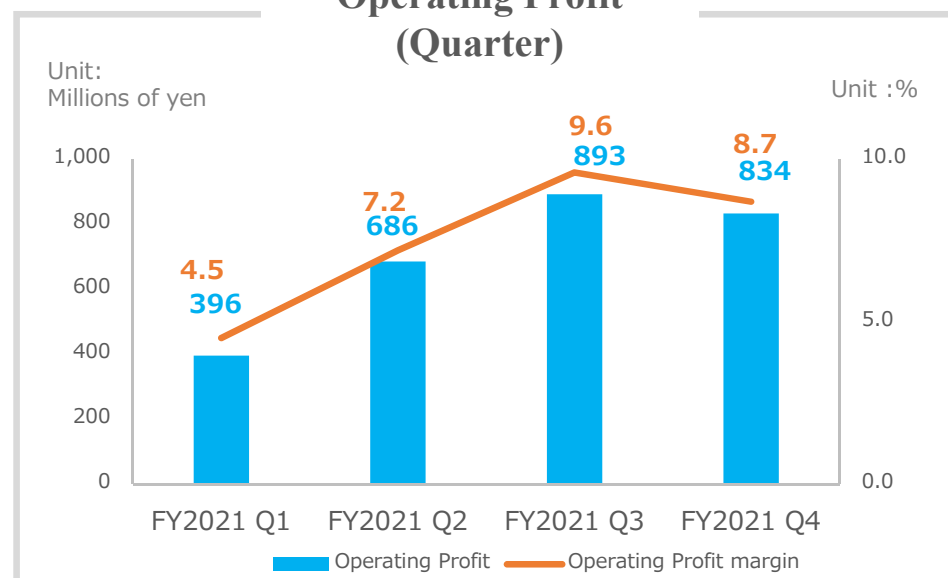
Unit:Millions of yen

	FY2021							
	First quarter		Second quarter		Third quarter		Fourth quarter	
	Result	%	Result	%	Result	%	Result	%
Net sales	8,710	100.0	9,472	100.0	9,349	100.0	9,628	100.0
Operating profit	396	4.5	686	7.2	893	9.6	834	8.7
Ordinary profit	544	6.3	822	8.7	1,084	11.6	1,199	12.5
Profit attributable to owners of parent	397	4.6	691	7.3	891	9.5	1,308	13.6

Net Sales (Quarter)



Operating Profit
(Quarter)

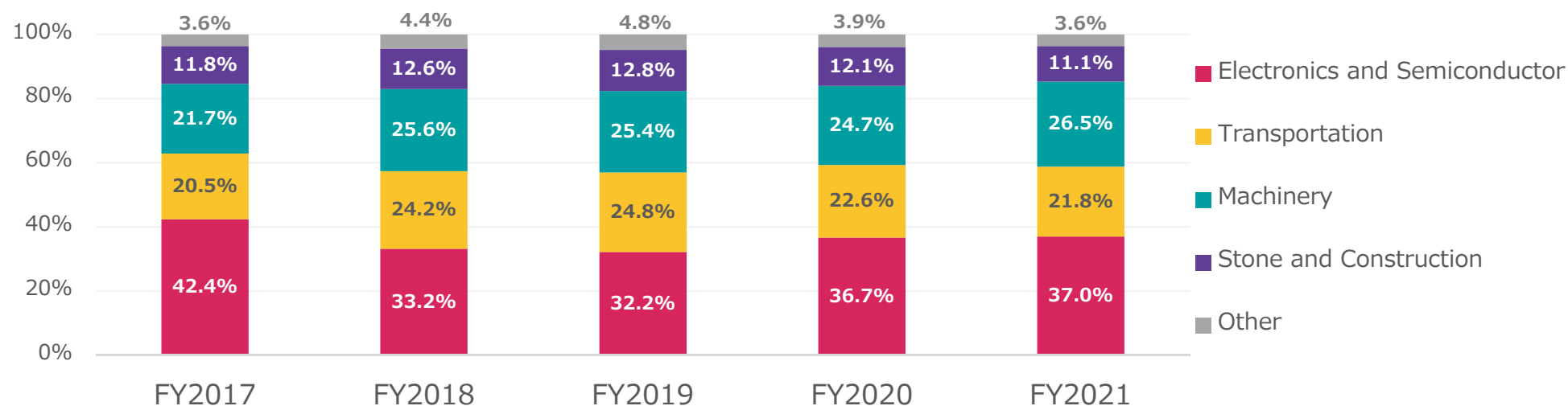


Net Sales and Composition by Industry (Consolidated)

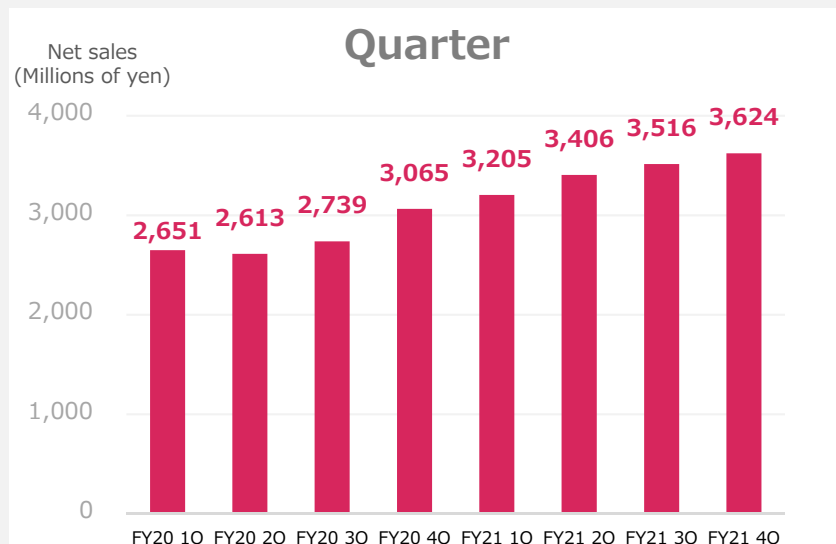
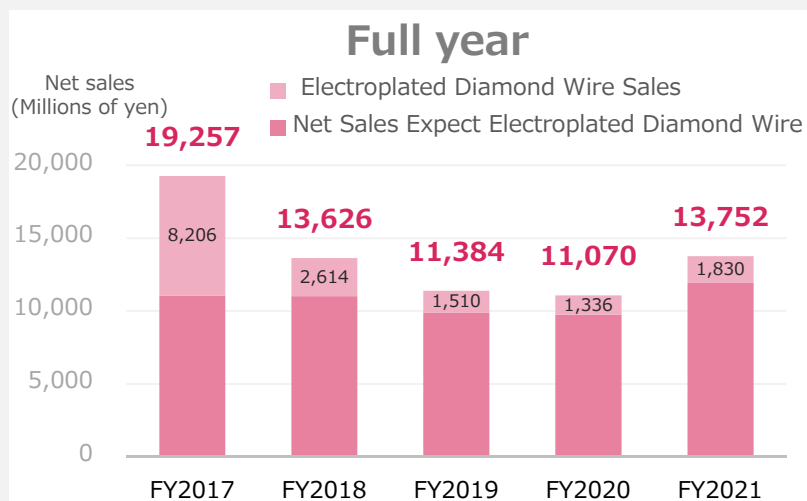
Unit: Millions of yen

	FY2020		FY2021			
	Net sales	%	Net sales	%	YoY Change	YoY Change (%)
■ Electronics and Semiconductor	11,070	36.7	13,752	37.0	2,682	24.2
■ Transportation	6,800	22.6	8,115	21.8	1,314	19.3
■ Machinery	7,460	24.7	9,832	26.5	2,371	31.8
■ Stone and Construction	3,635	12.1	4,124	11.1	489	13.5
■ Other	1,176	3.9	1,335	3.6	159	13.6
Total	30,143	100.0	37,161	100	7,018	23.3

Percentage of total



Net Sales Breakdown by Industry : 1.Electronics and Semiconductor (Include Electroplated Diamond Wire)



Semiconductor and Electronic Component

Sales increased due to strong production of mobile devices and other telecommunications equipment.

FPD

Sales increased due to steady production by major overseas customers.

Wire Drawing Die

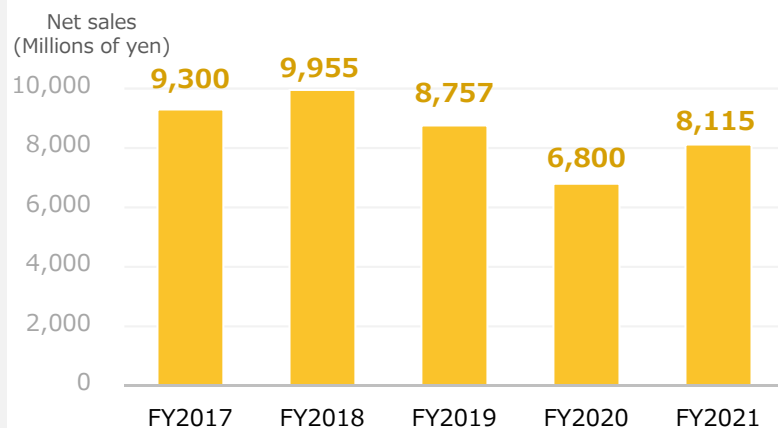
Sales increased due to strong sales for semiconductor-related applications.

Electrodeposited Diamond Wire

Sales increased due to strong orders, mainly for semiconductors.

Net Sales Breakdown by Industry : 2. Transportation

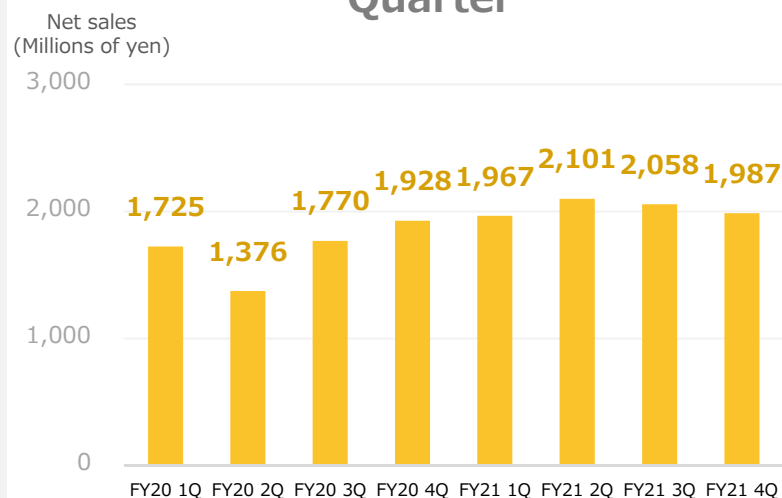
Full year



Automobile

Transmissions and transmissions whose production is on a recovering trend in each country.
Increase in sales of tools for processing engine parts.

Quarter

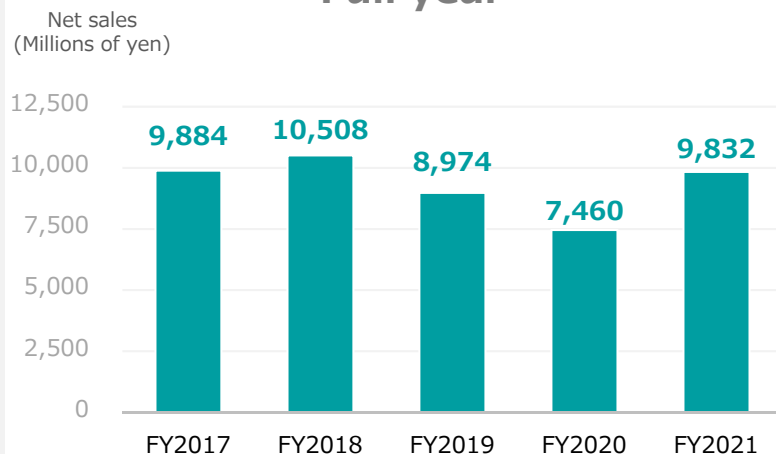


Aircraft

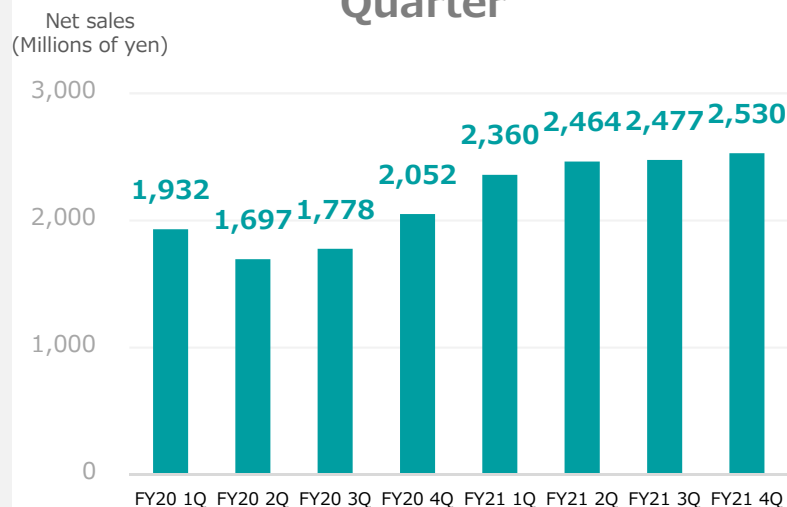
Demand was sluggish despite the relaxation of travel restrictions in each country,
Decrease in sales of related tools.

Net Sales Breakdown by Industry : 3. Machinery

Full year



Quarter



Bearing

Due to increased production of automobiles and machine tools

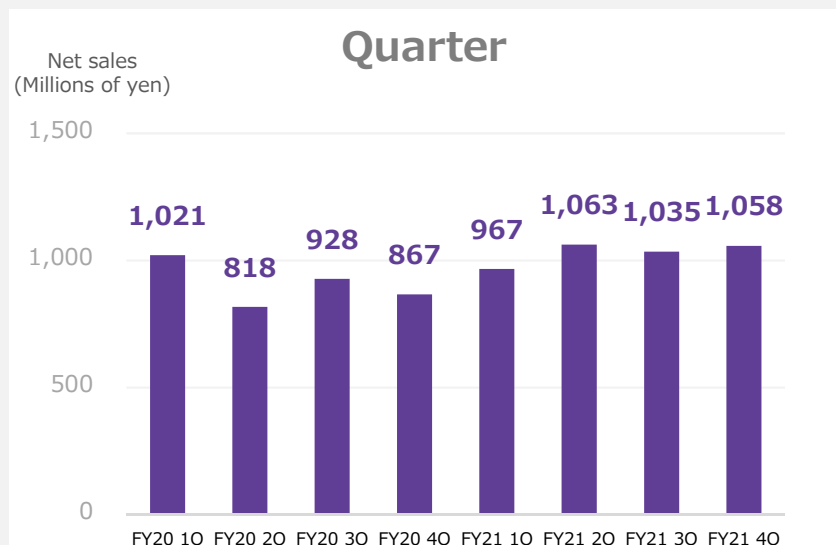
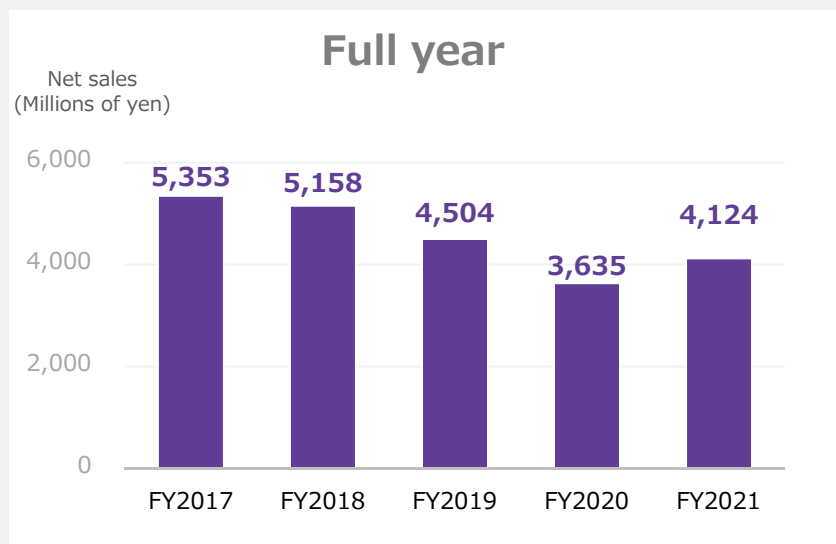
Sales increased due to strong orders from bearing manufacturers.

Cemented Carbide Tool

Due to increased production in the transportation equipment industry

Sales increased due to strong orders from carbide tool manufacturers.

Net Sales Breakdown by Industry : 4. Stone and Construction



Resource Exploration

Sales increased due to robust performance in both the domestic and overseas markets.

Construction in Japan

With the increase of construction volume in both road construction and demolition work
Sales of related tools increased.

Commercial Product (Portable Cutter)

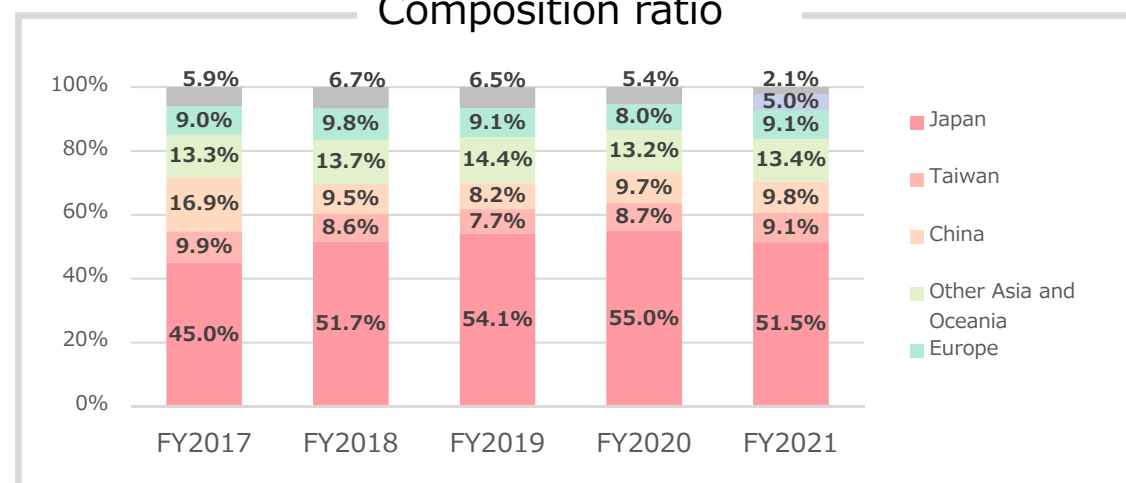
Sales increased due to a recovery trend in major overseas countries.

Net Sales Breakdown by Geographical Region(Consolidated)

Unit:Millions of yen

	FY2020		FY2021			
	Net sales	%	Net sales	%	YoY Change	YoY Change (%)
Japan	16,566	55.0	19,150	51.5	2,584	15.6
Taiwan	2,610	8.7	3,388	9.1	778	29.8
China	2,933	9.7	3,647	9.8	713	24.3
Other Asia and Oceania	3,989	13.2	4,964	13.4	975	24.4
Europe	2,409	8.0	3,399	9.1	989	41.1
North America ※	-	-	1,841	5.0	-	-
Other	1,634	5.4	768	2.1	-	-
Overseas total	13,577	45.0	18,010	48.5	4,433	32.7
Total	30,143	100.0	37,161	100.0	7,018	23.3

Composition ratio



Japan

Sales of our mainstay industries such as Electronic and Semiconductor, Transportation, and Machinery increased.

China

Sales of mainly in Electronic and Semiconductor and Machinery increased.

Other Asia and Oceania

Sales of mainly in Transportation machinery and Stone & Construction increased.

※"North America," which was previously included in "Other," has been presented separately from the fiscal year under review.

Consolidated Balance Sheet

Unit: Millions of yen

Assets	Fiscal Year ending March 2021	Fiscal Year ending March 2022	Change
Cash and deposits	10,649	14,771	4,122
Notes and accounts receivable - trade	9,148	10,642	1,494
Inventories	6,298	6,744	445
Property, plant and equipment	26,535	25,434	▲1,100
Intangible assets	228	240	12
Investment securities	11,581	10,715	▲866
Other	3,702	3,692	▲9
Total assets	68,144	72,241	4,097

Liabilities	Fiscal Year ending March 2021	Fiscal Year ending March 2022	Change
Notes and accounts payable - trade	1,293	1,489	195
Income taxes payable	70	532	461
Retirement benefit liability	5,375	5,360	▲14
Other	4,106	3,989	▲117
Total liabilities	10,847	11,372	525
Net assets	Fiscal Year ending March 2021	Fiscal Year ending March 2022	Change
Total net assets	57,297	60,869	3,572
Total liabilities and net assets	68,144	72,241	4,097

Consolidated Statements of Cash Flows

Unit: Millions of yen

	FY2020	FY2021	Change
Profit (loss) before income taxes	▲381	4,408	4,789
Depreciation	2,847	2,961	113
Increase (decrease) in retirement benefit liability	▲1,938	▲221	1,716
Decrease (increase) in trade receivables	183	▲1,287	▲1,470
Decrease (increase) in inventories	▲340	▲253	86
Income taxes paid	▲130	▲350	▲219
Other	▲330	691	1,022
Net cash provided by (used in) operating activities	▲90	5,948	6,038
Purchase or sale of property, plant and equipment	▲6,454	▲1,550	4,904
Purchase or sale of investment securities	405	371	▲33
Other	1,759	821	▲937
Net cash provided by (used in) investing activities	▲4,289	▲356	3,933
Purchase or sale of treasury shares	▲0	16	17
Dividends paid	▲502	▲612	▲109
Other	▲100	▲481	▲380
Net cash provided by (used in) financing activities	▲604	▲1,077	▲473
Cash and cash equivalents at end of period	10,649	15,548	4,898

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FY2022 Forecasts

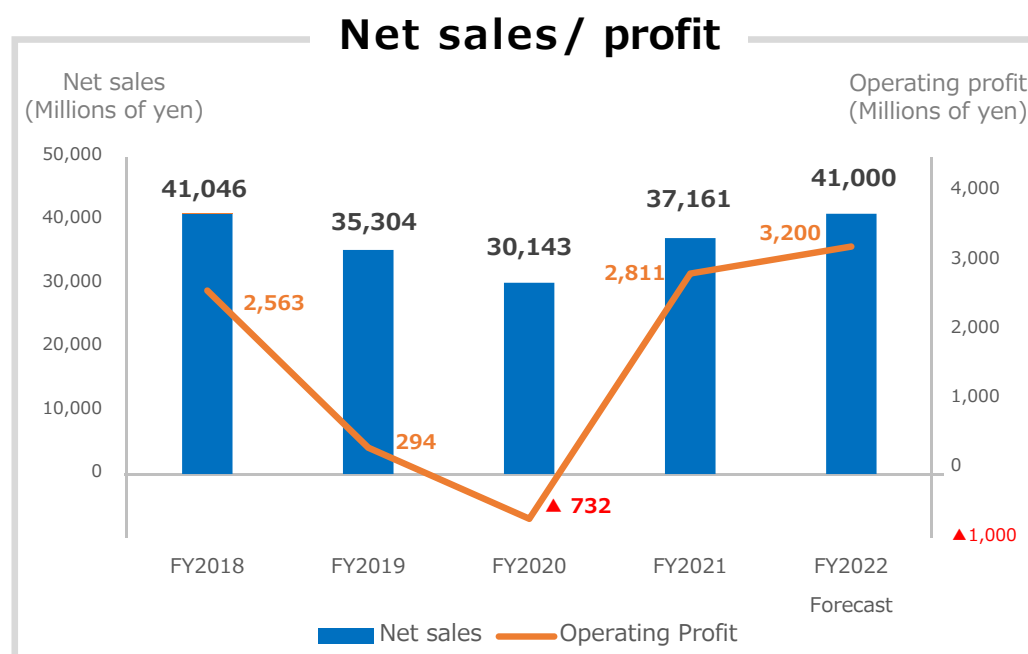
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Mid-term management plan progress

Outline of Forecasts (Consolidated)

Unit: Millions of yen

	FY2021 First Half Results	%	FY2022 First Half forecasts	%	YoY Change	YoY Change (%)	FY2021 Full-year results	%	FY2022 Full-year forecast	%	YoY Change	YoY Change (%)
Net sales	18,182	100.0	19,600	100.0	1,417	7.8	37,161	100.0	41,000	100.0	3,838	10.3
Operating profit	1,082	6.0	1,100	5.6	17	1.6	2,811	7.6	3,200	7.8	388	13.8
Ordinary profit	1,367	7.5	1,300	6.6	▲67	▲4.9	3,650	9.8	3,700	9.0	49	1.3
Profit attributable to owners of parent	1,089	6.0	900	4.6	▲189	▲17.4	3,288	8.8	2,500	6.1	▲788	▲24.0
Exchange rate							JPY/USD	109.8	-	120.0		
							JPY/EUR	130.0	-	134.0		
							JPY/CNY	17.0	-	18.7		



Operating profit (YoY change)

Increase Factors

- Increase in sales 2,176 million yen

Decrease Factors

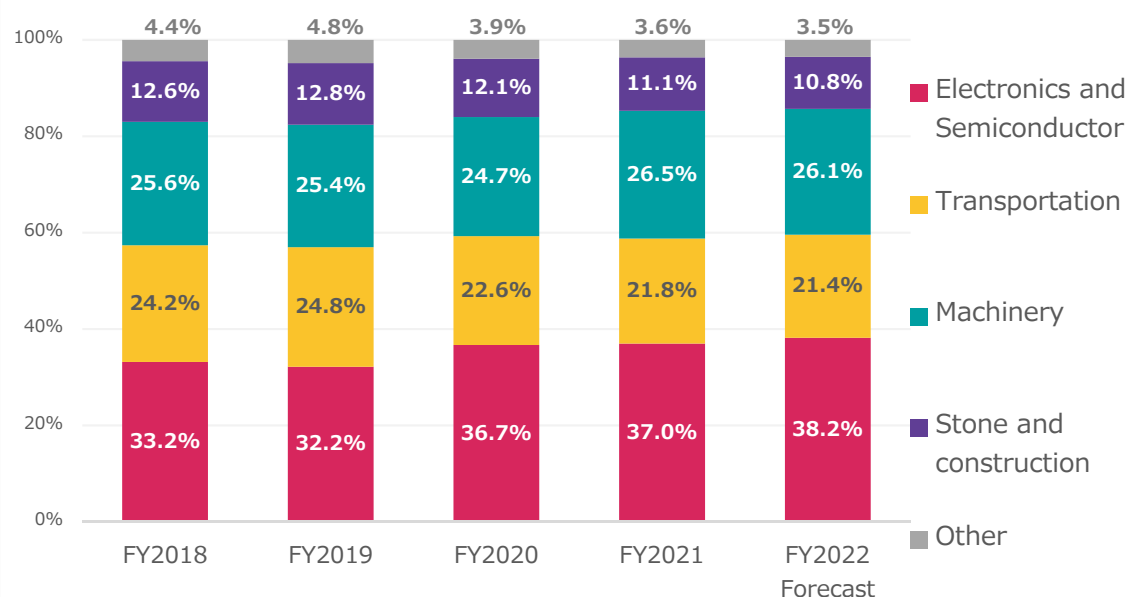
- Increase in personnel expenses 992 million yen

Forecasts for Net Sales and Composition by Industry (Consolidated)

Unit: Millions of yen

	FY2021 First Half Results	%	FY2022 First Half forecast	%	YoY Change	YoY Change %	FY2021 Full-year results	%	FY2022 Full-year forecast	%	YoY Change	YoY Change %
Electronics and Semiconductor	6,612	36.4	7,410	37.8	797	12.1	13,752	37.0	15,670	38.2	1,917	13.9
Transportation	4,069	22.4	4,170	21.3	100	2.5	8,115	21.8	8,750	21.4	634	7.8
Machinery	4,824	26.5	5,160	26.3	335	7.0	9,832	26.5	10,710	26.1	877	8.9
Stone and construction	2,031	11.2	2,120	10.8	88	4.4	4,124	11.1	4,420	10.8	295	7.2
Other	645	3.5	740	3.8	94	14.7	1,335	3.6	1,450	3.5	114	8.6
Total	18,182	100.0	19,600	100.0	1,417	7.8	37,161	100.0	41,000	100.0	3,838	10.3

Composition ratio



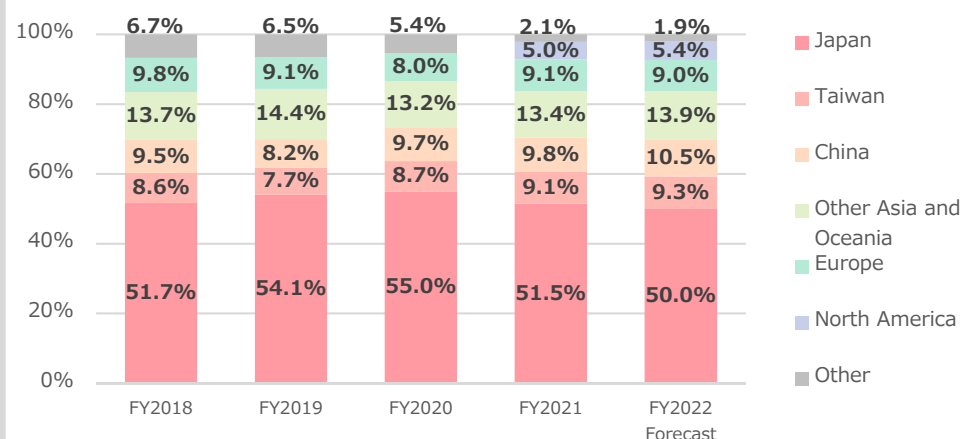
- Electronics and Semiconductor**
Sales increase mainly for Semiconductors-related tools.
- Transportation**
Sales increase mainly for automotive tools.
- Machinery**
Sales increase carbide tools and bearings.
- Stone and construction**
Sales increase both domestically and overseas.

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

Unit: Millions of yen

	FY2021 First Half Results	%	FY2022 First Half Forecast	%	YoY Change	YoY Change (%)	FY2021 Full-year results	%	FY2022 Full-year forecast	%	YoY Change	YoY Change (%)
Japan	9,496	52.2	9,800	50.0	303	3.2	19,150	51.5	20,500	50.0	1,349	7.0
Taiwan	1,566	8.6	1,800	9.2	233	14.9	3,388	9.1	3,800	9.3	411	12.1
China	1,755	9.7	2,100	10.7	344	19.6	3,647	9.8	4,300	10.5	652	17.9
Other Asia and Oceania	2,378	13.1	2,700	13.8	321	13.5	4,964	13.4	5,700	13.9	735	14.8
Europe	1,751	9.6	1,800	9.2	48	2.8	3,399	9.1	3,700	9.0	300	8.8
North America ※	855	4.7	1,000	5.1	144	16.9	1,841	5.0	2,200	5.4	358	19.5
Other	379	2.1	400	2.0	20	5.5	768	2.1	800	1.9	31	4.0
Overseas total	8,686	47.8	9,800	50.0	1,113	12.8	18,010	48.5	20,500	50.0	2,489	13.8
Total	18,182	100.0	19,600	100.0	1,417	7.8	37,161	100.0	41,000	100.0	3,838	10.3

Coposition raito



Japan

Sales increase the Electronics and Semiconductor, and Machinery industries-related tools.

China

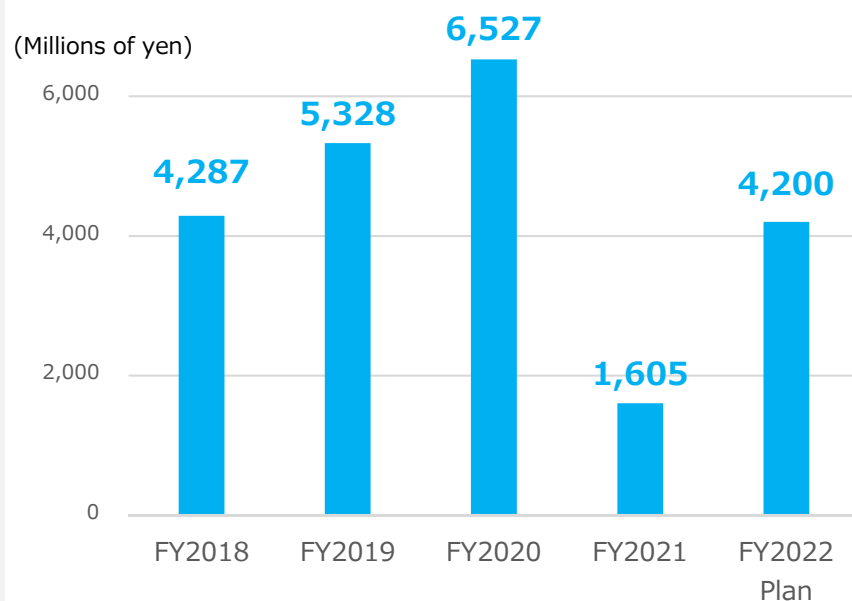
Sales increase the Electronics and Semiconductor industries-related tools.

Other Asia and Oceania

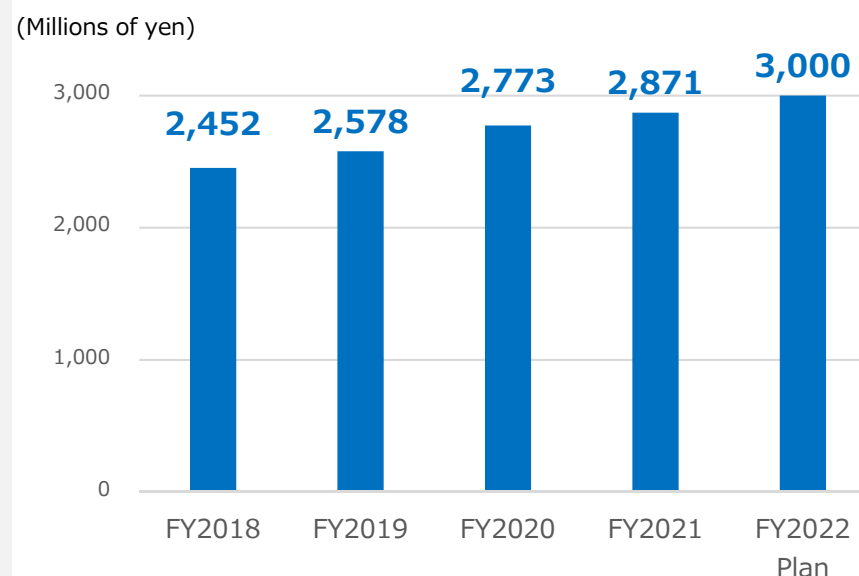
Sales increase Transportation and tools for mineral resource exploration-related tools.

Capital Expenditures 「Results and Plan」

Capital expenditure



Depreciation



Investment amount in plant and equipment

Recurring equipment upgrades for the year ending March 2022.

In the fiscal year ending March 2023, we will expand equipments for product development projects.

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FY2021 Financial Results

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FY2022 Forecasts

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Mid-term management plan progress

What lies ahead of the Medium-Term Management Plan 2022

Our Vision for VISION2030

Global diamond tool manufacturer who develop strategic products on the axis of region and industry

Identify areas in which we can be competitive

Accurately grasping market trends and customer needs through market research and gathering information from customers.

We will strengthen information coordination among development, manufacturing and sales divisions, and provide products that meet customers' needs in a highly competitive manner.



Concentrated allocation of management resources

Prioritize allocation of people, goods, and money to target areas.

We will optimize manufacturing and sales to maximize our strengths by making use of strategic alliances and OEMs, on a global basis, including external resources.

Targeting VISION2030 through the Priority Themes of Medium-Term Management Plan 2022

1

Integrated response to highly specialized customer needs

2

Optimize and accelerate global expansion

3

Strengthening management infrastructure and Management systems

Progress of Priority Themes in Medium-Term Management Plan 2022

Integrated response to increasingly specialized customer needs

Four Product Development Projects in Progress
Centered on Electronic Semiconductor-Related Products

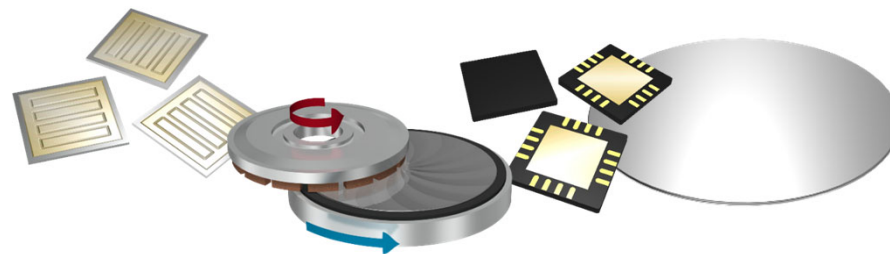
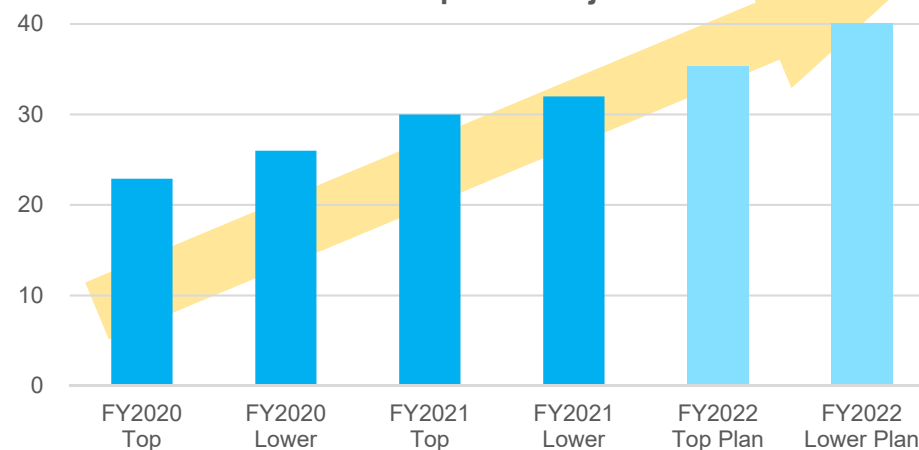
▶ **For sales of the targeted products in fiscal 2021**

Approx. 6.2 billion yen

▶ **Product development and improvement are proceeding on a project basis**

▶ **Establishing domestic manufacturing bases aiming to efficiency and strengthen the system**

Sales Trends of Products Subject to Product Development Projects



Optimize and accelerate global expansion

2

▶ Business alliance with Tyrolit

- Mutual use of product complementarities and sales networks
- Mutual progress in product supply (products for the semiconductor and bearing industries, etc.)
- Sales associated with reciprocal product supply were approximately 1.4 times higher in the second half of fiscal 2021 than in the first half, and were approximately 2.7 times higher in fiscal 2021 as a whole

▶ Strengthening the sales structure in Europe, centered on the German sales subsidiary

- Strengthen approaches to the electronic semiconductor industry in addition to the automobile industry

▶ Improving the risk management system

- Promote global expansion while responding flexibly against risks such as the spread of the new Coronavirus infections and the situation in Russia and Ukraine



Strengthening management infrastructure and management systems

3

▶ Review of personnel system

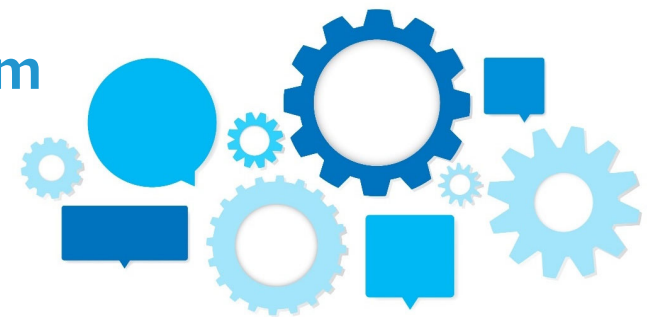
- Move forward with the aim of introducing in fiscal 2023
- Main points are work style reform, human resource development, and unified management of human resources

▶ Core system renovation

- Launched a project aimed at making management figures more visible and improving operational efficiency
- Organize teams to promote examination and deployment of the new system as a whole and make steady progress

▶ Enhancement of Legal Risk Management System

- Establishment of a system to take a bird's-eye view of the entire legal risk that had been managed by each division in the company and to prevent omissions of management



Three Social Values Provided by Asahi Diamond Industrial

▶ **Eco-friendly products that last several tens of times as long as conventional tools and can be used for a long period of time**

Diamond tools have a longevity that is several dozen times longer than conventional tools and can be used by customers in each industry for a long period of time. Steadily expanding sales will contribute to our stakeholders



▶ **Its high performance and quick processing will improve customer's productivity**

Diamond tool can not only be used for long periods of time, it is also possible to conduct highly efficient processing based on reliable quality contributing to the improvement of customer's productivity.

▶ **Contributing to reducing customer's environmental impact by energy conservation**

The rapid processing of diamond tools for our customers leads to energy conservation. One of the advantages is that we can contribute to reducing the environmental impact for customers who have adopted the system.





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 material contains forward-looking statements other than historical facts. These forecasts and plans are based on information currently available to us and certain assumptions that we believe to be reasonable. Actual results may differ materially from these forecasts due to a variety of factors.
- Effective from the year ended March 31, 2022, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29). The impact on the consolidated financial statements is immaterial.

