



2nd quarter of the Fiscal Year ending March 2023

Financial results briefing

November 25, 2022



Asahi Diamond Industrial Co., Ltd.

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FY2022 2Q Financial Results

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FY2022 Forecasts

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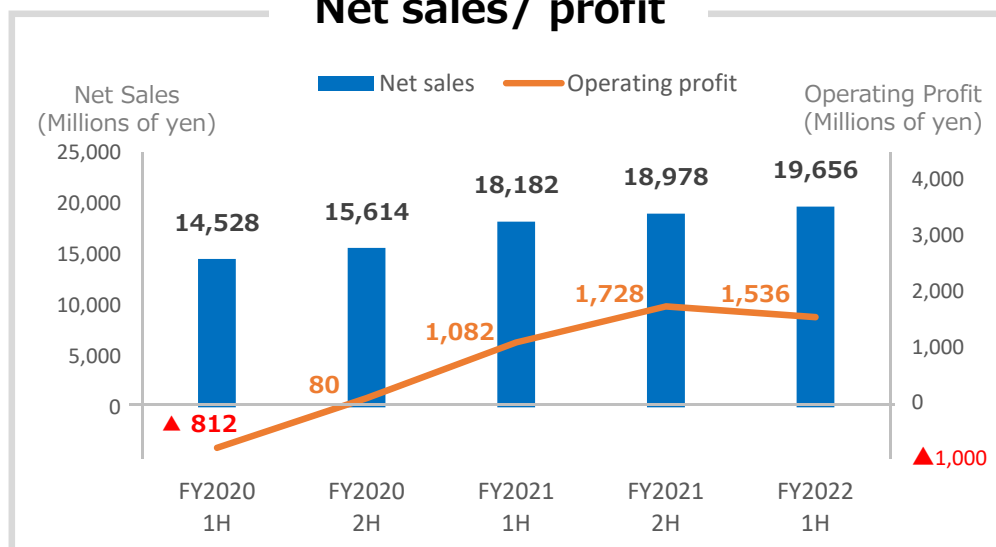
Mid-term management plan progress

Financial Results (Consolidated)

Unit: Millions of yen

	FY2021		FY2022			
	1H Results '21/4-9	%	1H Results '22/4-9	%	YoY change	YoY change (%)
Net sales	18,182	100.0	19,656	100.0	1,473	8.1
Operating profit	1,082	6.0	1,536	7.8	453	41.9
Ordinary profit	1,367	7.5	2,129	10.8	762	55.7
Profit attributable to owners of parent	1,089	6.0	1,549	7.9	460	42.3
Earning per Share (Yen)	19.62	-	28.13	-	8.50	-

Net sales/ profit



Operating profit (YoY change)

Increase Factors

- Increase in sales 1,145 million yen

Decrease Factors

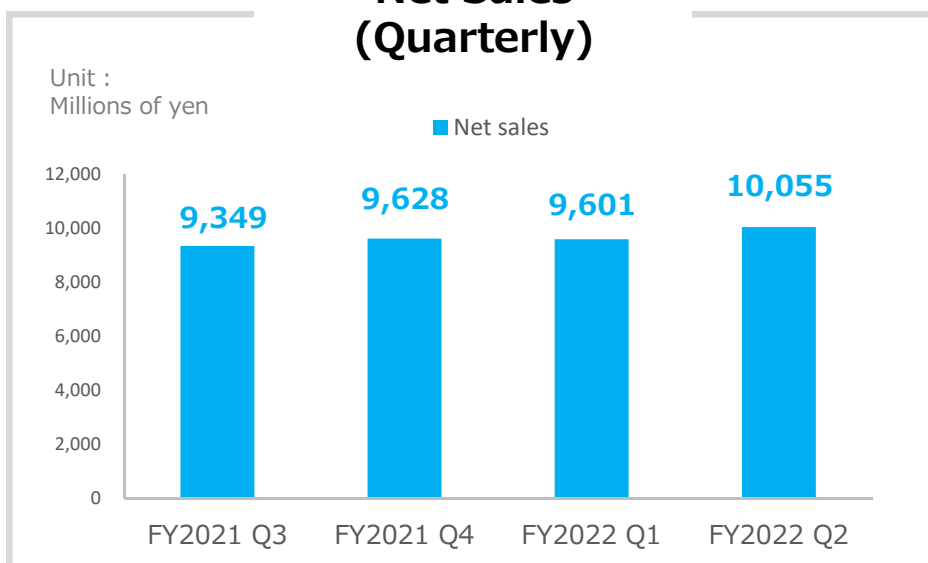
- Increase in personnel expenses 557 million yen

Quarterly trends and results (consolidated)

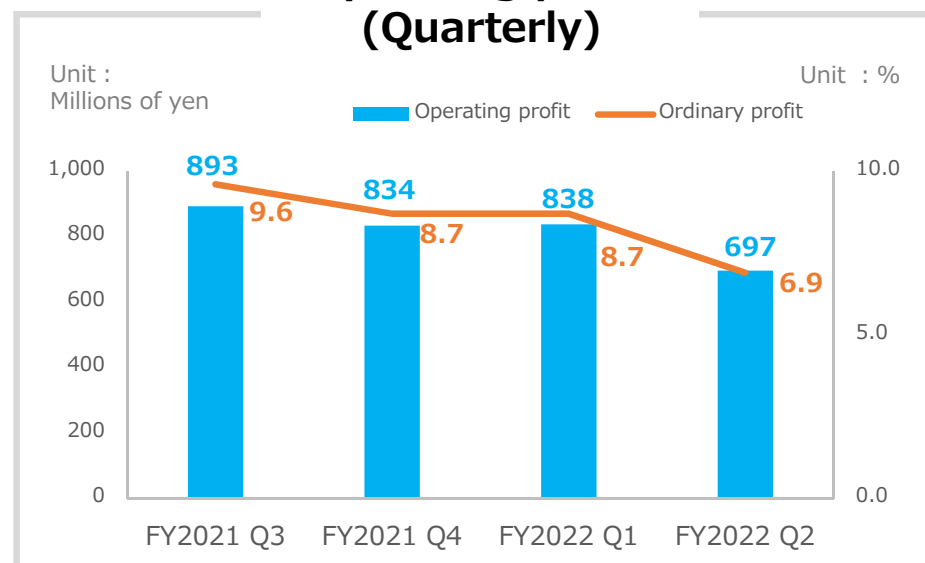
Unit : Millions of Yen

	FY2021				FY2022			
	3Q		4Q		1 Q		2 Q	
	Results	%	Results	%	Results	%	Results	%
Net sales	9,349	100.0	9,628	100.0	9,601	100.0	10,055	100.0
Operating profit	893	9.6	834	8.7	838	8.7	697	6.9
Ordinary profit	1,084	11.6	1,199	12.5	1,124	11.7	1,004	10.0
Profit attributable to owners of parent	891	9.5	1,308	13.6	804	8.4	745	7.4

Net Sales (Quarterly)








Operating profit (Quarterly)

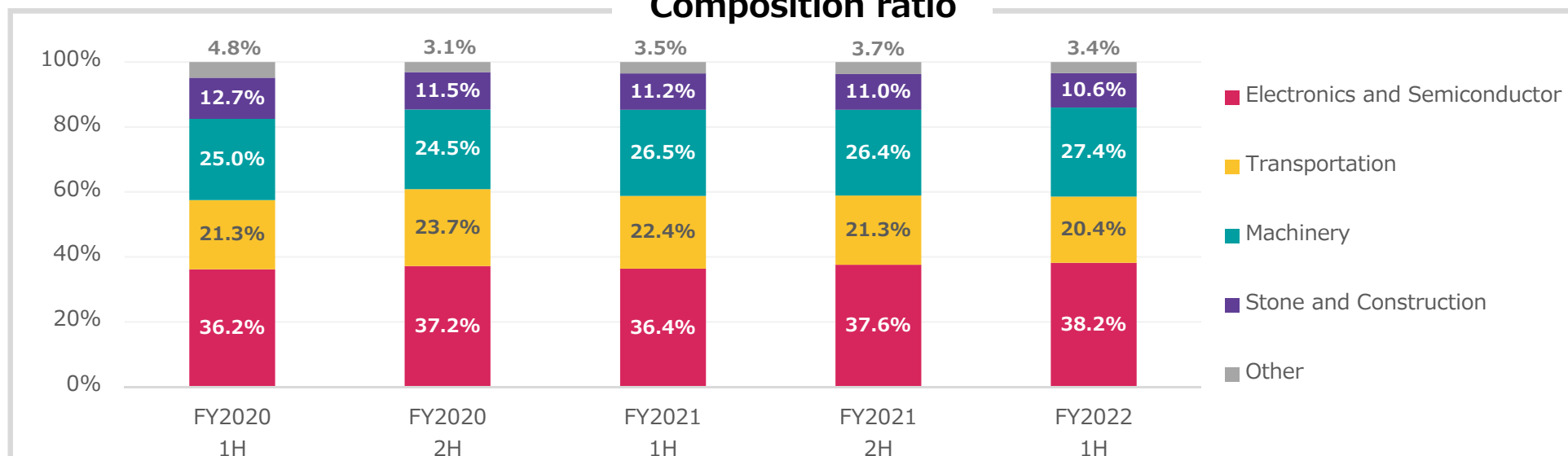


Net Sales and Composition by Industry (Consolidated)

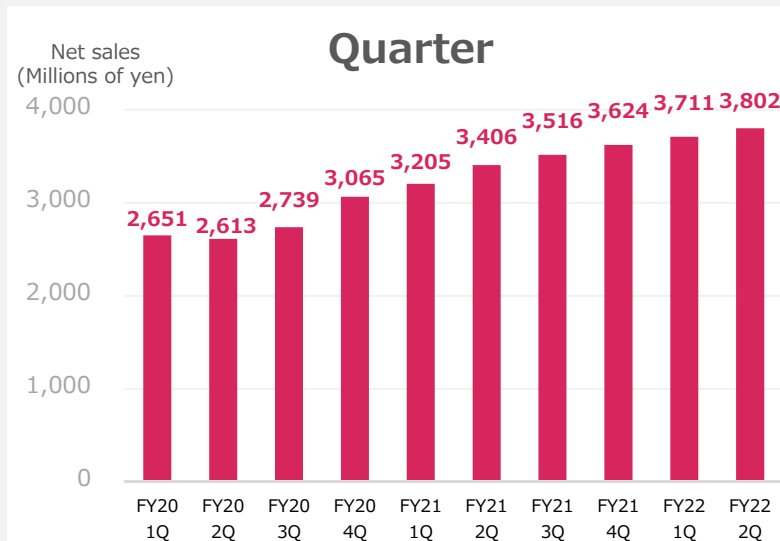
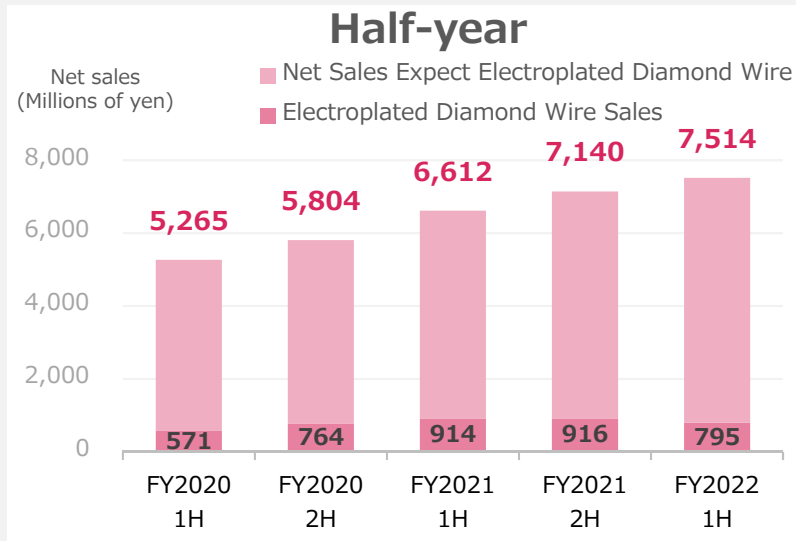
Unit: Millions of yen

	FY2021				FY2022			
	1H Results '21/4-9	%	2H Results '21/10-'22/3	%	1H Results '22/4-9	%	YoY change	YoY change (%)
 Electronics and Semiconductor	6,612	36.4	7,140	37.6	7,514	38.2	901	13.6
 Transportation	4,068	22.4	4,046	21.3	4,010	20.4	▲58	▲1.4
 Machinery	4,824	26.5	5,008	26.4	5,377	27.4	552	11.5
 Stone and Construction	2,031	11.2	2,093	11.0	2,077	10.6	46	2.3
 Other	646	3.5	689	3.7	677	3.4	31	4.8
Total	18,182	100.0	18,978	100.0	19,656	100.0	1,473	8.1

Composition ratio



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



Semiconductor and Electronic Component

Sales increased due to strong production of silicon and compound semiconductors.

FPD(Flat Panel Display)

Sales increased due to strong production by major overseas customers.

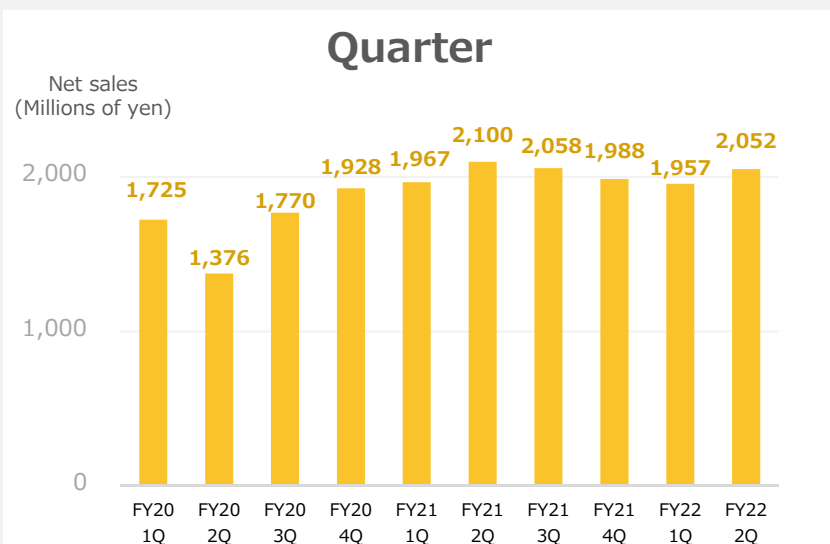
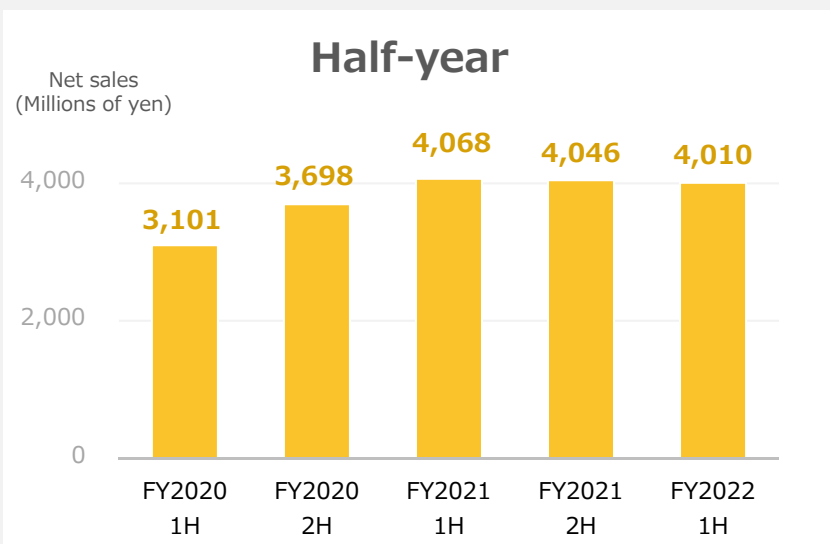
Wire Drawing Die

Sales decreased due to the impact of a lockdown in Shanghai.

Electrodeposited Diamond Wire

Sales for semiconductor applications were strong, but sales decreased due to a decrease in use of other applications.

Net Sales Breakdown by Industry : 2. Transportation



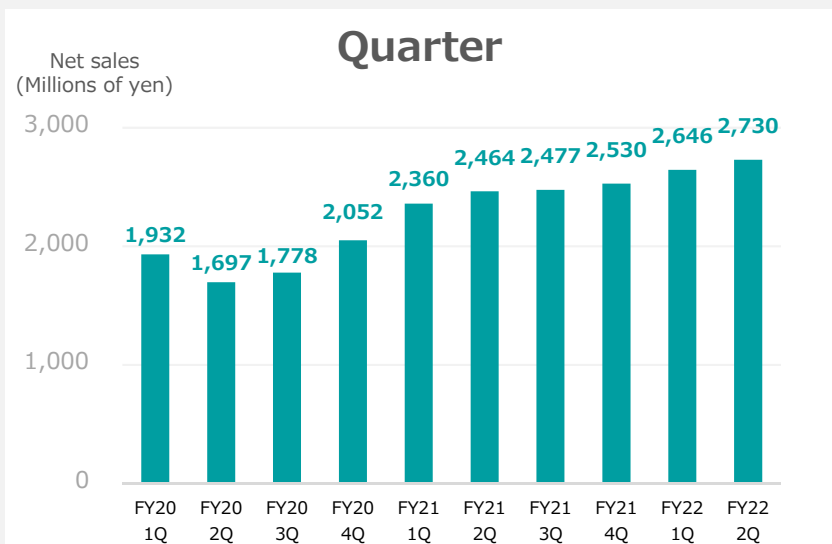
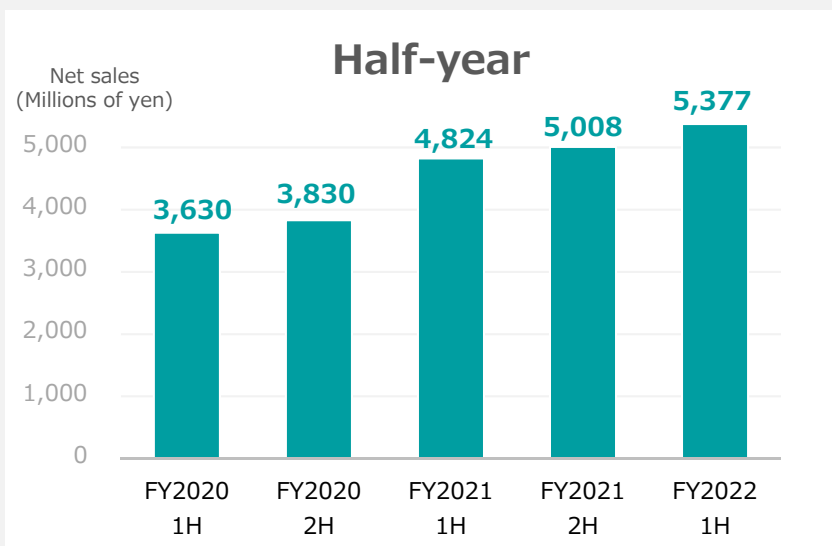
Automobile

Sales of related tools was slightly decreased due to sluggish automobile production caused by shortage of semiconductors.

Aircraft

Although the restrictions on travel in each countries are eased, sales of related tools was slightly decreased due to prolonged sluggish demand.

Net Sales Breakdown by Industry : 3. Machinery



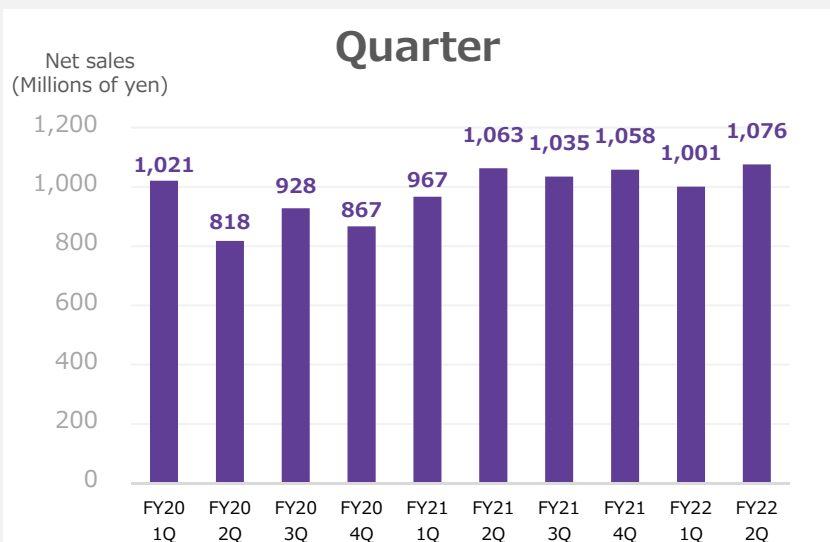
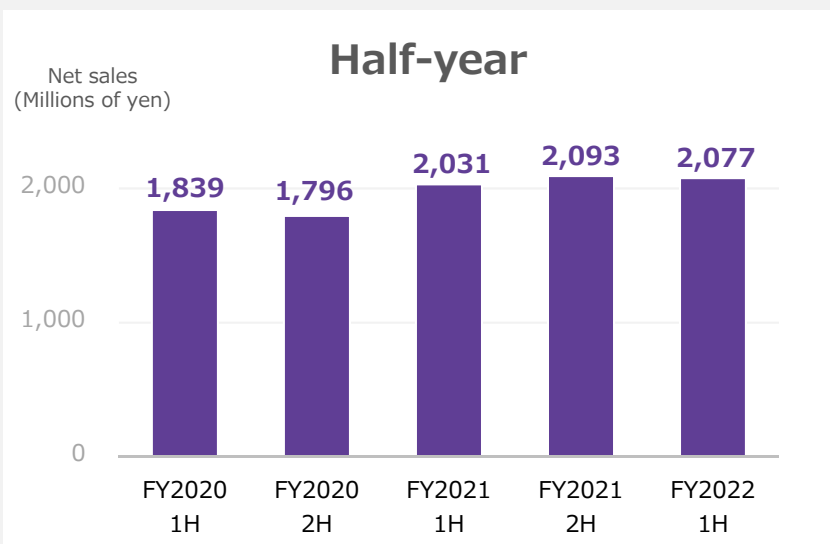
Bearing

Sales increased due to strong orders especially from machine tool bearing manufacturers.

Cemented Carbide Tool

Sales increased due to strong orders from carbide tool manufacturers especially from machine tool.

Net Sales Breakdown by Industry : 4. Stone and Construction



Resource Exploration

Sales increased due to steady growth in overseas markets.

Construction in Japan

Sales of related tools increased due to an increase in construction volume for road construction and demolition work.

Commercial Product (Portable Cutter)

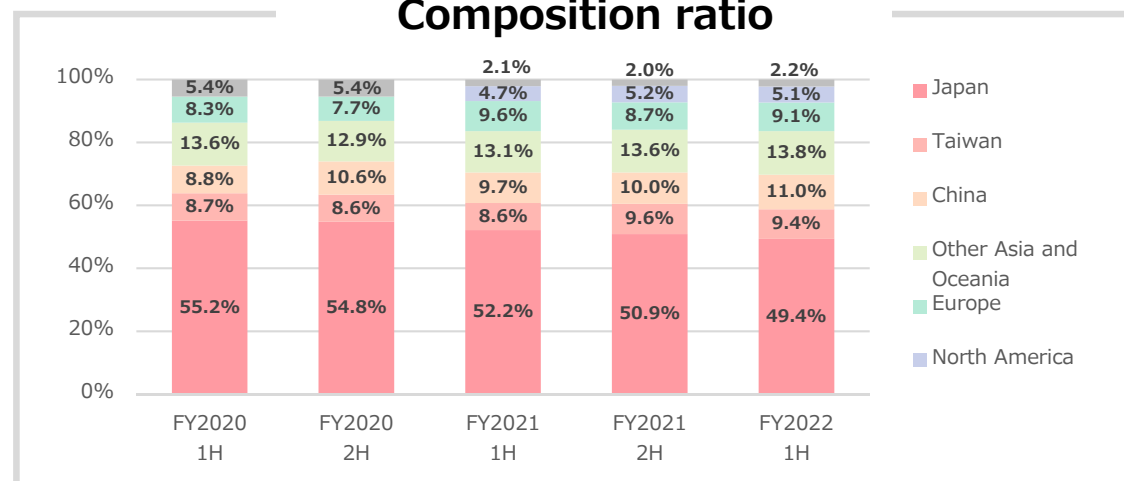
Sales decreased due to sluggish demand in major overseas countries.

Net Sales Breakdown by Geographical Region (Consolidated)

Unit: Millions of yen

	FY2021				FY2022			
	1H Results '21/4-9	%	2H Results '21/10-'22/3	%	1H Results '22/4-9	%	YoY Change	YoY Change (%)
Japan	9,496	52.2	9,654	50.9	9,711	49.4	214	2.3
Taiwan	1,566	8.6	1,821	9.6	1,850	9.4	283	18.1
China	1,755	9.7	1,892	10.0	2,167	11.0	412	23.5
Other Asia and Oceania	2,378	13.1	2,586	13.6	2,711	13.8	333	14.0
Europe	1,751	9.6	1,647	8.7	1,785	9.1	33	1.9
North America [※]	855	4.7	985	5.2	1,010	5.1	155	18.1
Other	379	2.1	389	2.0	421	2.2	41	11.1
Overseas total	8,686	47.8	9,324	49.1	9,945	50.6	1,259	14.5
Total	18,182	100.0	18,978	100.0	19,656	100.0	1,473	8.1

Composition ratio



Japan

Sales of our main industries such as Electronic & Semiconductor and Machinery increased.

China

Sales of mainly in Electronic & Semiconductor increased.

Other countries in Asia and Oceania

Sales of mainly in Transportation and Stone & Construction increased.

※North America, which was previously included in "Others," has been presented independently since the fiscal year ended March 2022

Consolidated Balance Sheet

Unit: Millions of yen

Assets	2022/03	2022/09	Change
Cash and deposits	14,771	14,099	▲672
Notes and accounts receivable - trade	10,642	11,271	628
Inventories	6,744	7,242	498
Property, plant and equipment	25,434	25,290	▲144
Intangible assets	240	220	▲20
Investment securities	10,715	12,721	2,006 ^{※2}
Other	3,692	3,307	▲384
Total assets	72,241	74,153	1,911

Liabilities	2022/03	2022/09	Change
Notes and accounts payable - trade	1,489	1,635	145
Income taxes payable	532	483	▲49
Retirement benefit liability	5,360	5,331	▲29
Other	3,989	3,861	▲127
Total liabilities	11,372	11,311	▲61

Net assets	2022/03	2022/09	Change
Total net assets	60,869	62,841	1,972 ^{※1※2}
Total liabilities and net assets	72,241	74,153	1,911

※1 In August 2022, we repurchased 1,811,400 shares of our common stock at a cost of 1,399 million yen.

※2 The main reason for the increase was the initial listing of shares held.

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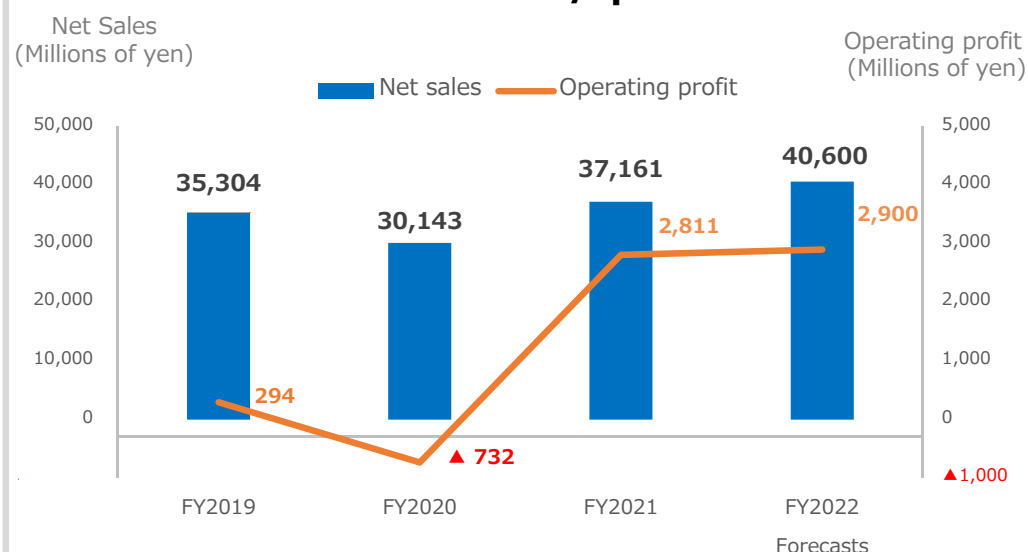
Outline of Forecasts (Consolidated)

Unit : Millions of yen

	FY2021 Full-year Results	%	FY2022 Full-year Results Forecast	%	YoY Change (%)
Net sales	37,161	100.0	40,600	100.0	9.3
Operating profit	2,811	7.6	2,900	7.1	3.2
Ordinary profit	3,650	9.8	3,800	9.4	4.1
Profit attributable to owners of parent	3,288	8.8	2,700	6.7	▲17.9

NOTE) Forecast announced on November 8, 2022

Net sales/ profit



Operating profit (YoY change)

Increase Factors

Increase in sales 1,889 million yen

Decrease Factors

Increase in personnel expenses
995 million yen

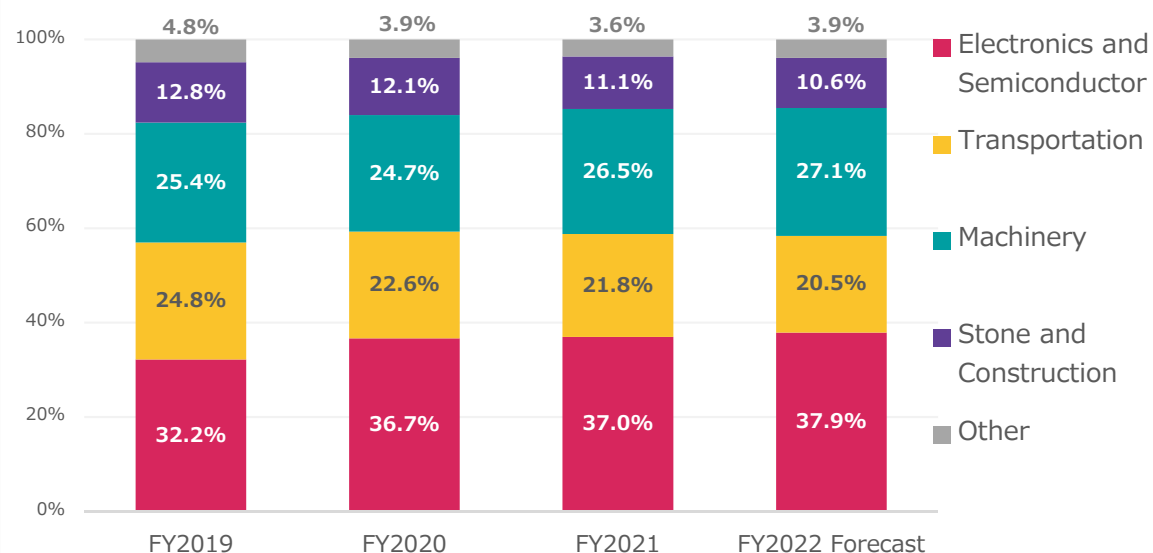
Forecasts for Net Sales and Composition by Industry (Consolidated)

Unit : Millions of yen

	FY2021 Full-year Results	%	FY2022 Full-year Results Forecast	%	YoY Change (%)
■ Electronics and Semiconductor	13,752	37.0	15,400	37.9	12.0
■ Transportation	8,115	21.8	8,300	20.5	2.3
■ Machinery	9,832	26.5	11,000	27.1	11.9
■ Stone and Construction	4,124	11.1	4,300	10.6	4.2
■ Other	1,335	3.6	1,600	3.9	19.8
Total	37,161	100.0	40,600	100.0	9.3

NOTE) Forecast announced on November 8, 2022

Composition ratio



■ **Electronics and Semiconductor**

Sales increase mainly for Semiconductors related tools.

■ **Transportation**

Sales increase due to a recovery in automobile production.

■ **Machinery**

Sales increase carbide tools and bearings.

■ **Stone and Construction**

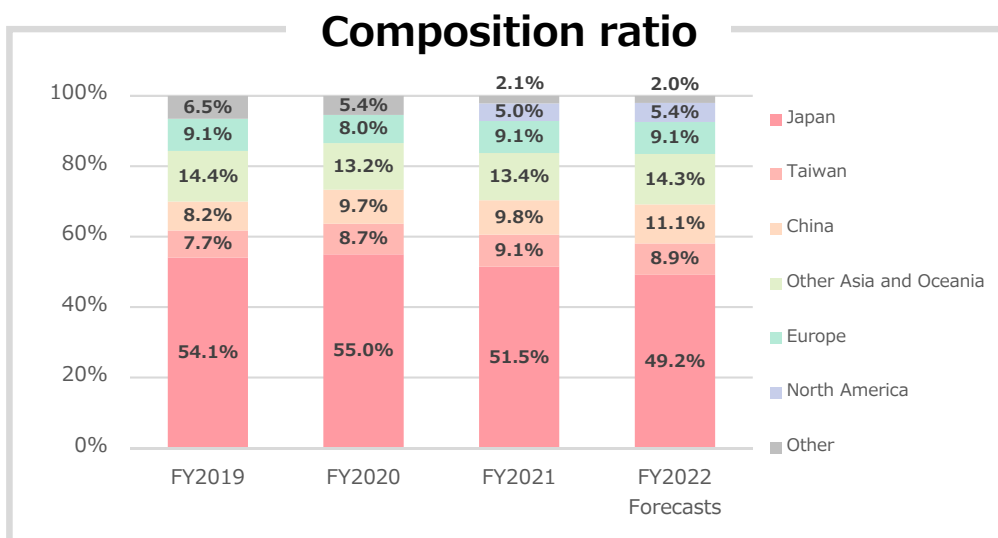
Sales increase both domestically and overseas.

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

Unit : Millions of yen

	FY2021 Full-year Results	%	FY2022 Full-year Results Forecast	%	YoY Change (%)
Japan	19,150	51.5	20,000	49.2	4.4
Taiwan	3,388	9.1	3,600	8.9	6.2
China	3,647	9.8	4,500	11.1	23.4
Other Asia and Oceania	4,964	13.4	5,800	14.3	16.8
Europe	3,399	9.1	3,700	9.1	8.8
North America*	1,841	5.0	2,200	5.4	19.5
Other	768	2.1	800	2.0	4.0
Overseas total	18,010	48.5	20,600	50.8	14.4
Total	37,161	100.0	40,600	100.0	9.3

NOTE) Forecast announced on November 8, 2022



Japan

Sales increase by Electronics & Semiconductor, Transportation, and Machinery industries related tools.

China

Sales increase by Electronics & Semiconductor industry related tools.

Other countries in Asia and Oceania

Sales increase by Transportation and resource exploration related tools.

01

FY2022 2Q Financial Results

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FY2022 Forecasts

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Mid-term management plan progress

What lies beyond the Mid-term Management Plan 2022

Our Vision for VISION2030

Global diamond tool manufacturer with 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 customer 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**

Integrated response to increasingly specialized customer needs

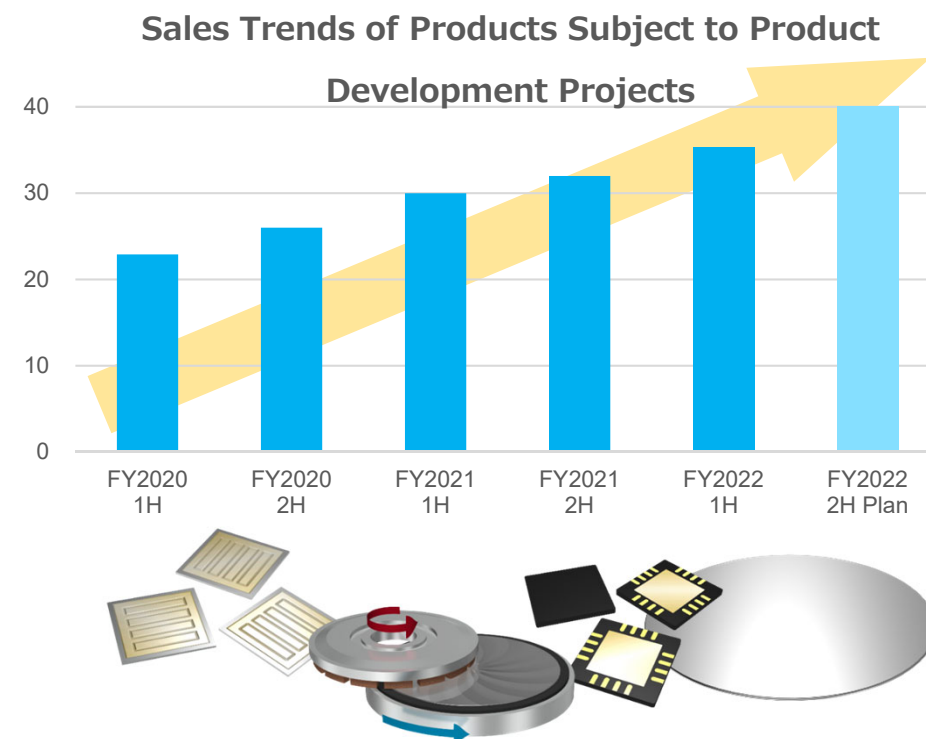
Four Product Development Projects in Progress,
Centered on Electronic Semiconductor-Related Products

▶ For sales of the targeted products in fiscal 2022

**Approx. 7.5 billion yen
(20% increase from FY2021)**

▶ Each project is developing and improving in line with customer needs

▶ Both manufacturing and sales divisions are working together to expand sales



Optimize and accelerate global expansion

▶ 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 mutual product supply delivered strong firm. (1H FY 2022 results increased by about 17% year-on-year)
- Progress in technology information exchange.

▶ Strengthen sales structure in Europe with German sales subsidiary at the core

- Strengthened approaches to the electronic semiconductor industry in addition to the automobile industry, and the results of integrated sales in Europe began to bear fruit.

▶ 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 Ukraine.



Strengthening management infrastructure and management systems

3

▶ Review of personnel system

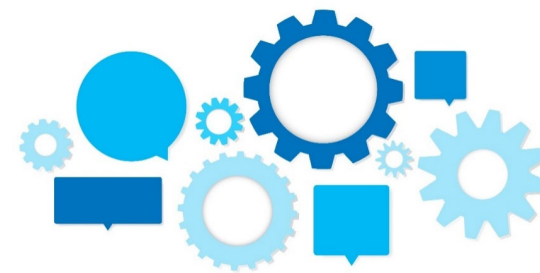
- Accelerate preparations for introduction in FY2023.
- Main points are work style reform, human resource development, and centralized management of human resources.

▶ Renovation of core systems

- Progress in Project Activities Aimed at Further Visualization of Management Numbers and Improvement of 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 prevent omissions from control of legal risks that had been managed by each division within the company by taking a bird's eye view.
- We have appointed a person in charge of legal affairs and, in cooperation with legal counsel, respond promptly to legal consultations from each division.



**Review status of the next
mid-term management plan**

Considering specific numerical targets

**Scheduled to
be announced
in May 2023**





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.

