
Fiscal Year ending March 2024

Financial Results Briefing

May 24, 2024



Asahi Diamond Industrial Co., Ltd.

01 | FY2023 Financial Results

02 | FY2024 Forecasts

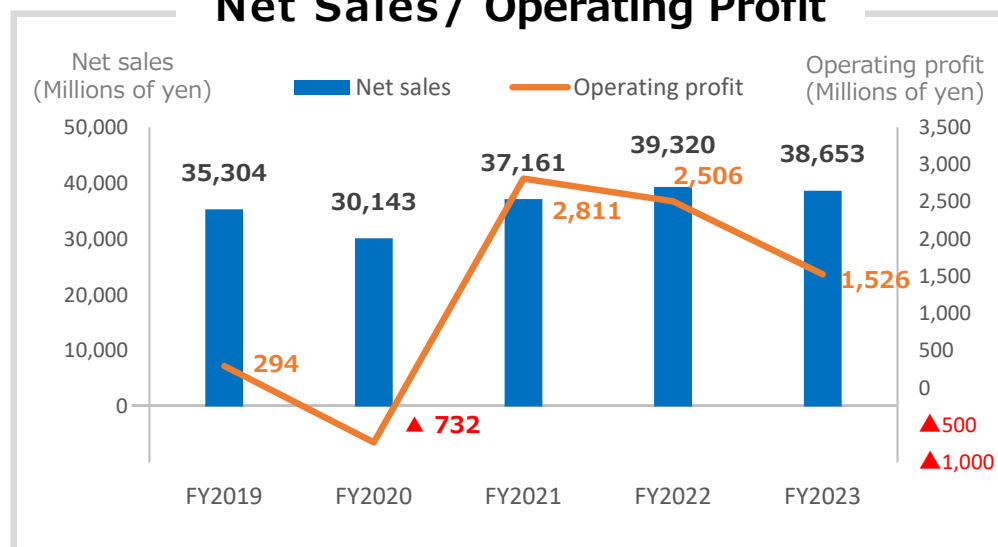
03 | Mid-Term Management Plan Progress

Financial Results (Consolidated)

Unit: Millions of yen

	FY2022		FY2023			
	Result	%	Result	%	YoY Change	YoY Change (%)
Net sales	39,320	100.0	38,653	100.0	▲667	▲1.7
Operating profit	2,506	6.4	1,526	4.0	▲979	▲39.1
Ordinary profit	3,275	8.3	2,408	6.2	▲867	▲26.5
Profit attributable to owners of parent	2,765	7.0	2,109	5.5	▲656	▲23.7
Earning per Share (Yen)	50.88	-	40.57	-	▲10.31	-

Net Sales/ Operating Profit



Operating Profit (YoY Change)

Increase Factors

- Decrease in variable cost ratio 0.5 billion yen
- Decrease in retirement benefit costs 0.2 billion yen

Decrease Factors

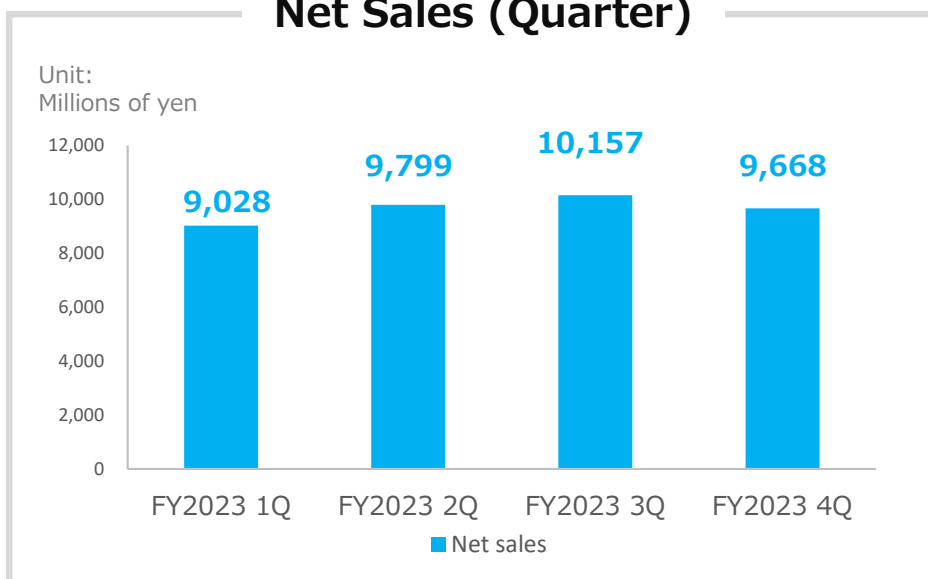
- Decrease in sales 0.4 billion yen
- Increase in personnel costs 0.2 billion yen
- Factory reorganisation costs etc. 0.3 billion yen
- Other (e.g. travel and transport costs) 0.6 billion yen

Quarterly Results and Trends (Consolidated)

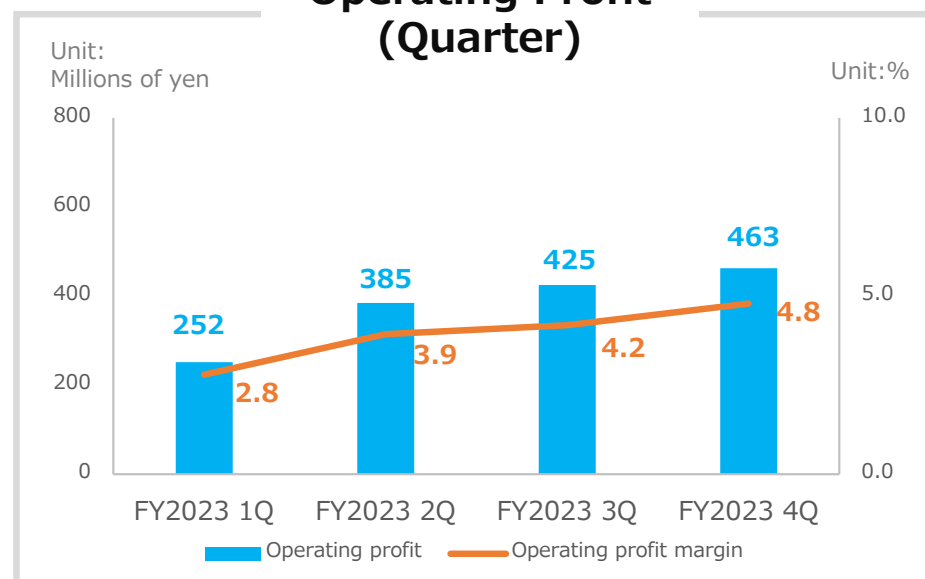
Unit: Millions of yen

	FY2023							
	1Q		2Q		3Q		4Q	
	Result	%	Result	%	Result	%	Result	%
Net sales	9,028	100.0	9,799	100.0	10,157	100.0	9,668	100.0
Operating profit	252	2.8	385	3.9	425	4.2	463	4.8
Ordinary profit	556	6.2	659	6.7	585	5.8	607	6.3
Profit Attributable to Owners of Parent	532	5.9	737	7.5	422	4.2	417	4.3

Net Sales (Quarter)



Operating Profit (Quarter)

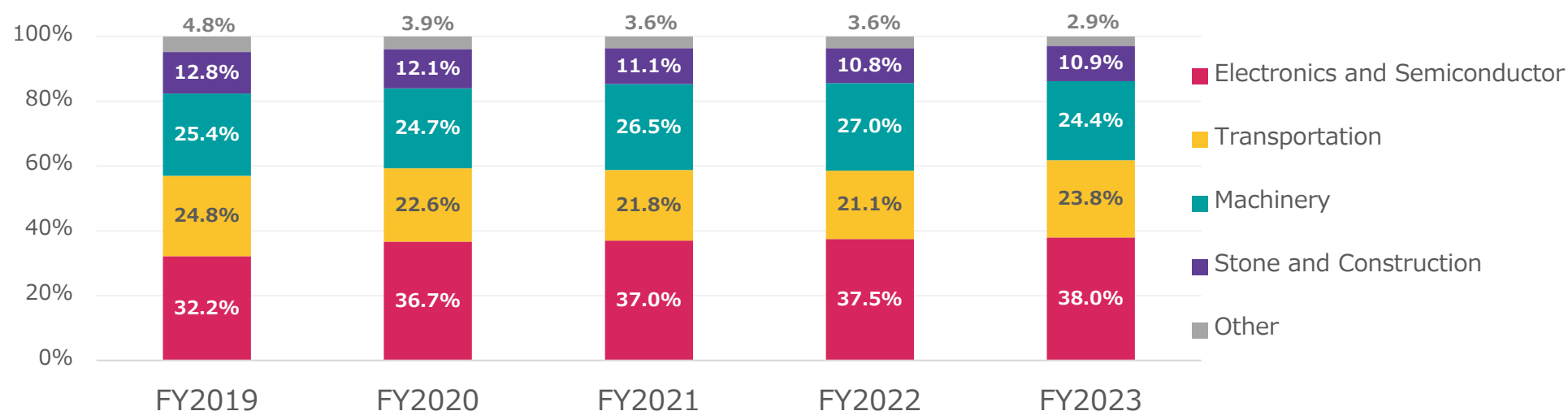


Net Sales and Composition by Industry (Consolidated)

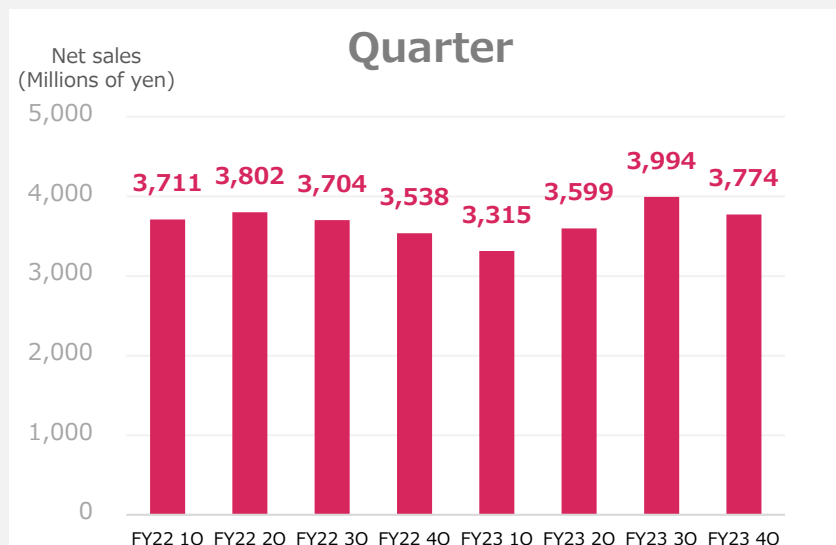
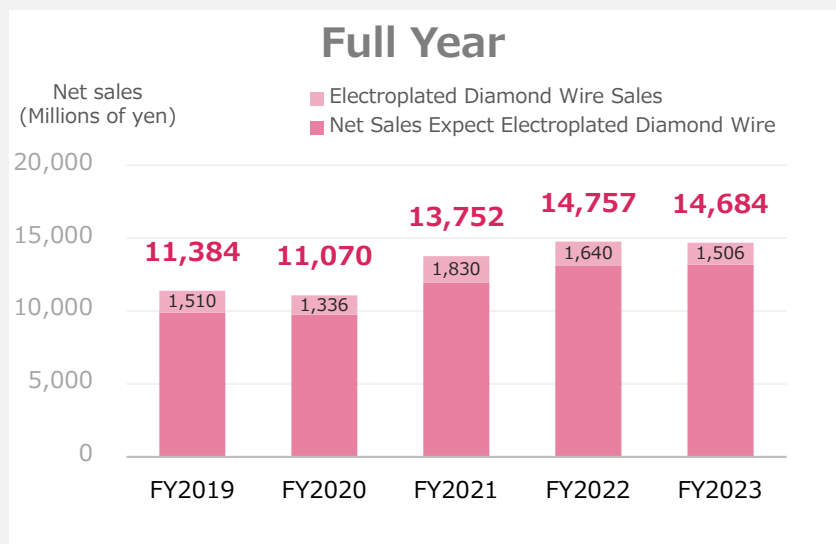
Unit: Millions of yen

	FY2022		FY2023			
	Net sales	%	Net sales	%	YoY Change	YoY Change (%)
 Electronics and Semiconductor	14,757	37.5	14,684	38.0	▲72	▲0.5
 Transportation	8,282	21.1	9,204	23.8	922	11.1
 Machinery	10,640	27.0	9,434	24.4	▲1,206	▲11.3
 Stone and Construction	4,239	10.8	4,218	10.9	▲21	▲0.5
 Other	1,401	3.6	1,111	2.9	▲289	▲20.7
Total	39,320	100.0	38,653	100.0	▲667	▲1.7

Composition Ratio



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



Semiconductor and Electronic Component

Despite sluggish demand for electronic components, higher sales results reached due to an increase in related tools for power semiconductors.

FPD

Sales have declined due to sluggish demand from major customers.

Wire Drawing Die

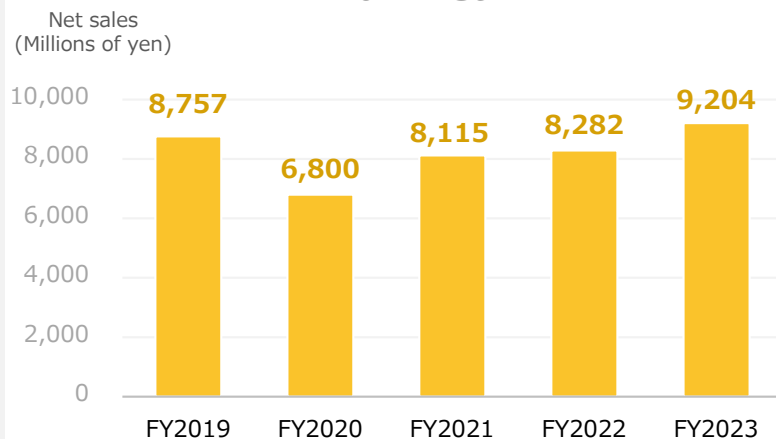
Sales of tools for speciality wires increased despite weak demand for semiconductors.

Electrodeposited Diamond Wire

Overall sales fell, although sales for power semiconductors market increased.

Net Sales Breakdown by Industry : 2. Transportation

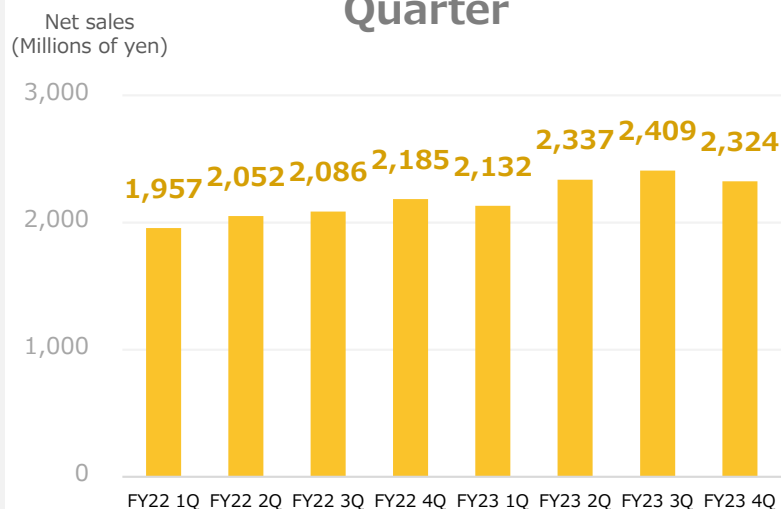
Full Year



Automobile

Sales of related tools increased, mainly due to a recovery in automobile production as a result of the semiconductor shortage.

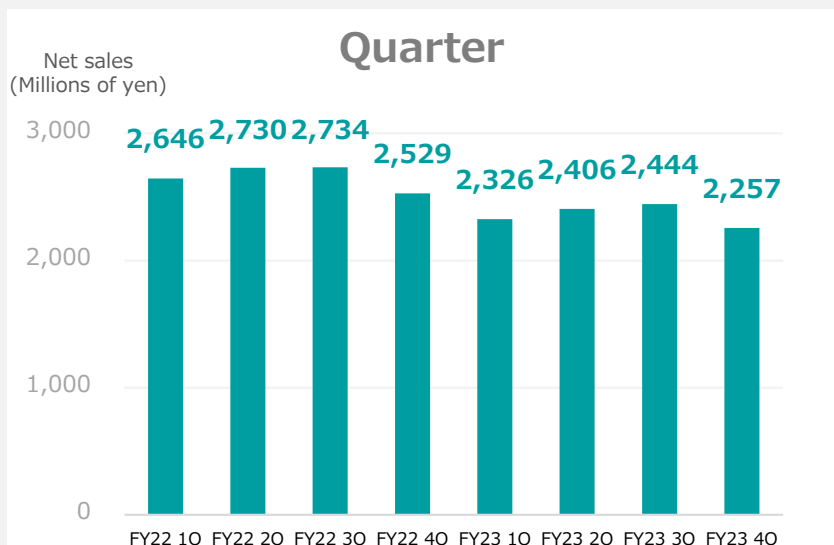
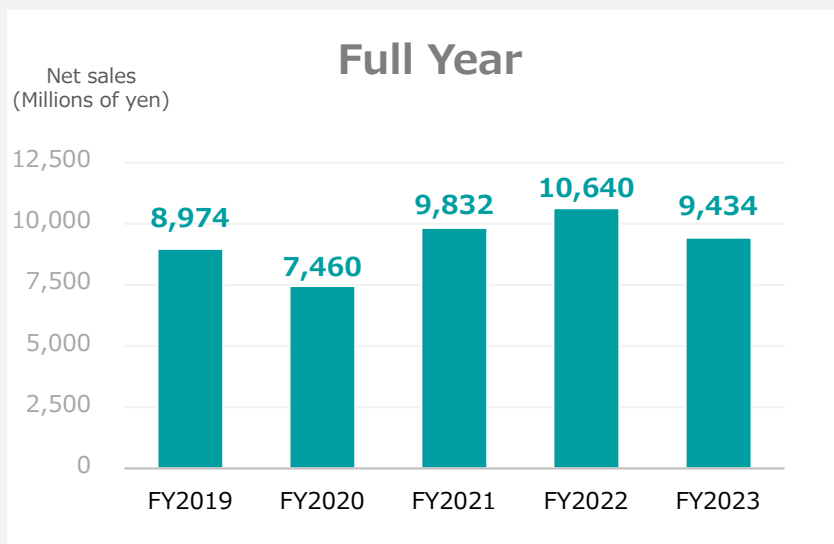
Quarter



Aircraft

Sales of related tools increased as demand recovered and sales expanded.

Net Sales Breakdown by Industry : 3. Machinery



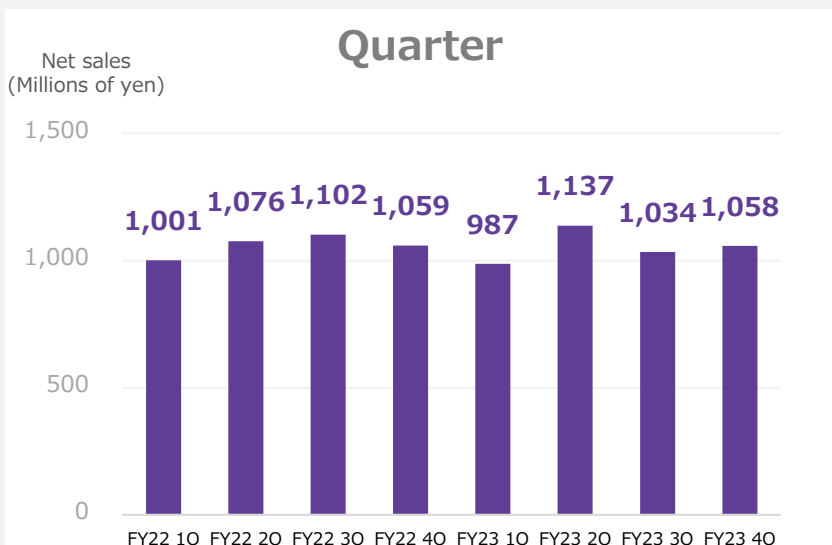
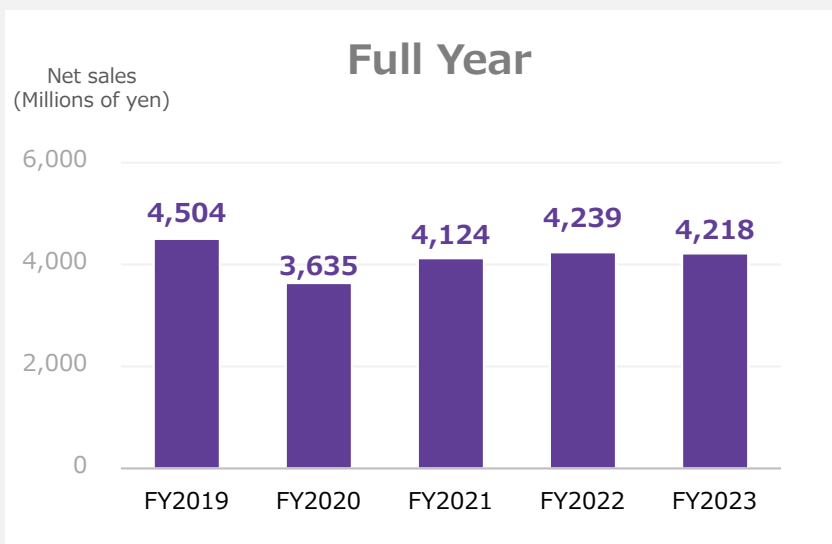
Bearing, Cemented Carbide Tool

Sluggish demand in the electronics and semiconductor markets has led to a decline in sales of related tools of bearing and cemented carbide tool manufacturers.

Machine Tool

Sales of related tools fell slightly due to sluggish demand for machine tools, despite progress in sales in machine tools for semiconductors.

Net Sales Breakdown by Industry : 4. Stone and Construction



Resource Exploration

Sales increased due to consistent orders overseas.

Construction in Japan

Sales of related tools increased as a result of measures such as domestic highway repair work and national land resilience.

Commercial Product (Portable Cutter)

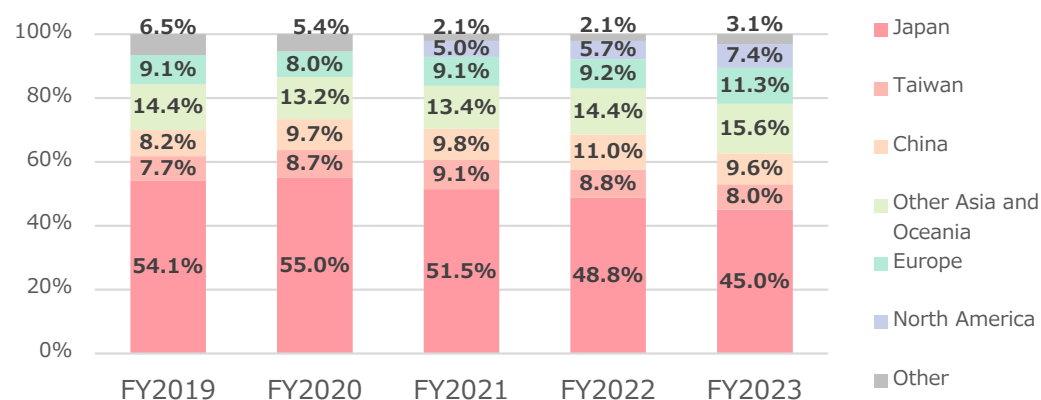
Sales decreased due to sluggish overseas demand.

Net Sales Breakdown by Geographical Region (Consolidated)

Unit: Millions of yen

	FY2022		FY2023			
	Net Sales	%	Net Sales	%	YoY Change	YoY Change (%)
Japan	19,179	48.8	17,387	45.0	▲1,792	▲9.3
Taiwan	3,454	8.8	3,080	8.0	▲373	▲10.8
China	4,320	11.0	3,704	9.6	▲616	▲14.3
Other Asia and Oceania	5,676	14.4	6,041	15.6	364	6.4
Europe	3,605	9.2	4,366	11.3	761	21.1
North America	2,244	5.7	2,885	7.4	641	28.6
Other	838	2.1	1,187	3.1	348	41.5
Overseas total	20,141	51.2	21,266	55.0	1,125	5.6
Total	39,320	100.0	38,653	100.0	▲667	▲1.7

Composition Ratio



Japan

Sales decreased mainly in 'Electronics and Semiconductors' and 'Machinery' market.

China

Sales decreased mainly in 'Electronics and Semiconductors' market.

Europe and North America

Sales increased in 'Electronics and Semiconductors' and 'Transportation' market.

Consolidated Balance Sheet

Unit: Millions of yen

Assets	Fiscal Year ending March 2023	Fiscal Year ending March 2024	Change	Liabilities	Fiscal Year ending March 2023	Fiscal Year ending March 2024	Change
Cash and deposits	16,375	12,780	▲3,594	Notes and accounts payable - trade	1,477	1,424	▲53
Notes and accounts receivable - trade	10,059	10,387	327	Income taxes payable	503	504	0
Inventories	7,220	8,185	964	Retirement benefit liability	5,151	2,745	▲2,406
Property, plant and equipment	25,061	26,655	1,593	Other	4,161	5,235	1,073
Intangible assets	190	351	160	Total Liabilities	11,295	9,908	▲1,386
Investment securities	12,861	13,164	303	Net Assets	Fiscal Year ending March 2023	Fiscal Year ending March 2024	Change
Other	2,407	2,376	▲31	Total net assets	62,882	63,993	1,110
Total Assets	74,177	73,901	▲275	Total Liabilities and Net Assets	74,177	73,901	▲275

Consolidated Statements of Cash Flows

Unit: Millions of yen

	FY2022	FY2023	Change
Profit (loss) before income taxes	3,830	3,106	▲723
Depreciation	2,882	2,969	87
Increase (decrease) in retirement benefit liability	▲162	▲436	▲274
Decrease (increase) in trade receivables	774	52	▲721
Decrease (increase) in inventories	▲337	▲684	▲347
Income taxes paid	▲748	▲929	▲180
Other	▲1,259	▲1,238	20
Net cash provided by (used in) operating activities	4,979	2,839	▲2,139
Purchase or sale of property, plant and equipment	▲1,876	▲4,246	▲2,369
Purchase or sale of investment securities	662	1,041	378
Other	▲45	▲299	▲254
Net cash provided by (used in) investing activities	▲1,260	▲3,505	▲2,245
Purchase or sale of treasury shares	▲1,512	▲1,726	▲214
Dividends paid	▲1,479	▲1,581	▲102
Other	▲153	187	340
Net cash provided by (used in) financing activities	▲3,145	▲3,121	23
Cash and cash equivalents at end of period	16,389	12,818	▲3,570

01 | FY2023 Financial Results

02 | **FY2024 Forecasts**

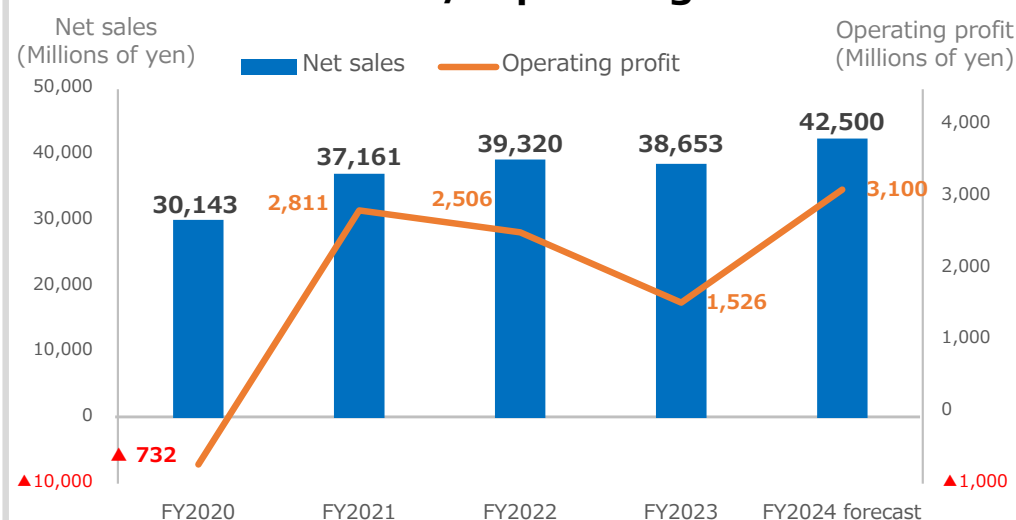
03 | Mid-Term Management Plan Progress

Outline of Forecasts (Consolidated)

Unit: Millions of yen

	FY2023 First Half Results	%	FY2024 First Half Forecasts	%	YoY Change	YoY Change (%)	FY2023 Full-year results	%	FY2024 Full-year forecast	%	YoY Change	YoY Change (%)
Net sales	18,827	100.0	20,000	100.0	1,172	6.2	38,653	100.0	42,500	100.0	3,846	10.0
Operating profit	638	3.4	900	4.5	261	41.0	1,526	4.0	3,100	7.3	1,573	103.0
Ordinary profit	1,215	6.5	1,050	5.3	▲165	▲13.6	2,408	6.2	3,500	8.2	1,091	45.3
Profit attributable to owners of parent	1,269	6.7	850	4.3	▲419	▲33.1	2,109	5.5	2,600	6.1	490	23.3
Exchange rate							JPY/USD	130.8	-	131.0		
							JPY/EUR	137.9	-	143.0		
							JPY/CNY	19.39	-	19.2		

Net Sales / Operating Profit



Operating Profit (YoY Change)

Increase Factors

- Increase in sales by 2.6 billion yen
- Decrease in variable cost ratio 0.5 billion yen
- Decrease in factory reorganisation costs and etc. 0.3 billion yen
- Decrease in retirement benefit costs 0.2 billion yen

Decrease Factors

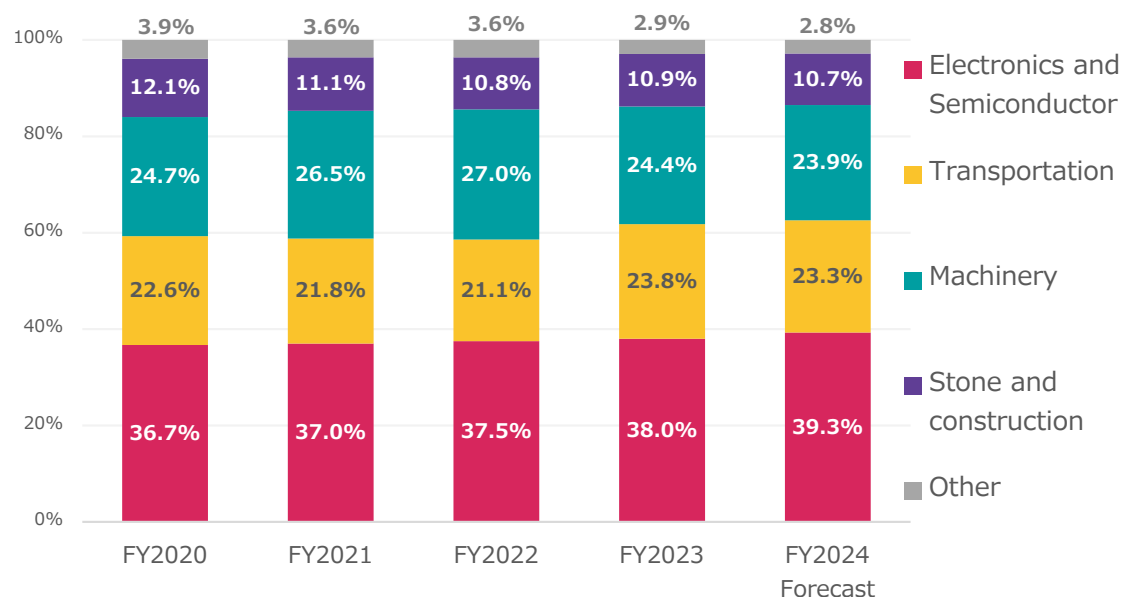
- Increase in personnel costs 1.1 billion yen
- Increase in depreciation costs 0.4 billion yen
- Others (e.g. travel and transport expenses) 0.5 billion yen

Forecasts for Net Sales and Composition by Industry (Consolidated)

Unit: Millions of yen

	FY2023 First Half Results	%	FY2024 First Half Forecast	%	YoY Change	YoY Change %	FY2023 Full-year results	%	FY2024 Full-year forecast	%	YoY Change	YoY Change %
Electronics and Semiconductor	6,915	36.7	7,700	38.5	784	11.4	14,684	38.0	16,720	39.3	2,035	13.9
Transportation	4,469	23.8	4,750	23.8	280	6.3	9,204	23.8	9,880	23.3	675	7.3
Machinery	4,733	25.1	4,780	23.9	46	1.0	9,434	24.4	10,170	23.9	735	7.8
Stone and Construction	2,125	11.3	2,208	11.0	82	3.9	4,218	10.9	4,550	10.7	331	7.9
Other	584	3.1	562	2.8	▲22	▲3.9	1,111	2.9	1,180	2.8	68	6.1
Total	18,827	100.0	20,000	100.0	1,172	6.2	38,653	100.0	42,500	100.0	3,846	10.0

Composition Ratio



Electronics and Semiconductor

Sales of related tools increased mainly for power semiconductors.

Transportation

Sales increased mainly in automotive related tools.

Machinery

Sales of related tools increased, mainly in the cemented carbide tool and bearing industry.

Stone and construction

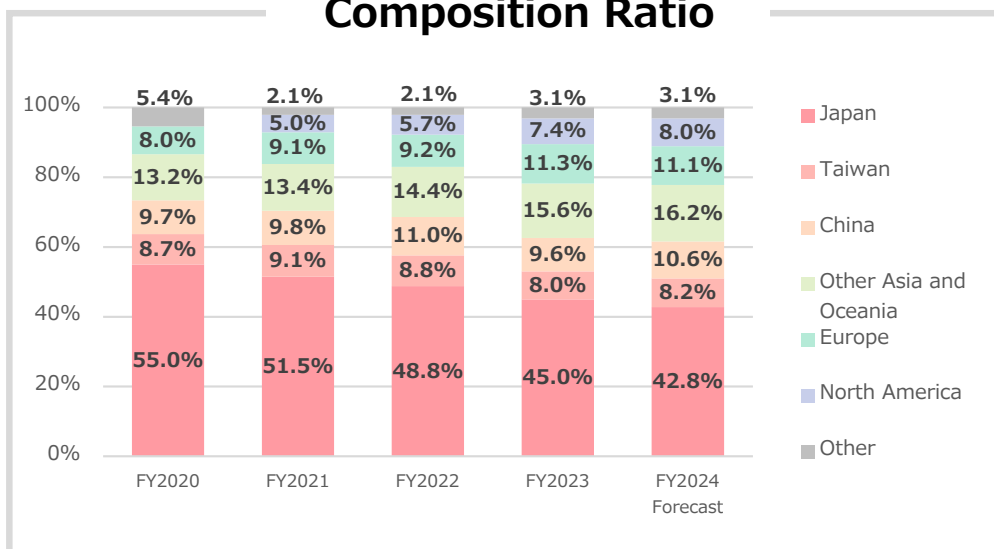
Sales of related tools increased, mainly in the construction sector.

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

Unit: Millions of yen

	FY2023 First Half Results	%	FY2024 First Half Forecast	%	YoY Change	YoY Change (%)	FY2023 Full-Year Results	%	FY2024 Full-Year Forecast	%	YoY Change	YoY Change (%)
Japan	8,615	45.8	8,600	43.0	▲15	▲0.2	17,387	45.0	18,200	42.8	812	4.7
Taiwan	1,513	8.0	1,700	8.5	186	12.3	3,080	8.0	3,500	8.2	419	13.6
China	1,741	9.2	2,000	10.0	258	14.8	3,704	9.6	4,500	10.6	795	21.5
Other Asia and Oceania	2,966	15.8	3,300	16.5	333	11.2	6,041	15.6	6,900	16.2	858	14.2
Europe	2,164	11.5	2,400	12.0	235	10.9	4,366	11.3	4,700	11.1	333	7.6
North America	1,254	6.7	1,400	7.0	145	11.6	2,885	7.4	3,400	8.0	514	17.8
Other	570	3.0	600	3.0	29	5.1	1,187	3.1	1,300	3.1	112	9.5
Overseas Total	10,212	54.2	11,400	57.0	1,187	11.6	21,266	55.0	24,300	57.2	3,033	14.3
Total	18,827	100.0	20,000	100.0	1,172	6.2	38,653	100.0	42,500	100.0	3,846	10.0

Composition Ratio



Japan

Sales increased mainly in 'Electronics and Semiconductors' market.

China

Other Asia and Oceania

Europe

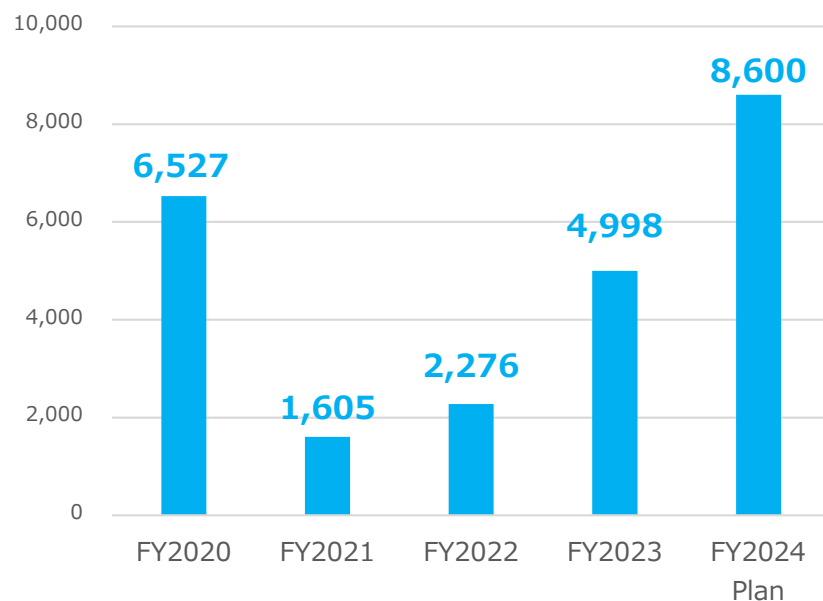
North America

Sales increased mainly in 'Electronics and Semiconductors' and 'Transportation' market.

Capital Expenditures 「Results and Plan」

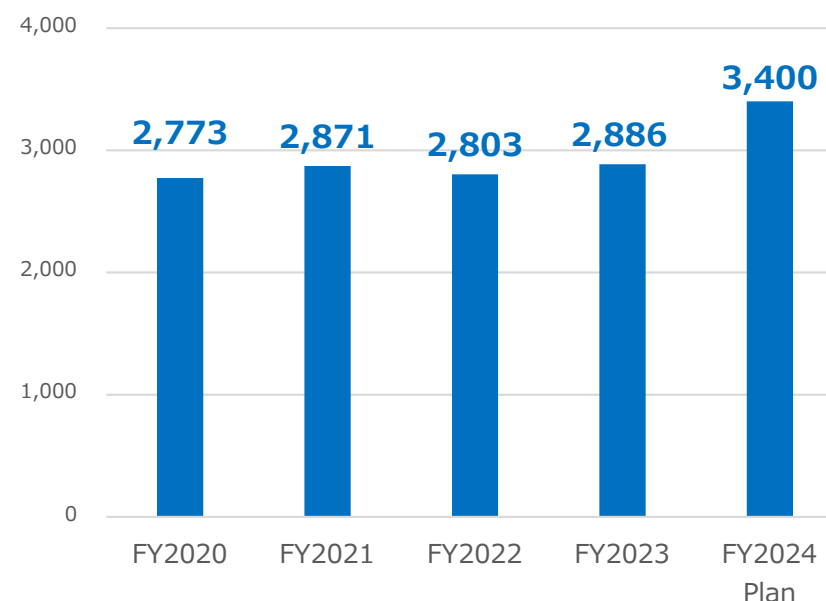
Capital Expenditure

(Millions of yen)



Depreciation

(Millions of yen)



Investment Amount in Plant and Equipment

In FY2023, capital expenditure increased due to increased production capacity and factory reorganization for electronic and semiconductor tools.

In FY2024, expected to increase due to increased production capacity of tools for electronics and semiconductors market and the relocation and construction of the Asahi Diamond Europe factory.

01 | FY2023 Financial Results

02 | FY2024 Forecasts

03 | **Mid-Term Management Plan Progress**

What Lies Beyond the Mid-Term Management Plan 2025

▼ Our goal for "VISION2030" ▼

Top global niche manufacturer
supporting the world through innovation

Three elements to achieve

**Strengthening
of
brand power**

**Sales expansion through
market penetration**

**Focus on growth
sectors/areas of
expertise**

**Effective use of
management resources**

**Proactive
Product
Development**

**Stay one step ahead
of customer needs**

Three Key Measures for Business Growth

1

Semiconductor

2

**Management
Foundation**

3

**Optimize
Resources**

Focus on Semiconductor Segment

Aim for high profitability and become industry-leading by focusing management resources on electronics & semiconductor segment

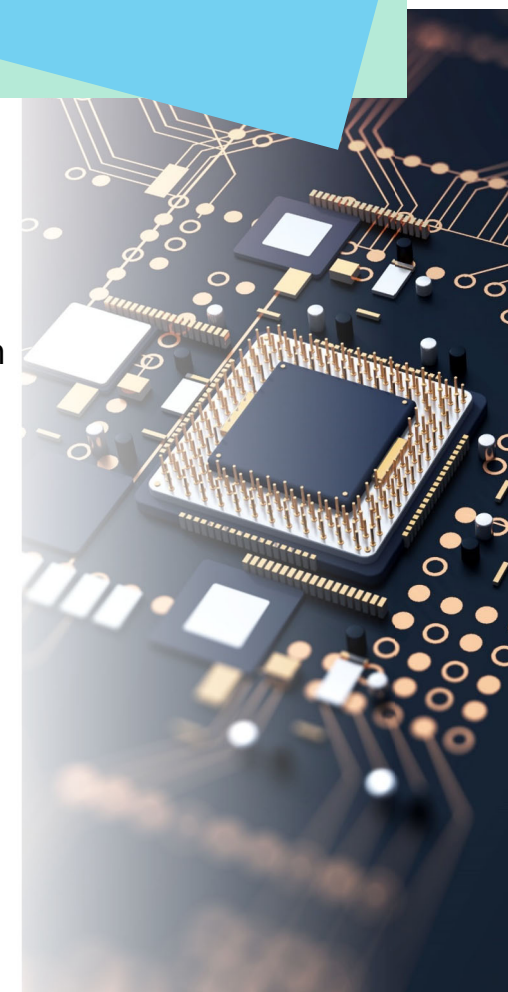
▶ Development and Manufacturing

- Development of tools for SiC power semiconductors which there is a growing demand and contribute to decarbonization
- Establishment of a system to increase production through factory reorganization
- Improvement of production efficiency and cost ratio

▶ Sales

- Focus on expanding sales of high-margin products
- Utilization of trade shows

1



Progress on Priority Themes of Mid-Term Management Plan 2025

Focus on semiconductor segment

▶ Sales Growth Rate of 5 Focused Products in FY2025

1

Billions of yen

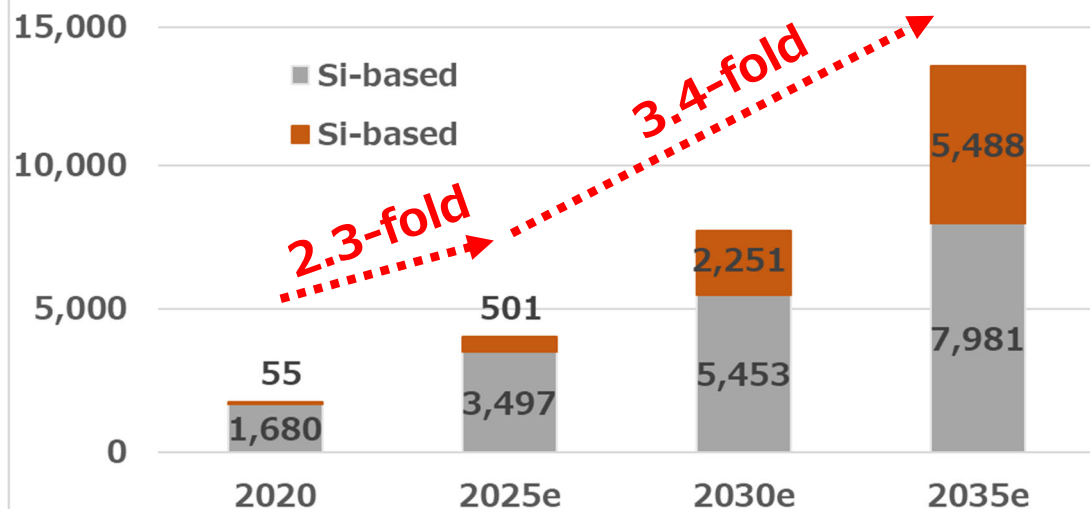


Power Semiconductors Market

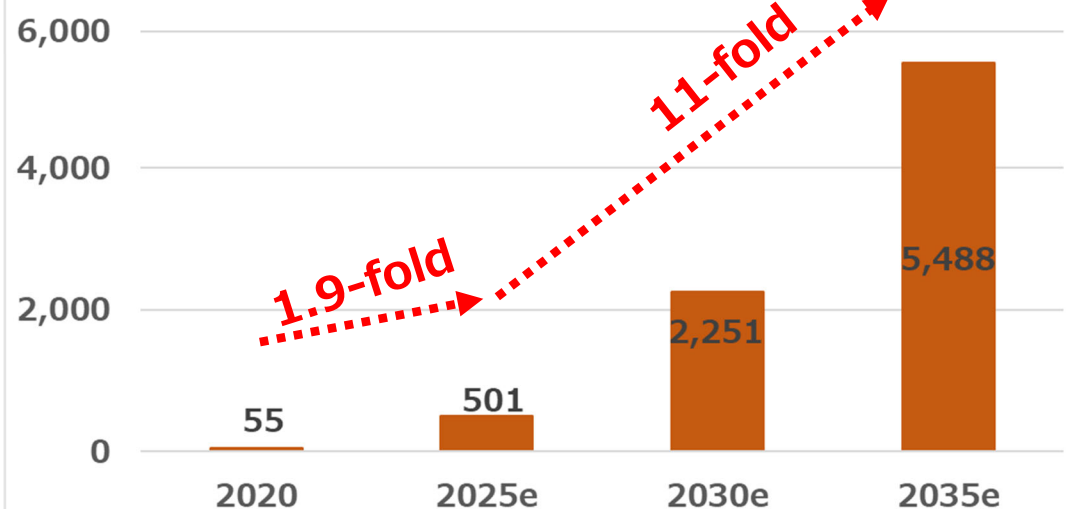
10 Billions of yen

(Source: Fuji Keizai, FY2023 Current Status and Future Outlook of the Next-Generation Power Devices and Power Electronics Equipment Market)

Power semiconductor market



SiC power semiconductor market



▼ Reason for focusing on the SiC-based power semiconductor market

- ◆ This market is expected to continue growing at a higher rate than Si-based markets
- ◆ High usage volume of diamond tools due to the material being more difficult to process compared to Si

Management Infrastructure Enhancement

▶ IT System: Visualization of management figures and streamlining of operations

- Revamp of core system 《to be operational from FY2026》
- SFA (Sales Force Automation) implementation 《started in April 2024》

▶ Global Governance: Realization of management in line with mid- and long-term group management policies

- Optimization of organization and human resource allocation based on business plans of overseas subsidiaries

▶ Branding: Aim to establish a high-quality, reliable Asahi brand image

- Website renewal 《in April 2024》
- Establishment of branding team

▶ Human resource development: Create a rewarding workplace

- New personnel system to promote growth and appropriate promotions by taking advantage of individual characteristics
- Conduct engagement surveys and multi-faced evaluation

2



Optimize Resources

Reorganize business domain and optimize internal and external resources

▶ Intra-group optimization

- Analysis of business areas and liquidation of unprofitable divisions
- Reorganization of manufacturing and sales network
(Completion of product transfer to Yamanashi Asahi and plant transfer to Asahi Koremura)

▶ Utilization of external resources

- Procurement from outside vendors
- Business alliances
(Mutual product supply with Tyrolit)



Target for FY2025

	FY2023	FY2024e	Target for FY2025
Consolidated net sales (Millions of yen)	38,653	42,500	49,000
Consolidated operating income (Millions of yen)	1,526	3,100	4,900
Consolidated operating income margin(%)	4.0	7.3	10.0
ROE (%)	3.4	4.2	More than 6.0
PBR	0.8	—	More than 1.0

Capital Policy and Shareholder Returns

Applicable period: FY2023~FY2025

- Dividend payout ratio: 50% or more
- Total return ratio: 120% or more (3-year average)

ROE : More than 6% **PBR : More than 1.0**

Cash generated over 3 years

16 billion yen~

Net income

Depreciation

Sale of strategic holding shares

Streamlining of assets

**Investment for growth:
15 billion yen**

**Shareholder returns:
9 billion yen**

Results of FY2023

- Dividend payout ratio
73.8%
- Total return ratio
156%
- ROE **3.4%**
- PBR **0.8x**
- Capital investment
5 billion yen
- Shareholder returns
3.3 billion yen



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, 2023, the Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29). The impact on the consolidated financial statements is immaterial.



Asahi Diamond Industrial Co., Ltd.