



2nd quarter of the Fiscal Year ending March 2025 (Interim)

Financial results briefing

November 19, 2024

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Asahi Diamond Industrial Co., Ltd.

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FY2024 2Q Financial Results

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FY2024 Forecasts

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Mid-term management plan progress

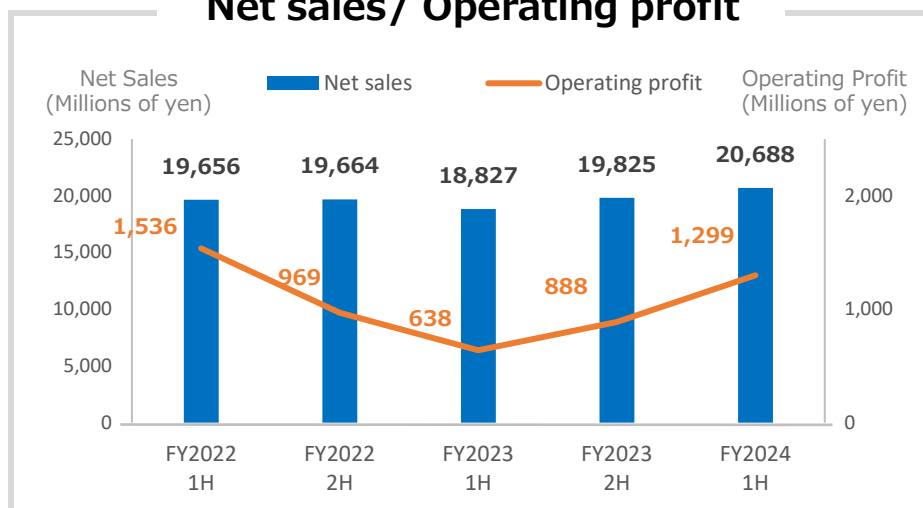
Financial Results (Consolidated)

Operating income increased significantly due to higher sales and improved productivity compared to the same period of the previous year.

Unit: Millions of yen

	FY2023		FY2024			
	1H Results '23/4-9	%	1H Results '24/4-9	%	YoY change	YoY change (%)
Net sales	18,827	100.0	20,688	100.0	1,860	9.9
Operating profit	638	3.4	1,299	6.3	661	103.5
Ordinary profit	1,215	6.5	1,628	7.9	412	34.0
Profit attributable to owners of parent	1,269	6.7	1,129	5.5	▲140	▲11.0
Earning per Share (Yen)	24.21	-	21.90	-	▲2.31	-

Net sales/ Operating profit



Operating profit (YoY change)

Increase Factors

- Increase in sales 1.2 billion yen
- Decrease in retirement benefit expenses 0.2 billion yen

Decrease Factors

- Increase in personnel expenses 0.4 billion yen
- Increase in depreciation and amortization 0.1 billion yen
- Increase in other expenses 0.2 billion yen

Quarterly trends and results (consolidated)

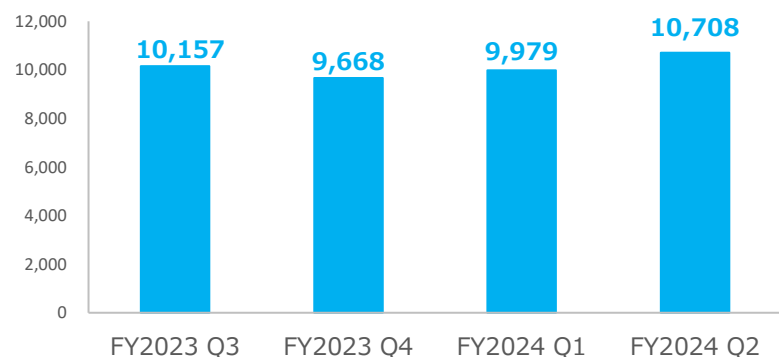
Improved productivity and product pricing continued to improve profitability.

Unit: Millions of yen

	FY2023				FY2024			
	3Q		4Q		1 Q		2 Q	
	Results	%	Results	%	Results	%	Results	%
Net sales	10,157	100.0	9,668	100.0	9,979	100.0	10,708	100.0
Operating profit	425	4.2	463	4.8	547	5.5	752	7.0
Ordinary profit	585	5.8	607	6.3	939	9.4	689	6.4
Profit attributable to owners of parent	422	4.2	417	4.3	802	8.0	326	3.1

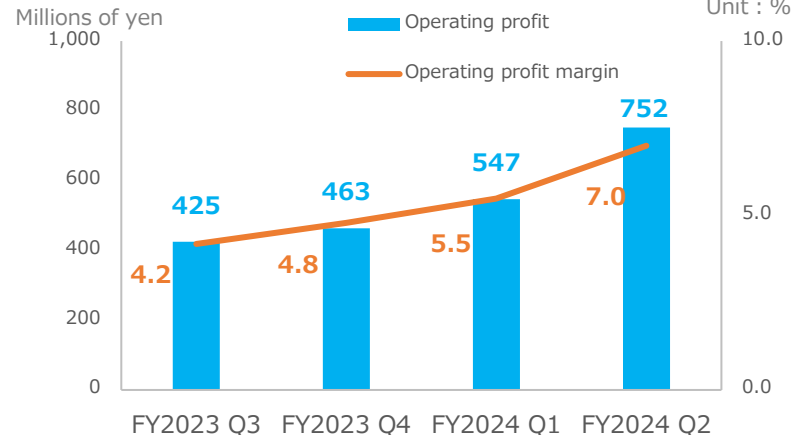
Net Sales (Quarter)

Unit :
Millions of yen



Operating profit (Quarter)






Unit :
Millions of yen



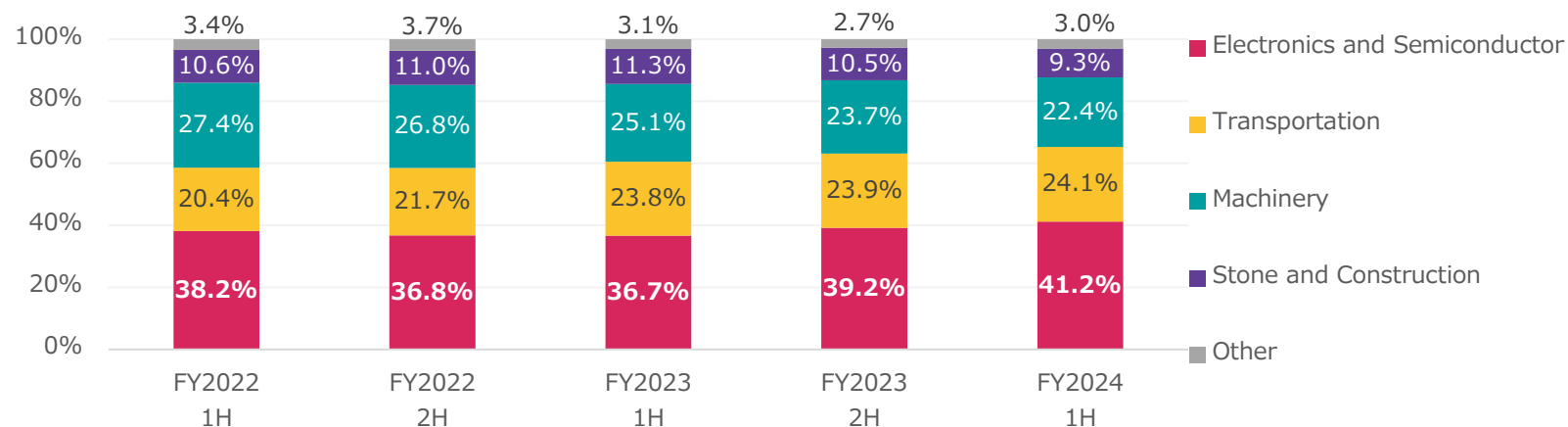
Net Sales and Composition by Industry (Consolidated)

Increased composition of the electronics and semiconductor industry, which is the focus of the company's efforts.

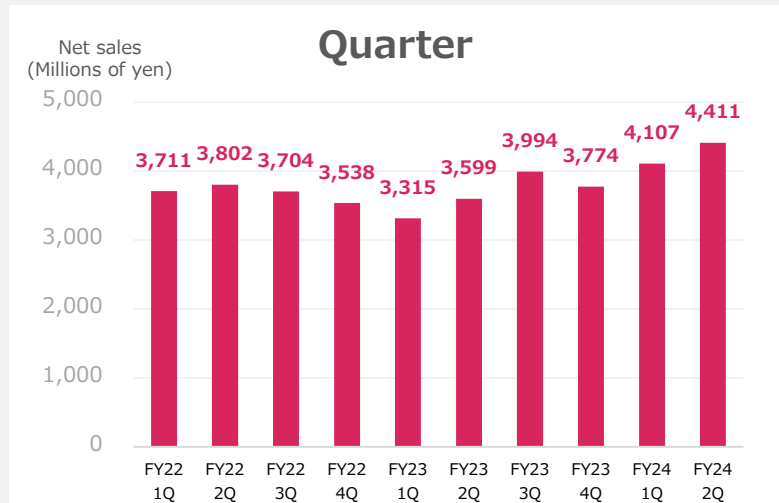
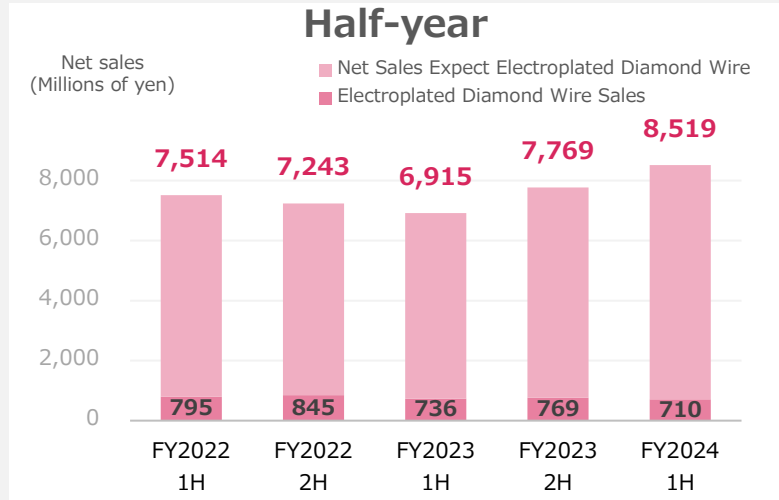
Unit: Millions of yen

	FY2023				FY2024			
	1H Results '23/4-9	%	2H Results '23/10-'24/3	%	1H Results '24/4-9	%	YoY change	YoY change (%)
 Electronics and Semiconductor	6,915	36.7	7,769	39.2	8,519	41.2	1,604	23.2
 Transportation	4,469	23.8	4,734	23.9	4,975	24.1	506	11.3
 Machinery	4,733	25.1	4,701	23.7	4,631	22.4	▲101	▲2.2
 Stone and Construction	2,125	11.3	2,093	10.5	1,934	9.3	▲191	▲9.0
 Other	584	3.1	527	2.7	627	3.0	43	7.4
Total	18,827	100.0	19,825	100.0	20,688	100.0	1,860	9.9

Composition ratio



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



Semiconductor and Electronic Component

Although sales of SiC semiconductors decreased, memory semiconductors increased sales due to higher demand

FPD(Flat Panel Display)

Progress was made on the recovery trend from the previous year, increased sales

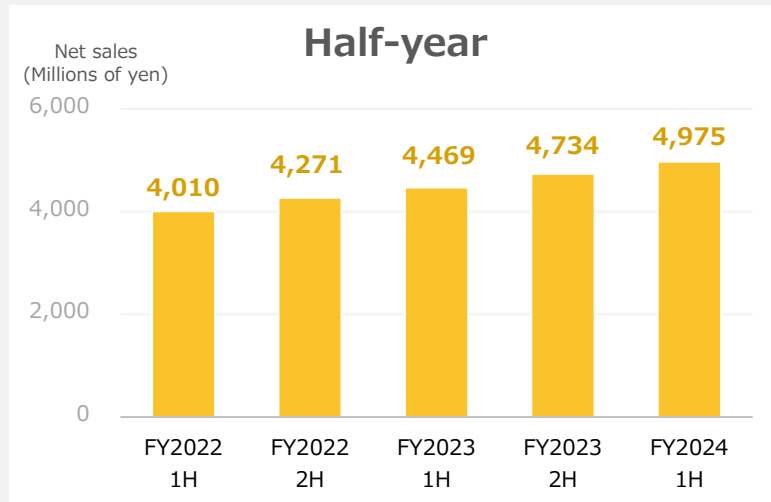
Wire Drawing Die

Progress was made on the recovery trend from the previous year, increased sales

Electrodeposited Diamond Wire

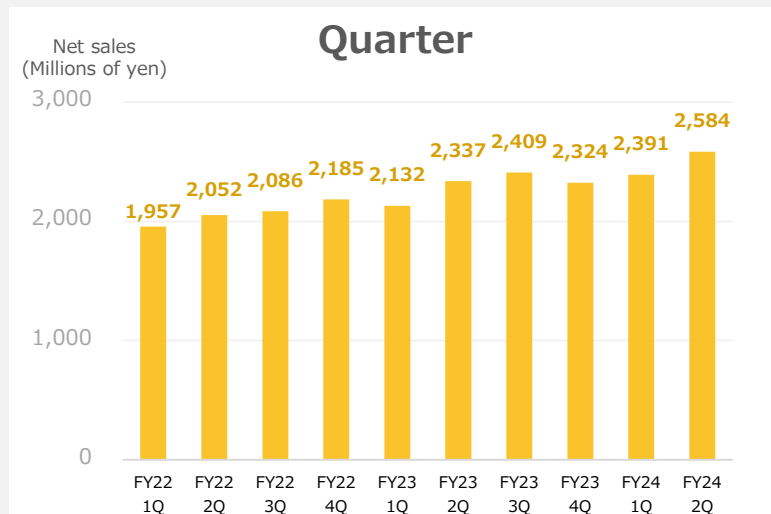
Although sales for semiconductors increased, decrease overall

Net Sales Breakdown by Industry : 2. Transportation



Automobile

Increased sales mainly for commercial vehicles



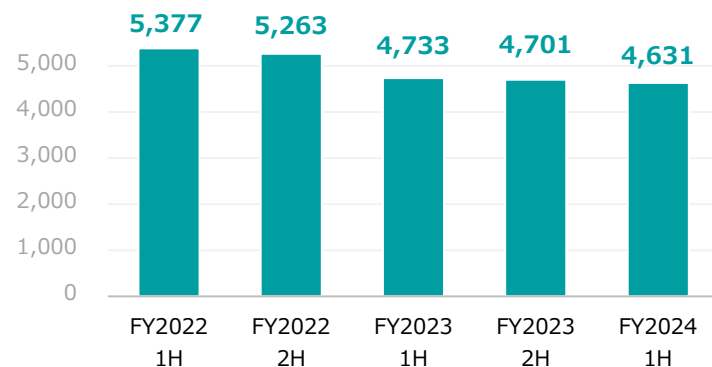
Aircraft

Sales increased due to recovery in demand

Net Sales Breakdown by Industry : 3. Machinery

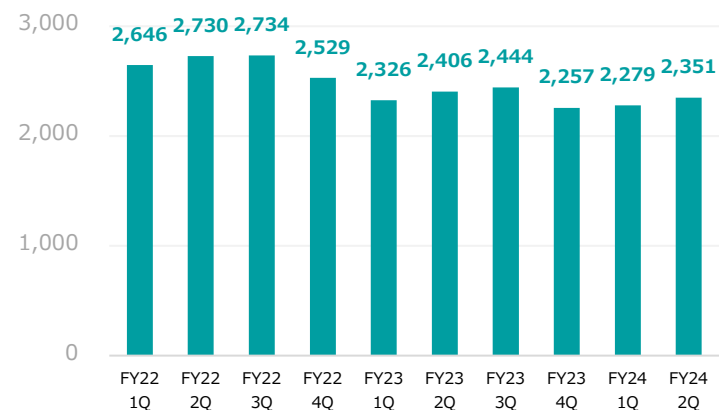
Half-year

Net sales
(Millions of yen)



Quarter

Net sales
(Millions of yen)



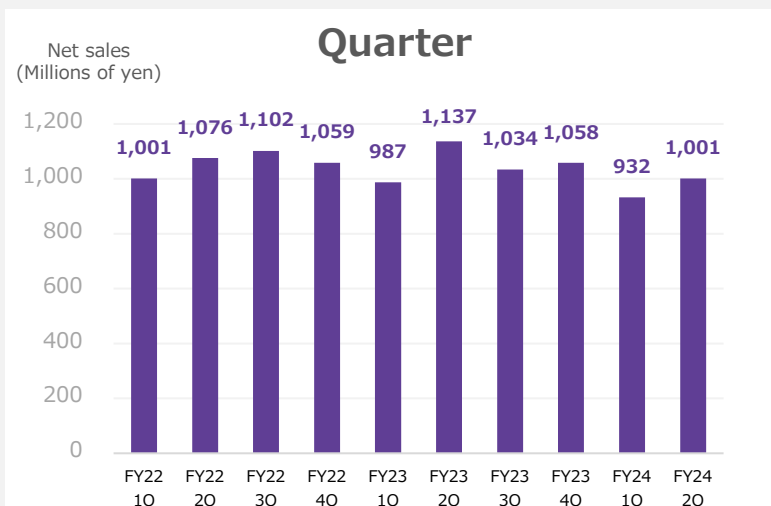
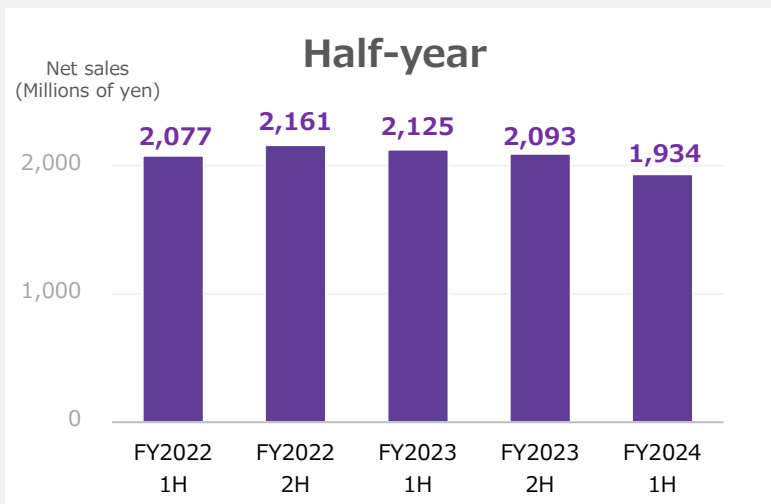
Bearing

Although there has been a recovery in the recent past,
Sales declined from the same period of the previous year.

Cemented Carbide Tool

Although there has been a recovery in the recent past,
Sales decreased from the same period of the previous year

Net Sales Breakdown by Industry : 4. Stone and Construction



Resource Exploration

Decrease in overseas orders and sales

Construction in Japan

Although there has been a recent increase,
Decrease in sales compared to the same period
last year

Commercial Product (Portable Cutter)

Although there has been a recent increase,
Decrease in sales compared to the same period
last year

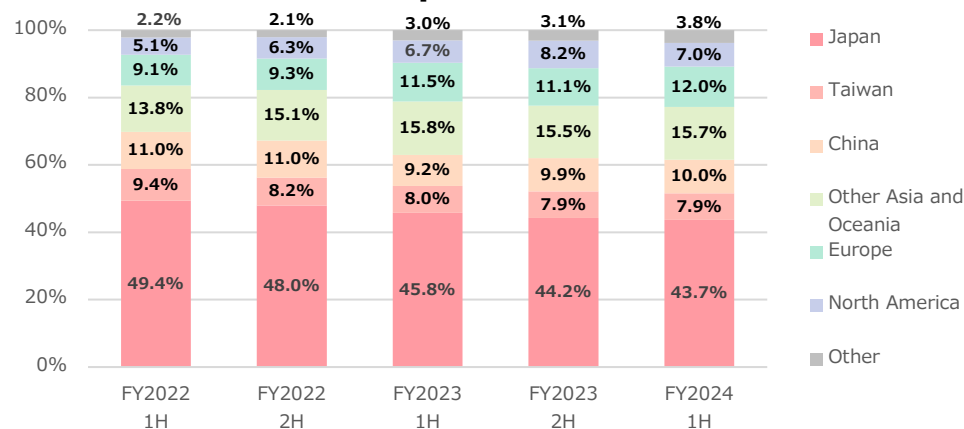
Net Sales Breakdown by Geographical Region (Consolidated)

YoY sales growth in all regions, especially in Latin America and China

Unit: Millions of yen

	FY2023				FY2024			
	1H Results '23/4-9	%	2H Results '23/10-'24/3	%	1H Results '24/4-9	%	YoY Change	YoY Change (%)
Japan	8,615	45.8	8,771	44.2	9,037	43.7	421	4.9
Taiwan	1,513	8.0	1,567	7.9	1,627	7.9	114	7.5
China	1,741	9.2	1,962	9.9	2,070	10.0	328	18.9
Other Asia and Oceania	2,966	15.8	3,074	15.5	3,243	15.7	276	9.3
Europe	2,164	11.5	2,202	11.1	2,483	12.0	318	14.7
North America	1,254	6.7	1,630	8.2	1,449	7.0	194	15.5
Other	570	3.0	616	3.1	776	3.7	205	36.0
Overseas total	10,212	54.2	11,054	55.8	11,651	56.3	1,439	14.1
Total	18,827	100.0	19,825	100.0	20,688	100.0	1,860	9.9

Composition ratio



Japan

Sales of "Electronics and Semiconductors" and "Transportation" increased.

China

Sales of "Electronics and Semiconductors" increased.

Europe and North America

Sales of "Electronics and Semiconductors" and "Transportation" increased.

Other Asia and Oceania, Others

Sales of "Transportation" increased in India and Latin America

Consolidated Balance Sheet

Cash and deposits increased due to long-term borrowings, and property, plant and equipment increased due to increased capital investment

Unit: Millions of yen

Assets	2024/03	2024/09	Change
Cash and deposits	12,780	15,389	※1 2,609
Notes and accounts receivable - trade	10,387	10,590	203
Inventories	8,185	8,415	229
Property, plant and equipment	26,655	27,886	1,230
Intangible assets	351	321	▲29
Investment securities	13,164	12,428	▲736
Other	2,376	2,531	155
Total assets	73,901	77,563	3,661

Liabilities	2024/03	2024/09	Change
Notes and accounts payable - trade	1,424	1,924	500
Income taxes payable	504	519	15
Retirement benefit liability	2,745	2,740	▲4
Other	5,235	7,416	※1 2,181
Total liabilities	9,908	12,600	2,692

Net assets	2024/03	2024/09	Change
Total net assets	63,993	64,962	969
Total liabilities and net assets	73,901	77,563	3,661

※1 Long-term debt 2.0 billion yen

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03 | Mid-term management plan progress

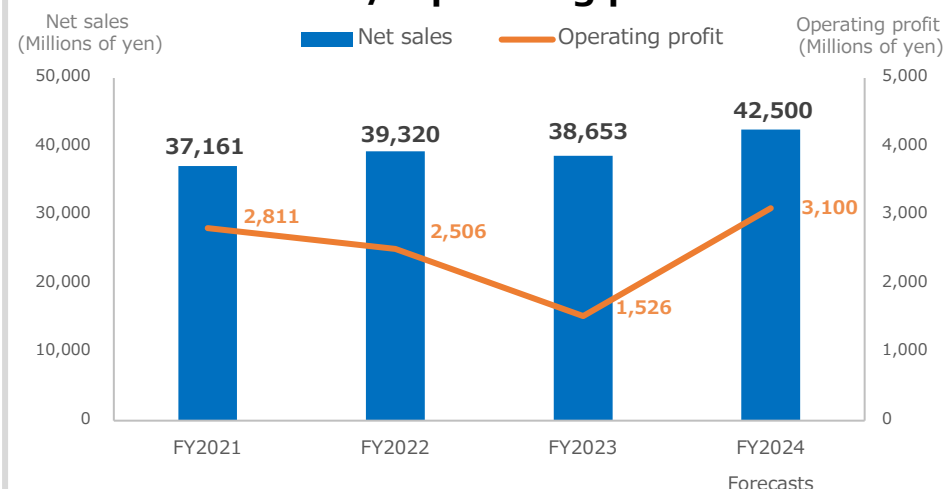
Outline of Forecasts (Consolidated)

No change from the plan at the beginning of the fiscal year, and a significant increase in sales and profit is expected.

Unit : Millions of yen

	FY2023 Full-year Results	%	FY2024 Full-year Results Forecast	%	YoY Change (%)	FY2024 First Half Results	Percentage of progress
Net sales	38,653	100.0	42,500	100.0	10.0	20,688	48.7
Operating profit	1,526	4.0	3,100	7.3	103.0	1,299	41.9
Ordinary profit	2,408	6.2	3,500	8.2	45.3	1,628	46.5
Profit attributable to owners of parent	2,109	5.5	2,600	6.1	23.3	1,129	43.4

Net sales/ Operating profit



Operating profit (YoY change)

Increase Factors

- Increase in sales 2.6 billion yen
- Decrease in variable cost ratio 0.5 billion yen
- Decrease in factory reorganization costs, etc. 0.3 billion yen
- Decrease in retirement benefit expenses 0.2 billion yen

Decrease Factors

- Increase in personnel expenses 1.1 billion yen
- Increase in depreciation and amortization 0.4 billion yen
- Others (travel and transportation expenses, etc.) 0.5 billion yen

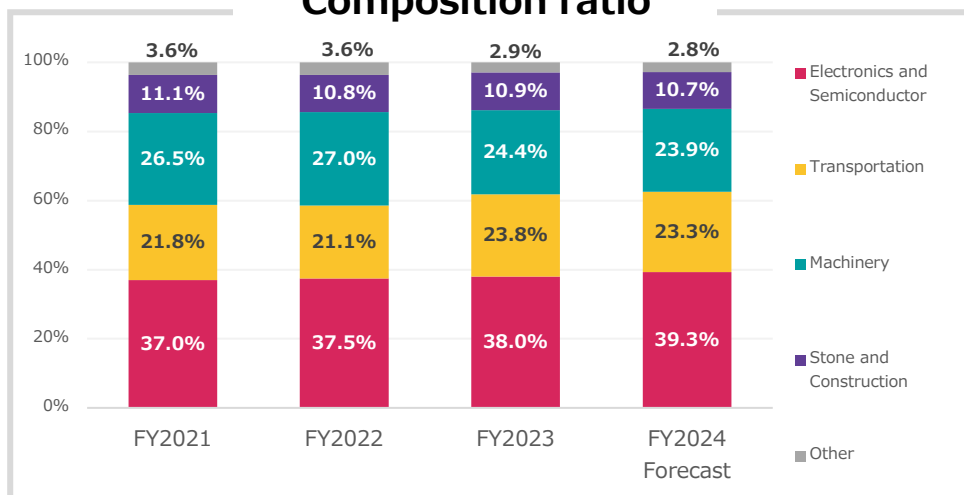
Forecasts for Net Sales and Composition by Industry (Consolidated)

No change from the plan at the beginning of the period, and sales are expected to increase in all industries, especially electronics and semiconductors.

Unit : Millions of yen

	FY2023 Full-year Results	%	FY2024 Full-year Results Forecast	%	YoY Change (%)	FY2024 First Half Results	Percentage of progress
Electronics and Semiconductor	14,684	38.0	16,720	39.3	13.9	8,519	51.0
Transportation	9,204	23.8	9,880	23.3	7.3	4,975	50.4
Machinery	9,434	24.4	10,170	23.9	7.8	4,631	45.5
Stone and Construction	4,218	10.9	4,550	10.7	7.9	1,934	42.5
Other	1,111	2.9	1,180	2.8	6.1	627	53.1
Total	38,653	100.0	42,500	100.0	10.0	20,688	48.7

Composition ratio



Electronics and Semiconductor

Sales are expected to increase due to increased production capacity of tools for semiconductors.

Transportation

Sales are expected to increase mainly in the automotive industry.

Machinery

Sales are expected to increase mainly in the cemented carbide tool and bearing industries.

Stone and Construction

Sales are expected to increase mainly in the construction industry.

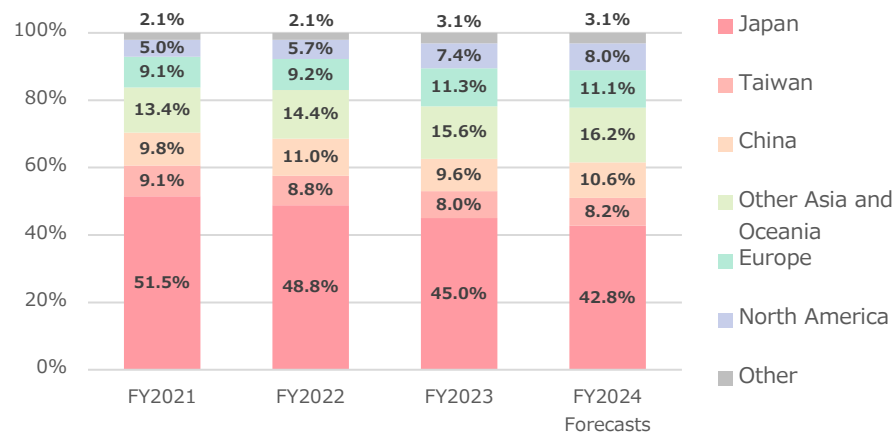
Forecasts for Net Sales and Composition by Geographical Region(Consolidated)

No change from the plan at the beginning of the period, and sales are expected to increase in all regions.

Unit : Millions of yen

	FY2023 Full-year Results	%	FY2024 Full-year Results Forecast	%	YoY Change (%)	FY2024 First Half Results	Percentage of progress
Japan	17,387	45.0	18,200	42.8	4.7	9,037	49.7
Taiwan	3,080	8.0	3,500	8.2	13.6	1,627	46.5
China	3,704	9.6	4,500	10.6	21.5	2,070	46.0
Other Asia and Oceania	6,041	15.6	6,900	16.2	14.2	3,243	47.0
Europe	4,366	11.3	4,700	11.1	7.6	2,483	52.8
North America	2,885	7.4	3,400	8.0	17.8	1,449	42.6
Other	1,187	3.1	1,300	3.1	9.5	776	59.7
Overseas total	21,266	55.0	24,300	57.2	14.3	11,651	47.9
Total	38,653	100.0	42,500	100.0	10.0	20,688	48.7

Composition ratio



Japan

Sales are expected to increase mainly in the electronics and semiconductor industries.

China

Other Asia & Oceania

Europe

North America

Focusing on the electronics, semiconductor and transportation equipment industries
Sales are expected to increase

01 | FY2023 2Q Financial Results

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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

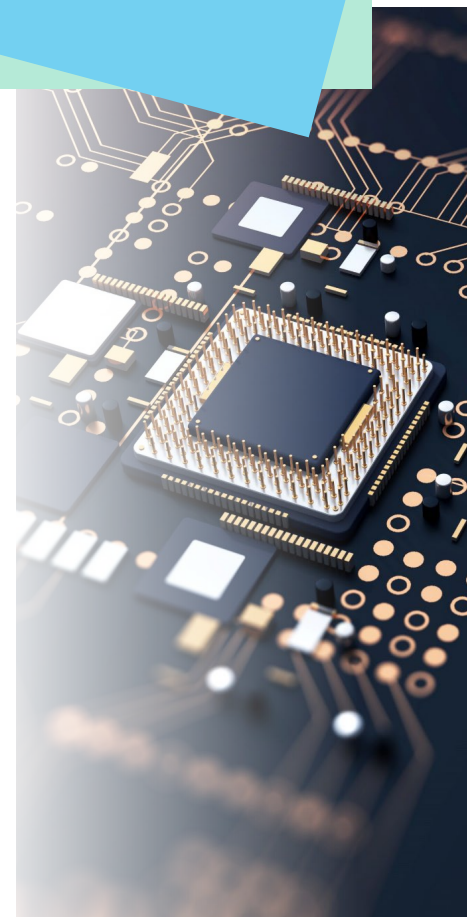
► Development and Manufacturing

- Development of tools for SiC power semiconductors which there are in growing demand and contribute to decarbonization
- Establishment of a system to increase production through factory reorganization and installation of manufacturing equipment
- 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

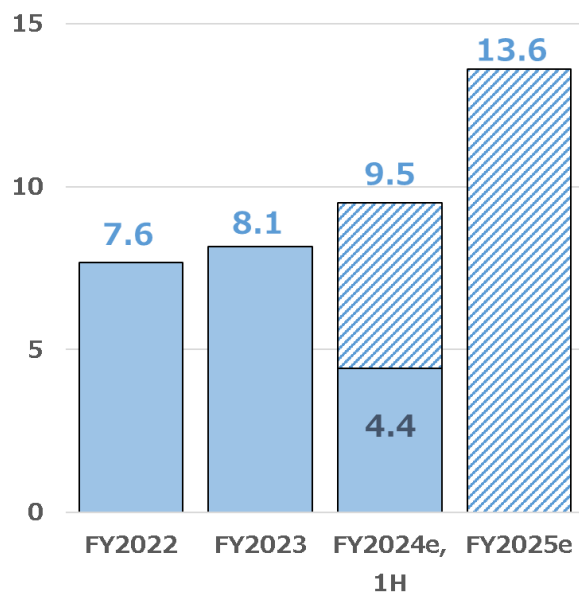
Focus on semiconductor segment

► Sales Growth Rate of 5 Focused Products in FY2025

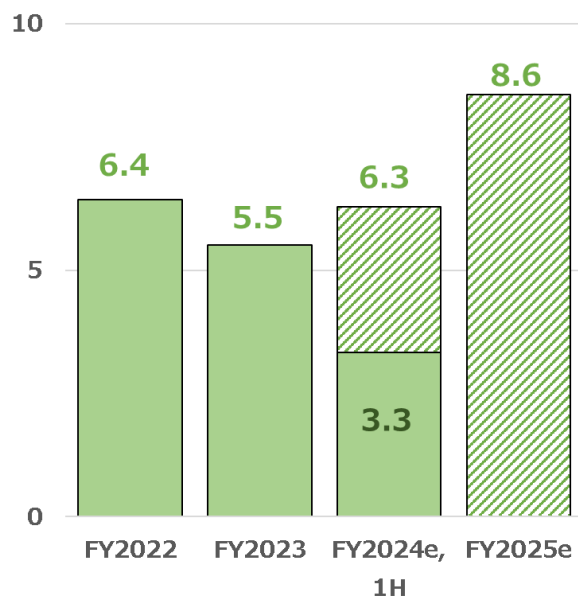
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(Billion of yen)

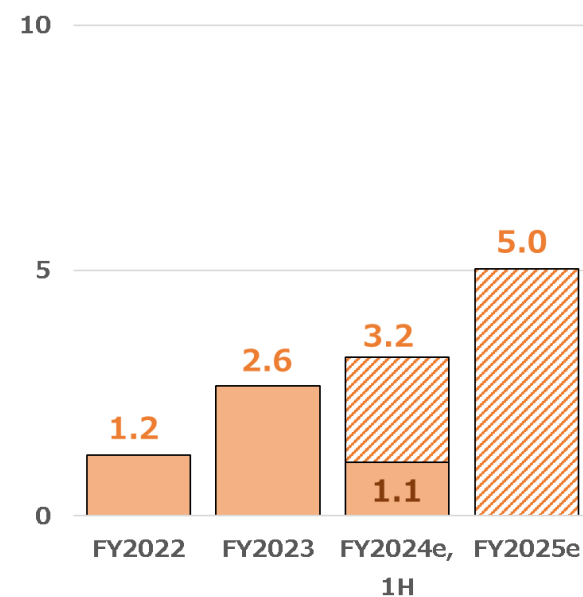
5 products total



For Si



For SiC



Management Infrastructure Enhancement

- ▶ **IT System: Visualization of management figures and streamlining of operations**
 - Revamp of core system 《to be operational from FY2027》
 - Utilization of SFA (Sales Force Automation)
- ▶ **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**
 - Corporate website renewal 《in April 2024》
 - Building brand identity
- ▶ **Human resource development: Create a rewarding workplace**
 - Creating an environment conducive to growth based on 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 domain and liquidation of unprofitable divisions
- Increased production capacity
(introduction of manufacturing equipment, optimisation of plant layout)

▶ Utilization of external resources

- External Sourcing of Products
- Business alliances
(Review of mutual product supply with Tyrolit)

3



Target for FY2025

No change in targets, steady progress toward achieving the third year targets of the medium-term management plan

	FY2024 1H Results	FY2024e	Target for FY2025
Consolidated net sales (Millions of yen)	20,688	42,500	49,000
Consolidated operating income (Millions of yen)	1,299	3,100	4,900
Consolidated operating income margin(%)	6.3	7.3	10.0
ROE (%)	—	4.2	More than 6.0
PBR	—	—	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 the first half of FY2024

- **Interim dividend**
15 yen per share
Dividend payout ratio 68.9%
- **Capital investment**
2.5 billion yen

Results of FY2023

- **Total return ratio**
156%
- **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, 2022, 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.