Fiscal Year Ending March 2027

Second Quarter (Interim Period) Financial Results Briefing

November 19, 2026

Asahi Diamond Industrial Co., Ltd.

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Asahi Diamond

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Interim Financial Results Highlights

First-half results

Significant Revenue and Profit Growth

- Net sales: ¥23.0 billion (up 12.4% YoY)
- Operating profit: ¥3.2 billion (up 222.8% YoY)
- Operating profit margin: 13.9% (up 9.1 pts YoY)

- Growth in tools for electronics and semiconductors and semiconductor-related machinery applications
- Profitability improved through cost reductions and price revisions
- Interim dividend increased to ¥17 per share as planned

Full-year forecast

Upward Revision on Solid Demand

- Net sales: ¥47.3 billion (up 12.7% YoY)
- Operating profit: ¥6.5 billion (up 170.5% YoY)
- Operating profit margin: 13.7% (up 8.0 pts YoY)

- Solid demand expected in Electronics and Semiconductor and Machinery
- Maintain high profitability while factoring in higher second-half costs

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01 FY2026 First-Half Financial Results



FY2026 First-Half Financial Results

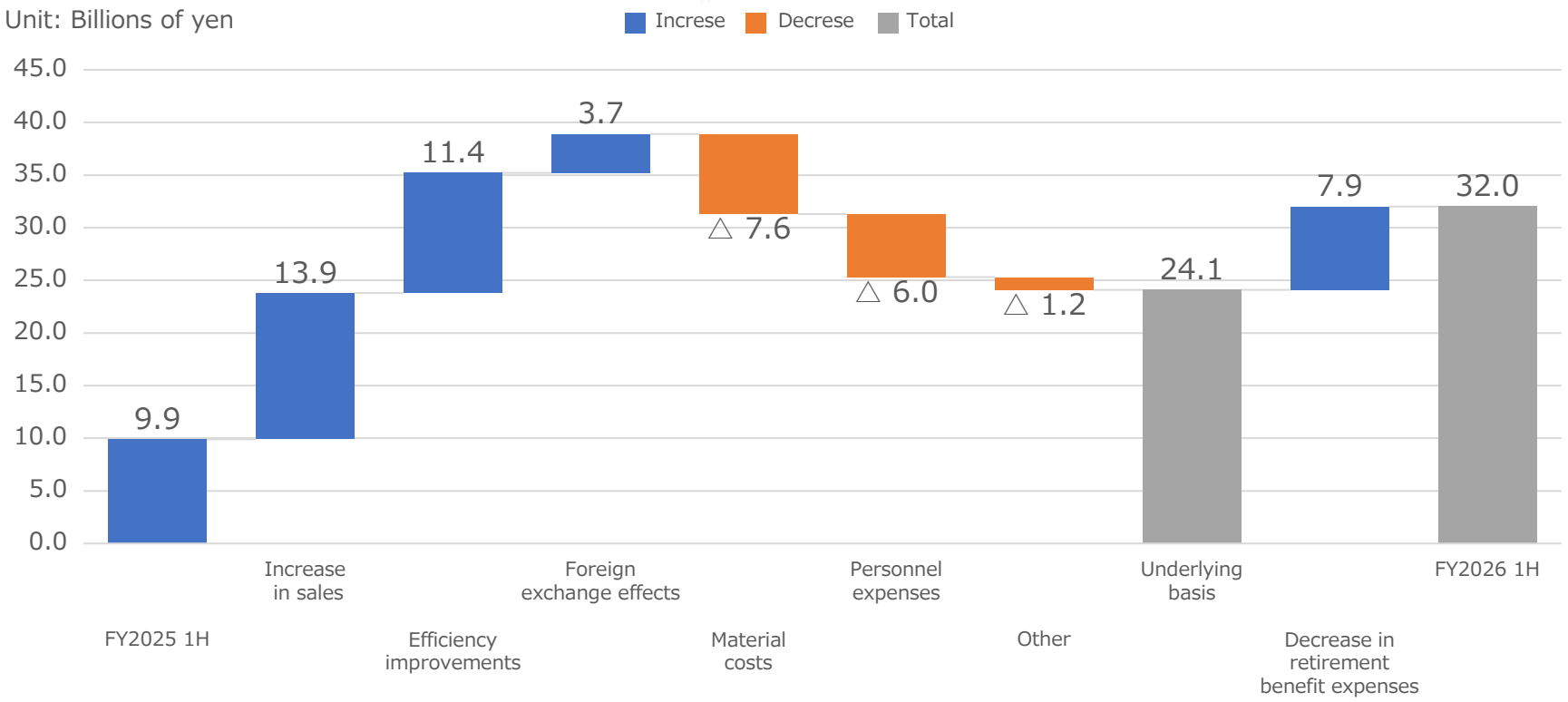
Sales increased for tools used in electronics and semiconductors and semiconductor-related machinery applications
Operating profit increased significantly, reflecting higher sales and the effects of cost reductions and price revisions
The decrease in retirement benefit expenses increased operating profit by ¥0.8 billion year on year

Millions of yen	FY2025 First Half	FY2026 First Half	Change	YoY change (%)
Net sales	20,479	23,028	+2,549	+12.4%
Operating profit	992	3,203	+2,210	+222.8%
Operating profit margin	4.8%	13.9%	+9.1pt	–
Ordinary profit	1,371	3,178	+1,807	+131.8%
Interim profit (attributable to owners of parent)	1,519	2,298	+779	+51.3%
Per share interim profit (yen)	30.44	47.77	+17.33	–

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Factors Affecting Operating Profit

Operating profit increased from ¥0.99 billion to ¥2.41 billion excluding the decrease in retirement benefit expenses



Previous first half	Operating profit margin 4.8%
Underlying	Operating profit margin 10.4%
Current first-half results	Operating profit margin 13.9%

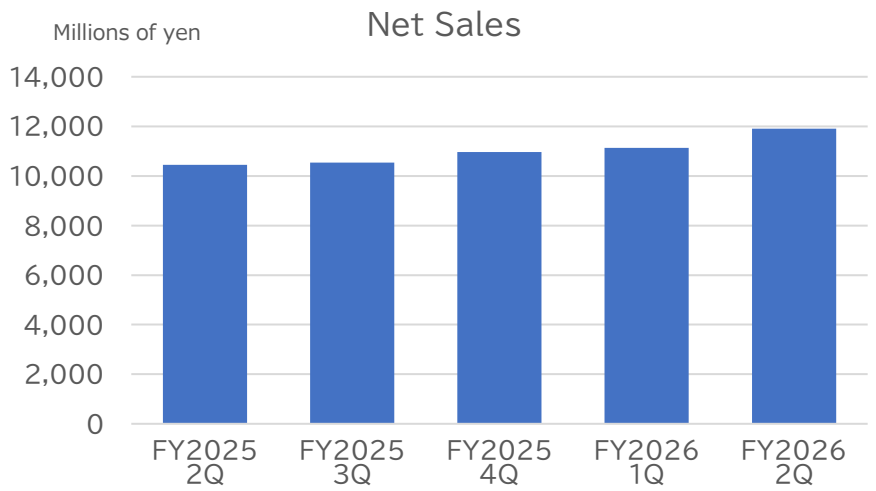
Note: Underlying figures exclude the impact of retirement benefit expenses

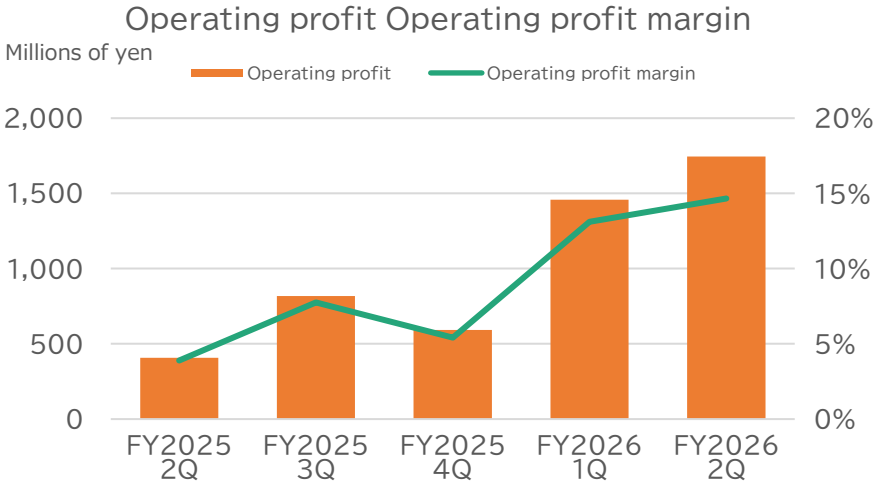
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Quarterly Results Trends

In Q2, higher sales drove a significant increase in profit and an improvement in the operating profit margin from Q1

Millions of yen	FY2025 2Q	FY2025 3Q	FY2025 4Q	FY2026 1Q	FY2026 2Q	QoQ change	QoQ change (%)
Net sales	10,452	10,542	10,962	11,125	11,902	777	+7.0%
Operating profit	407	817	593	1,457	1,745	287	+19.7%
Operating profit margin	3.9%	7.8%	5.4%	13.1%	14.7%	+1.6pt	-





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Net Sales by Industry

- Electronics and Semiconductor: In addition to silicon, sales increased for tools used to process semiconductor-related glass, ceramics and other materials
- Transportation: Sales of related tools increased as automobile production, particularly hybrid vehicles, rose and aircraft demand remained solid
- Machinery: Sales increased for tools used to process semiconductor-related bearings, cemented carbide and ceramics
- Stone and Construction: Sales of overseas resource exploration tools decreased

Millions of yen	FY2025 First Half	FY2026 First Half	Change	YoY change (%)	Composition (%)
Electronics and Semiconductor	8,310	9,526	+1,215	+14.6%	41.4%
Transportation	4,774	5,259	+485	+10.2%	22.8%
Machinery	4,901	6,029	+1,128	+23.0%	26.2%
Stone and Construction	1,926	1,783	△142	△7.4%	7.7%
Other	565	428	△137	△24.2%	1.9%
Total	20,479	23,028	2,549	+12.4%	100%

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Net Sales by Geographical Region and Overseas Sales Ratio

- Japan: Sales increased across all industries, led by Electronics and Semiconductor and Machinery
- Asia: Sales in Taiwan and China increased mainly in Machinery. In other Asian markets, Electronics and Semiconductor, Machinery and Transportation increased, while Stone and Construction declined due to lower resource exploration demand.
- Europe and the Americas: Sales increased in Electronics and Semiconductor and Machinery in Europe, and in Transportation in North America
- Overseas sales ratio: 53.4% → 51.7%

Millions of yen	FY2025 First Half	FY2026 First Half	Change	YoY change (%)	Composition (%)
Japan	9,547	11,117	1,570	+16.4%	48.3%
Taiwan	1,417	1,525	107	+7.6%	6.6%
China	2,468	2,643	175	+7.1%	11.5%
Other Asia and Oceania	3,258	3,681	423	+13.0%	16.0%
Europe	2,228	2,315	86	+3.9%	10.0%
North America	924	962	38	+4.1%	4.2%
Other	634	781	146	+23.2%	3.4%
Total	20,479	23,028	2,549	+12.4%	100%

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02 FY2026 Full-Year Forecast



FY2026 Full-Year Forecast

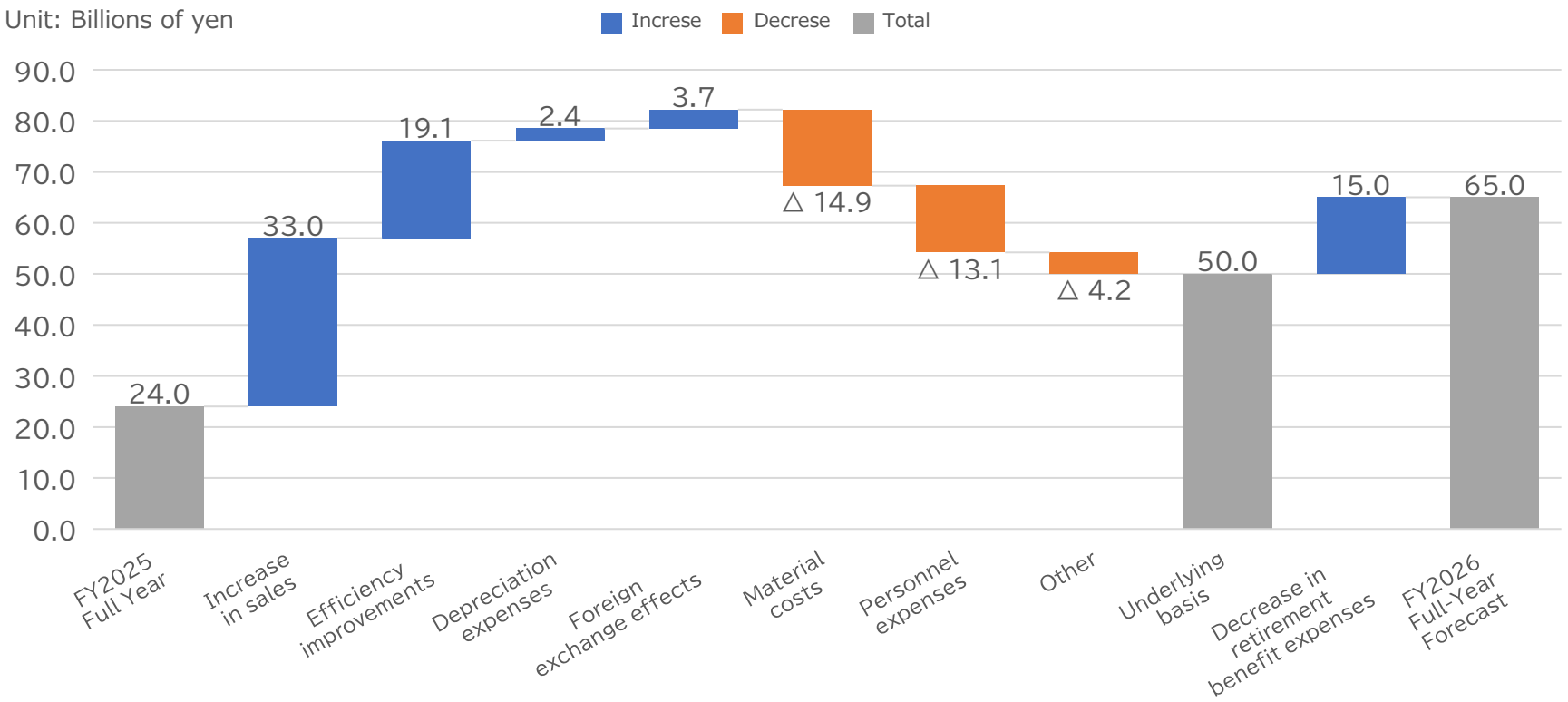
Full-year forecasts were revised upward to net sales of ¥47.3 billion and operating profit of ¥6.5 billion.
The forecast factors in higher personnel and material costs in the second half while assuming continued sales growth and the effects of price revisions and cost reductions

Millions of yen	FY2025 Full-year results	FY2026 Full-year forecast	Change	As of Aug. 7, 2026 FY2026 Full-year forecast	As of Aug. 7, 2026 FY2026 Change from prior forecast	FY2026 First-half results	Progress
Net sales	41,983	47,300	+5,316	45,500	+1,800	23,028	48.7%
Operating profit	2,403	6,500	+4,096	5,000	+1,500	3,203	49.3%
Operating profit margin	5.7%	13.7%	+8.0pt	11.0%	+2.7pt	13.9%	–
Ordinary profit	3,346	6,500	+3,153	5,300	+1,200	3,178	48.9%
Profit (attributable to owners of parent)	2,009	4,700	+2,690	3,700	+1,000	2,298	48.9%
Profit per share (yen)	40.92	97.70	+56.78	76.87	+20.83	47.77	–

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Factors Affecting Full-Year Operating Profit

Underlying operating profit is projected to increase to ¥5.0 billion on higher sales. Including a ¥1.5 billion decrease in retirement benefit expenses, operating profit is forecast at ¥6.5 billion



Previous-year results	Underlying	Full-year forecast
Operating profit margin 5.7%	Operating profit margin 10.6%	Operating profit margin 13.7%

Note: Underlying figures exclude the impact of retirement benefit expenses

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Second-Half Business Environment

Solid demand is expected, led by Electronics and Semiconductor and Machinery, while market conditions will be closely monitored to achieve the full-year forecast

Industry	First-half results	Second-half forecast	Market environment	Demand for our products	Full-year forecast
Electronics and Semiconductor	¥9.5 billion	¥9.8 billion	Semiconductor demand remains solid, led by AI and data-center applications	Demand for semiconductor and electronic component applications continues	¥19.3 billion
Transportation	¥5.2 billion	¥5.5 billion	Automobile production in Japan, Europe, the Americas and India is gradually recovering Aircraft demand remains solid	Demand is expected to recover, mainly for automotive applications Aircraft-related demand continues	¥10.7 billion
Machinery	¥6.0 billion	¥6.6 billion	Capital investment demand remains solid, particularly for semiconductor-related applications	Demand for bearings, cemented carbide tools and semiconductor manufacturing equipment continues	¥12.6 billion
Stone and Construction	¥1.7 billion	¥1.9 billion	Domestic construction demand is expected to remain broadly flat	Stable demand is expected, mainly in Japan	¥3.6 billion
Other	¥0.4 billion	¥0.7 billion	–	–	¥1.1 billion
Total	¥23.0 billion	¥24.3 billion	–	–	¥47.3 billion

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03 Mid-term Management Plan 2030 Progress



Mid-term Management Plan 2030: First-Year Progress Summary

Profitability improved significantly. We will continue to expand sales and enhance capital efficiency

KPI	FY2025 Results	FY2026 Forecast	FY2030 Target	First-year assessment
Net sales	¥41.9 billion	¥47.3 billion	¥53.0 billion	Expansion in progress
Operating profit	¥2.4 billion	¥6.5 billion	¥5.3 billion	Above target including temporary factors
Operating profit margin	5.7%	13.7%	10% or higher	Above target including temporary factors
Underlying Operating profit	–	¥5.0 billion	–	Improvement progressing
ROE	3.2%	–	8% or higher	To be assessed after full-year results
Sales of five focused products	¥9.1 billion	¥10.6 billion	¥16.0 billion	Expansion in progress

Note: Underlying figures exclude the impact of retirement benefit expenses

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Key Measure 1 | Accelerating Growth Businesses

First-half sales for Electronics and Semiconductor: ¥9.5 billion, up 14.6% YoY
Multiple growth areas offset the continued adjustment in SiC demand

Semiconductor Materials



SiC adjustment continues

Key materials/applications

- Si
- SiC
- InP
- GaN

Electronic and Functional Materials



Growth across multiple applications

Key materials/applications

- Glass
- LT/LN
- Quartz
- Ceramics

Manufacturing Equipment and Related Components



Semiconductor-related demand contributed

Key materials/applications

- Bearings
- Cemented carbide
- Structural Ceramics

• LT/LN: Substrate materials for semiconductors and optical devices
LT ($LiTaO_3$): Lithium tantalate
LN ($LiNbO_3$): Lithium niobate

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Key Measure 2 | Profit Structure Reform and Margin Improvement

Initiatives are generally progressing as planned, with KPIs and responsible departments established for each item

Item	First-half progress	Initiatives	KPI
Cost reductions	Cost reduction activities advanced at each factory	Process improvement, insourcing and yield improvement	Improvement in value added per employee
Price revisions	+¥0.5 billion	Ongoing improvement of low-margin products	Gross profit margin
Expense reductions	Improved visibility into expenses	Operational efficiency and waste elimination	Reduction amount
Unprofitable business measures	Improved visibility into profit improvement	Monitoring profit trends Proposing corrective measures	Operating profit margin

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Key Measure 3 | Strengthening Development Capabilities, Human Resources and Management Foundation

The three foundations supporting future growth are generally progressing as planned

Development Capabilities

Initiatives

- Strengthen new product development capabilities
- Focus product development resources
- Improve development efficiency through AI

Current status

Current status assessed and milestones established

Next stage

Mass production and contribution to earnings

Human Resources

Initiatives

- Strengthen human resource development and training
- Improve job satisfaction
- Strengthen recruitment and retention support

Current status

Advance each initiative against defined targets

Next stage

Recruitment, training and retention

Management Foundation

Initiatives

- Revamp core systems
- Global governance
- Strengthen information security

Current status

Preparing for the new core system to go live next fiscal year

Next stage

Operation, adoption and value realization

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Capital Efficiency and Shareholder Returns

Enhance profitability and capital efficiency and strengthen shareholder returns to achieve ROE of 8% or higher at an early stage

Improve Profitability

Operating profit margin
5.7% → 10% or higher

- Cost and productivity improvements
- Price revisions
- Expansion in high-value-added fields

ROE
8% or higher

Market Engagement

- **IR for individual investors**
- **Fact sheets**
- **Shareholder benefit program**

Improve Capital Efficiency

Shareholders' equity ratio target: around 75%

- Reduce idle and unnecessary assets
- Improve equipment efficiency
- Reduce strategic shareholdings

Shareholder Returns

Progressive dividends and total payout ratio of 100% or higher over five years

- Progressive dividends of at least ¥34 per share
- Total payout ratio of 100% or higher over five years through flexible share repurchases and cancellations

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Summary of Interim Results and Mid-term Management Plan 2030 Progress

Growth

Electronics and Semiconductor sales: ¥9.5 billion | Up 14.6% YoY

Growth areas expanded beyond Si to glass, ceramics, device processes and manufacturing equipment-related applications

Profitability

Operating profit: ¥3.2 billion | Operating profit margin: 13.9%

Underlying operating profit: ¥2.4 billion | Underlying operating profit margin: 10.4%

Profitability improved even excluding the decrease in retirement benefit expenses, supported by higher sales, price revisions and cost and productivity improvements

Corporate Value

Interim ROE: 3.6% | Previous full-year ROE: 3.2%

Interim result; not annualized

Pursue profitability, capital efficiency and shareholder returns in an integrated manner to achieve ROE of 8% at an early stage

Note: Underlying figures exclude the impact of retirement benefit expenses

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A Appendix



Consolidated Balance Sheet

Millions of yen	March 31, 2026	September 30, 2026	Change
Current assets	36,841	37,839	+998
of which: Cash and deposits	16,077	14,480	△1,596
of which: Inventories	9,367	10,501	+1,134
Non-current assets	42,362	42,581	+219
Total assets	79,203	80,420	+1,216
Total liabilities	15,070	14,405	△665
Total net assets	64,133	66,015	+1,881
Shareholders' equity ratio	78.5%	79.7%	+1.2pt

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Consolidated Statement of Cash Flows

Millions of yen	2026/3 First Half	2027/3 First Half	Change
Cash flows from operating activities	2,000	1,129	△871
of which: Profit before income taxes	2,008	3,192	+1,183
of which: Increase (decrease) in retirement benefit liability	206	△767	△974
of which: Loss (gain) on sale of property, plant and equipment	△591	△3	+588
of which: Decrease (increase) in trade receivables	△673	△1,266	△592
of which: Decrease (increase) in inventories	162	△1,084	△1,247
Cash flows from investing activities	△2,078	△2,044	+33
Free cash flow	△77	△914	△837
Cash flows from financing activities	△2,842	△919	+1,923
Net increase (decrease) in cash and cash equivalents	△3,313	△1,619	+1,693
Cash and cash equivalents at end of interim period	11,496	14,536	+3,040

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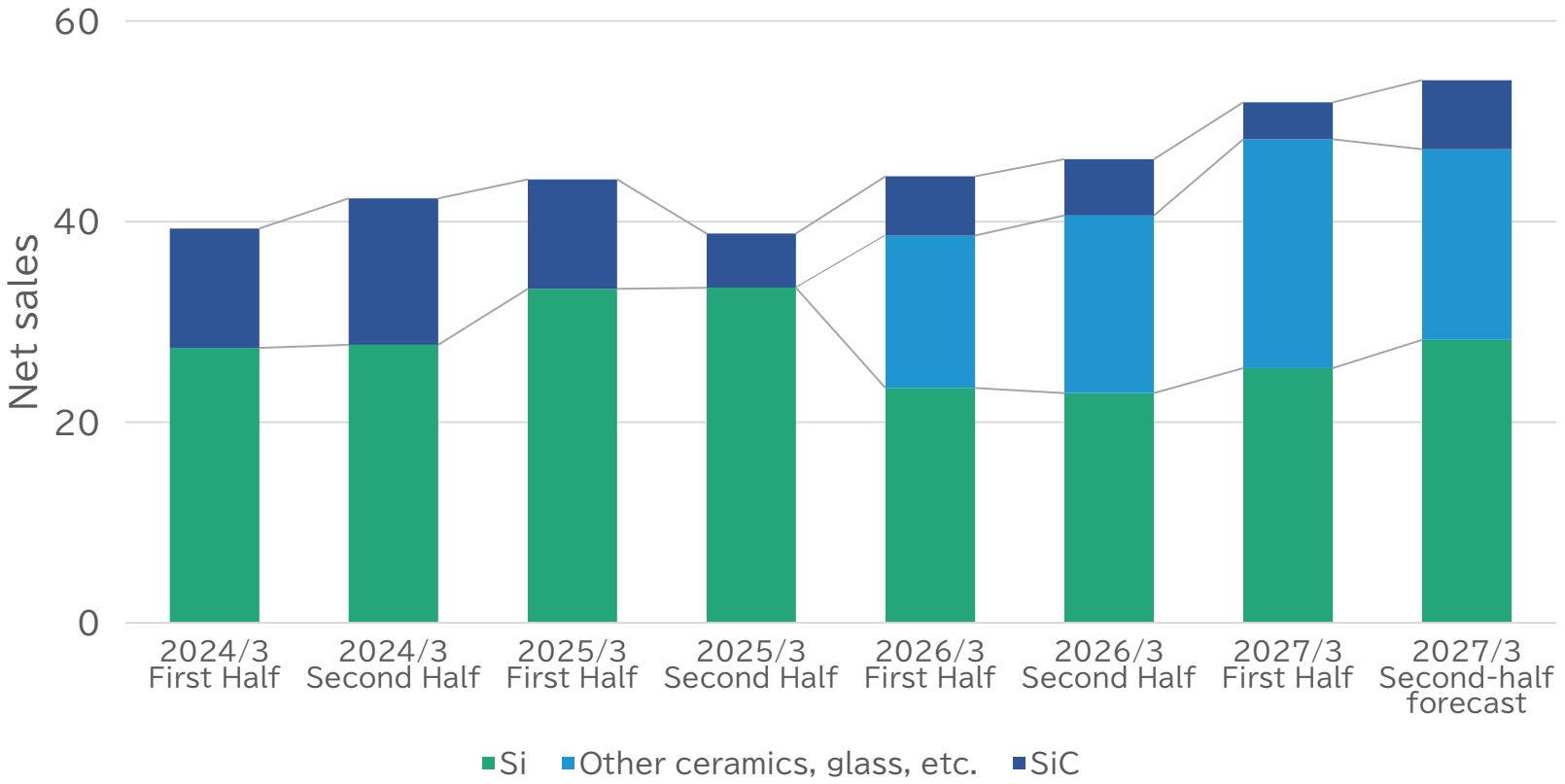
Financial Indicators, Capital Expenditures, Depreciation and R&D Expenses

	2026/3First Half	2027/3First Half	Change	FY2026 Full-Year Plan
Return on assets (ROA) (%)	2.0	2.9	+0.9pt	–
Return on equity (ROE) (%) (ROE)(%)	2.5	3.6	+1.1pt	–
Capital expenditures (Millions of yen)	1,329	905	△424	2,300
Depreciation of property, plant and equipment (Millions of yen)	1,622	1,573	△49	3,000
Research and development expenses (Millions of yen)	1,267	1,314	+47	2,700
Exchange rate (JPY/USD)	149	158	+9	158
Dividend per share (yen)	15	17	+2	Total: 34

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Trends in Five Focused Products

Sales for Si and other ceramics and glass applications increased despite the continued adjustment in SiC demand



Note

- Five focused products: Surface grinding wheels, edge grinding wheels, electroplated diamond wire, CMP conditioners and dicing blades
- Through FY2024, other ceramics, glass and related applications were included in Si

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Cautionary Statement Regarding Forward-Looking Information

This material contains forward-looking statements other than historical facts.
These forecasts and plans are based on information currently available to the Company and certain assumptions that the Company believes to be reasonable.
Actual results may differ materially from these forecasts due to economic conditions, market trends, foreign exchange rates, raw material prices and other factors.

Manufacturing excitement through innovation

One and Only

We are at the vanguard of word 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.

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