Asahi Diamond Industrial Co., Ltd.

November 13,2020

Summary of the Consolidated Financial Results for the Second Quarter Ended September 30, 2020

① Financial Statements

1) Consolidated Balance Sheets

Millions of yen

	FISCAL YEAR	SECOND QUARTER
	2020/3	2020/9
Cash and deposits	14,038	11,945
Notes and accounts receivable-trade	9,325	7,945
Securities	3,050	1,803
Merchandise and finished goods	2,819	2,786
Work in process	1,039	1,059
Raw materials and supplies	2,119	2,149
Other	442	1,009
Allowance for doubtful accounts	△ 73	△ 60
Current assets	32,762	28,639
Buildings and structures, net	6,783	12,871
Machinery, equipment and vehicles, net	6,199	6,275
Land	6,685	6,685
Other, net	3,976	1,306
Property, plant and equipment	23,644	27,138
Intangible assets	195	208
Investment securities	10,301	10,211
Other	3,606	3,345
Allowance for doubtful accounts	△ 503	△ 507
Investments and other assets	13,405	13,049
Non-current assets	37,245	40,396
Assets	70,007	69,035

※Note

・ Numbers with "△" indicate negative numbers.

Millions of yen

	FISCAL YEAR	SECOND QUARTER
	2020/3	2020/9
Notes and accounts payable – trade	1,317	1,054
Short-term loans payable	533	527
Income taxes payable	171	81
Provision for bonuses	586	617
Other	1,870	2,343
Current liabilities	4,479	4,623
Net defined benefit liability	7,527	7,561
Provision for business structure improvement	441	436
Provision for share-based remuneration	56	75
Other	669	625
Non-current liabilities	8,694	8,697
Liabilities	13,174	13,321
Capital stock	4,102	4,102
Capital surplus	7,129	7,129
Retained earnings	43,323	42,173
Treasury shares	△ 150	△ 150
Shareholders' equity	54,404	53,254
Valuation difference on available-for-sale securities	1,450	1,908
Revaluation reserve for land	196	196
Foreign currency translation adjustment	△ 496	△ 935
Remeasurements of defined benefit plans	△ 41	△ 20
Total accumulated other comprehensive income	1,107	1,148
Non-controlling interests	1,321	1,310
Net assets	56,833	55,714
Liabilities and net assets	70,007	69,035

2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Millions of yen

	SECOND QUARTER	
	2019/4-9	2020/4-9
Net sales	18,503	14,528
Cost of sales	14,253	11,716
Gross profit	4,249	2,812
Selling expenses	2,504	2,251
General and administrative expenses	1,659	1,373
Selling, general and administrative expenses	4,164	3,624
Operating profit (loss)	85	△ 812
Interest income	37	25
Dividend income	104	73
Foreign exchange gains	—	42
Share of profit of entities accounted for using equity method	0	—
Miscellaneous income	46	26
Non-operating income	189	168
Interest expenses	3	3
Foreign exchange losses	70	—
Share of loss of entities accounted for using equity method	—	6
Miscellaneous loss	1	9
Non-operating expenses	75	20
Ordinary profit (loss)	199	△ 664
Gain on sales of investment securities	308	146
Extraordinary income	308	146
Factory relocation expenses	—	184
Extraordinary losses	—	184
Profit (loss) before income taxes	507	△ 702
Income taxes - current	77	74
Income taxes - deferred	76	30
Income taxes	153	104
Profit (loss)	353	△ 807
Profit (loss) attributable to non-controlling interests	16	7
Profit (loss) attributable to owners of parent	337	△ 815

Consolidated Statements of Comprehensive Income

Millions of yen

	SECOND QUARTER	
	2019/4-9	2020/4-9
Profit (loss)	353	△ 807
Other comprehensive income		
Valuation difference on available-for-sale securities	△ 185	458
Foreign currency translation adjustment	△ 207	△ 208
Remeasurements of defined benefit plans	28	21
Share of other comprehensive income of entities accounted for using equity method	△ 287	△ 221
Other comprehensive income	△ 651	49
Comprehensive income	△ 297	△ 758
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△ 243	△ 758
Comprehensive income attributable to non-controlling interests	△ 53	0

3) Consolidated Statements of Cash Flows

Millions of yen

	SECOND QUARTER	
	2019/4-9	2020/4-9
Cash flows from operating activities		
Profit (loss) before income taxes	507	△ 702
Depreciation	1,250	1,331
Increase (decrease) in allowance for doubtful accounts	△ 25	△ 12
Increase (decrease) in provision for bonuses	△ 47	30
Increase (decrease) in net defined benefit liability	△ 197	63
Increase (decrease) in provision for stock benefits	10	18
Interest and dividend income	△ 142	△ 98
Interest expenses	3	3
Share of (profit) loss of entities accounted for using equity method	△0	6
Loss (gain) on sales of investment securities	△ 308	△ 146
Decrease (increase) in notes and accounts receivable - trade	1,368	1,348
Decrease (increase) in inventories	650	△ 53
Increase (decrease) in notes and accounts payable - trade	△ 261	△ 240
Other, net	△ 144	53
Subtotal	2,664	1,602
Interest and dividend income received	142	98
Interest expenses paid	△ 3	△ 3
Income taxes paid	△ 50	△ 153
Net cash provided by (used in) operating activities	2,752	1,544
Cash flows from investing activities		
Purchase of property, plant and equipment	△ 1,498	△ 4,971
Proceeds from sales of property, plant and equipment	1	1
Purchase of investment securities	△ 17	△ 17
Proceeds from sales of investment securities	371	270
Other, net	△ 68	△ 26
Net cash provided by (used in) investing activities	△ 1,211	△ 4,743
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	△ 7	△ 4
Purchase of treasury shares	△0	△0
Dividends paid	△ 451	△ 332
Other, net	△ 67	△ 69
Net cash provided by (used in) financing activities	△ 527	△ 406
Effect of exchange rate change on cash and cash equivalents	△ 63	△ 132
Net increase (decrease) in cash and cash equivalents	950	△ 3,738
Cash and cash equivalents at beginning of period	16,548	15,685
Cash and cash equivalents at end of period	17,499	11,946

② Financial Data

1) Forecast (2020/4-2021/3)

Net sales (Millions of yen)	Operating profit (Millions of yen)	Ordinary profit (Millions of yen)	Profit attributable to owners of parent (Millions of yen)	Earnings per share [EPS] (Yen)
29,300	△ 1,580	△ 1,310	△ 1,350	△ 24.32

1) Consolidated Financial Indicator

		SECOND QUARTER		FISCAL YEAR	FORECAST
		2019/4-9	2020/4-9	2019/4-2020/3	2020/4-2021/3
		Amount	Amount	Amount	Amount
Operating profit ratio	(%)	0.5	△ 5.6	0.8	△ 5.4
Ordinary profit ratio	(%)	1.1	△ 4.6	1.7	△ 4.5
Return on assets [ROA]	(%)	0.5	△ 1.2	△ 0.5	—
Return on equity [ROE]	(%)	0.6	△ 1.5	△ 0.6	—
Capital expenditures	Millions of yen	1,568	5,128	5,328	6,700
Depreciation [Property, plant and equipment]	Millions of yen	1,223	1,292	2,578	2,750
Research and development expenses	Millions of yen	865	817	1,735	1,600
Number of employees	Number	2,200	2,118	2,139	—

2) Consolidated Net Sales Breakdown

Consolidated Net Sales Breakdown by Industry

Millions of yen

	SECOND QUARTER				FISCAL YEAR		FORECAST	
	2019/4-9		2020/4-9		2019/4-2020/3		2020/4-2021/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Electronics and Semiconductor	5,785	31.3	5,265	36.2	11,384	32.2	10,600	36.2
Transportation	4,693	25.3	3,101	21.3	8,757	24.8	6,480	22.1
Machinery	4,675	25.3	3,630	25.0	8,974	25.4	7,370	25.1
Stone and Construction	2,388	12.9	1,839	12.7	4,504	12.8	3,720	12.7
Other	960	5.2	691	4.8	1,683	4.8	1,130	3.9
Net sales	18,503	100.0	14,528	100.0	35,304	100.0	29,300	100.0

Consolidated Net Sales Breakdown by Geographical Region

Millions of yen

	SECOND QUARTER				FISCAL YEAR		FORECAST	
	2019/4-9		2020/4-9		2019/4-2020/3		2020/4-2021/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Japan	9,866	53.3	8,016	55.2	19,098	54.1	16,200	55.3
Taiwan	1,395	7.5	1,263	8.7	2,722	7.7	2,500	8.5
China	1,477	8.0	1,279	8.8	2,883	8.2	2,650	9.1
Other Asia and Oceania	2,628	14.2	1,975	13.6	5,076	14.4	4,050	13.8
Europe	1,793	9.7	1,208	8.3	3,224	9.1	2,250	7.7
Other	1,342	7.3	785	5.4	2,299	6.5	1,650	5.6
Net sales	18,503	100.0	14,528	100.0	35,304	100.0	29,300	100.0

※Note

- This report contains estimates and forecasts pertaining to the future plans and business results. Such statements are based on information available at the time of the report's production and include potential risks and uncertainties. Actual results may differ from estimates and forecasts contained herein.
- Numbers with "△" indicate negative numbers.