Asahi Diamond Industrial Co., Ltd.

February 9, 2022

Summary of the Consolidated Financial Results for the Third Quarter Ended December 31, 2021

① Financial Statements

1) Consolidated Balance Sheet

Millions of yen

	FISCAL YEAR	THIRD QUARTER
	2021/3	2021/12
Cash and deposits	10,649	12,893
Notes and accounts receivable-trade	9,148	10,667
Securities	—	441
Merchandise and finished goods	2,699	2,827
Work in process	1,456	1,576
Raw materials and supplies	2,143	2,292
Other	1,122	440
Allowance for doubtful accounts	△57	△96
Current assets	27,161	31,042
Buildings and structures, net	12,767	12,334
Machinery, equipment and vehicles, net	6,034	5,862
Land	6,684	6,641
Other, net	1,048	951
Property, plant and equipment	26,535	25,789
Intangible assets	228	234
Investment securities	11,581	10,826
Other	3,143	2,935
Allowance for doubtful accounts	△505	△550
Investments and other assets	14,219	13,211
Non-current assets	40,982	39,236
Assets	68,144	70,278

※Notes

- Numbers with "△" indicate negative numbers.
- 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.

Millions of yen

	FISCAL YEAR	THIRD QUARTER
	2021/3	2021/12
Notes and accounts payable - trade	1,293	1,370
Short-term borrowings	540	279
Income taxes payable	70	281
Provision for bonuses	667	304
Other	1,726	2,303
Current liabilities	4,299	4,540
Retirement benefit liability	5,375	5,341
Provision for business restructuring	457	467
Provision for share awards	93	106
Other	620	561
Non-current liabilities	6,547	6,477
Liabilities	10,847	11,018
Share capital	4,102	4,102
Capital surplus	7,129	7,129
Retained earnings	42,490	43,857
Treasury shares	△150	△134
Shareholders' equity	53,571	54,955
Valuation difference on available-for-sale securities	2,719	2,769
Revaluation reserve for land	196	196
Foreign currency translation adjustment	△637	△200
Remeasurements of defined benefit plans	119	37
Total accumulated other comprehensive income	2,398	2,802
Non-controlling interests	1,327	1,502
Net assets	57,297	59,260
Liabilities and net assets	68,144	70,278

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

Millions of yen

	THIRD QUARTER	
	2020/4-12	2021/4-12
Net sales	21,969	27,532
Cost of sales	17,549	19,919
Gross profit	4,419	7,613
Selling expenses	3,355	3,602
General and administrative expenses	2,024	2,034
Selling, general and administrative expenses	5,379	5,637
Operating profit (loss)	△ 959	1,976
Interest income	32	12
Dividend income	93	105
Foreign exchange gains	52	44
Share of profit of entities accounted for using equity method	1	257
Subsidy income	74	26
Other	40	38
Non-operating income	295	484
Interest expenses	5	3
Other	10	5
Non-operating expenses	15	9
Ordinary profit (loss)	△ 679	2,451
Gain on sale of non-current assets	—	64
Gain on sale of investment securities	214	53
Refund of customs duty	—	109
Extraordinary income	214	226
Factory location expenses	187	—
Extraordinary losses	187	—
Profit (loss) before income taxes	△ 652	2,678
Income taxes - current	102	344
Income taxes - deferred	120	281
Income taxes	222	626
Profit (loss)	△ 874	2,052
Profit attributable to non-controlling interests	4	71
Profit (loss) attributable to owners of parent	△ 879	1,980

Consolidated Statement of Comprehensive Income

Millions of yen

	THIRD QUARTER	
	2020/4-12	2021/4-12
Profit (loss)	△ 874	2,052
Other comprehensive income		
Valuation difference on available-for-sale securities	895	49
Foreign currency translation adjustment	△ 305	582
Remeasurements of defined benefit plans, net of tax	32	△78
Share of other comprehensive income of entities accounted for using equity method	△ 183	△27
Other comprehensive income	439	525
Comprehensive income	△ 435	2,577
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△ 430	2,527
Comprehensive income attributable to non-controlling interests	△ 4	50

② Financial Data

1) Forecast (2021/4-2022/3)

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)
37,300	2,540	3,170	2,610	47.01

2) Consolidated Financial Indicators

		THIRD QUARTER		FISCAL YEAR	FORECAST
		2020/4-12	2021/4-12	2020/4-2021/3	2021/4-2022/3
Operating profit ratio	(%)	△ 4.4	7.2	△ 2.4	6.8
Ordinary profit ratio	(%)	△ 3.1	8.9	△ 1.1	8.5
Return on assets 〔ROA〕	(%)	△ 1.3	2.9	△ 0.5	—
Return on equity 〔ROE〕	(%)	△ 1.6	3.5	△ 0.6	—
Capital expenditures	Millions of yen	5,800	1,266	6,527	1,900
Depreciation [Property, plant and equipment]	Millions of yen	2,022	2,121	2,773	2,800
Research and development expenses	Millions of yen	1,213	1,325	1,630	1,650
Number of employees		2,100	2,065	2,050	—

3) Consolidated Net Sales Breakdown

Consolidated Net Sales Breakdown by Industry

Millions of yen, %

	THIRD QUARTER				FISCAL YEAR		FORECAST	
	2020/4-12		2021/4-12		2020/4-2021/3		2021/4-2022/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Electronics and Semiconductor	8,004	36.4	10,128	36.8	11,070	36.7	13,850	37.1
Transportation	4,872	22.2	6,126	22.3	6,800	22.6	8,250	22.1
Machinery	5,408	24.6	7,302	26.5	7,460	24.7	9,840	26.4
Stone and Construction	2,767	12.6	3,066	11.1	3,635	12.1	4,120	11.1
Other	916	4.2	908	3.3	1,176	3.9	1,240	3.3
Net sales	21,969	100.0	27,532	100.0	30,143	100.0	37,300	100.0

Consolidated Net Sales Breakdown by Geographical Region

Millions of yen, %

	THIRD QUARTER				FISCAL YEAR		FORECAST	
	2020/4-12		2021/4-12		2020/4-2021/3		2021/4-2022/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Japan	12,126	55.2	14,320	52.0	16,566	55.0	19,360	51.9
Taiwan	1,905	8.7	2,429	8.8	2,610	8.7	3,330	8.9
China	2,071	9.4	2,672	9.7	2,933	9.7	3,630	9.7
Other Asia and Oceania	2,936	13.4	3,637	13.2	3,989	13.2	4,950	13.3
Europe	1,729	7.9	2,543	9.2	2,409	8.0	3,370	9.0
North America	—	—	1,363	5.0	—	—	1,900	5.1
Other	1,200	5.4	565	2.1	1,634	5.4	760	2.1
Net sales	21,969	100.0	27,532	100.0	30,143	100.0	37,300	100.0

(Change in Presentation)

・ “Sales in North America” which was included in “Other” in the fiscal year ended March 31, 2021, has been separately presented from the third quarter ended December 31, 2021, since the significance was increased.