Asahi Diamond Industrial Co., Ltd.

May 13, 2022

Summary of the Consolidated Financial Results for the Fiscal Year Ended March 31, 2022〔under Japanese GAAP〕

① Financial Statements

1) Consolidated Balance Sheet

Millions of yen

	FISCAL YEAR	
	2021/3	2022/3
Cash and deposits	10,649	14,771
Notes and accounts receivable-trade	9,148	10,642
Securities	—	776
Merchandise and finished goods	2,699	2,847
Work in process	1,456	1,611
Raw materials and supplies	2,143	2,284
Other	1,122	527
Allowance for doubtful accounts	△57	△101
Current assets	27,161	33,361
Buildings and structures	27,777	27,913
Accumulated depreciation	△15,009	△15,741
Buildings and structures, net	12,767	12,171
Machinery, equipment and vehicles	30,552	31,623
Accumulated depreciation	△24,518	△25,918
Machinery, equipment and vehicles, net	6,034	5,704
Land	6,684	6,655
Construction in progress	163	81
Other	6,681	6,638
Accumulated depreciation	△5,797	△5,816
Other, net	884	821
Property, plant and equipment	26,535	25,434
Intangible assets	228	240
Investment securities	11,581	10,715
Deferred tax assets	2,018	1,839
Other	1,125	1,158
Allowance for doubtful accounts	△505	△507
Investments and other assets	14,219	13,205
Non-current assets	40,982	38,880
Assets	68,144	72,241

※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	
	2021/3	2022/3
Notes and accounts payable - trade	1,293	1,489
Short-term borrowings	540	210
Income taxes payable	70	532
Provision for bonuses	667	914
Other	1,726	1,934
Current liabilities	4,299	5,081
Retirement benefit liability	5,375	5,360
Deferred tax liabilities for land revaluation	350	350
Asset retirement obligations	109	59
Provision for business restructuring	457	259
Provision for share awards	93	116
Other	160	144
Non-current liabilities	6,547	6,290
Liabilities	10,847	11,372
Share capital	4,102	4,102
Capital surplus	7,129	7,129
Retained earnings	42,490	45,166
Treasury shares	△150	△134
Shareholders' equity	53,571	56,263
Valuation difference on available-for-sale securities	2,719	2,541
Revaluation reserve for land	196	196
Foreign currency translation adjustment	△637	292
Remeasurements of defined benefit plans	119	△2
Total accumulated other comprehensive income	2,398	3,028
Non-controlling interests	1,327	1,577
Net assets	57,297	60,869
Liabilities and net assets	68,144	72,241

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

Consolidated Statement of Income

Millions of yen

	FISCAL YEAR	
	2020/4-2021/3	2021/4-2022/3
Net sales	30,143	37,161
Cost of sales	23,741	26,811
Gross profit	6,401	10,350
Selling expenses	4,470	4,819
General and administrative expenses	2,664	2,719
Selling, general and administrative expenses	7,134	7,539
Operating profit (loss)	△732	2,811
Interest income	37	44
Dividend income	112	135
Foreign exchange gains	69	122
Share of profit of entities accounted for using equity method	47	359
Subsidy income	88	137
Miscellaneous income	57	57
Non-operating income	414	857
Interest expenses	7	4
Miscellaneous losses	11	13
Non-operating expenses	19	17
Ordinary profit (loss)	△337	3,650
Gain on sale of non-current assets	—	64
Gain on sale of investment securities	214	228
Reversal of provision for business restructuring	—	208
Refund of customs duty	—	255
Extraordinary income	214	757
Factory relocation expenses	258	—
Extraordinary losses	258	—
Profit (loss) before income taxes	△381	4,408
Income taxes - current	131	713
Income taxes - deferred	△204	308
Income taxes	△73	1,021
Profit (loss)	△307	3,387
Profit attributable to non-controlling interests	23	98
Profit (loss) attributable to owners of parent	△331	3,288

Consolidated Statement of Comprehensive Income

Millions of yen

	FISCAL YEAR	
	2020/4-2021/3	2021/4-2022/3
Profit (loss)	△307	3,387
Other comprehensive income		
Valuation difference on available-for-sale securities	1,269	△178
Foreign currency translation adjustment	△138	904
Remeasurements of defined benefit plans, net of tax	157	△124
Share of other comprehensive income of entities accounted for using equity method	11	198
Other comprehensive income	1,299	799
Comprehensive income	992	4,187
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,006	4,115
Comprehensive income attributable to non-controlling interests	△14	71

3) Consolidated Statement of Cash Flows

Millions of yen

	FISCAL YEAR	
	2020/4-2021/3	2021/4-2022/3
Cash flows from operating activities		
Profit（loss） before income taxes	△381	4,408
Depreciation	2,847	2,961
Factory relocation expenses	258	—
Increase (decrease) in allowance for doubtful accounts	△19	△26
Increase (decrease) in provision for bonuses	80	231
Increase (decrease) in retirement benefit liability	△1,938	△221
Increase (decrease) in provision for share awards	36	22
Increase (decrease) in provision for business restructuring	—	△210
Interest and dividend income	△150	△179
Interest expenses	7	4
Share of loss (profit) of entities accounted for using equity method	△47	△359
Loss on retirement of property, plant and equipment	3	9
Loss (gain) on sale of property, plant and equipment	△1	△71
Loss (gain) on sale of investment securities	△214	△228
Decrease (increase) in trade receivables	183	△1,287
Decrease (increase) in inventories	△340	△253
Increase (decrease) in trade payables	△17	93
Other, net	△150	1,231
Subtotal	155	6,123
Interest and dividends received	150	179
Interest paid	△7	△4
Factory relocation expenses paid	△258	—
Income taxes paid	△130	△350
Net cash provided by (used in) operating activities	△90	5,948
Cash flows from investing activities		
Proceeds from sale of securities	1,804	1,000
Purchase of property, plant and equipment	△6,456	△ 1,701
Proceeds from sale of property, plant and equipment	1	151
Purchase of investment securities	△33	△30
Proceeds from sale of investment securities	438	401
Other, net	△45	△178
Net cash provided by (used in) investing activities	△4,289	△ 356
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△4	△380
Purchase of treasury shares	△0	△0
Proceeds from sale of treasury shares	0	16
Dividends paid	△502	△612
Dividends paid to non-controlling interests	△26	△18
Repayments of lease liabilities	△69	△83
Net cash provided by (used in) financing activities	△604	△1,077
Effect of exchange rate change on cash and cash equivalents	△50	385
Net increase (decrease) in cash and cash equivalents	△5,035	4,898
Cash and cash equivalents at beginning of period	15,685	10,649
Cash and cash equivalents at end of period	10,649	15,548

② Financial Data

1) Forecast (2022/4-2023/3)

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)
41,000	3,200	3,700	2,500	45.02

2) Consolidated Financial Indicators

		FISCAL YEAR			FORECAST
		2019/4-2020/3	2020/4-2021/3	2021/4-2022/3	2022/4-2023/3
Operating profit ratio	(%)	0.8	△ 2.4	7.6	7.8
Ordinary profit ratio	(%)	1.7	△ 1.1	9.8	9.0
Return on assets 〔ROA〕	(%)	△ 0.5	△ 0.5	4.7	—
Return on equity 〔ROE〕	(%)	△ 0.6	△ 0.6	5.7	—
Capital expenditures	Millions of yen	5,328	6,527	1,605	4,200
Depreciation [Property, plant and equipment]	Millions of yen	2,578	2,773	2,871	3,000
Research and development expenses	Millions of yen	1,735	1,630	1,811	1,750
Number of employees		2,139	2,050	2,057	—

3) Consolidated Net Sales Breakdown

Consolidated Net Sales Breakdown by Industry

Millions of yen, %

	FISCAL YEAR						FORECAST	
	2019/4-2020/3		2020/4-2021/3		2021/4-2022/3		2022/4-2023/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Electronics and Semiconductor	11,384	32.2	11,070	36.7	13,752	37.0	15,670	38.2
Transportation	8,757	24.8	6,800	22.6	8,115	21.8	8,750	21.4
Machinery	8,974	25.4	7,460	24.7	9,832	26.5	10,710	26.1
Stone and Construction	4,504	12.8	3,635	12.1	4,124	11.1	4,420	10.8
Other	1,683	4.8	1,176	3.9	1,335	3.6	1,450	3.5
Net sales	35,304	100.0	30,143	100.0	37,161	100.0	41,000	100.0

Consolidated Net Sales Breakdown by Geographical Region

Millions of yen, %

	FISCAL YEAR						FORECAST	
	2019/4-2020/3		2020/4-2021/3		2021/4-2022/3		2022/4-2023/3	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Japan	19,098	54.1	16,566	55.0	19,150	51.5	20,500	50.0
Taiwan	2,722	7.7	2,610	8.7	3,388	9.1	3,800	9.3
China	2,883	8.2	2,933	9.7	3,647	9.8	4,300	10.5
Other Asia and Oceania	5,076	14.4	3,989	13.2	4,964	13.4	5,700	13.9
Europe	3,224	9.1	2,409	8.0	3,399	9.1	3,700	9.0
North America	—	—	—	—	1,841	5.0	2,200	5.4
Other	2,299	6.5	1,634	5.4	768	2.1	800	1.9
Net sales	35,304	100.0	30,143	100.0	37,161	100.0	41,000	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 fiscal year ended March 31, 2022 since the significance was increased.