Fiscal Year ending March 2023

Financial results briefing

May 26, 2023



Asahi Diamond Industrial Co., Ltd.

Contents

01 FY2022 Financial Results

02 FY2023 Forecasts

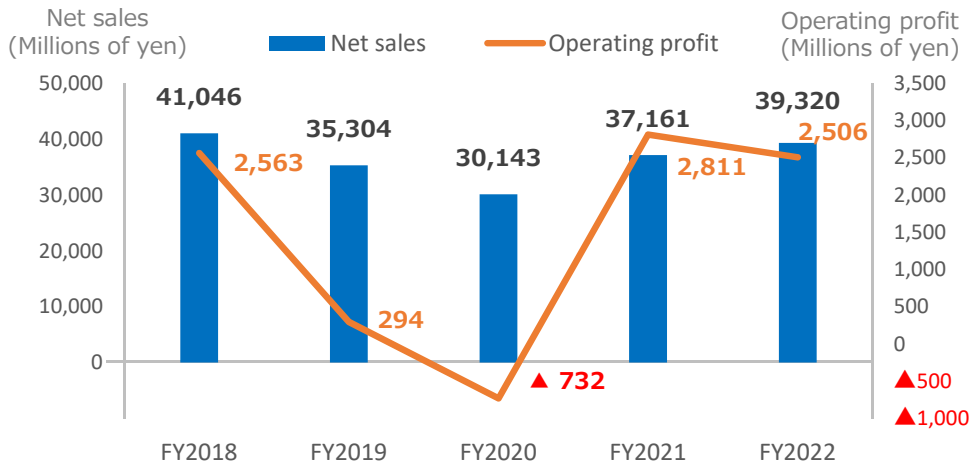
©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Financial Results (Consolidated)

Unit:Millions of yen

	FY2021		FY2022			
	Result	%	Result	%	YoY Change	YoY Change (%)
Net sales	37,161	100.0	39,320	100.0	2,159	5.8
Operating profit	2,811	7.6	2,506	6.4	▲305	▲10.9
Ordinary profit	3,650	9.8	3,275	8.3	▲375	▲10.3
Profit attributable to owners of parent	3,288	8.8	2,765	7.0	▲523	▲15.9
Earning per Share (Yen)	59.23	-	50.88	-	▲8.36	-

Net sales/ Operating profit



Operating profit (YoY change)

Increase Factors

- Increase in sales 1,445 million yen

Decrease Factors

- Increase in personnel expenses 853 million yen
- Rise in variable cost ratio, such as electricity 379 million yen

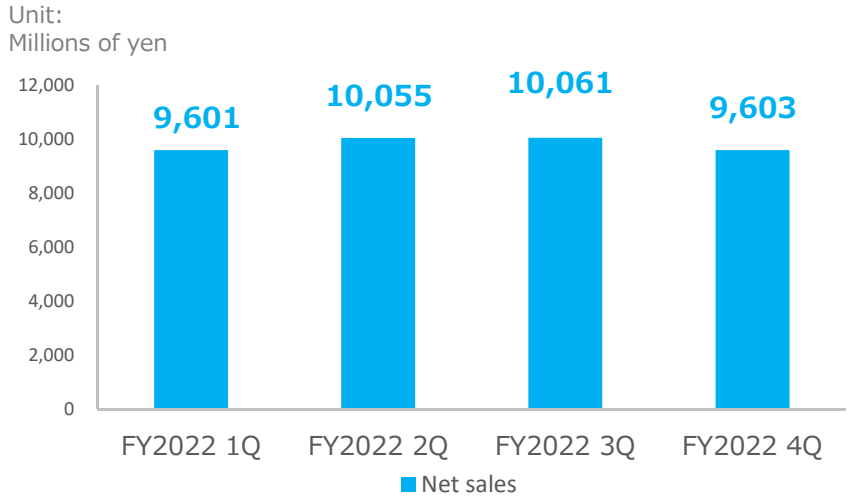
©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Quarterly results and trends (Consolidated)

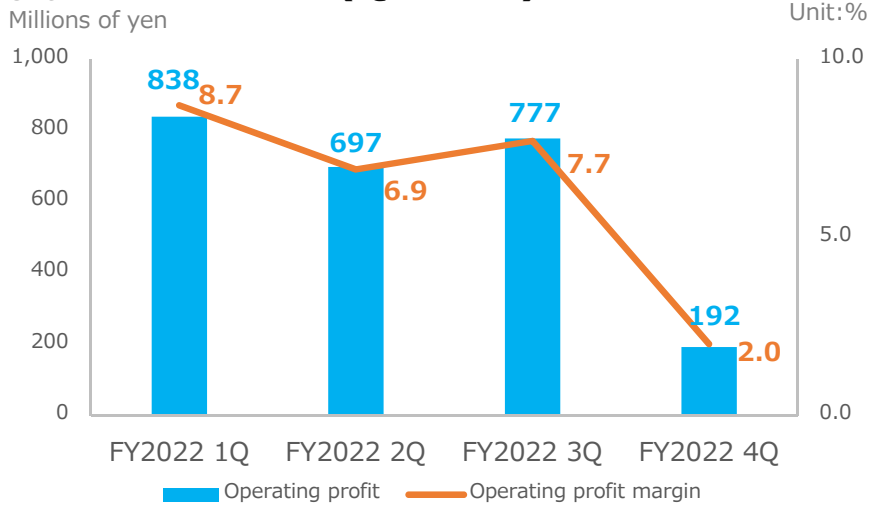
Unit:Millions of yen

	FY2022							
	1Q		2Q		3Q		4Q	
	Result	%	Result	%	Result	%	Result	%
Net sales	9,601	100.0	10,055	100.0	10,061	100.0	9,603	100.0
Operating profit	838	8.7	697	6.9	777	7.7	192	2.0
Ordinary profit	1,124	11.7	1,004	10.0	900	9.0	245	2.6
Profit attributable to owners of parent	804	8.4	745	7.4	647	6.4	568	5.9

Net Sales (Quarter)



Operating Profit (Quarter)



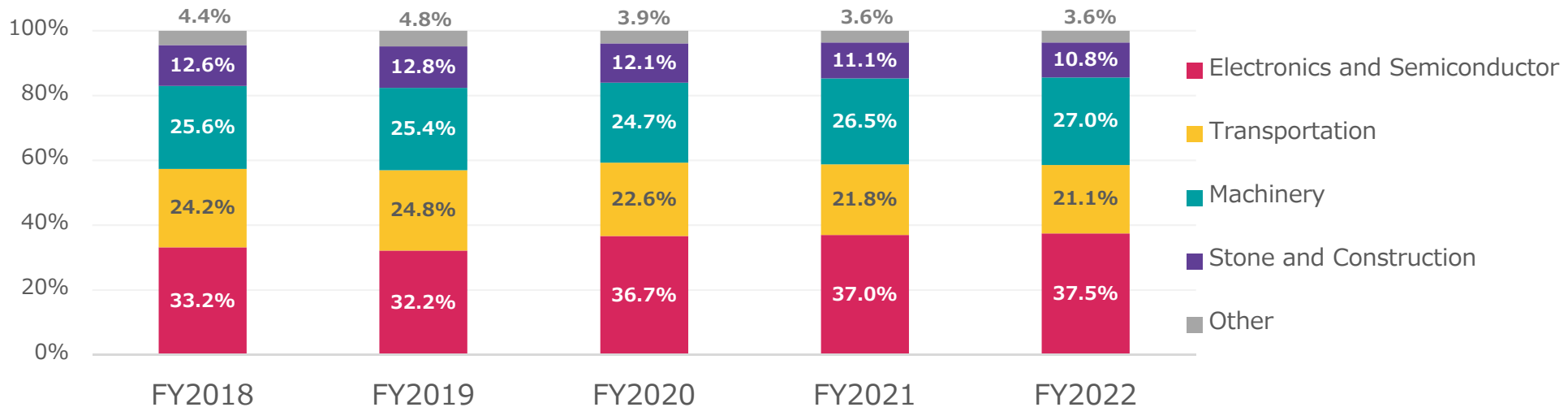
©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Net Sales and Composition by Industry (Consolidated)

Unit:Millions of yen

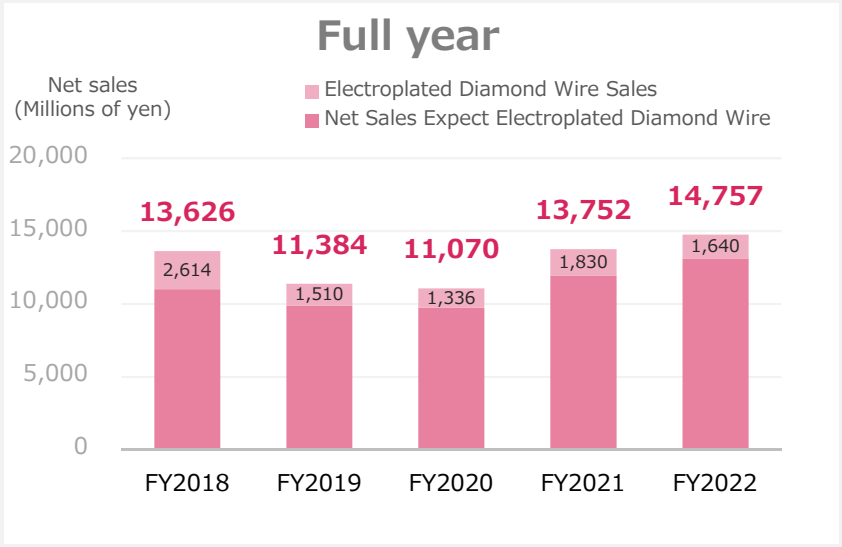
	FY2021		FY2022			
	Net sales	%	Net sales	%	YoY Change	YoY Change (%)
Electronics and Semiconductor	13,752	37.0	14,757	37.5	1,004	7.3
Transportation	8,115	21.8	8,282	21.1	167	2.1
Machinery	9,832	26.5	10,640	27.0	807	8.2
Stone and Construction	4,124	11.1	4,239	10.8	114	2.8
Other	1,335	3.6	1,401	3.6	65	4.9
Total	37,161	100.0	39,320	100.0	2,159	5.8

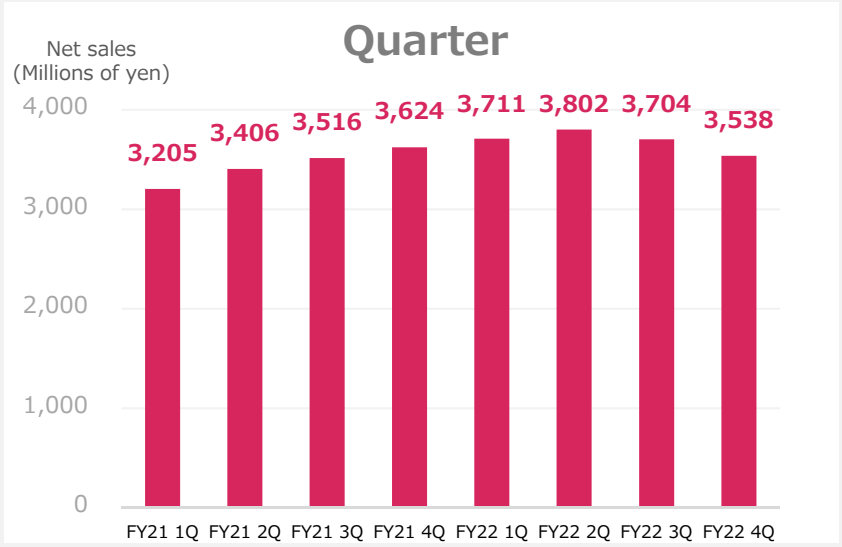
Composition ratio



©All rights reserved by Asahi Diamond Industrial Co., Ltd.

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





Semiconductor and Electronic Component

Sales increased due to strong demand for compound semiconductors for electrification of automobiles and power saving.

FPD

Sales decreased due to lower production at major customers in Japan and overseas.

Wire Drawing Die

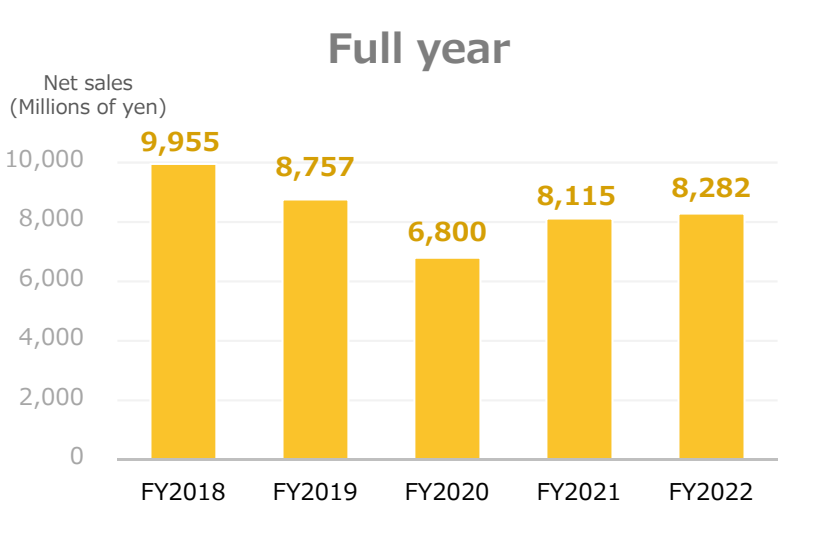
Overseas sales decreased due to lockdown in Shanghai.

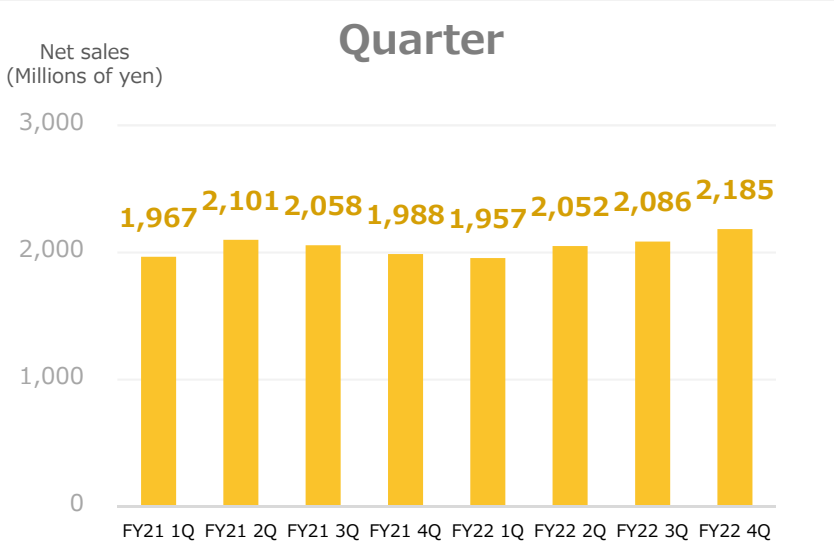
Electrodeposited Diamond Wire

Sales for semiconductor applications increased, but other applications were sluggish.
Overall sales decreased.

©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Net Sales Breakdown by Industry : 2. Transportation





Automobile

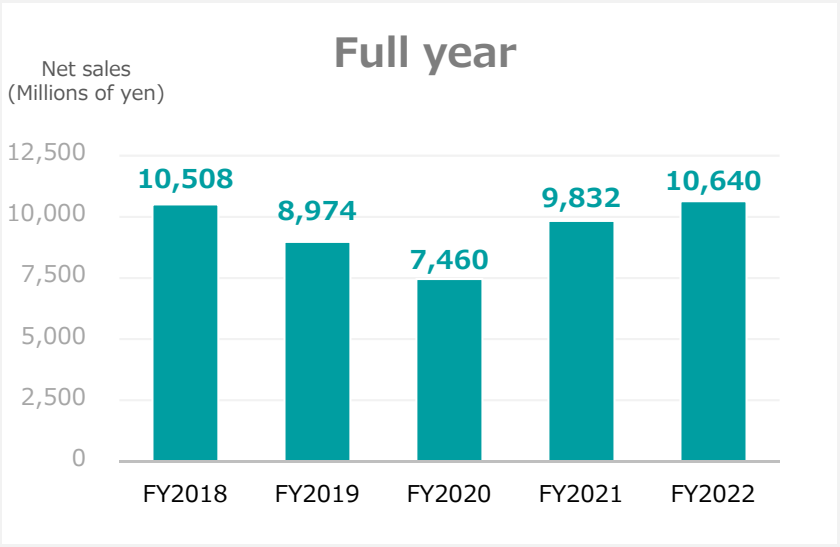
Although affected by production fluctuations due to parts shortages, Production recovered, albeit slowly, and sales of related tools increased slightly.

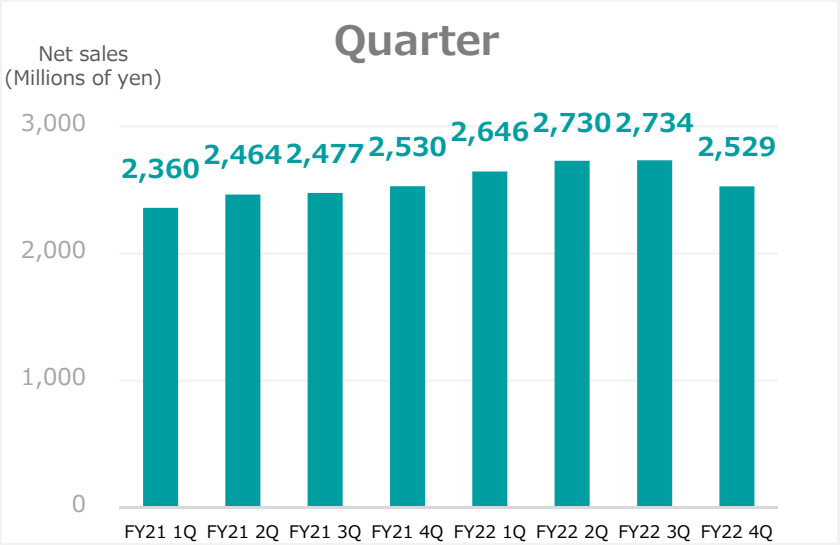
Aircraft

Movement restrictions and other restrictions implemented in each country was relaxed, Sales of related tools increased due to recovery in demand for aircraft.

©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Net Sales Breakdown by Industry : 3. Machinery





Bearing, Cemented Carbide Tool

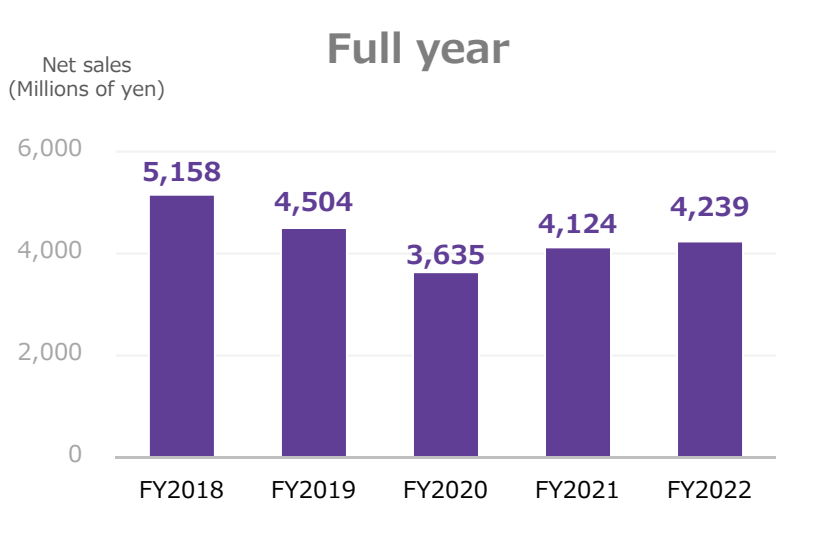
Sales of related tools increased slightly due to stagnation in production of transportation equipment such as automobiles and general machinery parts.

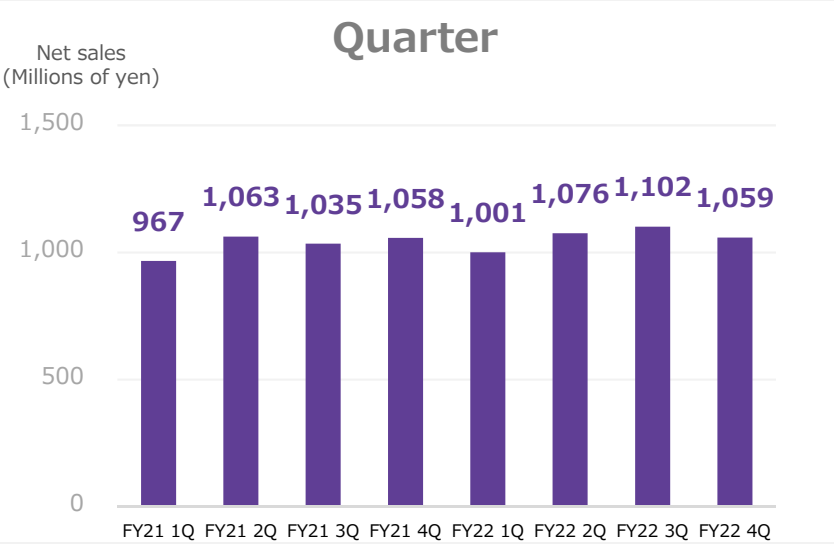
Machine Tool

Sales increased due to recognition of quality improvement of special tools.

©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Net Sales Breakdown by Industry : 4. Stone and Construction





Resource Exploration

Sales increased due to steady overseas orders.

Construction in Japan

Because of measures such as expressway repair work and national resilience, Sales of related tools increased due to steady growth in road construction and demolition work.

Commercial Product (Portable Cutter)

Sales decreased due to sluggish overseas demand.

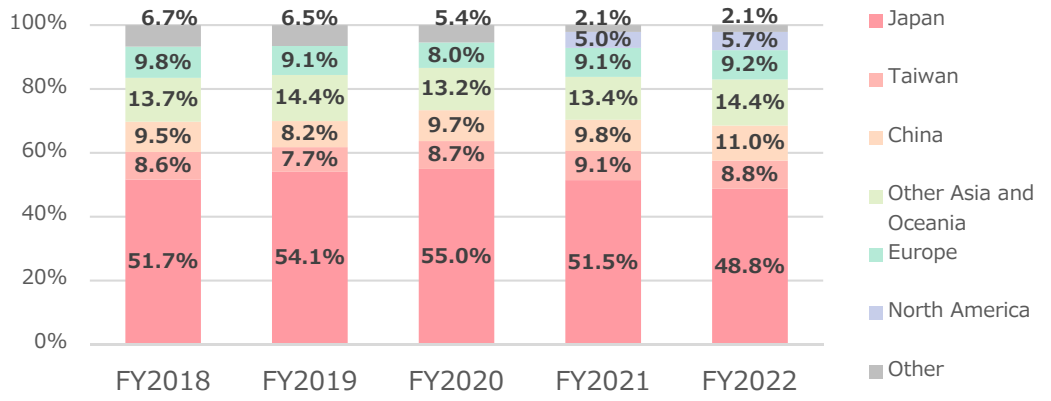
©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Net Sales Breakdown by Geographical Region(Consolidated)

Unit:Millions of yen

	FY2021		FY2022			
	Net sales	%	Net sales	%	YoY Change	YoY Change (%)
Japan	19,150	51.5	19,179	48.8	28	0.1
Taiwan	3,388	9.1	3,454	8.8	65	1.9
China	3,647	9.8	4,320	11.0	673	18.5
Other Asia and Oceania	4,964	13.4	5,676	14.4	711	14.3
Europe	3,399	9.1	3,605	9.2	206	6.1
North America※	1,841	5.0	2,244	5.7	403	21.9
Other	768	2.1	838	2.1	69	9.1
Overseas total	18,010	48.5	20,141	51.2	2,130	11.8
Total	37,161	100.0	39,320	100.0	2,159	5.8

Composition ratio



Japan
Sales of “Machinery” increased.
Sales of “Transportation” ”Stone and Construction” decreased.

China
Sales of “Electronics and Semiconductor” increased.
Sales of “Transportation” decreased.

North America
Sales of “Electronics and Semiconductor” ”Transportation” ”Machinery” Increased.

※North America, which was previously included in "Other" has been presented independently since the fiscal year ended March 2022

©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Consolidated Balance Sheet

Unit:Millions of yen

Assets	Fiscal Year ending March 2022	Fiscal Year ending March 2023	Change
Cash and deposits	14,771	16,375	1,603
Notes and accounts receivable - trade	10,642	10,059	▲583
Inventories	6,744	7,220	476
Property, plant and equipment	25,434	25,061	▲372
Intangible assets	240	190	▲49
Investment securities	10,715	12,861	※ 2,146
Other	3,692	2,407	▲1,285
Total assets	**72,241**	**74,177**	**1,935**

Liabilities	Fiscal Year ending March 2022	Fiscal Year ending March 2023	Change
Notes and accounts payable - trade	1,489	1,477	▲11
Income taxes payable	532	503	▲29
Retirement benefit liability	5,360	5,151	▲208
Other	3,989	4,161	171
Total liabilities	**11,372**	**11,295**	**▲77**

Net assets	Fiscal Year ending March 2022	Fiscal Year ending March 2023	Change
Total net assets	60,869	62,882	※ 2,013
Total liabilities and net assets	**72,241**	**74,177**	**1,935**

※The main reason for the increase was the new listing of shares held.

©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Consolidated Statements of Cash Flows

Unit:Millions of yen

	FY2021	FY2022	Change
Profit (loss) before income taxes	4,408	3,830	▲578
Depreciation	2,961	2,882	▲78
Increase (decrease) in retirement benefit liability	▲221	▲162	59
Decrease (increase) in trade receivables	▲1,287	774	2,061
Decrease (increase) in inventories	▲253	▲337	▲83
Income taxes paid	▲350	▲748	▲398
Other	691	▲1,259	▲1,951
Net cash provided by (used in) operating activities	5,948	4,979	▲968
Purchase or sale of property, plant and equipment	▲1,550	▲1,876	▲326
Purchase or sale of investment securities	371	662	290
Other	821	▲45	▲867
Net cash provided by (used in) investing activities	▲356	▲1,260	▲903
Purchase or sale of treasury shares	16	▲1,512	▲1,528
Dividends paid	▲612	▲1,479	▲866
Other	▲481	▲153	327
Net cash provided by (used in) financing activities	▲1,077	▲3,145	▲2,067
Cash and cash equivalents at end of period	15,548	16,389	840

©All rights reserved by Asahi Diamond Industrial Co., Ltd.

本日の説明内容

01 FY2022 Financial Results

02 FY2022 Forecasts

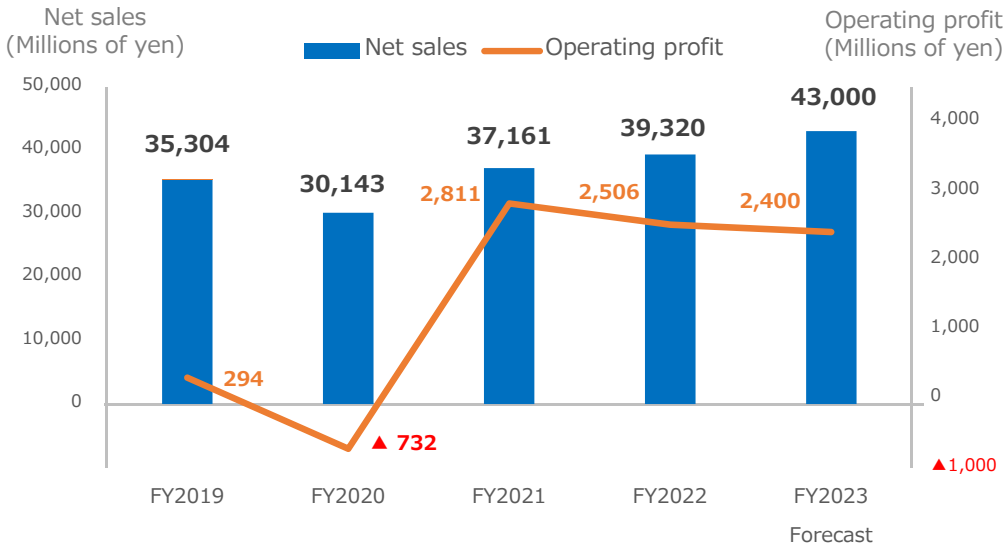
©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Outline of Forecasts (Consolidated)

Unit:Millions of yen

		FY2022 First Half Results	%	FY2023 First Half Forecasts	%	YoY Change	YoY Change (%)	FY2022 Full-year results	%	FY2023 Full-year forecast	%	YoY Change	YoY Change (%)
Net sales		19,656	100.0	**20,500**	100.0	843	4.3	39,320	100.0	**43,000**	100.0	3,679	9.4
Operating profit		1,536	7.8	**300**	1.5	▲1,236	▲80.5	2,506	6.4	**2,400**	5.6	▲106	▲4.2
Ordinary profit		2,129	10.8	**500**	2.4	▲1,629	▲76.5	3,275	8.3	**2,900**	6.7	▲375	▲11.5
Profit attributable to owners of parent		1,549	7.9	**500**	2.4	▲1,049	▲67.7	2,765	7.0	**2,300**	5.3	▲465	▲16.8
Exchange rate	JPY/USD							130.8	-	**131.0**			
	JPY/EUR							137.9	-	**143.0**			
	JPY/CNY							19.39	-	**19.2**			

Net sales/ Operating profit



Operating profit (YoY change)

Increase Factors

- Increase in sales 2,417 million

Decrease Factors

- Increase in personnel expenses 634 million yen
- Rise in variable cost ratio, such as electricity 475 million yen
- Increase in depreciation 332 million yen

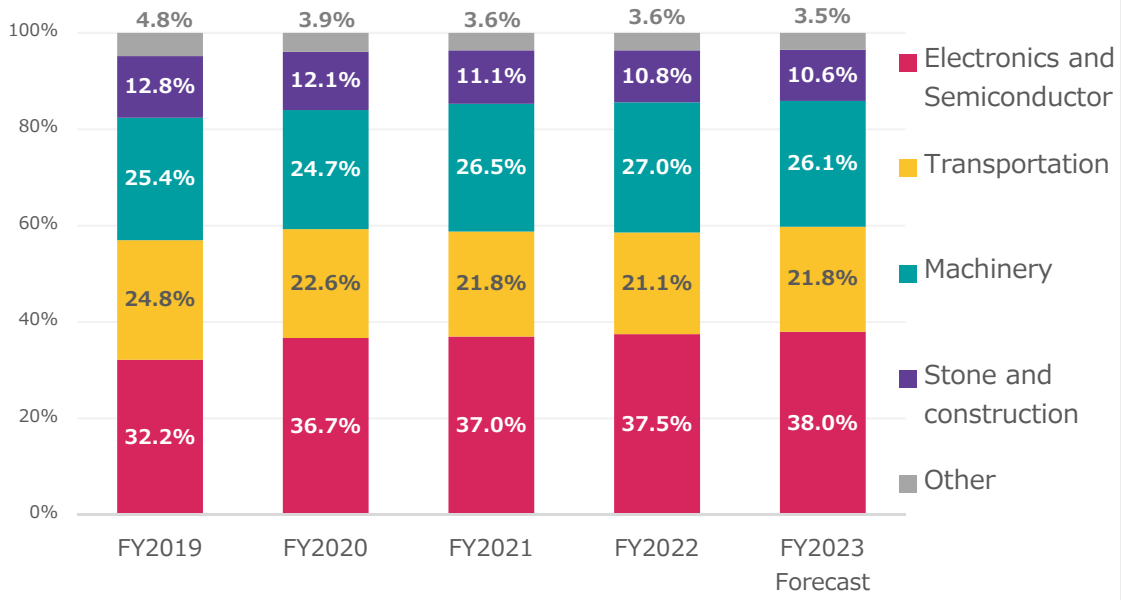
©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Forecasts for Net Sales and Composition by Industry (Consolidated)

Unit:Millions of yen

	FY2022 First Half Results	%	FY2023 First Half Forecast	%	YoY Change	YoY Change %	FY2022 Full-year results	%	FY2023 Full-year forecast	%	YoY Change	YoY Change %
Electronics and Semiconductor	7,514	38.2	**7,530**	36.7	15	0.2	14,757	37.5	**16,320**	38.0	1,562	10.6
Transportation	4,010	20.4	**4,490**	21.9	479	12.0	8,282	21.1	**9,360**	21.8	1,077	13.0
Machinery	5,377	27.4	**5,450**	26.6	72	1.4	10,640	27.0	**11,240**	26.1	599	5.6
Stone and construction	2,077	10.6	**2,230**	10.9	152	7.3	4,239	10.8	**4,580**	10.6	340	8.0
Other	677	3.4	**800**	3.9	122	18.1	1,401	3.6	**1,500**	3.5	98	7.0
Total	19,656	100.0	**20,500**	**100.0**	**843**	**4.3**	39,320	100.0	**43,000**	**100.0**	**3,679**	**9.4**

Composition ratio



Electronics and Semiconductor
Sales of related tools increase mainly for electronic components such as compound semiconductors increased.

Transportation
Sales increase mainly in automotive related tools.

Machinery
Sales for cemented carbide tools and bearings increase.

Stone and construction
Sales increase mainly overseas.

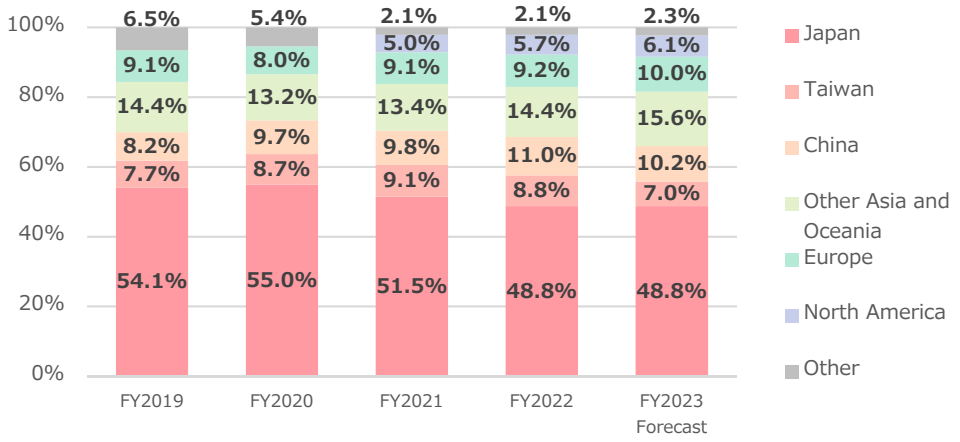
©All rights reserved by Asahi Diamond Industrial Co., Ltd.

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

Unit:Millions of yen

	FY2022 First Half Results	%	FY2023 First Half Forecast	%	YoY Change	YoY Change (%)	FY2022 Full-year results	%	FY2023 Full-year forecast	%	YoY Change	YoY Change (%)
Japan	9,711	49.4	**10,100**	49.3	388	4.0	19,179	48.8	**21,000**	48.8	1,820	9.5
Taiwan	1,850	9.4	**1,400**	6.8	▲450	▲24.3	3,454	8.8	**3,000**	7.0	▲454	▲13.2
China	2,167	11.0	**2,000**	9.8	▲149	▲7.7	4,320	11.0	**4,400**	10.2	79	1.8
Other Asia and Oceania	2,711	13.8	**3,100**	15.1	388	14.3	5,676	14.4	**6,700**	15.6	1,023	18.0
Europe	1,785	9.1	**2,100**	10.3	314	17.6	3,605	9.2	**4,300**	10.0	694	19.2
North America	1,010	5.1	**1,300**	6.3	289	28.6	2,244	5.7	**2,600**	6.1	355	15.8
Other	421	2.2	**500**	2.4	78	18.7	838	2.1	**1,000**	2.3	161	19.2
Overseas total	9,945	50.6	**10,400**	50.7	454	12.8	20,141	51.2	**22,000**	51.2	1,858	9.2
Total	19,656	100.0	**20,500**	**100.0**	**843**	**4.3**	39,320	100.0	**43,000**	**100.0**	**3,679**	**9.4**

Composition ratio



Japan
Sales of related tools increase, mainly for "Electronics and Semiconductor" industries.

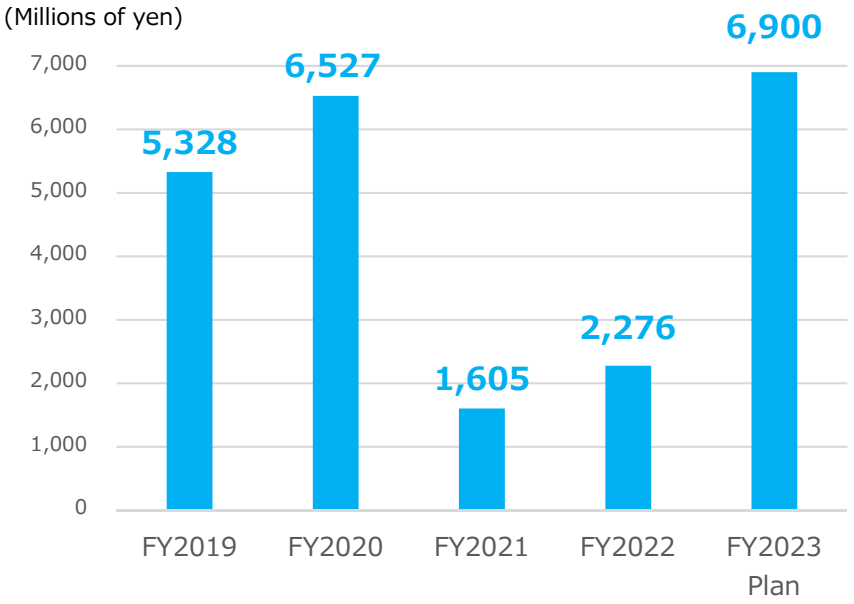
Other Asia and Oceania
Sales of related tools increase, mainly for "Transportation", "Stone and construction".

Europe
Sales of related tools increase, mainly for "Electronics and Semiconductor" industries.

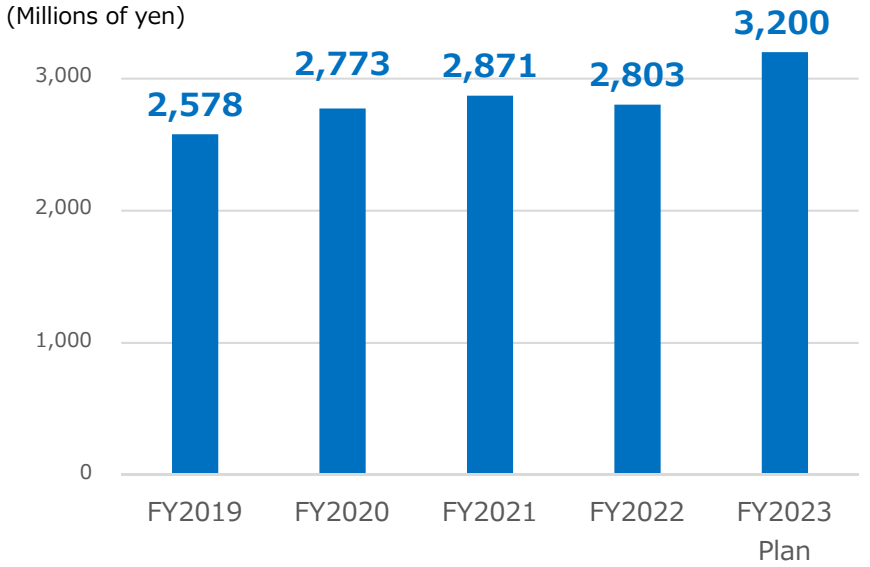
©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Capital Expenditures 「Results and Plan」

Capital expenditure



Depreciation



Investment amount in plant and equipment

For the fiscal year March 2023,Recurring equipment upgrades due to equipment delivery delays caused by semiconductor shortages.

For the fiscal year March , Reorganization of production system and increase sales of focused products for electronic semiconductor segment.

©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Manufacturing excitement through innovation

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.

©All rights reserved by Asahi Diamond Industrial Co., Ltd.

Asahi Diamond Industrial Co., Ltd.

©All rights reserved by Asahi Diamond Industrial Co., Ltd.