Mid-term Management Plan 2025

FY2023-FY2025

Top global niche manufacturer
supporting the world through innovation

Asahi Diamond Industrial Co., Ltd.

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CHAPTER 1.

Review of Previous Medium-Term Management Plan and positioning of the new plan

1-1. Placement of the previous plan

The previous medium-term management plan is in the "Hop" stage of a three-stage plan that consists of "Hop," "Step," and "Jump" stages that will last until the "VISION 2030" plan is completed.

VISION 2030

"Top global niche manufacturer supporting the world through innovation"

2026

Third Step to VISION2030 [JUMP]

"Completion of reforms"

2023

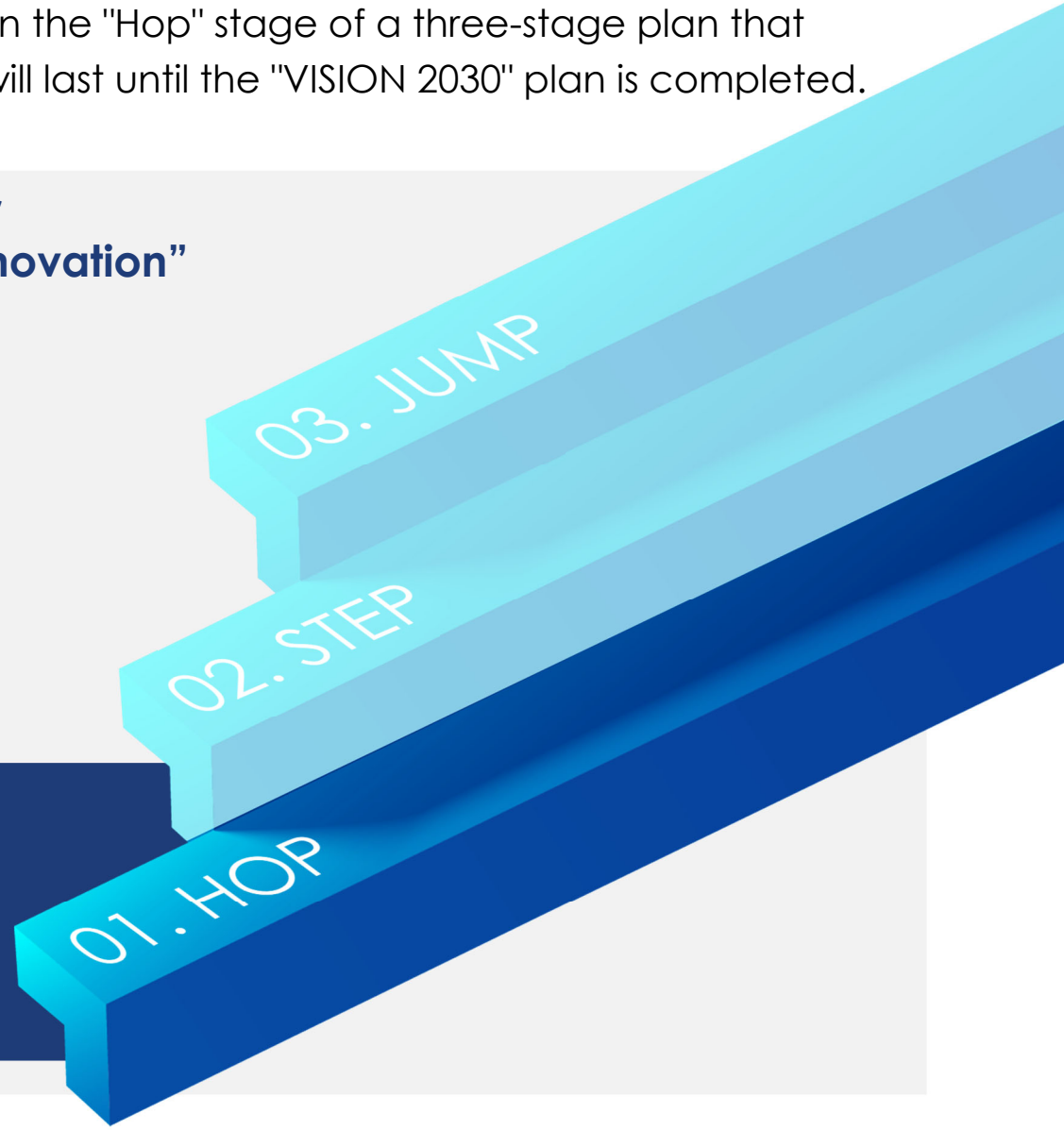
Second Step to VISION2030 [STEP]

"Promotion of reforms"

2020

First step to VISION2030 [HOP]

"Establishing a foundation for growth"



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1-2. Review of the previous plan

Review of Priority Themes of the previous plan (HOP・STEP・JUMP)

1 Integrated response to highly specialized customer needs

Established a sales force specializing in the electronic semiconductor segment and EV-related products. Launched semiconductor and EV-related product development projects, Strengthened product lineup that contributes to profitability improvement.

Ongoing Challenges　Centralizing client information management

2 Optimize and accelerate global expansion

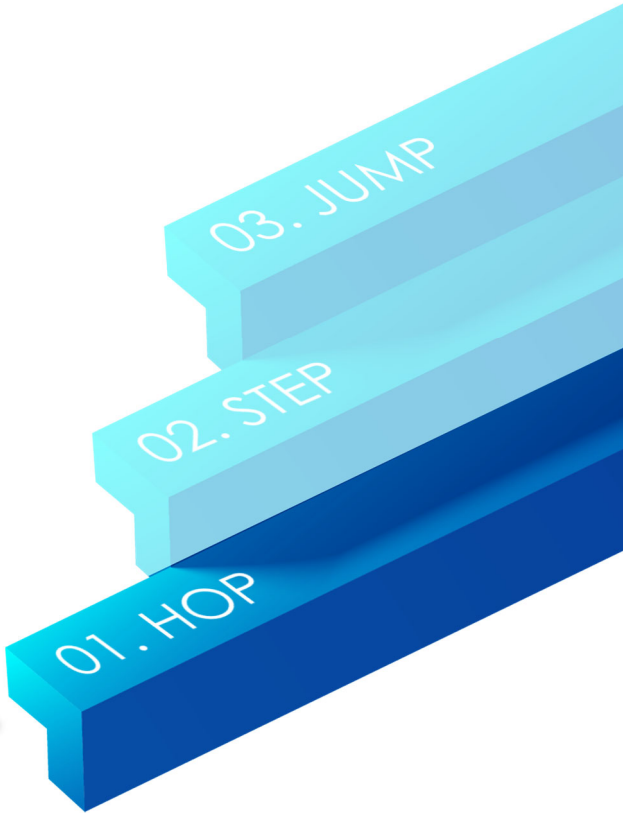
Acquired a local sales company and established a sales office in India (became a consolidated subsidiary in July 2023). Achieved certain results in sales of our products and technical cooperation with TYROLIT.

Ongoing Challenges　Sales of TYROLIT products in Japan

3 Strengthening management infrastructure and management systems

Introduced new communication tools for convenience and operational efficiency. Restructured personnel system /Implemented wage increases (April 2011 - New personnel system begins operation).

Ongoing Challenges　Restructuring of global management control system



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1-3. Business environment

Long-term expansion and increased demand in the semiconductor market

Increase in new demand for semiconductors, including 5G, telecom infrastructure development, EVs, and meta-verse.
Geopolitical risks, U.S.-China confrontation, and economic security issues causing countries to enclose semiconductor production

Growing importance of SDGs in corporate activities

Growing social needs for corporate activities that consider sustainability, the environment, human rights, diversity, etc.

Recovery of economic level due to COVID-19 convergence trend

The Importance of Foresight to Economic Change under the “With COVID-19”.

Soaring prices worldwide

Finding solutions to higher prices due to soaring energy prices and weak yen.



A flexible response is required to adopt to the rapid changes of the times.

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1-4. Long term vision

Our group philosophy:

Manufacturing excitement through innovation

Our aim in "VISION2030"

Top global niche manufacturer supporting the world through innovation

Three elements to achieve

Strengthening of brand power

Sales expansion through market penetration

Focus on growth sectors/areas of expertise

Effective use of management resources

Proactive Product Development

Stay one step ahead of customer needs

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1-5. Placement of the new plan

The new plan is in the “Step" stage of a three-stage plan that consists of "Hop," "Step," and "Jump" stages that will last until the "VISION 2030" plan is completed.

VISION 2030

“Top global niche manufacturer supporting the world through innovation”

2026

Third Step to VISION2030 [JUMP]

“Completion of reforms”

2023

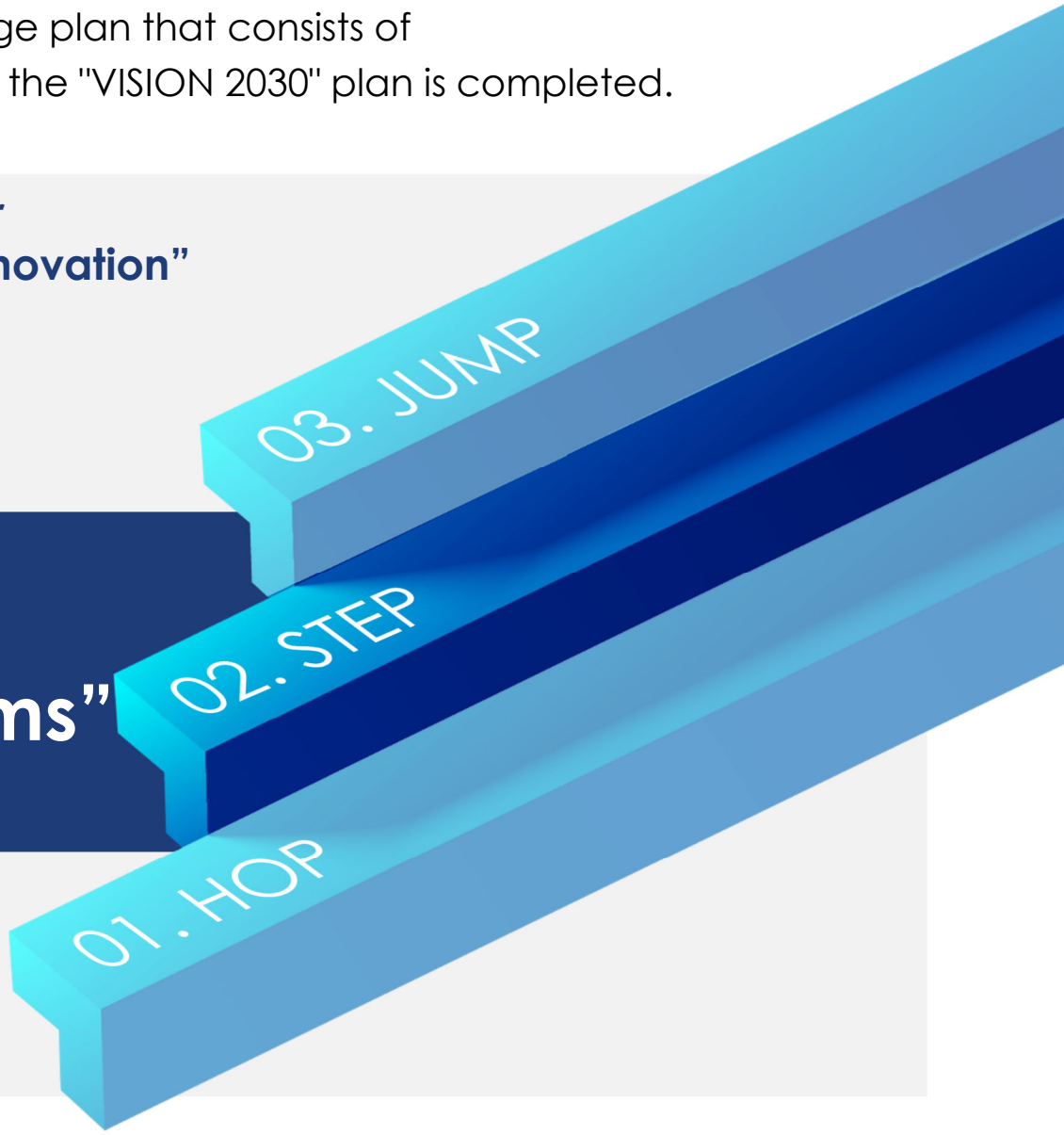
Second Step to VISION2030 [STEP]

“Promotion of reforms”

2020

First step to VISION2030 [HOP]

"Establishing a foundation for growth”



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CHAPTER 2.

New Medium-Term Management Plan

2-1. Target Value

	FY2022 Results		Target for FY2025
Consolidated net sales (Millions of yen)	39,329	24% UP	49,000
Consolidated operating Income (Millions of yen)	2,506	95% UP	4,900
Consolidated operating income margin (%)	6.4	56% UP	10.0
ROE (%)	4.6	30% UP	More than 6.0
PBR	0.8	25% UP	More than 1.0

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2-2. Outline of measures

Three Key Measures for Business Growth



Appropriate capital policy

Sustainability

Assumptions for promoting Key Measures

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2-2. Key Measures 1) Focus on semiconductor segment

Aim for high profitability and become industry-leading by focusing management resources on electronics & semiconductor segment

Development and Manufacturing

- Development of tools for SiC for power semiconductors, demand for which is growing rapidly and contributes to decarbonization
- Development of next-generation ultra-fine grain wheels for Si wafers and enhancement of quality control system for that
- Establishment of a system to increase production through factory reorganization
- Improvement of production efficiency and cost ratio
- Stabilization of quality and standardization of each manufacturing process

Sales

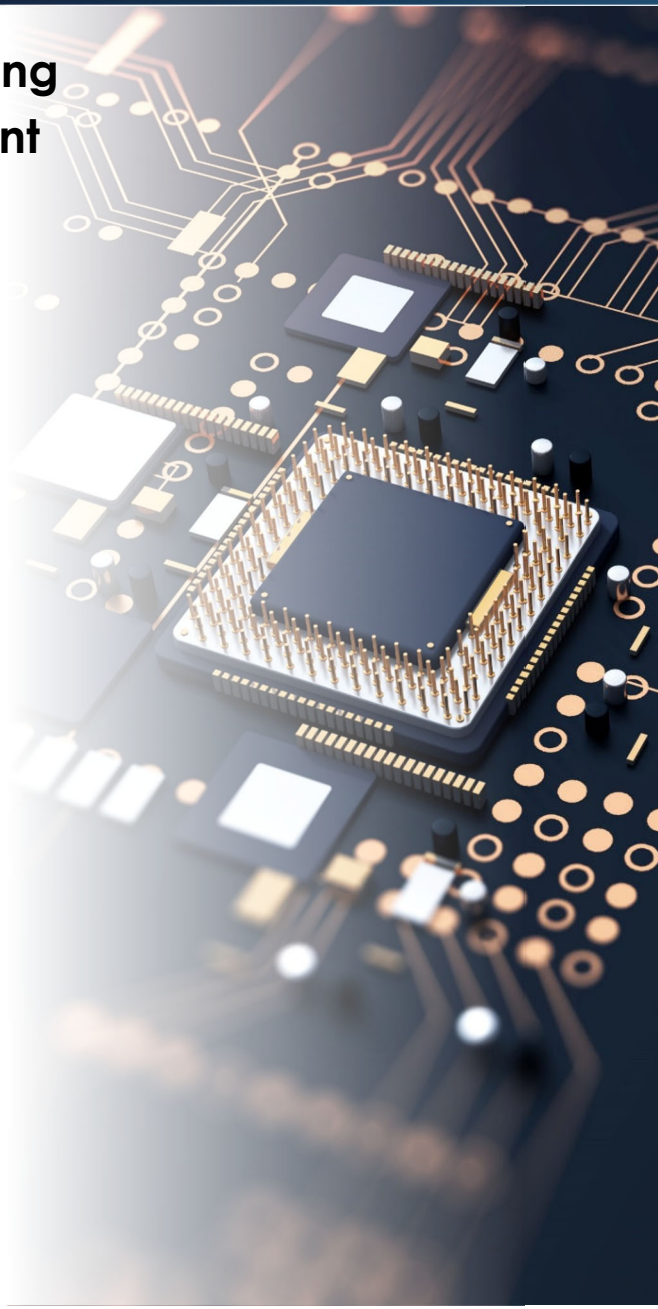
- "Visualize latent demand," solve customers' problems, and expand sales by cooperation between production and sales division
- Focus on expanding sales of high-margin products
- Review and streamline sales methods
- Develop human resources with extensive technical knowledge and high sales skills
- Visualize sales skills and utilize them in the sales structure

Five Focused Products in the Electronics and Semiconductor Segment

(1) Surface grinding wheels (2) Electroplated wires

(3) CMP conditioners (4) Chamfering wheels (5) Dicing blades

FY2025 Target: Increase sales by 5 billion yen (vs. FY2022)



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2-2. Key Measures 2) Reinforcing management foundation

IT System

Visualization of management figures and streamlining of operations

- ▶ Revamp core system
- ▶ Sales SFA Implementation
- ▶ Universal global system implementation

Group Governance

Realization of management in line with medium- and long-term group management policies

- ▶ Clarify duties and authority of local subsidiary organization
- ▶ Develop management personnel for overseas subsidiaries

Branding

Aim to establish a high-quality, reliable Asahi brand image

- ▶ Develop branding strategy
- ▶ Establish a public relations and branding department to increase name recognition

Human Resource Development

Create a rewarding workplace

- ▶ Diversify recruitment methods to secure necessary human resources
- ▶ New personnel system to promote growth and appropriate promotions by taking advantage of individual characteristics
- ▶ Utilize self-assessment information to ensure that the right person is in the right place



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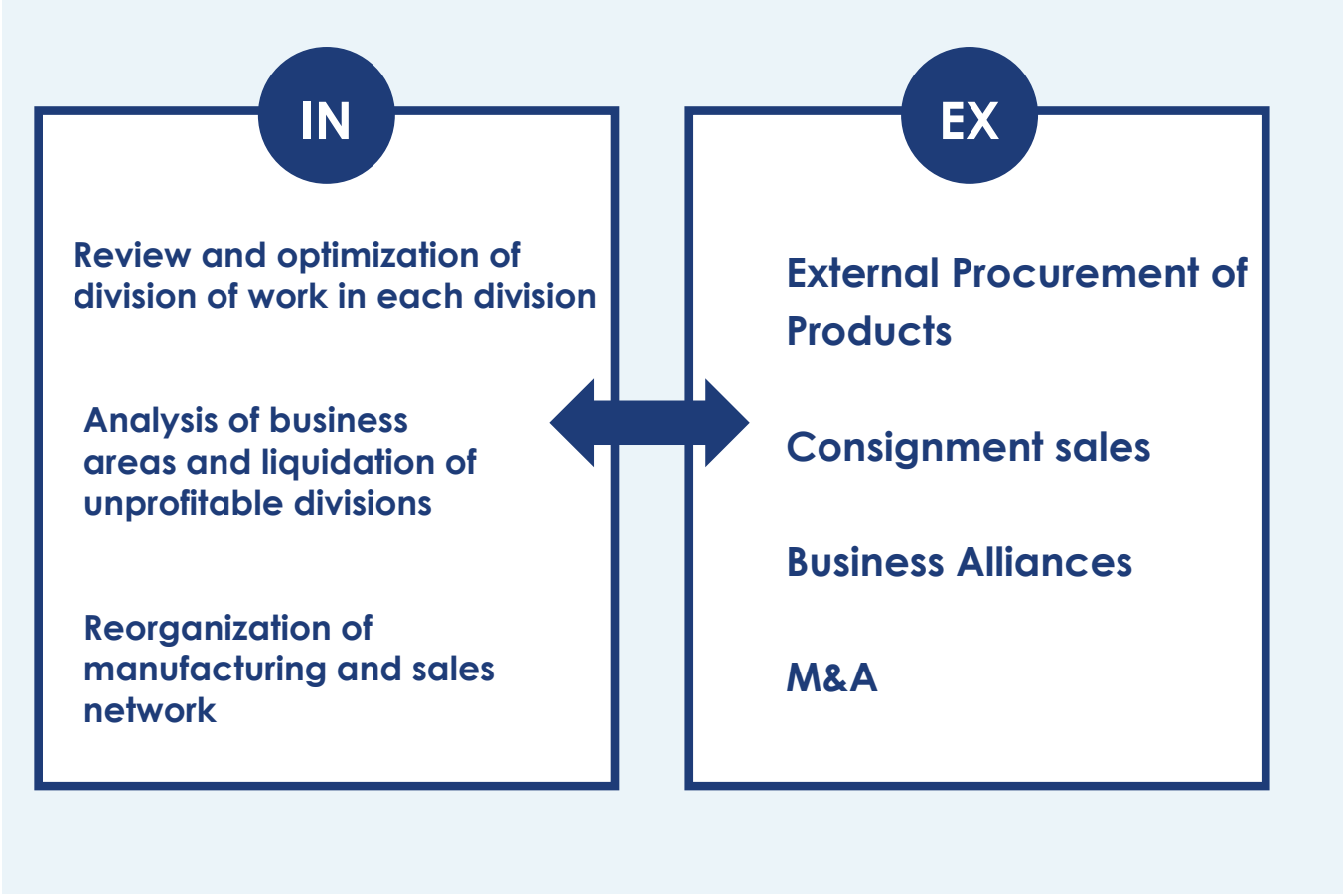
2-2. Key Measure 3) Optimize resources

Reorganize business domain and optimize internal and external resources

Reorganize business domain and reorganize manufacturing and sales networks within the group to optimize internal resources and promote optimal collaboration between internal and external resources,
While optimizing internal resources, promote optimal collaboration between internal and external resources (break away from the "self-sufficiency" principle).





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2-3. Capital policy

As part of the mid-term management plan, the following measures will be implemented to invest in growth and improve capital efficiency and corporate value while ensuring financial stability.

Capital Policy and Shareholder Returns

Applicable period: April 2023～March 2026

- **Dividend payout ratio: 50% or more (Currently 40% target)**
- **Total return ratio: 120% or more (3-year average)**

ROE: More than 6%　　**PBR: More than 1.0**

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2-4. investment and shareholder return plan（FY3/2024-FY3/2026）

Growth Investment

- Capital investment to increase production capacity and reorganize the production system from the viewpoint of focusing on semiconductors as a key measure
- investment for the purpose of visualization of management figures and improvement of operational efficiency
- Environment-related investment, including renewal of existing facilities, for the purpose of reducing CO_2

Shareholder Returns

- Total amount of dividends and share buybacks over the three-year period is planned to be 9 billion yen.

Cash generated over 3 years

16 billion yen～

Net income
Depreciation
Sale of strategic holding shares

Streamlining of assets

Investment for growth: 15 billion yen

Shareholder returns: 9 billion yen

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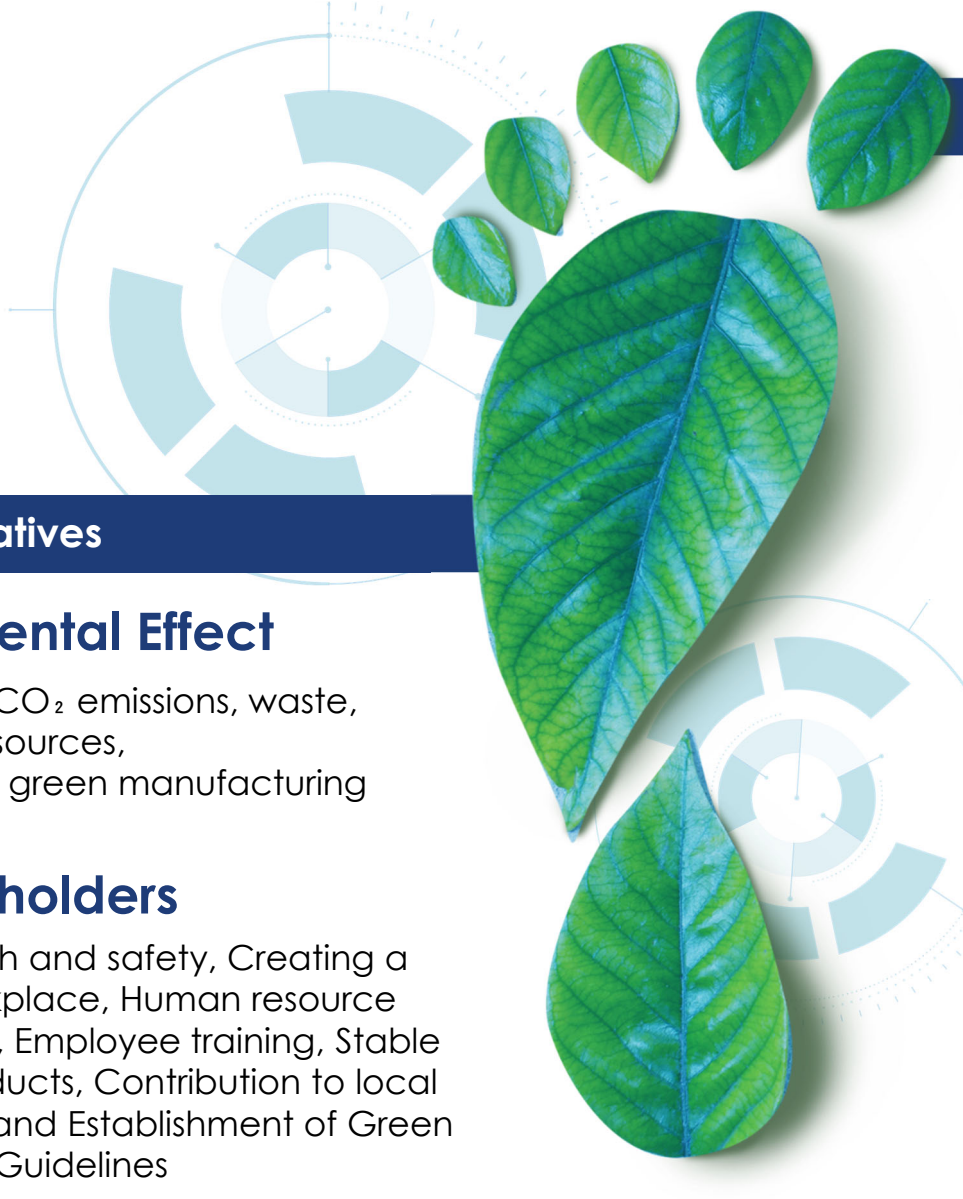
2-5. Sustainability



Current Initiatives

Environmental Effect

Reduction of CO_2 emissions, waste, and paper resources,
Implementing green manufacturing

For Stakeholders

Ensuring health and safety, Creating a pleasant workplace, Human resource development, Employee training, Stable supply of products, Contribution to local communities and Establishment of Green Procurement Guidelines

Future Initiatives

Establish and implement materiality for sustainability

Promote activities related to ESG (Environmental, Social and Governance) and compile disclosure information

Development of environmentally friendly products

Reuse of product components such as metal bars,
Development of products that contribute to reducing power consumption during product use

Contribute to a decarbonized society by providing tools for EV parts

Development and sales expansion of new products for special materials for EV parts

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2-5. Sustainability

The Social value we offer

01 Contributing to manufacturing by achieving what was previously impossible

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

02 Contributing to people's daily lives by meeting the demands of all manufacturing sites

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

03 Contributing to the environment with features unique to diamond

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Contributing Areas



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