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May 15, 2026

To whom it may concern

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Notice Concerning the Formulation of the Medium-Term Management Plan

Asahi Diamond Industrial Co., Ltd. (the "Company") has formulated its new five-year medium-term management plan, "Medium-Term Management Plan 2030" (the "Plan"), which was approved at the Board of Directors meeting held on May 15, 2026. at the Board of Directors meeting held on May 15, 2026. We hereby announce the outline of the plan as follows.

1. Basic Policy

This Plan serves as the culmination (completion of reforms) of our efforts to achieve "VISION 2030:Top global niche manufacture supporting the world through innovation", which represents our ideal state by 2030. We have identified the challenges of past mid-term management plans and formulated this plan based on the following two themes:

・Maximize the value and effectiveness of past investments and ensure they lead to future growth (Utilization of Investments)

・Reliably transform into a profit-generating structure and link this to stable profit generation (Improvement to a Profit-Generating Structure)

2. Financial Targets

	FY2025 Results	FY2030 Target
Net sales (million yen)	41,983	53,000
Operating income (million yen)	2,403	5,350
Operating income margin (%)	5.7	10.0 or higher
R O E (%)	3.2	8.0 or higher

*We aim for a medium- to long-term ROE of 10%.

3. Key Points of the Mid-Term Management Plan

<Key Initiatives>

（1） Accelerating growth in core businesses centered on the electronics and semiconductor sectors

We aim to expand sales and profits through concentrated investment in growth markets and global expansion.

- Positioning the electronics and semiconductor sectors as our top priority growth areas to drive sales and operating income
- Growth in ceramics and bearing tools for semiconductor manufacturing equipment in the machinery sector
- Generating new orders and expanding market share through industry-specific sales strategies
- Improving development speed through AI

（2） Reforming the Revenue Structure and Improving Profit Margins Through Selective Focus

We aim to improve profitability by restructuring unprofitable businesses and implementing price and cost reforms.

- We will implement structural reforms by withdrawing from or downsizing unprofitable businesses and divisions both domestically and internationally, and by consolidating manufacturing facilities
- Regularly conduct screening based on specific profit margin and growth rate benchmarks
- Improving gross profit margins through price revisions (price increases)
- Continuing to reduce costs through productivity improvement and optimization initiatives

（3） Strengthening development capabilities, human resources, and management foundations to support future growth

We will establish sustainable competitiveness through accelerated development and human capital management.

- A supply chain that enables stable procurement and supply
- Improving development speed and the number of projects through selective and focused product development
- Exploring new business opportunities, such as contract testing and other solution-based services
- Real-time monitoring of key performance indicators and promotion of operational reforms through the utilization of a new core system
- Deepening human capital management through enhanced job satisfaction, strengthened recruitment, expanded employee benefits, and expanded training and education

<Capital Policy>

We aim to improve capital efficiency and corporate value while ensuring financial stability.

- A progressive and stable dividend policy of 34 yen or more per share
- Total payout ratio of 100% or more (5-year cumulative)

* While the Company’s basic policy is to adopt progressive dividends, this policy may be reviewed in the

event that financial crises, pandemics, geopolitical risks, or other factors have a significant impact on the Company's corporate value or financial position.

<Growth Investment>

Regarding growth investments, we plan to invest a total of 15 to 30 billion yen over the five-year period of the medium-term management plan.

・Capital expenditures related to expanding production capacity and reorganizing production systems, in line with our focus on semiconductors

・IT investments aimed at visualizing management metrics and improving operational efficiency

・We view our people as the source of value creation and are investing in human capital through initiatives such as enhancing job satisfaction and expanding education and training programs.

<Materiality>

To achieve both sustainable growth and the resolution of social issues, we have positioned materiality as a key management priority.

In our Mid-Term Management Plan, we will link these issues to our strategy and promote concrete initiatives.

The Company has identified the following five materiality issues:

1. Solving social issues through cutting-edge diamond tools and other products
2. Stable supply of products that exceed expectations
3. Reducing our own environmental impact to realize a decarbonized and resource-circulating society
4. Strengthening governance and risk management
5. Enhancing organizational strength by creating a rewarding workplace

End