

(TRANSLATION)

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Consolidated Quarterly Financial Results

(based on Japanese standards)

For the six months ended September 30, 2022

October 27, 2022

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange
Stock code: 6954 URL: <https://www.fanuc.co.jp/eindex.html>
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Scheduled date of filing quarterly report: November 9, 2022

Scheduled date of commencing of dividend payments: December 1, 2022

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 – September 30, 2022)

(1) Consolidated Results of Operations

(% represents changes from the previous corresponding Six-month period.)

Six months ended September 30	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2022	416,128	18.4	94,671	0.8	115,547	7.2	84,214	7.1
2021	351,490	52.5	93,922	190.6	107,822	182.1	78,649	179.8

Note: Consolidated comprehensive income: April-September 2022: ¥139,403 million 60.5%
April-September 2021: ¥86,859 million 152.8%

Six months ended September 30	Net income per share	Net income per share (diluted)
	Yen	Yen
2022	440.02	—
2021	410.03	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2022	1,866,606	1,631,187	86.6
March 31, 2022	1,783,964	1,549,879	86.1

(Reference) Equity: September 30, 2022: ¥1,617,079 million

March 31, 2022: ¥1,535,809 million

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end Dividends	Full year
	Yen	Yen	Yen	Yen	Yen
FY2021	—	246.02	—	239.68	485.70
FY2022	—	264.02	—	—	—
FY2022 (forecast)	—	—	—	—	—

Note: We have changed the forecasts of dividends from the latest ones.

Note: The forecasts of year-end dividends for the year ending March 31, 2023 will be disclosed promptly upon their availability.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(% represents changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal period	805,700	9.9	181,700	(0.8)	217,000	1.7	159,500	2.7	833.57

Note: We have changed the forecasts of financial results from the latest ones.

*Notes

(1) Changes in Significant Subsidiaries during the period
(changes in specific subsidiaries that caused change in scope of consolidation) : No

(2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting : No

(3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements

1. Changes associated with changes in accounting standards : No
2. Changes in accounting principles other than 1 : No
3. Changes in accounting estimates : No
4. Revisions/restatements : No

(4) Number of shares outstanding (Common shares)

1. Number of shares outstanding at the end of the period (including treasury stocks)

	September 30, 2022	201,909,397	March 31, 2022	201,909,397
		shares		shares
2. Number of treasury stocks

	September 30, 2022	10,603,015	March 31, 2022	10,089,875
		shares		shares
3. Average number of shares during the period

	April-September 2022	191,384,691	April-September 2021	191,813,603
		shares		shares

* The report of the quarterly financial results is not subject to audit by certified public accountant or audit firm.

* Any forward looking statements such as financial forecasts described in this report are subject to uncertain factors such as supply and demand trends, industry competition, economic conditions, and others in major markets. Actual results may differ from these forecasts. For the details of the financial forecasts, please see "Financial Results Forecasts" on page 4 of the Accompanying Documents. The forecasts of the year-end dividends for the year ending March 31, 2023 will be disclosed promptly upon their availability.

Table of Contents of Accompanying Documents

1. Results of Operations and Financial Position	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Financial Results Forecasts	4
2. Consolidated Quarterly Financial Statements	5
(1) Consolidated Quarterly Balance Sheet	5
(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income	7
Consolidated Quarterly Statement of Income	7
Consolidated Quarterly Statement of Comprehensive Income	8
(3) Consolidated Quarterly Statement of Cash Flows	9
3. Other Information	10
(1) Changes in Significant Subsidiaries during the Period	10
(2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting	10
(3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements	10
(4) Note on Premise of a Going Concern	10
(5) Note on the Substantial Change in Shareholders' Equity	10

1. Results of Operations and Financial Position

(1) Results of Operations

Regarding the circumstances surrounding the FANUC Group during the first six-month period of the fiscal year ending March 31, 2023 (from April 1 to September 30, 2022), capital investment across the entire manufacturing sector was active, including in relation to automobiles. However, the outlook remained uncertain due to several factors, such as impact on production activities by shortage in semiconductors and other components in the supply chain, accelerating inflation, and sudden fluctuations in foreign exchange rates.

Under these circumstances, the FANUC Group has striven to maintain the delivery of products and service activities for our customers while aiming to prevent the spread of COVID-19. In particular, with regard to the shortages of semiconductors and other components, the entire company has done every effort to minimize the impact of such shortages by taking measures such as utilizing alternative parts and even changing the design of our products.

During the six months from April to September 2022, FANUC posted consolidated net sales totaling ¥416,128 million, up 18.4%, consolidated ordinary income totaling ¥115,547 million, up 7.2%, and net income attributable to owners of parent totaling ¥84,214 million, up 7.1%, compared with the corresponding period of the previous fiscal year.

An overview of the results for each business division is as follows:

In the FA Division, overall demand from the machine tool industry, the primary market for CNC systems, remained at a high level, while in China there were some impacts on demands due to the zero COVID-19 policy such as lockdowns. Performance in Europe, the Americas, Asia, and Japan also remained strong, and sales of our CNC systems increased. Net sales in the FA Division amounted to ¥129,450 million, up 24.5% compared with the corresponding period of the previous fiscal year.

In the Robot Division, sales in China remained strong, mainly for EVs and in IT-related industries. Sales in the United States were also strong for general industries and for automobile industry with EV-related demand. Sales for general industries also remained strong in Europe. In Japan, sales remained at the level similar to those in the previous period. As a result, net sales in the Robot Division amounted to ¥161,641 million, up 33.4% compared with the corresponding period of the previous fiscal year.

In the Robomachine Division, sales of ROBODRILLS (compact machining centers) decreased due to a lull in demand from the personal computer, tablet, and smartphone markets, which had been strong. ROBOSHOTS (electric injection molding machines) continued to post a high level of sales due to strong demand from IT-related and medical markets. Sales of ROBOCUTs (wire electrical-discharge machines) increased due to strong demand from IT-related and automobile component markets. As a result, net sales in the Robomachine Division amounted to ¥71,110 million, down 12.3% compared with the corresponding period of the previous fiscal year.

In the Service Division, with an emphasis on our policy of "Service First," we are strengthening the service system and improving efficiency by actively introducing IT technology. Net sales in the Service

Division amounted to ¥53,927 million, up 19.1% compared with the corresponding period of the previous fiscal year.

(2) Financial Position

① Assets, Liabilities and Net Assets

Total assets were ¥1,866,606 million, up ¥82,642 million compared with the end of the previous fiscal year.

Total liabilities were ¥235,419 million, up ¥1,334 million compared with the end of the previous fiscal year.

Total net assets were ¥1,631,187 million, up ¥81,308 million compared with the end of the previous fiscal year.

② Cash Flows

Cash and cash equivalents (hereinafter "Cash") for the first half of the current fiscal year amounted to ¥547,524 million, down ¥27,131 million from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities during the six months ended September 30, 2022 amounted to ¥46,108 million, down ¥28,931 million compared with the same period of the previous fiscal year. This was mainly due to the increase in inventories.

(Cash flows from investing activities)

Cash used in investing activities during the six months ended September 30, 2022 amounted to ¥26,093 million, up ¥10,138 million compared with the same period of the previous fiscal year. This was mainly due to the increase in purchases of property, plant, and equipment.

(Cash flows from financing activities)

Cash used in financing activities during the six months ended September 30, 2022 amounted to ¥59,463 million, up ¥18,759 million compared with the same period of the previous fiscal year. This was mainly due to the increase in purchases of treasury stock.

(3) Financial Results Forecasts

Demand for Robots remains strong worldwide. However, the Company anticipates the slowdown of demand for FA and Robomachines for the time being due to economic uncertainty in China, and as such, the Company forecasts the financial results for fiscal 2022 (the fiscal year ending March 31, 2023) as follows.

For the fiscal year 2022 (April 1, 2022 through March 31, 2023)

(Millions of yen)

	Previous forecast (released on July 27, 2022) [A]	New forecast [B]	Comparison with Previous forecast (%) [(B-A) / A]
Net sales	825,700	805,700	(2.4%)
Operating income	198,400	181,700	(8.4%)
Ordinary income	230,100	217,000	(5.7%)
Net income attributable to owners of parent	166,900	159,500	(4.4%)

Note: The currency rate applied to the period from October 1, 2022 to March 31, 2023 is averaged at 130 yen/US dollar and 130 yen/Euro.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	March 31, 2022	September 30, 2022
Assets		
Current assets		
Cash and bank deposits	423,515	438,739
Notes receivables, trade	25,707	26,110
Accounts receivable, trade	124,488	130,593
Marketable securities	177,700	137,200
Finished goods	114,228	153,775
Work in progress	80,006	89,113
Raw materials and supplies	55,330	73,952
Other current assets	14,996	21,599
Allowance for doubtful accounts	(1,024)	(1,184)
Total current assets	1,014,946	1,069,897
Noncurrent assets		
Property, plant and equipment		
Buildings, net	326,459	325,809
Land	155,369	156,777
Other, net	96,305	103,663
Total property, plant and equipment	578,133	586,249
Intangible assets	8,933	8,959
Investments and other assets		
Investment securities	135,709	152,302
Others	46,668	49,624
Allowance for doubtful accounts	(425)	(425)
Total investments and other assets	181,952	201,501
Total noncurrent assets	769,018	796,709
Total assets	1,783,964	1,866,606

(Millions of yen)

	March 31, 2022	September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payables, trade	49,473	56,656
Accrued income taxes	37,572	26,808
Warranty reserves	10,739	11,588
Other current liabilities	79,818	81,501
Total current liabilities	177,602	176,553
Long-term liabilities		
Net defined benefit liability	51,693	53,015
Other long-term liabilities	4,790	5,851
Total long-term liabilities	56,483	58,866
Total liabilities	234,085	235,419
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,082	96,263
Retained earnings	1,441,559	1,479,797
Treasury stock, at cost	(105,950)	(116,022)
Total shareholders' equity	1,500,705	1,529,052
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,204	12,737
Foreign currency translation adjustment	36,087	91,185
Remeasurements of defined benefit plans	(16,187)	(15,895)
Total accumulated other comprehensive income	35,104	88,027
Non-controlling interests	14,070	14,108
Total net assets	1,549,879	1,631,187
Total liabilities and net assets	1,783,964	1,866,606

**(2) Consolidated Quarterly Statement of Income and
Consolidated Quarterly Statement of Comprehensive Income**
Consolidated Quarterly Statement of Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	351,490	416,128
Cost of goods sold	205,397	255,007
Gross profit	146,093	161,121
Selling, general and administrative expenses	52,171	66,450
Operating income	93,922	94,671
Non-operating income		
Interest income	908	1,734
Dividends income	725	1,482
Equity in earnings of affiliates	10,445	15,816
Miscellaneous income	2,326	2,708
Total non-operating income	14,404	21,740
Non-operating expenses		
Removal expenses of noncurrent assets	171	329
Loss on sales and retirement of non-current assets	35	188
Miscellaneous expenses	298	347
Total non-operating expenses	504	864
Ordinary income	107,822	115,547
Extraordinary losses		
Loss from money transfer scam at foreign subsidiary	538	—
Total extraordinary losses	538	—
Income before income taxes	107,284	115,547
Income taxes-current	29,733	33,739
Income taxes-deferred	(2,776)	(4,240)
Total taxes and others	26,957	29,499
Net income	80,327	86,048
Net income attributable to non-controlling interests	1,678	1,834
Net income attributable to owners of parent	78,649	84,214

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net income	80,327	86,048
Other comprehensive income		
Valuation difference on available-for-sale securities	(658)	(2,467)
Foreign currency translation adjustment	(200)	41,706
Remeasurements of defined benefit plans	1,264	292
Share of other comprehensive income of affiliates accounted for using equity method	6,126	13,824
Total other comprehensive income	6,532	53,355
Comprehensive income for the six months ended September 30	86,859	139,403
Comprehensive income attributable to:		
Owners of parent	85,208	137,124
Non-controlling interests	1,651	2,279

(3) Consolidated Quarterly Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Income before income taxes	107,284	115,547
Depreciation and amortization	22,833	24,007
Increase (decrease) in allowance for doubtful accounts	(15)	96
Increase (decrease) in net defined benefit liability	596	777
(Increase) decrease in net defined benefit asset	1,277	915
Interest and dividend income	(1,632)	(3,216)
Equity in (earnings) losses of affiliates	(10,445)	(15,816)
(Increase) decrease in receivables, trade	12,953	4,064
(Increase) decrease in inventories	(29,959)	(49,383)
Increase (decrease) in payables, trade	(6,055)	3,894
Other	(3,342)	(6,277)
Subtotal	93,495	74,608
Interest and dividends received	6,578	14,814
Income taxes paid	(25,724)	(44,440)
Other	690	1,126
Net cash provided by operating activities	75,039	46,108
Cash flows from investing activities		
Payments into time deposits	(9,327)	(1,164)
Proceeds from withdrawal of time deposits	5,969	—
Purchases of property, plant, and equipment	(11,413)	(23,128)
Other	(1,184)	(1,801)
Net cash used in investing activities	(15,955)	(26,093)
Cash flows from financing activities		
Purchases of treasury stock	(137)	(10,252)
Dividends paid	(39,540)	(46,015)
Other	(1,027)	(3,196)
Net cash used in financing activities	(40,704)	(59,463)
Effect of exchange rate changes on cash and cash equivalents	(1,026)	12,317
Net increase (decrease) in cash and cash equivalents	17,354	(27,131)
Cash and cash equivalents at beginning of period	577,919	574,655
Cash and cash equivalents at end of period	595,273	547,524

3. Other Information

- | | |
|--|------|
| (1) Changes in Significant Subsidiaries during the Period (changes in specific subsidiaries that caused change in scope of consolidation): | None |
| (2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting: | None |
| (3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements: | None |
| (4) Note on Premise of a Going Concern: | None |
| (5) Note on the Substantial Change in Shareholders' Equity: | None |