

(TRANSLATION)

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Consolidated Quarterly Financial Results
(based on Japanese standards)
For the nine months ended December 31, 2022

January 27, 2023

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: February 9, 2023
Scheduled date of commencing of dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Yes
Schedule of quarterly financial results briefing session: Yes

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(1) Consolidated Results of Operations

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

Nine months ended December 31	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	636,113	17.7	147,158	5.2	177,795	10.1	129,807	9.3
2021	540,250	44.0	139,946	114.4	161,534	114.2	118,772	114.6

Note: Consolidated comprehensive income: April-December 2022: ¥166,818 million 21.0%
April-December 2021: ¥137,892 million 93.9%

Nine months ended December 31	Net income per share	Net income per share (diluted)
	Yen	Yen
2022	678.76	—
2021	619.20	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2022	1,844,083	1,594,680	85.9
March 31, 2022	1,783,964	1,549,879	86.1

(Reference) Equity: December 31, 2022: ¥1,583,174 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
FY2022	—	246.02	—	239.68	485.70
FY2023	—	264.02	—	—	—
FY2023 (forecast)	—	—	—	—	—

Note: We have not 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.)

Fiscal period	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
	831,200	13.4	184,400	0.6	223,100	4.5	164,000	5.6	858.06

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

*Notes

(1) Changes in Significant Subsidiaries during the nine months ended December 31, 2022
(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)

	December 31, 2022	201,909,397	March 31, 2022	201,909,397
		shares		shares
2. Number of treasury stocks at the end of the period

	December 31, 2022	11,125,803	March 31, 2022	10,089,875
		shares		shares
3. Average number of shares during the period

	April-December 2022	191,242,503	April-December 2021	191,816,435
		shares		shares

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

* Notes on appropriate use of the financial forecasts, other notes.

Any forward looking statements such as financial forecasts described in this report are subject to uncertain factors such as product 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 3 of the Accompanying Documents. The year-end dividends for the year ending March 31, 2023 will be disclosed promptly upon their availability.

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1. Results of Operations and Financial Position

(1) Results of Operations

Regarding the circumstances surrounding the FANUC Group during the first nine-month period of the fiscal year ending March 31, 2023 (from April 1 to December 31, 2022), capital investment across the entire manufacturing sector including automobile related sector, was active. 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, progressing 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 nine months from April to December 2022, FANUC posted consolidated net sales totaling ¥636,113 million, up 17.7%, consolidated ordinary income totaling ¥177,795 million, up 10.1%, and net income attributable to owners of parent totaling ¥129,807 million, up 9.3%, 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 with the exception of China. Demand in China remained at the level similar to those in the previous period. Sales of our CNC systems increased overall. Net sales in the FA Division amounted to ¥191,920 million, up 17.1% compared with the corresponding period of the previous fiscal year.

In the Robot Division, sales in China remained very strong, mainly for EVs, logistics and renewable energy-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 ¥256,939 million, up 29.7% 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 ¥104,274 million, down 4.5% 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 ¥82,980 million, up 20.1% compared with the corresponding period of the previous fiscal year.

(2) Financial Position

Total assets were ¥1,844,083 million, up ¥60,119 million compared with the end of the previous fiscal year.

Total liabilities were ¥249,403 million, up ¥15,318 million compared with the end of the previous fiscal year.

Total net assets were ¥1,594,680 million, up ¥44,801 million compared with the end of the previous fiscal year.

(3) Financial Results Forecasts

While the Company anticipates the impact of the revision of the assumed currency rate in the fourth quarter of the financial year and the impact of order adjustments in China and elsewhere in FA, the financial result has been stronger than planned at the time of the second quarter announcement. Therefore, the Company changes the financial results forecasts 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 October 27, 2022) [A]	New forecast [B]	Comparison with Previous forecast (%) [(B-A) / A]
Net sales	805,700	831,200	3.2%
Operating income	181,700	184,400	1.5%
Ordinary income	217,000	223,100	2.8%
Net income attributable to owners of parent	159,500	164,000	2.8%

Note: The currency rate applied to the period from January 1, 2023 to March 31, 2023 is averaged at 125 yen/US dollar and 135 yen/Euro.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	March 31, 2022	December 31, 2022
Assets		
Current assets		
Cash and bank deposits	423,515	515,699
Notes receivables, trade	25,707	24,770
Accounts receivable, trade	124,488	130,613
Marketable securities	177,700	17,100
Finished goods	114,228	153,867
Work in progress	80,006	88,298
Raw materials and supplies	55,330	89,076
Other current assets	14,996	21,269
Allowance for doubtful accounts	(1,024)	(1,422)
Total current assets	1,014,946	1,039,270
Noncurrent assets		
Property, plant and equipment		
Buildings, net	326,459	322,899
Land	155,369	157,417
Other, net	96,305	106,410
Total property, plant and equipment	578,133	586,726
Intangible assets	8,933	8,081
Investments and other assets		
Investment securities	135,709	160,048
Others	46,668	50,421
Allowance for doubtful accounts	(425)	(463)
Total investments and other assets	181,952	210,006
Total noncurrent assets	769,018	804,813
Total assets	1,783,964	1,844,083

(Millions of yen)

	March 31, 2022	December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payables, trade	49,473	75,111
Accrued income taxes	37,572	15,431
Warranty reserves	10,739	11,709
Other current liabilities	79,818	88,499
Total current liabilities	177,602	190,750
Long-term liabilities		
Net defined benefit liability	51,693	52,922
Other long-term liabilities	4,790	5,731
Total long-term liabilities	56,483	58,653
Total liabilities	234,085	249,403
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,082	96,264
Retained earnings	1,441,559	1,474,882
Treasury stock, at cost	(105,950)	(126,251)
Total shareholders' equity	1,500,705	1,513,909
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,204	13,225
Foreign currency translation adjustment	36,087	70,716
Remeasurements of defined benefit plans	(16,187)	(14,676)
Total accumulated other comprehensive income	35,104	69,265
Non-controlling interests	14,070	11,506
Total net assets	1,549,879	1,594,680
Total liabilities and net assets	1,783,964	1,844,083

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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	540,250	636,113
Cost of goods sold	319,416	387,611
Gross profit	220,834	248,502
Selling, general and administrative expenses	80,888	101,344
Operating income	139,946	147,158
Non-operating income		
Interest income	1,434	2,869
Dividends income	947	1,724
Equity in earnings of affiliates	16,313	24,383
Miscellaneous income	3,945	3,438
Total non-operating income	22,639	32,414
Non-operating expenses		
Removal expenses of noncurrent assets	249	612
Loss on sales and retirement of noncurrent assets	55	656
Donations	205	236
Litigation settlement	288	—
Miscellaneous expenses	254	273
Total non-operating expenses	1,051	1,777
Ordinary income	161,534	177,795
Extraordinary losses		
Loss from money transfer scam at foreign subsidiary	537	—
Total extraordinary losses	537	—
Income before income taxes	160,997	177,795
Income taxes-current	40,308	52,838
Income taxes-deferred	(525)	(7,546)
Total taxes and others	39,783	45,292
Net income	121,214	132,503
Net income attributable to non-controlling interests	2,442	2,696
Net income attributable to owners of parent	118,772	129,807

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income	121,214	132,503
Other comprehensive income		
Valuation difference on available-for-sale securities	(785)	(1,980)
Foreign currency translation adjustment	8,821	21,273
Remeasurements of defined benefit plans	1,754	1,511
Share of other comprehensive income of affiliates accounted for using equity method	6,888	13,511
Total other comprehensive income	16,678	34,315
Comprehensive income for the nine months ended December 31	137,892	166,818
Comprehensive income attributable to:		
Owners of parent	135,050	163,968
Non-controlling interests	2,842	2,850

3. Other Information

- (1) Changes in Significant Subsidiaries during the nine months ended December 31, 2022 (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 Revisions/Restatements in Accounting Estimates: None
- (4) Note on Premise of a Going Concern: None
- (5) Note on the Substantial Change in Shareholders' Equity: None

(6) Significant Subsequent Events

(The stock split and the partial amendment to the Articles of Incorporation due to the stock split)
At the meeting of the Board of Directors held on January 27, 2023, the Company resolved to authorize the stock split and the partial amendment to the Articles of Incorporation.

(1) Purpose of the stock split

The stock split aims to reduce the minimum investment price for the company's stock, increase the liquidity of the stocks, and to further expand the investor base.

(2) Overview of the stock split

[1] Stock split method

On March 31, 2023, the record date of the stock split, each common share owned by shareholders listed or recorded in the shareholder registry will be split into five shares.

[2] Increase in the number of shares as a result of the stock split

Total number of shares outstanding as of December 31, 2022	201,909,397 shares
Increase in the number of shares as a result of the stock split	807,637,588 shares
Number of shares outstanding after the stock split	1,009,546,985 shares
Number of authorized shares after the stock split	2,000,000,000 shares

[3] Stock split schedule

Date of public notice of the record date	March 16, 2023
Record date	March 31, 2023
Effective date	April 1, 2023

(3) Partial amendment to the Articles of Incorporation

[1] Reason for amendment

Due to the stock split described above, the Company will amend the total number of shares authorized to be issued stipulated in Article 5 of the Articles of Incorporation effective April 1, 2023, by a resolution of the Board of Directors held on January 27, 2023, pursuant to the Paragraph 2 of Article 184, of the Companies Act.

[2] Details of the amendment

The details of the amendment are as follows.

(Changes are underlined.)

Current Articles of Incorporation	After the amendment
Article 5 (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>four-hundred million (400,000,000)</u> shares.	Article 5 (Total Number of Shares Authorized to Be Issued) The total number of shares authorized to be issued by the Company shall be <u>two billion (2,000,000,000)</u> shares.

[3] Amendment schedule

Effective date of amendment to the Articles of Incorporation April 1, 2023

(4) Effect of the per share information

Income per share calculated as if the stock split had occurred at the beginning of the previous consolidated fiscal year is as follows.

(Net income per share)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net income per share (yen)	123.84	135.75

(5) Others

[1] Change in share capital

The above stock split shall not change the Company's share capital.

[2] Dividend

The above stock split shall be effective as of April 1, 2023. The year-end dividend for the year ending March 31, 2023 shall be paid based on the number of shares before the stock split.