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Consolidated Quarterly Financial Results

(based on Japanese standards)

For the three months ended June 30, 2023

July 28, 2023

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Stock code: 6954 URL: <https://www.fanuc.co.jp/eindex.html>
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Scheduled date of filing quarterly report: August 9, 2023

Scheduled date of commencing of dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled

1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 – June 30, 2023)

(1) Consolidated Results of Operations (cumulative)

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

Three months ended June 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	%
2023	201,771	(4.6)	32,594	(34.5)	41,675	(30.0)	30,324	(28.0)
2022	211,563	14.2	49,757	(4.4)	59,538	2.7	42,122	4.5

Note: Consolidated comprehensive income: April-June 2023: ¥72,004 million (15.0)%
April-June 2022: ¥84,743 million 76.8%

Three months ended June 30	Net income per share	Net income per share (diluted)
	Yen	Yen
2023	31.82	—
2022	44.00	—

Note: On April 1, 2023, the Company performed a 1-to-5 stock split of common share. "Net income per share" was calculated assuming that the stock split was performed at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2023	1,868,123	1,640,675	87.2
March 31, 2023	1,873,536	1,627,555	86.2

(Reference) Equity: June 30, 2023: ¥1,629,393 million March 31, 2023: ¥1,615,376 million

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Fiscal year-end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2022	—	264.02	—	271.64	535.66
FY2023	—	—	—	—	—
FY2023 (forecast)	—	—	—	—	—

Note: We have not changed the forecasts of dividends from the latest ones.

Note: On April 1, 2023, the Company performed a 1-to-5 stock split of common share. Figures for FY2022 are the actual amount of dividends before the stock split.

Note: The 2nd quarter-end and year-end dividends for FY2023, will be disclosed promptly upon their availability.

3. Consolidated Financial Forecasts for FY 2023 (April 1, 2023 – March 31, 2024)

(% for the 2Q cumulative period and for the full year represents changes from the same quarter of the previous fiscal year and changes from the previous fiscal year respectively.)

	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
2 nd Quarter (Cumulative)	384,600	(7.6)	62,500	(34.0)	81,400	(29.6)	60,800	(27.8)	63.80
Full year	750,300	(11.9)	118,300	(38.2)	150,300	(35.0)	113,100	(33.7)	118.69

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

*Notes

(1) Changes in Significant Subsidiaries during the three months ended June 30, 2023
(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 in accounting principles associated with changes in accounting standards : No

2. Changes in accounting principles other than 1 : Yes

3. Changes in accounting estimates : No

4. Revisions/Restatements : No

Note: For details, please see “3. Other Information (3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements” on page 9 of the Accompanying Documents.

(4) Number of shares outstanding (Common shares)

1. Number of shares outstanding at the end of the period (including treasury stocks)
June 30, 2023 1,003,073,989 shares March 31, 2023 1,009,546,985 shares

2. Number of treasury stocks at the end of the period
June 30, 2023 50,155,241 shares March 31, 2023 56,626,695 shares

3. Average number of shares during the period
April-June 2023 952,918,966 shares April-June 2022 957,338,500 shares

Note: On April 1, 2023, the Company performed a 1-to-5 stock split of common stock. “Number of shares outstanding at the end of the period,” “Number of treasury stocks at the end of the period” and “Average number of shares during the period” were calculated assuming that the stock split was performed at the beginning of the previous fiscal year.

* 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 4 of the Accompanying Documents. The forecasts of the 2nd quarter-end and the year-end dividends for FY2023, will be disclosed promptly upon their availability.

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1. Results of Operations and Financial Position

(1) Overview of Results of Operations

Regarding the circumstances surrounding the FANUC Group during the first three-month period of the fiscal year ending March 31, 2024 (from April 1 to June 30, 2023), while the impact on production activities by shortage in semiconductors and other components in the supply chain that had continued until now has subsided, the outlook remained uncertain due to several factors, such as the effects of progressing global inflation, concerns of an economic slowdown, and fluctuations in exchange rates. In addition, inventory adjustments from the second half of FY 2022 (the fiscal year ended March 31, 2023) had an impact on production. Amidst these difficult conditions, the Company has done every effort to minimize the impact on the financial results through the concerted efforts of all departments, including sales divisions, R&D divisions, factories, service divisions, and administrative departments.

During the three months from April to June 2023, FANUC posted consolidated net sales totaling ¥201,771 million, down 4.6%, consolidated ordinary income totaling ¥41,675 million, down 30.0%, and net income attributable to owners of parent totaling ¥30,324 million, down 28.0%, 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, demand from the machine tool industry, the primary market for CNC systems, showed a slowdown trend in each country around the world, including Japan, except the Indian market, where demand was firm, and sales of our CNC systems also declined. Net sales in the FA Division amounted to ¥49,653 million, down 24.3% compared with the corresponding period of the previous fiscal year.

In the Robot Division, sales increased due to strong demand in China for EV industry and general industries, mainly for renewable energy-related industries. In the U.S., demand for EV-related industries remained very strong and sales increased. In Europe, demand for general industries remained very strong and EV-related business negotiations became active, resulting in an overall increase in sales. In Japan, sales increased as sales for general industries remained strong, despite sluggish sales for automobile industry. As a result, net sales in the Robot Division amounted to ¥96,479 million, up 20.0% compared with the corresponding period of the previous fiscal year.

In the Robomachine Division, sales of ROBODRILLS (compact machining centers) decreased due to a drop in demand in the Americas and China. Sales of ROBOSHOTS (electric injection molding machines) declined due to a peaking-out in demand from the IT-related and medical markets. Sales of ROBOCUTs (wire electrical-discharge machines) decreased due to lower demand from IT-related and EV-related markets in China, although demand from the medical market remained strong. As a result, net sales in the Robomachine Division amounted to ¥25,493 million, down 36.6% 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 ¥30,146 million, up 18.8% compared with the corresponding period of the previous fiscal year.

(2) Financial Position

Total assets were ¥1,868,123 million, down ¥5,413 million compared with the end of the previous fiscal year.

Total liabilities were ¥227,448 million, down ¥18,533 million compared with the end of the previous fiscal year.

Total net assets were ¥1,640,675 million, up ¥13,120 million compared with the end of the previous fiscal year.

(3) Financial Results Forecasts

Due to the expected prolonged impact on production based on inventory adjustments from the second half of FY 2022 (the fiscal year ended March 31, 2023), in addition to concerns about the global economic slowdown, the Company changes the financial results forecasts for the first half of FY 2023 (the fiscal year ending March 31, 2024) and the full year ending March 31, 2024, as follows.

For the first half of the FY 2023 (April 1, 2023 through September 30, 2023)

(Millions of yen)

	Previous forecast (released on April 26, 2023) [A]	New forecast [B]	Comparison with Previous forecast (%) [(B-A) / A]
Net sales	399,600	384,600	(3.8)%
Operating income	76,200	62,500	(18.0)%
Ordinary income	91,600	81,400	(11.1)%
Net income attributable to owners of parent	67,100	60,800	(9.4)%

For the FY 2023 (April 1, 2023 through March 31, 2024)

(Millions of yen)

	Previous forecast (released on April 26, 2023) [A]	New forecast [B]	Comparison with Previous forecast (%) [(B-A) / A]
Net sales	819,500	750,300	(8.4)%
Operating income	156,300	118,300	(24.3)%
Ordinary income	185,500	150,300	(19.0)%
Net income attributable to owners of parent	137,100	113,100	(17.5)%

Note: The currency rate applied to the period from July 1, 2023 to March 31, 2024 is averaged at 130 yen/US dollar and 145 yen/Euro.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	March 31, 2023	June 30, 2023
Assets		
Current assets		
Cash and bank deposits	512,528	481,723
Notes receivables, trade	24,824	23,666
Accounts receivable, trade	137,961	132,347
Marketable securities	16,700	16,300
Finished goods	157,888	173,996
Work in progress	92,098	96,015
Raw materials and supplies	100,591	107,650
Other current assets	20,549	23,197
Allowance for doubtful accounts	(1,399)	(1,442)
Total current assets	1,061,740	1,053,452
Noncurrent assets		
Property, plant and equipment		
Buildings, net	325,102	326,758
Land	158,055	159,901
Other, net	105,539	111,835
Total property, plant and equipment	588,696	598,494
Intangible assets	10,855	10,741
Investments and other assets		
Investment securities	159,500	152,217
Others	53,207	53,687
Allowance for doubtful accounts	(462)	(468)
Total investments and other assets	212,245	205,436
Total noncurrent assets	811,796	814,671
Total assets	1,873,536	1,868,123

(Millions of yen)

	March 31, 2023	June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payables, trade	56,935	53,528
Accrued income taxes	25,736	14,472
Warranty reserves	11,222	11,612
Other current liabilities	90,062	83,821
Total current liabilities	183,955	163,433
Long-term liabilities		
Net defined benefit liability	55,201	55,788
Other long-term liabilities	6,825	8,227
Total long-term liabilities	62,026	64,015
Total liabilities	245,981	227,448
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,265	95,995
Retained earnings	1,515,662	1,474,490
Treasury stock, at cost	(130,206)	(115,330)
Total shareholders' equity	1,550,735	1,524,169
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,718	16,009
Foreign currency translation adjustment	67,937	105,449
Remeasurements of defined benefit plans	(17,014)	(16,235)
Total accumulated other comprehensive income	64,641	105,223
Non-controlling interests	12,179	11,283
Total net assets	1,627,555	1,640,675
Total liabilities and net assets	1,873,536	1,868,123

**(2) Consolidated Quarterly Statement of Income and
Consolidated Quarterly Statement of Comprehensive Income**
Consolidated Quarterly Statement of Income
1st quarter (cumulative)

(Millions of yen)

	Three months ended June 30, 2022 (cumulative)	Three months ended June 30, 2023 (cumulative)
Net sales	211,563	201,771
Cost of goods sold	129,643	136,058
Gross profit	81,920	65,713
Selling, general and administrative expenses	32,163	33,119
Operating income	49,757	32,594
Non-operating income		
Interest income	806	969
Dividends income	265	273
Equity in earnings of affiliates	7,790	6,684
Miscellaneous income	1,248	1,868
Total non-operating income	10,109	9,794
Non-operating expenses		
Removal expenses of noncurrent assets	154	339
Loss on sales and retirement of noncurrent assets	2	175
Miscellaneous expenses	172	199
Total non-operating expenses	328	713
Ordinary income	59,538	41,675
Income before income taxes	59,538	41,675
Income taxes-current	15,308	11,749
Income taxes-deferred	1,118	(987)
Total taxes and others	16,426	10,762
Net income	43,112	30,913
Net income attributable to non-controlling interests	990	589
Net income attributable to owners of parent	42,122	30,324

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2022 (cumulative)	Three months ended June 30, 2023 (cumulative)
Net income	43,112	30,913
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,206)	2,291
Foreign currency translation adjustment	35,275	35,955
Remeasurements of defined benefit plans	(6)	779
Share of other comprehensive income of affiliates accounted for using equity method	7,568	2,066
Total other comprehensive income	41,631	41,091
Comprehensive income for the three months ended June 30	84,743	72,004
Comprehensive income attributable to:		
Owners of parent	83,050	70,906
Non-controlling interests	1,693	1,098

3. Other Information

(1) Changes in Significant Subsidiaries during the three months ended June 30, 2023
(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
(Change in accounting principles)
(Change in inventory valuation method)

The Company previously valued materials included in "Raw materials and supplies" using the last purchase cost method, but changed to the weighted average cost method from this first quarter period.

The purpose of this change is to calculate periodic profit/loss and inventory valuation more appropriately, triggered by soaring material prices and increased inventory levels.

It is not feasible to determine the cumulative effect of the retrospective application of the weighted average cost method due to the unavailability of some payment and receipt records required for calculation using the weighted average cost method for the previous fiscal year. Therefore, the cumulative effect of the retrospective application of the weighted average cost method is reflected in the beginning balance of this first quarter period, based on the difference between the carrying amount of inventories at the beginning of this first quarter period under the weighted average cost method and the carrying amount at the end of the previous fiscal year.

As a result, retained earnings at the beginning of this first quarter period decreased by ¥2,945 million. The impact of this change on cost of goods sold, every category of profit or loss and per share information for this first quarter period is immaterial.

(4) Note on Premise of a Going Concern: None

(5) Note on the Substantial Change in Shareholders' Equity:

The Company cancelled 6,472,996 treasury shares based on the resolution of the Board of Directors meeting held on April 26, 2023. As a result, treasury stocks of the Company, including the decrease due to the sale of odd-lot shares, decreased by ¥14,876 million during the three months ended June 30, 2023, resulting in treasury stocks of ¥115,330 million as of June 30, 2023.