

(TRANSLATION)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Quarterly Financial Results

(based on Japanese standards)

For the six months ended September 30, 2023

October 31, 2023

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange
Stock code: 6954 URL: <https://www.fanuc.co.jp/eindex.html>
Representative: (Title) President (Name) Kenji Yamaguchi
Contact: (Title) Manager, Public Relations & Shareholders Relations Department
(Name) Naoki Yukisada TEL: (0555)84-5555

Scheduled date of filing quarterly report: November 9, 2023

Scheduled date of commencing of dividend payments: December 1, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

(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	%
2023	398,695	(4.2)	66,536	(29.7)	86,153	(25.4)	63,937	(24.1)
2022	416,128	18.4	94,671	0.8	115,547	7.2	84,214	7.1

Note: Consolidated comprehensive income: April-September 2023: ¥119,484 million (14.3)%
April-September 2022: ¥139,403 million 60.5%

Six months ended September 30	Net income per share	Net income per share (diluted)
	Yen	Yen
2023	67.10	—
2022	88.00	—

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	%
September 30, 2023	1,926,249	1,688,689	87.0
March 31, 2023	1,873,536	1,627,555	86.2

(Reference) Equity: September 30, 2023: ¥1,676,558 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	—	40.26	—	—	—
FY2023 (forecast)	—	—	—	—	—

Note: We have 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 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)

(% 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
Full year	758,000	(11.0)	121,900	(36.3)	153,300	(33.7)	113,600	(33.4)	119.23

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

*Notes

(1) Changes in Significant Subsidiaries during the six months ended September 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 10 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)
September 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
September 30, 2023 50,345,115 shares March 31, 2023 56,626,695 shares

3. Average number of shares during the period
April-September 2023 952,897,144 shares April-September 2022 956,923,455 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 year-end dividends for FY2023 will be disclosed promptly upon their availability.

Table of Contents of Accompanying Documents

1. Results of Operations and Financial Position	2
(1) Overview of 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 six months ended September 30, 2023	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
(6) Significant Subsequent Events	10

1. Results of Operations and Financial Position

(1) Overview of Results of Operations

Regarding the circumstances surrounding the FANUC Group during the first six-month period of the fiscal year ending March 31, 2024 (from April 1 to September 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 six months from April to September 2023, FANUC posted consolidated net sales totaling ¥398,695 million, down 4.2%, consolidated ordinary income totaling ¥86,153 million, down 25.4%, and net income attributable to owners of parent totaling ¥63,937 million, down 24.1%, 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, 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 ¥92,777 million, down 28.3% compared with the corresponding period of the previous fiscal year.

In the Robot Division, the sales increased due to a backlog of orders from the previous period in both Europe and the Americas for EV-related industries and general industries. In China, the sales increased compared with the corresponding period of the previous fiscal year despite a slight drop in demand for EV-related industries, which had previously been strong. In India, the sales increased due to a strong demand for both automobile-related industries and general industries. In Japan, the sales increased compared with the corresponding period of the previous fiscal year, despite the continued sluggish sales for the automobile industry and demand for general industries also stalling. As a result, net sales in the Robot Division amounted to ¥192,438 million, up 19.1% 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 drop in demand from the IT-related and medical markets. Sales of ROBOCUTs (wire electrical-discharge machines) decreased due to a drop in demand in Europe and the Americas. As a result, net sales in the Robomachine Division amounted to ¥50,451 million, down 29.1% 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 ¥63,029 million, up 16.9% compared with the corresponding period of the previous fiscal year.

(2) Financial Position

① Assets, Liabilities and Net Assets

Total assets were ¥1,926,249 million, up ¥52,713 million compared with the end of the previous fiscal year.

Total liabilities were ¥237,560 million, down ¥8,421 million compared with the end of the previous fiscal year.

Total net assets were ¥1,688,689 million, up ¥61,134 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 ¥473,870 million, down ¥3,083 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, 2023 amounted to ¥75,212 million, up ¥29,104 million compared with the same period of the previous fiscal year. This was mainly due to the decrease in inventories increasing compared with the same period of the previous fiscal year.

(Cash flows from investing activities)

Cash used in investing activities during the six months ended September 30, 2023 amounted to ¥33,763 million, up ¥7,670 million compared with the same period of the previous fiscal year. This was mainly due to the increase in payments into time deposits.

(Cash flows from financing activities)

Cash used in financing activities during the six months ended September 30, 2023 amounted to ¥55,703 million, down ¥3,760 million compared with the same period of the previous fiscal year. This was mainly due to the decrease in share buybacks.

(3) Financial Results Forecasts

Due to the expected prolonged impact on production based on delayed recovery of the Chinese market and inventory adjustments, the Company forecasts the financial results for the full year ending March 31, 2024, as follows.

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

(Millions of yen)

	Previous forecast (released on July 28, 2023) [A]	New forecast [B]	Comparison with Previous forecast (%) [(B-A) / A]
Net sales	750,300	758,000	1.0%
Operating income	118,300	121,900	3.0%
Ordinary income	150,300	153,300	2.0%
Net income attributable to owners of parent	113,100	113,600	0.4%

Note: The currency rate applied to the period from October 1, 2023 to March 31, 2024 is averaged at 135 yen/US dollar and 145 yen/Euro.

2. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheet

(Millions of yen)

	March 31, 2023	September 30, 2023
Assets		
Current assets		
Cash and bank deposits	512,528	516,608
Notes receivables, trade	24,824	21,959
Accounts receivable, trade	137,961	126,148
Marketable securities	16,700	16,100
Finished goods	157,888	171,387
Work in progress	92,098	97,684
Raw materials and supplies	100,591	118,318
Other current assets	20,549	21,189
Allowance for doubtful accounts	(1,399)	(1,478)
Total current assets	1,061,740	1,087,915
Noncurrent assets		
Property, plant and equipment		
Buildings, net	325,102	325,983
Land	158,055	160,200
Other, net	105,539	114,910
Total property, plant and equipment	588,696	601,093
Intangible assets	10,855	10,638
Investments and other assets		
Investment securities	159,500	163,658
Others	53,207	63,414
Allowance for doubtful accounts	(462)	(469)
Total investments and other assets	212,245	226,603
Total noncurrent assets	811,796	838,334
Total assets	1,873,536	1,926,249

(Millions of yen)

	March 31, 2023	September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payables, trade	56,935	55,544
Accrued income taxes	25,736	20,130
Warranty reserves	11,222	11,379
Other current liabilities	90,062	86,358
Total current liabilities	183,955	173,411
Long-term liabilities		
Net defined benefit liability	55,201	56,077
Other long-term liabilities	6,825	8,072
Total long-term liabilities	62,026	64,149
Total liabilities	245,981	237,560
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,265	96,145
Retained earnings	1,515,662	1,509,337
Treasury stock, at cost	(130,206)	(116,179)
Total shareholders' equity	1,550,735	1,558,317
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,718	15,983
Foreign currency translation adjustment	67,937	117,973
Remeasurements of defined benefit plans	(17,014)	(15,715)
Total accumulated other comprehensive income	64,641	118,241
Non-controlling interests	12,179	12,131
Total net assets	1,627,555	1,688,689
Total liabilities and net assets	1,873,536	1,926,249

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

(Millions of yen)

	Six months ended September 30, 2022 (cumulative)	Six months ended September 30, 2023 (cumulative)
Net sales	416,128	398,695
Cost of goods sold	255,007	265,752
Gross profit	161,121	132,943
Selling, general and administrative expenses	66,450	66,407
Operating income	94,671	66,536
Non-operating income		
Interest income	1,734	2,133
Dividends income	1,482	1,731
Equity in earnings of affiliates	15,816	14,358
Miscellaneous income	2,708	3,359
Total non-operating income	21,740	21,581
Non-operating expenses		
Removal expenses of noncurrent assets	329	608
Loss on net monetary position	–	495
Miscellaneous expenses	535	861
Total non-operating expenses	864	1,964
Ordinary income	115,547	86,153
Income before income taxes	115,547	86,153
Income taxes-current	33,739	30,900
Income taxes-deferred	(4,240)	(9,794)
Total taxes and others	29,499	21,106
Net income	86,048	65,047
Net income attributable to non-controlling interests	1,834	1,110
Net income attributable to owners of parent	84,214	63,937

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2022 (cumulative)	Six months ended September 30, 2023 (cumulative)
Net income	86,048	65,047
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,467)	2,265
Foreign currency translation adjustment	41,706	44,908
Remeasurements of defined benefit plans	292	1,299
Share of other comprehensive income of affiliates accounted for using equity method	13,824	5,965
Total other comprehensive income	53,355	54,437
Comprehensive income for the six months ended September 30	139,403	119,484
Comprehensive income attributable to:		
Owners of parent	137,124	117,536
Non-controlling interests	2,279	1,948

(3) Consolidated Quarterly Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022 (cumulative)	Six months ended September 30, 2023 (cumulative)
Cash flows from operating activities		
Income before income taxes	115,547	86,153
Depreciation and amortization	24,007	23,346
Increase (decrease) in allowance for doubtful accounts	96	(23)
Increase (decrease) in net defined benefit liability	777	354
(Increase) decrease in net defined benefit asset	915	1,245
Interest and dividend income	(3,216)	(3,864)
Equity in (earnings) losses of affiliates	(15,816)	(14,358)
(Increase) decrease in receivables, trade	4,064	24,657
(Increase) decrease in inventories	(49,383)	(15,092)
Increase (decrease) in payables, trade	3,894	(5,785)
Other	(6,277)	(6,397)
Subtotal	74,608	90,236
Interest and dividends received	14,814	22,290
Income taxes paid	(44,440)	(37,149)
Other	1,126	(165)
Net cash provided by operating activities	46,108	75,212
Cash flows from investing activities		
Payments into time deposits	(1,164)	(6,013)
Purchases of property, plant, and equipment	(23,128)	(24,932)
Other	(1,801)	(2,818)
Net cash used in investing activities	(26,093)	(33,763)
Cash flows from financing activities		
Purchases of treasury stock	(10,252)	(996)
Dividends paid	(46,015)	(51,745)
Other	(3,196)	(2,962)
Net cash used in financing activities	(59,463)	(55,703)
Effect of exchange rate changes on cash and cash equivalents	12,317	11,171
Net increase (decrease) in cash and cash equivalents	(27,131)	(3,083)
Cash and cash equivalents at beginning of period	574,655	476,953
Cash and cash equivalents at end of period	547,524	473,870

3. Other Information

(1) Changes in Significant Subsidiaries during the six months ended September 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 first quarter period of this FY.

The purpose of this change is to calculate periodic profit/loss and value inventory 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 first quarter period, based on the difference between the carrying amount of inventories at the beginning of 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 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 second 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, including the decrease due to the sale of odd-lot shares, decreased by ¥14,027 million during the six months ended September 30, 2023, resulting in treasury stocks of ¥116,179 million as of September 30, 2023.

(6) Significant Subsequent Events

(Share buybacks)

The Company carried out the following share buybacks between October 1 2023 and October 26 2023 in accordance with the resolution passed by the Board of Directors on March 30 2023, in accordance with Article 156 of the Company Act as applied pursuant to paragraph 3 of Article 165

of the Company Act.

All share repurchases pursuant to this resolution have been completed with the following acquisitions.

1. Details of share buybacks

- (1) Types of shares to be purchased : Company common shares
- (2) Number of repurchased shares : 6,000,700 shares
- (3) Aggregate amount of repurchased shares: 23,194 millions of yen
- (4) Buyback method: Market purchase on the Tokyo Stock Exchange

2. Total number and amount of repurchased shares based on the resolutions of the Board of Directors Meeting above

- (1) Total number of repurchased shares: 6,250,000 shares
- (2) Aggregate amount of repurchased shares : 24,178 millions of yen

Furthermore, at the Board of Directors meeting held on October 31, 2023, the Company made a resolution regarding matters pertaining to share buybacks as set forth below in accordance with Article 156 of the Company Act as applied pursuant to paragraph 3 of Article 165 of the Company Act.

1. Reason for share buybacks

To maintain the flexibility and mobility of the company's capital policy, in response to changes in the management environment

2. Details of matters pertaining to share buybacks

- (1) Types of shares to be purchased: Company common shares
- (2) Total number of shares to be repurchased: 6,250,000 (limit)
(Percentage of total number of shares issued, excluding treasury stock: 0.66%)
- (3) Aggregate amount of repurchased shares: ¥25.0 billion (limit)
- (4) Buyback period: From November 1, 2023 to April 30, 2024
- (5) Buyback method: Market purchase on the Tokyo Stock Exchange