

(TRANSLATION)

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Consolidated Quarterly Financial Results
(based on Japanese standards)
For the nine months ended December 31, 2023

January 26, 2024

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, 2024
Scheduled date of commencing dividend payments: -
Availability of supplementary briefing material on quarterly financial results: Yes
Quarterly financial results briefing session: Yes

1. Consolidated Financial Results for the Nine Months Ended December 31, 2023 (April 1, 2023 – December 31, 2023)

(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	%
2023	596,525	(6.2)	107,423	(27.0)	135,146	(24.0)	98,340	(24.2)
2022	636,113	17.7	147,158	5.2	177,795	10.1	129,807	9.3

Note: Consolidated comprehensive income: April-December 2023: ¥144,589 million (13.3)%
April-December 2022: ¥166,818 million 21.0%

Nine months ended December 31	Net income per share	Net income per share (diluted)
	Yen	Yen
2023	103.43	—
2022	135.75	—

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	%
December 31, 2023	1,860,791	1,651,645	88.1
March 31, 2023	1,873,536	1,627,555	86.2

(Reference) Equity: December 31, 2023: ¥1,639,232 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 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 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	771,500	(9.4)	132,200	(30.9)	167,600	(27.5)	122,600	(28.1)	129.09

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, 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 8 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)
December 31, 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
December 31, 2023 56,521,333 shares March 31, 2023 56,626,695 shares

3. Average number of shares during the period
April-December 2023 950,802,544 shares April-December 2022 956,212,515 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 3 of the Accompanying Documents. 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	3
2. Consolidated Quarterly Financial Statements	4
(1) Consolidated Quarterly Balance Sheet	4
(2) Consolidated Quarterly Statement of Income and Consolidated Quarterly Statement of Comprehensive Income	6
Consolidated Quarterly Statement of Income	6
Consolidated Quarterly Statement of Comprehensive Income	7
3. Other Information	8
(1) Changes in Significant Subsidiaries during the nine months ended December 31, 2023	8
(2) Adoption of Simplified and Specifically Applied Accounting Method for Quarterly Consolidated Financial Reporting	8
(3) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements	8
(4) Note on Premise of a Going Concern	8
(5) Note on the Substantial Change in Shareholders' Equity	8

1. Results of Operations and Financial Position

(1) Overview of Results of Operations

Regarding the circumstances surrounding the FANUC Group during the first nine-month period of the fiscal year ending March 31, 2024 (from April 1 to December 31, 2023), while the impact on production activities by shortage in semiconductors and other components in the supply chain has subsided, the outlook remained uncertain due to several factors, such as the effects of global inflation, concerns of an economic slowdown due to high interest rates, 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 nine months from April to December 2023, FANUC posted consolidated net sales totaling ¥596,525 million, down 6.2%, consolidated ordinary income totaling ¥135,146 million, down 24.0%, and net income attributable to owners of parent totaling ¥98,340 million, down 24.2%, 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, and sales of our CNC systems also declined. Net sales in the FA Division amounted to ¥134,044 million, down 30.2% compared with the corresponding period of the previous fiscal year.

In the Robot Division, 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, sales decreased due to a slight drop in demand for EV-related industries, which had previously been strong. In India, sales increased due to a strong demand for both automobile-related industries and general industries. In Japan, sales increased due to a recovery trend seen in demand for automobile-related industries. As a result, net sales in the Robot Division amounted to ¥290,080 million, up 12.9% 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 ¥76,179 million, down 26.9% 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 ¥96,222 million, up 16.0% compared with the corresponding period of the previous fiscal year.

(2) Financial Position

Total assets were ¥1,860,791 million, down ¥12,745 million compared with the end of the previous fiscal year.

Total liabilities were ¥209,146 million, down ¥36,835 million compared with the end of the previous fiscal year.

Total net assets were ¥1,651,645 million, up ¥24,090 million compared with the end of the previous fiscal year.

(3) Financial Results Forecasts

While the impact on production due to inventory adjustments is expected to continue, the financial results have been stronger than forecasted at the time of the release of the second quarter financial results.

Therefore, the Company forecasts the financial results for the full fiscal year ending March 31, 2024, as follows.

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

(Millions of yen)

	Previous forecast (released on October 31, 2023) [A]	New forecast [B]	Comparison with Previous forecast (%) [(B-A) / A]
Net sales	758,000	771,500	1.8%
Operating income	121,900	132,200	8.4%
Ordinary income	153,300	167,600	9.3%
Net income attributable to owners of parent	113,600	122,600	7.9%

Note: The currency rate applied to the period from January 1, 2024 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	December 31, 2023
Assets		
Current assets		
Cash and bank deposits	512,528	461,179
Notes receivables, trade	24,824	20,144
Accounts receivable, trade	137,961	124,973
Marketable securities	16,700	16,100
Finished goods	157,888	155,116
Work in progress	92,098	93,626
Raw materials and supplies	100,591	122,688
Other current assets	20,549	27,034
Allowance for doubtful accounts	(1,399)	(1,410)
Total current assets	1,061,740	1,019,450
Noncurrent assets		
Property, plant and equipment		
Buildings, net	325,102	326,104
Land	158,055	161,844
Other, net	105,539	113,824
Total property, plant and equipment	588,696	601,772
Intangible assets	10,855	9,999
Investments and other assets		
Investment securities	159,500	171,962
Others	53,207	57,710
Allowance for doubtful accounts	(462)	(102)
Total investments and other assets	212,245	229,570
Total noncurrent assets	811,796	841,341
Total assets	1,873,536	1,860,791

(Millions of yen)

	March 31, 2023	December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payables, trade	56,935	47,457
Accrued income taxes	25,736	6,288
Warranty reserves	11,222	11,035
Other current liabilities	90,062	80,929
Total current liabilities	183,955	145,709
Long-term liabilities		
Net defined benefit liability	55,201	55,949
Other long-term liabilities	6,825	7,488
Total long-term liabilities	62,026	63,437
Total liabilities	245,981	209,146
Net assets		
Shareholders' equity		
Common stock	69,014	69,014
Capital surplus	96,265	95,995
Retained earnings	1,515,662	1,505,579
Treasury stock, at cost	(130,206)	(140,015)
Total shareholders' equity	1,550,735	1,530,573
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,718	14,698
Foreign currency translation adjustment	67,937	108,515
Remeasurements of defined benefit plans	(17,014)	(14,554)
Total accumulated other comprehensive income	64,641	108,659
Non-controlling interests	12,179	12,413
Total net assets	1,627,555	1,651,645
Total liabilities and net assets	1,873,536	1,860,791

**(2) Consolidated Quarterly Statement of Income and
Consolidated Quarterly Statement of Comprehensive Income**
Consolidated Quarterly Statement of Income
3rd quarter (cumulative)

(Millions of yen)

	Nine months ended December 31, 2022 (cumulative)	Nine months ended December 31, 2023 (cumulative)
Net sales	636,113	596,525
Cost of goods sold	387,611	389,454
Gross profit	248,502	207,071
Selling, general and administrative expenses	101,344	99,648
Operating income	147,158	107,423
Non-operating income		
Interest income	2,869	3,278
Dividends income	1,724	2,066
Equity in earnings of affiliates	24,383	20,660
Miscellaneous income	3,438	4,388
Total non-operating income	32,414	30,392
Non-operating expenses		
Removal expenses of noncurrent assets	612	895
Loss on net monetary position	-	692
Miscellaneous expenses	1,165	1,082
Total non-operating expenses	1,777	2,669
Ordinary income	177,795	135,146
Income before income taxes	177,795	135,146
Income taxes-current	52,838	37,575
Income taxes for prior periods	-	3,212
Income taxes-deferred	(7,546)	(5,724)
Total taxes and others	45,292	35,063
Net income	132,503	100,083
Net income attributable to non-controlling interests	2,696	1,743
Net income attributable to owners of parent	129,807	98,340

Consolidated Quarterly Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2022 (cumulative)	Nine months ended December 31, 2023 (cumulative)
Net income	132,503	100,083
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,980)	980
Foreign currency translation adjustment	21,273	30,405
Remeasurements of defined benefit plans	1,511	2,460
Share of other comprehensive income of affiliates accounted for using equity method	13,511	10,661
Total other comprehensive income	34,315	44,506
Comprehensive income for the nine months ended December 31	166,818	144,589
Comprehensive income attributable to:		
Owners of parent	163,968	142,358
Non-controlling interests	2,850	2,231

3. Other Information

- (1) Changes in Significant Subsidiaries during the nine months ended December 31, 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 fiscal year.

The purpose of this change is to calculate periodic profit/loss and evaluate 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, calculated 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 of inventories at the end of the previous fiscal year, is reflected in the beginning balance of first quarter period.

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 third 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 stocks based on the resolution of the Board of Directors meeting held on April 26, 2023. In addition, the Company purchased 6,418,700 treasury stocks based on the resolutions of the Board of Directors meetings held on March 30, 2023 and October 31, 2023. As a result, treasury stocks, including the fluctuate due to the purchase or sale of odd-lot shares, increased by ¥9,809 million during the nine months ended December 31, 2023, resulting in treasury stocks of ¥140,015 million as of December 31, 2023.