

(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.

(Securities code: 6954)
June 5, 2020

To Our Shareholders

Kenji Yamaguchi
Representative Director
President
FANUC CORPORATION
3580, Shibokusa Aza-Komanba, Oshino-mura,
Minamitsuru-gun, Yamanashi Prefecture

**Notice of Convocation of
The 51st Ordinary General Meeting of Shareholders**

Dear Shareholders,

We are pleased to announce that the 51st Ordinary General Meeting of Shareholders of FANUC CORPORATION will be held as described below.

We strongly request that you exercise your voting rights by the Voting Rights Exercise Form or via the Internet in advance if possible, and refrain from attending the meeting in person, regardless of your health status, to prevent the spread of COVID-19.

Please review the Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. (Japan time), Thursday, June 25, 2020.

[Exercise of voting rights by Voting Rights Exercise Form]

Please indicate your votes for or against each of the proposals in the enclosed Voting Rights Exercise Form and return the form to us by the above-mentioned deadline.

[Exercise of voting rights by electronic methods (the Internet)]

Please access the website (<https://www.tosyodai54.net>) and enter your votes for or against each of the proposals in accordance with the guidance on the screen by the above-mentioned deadline. If you have any questions, please contact the administrator of FANUC CORPORATION's shareholder register, Tokyo Securities Transfer Agent Co., Ltd. (Phone: 0120-88-0768).

Description

1. **Date:** Friday, June 26, 2020, 10:00 a.m.
2. **Place:** FANUC Forum, FANUC Headquarters, 3580, Shibokusa Aza-Komanba, Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture
3. **Agenda of the Meeting**
 - Matters to be reported:** Report on the business report, the consolidated financial statements, the non-consolidated financial statements and the results of audit of the consolidated financial statements by the Accounting Auditors and the Audit & Supervisory Board for the 51st fiscal year (from April 1, 2019 to March 31, 2020).
 - Matters to be resolved:**
 - Item 1:** Dividends of Surplus
 - Item 2:** Election of Twelve (12) Directors
 - Item 3:** Election of One (1) Audit & Supervisory Board Member
4. **Other Matters Determined Concerning the General Meeting of Shareholders**
 - (1) If voting rights are exercised by both the enclosed Voting Rights Exercise Form and the electronic method, the votes exercised by the electronic method shall be effective.
 - (2) If voting rights are exercised twice or more by electronic methods, the votes last exercised shall be effective.

* Part of the Attachments to the Notice of Convocation of the General Meeting of Shareholders to be provided to you shall be deemed to be delivered to you by posting them on our Internet website (<https://www.fanuc.co.jp>).

* In the event of any revision of the Attachments to the Notice of Convocation of the General Meeting of Shareholders and the Reference Materials for the Ordinary General Meeting of Shareholders, it will be posted on our Internet website (<https://www.fanuc.co.jp>).

Reference Material for the Ordinary General Meeting of Shareholders

Item 1 Dividends of Surplus

Our basic policy of distributing profits to shareholders is as follows:

(Announced on April 24, 2019)

1. Dividends

Our basic policy is to implement, in principal, a consolidated payout ratio of 60%.

2. Share buybacks

We aim to buy back our own shares in a flexible manner depending on the level of our stock prices, taking into account the balance with our investment in growth.

3. Cancellation of treasury shares

We aim to limit the number of our treasury shares that we hold to a maximum of 5% of the total number of issued shares. We will, as a general rule, cancel any portion exceeding that limit every fiscal year.

The Company's Board of Directors resolved at its meetings held on April 24, July 29, October 28, 2019 and January 29, 2020 to repurchase up to ¥50.0 billion of treasury shares. However, given the extreme volatility of the stock market as a result of factors including trade friction between the United States and China and the COVID-19 pandemic, the amounts of treasury shares acquired did not reach the approved upper limits.

For the year-end dividends of this fiscal year, we propose to pay a special dividend, which is provided primarily from the difference between the upper limit amounts approved by the Board of Directors and the amounts of treasury shares actually acquired, in addition to a dividend corresponding to a consolidated payout ratio of 60%.

The dividend for the full fiscal year will be ¥300.00 per share, in total with the dividend for the first half of the fiscal year that has been paid in December, 2019 (¥125.35 per share), resulting in ¥174.65 per share for the second half.

(1) Type of dividend asset

Cash

(2) Allocation of dividend assets to shareholders and total amount of allocation

¥174.65 per share of common stock (dividend payout ratio (Consolidated): 101.0%)

Breakdown of dividend

Ordinary dividend: ¥103.79 per share (dividend payout ratio (Consolidated): 60.0%)

Special dividend: ¥70.86 per share (dividend payout ratio (Consolidated): 41.0%)

Total amount of payout: ¥33,502,409,677

(3) Effective date of dividend payment



June 29, 2020

Item 2 Election of Twelve (12) Directors



The term of office of the eleven (11) Directors will expire at the conclusion of the meeting. In order to further strengthen the corporate governance system, we propose to increase the number of Outside Directors by one (1) and to elect twelve (12) Directors.



The twelve (12) candidates for Director are as follows:


Candidates' number	Name	Position and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Yoshiharu Inaba <u>Renominated</u>	Representative Director, Chairman	100% (12 of 12)
2	Kenji Yamaguchi <u>Renominated</u>	Representative Director, President, CEO and CIO	92% (11 of 12)
3	Hiroyuki Uchida <u>Renominated</u>	Representative Director, Senior Executive Vice President and CTO General Manager, ROBOMACHINE Business Division	92% (11 of 12)
4	Yoshihiro Gonda <u>Renominated</u>	Representative Director, Senior Executive Vice President and CFO General Manager, Corporate Administration Division	100% (12 of 12)
5	Yutaka Saito <u>Renominated</u>	Director, Senior Executive Vice President and CISO General Manager, IoT Administration Division	90% (9 of 10)
6	Kiyonori Inaba <u>Renominated</u>	Director, Executive Managing Officer General Manager, ROBOT Business Division	100% (12 of 12)
7	Hiroshi Noda <u>Renominated</u>	Director, Executive Managing Officer General Manager, FA Business Division	100% (12 of 12)
8	Michael J. Cicco <u>Newly nominated</u>	Senior Managing Officer President and CEO, FANUC America Corporation	–
9	Kazuo Tsukuda <u>Renominated</u> <u>Outside Director</u> <u>Independent Director</u>	Director	92% (11 of 12)
10	Yasuo Imai <u>Renominated</u> <u>Outside Director</u> <u>Independent Director</u>	Director	92% (11 of 12)
11	Masato Ono <u>Renominated</u> <u>Outside Director</u> <u>Independent Director</u>	Director	100% (12 of 12)
12	Naoko Yamazaki <u>Newly nominated</u> <u>Outside Director</u> <u>Independent Director</u>	–	–


Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
1	 Yoshiharu Inaba (July 23, 1948) Renominated	April 1973 September 1983 June 1989 June 1992 June 1995 May 2001 June 2003 June 2016 April 2019	Joined Isuzu Motors Limited Joined the Company Appointed Director of the Company Appointed Senior Vice President (<i>Director</i>) of the Company Appointed Executive Vice President (<i>Director</i>) of the Company Appointed Senior Executive Vice President (<i>Representative Director</i>) of the Company Appointed President and CEO (<i>Representative Director</i>) of the Company Appointed Chairman and CEO (<i>Representative Director</i>) of the Company Appointed Chairman (<i>Representative Director</i>) of the Company (to the present)	5,000 shares
		(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)		
		(Reason for nomination as candidate) Yoshiharu Inaba has led the management of the Company since he was appointed President and CEO (<i>Representative Director</i>) in June 2003, and has served as Chairman (<i>Representative Director</i>) since 2016. In order to benefit from his experiences and deep insights in management decision-making and supervision of the Company, his reappointment as Director is proposed.		
2	 Kenji Yamaguchi (August 6, 1968) Renominated	April 1993 October 2000 June 2003 April 2007 June 2008 February 2012 October 2013 June 2016 April 2019 April 2020	Joined the Company Manager, Section 1, Dept.1, Robot Laboratory of the Company General Manager, Manufacturing Technology of the Company General Manager, Headquarters Factories of the Company General Manager, Factories Division of the Company Appointed Executive Vice President (<i>Director</i>) of the Company Appointed Senior Executive Vice President (<i>Director</i>) of the Company Appointed Senior Executive Vice President (<i>Representative Director</i>) of the Company Appointed President and COO (<i>Representative Director</i>) of the Company General Manager, FA Business Division of the Company Appointed President and CEO (<i>Representative Director</i>) of the Company Appointed President, CEO and CIO (<i>Representative Director</i>) of the Company (to the present)	2,000 shares
		(Attendance at the Board of Directors meetings held during this period) 92% (11 of 12)		
		(Reason for nomination as candidate) Kenji Yamaguchi has been involved in research and development, manufacturing, production technologies and sales, and by having played an important role in each of these fields, he is rich in experience. He currently leads the management of the Company as President, CEO and CIO* (<i>Representative Director</i>). In order to benefit from his experiences and deep insights in management decision-making and supervision of the Company, his reappointment as Director is proposed. (*) CIO: Chief Information Officer		


Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
3	 <p>Hiroyuki Uchida (June 12, 1958)</p> <p>Renominated</p>	<p>April 1982 April 1996 June 1997 April 2001 June 2006</p> <p>October 2013</p> <p>June 2016</p> <p>(Attendance at the Board of Directors meetings held during this period) 92% (11 of 12)</p> <p>(Reason for nomination as candidate) Hiroyuki Uchida has been involved in research and development of FA products and research and development and sales of ROBOMACHINE products, and currently serves as General Manager, ROBOMACHINE Business Division. As CTO, he is in charge of research and development and has contributed greatly to the development of highly reliable and high-performance products. In order to benefit from his high level of expertise and experiences in management decision-making and supervision of the Company, his reappointment as Director is proposed.</p>	<p>Joined the Company Deputy General Manager, Servo Laboratory of the Company Appointed Director of the Company Appointed Senior Vice President (<i>Director</i>) of the Company Appointed Executive Vice President (<i>Director</i>) of the Company Appointed Senior Executive Vice President (<i>Representative Director</i>) of the Company General Manager, ROBOMACHINE Business Division of the Company (to the present) Appointed Senior Executive Vice President and CTO (<i>Representative Director</i>) of the Company (to the present)</p>	1,896 shares
4	 <p>Yoshihiro Gonda (July 24, 1960)</p> <p>Renominated</p>	<p>April 1984 October 2000</p> <p>June 2001 June 2007</p> <p>February 2012</p> <p>October 2013</p> <p>June 2016</p> <p>(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)</p> <p>(Reason for nomination as candidate) Yoshihiro Gonda has been involved in overall administrative operations such as accounting and purchasing. Currently as General Manager, Corporate Administration Division and CFO, he has contributed to the strengthening of the Company's corporate structure. In order to benefit from his high level of expertise and experiences in management decision-making and supervision of the Company, his reappointment as Director is proposed.</p>	<p>Joined the Company Assistant to the Group Executive, Finance Group (Purchasing) of the Company Appointed Director of the Company Appointed Executive Vice President (<i>Director</i>) of the Company Appointed Senior Executive Vice President (<i>Director</i>) of the Company Appointed Senior Executive Vice President (<i>Representative Director</i>) of the Company General Manager, Corporate Administration Division of the Company (to the present) Appointed Senior Executive Vice President and CFO (<i>Representative Director</i>) of the Company (to the present)</p>	1,964 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
5	 Yutaka Saito (December 11, 1954) Renominated	April 1979 April 2006 April 2010 April 2014 April 2016 April 2018 February 2019 June 2019 December 2019 April 2020	Joined Hitachi, Ltd. (Omika Factory) General Manager, Information & Control Systems Division of Hitachi, Ltd. Appointed Vice President and Executive Officer of Hitachi, Ltd. President & CEO, Information & Control Systems Company and Vice General Manager, Smart City Business Management Division of Hitachi, Ltd. Appointed Representative Executive Officer, Executive Vice President and Executive Officer of Hitachi, Ltd. President & CEO of Information & Telecommunication Systems Group and Information & Telecommunication Systems Company, and CEO of Platform Division of Hitachi, Ltd. General Manager of IoT Business Promotion Division of Hitachi, Ltd. Transferred to the Company Appointed Senior Executive Vice President of the Company Responsible for IoT of the Company General Manager, FIELD Promotion Division of the Company Appointed Senior Executive Vice President (<i>Director</i>) of the Company Appointed Senior Executive Vice President and CISO (<i>Director</i>) of the Company (to the present) General Manager, IoT Administration Division of the Company (to the present)	1,000 shares
		(Attendance at the Board of Directors meetings held during this period) 90% (9 of 10)		
		(Reason for nomination as candidate) Yutaka Saito has a prestigious career of actively promoting the IoT business at Hitachi, Ltd. He is in charge of the Company's IoT strategy, namely our IoT platform, FIELD system. As CISO*, he has worked to strengthen the Company's cyber security. In order to benefit from his high level of expertise and experiences in management decision-making and supervision of the Company, his reappointment as Director is proposed. (*) CISO: Chief Information Security Officer		
6	 Kiyonori Inaba (February 13, 1978) Renominated	January 2009 May 2013 June 2013 October 2013 June 2016	Joined the Company General Manager, Robot Laboratory of the Company Appointed Director of the Company Appointed Executive Vice President (<i>Director</i>) of the Company General Manager, ROBOT Business Division of the Company (to the present) Appointed Executive Managing Officer (<i>Director</i>) of the Company (to the present)	1,000 shares
		(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)		
		(Reason for nomination as candidate) Kiyonori Inaba has been involved in the research and development of robots, and currently serves as General Manager, ROBOT Business Division, contributing to the development of business in the fast-growing industrial robot market. In order to benefit from his high level of expertise and experiences in management decision-making and supervision of the Company, his reappointment as Director is proposed.		

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
7	 Hiroshi Noda (May 8, 1963) Renominated	April 1989 January 2002 June 2003 March 2011 October 2013 May 2014 June 2016 April 2019	Joined the Company Senior Vice General Manager, CNC Laboratory of the Company Appointed Director of the Company Appointed Senior Vice President (<i>Director</i>) of the Company Appointed Executive Vice President (<i>Director</i>) of the Company Vice General Manager (R&D), FA Business Division of the Company Appointed Executive Managing Officer (<i>Director</i>) of the Company (to the present) General Manager, FA Business Division of the Company (to the present) (Attendance at the Board of Directors meetings held during this period) 100% (12 of 12) (Reason for nomination as candidate) Hiroshi Noda has been involved in research and development of FA products, and currently serves as General Manager, FA Business Division, contributing to the further development of CNC systems and lasers, which are the Company's basic products. In order to benefit from his high level of expertise and experiences in management decision-making and supervision of the Company, his reappointment as Director is proposed.	1,000 shares
8	 Michael J. Cicco (October 16, 1976) Newly nominated	August 1999 November 2015 April 2016 June 2016 July 2016 June 2017	Joined FANUC America Corporation ("FAC") Appointed Vice President of FAC Appointed President and COO of FAC Appointed Managing Officer of the Company Appointed President and CEO of FAC (to the present) Appointed Senior Managing Officer of the Company (to the present) (Reason for nomination as candidate) Michael J. Cicco currently serves as President and CEO of FANUC America Corporation, a subsidiary responsible for the Company's business in the Americas, and has contributed to its growth and development. As it would be beneficial to employ his experiences and deep insights in management decision-making and supervision of the Company, his appointment as Director is proposed.	0 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
9	 <p data-bbox="264 584 464 640">Kazuo Tsukuda (September 1, 1943)</p> <p data-bbox="264 674 472 752">Outside Director Independent Director Renominated</p>	<p data-bbox="496 315 608 371">April 1968 June 1999</p> <p data-bbox="496 394 608 427">April 2002</p> <p data-bbox="496 450 608 483">June 2003</p> <p data-bbox="496 506 608 539">April 2008</p> <p data-bbox="496 562 608 595">April 2013</p> <p data-bbox="496 618 608 651">June 2013</p> <p data-bbox="496 674 608 707">June 2015</p> <p data-bbox="496 730 608 763">June 2019</p>	<p data-bbox="684 315 1270 741"> Joined Mitsubishi Heavy Industries, Ltd. Appointed Director (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed Managing Director (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed President (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed Chairman (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed Senior Executive Advisor (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd. Appointed Senior Corporate Advisor of Mitsubishi Heavy Industries, Ltd. Appointed Director of the Company (to the present) Appointed Executive Corporate Advisor of Mitsubishi Heavy Industries, Ltd. (to the present) </p> <p data-bbox="557 770 1190 898"> (Significant concurrent posts of other entities) Executive Corporate Advisor of Mitsubishi Heavy Industries, Ltd. Outside Director of Mitsubishi Research Institute, Inc. Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc. </p> <p data-bbox="557 927 1230 976"> (Attendance at the Board of Directors meetings held during this period) 92% (11 of 12) </p> <p data-bbox="557 1005 1270 1547"> (Reason for nomination as candidate) In order to develop the Company's business steadily and to enhance its corporate value, it is quite effective to introduce to the Board of Directors an outsider's eye with a broad perspective and excellent insight. Kazuo Tsukuda has been providing the Company with extremely valuable advice, with his outstanding knowledge of manufacturing and extensive experience in corporate management, having a deep understanding of the Company's business. Although the Company has business transactions with Mitsubishi Heavy Industries, Ltd., at which Kazuo Tsukuda currently serves as Executive Corporate Adviser and served as Chairman and President in the past, the transaction value accounts for less than 0.5% of consolidated net sales of both of the company and the Company. Therefore, there is no risk of his independence being affected by that position. We propose the reelection of Kazuo Tsukuda, who has continued to contribute to the Company's Board of Directors from an independent position as Outside Director. In addition, the Company has appointed Outside Director Kazuo Tsukuda as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange. His term of office as Outside Director of the Company will have been five (5) years at the conclusion of the coming shareholder meeting. </p> <p data-bbox="557 1576 1270 1749"> Notes: 1. Kazuo Tsukuda is a candidate for Outside Director as defined in Article 2, Item 15 of the Companies Act of Japan. 2. We have entered into an agreement with Kazuo Tsukuda limiting his liability for damages as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act. </p>	0 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities	Number of shares of the Company held by candidate
10	 <p data-bbox="264 595 453 658">Yasuo Imai (October 22, 1948)</p> <p data-bbox="264 689 475 775">Outside Director Independent Director Renominated</p>	<p data-bbox="497 315 1273 842"> July 1971 Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) July 2002 Appointed Director - General, Manufacturing Industries Bureau of the ministry July 2003 Appointed Commissioner of Japan Patent Office July 2004 Appointed Adviser of Japan Industrial Policy Research Institute July 2006 Appointed Senior Managing Executive Officer, Executive Vice President of Pipe & Tube Company, of Sumitomo Metal Industries, Ltd (currently NIPPON STEEL CORPORATION) April 2007 Appointed Senior Managing Executive Officer, President of Pipe & Tube Company of the company June 2007 Appointed Director & Senior Managing Executive Officer (<i>Member of the Board</i>), President of Pipe & Tube Company of the company April 2008 Appointed Director & Executive Vice President (<i>Member of the Board</i>), President, Pipe & Tube Company of the company June 2011 Appointed President, Chief Operating Officer (<i>Member of the Board</i>) of AIR WATER INC. June 2015 Appointed Director of the Company (to the present) April 2017 Appointed Director, Vice Chairman of the Board of AIR WATER INC. (to the present) </p> <p data-bbox="555 864 1129 936">(Significant concurrent posts of other entities) Director, Vice Chairman of the Board of AIR WATER INC. Chairman, Japan Industrial and Medical Gases Association</p> <p data-bbox="555 958 1228 1008">(Attendance at the Board of Directors meetings held during this period) 92% (11 of 12)</p> <p data-bbox="555 1030 1273 1778"> (Reason for nomination as candidate) After joining in the Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry), Yasuo Imai had experience of being posted overseas as General Manager of the Washington Office of Japan National Oil Corporation. He successfully held a number of positions starting from the post of Deputy Director-General, Director-General of the Petroleum Department of Agency for Natural Resources and Energy. Subsequently he moved to the post of Director-General of the Manufacturing Industries Bureau, and then to the post of Commissioner of the Japan Patent Office. Based on these experiences, Yasuo Imai, being familiar with foreign affairs, has a global perspective and extensive knowledge concerning the manufacturing industry and the protection of intellectual property, etc. At the same time, he is currently an active corporate executive and is also knowledgeable about corporate management due to having more than 13 years' experience in business. Yasuo Imai has been providing the Company with extremely valuable advice as Outside Director with his extensive experience in various fields and from his broad vision. Although the Company has business transactions with Air Water Inc., at which Yasuo Imai serves as Director, Vice Chairman of the Board, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Also, the Company has no business transactions with Japan Industrial and Medical Gases Association, at which Yasuo Imai serves as Chairman. Therefore, there is no risk of his independence being affected by that position. We propose the reelection of Yasuo Imai, who has continued to contribute to the Company's Board of Directors from an independent position as Outside Director. In addition, the Company has appointed Outside Director Yasuo Imai as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange. His term of office as Outside Director of the Company will have been five (5) years at the conclusion of the coming shareholder meeting. </p> <p data-bbox="568 1800 1273 1935"> Notes: 1. Yasuo Imai is a candidate for Outside Director as defined in Article 2, Item 15 of the Companies Act of Japan. 2. We have entered into an agreement with Yasuo Imai limiting his liability for damages as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act. </p>	0 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
11	 <p data-bbox="264 600 464 656">Masato Ono (November 4, 1950)</p> <p data-bbox="264 689 475 770">Outside Director Independent Director Renominated</p>	<p data-bbox="496 315 619 342">April 1974</p> <p data-bbox="496 342 619 369">March 2006</p> <p data-bbox="496 369 619 396">June 2007</p> <p data-bbox="496 423 619 450">June 2012</p> <p data-bbox="496 477 619 504">June 2013</p> <p data-bbox="496 504 619 530">July 2017</p> <p data-bbox="496 530 619 557">August 2018</p>	<p data-bbox="683 315 1018 342">Joined Dai-ichi Kangyo Bank, Ltd.</p> <p data-bbox="683 342 1169 369">Appointed Executive Officer of Mizuho Bank, Ltd.</p> <p data-bbox="683 369 1254 427">Appointed Deputy President and Representative Director of Mizuho Financial Group, Inc.</p> <p data-bbox="683 427 1270 486">Appointed President and CEO (Member of the Board) of Total Insurance Service Limited</p> <p data-bbox="683 486 1177 512">Appointed Director of the Company (to the present)</p> <p data-bbox="683 512 1270 539">Appointed Special Advisor of Total Insurance Service Limited</p> <p data-bbox="683 539 1222 598">Appointed Director of authorized NPO, the Gold Ribbon Network (to the present)</p> <p data-bbox="555 611 991 638">(Significant concurrent posts of other entities)</p> <p data-bbox="563 638 1090 665">Director of authorized NPO, the Gold Ribbon Network</p> <p data-bbox="563 665 1182 692">Outside Director of Nippon Light Metal Holdings Company, Ltd.</p> <p data-bbox="555 714 1230 741">(Attendance at the Board of Directors meetings held during this period)</p> <p data-bbox="563 741 727 768">100% (12 of 12)</p> <p data-bbox="555 790 911 817">(Reason for nomination as candidate)</p> <p data-bbox="563 817 1270 1202">Our company has specialized in business activities in the narrow field of the automation of manufacturing and as such the Board of Directors consists mostly of Directors with engineering background focusing on its core business. Given this context, Masato Ono has been providing the Company with extremely valuable advice on enhancing corporate value from a totally different point of view, contributing to active discussions at meetings of the Board of Directors based on his many years of experience in management of financial institutions. The Company has made no borrowing from Mizuho Financial Group, Inc., at which Masato Ono served as Deputy President and Representative Director, and it has been over twelve (12) years since he retired as Director of Mizuho Financial Group, Inc. The Company has no business transactions with Total Insurance Service Limited, at which Masato Ono served as President and CEO. Therefore, there is no risk of his independence being affected by that position.</p> <p data-bbox="563 1202 1270 1283">We propose the reelection of Masato Ono, who has continued to contribute to the Company's Board of Directors from an independent position as Outside Director.</p> <p data-bbox="563 1283 1270 1364">In addition, the Company has appointed Outside Director Masato Ono as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.</p> <p data-bbox="563 1364 1270 1422">His term of office as Outside Director of the Company will have been seven (7) years at the conclusion of the coming shareholder meeting.</p> <p data-bbox="563 1444 632 1471">Notes:</p> <p data-bbox="563 1471 1270 1529">1. Masato Ono is a candidate for Outside Director as defined in Article 2, Item 15 of the Companies Act of Japan.</p> <p data-bbox="563 1529 1270 1615">2. We have entered into an agreement with Masato Ono limiting his liability for damages as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act.</p>	0 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
12	 <p data-bbox="268 600 475 779">Naoko Yamazaki (December 27, 1970) Outside Director Independent Director Newly nominated</p>	<p data-bbox="496 322 608 344">April 1996</p> <p data-bbox="496 371 655 394">September 2001</p> <p data-bbox="496 421 608 443">April 2010</p> <p data-bbox="496 470 655 492">September 2011</p> <p data-bbox="496 519 608 542">April 2012</p> <p data-bbox="496 568 608 591">July 2012</p> <p data-bbox="496 618 608 640">May 2013</p> <p data-bbox="496 667 608 689">July 2015</p> <p data-bbox="496 716 655 739">December 2015</p> <p data-bbox="496 766 608 788">March 2016</p> <p data-bbox="496 815 608 837">April 2016</p> <p data-bbox="496 864 655 887">September 2017</p> <p data-bbox="496 913 608 936">June 2018</p> <p data-bbox="496 963 608 985">July 2018</p>	<p data-bbox="683 322 1273 367">Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA))</p> <p data-bbox="683 371 1273 416">Authorized as an astronaut to board the International Space Station</p> <p data-bbox="683 421 1273 501">Served as a mission specialist on the Space Shuttle Discovery, and engaged the mission of assembling the International Space Station (STS-131(19A))</p> <p data-bbox="683 506 1273 551">Appointed Honorary Chairman of the Japan Abacus Education Association (to the present)</p> <p data-bbox="683 555 1273 600">Appointed Visiting Professor, Ritsumeikan University (to the present)</p> <p data-bbox="683 604 1273 649">Appointed Member of the Committee on National Space Policy under the Cabinet Office (to the present)</p> <p data-bbox="683 654 1273 698">Appointed Visiting Professor, Joshibi University of Art and Design (to the present)</p> <p data-bbox="683 703 1273 748">Appointed Director of the Japanese Rocket Society and Chairman of the “Sorajo” Board (to the present)</p> <p data-bbox="683 752 1273 833">Appointed Member of the Executive Committee and the Advisory Board for the International Robot Competition (to the present)</p> <p data-bbox="683 837 1273 882">Appointed Outside Director of Nabtesco Corporation</p> <p data-bbox="683 887 1273 945">Appointed Specially Appointed Associated Professor, Graduate School of Advanced Integrated Studies in Human Survivability of Kyoto University</p> <p data-bbox="683 949 1273 994">Appointed Outside Director of OPTORUN Co., Ltd. (to the present)</p> <p data-bbox="683 999 1273 1043">Appointed Outside Director of TOPCON CORPORATION (to the present)</p> <p data-bbox="683 1048 1273 1093">Appointed Representative Director of Space Port Japan Association (to the present)</p> <p data-bbox="555 1137 1273 1285">(Significant concurrent posts of other entities) Representative Director of Space Port Japan Association Member of the Committee on National Space Policy under the Cabinet Office Outside Director of OPTORUN Co., Ltd. Outside Director of TOPCON CORPORATION</p> <p data-bbox="555 1330 1273 1733">(Reason for nomination as candidate) Naoko Yamazaki has extensive knowledge of advanced aerospace engineering and manned spacecraft systems, including robotic arms, as an engineer. She is well versed in science and technology, as well as risk management including crisis management, and has experienced extremely challenging environments as an astronaut. Based on her wealth of experience and insight, she can be expected to oversee the Company’s management and provide useful advice for the improvement of corporate values. Thus her new appointment as Outside Director is proposed. The Company has no business transactions with Space Port Japan Association, at which Naoko Yamazaki serves as Representative Director. Therefore, there is no risk of her independence being affected by this position. Under the premise that this Item is approved as proposed, the Company will appoint Naoko Yamazaki as an Independent Director as defined by the Tokyo Stock Exchange and duly notify the Tokyo Stock Exchange.</p> <p data-bbox="555 1778 1273 1939">Notes: 1. Naoko Yamazaki is a candidate for Outside Director as defined in Article 2, Item 15 of the Companies Act of Japan. 2. If this Item is approved as proposed, we will enter into an agreement with Naoko Yamazaki limiting her liability for damages as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act.</p>	0 shares

Item 3 Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Hajime Harada will expire at the conclusion of the meeting. Accordingly, the election of the following one (1) Audit & Supervisory Board Member is proposed.

The candidate for Audit & Supervisory Board Member is as follows.

The Audit & Supervisory Board has consented to the submission of this item.

Name (Date of birth)	Personal history and position		Number of shares of the Company held by candidate
 <p data-bbox="118 824 344 1048">Mieko Tomita (August 15, 1954)</p> <p data-bbox="118 1055 344 1272">Outside Audit & Supervisory Board Member Independent Auditor Newly nominated</p>	<p data-bbox="344 539 531 622">April 1980</p> <p data-bbox="344 622 531 705">April 1995 April 2001</p> <p data-bbox="344 705 531 788">April 2004 October 2007</p> <p data-bbox="344 788 531 871">June 2012</p> <p data-bbox="344 871 531 954">April 2017</p> <p data-bbox="344 954 531 1037">June 2019</p>	<p data-bbox="531 539 1257 622">Registered as lawyer (to the present) Joined Nishi and Iseki Law Office (currently Nishi & Partners Attorneys and Counselors at Law)</p> <p data-bbox="531 622 1257 705">Appointed Auditor of Kanagawa Learning Disability Research Association Appointed Civil Conciliation Commissioner, Tokyo District Court (to the present)</p> <p data-bbox="531 705 1257 788">Appointed Instructor, Showa Women's University Appointed a member of the National Bar Examination Commission, Code of Civil Procedure</p> <p data-bbox="531 788 1257 871">Appointed External Audit & Supervisory Board Member of MORINAGA MILK INDUSTRY CO., LTD.</p> <p data-bbox="531 871 1257 954">Senior Partner, Nishi & Partners Attorneys and Counselors at Law (to the present)</p> <p data-bbox="531 954 1257 1037">Appointed Outside Director (Member of the Audit & Supervisory Committee) of Nisshin Seifun Group Inc. (to the present)</p> <p data-bbox="531 1037 1257 1097">(Significant concurrent posts of other entities) Senior Partner, Nishi & Partners Attorneys and Counselors at Law Outside Director (Member of the Audit & Supervisory Committee) of Nisshin Seifun Group Inc.</p> <p data-bbox="531 1097 1257 1158">(Reason for nomination as candidate) Mieko Tomita has specialized knowledge and broad insights cultivated as a lawyer. As she can be expected to provide advice from an objective standpoint on strengthening the audits and supervision of the Company's business and corporate governance, as well as maintaining and improving compliance, her appointment as Outside Audit & Supervisory Board Member is proposed. The Company has no business transactions with Nishi & Partners Attorneys and Counselors at Law, at which Mieko Tomita serves as Senior Partner. Therefore, there is no risk of her independence being affected by this position. Under the premise that this Item is approved as proposed, the Company will appoint Mieko Tomita as an Independent Auditor as defined by the Tokyo Stock Exchange and duly notify the Tokyo Stock Exchange.</p> <p data-bbox="531 1158 1257 1218">Notes: 1. Mieko Tomita is a candidate for Outside Audit & Supervisory Board Member as defined in Article 2, Item 16 of the Companies Act of Japan. 2. If this Item is approved as proposed, we will enter into an agreement with Mieko Tomita limiting her liability for damages as defined under Article 423, Paragraph 1 of the Companies Act, in accordance with Article 427, Paragraph 1 of the Companies Act.</p>	<p data-bbox="1257 539 1461 622">0 shares</p>

(For Reference) Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members

With regard to Independent Outside Directors and Outside Audit & Supervisory Board Members, the Company nominates candidates who do not have any certain interest in the Company, and who can be expected to make frank comments without hesitation at Board of Directors meetings, etc. Furthermore, in order to ensure such real independence, as minimum requirements, candidates must meet each of the following conditions.

1. Business transactions between the Company and the company from which the candidate comes must amount to less than 2% of the respective consolidated sales of both companies.
2. The Company must not have any loans from the company from which the candidate comes (if the candidate comes from a bank.)
3. The Company must not have any important transactions such as advisory contracts with the candidate or the firm he works for (if the candidate is a lawyer or other professional.)
4. The candidate must not come from the audit firm that is the Company's Accounting Auditor.
5. There must be no other particular reasons that could give rise to a conflict of interest with the Company.
6. The candidate must not be the spouse or a relative within the second degree of anyone who does not meet the above conditions 1 through 5.

- END -

Attachments to the Notice of Convocation of the General Meeting of Shareholders

BUSINESS REPORT

(April 1, 2019 through March 31, 2020)

1. Summary of Current Status of the FANUC Group

(1) Business trends and achievements

The overall business environment surrounding the FANUC Group during this period was harsh, due primarily to the cautious approach to capital investments mainly in the Chinese market, stemming from the impact of the trade friction between the United States and China. In addition, as the impact of the coronavirus (COVID-19) became more severe towards the end of the period, the business environment became very difficult and unclear.

Even under these circumstances, in order to continue management from a medium to long-term perspective, the FANUC Group promoted major initiatives consisting mainly of advancing product development featuring superior reliability and maintainability, establishing a manufacturing scheme to achieve high quality and short delivery time, and strengthening the service system that supports our customers' manufacturing activities, by uniting as one group under the slogans; "one FANUC," "Reliable, Predictable, Easy to Repair," and "Service First."

At the same time, to deal with the current strenuous market conditions, we have steadily fortified our corporate structure by reducing expenses and time, and streamlining business operations throughout the Company, as well as reviewing plans for equipment and facility investments according to priority.

During the fiscal year ended March 31, 2020, FANUC posted consolidated net sales totaling ¥508,252 million, down 20.0%, consolidated ordinary income totaling ¥102,816 million, down 44.0%, and consolidated net income totaling ¥73,371 million, down 52.4%, compared with the previous fiscal year.

(Note): "Net income" in "Summary of Current Status of the FANUC Group" means "Net income attributable to owners of parent" in the Consolidated Statement of Income.

During this period, "FANUC Robot R-2000iD/210FH," a product with cables integrated into its arm and featuring a good balance between design and function, won "Nikkan Kogyo Shimbun Best 10 New Product Awards 2019/Main Award" and the "Nikkei Business Daily Awards for Excellence/2019 Nikkei Superior Products and Services Awards." We also won a METI Minister's Award for Excellent Corporation Utilizing the Intellectual Property Rights System (open innovation promoter) in the "Intellectual Property Achievement Awards" awarded by the Japan Patent Office, METI. In addition, FANUC's contribution to the ultra-precision small plastic molded parts market through ROBOSHOTS (electric injection molding machines) was highly appraised, and was awarded the "2019 Okochi Memorial Production Prize" for the "development of fully electric injection molding machines for ultra-precision small plastic molded parts" from the Okochi Memorial Foundation.

The following is a summary of the results for each business division:

[FA Division]

Demand in the machine tool industry, the primary market for FANUC CNC systems, declined in the Chinese market due mainly to the impact of the trade friction between the United States and China, and demand for machines also dropped in Taiwan, which is heavily dependent on the Chinese market. In the face of the restraining of capital investments, demand declined in Japan and Europe as well. Sales in South Korea, as well as India which had performed solid in the previous period, remained sluggish due mainly to weak domestic demand. Across the world, automobile-related investment, which greatly impacts demand for machines, was stagnant. As a result, net sales of CNC systems of the FANUC Group decreased compared with the previous fiscal year.

In terms of development, we developed the "FANUC Series 30i/31i/32i-B Plus" as the newest models of the "FANUC 30i series," equipping it with FANUC's state-of-the-art control technology as a standard feature, with further enhancements for

high speed, high precision and high quality machining. We also developed “CNC-QSSR”, which allows easy introduction of FANUC robots to machine tools. For servo motors, by implementing machine learning in servo tuning, our “AI Servo Tuning” has been improved to suppress vibrations at a high level. We also enhanced our “DD MOTOR DiS-B series” lineup with the addition of 15 new models.

With regard to our lasers, although we continued focusing efforts on expanding sales, the competitions with overseas manufacturers has intensified.

In terms of development, greater efficiency has been achieved through improvements to the internal units of the “FANUC FIBER LASER series” of fiber laser oscillators, which are used to cut, weld, and perform laminated molding of metal and non-metal materials. These improvements enable high-power laser oscillation using little energy, leading to the reduction of energy consumption.

The FA Division posted consolidated sales totaling ¥143,247 million, down 32.1% compared with the previous fiscal year, and FA Division sales accounted for 28.3% of consolidated net sales.

[ROBOT Division]

In the ROBOT Division, sales in the Americas were solid. In Japan, sales slightly increased for the automobile industry and slightly decreased for the general industries. Sales in China and Europe both for the automobile industry and for the general industries were sluggish. As a result, sales in the ROBOT Division as a whole decreased compared with the previous fiscal year.

New developments include the addition of the “FANUC Robot CRX-10iA” to our lineup of collaborative robots, which do not require a safety fence and enable robots and humans to work together. This robot combines the high reliability and safety we have developed over the years, with intuitive operation, making it easy to introduce robots even for customers who have never used robots before. We also developed the “FANUC Robot R-2000iD/210FH,” a product with cables embedded into its arm and featuring a good balance between design and function. It eliminates concerns about coming into contact with peripheral equipment for pipes and cables, and simplifies offline teaching. We also developed a “Free Curve Operation Function,” which allows accurate motions in curves along positions that were taught. These and other new products and functions are expected to further expand the range of applications of FANUC robots.

The ROBOT Division posted consolidated sales totaling ¥202,491 million, down 6.9% compared with the previous fiscal year. ROBOT Division sales accounted for 39.8% of consolidated net sales.

[ROBOMACHINE Division]

As there was almost no short-term demand in the IT-related industry for ROBODRILLs (compact machining centers), we focused on expanding sales in the market for automobile parts. However, as the automobile-related market slowed down in the latter half of the period, sales decreased. In addition, sales of ROBOSHOTs (electric injection molding machines) slightly decreased, although we made persistent efforts to expand sales mainly to automobile parts, IT-related, and medical markets. With regard to ROBOCUTs (wire-cut electric discharge machines), sales also declined, mainly in the Chinese market.

Development included maximum usage of our latest CNC functions and servo functions in the “FANUC ROBODRILL α -DiB series,” to reduce machining cycle time and expand sales opportunities, especially in the automobile parts machining market. For the “FANUC ROBOSHOT α -SiA series,” we developed options for molding medical components, to meet the sudden increase in demands in recent years. By presenting such functions in packaged form, deployment in the market has accelerated. For the “FANUC ROBOCUT α -CiB series,” we have enhanced our discharge control circuit and discharge control software to further improve both processing accuracy and ease of use. This has made it possible to expand sales into the high precision mold market, which could not be done before. With regard to ROBONANO (ultra-precision machine), the development of “FANUC ROBONANO α -NTiA,” an ultra-precision lathe that uses our latest CNC and servo technologies, has been completed and launched to the market. This release of a lathe-type nano machine follows “FANUC ROBONANO α -NMiA,” a machining-type ultra-precision nano machine launched in 2018, fulfilling our ROBONANO lineup, and enabling us to meet a wide range of ultra-precision machining needs of the market.

The ROBOMACHINE Division posted consolidated sales totaling ¥74,912 million, down 34.9% compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 14.7% of consolidated net sales.

[Service Division]

The Service Division, under our slogan “Service First,” reinforced our service system, increased efficiency through proactive introduction of IT technology, enhanced our service technology and improved our service tools. By maintaining a network of over 260 service offices covering 108 countries around the world, we are providing rapid service activities to minimize downtime in our customers’ factories.

The Service Division posted consolidated sales totaling ¥87,602 million, down 4.7% compared with the previous fiscal year. Service Division sales accounted for 17.2% of consolidated net sales.

[Approaches to IoT and AI]

In our efforts to support IoT technology, we released the third version of the base software of FIELD system, which is an open platform that connects machines, sensors and other devices of various companies in manufacturing sites, and allows a wide range of companies to participate in the development of application software. This version includes more functions and improves operability and reliability. FIELD system is an IoT product that connects various equipment in manufacturing sites to improve productivity, and its major feature is that it is able to process information in real-time at the edge (on-site in machining and assembly lines) of manufacturing sites.

We also began collaboration with Fujitsu Limited and NTT Communications Corporation targeting the creation of a “Digital Utility Cloud.” This is an initiative to accelerate digital innovation with the aim to streamline overlapping internal operations, which can be seen throughout the machine tool industry, and improving the level of customer services. In order to achieve this objective, the three companies, including FANUC, will develop cloud services that can be used in common by all companies in the industry for the digitization of their businesses.

With regard to AI, we are collaborating with Preferred Networks, Inc. to promote the development of more practical AI functions for use in all products of the FA, ROBOT, ROBOMACHINE, and FIELD system Divisions. For example, the AI servo monitors (FA), AI path control (ROBOT), and AI thermal displacement compensation (ROBODRILL, ROBOCUT) functions that we have recently developed, have already been released in the markets of each product group, where they are contributing to improvements in the operating rate, ease of use, and machining precision of manufacturing equipment in actual manufacturing sites. In addition, our Basic Laboratory (renamed the “Next-Generation Technology Laboratory” on April 1, 2020) is currently developing the next AI functions that will be launched in the market over the next few years, and has begun research on fundamental AI technologies that will lay the foundations for the future. We also utilize AI technologies to make all products of the FA, ROBOT, ROBOMACHINE, and FIELD system Divisions more intelligent, in order to differentiate ourselves from our competitors.

[Research and Development]

During this period, FANUC continued to invest in research and development that will be essential for future growth, despite the harsh business environment.

In an effort to contribute to automating and increasing efficiency in customers’ manufacturing, FANUC’s CNC Hardware Laboratory, CNC Software Laboratory, SERVO Laboratory, Laser Laboratory, ROBOT Mechanical Development Laboratory, ROBOT Software Development Laboratory, ROBODRILL Laboratory, ROBOSHOT Laboratory, ROBOCUT Laboratory, and ROBONANO Research Department focused on developing various new competitive products and features by raising the level of “high performance”, etc. rooted in high reliability, and successfully launched them in the market.

FANUC’s Basic Laboratory engaged in research and development of next-generation element technologies applicable to FANUC products.

In addition, the FIELD Promotion Division progressed in the development of FIELD system and Digital Utility Cloud, among others.

(Note): The functions of the FIELD Promotion Division were aggregated in the IoT Administration Division, established on April 1, 2020.

(2) Capital Investment

Our capital investment during the fiscal year under review included the construction of a servo motor parts machining plant and a ROBONANO plant in our headquarters area, and the completion of a parts center building at our Hino Branch. On the other hand, taking the harsh business environment into consideration, we have reviewed and revised our capital investment plans based on our priorities, and have taken measures such as postponing non-urgent capital investments. As such, our total capital investment during the fiscal year under review is less than that of the previous fiscal year, in which we actively engaged in capital investment.

Total capital investment during the fiscal year under review was ¥70,478 million.

(3) Financing

No external funding was required since FANUC met all of its funding requirements in the fiscal year under review with its own resources.

(4) Challenges

As FANUC products are production goods that are significantly affected by economic changes, we continue management from a long-term perspective without being affected by short-term events.

The trade friction between the U.S. and China has prolonged, and with the additional impacts of the global spread of COVID-19, it is anticipated that the situation will remain difficult and unpredictable for some time. On the other hand, the demand for factory automation is expected to grow over the medium to long-term.

In order to adapt to these environmental changes, the FANUC Group will continue to focus on management that is based on a long-term perspective.

Guided by the slogan “one FANUC,” the FANUC Group will take maximum advantage of our unique strength in uniting our FA, ROBOT, and ROBOMACHINE Divisions to jointly provide total solutions and take care of customers throughout the world. In particular, we perceive collaboration between CNC machine tools and ROBOTS, and between ROBOMACHINES and ROBOTS, as one of our key themes, and will develop products accordingly.

In addition, the FANUC Group will adhere to its origins as a producer of production goods to be used at manufacturing sites, and will be thorough in implementing our slogan “Reliable, Predictable, Easy to Repair” in product development, to minimize downtime in our customers’ factories and improve their operating rates. Moreover, we will develop products with an even greater focus on ease of use, in order to respond to the increase in demands for factory automation, as acquiring skilled workers becomes more difficult.

Furthermore, we will practice our basic policy of “Service First” in providing high-level maintenance services pursuant to FANUC’s global standard anywhere in the world, and “lifetime maintenance” for as long as our customers use our products. In particular, we will continue to focus on “lifetime maintenance,” as it is one of the core strengths of the FANUC Group, which is difficult for competitors to imitate.

The FANUC Group believes that IoT and AI are indispensable technologies for FANUC to continue developing and launching highly competitive products to the market. By aggressively adopting these technologies in all areas of FA, ROBOT, and ROBOMACHINE products, we will further promote customers’ production efficiency. We will continue to develop IoT technologies, such as the “FIELD system” open platform. With regard to AI technologies, we will develop functions that will be useful in actual manufacturing sites. For technologies that the Company does not possess, we will continue to actively collaborate with other companies, and strive to engage in speedy development.

We will pursue measures to strengthen our corporate structure from a long-term perspective, such as reinforcing product

competitiveness, strengthening sales and service activities, promoting automatization and robotization in factories, and enhancing administrative efficiency. In addition, as a supplier of production goods, we are establishing multiple production sites and service centers in order to fulfill our responsibilities as a supplier and maintain service activities under any circumstance. Furthermore, we are also fortifying our supply chain by increasing the number of parts suppliers and maintaining appropriate inventory levels for parts.

Along with such activities, the FANUC Group is also striving to maintain its strong corporate structure by reducing expenses and time, and streamlining business operations. In addition, we consider human resources as being most vital for achieving medium and long-term growth. From this perspective, we will work on the key issues of creating better working environments for our employees and further improving employee motivation.

With regard to management, we will focus even more on the fact that FANUC's products can make major contributions to the achievement of SDGs. In addition to the operating income ratio, ordinary income ratio, and ROE, market shares will also be considered to be an important business indicator, and decisions will be made comprehensively with these in mind.

As a pressing issue, the FANUC Group is prioritizing the prevention of COVID-19 infection among its customers, partners, employees, and family members, along with containing its spread, while striving to continue to provide products and services to customers.

The FANUC Group will continue to thoroughly practice our basic principles of "Strict Preciseness" and "Transparency," and promote such measures united as one group in all aspects, in order to gain more customer confidence and trust in the FANUC Group while adapting to dramatic changes in the environment, in our efforts to become a company that will continue forever.

Thank you for your continued support and assistance to FANUC.

(5) Assets and Profits

1) The FANUC Group

(Millions of yen)

Item	FY 2016 (48th term)	FY 2017 (49th term)	FY 2018 (50th term)	FY 2019 (51st term)
Net sales	536,942	726,596	635,568	508,252
Ordinary income	168,829	249,525	183,459	102,816
Net income	127,697	181,957	154,163	73,371
Net income per share (Yen)	658.63	938.66	795.34	381.89
Total assets	1,564,769	1,728,227	1,625,340	1,512,499
Net assets	1,369,457	1,467,630	1,445,146	1,362,865

Note: The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. have been applied from the beginning of the fiscal year ended March 31, 2019. The standards are retroactively applied to adjust figures for the fiscal year ended March 31, 2018.

2) The Company

(Millions of yen)

Item	FY 2016 (48th term)	FY 2017 (49th term)	FY 2018 (50th term)	FY 2019 (51st term)
Net sales	399,111	572,963	470,644	352,407
Ordinary income	141,733	196,196	147,956	67,586
Net income	112,393	147,664	136,326	54,697
Net income per share (Yen)	579.70	761.75	703.31	284.69
Total assets	1,271,871	1,397,384	1,292,323	1,177,585
Net assets	1,155,279	1,215,001	1,173,464	1,084,633

Note: The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. have been applied from the beginning of the fiscal year ended March 31, 2019. The standards are retroactively applied to adjust figures for the fiscal year ended March 31, 2018.

(6) Principal Businesses

The principal businesses of the FANUC Group are the development, manufacture, sale, and maintenance service of the products described in the following table:

Division	Main products
FA Division	CNC systems (CNC and servo motors), lasers
ROBOT Division	Robots (including robot systems)
ROBOMACHINE Division	ROBODRILL (compact machining center), ROBOSHOT (electric injection molding machine), ROBOCUT (wire-cut electric discharge machine), ROBONANO (ultra precision machine)

In addition to the above, we also engaged in business related to the FIELD system, an open IoT platform for manufacturing sites.

(7) Principal Sites

Head office	Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture
Laboratories	CNC Hardware Laboratory, CNC Software Laboratory, SERVO Laboratory, Laser Laboratory, ROBOT Mechanical Development Laboratory, ROBOT Software Development Laboratory, ROBODRILL Laboratory, ROBOSHOT Laboratory, ROBOCUT Laboratory, ROBONANO Research Department, Basic Laboratory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture)
Branches	Hino Branch (Hino City), Nagoya Branch (Komaki City), Osaka Branch (Osaka City), Hokkaido Branch (Ebetsu City), Tohoku Branch (Sendai City), Tsukuba Branch (Tsukuba City), Maebashi Branch (Maebashi City), Echigo Branch (Mitsuke City), Hakusan Branch (Hakusan City), Chugoku Branch (Okayama City), Hiroshima Branch (Hiroshima City), Kyushu Branch (Kikuyo-machi, Kikuchi-gun, Kumamoto Prefecture)
Factories	Headquarters Factory (Oshino-mura and Yamanakako-mura, Minamitsuru-gun, Yamanashi Prefecture), Mibu Factory (Mibu-machi, Shimotsuga-gun, Tochigi Prefecture), Tsukuba Factory (Chikusei City), Hayato Factory (Kirishima City)
Training Centers	FANUC ACADEMY (Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture)

Note: Basic Laboratory was renamed Next-Generation Technology Laboratory on April 1, 2020.

(8) Employees

Number of employees	The Company	4,018
	The FANUC Group	8,164

(9) Principal Subsidiaries and Affiliated Companies

1) Principal Subsidiaries

Company name	Capital stock	Percentage of equity participation (%)	Principal businesses
FANUC America Corporation	US\$ 157,300 thousand	100	Development, manufacture, sale and maintenance services of robots and robot systems as well as sale and maintenance services of CNC systems, lasers and ROBODRILL
FANUC Europe Corporation	€ 110,961 thousand	100	Sale and maintenance services of CNC systems, lasers, robots, ROBODRILL, ROBOSHOT and ROBOCUT as well as manufacture, sale and maintenance services of robot systems
KOREA FANUC CORPORATION	Won 32,364 million	94	Sale and maintenance services of CNC systems, lasers, robots, ROBODRILL, ROBOSHOT and ROBOCUT as well as manufacture, sale and maintenance services of robot systems
TAIWAN FANUC CORPORATION	NT\$ 1,448 million	100	Knock-down manufacture, sale and maintenance services of CNC systems, sale and maintenance services of lasers and robots, as well as manufacture, sale and maintenance services of robot systems
FANUC INDIA PRIVATE LIMITED	Rupee 290 million	100	Sale and maintenance services of CNC systems, lasers, robots, ROBODRILL, ROBOSHOT and ROBOCUT, as well as manufacture, sale and maintenance services of robot systems
SHANGHAI-FANUC Robomachine CO., LTD.	US\$ 21,000 thousand	51	Sale and maintenance services of ROBODRILL, ROBOSHOT and ROBOCUT
FANUC PERTRONICS LTD	¥327 million	100	Manufacture of parts of CNC systems, lasers, robots, ROBODRILL, ROBOSHOT and ROBOCUT
FANUC SERVO LTD	¥450 million	100	Manufacture of servo motors

2) Principal Affiliated Companies

Company name	Capital stock	Percentage of equity participation (%)	Principal businesses
BEIJING-FANUC Mechatronics CO., LTD.	US\$ 11,300 thousand	50	Knock-down manufacture, sale and maintenance services of CNC systems as well as sale and maintenance services of lasers
SHANGHAI-FANUC Robotics CO., LTD.	US\$ 12,000 thousand	50	Sale and maintenance services of robots, as well as manufacture, sale and maintenance services of robot systems

2. Matters Concerning the Shares of the Company

(1) Total number of shares authorized to be issued by the Company: **400,000,000 shares**

(2) Total number of issued shares: **204,031,841 shares**

(3) Number of shareholders: **59,672**

(4) The ten largest shareholders:

Name	Number of shares (In thousands)	Percentage of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,437	15.9
Japan Trustee Services Bank, Ltd. (Trust Account)	15,876	8.3
JPMorgan Chase Bank, 380055	6,386	3.3
SSBTC Client Omnibus Account	4,709	2.5
Citibank, N.A. - NY, as Depository Bank for Depository Shareholders	4,265	2.2
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,870	2.0
JPMorgan Chase Bank 385151	3,359	1.8
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2,906	1.5
State Street Bank West Client - Treaty 505234	2,827	1.5
The Bank of New York Mellon 140042	2,823	1.5

Note: The percentages of equity participation are calculated after subtracting the number of treasury shares (12,206 thousand shares) from the total number of issued shares.

3. Directors and Audit & Supervisory Board Members

(1) Names of Directors and Audit & Supervisory Board Members, etc.

Position	Name	Responsibilities or significant concurrent posts of other entities
Representative Director, Chairman	Yoshiharu Inaba	
Representative Director, President and CEO	Kenji Yamaguchi	
Representative Director, Senior Executive Vice President and CTO	Hiroyuki Uchida	General Manager, ROBOMACHINE Business Division
Representative Director, Senior Executive Vice President and CFO	Yoshihiro Gonda	General Manager, Corporate Administration Division
Director, Senior Executive Vice President and CISO	Yutaka Saito	Responsible for IoT, and General Manager, FIELD Promotion Division
Director, Executive Managing Officer	Kiyonori Inaba	General Manager, ROBOT Business Division
Director, Executive Managing Officer	Hiroshi Noda	General Manager, FA Business Division
Director	Richard E. Schneider	Chairman, FANUC America Corporation
Director	Kazuo Tsukuda	Executive Corporate Advisor of Mitsubishi Heavy Industries, Ltd.
Director	Yasuo Imai	Vice Chairman of AIR WATER INC.
Director	Masato Ono	Director of authorized NPO, the Gold Ribbon Network
Standing Audit & Supervisory Board Member	Katsuo Kohari	
Audit & Supervisory Board Member	Katsuya Mitsumura	Founder and head of Katsuya Mitsumura C.P.A. and Tax Accountant Office
Audit & Supervisory Board Member	Masaharu Sumikawa	President of Tsukuba Global Innovation Promotion Agency
Audit & Supervisory Board Member	Hajime Harada	Lawyer
Audit & Supervisory Board Member	Hidetoshi Yokoi	Professor Emeritus of the University of Tokyo Field II Program Officer, Adaptable and Seamless Technology Transfer Program through Target-driven R&D of Japan Science and Technology Agency

- Notes:
1. Directors Kazuo Tsukuda, Yasuo Imai and Masato Ono are Outside Directors.
 2. Audit & Supervisory Board Members Masaharu Sumikawa, Hajime Harada and Hidetoshi Yokoi are Outside Audit & Supervisory Board Members.
 3. Audit & Supervisory Board Member Katsuya Mitsumura is a certified public accountant and possesses commensurate knowledge regarding finances and accounting.
 4. Other significant concurrent posts:
 Outside Director Kazuo Tsukuda is also an Outside Director of Mitsubishi Research Institute, Inc. and Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc.
 Outside Director Yasuo Imai is also a Chairman of Japan Industrial and Medical Gases Association.
 Outside Director Masato Ono is also an Outside Director of Nippon Light Metal Holdings Company, Ltd.
 Audit & Supervisory Board Member Katsuya Mitsumura is also an Outside Director (Audit & Supervisory Committee Member) of AXELL CORPORATION and Outside Director of INABA SEISAKUSHO Co., Ltd.
 None of the companies in which the Outside Directors or Outside Audit & Supervisory Board Members concurrently hold posts have special relations with FANUC CORPORATION.
 5. The Company has named the three Outside Directors Kazuo Tsukuda, Yasuo Imai and Masato Ono as Independent Directors and the three Outside Audit & Supervisory Board Members Masaharu Sumikawa, Hajime Harada and Hidetoshi Yokoi as Independent Auditors as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.

6. The following personnel change was made, effective April 1, 2020.

Position	Name
Representative Director, President, CEO and CIO	Kenji Yamaguchi

(2) Total amount of remuneration, etc., payable to the Directors and Audit & Supervisory Board Members

The total amount of remuneration, etc. payable to the Directors for the fiscal year under review was ¥2,152 million (for 14 Directors).

The total amount of remuneration, etc. payable to the Audit & Supervisory Board Members for the fiscal year under review was ¥212 million (for 8 Audit & Supervisory Board Members).

Of the above, the total amount of remuneration, etc. payable to the Outside Directors and Outside Audit & Supervisory Board Members was ¥108 million (for 3 Directors and 4 Audit & Supervisory Board Members).

The upper limit of the total annual remuneration, etc. for Directors was set at the total amount of followings by resolution of the 37th Ordinary General Meeting of Shareholders of June 28, 2006.

- 1) Fixed annual aggregate ceiling amount of ¥1 billion
- 2) Variable aggregate ceiling amount, which is set at the consolidated net profit of each half year multiplied by 1/25 of the dividend payout ratio (%). (It should be noted, however that the variable amount for the first half of the fiscal year shall be paid in the second half of the relevant fiscal year and that for the second half shall be paid in the first half of following fiscal year.)

Note: The payout ratio (%) shall be calculated in accordance with the following formula for each half year:

Payout ratio for the first half of the fiscal year (April to September)

$$= \frac{\text{Amount of interim dividend per share for said period}}{\text{Consolidated net income per share for said period}} \times 100$$

Payout ratio for the second half of the fiscal year (October to March next year)

$$= \frac{\text{Amount of year-end dividend per share for said fiscal year}}{\text{(Consolidated net income per share for said fiscal year)} - \text{consolidated net income per share for first half of said fiscal year}} \times 100$$

With respect to the remuneration for the Directors, the Nomination and Remuneration Committee, which is chaired by an Outside Director and the majority of which is composed of Independent Outside Directors, has been established, and the objectiveness, transparency, etc. of the procedures are secured through the deliberation of such Committee.

The upper limit of the total annual remuneration, etc. for Audit & Supervisory Board Members was set at ¥250 million by resolution of the 45th Ordinary General Meeting of Shareholders of June 27, 2014.

(3) Matters concerning the Outside Directors and Outside Audit & Supervisory Board Members

Major activities

Name	Major activities
Kazuo Tsukuda	He attended 11 of 12 meetings of the Board of Directors, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving corporate executive.
Yasuo Imai	He attended 11 of 12 meetings of the Board of Directors, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving government official and corporate executive.

Masato Ono	He attended all of 12 meetings of the Board of Directors, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving corporate executive.
Masaharu Sumikawa	He attended 11 of 12 meetings of the Board of Directors and 10 of 11 meetings of the Audit & Supervisory Board, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving corporate executive.
Hajime Harada	He attended all of 12 meetings of the Board of Directors and all of 11 meetings of the Audit & Supervisory Board, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a lawyer.
Hidetoshi Yokoi	He attended all of 10 meetings of the Board of Directors and all of 10 meetings of the Audit & Supervisory Board held after his appointment as Outside Audit & Supervisory Board Member on June 27, 2019, and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a university professor.

Consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
(Total Assets)	1,512,499	(Liabilities)	149,634
Current assets	770,380	Current liabilities	100,963
Cash and bank deposits	405,861	Notes and accounts payable, trade	26,974
Notes and accounts receivable, trade	85,266	Accrued income taxes	9,270
Marketable securities	126,700	Warranty reserves	8,306
Finished goods	65,122	Other current liabilities	56,413
Work in process	51,979	Long-term liabilities	48,671
Raw materials and supplies	25,450	Net defined benefit liability	44,652
Other	10,833	Other long-term liabilities	4,019
Allowance for doubtful accounts	(831)		
Noncurrent assets	742,119	(Net assets)	1,362,865
Property, plant and equipment, at cost	597,136	Shareholders' equity	1,388,579
Buildings	310,060	Common stock	69,014
Machinery and equipment	60,216	Capital surplus	96,265
Land	146,085	Retained earnings	1,351,122
Construction in progress	65,458	Treasury stock, at cost	(127,822)
Other	15,317	Accumulated other comprehensive income	(33,479)
Intangible assets	10,219	Valuation difference on available-for-sale securities	5,058
Investments and other assets	134,764	Foreign currency translation adjustment	(26,608)
Investment securities	83,337	Remeasurements of defined benefit plans	(11,929)
Deferred income taxes	33,912	Non-controlling interests	7,765
Net defined benefit asset	13,968		
Others	4,003		
Allowance for doubtful accounts	(456)		
Total	1,512,499	Total	1,512,499

Consolidated Statement of Income

(April 1, 2019 through March 31, 2020)

(Millions of yen)

Titles of Account	Amount
Net sales	508,252
Cost of goods sold	326,095
Gross profit	182,157
Selling, general and administrative expenses	93,807
Operating income	88,350
Non-operating income	16,790
Interest and dividends income	5,305
Miscellaneous income	11,485
Non-operating expenses	2,324
Miscellaneous expenses	2,324
Ordinary income	102,816
Extraordinary losses	1,973
Impairment loss	1,973
Income before income taxes	100,843
Total taxes and others	26,226
Income taxes – current	24,450
Income taxes – deferred	1,776
Net income	74,617
Net income attributable to non-controlling interests	1,246
Net income attributable to owners of parent	73,371

Non-Consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<u>(Total Assets)</u>	<u>1,177,585</u>	<u>(Liabilities)</u>	<u>92,952</u>
Current assets	459,548	Current liabilities	59,732
Cash and bank deposits	193,977	Accounts payable	20,589
Notes receivable, trade	11,850	Accrued expenses	13,974
Accounts receivable, trade	33,947	Accrued charge	12,185
Marketable securities	125,000	Accrued income taxes	5,427
Finished goods	16,808	Warranty reserves	4,631
Work in progress	46,848	Other current liabilities	2,926
Raw materials and supplies	24,398	Long-term liabilities	33,220
Other	6,913	Allowance for employees' retirement benefits	30,889
Allowance for doubtful accounts	(193)	Other long-term liabilities	2,331
Noncurrent assets	718,037		
Property, plant and equipment, at cost	537,434	<u>(Net assets)</u>	<u>1,084,633</u>
Buildings	267,297	Shareholders' equity	1,079,901
Machinery and equipment	54,959	Common stock	69,014
Land	128,211	Capital surplus	96,057
Construction in progress	62,091	Legal capital surplus	96,057
Other	24,876	Retained earnings	1,042,652
Intangible assets	9,166	Legal retained earnings	8,252
Investments and other assets	171,437	Other retained earnings	1,034,400
Investment securities	21,216	Reserve for research and development	311,800
Stocks of subsidiaries and affiliates	109,492	Reserve for reduction entry	38
Deferred income taxes	29,569	General reserve	303,580
Prepaid pension cost	9,606	Retained earnings brought forward	418,982
Others	1,960	Treasury stock, at cost	(127,822)
Allowance for doubtful accounts	(406)	Valuation and translation adjustment	4,732
		Net unrealized holding gain on other securities	4,732
Total	1,177,585	Total	1,177,585

Non-Consolidated Statement of Income

(April 1, 2019 through March 31, 2020)

(Millions of yen)

Titles of Account	Amount
Net sales	352,407
Cost of goods sold	263,362
Gross profit	89,045
Selling, general and administrative expenses	51,053
Operating income	37,992
Non-operating income	32,155
Interest and dividends income	29,673
Miscellaneous income	2,482
Non-operating expenses	2,561
Miscellaneous expenses	2,561
Ordinary income	67,586
Extraordinary losses	1,973
Impairment loss	1,973
Income before income taxes	65,613
Total taxes and others	10,915
Income taxes – current	12,693
Income taxes – deferred	(1,777)
Net income	54,697

Copy of the Accounting Auditors' Report Related to the Consolidated Financial Statements (Translation)

REPORT OF INDEPENDENT AUDITORS

May 21, 2020

The Board of Directors
FANUC CORPORATION

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act of Japan, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of FANUC CORPORATION (the "Company") for the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the corporate group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant

uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo office

Hitoshi Yonemura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Junichiro Tsuruta (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Copy of the Accounting Auditors' Report Related to the Non-Consolidated Financial Statements (Translation)

REPORT OF INDEPENDENT AUDITORS

May 21, 2020

The Board of Directors
FANUC CORPORATION

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of FANUC CORPORATION (the "Company") for the 51st fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

• Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

• Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo office

Hitoshi Yonemura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Junichiro Tsuruta (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Copy of the Audit Report of the Audit & Supervisory Board (Translation)

AUDIT REPORT

We, the Audit & Supervisory Board, based on the audit report prepared by each Audit & Supervisory Board Member on the performance by the Directors of their duties during the 51st fiscal year from April 1, 2019 to March 31, 2020, prepared this audit report upon deliberation and hereby report as follows:

1. Method of Audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board and the Particulars thereof:

(1) The Audit & Supervisory Board determined the audit policy, audit plans, etc. and received from each the Audit & Supervisory Board Member reports on the state of his performance of audits and the results thereof. The Board also received reports from the Directors, etc. and the Accounting Auditors on the state of performance of their duties, and sought explanations as necessary.

(2) Each Audit & Supervisory Board Member, in accordance with the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board and the assignment of duties, etc. determined by the Audit & Supervisory Board, maintained constant communication with the Directors, Internal Auditing Section and other employees, etc. in an effort to collect information and improve the environment for auditing, conducted audit in accordance with the following methods.

(i) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings, received from the Directors and employees, etc. reports on the state of performance of their duties, sought explanations as necessary, inspected important decision documents, etc., and made investigation into the state of activities and property at the head office and principal business offices of the Company. With regard to its subsidiaries, we maintained constant communication, and exchanged information with the directors, Audit & Supervisory Board Members, etc. thereof, and requested the subsidiaries to render reports on their business operations as necessary.

(ii) We also monitored and verified the details of the resolutions of the Board of Directors for establishing systems to secure that the performance by the Directors of their duties will comply with laws or ordinance and the Articles of Incorporation and such other systems provided for in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as necessary to secure the adequacy of business of corporate group comprising of joint-stock corporations and its subsidiaries, as well as the status of the systems (internal control systems) established pursuant to such resolutions, as described in the business report, and we received from the Directors and employees, etc. regular reports on the state of establishment and operation thereof, sought explanations as necessary, and expressed opinions.

With regard to the internal control on financial reporting, we received from the Directors, etc. and Accounting Auditors reports on the assessment of such internal control and auditing thereof, and sought explanations as necessary. With regard to its subsidiaries, we maintained constant communication, and exchanged information with the directors, Audit & Supervisory Board Members, etc. thereof, and requested the subsidiaries to render reports on their business operations as necessary. In accordance with such methods, we investigated the business report and its supplementary schedules for the fiscal year under review.

(iii) We also monitored and verified whether the Accounting Auditors had maintained an independent position and conducted adequate audits, received from the Accounting Auditors reports on the state of performance of their duties, and requested explanations as necessary. In addition, we received from the Accounting Auditors a notice that the “systems to secure adequate performance of duties” (as listed in the items of Article 131 of the Ordinance for Corporate Accounting) had been established in accordance with the “Standard for Quality Control Concerning Audits” (the Business Accounting Council, October 28, 2005), and requested explanations as necessary.

In accordance with such methods, we investigated the business report and its supplementary schedules, non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders’ equity, etc. and the notes to non-consolidated financial statements) and the supplementary financial schedules, as well as the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders’ equity, etc. and the notes to consolidated financial statements), for the fiscal year under review.

2. Results of Audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

- (i) That the business report and its supplementary schedules fairly present the state of the Company in accordance with laws and ordinances and the Articles of Incorporation;
- (ii) That in connection with the performance by the Directors of their duties, no dishonest act or material fact of violation of laws and ordinances and the Articles of Incorporation exists; and
- (iii) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the contents of business report and performance by the Directors of their duties concerning such internal control systems, including internal control system on financial reporting, contains nothing to be pointed out.

(2) Results of audit of the non-consolidated financial statements and the supplementary financial schedules:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon LLC, are proper.

(3) Results of audit of the consolidated financial statements:

We are of the opinion that the method and results of the audit made by the Account Auditors, Ernst & Young ShinNihon LLC, are proper.

May 22, 2020

Audit & Supervisory Board
FANUC CORPORATION

Katsuo Kohari (seal)
Standing Audit & Supervisory Board Member

Katsuya Mitsumura (seal)
Audit & Supervisory Board Member

Masaharu Sumikawa (seal)
Outside Audit & Supervisory Board Member

Hajime Harada (seal)
Outside Audit & Supervisory Board Member

Hidetoshi Yokoi (seal)
Outside Audit & Supervisory Board Member