

(TRANSLATION)

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(Securities code: 6954)

June 8, 2023

(Commencement of measures for electronic provision: June 1, 2023)

**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 54th Ordinary General Meeting of Shareholders**

Dear Shareholders,

We are pleased to announce that the 54th Ordinary General Meeting of Shareholders of FANUC CORPORATION will be held as described below.

In convening the meeting, the Company has taken the electronic provision measure for information included in the Reference Materials for the Ordinary General Meeting of Shareholders, etc. (Electronic Provision Measures Matters). Electronic Provision Measures Matters are posted on the Company's website as "Notice of Convocation of The 54th Ordinary General Meeting of Shareholders" and "Supplementary Materials to the Notice of Convocation of The 54th Ordinary General Meeting of Shareholders." Please access the Company's website below and check the Matters.

The Company's website: <https://fanuc.co.jp/en/ir/meeting/index.html>

In addition to the above website, Electronic Provision Measures Matters are also posted on the Tokyo Stock Exchange, Inc. (TSE) website. Please access the TSE website (TSE Listed Company Search) below, enter the Company's name (FANUC) or the securities code (6954) for search, and select "Basic information," then "Documents for public inspection/PR information" to check the Matters.

TSE website (Listed Company Search):  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

**If you are unable to attend the meeting on the day, you may exercise your voting rights via the Internet or by the Voting Rights Exercise Form. Please review the Reference Materials for the Ordinary General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. (Japan time), Wednesday, June 28, 2023.**

**[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:** Thursday, June 29, 2023, 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 and Supervisory Committee for the 54th fiscal year (from April 1, 2022 to March 31, 2023).
  - Matters to be resolved:**
    - Item 1:** Dividends of Surplus
    - Item 2:** Election of Seven (7) Directors (except for Directors Who Are Audit and Supervisory Committee Members)
    - Item 3:** Election of Four (4) Directors Who Are Audit and Supervisory Committee Members
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.
  - (3) If there is no indication of a vote for or against a proposal on the Voting Rights Exercise Form, this shall be treated as a vote for the proposal.
  - \* When attending the meeting on the day, please submit the enclosed Voting Rights Exercise Form at the reception desk.
  - \* In the event of any revision to the Electronic Provision Measures Matters, such Matters before and after the revision will be posted on the abovementioned Company website and TSE website.
  - \* This document also serves as the document stating Electronic Provision Measures Matters based on the request for delivery of documents.
  - \* On April 1, 2023, the Company performed a 5-for-1 stock split of common share. As the record date for the number of voting rights to be exercised and the number of shares held described in the enclosed Voting Rights Exercise Form is March 31, 2023, the number of shares is the one prior to such stock split.

## 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

We have set a consolidated dividend payout ratio of 60% as our basic policy.

2. Share buybacks

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

3. Cancellation of treasury shares

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

Based on the above basic policy, we propose to pay the year-end dividend for this fiscal year as follows, which makes the consolidated payout ratio, including the interim dividend paid in December 2022, at 60%.

The dividend for the full fiscal year will be ¥535.66 per share, in total with the dividend for the first half of the fiscal year that has been paid in December, 2022 (¥264.02 per share), resulting in ¥271.64 per share for the second half.

(1) Type of dividend asset

Cash

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

¥271.64 per share of common stock (dividend payout ratio (Consolidated): 60.0%)

Total amount of payout: ¥51,770,253,515

(3) Effective date of dividend payment

June 30, 2023

(Note): The Company performed a 5-for-1 stock split of common share with an effective date of April 1, 2023. As the record date for the year-end dividends for the fiscal year under review was March 31, 2023, the dividend payment will be made based on the number of shares prior to such stock split.


**Item 2 Election of Seven (7) Directors (except for Directors Who Are Audit and Supervisory Committee Members)**

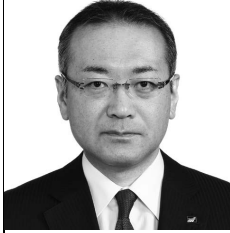
The term of office of the six (6) Directors (except for Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of the meeting. Therefore, we propose to elect seven (7) Directors (except for Directors who are Audit and Supervisory Committee Members).


The reasons for proposing this item and item 3 are as presented on page 14.


The seven (7) candidates for Directors (except for Directors who are Audit and Supervisory Committee Members) are as follows:

Candidates' number	Name	Position and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Yoshiharu Inaba <span style="border: 1px solid black; padding: 2px;">Renominated</span>	Representative Director, Chairman	100% (12 of 12)
2	Kenji Yamaguchi <span style="border: 1px solid black; padding: 2px;">Renominated</span>	Representative Director, President and CEO	100% (12 of 12)
3	Ryuji Sasuga <span style="border: 1px solid black; padding: 2px;">Newly nominated</span>	Senior Managing Officer and CFO General Manager, Corporate Finance Division Manager, Secretary Department	-
4	Michael J. Cicco <span style="border: 1px solid black; padding: 2px;">Renominated</span>	Director of the Company President and CEO, FANUC America Corporation	100% (12 of 12)
5	Naoko Yamazaki <span style="border: 1px solid black; padding: 2px;">Renominated</span> <span style="border: 1px solid black; padding: 2px; margin-left: 20px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; margin-left: 20px;">Independent Director</span>	Director	100% (12 of 12)
6	Hiroto Uozumi <span style="border: 1px solid black; padding: 2px;">Renominated</span> <span style="border: 1px solid black; padding: 2px; margin-left: 20px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; margin-left: 20px;">Independent Director</span>	Director	100% (10 of 10)
7	Yoko Takeda <span style="border: 1px solid black; padding: 2px;">Newly nominated</span> <span style="border: 1px solid black; padding: 2px; margin-left: 20px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; margin-left: 20px;">Independent Director</span>	-	-


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 ( <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)	57,570 shares
		(Significant concurrent posts of other entities) Outside Director, TOPCON CORPORATION Chairman, Japan Machine Tool Builders' Association		
		(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.		

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
2	 Kenji Yamaguchi (August 6, 1968)  Renominated	April 1993 June 2008 February 2012  October 2013  June 2016 April 2019	Joined 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 Appointed President and CEO ( <i>Representative Director</i> ) of the Company (to the present)	29,150 shares
		(Significant concurrent posts of other entities) Chairman, Japan Robot Association		
		(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)		
		(Reason for nomination as candidate) Kenji Yamaguchi has been involved in research and development, manufacturing, production engineering 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 and CEO ( <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.		


Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
3	 Ryuji Sasuga (March 10, 1969) Newly nominated	April 1992 April 2004 January 2010 March 2012 April 2015 July 2015 June 2017 July 2021 June 2022	Joined the Company Appointed Director & Manager, Finance & Accounting Department of Fanuc Europe GmbH Appointed Director & CFO of FANUC Europe Corporation Joined LIXIL Corporation Seconded to Permasteelisa S.p.A Group Financial Control Manager Rejoined the Company Manager, Group Companies Support Department of the Company Manager, Secretary Department of the Company (to the present) Appointed Managing Officer of the Company General Manager, Corporate Finance Division of the Company (to the present) Appointed Senior Managing Officer and CFO of the Company (to the present)	4,450 shares
(Reason for nomination as candidate) Ryuji Sasuga has engaged in accounting operations at the Company and its overseas subsidiaries, and is currently involved in accounting, public relations, and shareholder relations, etc. as General Manager of the Corporate Finance Division, and he has worked to strengthen our financial position as CFO. 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.				

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
4	 Michael J. Cicco (October 16, 1976) Renominated	August 1999 November 2015 April 2016 June 2016 July 2016 June 2017 June 2020	Joined FANUC America Corporation ("FAC") Appointed Vice President ( <i>Director</i> ) of FAC Appointed President and COO ( <i>Director</i> ) of FAC Appointed Managing Officer of the Company Appointed President and CEO ( <i>Director</i> ) of FAC (to the present) Appointed Senior Managing Officer of the Company Appointed Director of the Company (to the present)	1,850 shares
(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)				
(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 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
5	 <p data-bbox="261 622 491 678">Naoko Yamazaki (December 27, 1970)</p> <p data-bbox="261 701 491 779">Outside Director Independent Director Renominated</p>	<p data-bbox="491 315 676 349">April 1996</p> <p data-bbox="491 371 676 405">September 2001</p> <p data-bbox="491 427 676 461">April 2010</p> <p data-bbox="491 506 676 539">March 2016</p> <p data-bbox="491 539 676 573">September 2017</p> <p data-bbox="491 595 676 629">June 2018</p> <p data-bbox="491 651 676 685">July 2018</p> <p data-bbox="491 707 676 741">June 2020</p> <p data-bbox="491 741 676 775">June 2021</p>	<p data-bbox="676 315 1283 371">Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA))</p> <p data-bbox="676 371 1283 427">Authorized as an astronaut to board the International Space Station</p> <p data-bbox="676 427 1283 506">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="676 506 1283 539">Appointed Outside Director of Nabtesco Corporation</p> <p data-bbox="676 539 1283 595">Appointed Outside Director of OPTORUN Co., Ltd. (to the present)</p> <p data-bbox="676 595 1283 651">Appointed Outside Director of TOPCON CORPORATION (to the present)</p> <p data-bbox="676 651 1283 707">Appointed Representative Director of Space Port Japan Association (to the present)</p> <p data-bbox="676 707 1283 741">Appointed Director of the Company (to the present)</p> <p data-bbox="676 741 1283 797">Appointed President of Young Astronauts Club - Japan (to the present)</p> <p data-bbox="676 797 1283 909">(Significant concurrent posts of other entities) Representative Director of Space Port Japan Association President of Young Astronauts Club - Japan Outside Director of OPTORUN Co., Ltd. Outside Director of TOPCON CORPORATION</p> <p data-bbox="676 909 1283 987">(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)</p> <p data-bbox="676 987 1283 1043">(Reason for nomination as candidate and expected role) 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. With her wealth of experience and insight, she has appropriately executed her duties as Outside Director in providing the Company with supervision over and advice on the Company's business. We expect that she will continue to contribute to the Company's Board of Directors from an independent position.</p> <p data-bbox="676 1043 1283 1267">The Company has no business transactions with Space Port Japan Association, at which Naoko Yamazaki serves as Representative Director, or with Young Astronauts Club - Japan, at which she serves as President. Therefore, there is no risk of her independence being affected by this position. As mentioned above, Naoko Yamazaki has continued to contribute to the Company's Board of Directors from an independent position. Thus her reappointment as Outside Director is proposed.</p> <p data-bbox="676 1267 1283 1346">In addition, the Company has appointed Outside Director Naoko Yamazaki as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.</p> <p data-bbox="676 1346 1283 1424">Her term of office as Outside Director of the Company will have been three (3) years at the conclusion of the coming shareholder meeting.</p>	0 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
6	 <p>Hiroto Uozumi (March 10, 1953)</p> <p>Outside Director Independent Director Renominated</p>	<p>April 1975 April 2003</p> <p>April 2004</p> <p>April 2005</p> <p>July 2007</p> <p>April 2011</p> <p>April 2013 April 2015</p> <p>April 2017</p> <p>April 2020</p> <p>June 2021</p> <p>June 2022</p>	<p>Joined Hitachi, Ltd. General Manager of Nuclear Power Systems Production Division, Nuclear Systems Division, Power and Industrial Systems Group, Hitachi, Ltd. Deputy General Manager of Hitachi Works, Power Systems Group and Vice Division Director, Nuclear Power Systems Production, Hitachi, Ltd. Deputy General Manager of Air-Conditioning Systems Division, Hitachi Plant Engineering &amp; Construction Co., Ltd. Appointed Executive Vice President of Hitachi-GE Nuclear Energy, Ltd. Appointed President and Representative Director of Hitachi-GE Nuclear Energy, Ltd. Appointed Vice President and Executive Officer, Hitachi, Ltd. Appointed Chairman of the Board of Hitachi-GE Nuclear Energy, Ltd. Senior Corporate Officer of Nuclear Energy Business Unit, Hitachi, Ltd. Senior Corporate Officer of Nuclear Damage Compensation and Decommissioning Facilitation Corporation Appointed President &amp; CEO of Atomic Energy Association (to the present) Appointed Director of the Company (to the present)</p> <p>(Significant concurrent posts of other entities) President &amp; CEO of Atomic Energy Association</p> <p>(Attendance at the Board of Directors meetings held during this period) 100% (10 of 10)</p> <p>(Reason for nomination as candidate and expected role) Hiroto Uozumi has a background in planning and designing nuclear power systems and manufacturing major equipment as the Head of nuclear power business at Hitachi, Ltd. He is familiar with manufacturing and company management due to his experience holding important positions at Hitachi, Ltd. and Hitachi-GE Nuclear Energy, Ltd. In addition, as the Company aims to be carbon-neutral by 2050, it is expected that his knowledge of power and energy systems, as well as decarbonization, will be utilized. With his wealth of experience and insight, he has appropriately executed his duties as Outside Director in providing the Company with supervision over and advice on the Company's business. We expect that he will continue to contribute to the Company's Board of Directors from an independent position. The Company has no business transactions with the Atomic Energy Association, at which Hiroto Uozumi serves as President &amp; CEO. Therefore, there is no risk of his independence being affected by this position. As mentioned above, Hiroto Uozumi has continued to contribute to the Company's Board of Directors from an independent position. Thus his reappointment as Outside Director is proposed. In addition, the Company has appointed Outside Director Hiroto Uozumi 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 one (1) year at the conclusion of the coming shareholder meeting.</p>	500 shares



Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
7	 <p>Yoko Takeda (April 13, 1971)</p> <p>Outside Director Independent Director Newly nominated</p>	<p>April 1994 April 2009 April 2012</p> <p>October 2015</p> <p>October 2017</p> <p>October 2020</p> <p>December 2021</p> <p>October 2022</p>	<p>Joined Bank of Japan</p> <p>Joined Mitsubishi Research Institute, Inc.</p> <p>Chief Researcher, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p> <p>Deputy General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p> <p>General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p> <p>Deputy General Manager, Planning and Administration Office, Think Tank Unit</p> <p>General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p> <p>Appointed Research Fellow (to the present)</p> <p>Deputy General Manager, Think Tank Unit</p> <p>General Manager, Planning and Administration Office, Think Tank Unit</p> <p>General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc. (to the present)</p> <p>(Significant concurrent posts of other entities)</p> <p>Research Fellow, Deputy General Manager, Think Tank Unit General Manager, Planning and Administration Office, Think Tank Unit General Manager, Center for Policy and the Economy, Chief Economist of Mitsubishi Research Institute, Inc.</p> <p>(Reason for nomination as candidate and expected role)</p> <p>Yoko Takeda has extensive knowledge of economic and financial conditions, having conducted research analysis of finance and the economy, and made various policy proposals at Mitsubishi Research Institute, Inc. In addition, she has various other experiences, including activities as government commissioner on the Industrial Structure Council, etc.</p> <p>The Company requests her appointment as Outside Director in order for her to provide the Company with supervision over and advice on the Company's business, utilizing her wealth of experience and insight.</p> <p>The Company has no business transactions with Mitsubishi Research Institute, Inc., at which Yoko Takeda serves as Research Fellow, etc. Therefore, there is no risk of her independence being affected by this position. Assuming that this proposal is approved as originally proposed, the Company will appoint Yoko Takeda as an Independent Director as defined by the Tokyo Stock Exchange and notify the Tokyo Stock Exchange.</p>	0 shares

Notes:

1. Naoko Yamazaki, Hiroto Uozumi, and Yoko Takeda are candidates for Outside Directors.
2. We have entered into an agreement with Naoko Yamazaki and Hiroto Uozumi limiting their 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. We intend to enter into a liability limitation agreement with Yoko Takeda with the same content if this item is approved as originally proposed.
3. We have entered into a directors and officers liability insurance agreement with an insurance company. The agreement covers damages that may arise due to the insured directors and officers assuming liability for their execution of duties, or receiving a claim for the pursuit of such liability. All candidates for Directors shall be included as an insured under the said insurance agreement, which is to be retained with the same terms and conditions at the next renewal.
4. On April 1, 2023, the Company performed a 5-for-1 stock split of common share. The above "Number of shares of the Company held by candidate" is the number of shares after the stock split.

### Item 3 Election of Four (4) Directors Who Are Audit and Supervisory Committee Members


The term of office of the five (5) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of the meeting. Therefore, we propose to elect four (4) Directors who are Audit and Supervisory Committee Members.


The reasons for proposing this item and item 2 are described on page 14.


The four (4) candidates for Directors who are Audit and Supervisory Committee Members are as follows.


The consent of the Audit and Supervisory Committee has been obtained in advance for this proposal.

Candidates' number	Name	Position and responsibilities at the Company	Attendance at the Board of Directors meetings	Attendance at the Audit and Supervisory Committee meetings
1	Toshiya Okada <span style="border: 1px solid black; padding: 2px;">Newly nominated</span>	Managing Officer, Manager, Legal Department	-	-
2	Hidetoshi Yokoi <span style="border: 1px solid black; padding: 2px;">Renominated</span> <span style="border: 1px solid black; padding: 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px;">Independent Director</span>	Director (Audit and Supervisory Committee Member)	100% (12 of 12)	100% (14 of 14)
3	Mieko Tomita <span style="border: 1px solid black; padding: 2px;">Renominated</span> <span style="border: 1px solid black; padding: 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px;">Independent Director</span>	Director (Audit and Supervisory Committee Member)	92% (11 of 12)	93% (13 of 14)
4	Shigeo Igashima <span style="border: 1px solid black; padding: 2px;">Newly nominated</span> <span style="border: 1px solid black; padding: 2px;">Outside Director</span> <span style="border: 1px solid black; padding: 2px;">Independent Director</span>	-	-	-

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities	Number of shares of the Company held by candidate
1	 Toshiya Okada (August 21, 1961) Newly nominated	April 1984 August 1999 June 2012 May 2014 June 2016 June 2019 June 2020 Joined the Company Manager, Legal Department of the Company (to the present) Appointed Senior Vice President (Director) of the Company Appointed Executive Vice President (Director) of the Company Appointed Executive Managing Officer (Director) of the Company Appointed Senior Managing Officer Appointed Managing Officer (to the present)	10,300 shares
		(Reason for nomination as candidate) Toshiya Okada is well versed in corporate legal affairs, and has committed himself as Manager of Legal Department to reducing legal risks and establishing governance systems over the years. In order to benefit from his experiences and deep insights in audits and supervision of the Company, his appointment as Director who is an Audit and Supervisory Committee Member is proposed.	

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
2	 <p>Hidetoshi Yokoi (August 29, 1953)</p> <p>Outside Director Independent Director Renominated</p>	<p>April 1983 January 1985</p> <p>July 1997 July 1998</p> <p>April 2005</p> <p>April 2008 May 2015</p> <p>March 2019</p> <p>June 2019</p> <p>June 2021</p>	<p>Lecturer, Institute of Industrial Science of University of Tokyo Assistant Professor, Institute of Industrial Science of University of Tokyo Professor, Institute of Industrial Science of University of Tokyo Professor, Center for Collaborative Research of University of Tokyo Director, Center for Collaborative Research of University of Tokyo Professor, Institute of Industrial Science of University of Tokyo Field II Program Officer, Adaptable and Seamless Technology Transfer Program through Target-driven R&amp;D of Japan Science and Technology Agency Retired as Professor, Institute of Industrial Science of University of Tokyo Professor Emeritus of the University of Tokyo (to the present) Appointed Audit &amp; Supervisory Board Member of the Company Appointed Director (Audit and Supervisory Committee Member) of the Company (to the present)</p> <p>(Significant concurrent posts of other entities) Professor Emeritus of the University of Tokyo</p> <p>(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)</p> <p>(Attendance at the Audit and Supervisory Committee meetings held during this period) 100% (14 of 14)</p> <p>(Reason for nomination as candidate and expected role) Hidetoshi Yokoi has extensive knowledge in manufacturing, having been engaged in research and education at a university and in activities at the Japan Science and Technology Agency to solve problems in society to meet its demands. He has played an appropriate role in audits of business execution and in providing supervision and advice as Outside Director who is an Audit and Supervisory Committee Member. We expect that he will continue to contribute to the Board of Directors and the Audit and Supervisory Committee from an independent position. Therefore, we propose the reelection of Hidetoshi Yokoi, who has continued to contribute to the Company's Board of Directors and the Audit and Supervisory Committee from an independent position as Outside Director who is an Audit and Supervisory Committee Member. In addition, the Company has appointed Outside Director who is an Audit and Supervisory Committee Member Hidetoshi Yokoi 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 who is an Audit and Supervisory Committee Member of the company will have been two (2) years at the conclusion of the coming shareholder meeting.</p>	0 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
3	 <p data-bbox="272 584 448 640">Mieko Tomita (August 15, 1954)</p> <p data-bbox="272 663 475 741">Outside Director Independent Director Renominated</p>	<p data-bbox="502 311 608 338">April 1980</p> <p data-bbox="502 387 608 414">April 1995</p> <p data-bbox="502 441 608 468">April 2001</p> <p data-bbox="502 495 608 521">April 2004</p> <p data-bbox="502 521 632 548">October 2007</p> <p data-bbox="502 575 600 602">June 2012</p> <p data-bbox="502 629 608 656">April 2017</p> <p data-bbox="502 683 600 710">June 2019</p> <p data-bbox="502 736 600 763">June 2020</p> <p data-bbox="502 763 600 790">June 2021</p>	<p data-bbox="687 311 1299 389">Registered as lawyer (to the present) Joined Nishi and Iseki Law Office (currently Nishi &amp; Partners Attorneys and Counselors at Law)</p> <p data-bbox="687 389 1299 445">Appointed Auditor of Kanagawa Learning Disability Research Association</p> <p data-bbox="687 445 1299 501">Appointed Civil Conciliation Commissioner, Tokyo District Court (to the present)</p> <p data-bbox="687 501 1150 528">Appointed Instructor, Showa Women's University</p> <p data-bbox="687 528 1299 584">Appointed a member of the National Bar Examination Commission, Code of Civil Procedure</p> <p data-bbox="687 584 1299 640">Appointed External Audit &amp; Supervisory Board Member of MORINAGA MILK INDUSTRY CO., LTD.</p> <p data-bbox="687 640 1299 696">Senior Partner, Nishi &amp; Partners Attorneys and Counselors at Law (to the present)</p> <p data-bbox="687 696 1299 752">Appointed Outside Director (Member of the Audit &amp; Supervisory Committee) of Nisshin Seifun Group Inc. (to the present)</p> <p data-bbox="687 752 1299 808">Appointed Audit &amp; Supervisory Board Member of the Company</p> <p data-bbox="687 808 1299 864">Appointed Director (Audit and Supervisory Committee Member) of the Company (to the present)</p> <p data-bbox="560 842 1299 976">(Significant concurrent posts of other entities) Senior Partner, Nishi &amp; Partners Attorneys and Counselors at Law Outside Director (Member of the Audit &amp; Supervisory Committee) of Nisshin Seifun Group Inc. Outside Director of TEKKEN CORPORATION</p> <p data-bbox="560 999 1299 1055">(Attendance at the Board of Directors meetings held during this period) 92% (11 of 12)</p> <p data-bbox="560 1077 1299 1155">(Attendance at the Audit and Supervisory Committee meetings held during this period) 93% (13 of 14)</p> <p data-bbox="560 1200 1299 1787">(Reason for nomination as candidate and expected role) Mieko Tomita has specialized knowledge and broad insights cultivated as a lawyer. She provides advice on strengthening the audits and supervision of the Company's business and corporate governance, as well as maintaining and improving compliance. She has also played an appropriate role in audits and supervision of business execution and in providing advice as Outside Director who is an Audit and Supervisory Committee Member. We expect that she will continue to contribute to the Board of Directors and the Audit and Supervisory Committee from an independent position. The Company has no business transactions with Nishi &amp; Partners Attorneys and Counselors at Law, at which Mieko Tomita serves as Senior Partner. Accordingly, there is no risk of her independence being affected by this position. Therefore, we propose the reelection of Mieko Tomita, who has continued to contribute to the Company's Board of Directors and the Audit and Supervisory Committee from an independent position as Outside Director who is an Audit and Supervisory Committee Member. In addition, the Company has appointed Outside Director who is an Audit and Supervisory Committee Member Mieko Tomita as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange. Her term of office as Outside Director who is an Audit and Supervisory Committee Member of the Company will have been two (2) years at the conclusion of the coming shareholder meeting.</p>	0 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
4	 <p>Shigeo Igashima (December 12, 1963)</p> <p>Outside Director Independent Director Newly nominated</p>	<p>October 1990 August 1995 January 1997 August 2004 November 2004</p> <p>June 2016 December 2017</p>	<p>Joined Chuo Shinko Audit Corporation Registered as a Certified Public Accountant (to the present) Joined Yano Seisakusho Co., Ltd. Representative of Igashima C.P.A. Office (to the present) Registered as a Certified Public Tax Accountant (to the present) Representative of Igashima Shigeo Tax Accountant Office (to the present) Appointed Outside Director (Audit &amp; Supervisory Committee Member) of AXELL CORPORATION (to the present) Appointed Outside Director of TAIYO BUSSAN KAISHA, LTD.</p> <p>(Significant concurrent positions of other entities) Representative of Igashima C.P.A. Office Representative of Igashima Shigeo Tax Accountant Office Outside Director (Audit &amp; Supervisory Committee Member) of AXELL CORPORATION</p> <p>(Reason for nomination as candidate and expected role) Shigeo Igashima has professional experience as a certified public accountant and tax accountant over many years, and has extensive knowledge of financial accounting and internal control. The Company requests his appointment as Outside Director who is an Audit and Supervisory Committee Member in order for him to provide the Company with audits, supervision over and advice on the Company's business, utilizing his wealth of experience and insight. The Company has no business transactions with Igashima Shigeo C.P.A. Office or with Igashima Shigeo Tax Accountant Office, at which Shigeo Igashima serves as Representative. Therefore, there is no risk of his independence being affected by this position. Assuming that this proposal is approved as originally proposed, the Company will designate Shigeo Igashima as an Independent Director as defined by the Tokyo Stock Exchange and notify the Tokyo Stock Exchange.</p>	0 shares

Notes:

- Hidetoshi Yokoi, Mieko Tomita, and Shigeo Igashima are candidates for Outside Directors who are Audit and Supervisory Committee Members.
- We have entered into an agreement with Hidetoshi Yokoi and Mieko Tomita limiting their 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. If this item is approved as proposed, we will enter into the same agreement with Shigeo Igashima limiting his liability for damages.
- We have entered into a directors and officers liability insurance agreement with an insurance company. The agreement covers damages that may arise due to the insured directors and officers bearing liability for their execution of duties, or receiving a claim for the pursuit of such liability. All candidates for Directors who are Audit and Supervisory Committee Members shall be included as an insured under the said insurance agreement, which is to be retained with the same terms and conditions at the next renewal.
- On April 1, 2023, the Company performed a 5-for-1 stock split of common share. The above "Number of shares of the Company held by candidate" is the number of shares after the stock split.

**(For Reference)**

**1. Criteria for Independence of Outside Directors**

With regard to Independent Outside Directors, 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. Sales to the individual's former workplace (organization) from the Company will be under 2% of the consolidated sales of the Company, and sales to the Company from the individual's former workplace will be under 2% of the consolidated sales of the individual's former workplace.
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.

**2. Reasons for Proposing Candidates for Directors Described in Item 2 and Item 3**

The Company has nominated Ryuji Sasuga, CFO, as a candidate for Director for the new composition after Item 2 and Item 3 are approved as originally proposed. He has engaged in accounting operations at the Company and its overseas subsidiaries, and as a result, it is expected that he will contribute to deepening deliberation and making balanced decisions by the Board of Directors by sharing with it the viewpoints from execution side. Furthermore, new appointment of Sasuga, Yoko Takeda and Shigeo Igashima as the Members of the Board of the Directors will further improve the knowledge of the Board of Directors on financing and accounting. In addition, the new Audit and Supervisory Committee consisting of one inside Audit and Supervisory Committee Member and three outside Audit and Supervisory Committee Members ensures that outside Audit and Supervisory Committee Members maintain a majority even in unforeseen circumstances. While the number of inside Audit and Supervisory Committee Members will decrease by one, the Company will further strengthen the effectiveness in its auditing function by nominating Toshiya Okada, as a candidate for an inside Audit and Supervisory Committee Member, who has committed himself as Manager of Legal Department of the Company to reducing legal risks and establishing governance systems over the years. This new composition of the Audit and Supervisory Committee will improve its independence with the increased ratio of Outside Directors. In addition, it will no longer be necessary to appoint a Substitute Audit and Supervisory Committee Member.

With the above mentioned personnel changes of the Member of the Board of Directors, the Company will endeavor to improve diversity while maintaining the scale and independence of the Board of Directors, and aims to realize the effective corporate governance through further strengthening its auditing and supervising functions and financing functions of the Board of Directors as a whole.

**3. Composition of the Board of Directors and Expertise and Experience of each Director If Item 2 and Item 3 are Approved as Originally Proposed (Skills Matrix)**

Name		Gender	Corporate Management	Research & Development	Internationality	ESG/Sustainability	HR/Labor/HR Development	Legal/Risk Management	Finance/Accounting
Yoshiharu Inaba		Male	●	●	●	●	●	●	●
Kenji Yamaguchi		Male	●	●	●	●	●	●	●
Ryuji Sasuga		Male	●		●	●		●	●
Michael J. Cicco		Male	●		●	●	●	●	
Naoko Yamazaki	Outside	Female		●	●	●		●	
Hiroto Uozumi	Outside	Male	●	●	●	●	●	●	
Yoko Takeda	Outside	Female			●	●	●		●
Toshiya Okada	Audit and Supervisory Committee Member	Male				●		●	
Hidetoshi Yokoi	Audit and Supervisory Committee Member	Male		●	●	●			
Mieko Tomita	Audit and Supervisory Committee Member	Female				●	●	●	
Shigeo Igashima	Audit and Supervisory Committee Member	Male				●			●

- END -

# **BUSINESS REPORT**

**(April 1, 2022 through March 31, 2023)**

## **1. Summary of Current Status of the FANUC Group**

### **(1) Business trends and achievements**

Regarding the circumstances surrounding the FANUC Group during this fiscal year (April 1, 2022– March 31, 2023), capital investment in the entire manufacturing sector, including automobile related sector, was active. However, the outlook has remained uncertain, due to several factors, including the impact of the shortage in semiconductors and other components on production activities, the soaring price of raw materials, and sudden fluctuations in foreign exchange rates. Under these circumstances, the FANUC Group has striven to maintain the delivery of products and service activities for our customers while preventing the spread of COVID-19. In particular, with regard to the shortages of semiconductors and other components, the entire company has become involved and has done every effort to minimize the impact of such shortages by taking measures such as utilizing alternative parts and even changing the mechanical design of our products.

Even under such difficult circumstances as these, the FANUC Group has pushed forward with initiatives towards future development, including the development of new products and new functions and increasing of production capacity at our factories.

In addition, amid the global pushing toward a carbon-free society, we recognize that climate change is an important management issue for the FANUC Group as we are doing business globally, and pushed forward with development geared towards improved energy-efficiency of our products. Further, we have been engaged in energy-saving initiatives, including the large-scale installation of solar panels at the Headquarters and Mibu areas.

During the fiscal year ended March 31, 2023, FANUC posted consolidated net sales totaling ¥851,956 million, up 16.2%, consolidated ordinary income totaling ¥231,327 million, up 8.4%, and net income attributable to owners of parent totaling ¥170,587 million, up 9.9%, compared with the previous fiscal year.

During this fiscal year, the “FANUC Robot M-1000iA,” which is a compact robot with a wide range of motion, a powerful yet smart design, and a 1,000 kg payload capacity, won awards at the “Nikkan Kogyo Shimbun Best 10 New Product Awards 2022 (Main Award),” the “2022 Nikkei Excellent Products and Services Awards - Nikkei Business Daily Awards,” and the “2022 GOOD DESIGN AWARDS – GOOD DESIGN BEST 100.”

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

#### **[FA Division]**

In the FA Division, overall demand from the machine tool industry, the primary market for CNC systems, remained very strong with the exception of China. Demand in China remained at the level similar to those in the previous fiscal year. Sales of our CNC systems increased compared with the previous fiscal year.

In terms of development, we strengthened “CNC Guide 2” and the “surface estimation function,” which form the core technologies of the FANUC CNC digital twins. “CNC Guide 2” faithfully reproduces the dynamic characteristics of the motor by utilizing the servo model, thereby improving the accuracy of the simulation. In addition, the “surface estimation function” has enhanced usability at manufacturing sites, such as by displaying additional information, including comparative information between the estimated surface and the original CAD data, speed, and acceleration, etc., on the estimated surface. In the Power Motion series, consisting of CNC models for general industrial machinery, we developed the CNC “FANUC Power Motion *i*-Model A Plus,” a high-speed, high-response CNC model suitable for controlling industrial machinery. Further ease of use has been achieved through high customizability, IoT, and the simple connection of robots. In I/O units, we have developed the “FANUC Slice I/O,” for which we have achieved miniaturization. This product features excellent extensibility, workability, and maintainability, and contributes to space savings for machine tool control panels. For servos, we have released the “Servo Guide Plus,” a servo adjustment tool equipped with an AI adjustment function. This tool facilitates servo adjustments and heightens the performance of machine tools.



The FA Division posted consolidated sales totaling ¥250,113 million, up 10.6% compared with the previous fiscal year, and FA Division sales accounted for 29.4% of consolidated net sales.

### **[ROBOT Division]**

In the ROBOT Division, sales increased significantly in China, compared with the previous fiscal year due to very strong demand, mainly for EVs, logistics and renewable energy-related industries. Demand in the United States was very strong for general industries and for the automobile industry with EV-related demand. Demand for general industries also remained very strong in Europe, resulting in sales increasing significantly across the two regions. In Japan, sales increased due to strong demand in the latter half of the period, mainly for general industries.

In terms of development, we expanded the lineup of the collaborative robot CRX series by developing three models of “FANUC Robot CRX-5iA, CRX-20iA/L, and CRX-25iA,” with payloads of 5kg, 20kg, and 25kg, respectively, in addition to the conventional 10kg payload. The CRX-5iA is compact and suitable for desktop work. The CRX-20iA/L is a lightweight robot with a mass of 41kg, and can therefore be placed on an unmanned conveyance vehicle or hand cart, and easily moved. The CRX-25iA has a high payload and can move over a wide range, making it ideal for palletizing in logistics operations, such as transporting cardboard boxes. We also developed the “FANUC Robot CR-35iB,” the successor to the 35kg payload green collaborative robot. Compared with the conventional type, the robot mass has been reduced by 60% and the size by 20%, thereby improving the ease of use with the significantly lighter and more compact design. Collaborative robots contribute to the automation of various labor-intensive fields, including machining, welding, logistics, and assembly. Meanwhile, in the Delta Robot series, we developed the “FANUC Robot DR-3iB/6 STAINLESS” using stainless steel for all parts. This robot is ideal for transporting fresh food, etc. as it has excellent corrosion resistance due to its stainless steel body, and can be washed without being disassembled due to its design which factors in drainage. These and other new products and functions are expected to further expand the applicable usages of FANUC robots.

The ROBOT Division posted consolidated sales totaling ¥356,984 million, up 33.0% compared with the previous fiscal year. ROBOT Division sales accounted for 41.9% of consolidated net sales.

### **[ROBOMACHINE Division]**

In the ROBOMACHINE Division, sales of ROBODRILLS (compact machining centers) decreased, compared with the previous fiscal year due to a lull in demand in the personal computer, tablet, and smartphone markets, which had been very strong. ROBOSHOTS (electric injection molding machines) maintained the same level of sales as the previous fiscal year due to strong demand from IT-related and medical markets. Sales of ROBOCUTS (wire electrical-discharge machines) increased due to strong demand from automobile component and medical markets.

In terms of development, in ROBODRILL, we reduced the cycle time and improved ease of use by enhancing the custom G code of the “FANUC ROBODRILL  $\alpha$ -DiB Plus series.” For ROBOSHOT, we added  $\alpha$ -S300iB large-capacity injection specifications with clamp tonnage of 300 tons to the latest model “FANUC ROBOSHOT  $\alpha$ -SiB series” to strengthen support for large molded products such as automotive parts. For ROBOCUT, we worked on improving the basic performance of the latest model “FANUC ROBOCUT  $\alpha$ -CiC series.” In particular, the automatic wire feeding function has greatly reduced the time required for wire feeding, and improved productivity during molding.

The ROBOMACHINE Division posted consolidated sales totaling ¥132,788 million, down 8.2% compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 15.6% of consolidated net sales.

### **[Service Division]**

In the Service Division, with an emphasis on our policy of “Service First,” we strengthened the service system and improving efficiency by actively introducing IT technology. We have built the structure that covers 100 countries or more with 260 or more service locations around the world, and are carrying out prompt service activities to minimize downtime at customers’ factories.

The Service Division posted consolidated sales totaling ¥112,071 million, up 19.6% compared with the previous fiscal year. Service Division sales accounted for 13.1% of consolidated net sales.

## **【Approaches to IoT and AI】**

With regard to IoT, we developed the FIELD system Basic Package, a data platform that collects data from connected production devices and organizes, arranges, and integrates the data in an easy-to-use format. The utilization of widely used information analysis tools enables optimized operation, quality, and maintenance activities, and enhances safety by also ensuring the security of data input and output. In addition, the data to be analyzed can be customized, making it easier to link to a host system such as a manufacturing execution system (MES). This contributes to the optimization of the manufacturing site and the entire factory.

With regard to AI, we are promoting the development of more practical AI functions for use in all products of FA, ROBOT, and ROBOMACHINE. We have released 10 types of AI functions so far, and each Research and Development Division is working to improve and expand each of the functions, and broaden the applicable models. In addition, our Next Generation Technology Laboratory is conducting research on basic AI functions that will serve as a foundation for the future. The Laboratory is also working on the creation of a system that guarantees the quality of AI functions, and is making improvements to interpretability in order to make it easier for users to accept the results output by AI functions. We also utilize AI technologies to make all products more intelligent, in order to differentiate our products from our competitors.

## **【Research and Development】**

In an effort to contribute to automating and increasing efficiency in customers' manufacturing, FANUC's CNC Hardware Research and Development Division, CNC Software Research and Development Division, SERVO Research and Development Division, IoT Research & Development Division, ROBOT Mechanical Research and Development Division, ROBOT Software Research and Development Division, ROBODRILL Research and Development Division, ROBOSHOT Research and Development Division, and ROBOCUT Research and Development Division developed various new competitive products and functions by focusing on enhancing functions and ease of use, rooted in high reliability, and successfully launched them in the market.

FANUC's Next Generation Technology Laboratory engaged in research and development of next-generation element technologies applicable to FANUC products.

### **(2) Capital Investment**

In terms of capital investment during the fiscal year under review, we proceeded with the renovation of existing factories and the construction of a warehouse for finished products in the Tsukuba area in order to increase production capacity of robots. We promoted the introduction of manufacturing equipment to build systems for increased production in order to respond to a sudden upturn in orders. In addition, we made investments for future growth, including other investments in order to streamline manufacturing and strengthen our service structure. Total capital investment during the fiscal year under review was ¥53,095 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.

Regarding the business environment surrounding the FANUC Group, with increased geopolitical risk and concerns over economic slowdown and others, 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 mid-to-long term.

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.

Moreover, in order to develop and launch highly competitive products to the market, we will proactively invest in research and development. We will focus on the area of factory automation, in which we can exhibit the Company’s strengths, and proactively invest in research and development with an aim to develop and launch highly competitive products to the market. In doing this, we will improve our intellectual property.

The FANUC Group believes that IoT • 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 pursue basic measures to strengthen our corporate structure from a long-term perspective, such as reinforcing product competitiveness, strengthening sales and service activities, promoting automation and robotization in factories, reducing costs and time, and enhancing work 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.

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. Furthermore, with an eye to the future, we will proactively invest in human capital so that we may recruit the necessary personnel and strengthen employee training. Through these initiatives, we will continue to enhance our human capital.

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.

With regard to infection disease, FANUC is prioritizing the prevention of infection among its customers, partners, employees and their family members, and community 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.

### **Climate Change Initiatives And Information Disclosure Based On TCFD**

Since the adoption at COP21 (21st Conference of the Parties to the United Nations Framework Convention on Climate Change) of the Paris Agreement, movement towards a de-carbonized society is spreading. The FANUC Group with its business activities expanding around the world promotes these initiatives as we recognize climate change as a critical business challenge.

In the meantime, the Company expressed its support for the Task-Force on Climate-related Financial Disclosures and its recommendations (hereafter, TCFD recommendations) in December 2021.

Further, we would like to utilize the framework of TCFD recommendations, and continue enhancing the quality and amount of disclosures to promote climate change initiatives still further, and contribute to achieving a sustainable society.

## Governance

The Company recognizes climate change as a critical business challenge.

At the “Sustainability Committee” chaired by the Representative Director, President, we will deliberate and make decisions on important policies and measures related to climate change, and report to the Board of Directors.

Based on the reported content, the Board of Directors will supervise to check whether identification of risks and opportunities, and measures related to climate change are promoted appropriately.

## Strategy

The Company conducted a scenario analysis targeting mid-term (2030) and long-term (2050) with a 1.5°C scenario, 2°C scenario, and 4°C scenario on the FA business, Robot business, and Robomachine business to identify the risks and opportunities related to climate change, and to check how these will impact the FANUC Group businesses. Regarding the scenario analysis, we referred to IEA NZE, IPCC RCP1.9, etc., for 1.5°C, IEA SDS, IPCC RCP2.6, etc., for 2°C, and IEA STEPS, IPCC RCP8.5, etc., for 4°C. For each scenario, we identified the risks and opportunities related to climate change, and quantitatively and qualitatively examined and evaluated the impact on the business.

Among these, we identified the following risks that will have a significant impact on the businesses: “Increase in costs due to introduction of carbon tax,” “Increase in costs due to the rise in raw material prices,” and “Decrease in demand for a part of FANUC products due to the consumer behavior change and shift to EV/FCV.” We also identified the following opportunities: “Increase in demands for FANUC products due to energy-saving and robotization,” and “Increase in demands for FANUC products due to the shift to EV/FCV.”

	Identified risks and opportunities	Responses to identified risks and opportunities
<b>Transition risks</b>	<ul style="list-style-type: none"> <li>• Introduction of carbon tax will increase costs.</li> <li>• The rise in raw material prices will increase costs.</li> <li>• Consumer behavior change and shift to EV/FCV will decrease demand for a part of FANUC products.</li> </ul>	<ul style="list-style-type: none"> <li>• Set up a mid- to long-term goal for reducing greenhouse gas (GHG) emissions, and promote energy-saving and introduction of renewable energy, etc. in business activities to reduce GHG emissions.</li> <li>• Promote the support of business continuity plan (BCP) (Multiple production sites and suppliers, etc.)</li> <li>• Promote the development of products that contribute to customers' energy-saving/robotization, and well-demanded products due to the shift to EV/FCV.</li> <li>• Promote the development of products that can maintain high performance and high reliability under harsh operating and transportation environments.</li> </ul>
<b>Physical risks</b>	<ul style="list-style-type: none"> <li>• Increasing severity of natural disasters will damage production sites, etc. and as this negatively impacts production, recovery costs will increase.</li> </ul>	
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Energy-saving/robotization will increase demands for FANUC products.</li> <li>• The shift to EV/FCV will increase demand for FANUC products.</li> <li>• Demand for FANUC products capable of working under harsh operating and transportation environments will increase due to the influence of rising average temperature.</li> </ul>	

In the 1.5°C and 2°C scenario, the world is expected to undergo major social changes as it transitions to de-carbonization. There is a possibility for costs to increase due to the introduction of carbon taxes and rise in raw material prices, but we believe that we can expand the FA business, Robot business, and Robomachine business as energy-saving/robotization, and that the shift to EV/FCV will expand. The 4°C scenario does not promote low carbonization, and increasing severity of natural disasters will be expected due to climate change, such as increases in average temperature. This creates a potential increase in recovery costs as production sites, etc., will be damaged, having a negative impact on production. For these reasons, we will continue to promote the support of our business continuity plan (BCP), and deal with physical risks.

The findings of the scenario analysis on FA business, Robot business and Robomachine business rated these businesses as highly resilient in all scenarios used for the analysis. We will further promote initiatives in order to meet the challenges of

identified risks and realize these opportunities in the future.

## Risk Management

To address risks that may hinder the continuity of our business, the enhancement of our corporate value, or the sustainable development of our corporate activities, the Company has established a Risk Management Committee and risk management policies, and we are conducting appropriate risk management under the supervision of the Board of Directors. The risks of climate change will also be placed in the rules, and managed.

## Metrics and Targets

The Company has set up a long-term target of reducing GHG emissions from the business activities of the FANUC Group (Scope 1, 2) to zero by FY2050. To achieve this long-term target, we have set a mid-term target of 42% reduction of the same emissions by FY2030 (in comparison with FY2020). Regarding Scope 3, we aim for 12.3% reduction of emissions due to the use of sold products by FY2030 (in comparison with FY2020).

## (5) Assets and Profits

1) The FANUC Group				(Millions of yen)
Item	FY 2019 (51st term)	FY 2020 (52nd term)	FY 2021 (53rd term)	FY 2022 (54th term)
Net sales	508,252	551,287	733,008	851,956
Ordinary income	102,816	128,744	213,395	231,327
Net income attributable to owners of parent	73,371	94,012	155,273	170,587
Net income per share (Yen)	76.38	98.02	161.90	178.55
Total assets	1,512,499	1,625,191	1,783,964	1,873,536
Net assets	1,362,865	1,435,554	1,549,879	1,627,555

On April 1, 2023, the Company performed a 5-for-1 stock split of common share. “Net income per share” was calculated assuming that the stock split were performed at the beginning of FY2019.

2) The Company				(Millions of yen)
Item	FY 2019 (51st term)	FY 2020 (52nd term)	FY 2021 (53rd term)	FY 2022 (54th term)
Net sales	352,407	415,939	578,260	635,002
Ordinary income	67,586	87,889	159,216	231,896
Net income	54,697	70,451	122,064	190,643
Net income per share (Yen)	56.94	73.46	127.27	199.54
Total assets	1,177,585	1,236,223	1,307,224	1,369,957
Net assets	1,084,633	1,116,242	1,150,023	1,218,677

On April 1, 2023, the Company performed a 5-for-1 stock split of common share. “Net income per share” was calculated assuming that the stock split were performed at the beginning of FY2019.

## (6) Principal Businesses (As of March 31, 2023)

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 electrical-discharge 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 (As of March 31, 2023)**

Head office	Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture
Research and Development	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	FANUC ACADEMY (Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture)

**(8) Employees (As of March 31, 2023)**

Number of employees	The Company	4,515
	The FANUC Group	9,432

**(9) Principal Subsidiaries and Affiliated Companies (As of March 31, 2023)**

## 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	95	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 (As of March 31, 2023)

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

(2) Total number of issued shares: 201,909,397 shares

(3) Number of shareholders: 55,455

### (4) The ten largest shareholders:

Name	Number of shares (In thousands)	Percentage of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,972	24.1
Custody Bank of Japan, Ltd. (Trust Account)	19,678	10.3
Citibank, N.A. - NY, as Depository Bank for Depository Shareholders	4,518	2.4
JPMorgan Chase Bank 380055	4,273	2.2
State Street Bank West Client - Treaty 505234	3,497	1.8
SSBTC Client Omnibus Account	3,365	1.8
BNYM AS AGT/CLTS NON TREATY JASDEC	3,012	1.6
The Bank of New York Mellon 140042	2,888	1.5
JPMorgan Chase Bank 385781	2,564	1.3
State Street Bank and Trust Company 505103	2,200	1.2

Note: The percentages of equity participation are calculated after subtracting the number of treasury shares (11,325 thousand shares) from the total number of issued shares.

### (5) Status of shares allotted to the Company's directors as consideration for the execution of duties during the fiscal year:

Classification	Number of shares	Number of recipients
Directors (except for Directors who are Audit and Supervisory Committee Members and Outside Directors)	4,300 shares	3

### (6) Other significant matters regarding shares

The Company at the meeting of the Board of Directors held on January 27, 2023, resolved to perform a 5-for-1 stock split of common share, and amended the total number of shares authorized to be issued by the Company stipulated in the Articles of Incorporation of the Company on the same day.

As a result, the total number of shares authorized to be issued by the Company is 2,000,000,000 and the total number of issued shares is 1,009,546,985.

### 3. Directors of the Company

#### (1) Names of Directors, etc. (As of March 31, 2023)

Position	Name	Responsibilities or significant concurrent posts of other entities
Representative Director, Chairman	Yoshiharu Inaba	
Representative Director, President and CEO	Kenji Yamaguchi	
Director	Michael J. Cicco	President and CEO, FANUC America Corporation
Director	Kazuo Tsukuda	Honorary Advisor of Mitsubishi Heavy Industries, Ltd.
Director	Naoko Yamazaki	Representative Director of Space Port Japan Association President of Young Astronauts Club - Japan
Director	Hiroto Uozumi	President & CEO of Atomic Energy Association
Director (Standing Audit and Supervisory Committee Member)	Katsuo Kohari	
Director (Audit and Supervisory Committee Member)	Katsuya Mitsumura	Founder and head of Katsuya Mitsumura C.P.A. and Tax Accountant Office
Director (Audit and Supervisory Committee Member)	Yasuo Imai	Senior Advisor of AIR WATER INC.
Director (Audit and Supervisory Committee Member)	Hidetoshi Yokoi	Professor Emeritus of the University of Tokyo
Director (Audit and Supervisory Committee Member)	Mieko Tomita	Senior Partner, Nishi & Partners Attorneys and Counselors at Law

- Notes:
1. Directors Kazuo Tsukuda, Naoko Yamazaki, Hiroto Uozumi, Yasuo Imai, Hidetoshi Yokoi and Mieko Tomita are Outside Directors.
  2. Director Katsuo Kohari is a Standing Audit and Supervisory Committee Member. The reason for selecting a Standing Audit and Supervisory Committee Member is to enhance the effectiveness of audits through the strengthening of information collection abilities, including attendance at important meetings.
  3. Director (Audit and Supervisory Committee Member) Katsuya Mitsumura is a certified public accountant and possesses commensurate knowledge regarding finances and accounting.
  4. Other significant concurrent posts:  
 Representative Director and Chairman Yoshiharu Inaba is also an Outside Director of TOPCON CORPORATION and Chairman of Japan Machine Tool Builders' Association.  
 Representative Director, President and CEO Kenji Yamaguchi is also Chairman of the Japan Robot Association.  
 Outside Director Kazuo Tsukuda is also an Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc., and Outside Director of Internet Initiative Japan Inc.  
 Outside Director Naoko Yamazaki is also an Outside Director of OPTORUN Co., Ltd., and Outside Director of TOPCON CORPORATION.  
 Director (Audit and Supervisory Committee Member) Katsuya Mitsumura is also an Outside Director (Audit & Supervisory Committee Member) of AXELL CORPORATION and Outside Director of INABA SEISAKUSHO Co., Ltd.  
 Outside Director (Audit and Supervisory Committee Member) Mieko Tomita is also an Outside Director (Audit & Supervisory Committee Member) of Nisshin Seifun Group Inc., and Outside Director of TEKKEN CORPORATION.  
 None of the companies in which the Outside Directors concurrently hold posts have special relations with the company.
  5. The Company has named the six Outside Directors Kazuo Tsukuda, Naoko Yamazaki, Hiroto Uozumi, Yasuo Imai, Hidetoshi Yokoi and Mieko Tomita as Independent Directors as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.

## **(2) Outline of the Directors and Officers Liability Insurance Contract**

The Company has concluded a directors and officers liability insurance contract provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. The insurance contract covers any damages, etc. that may arise due to insured Directors, etc. assuming liability for the execution of their duties or receiving a claim for the pursuit of such liability.

The insured under the directors and officers liability insurance contract are the Directors, Managing Officers, Officers, Manager of Finance & Accounting Department, and the Company. The insurance premiums are fully paid by the Company for all insured parties.

## **(3) Remuneration, etc., payable to the Directors in the fiscal year under review**

### 1) Matters concerning the policy for determination of Directors' individual remuneration

#### (a) Method for deciding the determination policy

The determination policy is decided by resolution of the Board of Directors.

#### (b) Outline of the content of the determination policy

The Company has established a policy for determining Directors' (except for Directors who are Audit and Supervisory Committee Members. Same applies for this paragraph) individual remuneration, the outline of which is as follows. (resolved at the Company's Board of Directors meeting on June 24, 2021)

- Fixed remuneration is determined according to the position of each Director.
- Performance-linked remuneration is linked, in principle, to net income attributable to owners of parent, in the same way as for shareholder returns.
- Regarding stock compensation, remuneration for restricted stock will be paid while comprehensively taking into account various aspects such as contributions made by Directors.
- Remuneration for Directors is composed of fixed remuneration, performance-linked remuneration and stock compensation, and payment ratios are set after comprehensively considering position, duties, performance and other factors.
- Remuneration for Outside Directors is only fixed remuneration.

#### (c) Reasons why the Board of Directors has decided that the content of individual remuneration, etc. for Directors for the fiscal year under review be in line with the determination policy

The specific content of individual remuneration for Directors (except for Directors who are Audit and Supervisory Committee Members) is decided by the Board of Directors in accordance with the above determination policy. In addition, when making decisions at the Board of Directors meetings, the results of consultations with the Nomination and Remuneration Committee are taken into account.

### 2) Matters concerning resolutions of the General Meeting of Shareholders regarding the remuneration, etc. of Directors

The upper limit for (i) fixed remuneration and (ii) performance-linked remuneration for Directors (except for Directors who are Audit and Supervisory Committee members) was set at the total amount of followings by resolution of the 52nd Ordinary General Meeting of Shareholders of June 24, 2021. In addition, (iii) stock compensation will be paid to Directors, excluding Outside Directors, separately from (i) and (ii).

- (i) Fixed remuneration: The ceiling annual amount of ¥800 million (including ceiling amount of ¥100 million for Outside Directors)
- (ii) Performance-linked remuneration: The ceiling amount, which is set at 0.7% of net income attributable to owners of parent for the fiscal year prior to the General Meeting of Shareholders at which they are appointed or reappointed (provided, however, it shall not exceed a three-year amount of fixed remuneration)
- (iii) Stock compensation: The annual ceiling amount for the total amount of monetary compensation claims paid as remuneration for restricted stock is ¥350 million. The upper limit of the total number of shares of restricted stock to be allotted in each fiscal year is no more than 28,000

However, on or after the date of approval by the 52nd Ordinary General Meeting of Shareholders held on June 24, 2021, this total number of shares of Restricted Stock may be adjusted within reasonable limits if a stock split (including an allotment of the Company's common stock without consideration) or a reverse stock split of the Company's common stock takes place, or if other similar circumstances arise in which adjustments become necessary to the total number of shares of the Company's Restricted Stock to be allotted.

The number of Directors (except for Directors who are Audit and Supervisory Committee Members) at the conclusion of that Ordinary General Meeting of Shareholders was six, and, excluding Outside Directors, it was three.

The upper limit of the total annual remuneration, etc. for Directors who are Audit and Supervisory Committee Members was set at ¥200 million by resolution of the 52nd Ordinary General Meeting of Shareholders of June 24, 2021.

The number of Directors who are Audit and Supervisory Committee Members at the conclusion of that Ordinary General Meeting of Shareholders was five.

3) Total amounts, etc. of Directors' remuneration, etc.

Category	Total amount of remuneration, etc. (million yen)	Total amount by remuneration type (million yen)			Number of eligible officers
		Fixed remuneration	Performance-linked remuneration, etc.	Non-monetary remuneration, etc.	
Directors (except for Directors who are Audit and Supervisory Committee Members) (of which, Outside Directors)	1,113 (54)	432 (54)	587 (—)	94 (—)	7 (4)
Directors who are Audit and Supervisory Board Members (of which, Outside Directors)	144 (54)	144 (54)	—	—	5 (3)

Notes: 1. Directors (except for Directors who are Audit and Supervisory Committee Members) are paid bonuses as performance-linked remuneration.

The performance indicator selected as the basis for calculation of amounts of performance-linked remuneration is net income attributable to owners of parent. This performance indicator was chosen so that Directors (except for Directors who are Audit and Supervisory Committee Members) could share with shareholders the benefits of upturns in performance and the risks of downturns in performance. Position, duties and other factors are comprehensively considered in the calculation of the amounts of performance-linked remuneration.

Trends in net income, including for the fiscal year under review, are as shown in “1. (5) Assets and Profits.”

2. Stock compensation is allotted to Directors (except for Directors who are Audit and Supervisory Committee Members) as non-monetary remuneration, etc.

The details about stock compensation and the status of allotment are as described in “1) Matters concerning the policy for determination of Directors' individual remuneration,” “2) Matters concerning resolutions of the General Meeting of Shareholders regarding the remuneration, etc. of Directors,” and “2. Matters Concerning the Shares of the Company.”

#### (4) Matters concerning Outside Directors

##### Major activities

Name	Major activities
Kazuo Tsukuda	He attended all of 12 meetings of the Board of Directors. He possesses wide experience and knowledge obtained as a long-serving corporate executive, and the Company expects him to serve a supervisory function from those perspectives. He fulfilled an appropriate role as an Outside Director of the Company, including supervising and providing advice about the execution of the Company's business, such as speaking out whenever necessary from those perspectives in meetings of the Board of Directors. He also attended the Nomination and Remuneration Committee as Chair and expressed his opinions whenever necessary.
Naoko Yamazaki	She attended all of 12 meetings of the Board of Directors. She possesses wide experience and knowledge obtained as an engineer and astronaut, and the Company expects her to serve a supervisory function from those perspectives. She fulfilled an appropriate role as an Outside Director of the Company, including supervising and providing advice about the execution of the Company's business, such as speaking out whenever necessary from those perspectives in meetings of the Board of Directors. She also attended the Nomination and Remuneration Committee as a Committee Member and expressed her opinions whenever necessary.
Hiroto Uozumi	He attended all 10 meetings of the Board of Directors after his appointment as Outside Director on June 29, 2022. He possesses wide experience and knowledge obtained as a long-serving corporate executive, and the Company expects him to serve a supervisory function from those perspectives. He fulfilled an appropriate role as an Outside Director of the Company, including supervising and providing advice about the execution of the Company's business, such as speaking out whenever necessary from those perspectives in meetings of the Board of Directors. He also attended the Nomination and Remuneration Committee as a Committee Member and expressed his opinions whenever necessary.
Yasuo Imai	He attended all of 12 meetings of the Board of Directors and all of 14 meetings of the Audit and Supervisory Committee. He possesses wide experience and knowledge obtained as a long-serving government official and corporate executive, and the Company expects him to serve a supervisory function from those perspectives. He fulfilled an appropriate role as an Outside Director of the Company, including supervising and providing advice about the execution of the Company's business, such as speaking out whenever necessary from those perspectives in meetings of the Board of Directors.
Hidetoshi Yokoi	He attended all 12 meetings of the Board of Directors and all 14 meetings of the Audit and Supervisory Committee. He possesses wide experience and knowledge obtained as a university professor, and the Company expects him to serve a supervisory function from those perspectives. He fulfilled an appropriate role as an Outside Director of the Company, including supervising and providing advice about the execution of the Company's business, such as speaking out whenever necessary from those perspectives in meetings of the Board of Directors.
Mieko Tomita	She attended 11 of 12 meetings of the Board of Directors and 13 of 14 meetings of the Audit and Supervisory Committee. She possesses wide experience and knowledge obtained as a lawyer, and the Company expects her to serve a supervisory function from those perspectives. She fulfilled an appropriate role as an Outside Director of the Company, including supervising and providing advice about the execution of the Company's business, such as speaking out whenever necessary from those perspectives in meetings of the Board of Directors. She also attended the Nomination and Remuneration Committee as a Committee Member and expressed her opinions whenever necessary.

### Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<b>(Total Assets)</b>	<b>1,873,536</b>	<b>(Liabilities)</b>	<b>245,981</b>
<b>Current assets</b>	<b>1,061,740</b>	<b>Current liabilities</b>	<b>183,955</b>
Cash and bank deposits	512,528	Notes and accounts payable, trade	56,935
Notes receivable, trade	24,824	Accrued income taxes	25,736
Accounts receivable, trade	137,961	Warranty reserves	11,222
Marketable securities	16,700	Other current liabilities	90,062
Finished goods	157,888	<b>Long-term liabilities</b>	<b>62,026</b>
Work in process	92,098	Net defined benefit liability	55,201
Raw materials and supplies	100,591	Other long-term liabilities	6,825
Other	20,549		
Allowance for doubtful accounts	(1,399)		
<b>Noncurrent assets</b>	<b>811,796</b>		
<b>Property, plant and equipment, at cost</b>	<b>588,696</b>	<b>(Net assets)</b>	<b>1,627,555</b>
Buildings	325,102	<b>Shareholders' equity</b>	<b>1,550,735</b>
Machinery and equipment	55,089	Common stock	69,014
Land	158,055	Capital surplus	96,265
Construction in progress	33,102	Retained earnings	1,515,662
Other	17,348	Treasury stock, at cost	(130,206)
<b>Intangible assets</b>	<b>10,855</b>	<b>Accumulated other comprehensive income</b>	<b>64,641</b>
<b>Investments and other assets</b>	<b>212,245</b>	Valuation difference on available-for-sale securities	13,718
Investment securities	159,500	Foreign currency translation adjustment	67,937
Deferred income taxes	46,461	Remeasurements of defined benefit plans	(17,014)
Net defined benefit asset	5,444	<b>Non-controlling interests</b>	<b>12,179</b>
Others	1,302		
Allowance for doubtful accounts	(462)		
<b>Total</b>	<b>1,873,536</b>	<b>Total</b>	<b>1,873,536</b>

### Consolidated Statement of Income

(April 1, 2022 through March 31, 2023)

(Millions of yen)

Titles of Account	Amount
<b>Net sales</b>	<b>851,956</b>
Cost of goods sold	526,549
Gross profit	325,407
Selling, general and administrative expenses	134,048
<b>Operating income</b>	<b>191,359</b>
Non-operating income	43,225
Interest and dividends income	5,761
Miscellaneous income	37,464
Non-operating expenses	3,257
Miscellaneous expenses	3,257
<b>Ordinary income</b>	<b>231,327</b>
Extraordinary losses	1,224
Impairment losses	1,224
Income before income taxes	230,103
Total taxes and others	56,189
Income taxes – current	66,853
Income taxes – deferred	(10,664)
Net income	173,914
Net income attributable to non-controlling interests	3,327
<b>Net income attributable to owners of parent</b>	<b>170,587</b>

### Non-Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<b><u>(Total Assets)</u></b>	<b><u>1,369,957</u></b>	<b><u>(Liabilities)</u></b>	<b><u>151,280</u></b>
<b>Current assets</b>	<b>692,130</b>	<b>Current liabilities</b>	<b>111,391</b>
Cash and bank deposits	362,954	Accounts payable	45,468
Notes receivable, trade	17,259	Accrued expenses	18,206
Accounts receivable, trade	80,025	Accrued charge	19,323
Marketable securities	15,000	Accrued income taxes	19,145
Finished goods	28,655	Warranty reserves	5,615
Work in progress	78,366	Other current liabilities	3,634
Raw materials and supplies	96,691	<b>Long-term liabilities</b>	<b>39,889</b>
Other	13,508	Allowance for employees' retirement benefits	37,705
Allowance for doubtful accounts	(328)	Other long-term liabilities	2,184
<b>Noncurrent assets</b>	<b>677,827</b>		
<b>Property, plant and equipment, at cost</b>	<b>489,300</b>	<b><u>(Net assets)</u></b>	<b><u>1,218,677</u></b>
Buildings	262,586	<b>Shareholders' equity</b>	<b>1,205,266</b>
Machinery and equipment	49,444	<b>Common stock</b>	<b>69,014</b>
Land	134,532	<b>Capital surplus</b>	<b>96,327</b>
Construction in progress	21,345	Legal capital surplus	96,057
Other	21,393	Other capital surplus	270
<b>Intangible assets</b>	<b>6,893</b>	<b>Retained earnings</b>	<b>1,170,131</b>
<b>Investments and other assets</b>	<b>181,634</b>	Legal retained earnings	8,252
Investment securities	32,843	Other retained earnings	1,161,879
Stocks of subsidiaries and affiliates	110,069	Reserve for research and development	311,800
Deferred income taxes	35,025	Reserve for reduction entry	32
Prepaid pension cost	2,942	General reserve	303,580
Others	1,124	Retained earnings brought forward	546,467
Allowance for doubtful accounts	(369)	<b>Treasury stock, at cost</b>	<b>(130,206)</b>
		<b>Valuation and translation adjustment</b>	<b>13,411</b>
		Net unrealized holding gain on other securities	13,411
<b>Total</b>	<b>1,369,957</b>	<b>Total</b>	<b>1,369,957</b>

### Non-Consolidated Statement of Income

(April 1, 2022 through March 31, 2023)

(Millions of yen)

Titles of Account	Amount
<b>Net sales</b>	<b>635,002</b>
Cost of goods sold	435,903
Gross profit	199,099
Selling, general and administrative expenses	70,897
<b>Operating income</b>	<b>128,202</b>
Non-operating income	106,790
Interest and dividends income	103,139
Miscellaneous income	3,651
Non-operating expenses	3,096
Miscellaneous expenses	3,096
<b>Ordinary income</b>	<b>231,896</b>
Income before income taxes	231,896
Total taxes and others	41,253
Income taxes – current	42,265
Income taxes – deferred	(1,012)
<b>Net income</b>	<b>190,643</b>

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

### REPORT OF INDEPENDENT AUDITORS

May 23, 2023

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, 2022 through March 31, 2023.

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.

#### Other Content

Other content is the business report and its supplementary schedules. Management is responsible for the creation and disclosure of this content. In addition, the Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating of the reporting process for other content.

Other content is not included in the content subject to our audit opinion on consolidated financial statements, and we do not express an opinion on other content.

Our responsibility in auditing the consolidated financial statements is to read through the other content, and in the process of reading, consider whether there are any significant differences between the other content and the consolidated financial statements or our knowledge gained through the process of auditing. In addition to noticing significant differences, is also our responsibility to pay attention to whether there are any signs of significant errors in the other content.

If we judge there to be a significant error in the other content based on the work we conducted, we are required to report it.

There are no matters to be reported concerning the other content.

#### Responsibilities of Management and the Audit and Supervisory Committee 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 preparation 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.

The Audit and Supervisory Committee is 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 the Audit and Supervisory Committee 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 the Audit and Supervisory Committee 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

Junichiro Tsuruta  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masakuni Noguchi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

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

### REPORT OF INDEPENDENT AUDITORS

May 23, 2023

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 54th fiscal year from April 1, 2022 through March 31, 2023.

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, 2023, 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.

#### Other Content

Other content is the business report and its supplementary schedules. Management is responsible for the creation and disclosure of this content. In addition, the Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating of the reporting process for other content.

Other content is not included in the content subject to our audit opinion on consolidated financial statements, and we do not express an opinion on other content.

Our responsibility in auditing the consolidated financial statements is to read through the other content, and in the process of reading, consider whether there are any significant differences between the other content and the consolidated financial statements or our knowledge gained through the process of auditing. In addition to noticing significant differences, is also our responsibility to pay attention to whether there are any signs of significant errors in the other content.

If we judge there to be a significant error in the other content based on the work we conducted, we are required to report it.

There are no matters to be reported concerning the other content.

#### Responsibilities of Management and the Audit and Supervisory Committee 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.

The Audit and Supervisory Committee is 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 and Supervisory Committee 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 the Audit and Supervisory Committee 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

Junichiro Tsuruta  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Masakuni Noguchi  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

## Audit Report of the Audit and Supervisory Committee (Translation)

### AUDIT REPORT

We, the Audit and Supervisory Committee, audited the performance by the Directors of their duties during the 54th fiscal year from April 1, 2022 to March 31, 2023. We hereby report the method and results as follows:

#### 1. Method of Audit and the Particulars thereof:

The Audit and Supervisory Committee established an audit policy, received regular reports from the Directors and employees, etc., sought explanations as necessary, expressed opinions on the details of the resolutions of the Board of Directors regarding matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act and on the development and operation of the systems developed pursuant to those resolutions (internal control systems), and conducted audits in accordance with the following methods.

- (i) In accordance with the audit and supervisory standards set forth by the Audit and Supervisory Committee, the audit policy, audit plans, etc. and in cooperation with the Company's Internal Audit Department and other divisions in charge of internal control while utilizing means via telephone lines and the Internet, each Audit and Supervisory Committee Member attended 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 the Company's activities and property. With regard to its subsidiaries, we maintained constant communication, and exchanged information with the directors, etc. thereof, requested the subsidiaries to render reports on their business operations, and made investigation into the state of the activities and property of subsidiaries as necessary.
- (ii) 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. Moreover, we discussed the main matters to be considered in audits with the Accounting Auditors, received reports on the implementation status of such audits, and sought 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 related to 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 24, 2023

Audit and Supervisory Committee  
FANUC CORPORATION

Katsuo Kohari \_\_\_\_\_ (seal)  
Audit and Supervisory Committee Member (Standing)

Katsuya Mitsumura \_\_\_\_\_ (seal)  
Audit and Supervisory Committee Member

Yasuo Imai \_\_\_\_\_ (seal)  
Audit and Supervisory Committee Member (Outside)

Hidetoshi Yokoi \_\_\_\_\_ (seal)  
Audit and Supervisory Committee Member (Outside)

Mieko Tomita \_\_\_\_\_ (seal)  
Audit and Supervisory Committee Member (Outside)

(Notes) 1. Audit and Supervisory Committee Members Yasuo Imai, Hidetoshi Yokoi and Mieko Tomita are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.