

# FANUC CORPORATION

## Q&A Summary of the Telephone Conference on Financial Results for the First Quarter ended June 30, 2025 (July 25, 2025)

**Q: How would you assess the performance of Q1 2025?  
What is your outlook for the performance for Q2?**

A: In Q1, there were some customers who postponed capital investments in light of developments regarding U.S. tariffs. Still, on the whole, demands remained solid, and both bookings and sales grew steadily. Profits were secured in proportion to sales.

For the forecast for Q2, we expect a slight increase in sales and a subtle decrease in profits compared to Q1. This is because there is a tendency in Q1, being the first quarter of the fiscal year, for costs to be suppressed and profits to increase, while factories' production volumes are expected to slightly decrease in Q2. The decrease in production volume derives from the timing of bookings and projects, thus being temporary. The same is true for the drop in profits.

**Q: In what manner have you reflected the effects of tariffs in your performance forecast?  
Is there a possibility for profits to decrease due to the effects of tariffs?**

A: Regarding the cost increase due to tariffs, we shall strive to make customers understand that this will primarily be passed on in the form of a "tariff surcharge," as explained in the April conference on financial results. I believe that most of the cost increase can be covered by this "surcharge."

In Q1, sales in the U.S. included shipments of local inventory, therefore the effects of tariffs were limited. Products to be newly shipped to the U.S. will be subject to tariffs, and our policy is to basically pass on the cost increase to the price. By doing so, we can minimize the effects on profits. At the same time, from the viewpoint of customers, this will imply a price increase, so our understanding is that we must strengthen our approach more than ever in order to provide values that will match the higher price.

**Q: You mentioned that the effects of tariffs were limited in Q1. What is your fundamental stance for passing on the cost increase to prices?**

A: First of all, we are considering having customers bear the cost increase caused by tariffs, for products exported from Japan. Since costs incurred in the U.S. are exempt from tariffs, we will exclude such costs. We shall proceed with passing on the cost increase after excluding the costs to which tariffs are not imposed, in a manner that is convincing to customers.

Such policies are being explained meticulously to customers to gain their understanding.

**Q: What are the industries or sectors that are especially favorable for ROBOTs**

## in the U.S.?

A: Some companies in the automotive industry have a wait-and-see attitude, but the number of companies investing as planned is not small, and bookings from such companies are steady.

As the U.S. continues to face labor shortages, companies in other fields with ample funds are proceeding with capital investments as scheduled. Logistics is particularly noteworthy as being a large segment, and demands are increasing steadfastly.

Up to now, there was a strong tendency to “wait and see” due to the uncertainty of tariffs, but despite such a background, our bookings were relatively stable. If the tariff issue is resolved in the future, there is a possibility that demands will further increase in non-automotive sectors.

### **Q: With the tariff decision being made, will there be a change in policy regarding manufacturing locally in the U.S.?**

A: With a 15% tariff rate, it is difficult to draw a conclusion about the cost. Still, it is a fact that local manufacturing is advantageous in terms of shorter lead time. The possibility of manufacturing locally in the future will be considered comprehensively, focusing not only on prices, but various factors such as lead time and customer satisfaction. We shall assess the option which ultimately offers the highest value to customers.

FANUC already produces paint robots in the U.S. and there is a large manufacturing site. Therefore, manufacturing in the U.S. can readily be considered an option. Also, the local procurement network is established, though limited to paint robots. By using this network, a certain amount of other types of robots can be manufactured locally in a short time.

### **Q: What is the environment for demands and forecast for the future in countries other than the U.S., namely Europe, China and Asian countries besides China?**

A: First, regarding Europe, the situation continues to be difficult. The impression is that though a modest sign of recovery can be seen, an actual recovery is yet to be realized. In Europe, ROBOTS have the highest sales followed by FA products. However, both the automotive and general industries tend to refrain from investing in ROBOTS, and until the economy recovers, the situation will continue to be tough. China is maintaining a good state. For FA, equipment/facility replacement and automotive related demands are firmly rooted, and our CNCs delivered to China and CNCs equipped to machines shipped by Japanese machine tool builders to China are doing very well. As for ROBOTS, investments by automotive-related and IT-related companies are maintained. In the IT sector, while EMS companies are increasing investments in Vietnam and India, a certain degree of investments in China is nonetheless necessary. Among our products, demands are increasing mainly for ROBODRILLS and ROBOSHOTS. As for how long this trend will continue, we shall monitor the situation carefully.

Regarding Asian countries other than China, the situation varies by country. Vietnam is thriving with investments increasing owing to the transfer from China of

EMS companies. We perceive Vietnam as being a market with high potential. India has also developed steadily in the past few years, and there are high expectations for future growth. We are actively approaching such markets with substantial potential for growth by enriching and increasing our bases.

**Q: What are the specific reasons for FA bookings being good in Q1?**

A: In Q1, bookings for FA amounted to 55 billion yen and was indeed very strong. The main drivers are the short-term increase in orders by Chinese machine tool builders, and increase in demands in emerging markets.

Especially for the increase in demands in China, there is an aspect of being temporary, and we do not anticipate the same level of bookings to continue. Still, China has sufficient capacity at its base, so the market may expand in the future.

**Q: What are your views on the future demands and market forecast for ROBOMACHINE?**

A: IT-related investments in ROBOMACHINE in Asia has currently settled down. In the EMS arena, China maintains an overwhelming scale, and the shift to Vietnam and India is expected to accelerate. It is difficult to predict the speed, but sporadic demands can be anticipated. It will be important to ensure capturing such opportunities and linking them to sales and profits.

**Q: What is your analysis of the reason for the poor performance of Service this quarter?**

A: Service has a background of gradually expanding over the past few years. There was no particular big change in the environment, and we perceive this to be a temporary adjustment phase. We hope Service will resume a growth trajectory in the future.

**Q: Bookings for ROBOT in Q1 were 15.6% higher compared to the same period last year. What are your thoughts on the sustainability of demands going forward?**

A: As the future trend for bookings will largely be affected by the wait-and-see attitude reflecting the tariff situation, we do not foresee that the same level of bookings as Q1 will continue.

In the automotive industry, after the short-term concentration of EV-related investments, directions were reviewed, resulting in a tendency to postpone the timing to invest. At the same time, labor-shortage continues to be a serious problem, and especially in the general assembly process, there are deeply-rooted needs for robotization. The extent to which such demands will surface is uncertain.

If the external environment, including tariffs, changes for the better, there is a possibility that investments to increase competitiveness will become active once again. At present, we do not expect that the same level as Q1 will continue on to Q2 and later. We shall formulate our future direction through dialogues with customers.

(Note: Any reference in this material about the future may be affected by uncertain factors, such as supply and demand trends, industry competition, and economic climate. Therefore, actual outcomes may differ.)