

**FANUC CORPORATION**  
**Q&A Summary of the Telephone Conference**  
**on Financial Results for the Third Quarter ended Dec. 31, 2025**  
**(Jan. 26, 2026)**

**Q: Regarding the revision of the full-year performance forecast, sales have been revised upward by 21.9 billion yen, while operating profit has been revised downward by 3.0 billion yen. What are the reasons for this?**

**A:** The major factor pushing operating profit down is the increased impact of unrealized profits due to the weaker yen. In our operations, we maintain relatively high inventory levels overseas so that we can respond to requests for immediate delivery, and this inventory was affected by foreign exchange fluctuations. Other factors include product mix and deal mix.

**Q: When do you expect to begin seeing the potential benefits of supporting an open platform for Physical AI?**

**A:** Following the announcement of Physical AI at the International Robot Exhibition, to provide an example, we received orders for more than 1,000 units of the CRX series, which are included in our Q3 orders. We recognize that this open-platform initiative has triggered the initial spread of Physical AI among customers. We have also received inquiries for projects involving several thousand units. Customers expect significant benefits, such as on-site labor savings and reduced start-up time, so we anticipate that demand will begin to increase gradually from this fiscal year or the next.

**Q: What enabled you to capture the demand in the shipbuilding industry for the new CRX 3iA, weighing only 11 kg and having a payload of 3 kg?**

**A:** We maintain close relationships with a wide variety of customers, trading companies, and integrators, and were already aware of such needs. Shipbuilding companies had directly requested a robot of this kind. As we proceeded with development, it overlapped with the government's area of focus, allowing us to provide it in a timely manner. We are seeing very strong interest from shipbuilding companies.

Our internal applications teams capture customers' needs, not limited to Physical AI. We have application teams not only in Japan but also in the U.S., Europe, China, and other regions, and we proactively make proposals that contribute to customers.

**Q: Could you comment on your current and future profitability? Is it correct to assume that your operating margin is capable of exceeding 20%?**

**A:** In Q3, our operating margin declined slightly to 19.3% due to the impact of unrealized profits, but factory operating rates continue to be steady, and we are recovering fixed costs. Depending on sales, we believe we have the capability to achieve a 20% operating margin.

From the past, we have strategically pursued deals when they are perceived to be beneficial in the future. If such deals become relatively frequent, they can affect short-term profitability. We make strategic decisions while balancing market share and profit.

**Q: What is your outlook for business expansion through Physical AI?**

**A:** By selling ROBOTS in a form that includes everything from the controller to the software, we believe they can serve as the infrastructure for Physical AI. This represents a large opportunity.

By supporting an open-platform, many companies, start-ups, and research institutions can develop on the platform, and FANUC will also continue to provide applications.

One major use of Physical AI is to design and make everything in digital space, including even simulations, after which the automated system is launched in physical space without any trials to deliver good products. This could turn into a great business opportunity. Not only automotive manufacturers but also IT-related customers are showing interest.

We are also receiving requests to use Physical AI from customers other than key players. By developing applications and supporting integrators, we have high hopes that schemes can be created that will benefit all robot-related industries.

**Q: Compared to three months ago, has the outlook for demand by product line and region changed?**

**A:** Regarding orders by product line, FA and ROBOTS are particularly strong.

For FA, Japan, China, and India remain solid. Demand from Japanese machine tool builders for machines exported to China is strong. In China, investment continues in EV-related areas, and demand for machine tools is increasing as they are required for the IT, AI semiconductors, data servers, and power-related industries. India's demand is mostly domestic.

For ROBOTS, the U.S. and China are doing favorably. In China, EV and IT-related demand is robust, while in the U.S., EV-related, hybrid, and ICE-related demand is solid. In the U.S., demand is beginning to emerge after a time lag caused by a shift away from plans that totally focused on EVs.

In Europe, the market has finally hit bottom and is improving moderately.

**Q: What is the current situation of capital investment by the American automotive industry?**

**A:** Since companies now have a clearer direction for their capital investment plans, we believe investment is being resumed and will likely be continued rather steadily. However, further increase in automotive-related investments is not foreseen and we feel that current levels will be maintained. Typically, once automotive-related investment begins, investment in auto parts follows, eventually spreading to the general industries. In terms of market growth, it is our understanding that the general industries will experience greater growth in the future.

**Q: What is the reason for the increase in Selling, General and Administrative (SG&A) expenses?**

**A:** The increase mainly reflects higher logistics costs associated with rising sales. Other expenses have not increased significantly.

(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.)