

(TRANSLATION)

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(Securities code: 6954)  
June 3, 2021

**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 52nd Ordinary General Meeting of Shareholders**

Dear Shareholders,

We are pleased to announce that the 52nd Ordinary General Meeting of Shareholders of FANUC CORPORATION will be held as described below.

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

**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 23, 2021.**

**[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 24, 2021, 10:00 a.m.
2. **Place:** FANUC Forum, FANUC Headquarters, 3580, Shibokusa Aza-Komanba, Oshino-mura, Minamitsuru-gun, Yamanashi Prefecture
3. **Agenda of the Meeting**
  - Matters to be reported:** Report on the business report, the consolidated financial statements, the non-consolidated financial statements and the results of audit of the consolidated financial statements by the Accounting Auditors and the Audit & Supervisory Board for the 52nd fiscal year (from April 1, 2020 to March 31, 2021).
  - Matters to be resolved:**
    - Item 1:** Dividends of Surplus
    - Item 2:** Amendments to Parts of the Articles of Incorporation
    - Item 3:** Election of Six (6) Directors (except for Directors Who Are Audit and Supervisory Committee Members)
    - Item 4:** Election of Five (5) Directors Who Are Audit and Supervisory Committee Members
    - Item 5:** Determination of the Amount of Remuneration, etc. for Directors (except for Directors Who Are Audit and Supervisory Committee Members)
    - Item 6:** Determination of the Amount of Remuneration, etc. for Directors Who Are Audit and Supervisory Committee Members
    - Item 7:** Determination of Remuneration for the Allotment of Restricted Stock to Directors (except for Directors Who Are Audit and Supervisory Committee Members and Outside Directors)
4. **Other Matters Determined Concerning the General Meeting of Shareholders**
  - (1) If voting rights are exercised by both the enclosed Voting Rights Exercise Form and the electronic method, the votes exercised by the electronic method shall be effective.
  - (2) If voting rights are exercised twice or more by electronic methods, the votes last exercised shall be effective.

- \* Part of the Attachments to the Notice of Convocation of the General Meeting of Shareholders to be provided to you shall be deemed to be delivered to you by posting them on our Internet website (<https://www.fanuc.co.jp>).
- \* In the event of any revision of the Attachments to the Notice of Convocation of the General Meeting of Shareholders and the Reference Materials for the Ordinary General Meeting of Shareholders, it will be posted on our Internet website (<https://www.fanuc.co.jp>).

## Reference Material for the Ordinary General Meeting of Shareholders

### Item 1 Dividends of Surplus

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

(Announced on April 24, 2019)

1. Dividends

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

2. Share buybacks

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

3. Cancellation of treasury shares

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

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 2020, at 60%.

The dividend for the full fiscal year will be ¥294.07 per share, in total with the dividend for the first half of the fiscal year that has been paid in December, 2020 (¥87.93 per share), resulting in ¥206.14 per share for the second half.

(1) Type of dividend asset

Cash

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

¥206.14 per share of common stock (dividend payout ratio (Consolidated): 60.0%)

Total amount of payout: ¥39,540,523,118

(3) Effective date of dividend payment

June 25, 2021

**Item 2 Amendments to Parts of the Articles of Incorporation**

We propose amendments to parts of the Articles of Incorporation as follows:

(1) Reason for Amendments

- [1] FANUC has always worked on enhancing corporate governance based on our Basic Principles of “Strict Preciseness and Transparency.” As we proceed in separating our supervisory and executive functions, in order to further strengthen the supervisory functions of the Board of Directors and speed up management decisions, we will transition to Company with an Audit and Supervisory Committee, that allows us to establish an Audit and Supervisory Committee consisting of the Directors who are Audit and Supervisory Committee Members and to expand the delegation of decision-making authority for business execution from the Board of Directors to Directors. Thus, we will further endeavor to enhance corporate governance and increase corporate value.  
In association with this transition, amendments will be made to establish new rules regarding the Audit and Supervisory Committee and its members required for the transition to a Company with an Audit and Supervisory Committee, to delegate authority to Directors for decisions regarding execution of important business, and to delete the rules concerning Audit & Supervisory Board Member and Board of Audit & Supervisory Board Member.
- [2] Changes will be made to the scope of the Directors with whom we can execute our liability limitation agreement so that non-executive Directors may be included. This will allow us to hire capable and diverse talent as well as create an environment where they can fully demonstrate their expected roles.
- [3] In addition to establishing new rules regarding Managing Officers to clarify their positions and responsibilities, a new rule will be established to enable the election of a President from among not just Directors (except for Directors who are Audit and Supervisory Committee Members) but also from among Manging Officers as well, enabling more flexible organizational operations.
- [4] Other required amendments such as amending of article numbering in association with the above amendments will also be made.

(2) Amendment Details

Amendment details are as follows:

(Amended sections underlined.)

Current Text	Proposed Amendments
<p>Article 14. (Convocation) Unless otherwise provided for in laws and regulations, a General Meeting of Shareholders shall be convened by <u>the President according to the resolution of the Board of Directors. In case the President is prevented from so acting, one of the other Directors in the order previously determined by the Board of Directors shall act in his place.</u></p>	<p>Article 14. (Convocation) Unless otherwise provided for in laws and regulations, a General Meeting of Shareholders shall be convened by <u>a Director in the order previously determined by the Board of Directors.</u></p>
<p>Article 19. (Minutes) A summary of the process and results, as well as other matters provided for by laws and ordinances, of the General Meetings of Shareholders shall be recorded in the minutes, which shall be <u>signed and sealed by the chairman and Directors in attendance and kept by the Company.</u></p>	<p>Article 19. (Minutes) A summary of the process and results, as well as other matters provided for by laws and ordinances, of the General Meetings of Shareholders shall be recorded in the minutes, which shall be kept by the Company.</p>
<p>Article 21. (Number) The number of Members of the Board of Directors of the Company shall be no more than <u>eighteen (18).</u></p>	<p>Article 21. (Number) <u>(1) The number of Members of the Board of Directors of the Company (except for Directors who are Audit and Supervisory Committee Members) shall be no more than thirteen (13).</u></p>

Current Text	Proposed Amendments
<p>(Newly established)</p> <p>Article 22. (Election) Directors shall be elected at a General Meeting of Shareholders. For the election of Directors, it is necessary for shareholders who have one-third or more of the voting rights of shareholders entitled to exercise voting rights to attend the General Meeting of Shareholders. Resolutions for the election of Directors shall not be made by cumulative voting.</p> <p>Article 23. (Term of Office) The term of office of Directors shall be until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends within one year after they are elected. <u>The Directors who are appointed as substitutes or appointed due to an increased number of seats on the board shall serve until the end of the other incumbent Directors' term.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>Article 24. (Compensation and Other Benefits) Compensation, bonuses, and other economic benefits payable to Directors by the Company as compensation for the performance of duties (<u>hereinafter called "compensation and others"</u>) shall be set by a resolution at a General Meeting of Shareholders.</p>	<p><u>(2) The number of Members of the Board of Directors of the Company who are also Audit and Supervisory Committee Members shall be no more than five (5).</u></p> <p>Article 22. (Election) Directors shall be elected at a General Meeting of Shareholders <u>by separating those who are Audit and Supervisory Committee Members and those who are not.</u> For the election of Directors, it is necessary for shareholders who have one-third or more of the voting rights of shareholders entitled to exercise voting rights to attend the General Meeting of Shareholders. Resolutions for the election of Directors shall not be made by cumulative voting.</p> <p>Article 23. (Term of Office) <u>(1) The term of office of Directors (except for Directors who are Audit and Supervisory Committee Members) shall be until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends within one year after they are elected.</u></p> <p><u>(2) The term of office of Directors who are Audit and Supervisory Committee Members shall be until the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends within two years after they are elected.</u></p> <p><u>(3) The term of office of Directors who are appointed as substitutes to replace a member of the Audit and Supervisory Committee who retires before the end of their term of office shall be until the end of the term of office of the retired Director.</u></p> <p>Article 24. (Compensation and Other Benefits) Compensation, bonuses, and other economic benefits payable to Directors by the Company as compensation for the performance of duties shall be set by a resolution at a General Meeting of Shareholders <u>by separating Directors who are Audit and Supervisory Committee Members and those who are not.</u></p>

Current Text	Proposed Amendments
<p>Article 25. (Representative Director and <u>Directors with Executive Powers</u>)  <u>The Board of Directors, by its resolution and from among Directors, shall appoint one President and, if necessary for the Company’s business, may appoint one Chairman of the Board of Directors, one Vice Chairman, several Senior Managing Directors and Senior Vice Managing Directors. Among them, a few Directors including the President, and the Chairman (if any), shall be elected as Representative Directors.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>(Newly established)</p> <p>Article 26. (Notice of Convocation of a Meeting of the Board of Directors)  The notice of convocation of a Meeting of the Board of Directors shall be dispatched to each Director <u>and Audit &amp; Supervisory Board Member</u> at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</p> <p>Article 29. (Release of Directors’ Liabilities)  (1) (Text omitted)</p> <p>(2) In compliance with Paragraph 1, Article 427, of the Companies Act, the Company can conclude a contract with <u>Outside Directors</u> to reduce their liabilities to compensate for damages caused by the negligence of duty within the limits set by laws and ordinances. However, the maximum amount of their liabilities after reduction under the relevant contract shall be the statutory minimum amount set by Paragraph 1, Article 425, of the Companies Act.</p>	<p>Article 25. (Representative Director and <u>Managing Officers, Etc.</u>)  <u>(1) The Board of Directors by its resolution and from among Directors (except for Directors who are Audit and Supervisory Committee Members) shall elect a few Directors as Representative Directors.</u></p> <p><u>(2) The Board of Directors by its resolution and from among Directors (except for Directors who are Audit and Supervisory Committee Members) may appoint one Chairman of the Board of Directors.</u></p> <p><u>(3) The Board of Directors by its resolution may appoint Managing Officers and have them split and execute business.</u></p> <p><u>(4) The Board of Directors by its resolution and from among Directors (except for Directors who are Audit and Supervisory Committee Members) and Managing Officers shall appoint one President.</u></p> <p>Article 26. (Notice of Convocation of a Meeting of the Board of Directors)  The notice of convocation of a Meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</p> <p>Article 29. (Release of Directors’ Liabilities)  (1) (No change)</p> <p>(2) In compliance with Paragraph 1, Article 427, of the Companies Act, the Company can conclude a contract with <u>Directors (except for Executive Directors)</u> to reduce their liabilities to compensate for damages caused by the negligence of duty within the limits set by laws and ordinances. However, the maximum amount of their liabilities after reduction under the relevant contract shall be the statutory minimum amount set by Paragraph 1, Article 425, of the Companies Act.</p>

Current Text	Proposed Amendments
<p>(Newly established)</p> <p style="text-align: center;">Chapter V <u>Audit &amp; Supervisory Board Members and the Board of Audit &amp; Supervisory Board Members</u></p> <p><u>Article 30. (Audit &amp; Supervisory Board Members and Board of Audit &amp; Supervisory Board Members)</u> <u>The Company shall have Audit &amp; Supervisory Board Members and a Board of Audit &amp; Supervisory Board Members.</u></p> <p><u>Article 31. (Number)</u> <u>The number of Audit &amp; Supervisory Board Members of the Company shall not be more than five (5).</u></p> <p><u>Article 32. (Election)</u> <u>Audit &amp; Supervisory Board Members shall be elected at a General Meeting of Shareholders. For the election of Audit &amp; Supervisory Board Members, it is necessary for shareholders who have one-third or more of the voting rights of shareholders entitled to exercise voting rights to attend the General Meeting of Shareholders.</u></p> <p><u>Article 33. (Term of Office)</u> <u>The term of office of Audit &amp; Supervisory Board Members shall be until the end of the Ordinary General Meeting of Shareholders relating to the last fiscal year that ends in the four (4) years after they are elected. The term for Audit &amp; Supervisory Board Members who are appointed as a substitute for a Audit &amp; Supervisory Board Member retiring before the expiry of the term of office shall be until the date of expiry of the term of the retired Audit &amp; Supervisory Board Member.</u></p> <p><u>Article 34. (Compensation and Others)</u> <u>Compensation and others payable to Auditors shall be set by a resolution at a General Meeting of Shareholders.</u></p> <p>- <u>Article 35. (Standing Audit &amp; Supervisory Board Members)</u> <u>The Board of Auditors shall elect a standing Audit &amp; Supervisory Board Member by a resolution of the Board of Audit &amp; Supervisory Board Members.</u></p>	<p><u>Article 30. (Delegation of Decisions on the Execution of Important Business)</u> <u>In compliance with Paragraph 6, Article 399-13, of the Companies Act, the Company can delegate part or all of the decisions on the execution of important business (except for those matters listed in Paragraph 5 of the same Article) to Directors by a resolution of the Board of Directors.</u></p> <p style="text-align: center;">Chapter V <u>Audit and Supervisory Committee</u></p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p>

Current Text	Proposed Amendments
<p><u>Article 36. (Notice of Convocation of a Meeting</u>  <u>The notice of convocation of a Meeting of the Board of Audit &amp; Supervisory Board Members shall be dispatched to each Audit &amp; Supervisory Board Member at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</u></p>	(Deleted)
<p><u>Article 37. (Rules Governing the Board of Audit &amp; Supervisory Board Members)</u>  <u>Matters relating to the Board of Auditors shall be regulated by rules governing the Board of Auditors determined at a meeting of the Board of Auditors unless otherwise provided by laws, ordinances, or the Articles of Incorporation.</u></p>	(Deleted)
<p><u>Article 38. (Release of Audit &amp; Supervisory Board Members' Liabilities)</u>  <u>(1) In compliance with Paragraph 1, Article 426, of the Companies Act, the Company can release a part of the liabilities of Audit &amp; Supervisory Board Members (including former Audit &amp; Supervisory Board Members) to compensate for damages caused by negligence of duty within the limits set by laws and ordinances and in compliance with a resolution of the Board of Directors.</u></p>	(Deleted)
<p><u>(2) In compliance with Paragraph 1, Article 427, of the Companies Act, the Company can conclude a contract with Outside Audit &amp; Supervisory Board Members to reduce their liabilities to compensate for damages caused by the negligence of duty within the limits set by laws and ordinances. However, the maximum amount of their liabilities after reduction under the relevant contract shall be the statutory minimum amount set by Paragraph 1, Article 425, of the Companies Act.</u></p>	(Deleted)
<p>(Newly established)</p>	<p><u>Article 31. (Audit and Supervisory Committee)</u>  <u>The Company shall have an Audit and Supervisory Committee.</u></p>
<p>(Newly established)</p>	<p><u>Article 32. (Standing Audit and Supervisory Committee Members)</u>  <u>The Audit and Supervisory Committee, by its resolution and from among its members, may elect standing Audit and Supervisory Committee Members.</u></p>



Current Text	Proposed Amendments
(Newly established)	<u>Article 33. (Notice of Convocation of Meeting of the Audit and Supervisory Committee)</u> <u>The notice of convocation of a meeting of the Audit and Supervisory Committee shall be dispatched to each Audit and Supervisory Committee Member at least three (3) days prior to the date of the meeting. However, this period may be shortened in urgent cases.</u>
(Newly established)	<u>Article 34. (Rules Governing the Audit and Supervisory Committee)</u> <u>Matters relating to the Audit and Supervisory Committee shall be regulated by rules governing the Audit and Supervisory Committee determined at a meeting of the Audit and Supervisory Committee unless otherwise provided by laws, and regulations, or the Articles of Incorporation.</u>
<u>Article 39 ~ 45 (Text omitted)</u>	<u>Article 35 ~ 41 (No change)</u>  <u>Supplementary Provisions</u>
(Newly established)	<u>Article 1 (Transitional Measures for Release of Audit &amp; Supervisory Board Members' Liabilities, Etc. before the Transition to a Company with an Audit and Supervisory Committee)</u> <u>Article 38 of the previous Articles of Incorporation that are effective prior to the conclusion of the 52nd Ordinary General Meeting of Shareholders to be held in June 2021 shall apply to the release of Audit &amp; Supervisory Board Members' (including those who were previously Audit &amp; Supervisory Board Members) liabilities and Agreement Limiting Liability with Outside Auditors (including those who were previously Outside Auditors), regarding their actions prior to the conclusion of the said Ordinary General Meeting of Shareholders, which are described in Paragraph 1, Article 423, of the Companies Act.</u>



**Item 3 Election of Six (6) Directors (except for Directors Who Are Audit and Supervisory Committee Members)**


On the condition that Item 2 “Amendments to Parts of the Articles of Incorporation” is approved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee and the term of office of the twelve (12) Directors will expire at the conclusion of the meeting. Therefore, we propose to elect six (6) Directors (except for Directors who are Audit and Supervisory Committee Members).


This proposal, however, can only take effect on the condition that Item 2 “Amendments to Parts of the Articles of Incorporation” takes effect.


The six (6) 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 <u>Renominated</u>	Representative Director, Chairman	100% (12 of 12)
2	Kenji Yamaguchi <u>Renominated</u>	Representative Director, President, CEO and CIO	100% (12 of 12)
3	Michael J. Cicco <u>Renominated</u>	Director of the Company President and CEO, FANUC America Corporation	100% (10 of 10)
4	Kazuo Tsukuda <u>Renominated</u> <u>Outside Director</u> <u>Independent Director</u>	Director	92% (11 of 12)
5	Masaharu Sumikawa <u>Newly nominated</u> <u>Outside Director</u> <u>Independent Director</u>	Audit & Supervisory Board Member	100% (12 of 12)
6	Naoko Yamazaki <u>Renominated</u> <u>Outside Director</u> <u>Independent Director</u>	Director	100% (10 of 10)

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
1	 Yoshiharu Inaba (July 23, 1948)  Renominated	April 1973 September 1983 June 1989 June 1992 June 1995  May 2001 June 2003  June 2016 April 2019	Joined Isuzu Motors Limited Joined the Company Appointed Director of the Company Appointed Senior Vice President ( <i>Director</i> ) of the Company Appointed Executive Vice President ( <i>Director</i> ) of the Company Appointed Senior Executive Vice President ( <i>Representative Director</i> ) of the Company Appointed President and CEO ( <i>Representative Director</i> ) of the Company Appointed Chairman and CEO ( <i>Representative Director</i> ) of the Company Appointed Chairman ( <i>Representative Director</i> ) of the Company (to the present)  (Significant concurrent posts of other entities) Outside Director, TOPCON CORPORATION  (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.	5,000 shares
2	 Kenji Yamaguchi (August 6, 1968)  Renominated	April 1993 October 2000  June 2003 April 2007 June 2008  February 2012 October 2013  June 2016  April 2019 April 2020	Joined the Company Manager, Section 1, Dept.1, Robot Laboratory of the Company General Manager, Manufacturing Technology of the Company General Manager, Headquarters Factories of the Company General Manager, Factories Division of the Company Appointed Executive Vice President ( <i>Director</i> ) of the Company Appointed Senior Executive Vice President ( <i>Director</i> ) of the Company Appointed Senior Executive Vice President ( <i>Representative Director</i> ) of the Company Appointed President and COO ( <i>Representative Director</i> ) of the Company General Manager, FA Business Division of the Company Appointed President and CEO ( <i>Representative Director</i> ) of the Company Appointed President, CEO and CIO ( <i>Representative Director</i> ) of the Company (to the present)  (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 technologies and sales, and by having played an important role in each of these fields, he is rich in experience. He currently leads the management of the Company as President, CEO and CIO* ( <i>Representative Director</i> ). In order to benefit from his experiences and deep insights in management decision-making and supervision of the Company, his reappointment as Director is proposed. (*) CIO: Chief Information Officer	2,000 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="261 539 489 613">Michael J. Cicco (October 16, 1976)</p> <p data-bbox="261 667 489 696">Renominated</p>	<p data-bbox="496 280 671 472">August 1999 November 2015 April 2016 June 2016 July 2016 June 2017 June 2020</p> <p data-bbox="496 533 671 593">(Attendance at the Board of Directors meetings held during this period) 100% (10 of 10)</p> <p data-bbox="496 618 671 647">(Reason for nomination as candidate)</p> <p data-bbox="496 647 671 801">Michael J. Cicco currently serves as President and CEO of FANUC America Corporation, a subsidiary responsible for the Company's business in the Americas, and has contributed to its growth and development. As it would be beneficial to employ his experiences and deep insights in management decision-making and supervision of the Company, his appointment as Director is proposed.</p>	<p data-bbox="681 280 1273 472">Joined FANUC America Corporation ("FAC") Appointed Vice President of FAC Appointed President and COO of FAC Appointed Managing Officer of the Company Appointed President and CEO of FAC (to the present) Appointed Senior Managing Officer of the Company Appointed Director of the Company (to the present)</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 data-bbox="272 607 467 775">Kazuo Tsukuda (September 1, 1943)  Outside Director Independent Director Renominated</p>	<p data-bbox="501 315 608 367">April 1968 June 1999</p> <p data-bbox="501 398 608 427">April 2002</p> <p data-bbox="501 454 600 483">June 2003</p> <p data-bbox="501 510 608 539">April 2008</p> <p data-bbox="501 566 608 595">April 2013</p> <p data-bbox="501 622 600 651">June 2013</p> <p data-bbox="501 678 600 707">June 2015</p> <p data-bbox="501 734 600 763">June 2019</p>	<p data-bbox="687 315 1257 741">           Joined Mitsubishi Heavy Industries, Ltd.            Appointed Director (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.            Appointed Managing Director (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.            Appointed President (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.            Appointed Chairman (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.            Appointed Senior Executive Advisor (<i>Member of the Board</i>) of Mitsubishi Heavy Industries, Ltd.            Appointed Senior Corporate Advisor of Mitsubishi Heavy Industries, Ltd.            Appointed Director of the Company (to the present)            Appointed Executive Corporate Advisor of Mitsubishi Heavy Industries, Ltd. (to the present)         </p> <p data-bbox="555 786 1190 936">           (Significant concurrent posts of other entities)            Executive Corporate Advisor of Mitsubishi Heavy Industries, Ltd.            Outside Director of Mitsubishi Research Institute, Inc.            Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc.            Outside Director, Internet Initiative Japan Inc.         </p> <p data-bbox="555 981 1230 1032">           (Attendance at the Board of Directors meetings held during this period)            92% (11 of 12)         </p> <p data-bbox="555 1077 1278 1637">           (Reason for nomination as candidate and expected role)            Kazuo Tsukuda has an outstanding knowledge of manufacturing and extensive experience in corporate management. He also has a deep understanding of the Company's business. 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.            Although the Company has business transactions with Mitsubishi Heavy Industries, Ltd., at which Kazuo Tsukuda currently serves as Executive Corporate Adviser and served as Chairman and President in the past, the transaction value accounts for less than 0.5% of consolidated net sales of both of the company and the Company. Therefore, there is no risk of his independence being affected by that position.            We propose the reelection of Kazuo Tsukuda, who has continued to contribute to the Company's Board of Directors from an independent position as Outside Director.            In addition, the Company has appointed Outside Director Kazuo Tsukuda as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.            His term of office as Outside Director of the Company will have been six (6) 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
5	 <p data-bbox="260 616 491 672">Masaharu Sumikawa (July 2, 1943)</p> <p data-bbox="260 694 491 772">Outside Director Independent Director Newly nominated</p>	<p data-bbox="499 320 606 342">April 1972</p> <p data-bbox="499 344 606 367">June 1995</p> <p data-bbox="499 369 606 392">April 1999</p> <p data-bbox="499 454 630 477">October 2004</p> <p data-bbox="499 510 606 533">April 2006</p> <p data-bbox="499 566 606 589">April 2010</p> <p data-bbox="499 622 606 645">June 2010</p> <p data-bbox="499 647 606 669">June 2012</p> <p data-bbox="499 672 606 694">June 2012</p> <p data-bbox="499 728 606 750">June 2014</p> <p data-bbox="499 784 606 806">June 2015</p> <p data-bbox="499 840 606 862">June 2020</p>	<p data-bbox="686 320 877 342">Joined Hitachi, Ltd.</p> <p data-bbox="686 344 1236 367">Deputy General Manager, Hitachi Works of Hitachi, Ltd.</p> <p data-bbox="686 369 1252 448">General Manager, Thermal &amp; Hydroelectric Systems Division, Power and Industrial Systems Group of Hitachi, Ltd.</p> <p data-bbox="686 454 1252 510">Appointed Executive Vice President and Executive Officer of Hitachi, Ltd..</p> <p data-bbox="686 510 1252 566">Appointed President and Chief Executive Officer of Hitachi Plant Technologies, Ltd.</p> <p data-bbox="686 566 1252 622">Appointed Chairman of the Board of Hitachi Plant Technologies, Ltd.</p> <p data-bbox="686 622 1029 645">Appointed Director of Hitachi, Ltd.</p> <p data-bbox="686 647 1212 669">Appointed Adviser of Hitachi Plant Technologies, Ltd.</p> <p data-bbox="686 672 1252 728">Non-regular employee for specialized duties of Hitachi, Ltd.</p> <p data-bbox="686 728 1252 784">Appointed Audit &amp; Supervisory Board Member of the Company (to the present)</p> <p data-bbox="686 784 1252 840">Appointed Chairman of Tsukuba Global Innovation Promotion Agency (to the present)</p> <p data-bbox="686 840 1252 896">Appointed President and Representative Director of Mito Country Club Co., Ltd. (to the present)</p> <p data-bbox="550 907 989 929">(Significant concurrent posts of other entities)</p> <p data-bbox="566 931 1149 954">Chairman of Tsukuba Global Innovation Promotion Agency</p> <p data-bbox="566 956 1236 978">President and Representative Director of Mito Country Club Co., Ltd</p> <p data-bbox="550 1012 1228 1034">(Attendance at the Board of Directors meetings held during this period)</p> <p data-bbox="566 1037 726 1059">100% (12 of 12)</p> <p data-bbox="550 1093 1220 1137">(Attendance at the Audit &amp; Supervisory Board meetings held during this period)</p> <p data-bbox="566 1140 726 1162">100% (12 of 12)</p> <p data-bbox="566 1196 1109 1218">(Reason for nomination as candidate and expected role)</p> <p data-bbox="566 1220 1268 1344">Masaharu Sumikawa has been involved in the management of the manufacturing industry for many years and has extensive knowledge, and played an appropriate role in auditing business execution as an Outside Auditor. We expect that he will continue to contribute to the Company's Board of Directors from an independent position.</p> <p data-bbox="566 1346 1268 1581">Although the Group has business transactions with Hitachi, Ltd., at which Masaharu Sumikawa served as Representative Executive Officer, Executive Vice President and Executive Officer, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Also, the Company has no business transactions with Tsukuba Global Innovation Promotion Agency, at which he serves Chairman, and Mito Country Club Co., Ltd., at which he serves as Representative Director. Therefore, there is no risk of his independence being affected by this position.</p> <p data-bbox="566 1583 1268 1662">We propose the election of Masaharu Sumikawa, who has continued to contribute to the Company's Board of Directors and the Audit &amp; Supervisory Board from an independent position as Outside Director.</p> <p data-bbox="566 1664 1268 1765">In addition, the Company has appointed Outside Audit &amp; Supervisory Board Member Masaharu Sumikawa as an Independent Auditor as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.</p> <p data-bbox="566 1767 1268 1845">His term of office as Outside Audit &amp; Supervisory Board Member of the Company will have been seven (7) 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 data-bbox="260 562 491 622">Naoko Yamazaki (December 27, 1970)</p> <p data-bbox="260 678 491 790">Outside Director Independent Director Renominated</p>	<p data-bbox="491 271 675 293">April 1996</p> <p data-bbox="491 327 675 349">September 2001</p> <p data-bbox="491 383 675 405">April 2010</p> <p data-bbox="491 461 675 483">September 2011</p> <p data-bbox="491 517 675 539">April 2012</p> <p data-bbox="491 573 675 595">July 2012</p> <p data-bbox="491 629 675 651">May 2013</p> <p data-bbox="491 685 675 707">July 2015</p> <p data-bbox="491 741 675 763">December 2015</p> <p data-bbox="491 797 675 819">March 2016</p> <p data-bbox="491 831 675 853">April 2016</p> <p data-bbox="491 909 675 931">September 2017</p> <p data-bbox="491 965 675 987">June 2018</p> <p data-bbox="491 1021 675 1043">July 2018</p> <p data-bbox="491 1077 675 1099">June 2020</p>	<p data-bbox="675 271 1289 327">Joined the National Space Development Agency of Japan (currently Japan Aerospace Exploration Agency (JAXA))</p> <p data-bbox="675 327 1289 383">Authorized as an astronaut to board the International Space Station</p> <p data-bbox="675 383 1289 461">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="675 461 1289 517">Appointed Honorary Chairman of the Japan Abacus Education Association (to the present)</p> <p data-bbox="675 517 1289 573">Appointed Visiting Professor, Ritsumeikan University (to the present)</p> <p data-bbox="675 573 1289 629">Appointed Member of the Committee on National Space Policy under the Cabinet Office (to the present)</p> <p data-bbox="675 629 1289 685">Appointed Visiting Professor, Joshibi University of Art and Design (to the present)</p> <p data-bbox="675 685 1289 741">Appointed Director of the Japanese Rocket Society and Chairman of the "Sorajo" Board (to the present)</p> <p data-bbox="675 741 1289 797">Appointed Member of the Executive Committee and the Advisory Board for the International Robot Competition (to the present)</p> <p data-bbox="675 797 1289 831">Appointed Outside Director of Nabtesco Corporation</p> <p data-bbox="675 831 1289 909">Appointed Specially Appointed Associated Professor, Graduate School of Advanced Integrated Studies in Human Survivability of Kyoto University</p> <p data-bbox="675 909 1289 965">Appointed Outside Director of OPTORUN Co., Ltd. (to the present)</p> <p data-bbox="675 965 1289 1021">Appointed Outside Director of TOPCON CORPORATION (to the present)</p> <p data-bbox="675 1021 1289 1077">Appointed Representative Director of Space Port Japan Association (to the present)</p> <p data-bbox="675 1077 1289 1099">Appointed Director of the Company (to the present)</p> <p data-bbox="675 1122 1289 1267">(Significant concurrent posts of other entities) Representative Director of Space Port Japan Association Member of the Committee on National Space Policy under the Cabinet Office Outside Director of OPTORUN Co., Ltd. Outside Director of TOPCON CORPORATION</p> <p data-bbox="675 1301 1289 1379">(Attendance at the Board of Directors meetings held during this period) 100% (10 of 10)</p> <p data-bbox="675 1413 1289 1977">(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. The Company has no business transactions with Space Port Japan Association, at which Naoko Yamazaki serves as Representative Director. Therefore, there is no risk of her independence being affected by this position. 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. 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. Her term of office as Outside Director of the Company will have been one (1) year at the conclusion of the coming shareholder meeting.</p>	0 shares

Notes:

1. Kazuo Tsukuda, Masaharu Sumikawa, and Naoko Yamazaki are candidates for Outside Directors.
2. We have entered into an agreement with Kazuo Tsukuda, Masaharu Sumikawa, and Naoko Yamazaki 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 Masaharu Sumikawa with the same content if Item 3 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.



#### Item 4 Election of Five (5) Directors Who Are Audit and Supervisory Committee Members


If Item 2 “Amendments to Parts of the Articles of Incorporation” is approved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, the election of the following five (5) Directors who are Audit and Supervisory Committee Members are proposed.


The resolution regarding this proposal, however, can only take effect after Item 2 “Amendments to Parts of the Articles of Incorporation” takes effect.


The candidates for Directors who are Audit and Supervisory Committee Members are as follows.


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

Candidates' number	Name	Position and responsibilities at the Company	Attendance at the Board of Directors meetings	Attendance at the Audit & Supervisory Board meetings
1	Katsuo Kohari <span style="border: 1px solid black; padding: 2px;">Newly nominated</span>	Standing Audit & Supervisory Board Member	100% (12 of 12)	100% (12 of 12)
2	Katsuya Mitsumura <span style="border: 1px solid black; padding: 2px;">Newly nominated</span>	Audit & Supervisory Board Member	100% (12 of 12)	100% (12 of 12)
3	Yasuo Imai <span style="border: 1px solid black; padding: 2px;">Newly nominated</span> <span style="border: 1px solid black; padding: 2px; display: inline-block; vertical-align: middle;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; display: inline-block; vertical-align: middle;">Independent Director</span>	Director	100% (12 of 12)	—
4	Hidetoshi Yokoi <span style="border: 1px solid black; padding: 2px;">Newly nominated</span> <span style="border: 1px solid black; padding: 2px; display: inline-block; vertical-align: middle;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; display: inline-block; vertical-align: middle;">Independent Director</span>	Audit & Supervisory Board Member	100% (12 of 12)	100% (12 of 12)
5	Mieko Tomita <span style="border: 1px solid black; padding: 2px;">Newly nominated</span> <span style="border: 1px solid black; padding: 2px; display: inline-block; vertical-align: middle;">Outside Director</span> <span style="border: 1px solid black; padding: 2px; display: inline-block; vertical-align: middle;">Independent Director</span>	Audit & Supervisory Board Member	100% (10 of 10)	100% (10 of 10)

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
1	 Katsuo Kohari (August 12, 1942)  Newly nominated	April 1968 May 1976 April 2003  June 2003 June 2012  October 2013  May 2014  October 2014 June 2016  June 2019	Joined Fujitsu Limited Transferred to the Company Assistant to General Manager for Sales and Service of the Company  Appointed Director of the Company Appointed Senior Vice President ( <i>Director</i> ) of the Company  Appointed Executive Vice President ( <i>Director</i> ) of the Company  Vice General Manager (Sales), FA Business Division of the Company  General Manager, Service Division of the Company Appointed Executive Managing Officer ( <i>Director</i> ) of the Company  Appointed Standing Audit & Supervisory Board Member (to the present)  (Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)  (Attendance at the Audit & Supervisory Board meetings held during this period) 100% (12 of 12)  (Reason for nomination as candidate) Katsuo Kohari has been involved in research and development, sales and services, having played an important role in each of these fields, he is rich in experience. He currently serves as a Standing Audit & Supervisory Board Member of the Company. 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 Board Member is proposed.	5,116 shares

Candidates' number	Name (Date of birth)	Personal history, position and responsibilities		Number of shares of the Company held by candidate
2	 <p data-bbox="261 611 454 663">Katsuya Mitsumura (June 18, 1951)</p> <p data-bbox="261 689 435 719">Newly nominated</p>	<p data-bbox="499 315 608 344">April 1974</p> <p data-bbox="499 371 608 400">March 1977</p> <p data-bbox="499 400 627 430">January 1982</p> <p data-bbox="499 456 596 486">June 2019</p>	<p data-bbox="684 315 1254 367">Joined Showa Audit Corporation (current Ernst &amp; Young ShinNihon LLC)</p> <p data-bbox="684 367 1214 396">Registered as Certified Public Accountant (to the present)</p> <p data-bbox="684 396 1254 448">Founder and head of Katsuya Mitsumura C.P.A. and Tax Accountant Office (to the present)</p> <p data-bbox="684 448 1254 499">Appointed Audit &amp; Supervisory Board Member (to the present)</p> <p data-bbox="555 734 991 763">(Significant concurrent posts of other entities)</p> <p data-bbox="568 763 1241 815">Founder and Head of Katsuya Mitsumura C.P.A. and Tax Accountant Office</p> <p data-bbox="568 815 1182 866">Director (Audit &amp; Supervisory Committee Member) of AXELL CORPORATION</p> <p data-bbox="568 866 1082 896">Outside Director of INABA SEISAKUSHO Co., Ltd.</p> <p data-bbox="555 920 1225 949">(Attendance at the Board of Directors meetings held during this period)</p> <p data-bbox="568 949 727 978">100% (12 of 12)</p> <p data-bbox="555 1003 1225 1032">(Attendance at the Audit &amp; Supervisory Board meetings held during this period)</p> <p data-bbox="568 1032 727 1061">100% (12 of 12)</p> <p data-bbox="568 1108 935 1137">(Reason for nomination as candidate)</p> <p data-bbox="568 1137 1270 1256">Katsuya Mitsumura has a wealth of business experience as a certified public accountant and currently serves as Audit &amp; Supervisory Board Member of the Company. In order to benefit from his experiences and deep insights in audits and supervision at the Company, his appointment as Director who is an Audit and Supervisory Board Member is proposed</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="260 607 448 658">Yasuo Imai (October 22, 1948)</p> <p data-bbox="260 685 469 763">Outside Director Independent Director Newly nominated</p>	<p data-bbox="499 309 592 331">July 1971</p> <p data-bbox="499 360 592 383">July 2002</p> <p data-bbox="499 412 592 434">July 2003</p> <p data-bbox="499 439 592 461">July 2004</p> <p data-bbox="499 465 592 488">July 2006</p> <p data-bbox="499 546 592 568">April 2007</p> <p data-bbox="499 598 592 620">June 2007</p> <p data-bbox="499 678 592 701">April 2008</p> <p data-bbox="499 730 592 752">June 2011</p> <p data-bbox="499 781 592 804">June 2015</p> <p data-bbox="499 808 592 831">April 2017</p> <p data-bbox="499 860 592 882">June 2018</p> <p data-bbox="555 927 991 949">(Significant concurrent posts of other entities)</p> <p data-bbox="568 954 1150 1003">Director, Vice Chairman of the Board of AIR WATER INC. Chairman, Japan Industrial and Medical Gases Association</p> <p data-bbox="555 1032 1227 1081">(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)</p> <p data-bbox="568 1093 1110 1115">(Reason for nomination as candidate and expected role)</p> <p data-bbox="568 1120 1289 1608">After joining in the Ministry of International Trade and Industry (currently, the Ministry of Economy, Trade and Industry), Yasuo Imai had experience of being posted overseas as General Manager of the Washington Office of Japan National Oil Corporation. He successfully held a number of positions starting from the post of Deputy Director-General, Director-General of the Petroleum Department of Agency for Natural Resources and Energy. Subsequently he moved to the post of Director-General of the Manufacturing Industries Bureau, and then to the post of Commissioner of the Japan Patent Office. Based on these experiences, Yasuo Imai, being familiar with foreign affairs, has a global perspective and extensive knowledge concerning the manufacturing industry and the protection of intellectual property, etc. At the same time, he is currently an active corporate executive and is also knowledgeable about corporate management due to having more than 14 years' experience in business. He has appropriately executed his duties as Outside Director in providing the Company with supervision over and advice on the Company's business with his extensive experience in various fields and from his broad vision. We expect that he will continue to contribute to the Board of Directors from an independent position.</p> <p data-bbox="568 1612 1289 1787">Although the Company has business transactions with Air Water Inc., at which Yasuo Imai serves as Director, Vice Chairman of the Board, the transaction value accounts for less than 0.5% of consolidated net sales of both of the companies. Also, the Company has no business transactions with Japan Industrial and Medical Gases Association, at which Yasuo Imai serves as Chairman. Therefore, there is no risk of his independence being affected by that position.</p> <p data-bbox="568 1792 1289 1944">We propose the election of Yasuo Imai, who has continued to contribute to the Company's Board of Directors from an independent position as Outside Director who is an Audit and Supervisory Committee Member. In addition, the Company has appointed Outside Director Yasuo Imai as an Independent Director as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange.</p> <p data-bbox="568 1948 1289 1995">His term of office as Outside Director of the Company will have been six (6) 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>Hidetoshi Yokoi (August 29, 1953)</p> <p>Outside Director Independent Director Newly nominated</p>	<p>April 1983</p> <p>January 1985</p> <p>July 1997</p> <p>July 1998</p> <p>April 2005</p> <p>April 2008</p> <p>May 2015</p> <p>March 2019</p> <p>June 2019</p>	<p>Lecturer, Institute of Industrial Science of University of Tokyo</p> <p>Assistant Professor, Institute of Industrial Science of University of Tokyo</p> <p>Professor, Institute of Industrial Science of University of Tokyo</p> <p>Professor, Center for Collaborative Research of University of Tokyo</p> <p>Director, Center for Collaborative Research of University of Tokyo</p> <p>Professor, Institute of Industrial Science of University of Tokyo</p> <p>Field II Program Officer, Adaptable and Seamless Technology Transfer Program through Target-driven R&amp;D of Japan Science and Technology Agency (to the present)</p> <p>Retired as Professor, Institute of Industrial Science of University of Tokyo</p> <p>Professor Emeritus of the University of Tokyo (to the present)</p> <p>Appointed Audit &amp; Supervisory Board Member of the Company (to the present)</p> <p>(Significant concurrent posts of other entities) Professor Emeritus of the 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</p> <p>(Attendance at the Board of Directors meetings held during this period) 100% (12 of 12)</p> <p>(Attendance at the Audit &amp; Supervisory Board meetings held during this period) 100% (12 of 12)</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 the 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 as Outside Audit &amp; Supervisory Board Member. We expect that he 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 the Japan Science and Technology Agency, at which Hidetoshi Yokoi serves as Program Officer. Therefore, there is no risk of his independence being affected by this position. Therefore, we propose the election of Hidetoshi Yokoi, who has continued to contribute to the Company's Board of Directors and the Audit &amp; Supervisory Board from an independent position as Outside Director who is an Audit and Supervisory Committee Member. In addition, the Company has appointed Outside Audit &amp; Supervisory Board Member Hidetoshi Yokoi as an Independent Auditor as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange. His term of office as Outside Audit &amp; Supervisory Board 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 and position		Number of shares of the Company held by candidate
5	 <p data-bbox="279 616 454 672">Mieko Tomita (August 15, 1954)</p> <p data-bbox="279 705 478 795">Outside Director Independent Director Newly nominated</p>	<p data-bbox="502 324 614 358">April 1980</p> <p data-bbox="502 403 614 436">April 1995</p> <p data-bbox="502 459 614 492">April 2001</p> <p data-bbox="502 515 614 548">April 2004</p> <p data-bbox="502 548 638 582">October 2007</p> <p data-bbox="502 593 614 627">June 2012</p> <p data-bbox="502 649 614 683">April 2017</p> <p data-bbox="502 705 614 739">June 2019</p> <p data-bbox="502 772 614 806">June 2020</p>	<p data-bbox="678 324 1284 414">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="678 414 1284 459">Appointed Auditor of Kanagawa Learning Disability Research Association</p> <p data-bbox="678 459 1284 515">Appointed Civil Conciliation Commissioner, Tokyo District Court (to the present)</p> <p data-bbox="678 515 1284 548">Appointed Instructor, Showa Women's University</p> <p data-bbox="678 548 1284 593">Appointed a member of the National Bar Examination Commission, Code of Civil Procedure</p> <p data-bbox="678 593 1284 649">Appointed External Audit &amp; Supervisory Board Member of MORINAGA MILK INDUSTRY CO., LTD.</p> <p data-bbox="678 649 1284 705">Senior Partner, Nishi &amp; Partners Attorneys and Counselors at Law (to the present)</p> <p data-bbox="678 705 1284 772">Appointed Outside Director (Member of the Audit &amp; Supervisory Committee) of Nisshin Seifun Group Inc. (to the present)</p> <p data-bbox="678 772 1284 840">Appointed Audit &amp; Supervisory Board Member of the Company (to the present)</p> <p data-bbox="558 862 1284 963">(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.</p> <p data-bbox="558 985 1284 1041">(Attendance at the Board of Directors meetings held during this period) 100% (10 of 10)</p> <p data-bbox="558 1064 1284 1153">(Attendance at the Audit &amp; Supervisory Board meetings held during this period) 100% (10 of 10)</p> <p data-bbox="558 1176 1284 1803">(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 of business execution as Outside Audit &amp; Supervisory Board 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. Therefore, there is no risk of her independence being affected by this position. Therefore, we propose the election of Mieko Tomita, who has continued to contribute to the Company's Board of Directors and the Audit &amp; Supervisory Board from an independent position as Outside Director who is an Audit and Supervisory Committee Member. In addition, the Company has appointed Outside Audit &amp; Supervisory Board Member Mieko Tomita as an Independent Auditor as defined by the Tokyo Stock Exchange and has duly notified the Tokyo Stock Exchange. Her term of office as Outside Audit &amp; Supervisory Board Member of the Company will have been one (1) year at the conclusion of the coming shareholder meeting.</p>	0 shares

Notes:

1. Yasuo Imai, Hidetoshi Yokoi, and Mieko Tomita are candidates for Outside Directors who are Audit and Supervisory Committee Members.
2. We have entered into an agreement with Yasuo Imai, 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 Yasuo Imai, Hidetoshi Yokoi, and Mieko Tomita limiting their liability for damages.
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 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.

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

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

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

**(For Reference) Expertise and Experience of Candidates for Items 3 and 4 (Skills Matrix)**

Name		Gender	Corporate Management	Research & Development	Internationality	Legal/Risk Management	Finance/Accounting
Yoshiharu Inaba		Male	●	●	●	●	
Kenji Yamaguchi		Male	●	●	●	●	
Michael J. Cicco		Male	●		●	●	
Kazuo Tsukuda	Outside	Male	●	●	●	●	
Masaharu Sumikawa	Outside	Male	●	●	●	●	
Naoko Yamazaki	Outside	Female		●	●	●	
Katsuo Kohari	Audit and Supervisory Committee Member	Male		●	●		
Katsusya Mitsumura	Audit and Supervisory Committee Member	Male					●
Yasuo Imai	Audit and Supervisory Committee Member	Outside Male	●		●	●	
Hidetoshi Yokoi	Audit and Supervisory Committee Member	Outside Male		●	●		
Mieko Tomita	Audit and Supervisory Committee Member	Outside Female				●	



**Item 5 Determination of the Amount of Remuneration, etc. for Directors (except for Directors Who Are Audit and Supervisory Committee Members)**

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

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

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

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

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

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

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

If Item 2 “Amendments to Parts of the Articles of Incorporation” is approved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Therefore, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, we propose to set the upper limit of the total annual remuneration, etc. for the Directors (except for Directors who are Audit and Supervisory Committee Members) at the total of 1) fixed annual remuneration ceiling amount and 2) performance-based remuneration ceiling amount as stated below:

- 1) Fixed annual remuneration ceiling amount of ¥800 million (including ceiling amount of ¥100 million for Outside Directors)
- 2) Performance-based remuneration 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 elected or reelected (provided, however, it shall not exceed a three-year amount of fixed remuneration)

The amount was determined after comprehensively taking into account a decreased number of Directors, the current economic environment, and other circumstances. In addition, the performance-based remuneration continues to enable the benefits of increased performance and the risk of declining performance to be shared with shareholders. Therefore, we believe that the amount is reasonable.

The current number of Directors is twelve (12), including four (4) Outside Directors. If Item 2 and Item 3 are approved as proposed, the number of Directors (except for Directors who are Audit and Supervisory Committee Members) will be six (6), including three (3) Outside Directors.

Remuneration for Internal Directors (except for Directors who are Audit and Supervisory Committee Members) is planned to consist of 1) “fixed remuneration,” which is paid in a fixed amount, 2) “performance-based remuneration,” which is determined by business performance, etc., and 3) “stock-based remuneration,” which requires an approval of Item 7 “Determination of Remuneration for the Allotment of Restricted Stock to Directors (except for Directors Who Are Audit and Supervisory Committee Members and Outside Directors).” The amount of “stock-based remuneration” shall be set aside separately from the amount of remuneration, etc., described in 1) and 2) above. Outside Directors (except for Directors who are Audit and Supervisory Committee Members) are compensated with “fixed remuneration” payable in a fixed amount only, considering an independent position from the Company's business operation.

The resolution regarding this proposal can only take effect after the amendments to the Articles of Incorporation proposed as Item 2 take effect.

**Item 6 Determination of the Amount of Remuneration, etc. for Directors Who Are Audit and Supervisory Committee Members**

If Item 2 “Amendments to Parts of the Articles of Incorporation” is approved as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Therefore, in accordance with the provisions of Article 361, Paragraphs 1 and 2 of the Companies Act, we propose that the annual remuneration, etc. for Directors who are Audit and Supervisory Committee Members be up to ¥200 million.

As this takes into consideration the economic environment and other circumstances, we believe that the amount is reasonable.

If Item 2 and Item 4 are approved as proposed, the number of Directors who are Audit and Supervisory Committee Members will be five (5), including three (3) Outside Directors.

The resolution regarding this proposal can only take effect after the amendments to the Articles of Incorporation proposed as Item 2 take effect.

**Item 7 Determination of Remuneration for the Allotment of Restricted Stock to Directors (except for Directors Who Are Audit and Supervisory Committee Members and Outside Directors)**

If Item 2 “Partial Amendments to the Articles of Incorporation” and Item 5 “Determination of the Amount of Remuneration, etc. for Directors (except for Directors who are Audit and Supervisory Committee Members),” pertaining to the transition to a Company with an Audit and Supervisory Committee, are approved as proposed, the upper limit of the total annual remuneration, etc. for Directors (except for Directors who are Audit and Supervisory Committee Members) of the Company will be set as follows:

- 1) Fixed annual remuneration ceiling amount of ¥800 million (including ceiling amount of ¥100 million for Outside Directors)
- 2) Performance-based remuneration 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 elected or reelected (provided, however, it shall not exceed a three-year amount of fixed remuneration)

In order for Directors of the Company (except for Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter “Eligible Directors”) to share the benefits and risks of changes in stock prices with our shareholders, as well as to be further motivated to contribute to increasing stock prices and improving corporate value, we propose to allot to Eligible Directors shares of the Company’s common stock which are subject to a transfer restriction period and conditions for the acquisition of allotted shares by the Company without consideration (hereinafter “Restricted Stock”), as described below, on the condition that Item 2 “Partial Amendments to the Articles of Incorporation” and Item 5 “Determination of the Amount of Remuneration, etc. for Directors (except for Directors who are Audit and Supervisory Committee Members)” are approved as proposed.

Accordingly, comprehensively taking into account various aspects such as contributions made by Eligible Directors, we propose, separately from the abovementioned amount of remuneration, etc. for Directors, that the total amount of monetary compensation claims to be paid as remuneration for Eligible Directors for Restricted Stock be set at not more than ¥350 million per year.

In addition, the details of the allotment of Restricted Stock, including the abovementioned amount of remuneration and the information stated in “Specific Details and the Maximum Number of Shares of Restricted Stock to Be Granted to Eligible Directors” below, are determined after thorough consideration of various factors such as contributions made by Eligible Directors and the policy for determining details of remunerations, etc. for individual Directors of the Company (if this Item is approved as proposed, the said policy will be modified in order to be consistent with the content of the proposal approved), and we believe that those details are reasonable.

Currently, the Company has twelve (12) Directors, including four (4) Outside Directors. If Item 2 and Item 3 are approved as proposed, the number of Eligible Directors will be three (3).

## Specific Details and the Maximum Number of Shares of Restricted Stock to Be Granted to Eligible Directors

### 1. Allotment of and payment for Restricted Stock

The Company shall grant Eligible Directors monetary compensation claims as remuneration pertaining to Restricted Stock within the annual limit mentioned above, based on the resolution of the Company's Board of Directors. Each Eligible Director shall receive the allotment of Restricted Stock by making in-kind contribution of all of the monetary compensation claims granted.

The amount of Restricted Stock to be compensated shall be determined by the Board of Directors, within a range that is not particularly advantageous to the Eligible Directors who receive the Restricted Stock, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the trading day prior to the date of the Board of Directors' resolution concerning the issuance or disposal of the Restricted Stock (or the closing price on the trading day immediately before the said day if no transaction is made on such business day).

The abovementioned claims on Restricted Stock shall be granted on the condition that the Eligible Directors have consented to the in-kind contribution described above and entered into a Restricted Stock allotment agreement which includes the details prescribed in section 3. below.

### 2. Total number of shares of Restricted Stock

The total number of shares of Restricted Stock to be allotted to the Eligible Directors is no more than 28,000 in each fiscal year.

However, on or after the date of the approval of this Item, 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.

### 3. Details of the Restricted Stock allotment agreement

In the allotment of Restricted Stock, the Company and each of the Eligible Directors who receive Restricted Stock shall enter into a Restricted Stock allotment agreement based on the resolution of the Company's Board of Directors. Broadly speaking, such agreement shall include the following provisions:

#### (1) Details of transfer restrictions

An Eligible Director who has received an allotment of Restricted Stock shall be restricted from transferring, establishing a security interest or mortgage on, giving as a gift during life or a bequest to the third party, or otherwise disposing of, the Restricted Stock allotted (the "Allotted Shares"), during the period from the date of allotment of the Restricted Stock until he/she resigns or retires from all of Director, Managing Officer, and a permanent employee of the Company and all of its subsidiaries (the said restrictions shall be hereinafter referred to "Transfer Restrictions," and the said restriction period shall be referred to "Transfer Restriction Period").

#### (2) Acquisition of Restricted Stock without consideration

In the event that an Eligible Director who has received an allotment of Restricted Stock resigns or retires from all of Director, Managing Officer, and a permanent employee of the Company and all of its subsidiaries during the period from the start date of the Transfer Restriction Period until the day before the date of the first Ordinary General Meeting of Shareholders of the Company after the start of the Transfer Restriction Period, the Company shall rightfully acquire the Allotted Shares without consideration, except in cases where the Board of Directors of the Company finds a valid reason. In addition, the Company shall rightfully acquire the Allotted Shares without consideration at the expiration of the Transfer Restriction Period described in section (1) above if there are any Allotted Shares for which the Transfer Restrictions have not been lifted pursuant to the provisions of the conditions for lifting Transfer Restrictions, described in section (3) below.

(3) Lifting of Transfer Restrictions

The Company shall lift the Transfer Restrictions of all of the Allotted Shares at the expiration of the Transfer Restriction Period on the condition that the relevant Eligible Director has served continuously in Director, Managing Officer, or a permanent employee of the Company or any of its subsidiaries during the period from the start date of the Transfer Restriction Period until the date of the first Ordinary General Meeting of Shareholders of the Company after the start of the Transfer Restriction Period.

However, if the Eligible Director resigns or retires from all of Director, Managing Officer, and a permanent employee of the Company and all of its subsidiaries before the expiration of the Transfer Restriction Period due to a reason that the Company's Board of Directors deems reasonable, the Company shall adjust the number of the Allocated Shares whose Transfer Restrictions are to be lifted as well as the timing of the lifting of the Transfer Restrictions in a reasonable manner, as necessary.

(4) Handling in cases of organizational restructuring, etc.

If, during the Transfer Restriction Period, a merger agreement under which the Company becomes the disappearing company, a share exchange agreement, or a share transfer plan under which the Company becomes a wholly-owned subsidiary, or any other matter relating to organizational restructuring, etc. is approved at an Ordinary General Meeting of Shareholders of the Company (or at a meeting of the Company's Board of Directors, if such organizational restructuring, etc. does not require the approval of the Company's Ordinary General Meeting of Shareholders), provided that the effective date of such organizational restructuring, etc. comes before the expiration of the Transfer Restriction Period (hereinafter the "Time of Approval of Organizational Restructuring, etc."), and also if the Director who has received an allotment of Restricted Stock resigns or retires from all of Director, Managing Officer, and a permanent employee of the Company and all of its subsidiaries in association with the organizational restructuring, etc., the Company shall lift the Transfer Restrictions before the effective date of the said organizational restructuring, etc., with respect to the number of Allotted Shares reasonably determined in consideration of the period from the start date of the Transfer Restriction Period until the date of approval of such organizational restructuring, etc., based on the resolution of the Company's Board of Directors.

In addition, at the Time of Approval of Organizational Restructuring, etc., the Company shall rightfully acquire, without consideration, the Allotted Shares for which the Transfer Restrictions have not been lifted on and as of the business day prior to the effective date of the said organizational restructuring, etc.

**(For Reference)**

After the conclusion of this Ordinary General Meeting of Shareholders, the Company plans to grant to its Managing Officers (except for those who are Directors) a type of restricted stock that is similar to the Restricted Stock described above.
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- END -

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

## **BUSINESS REPORT**

(April 1, 2020 through March 31, 2021)

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

#### (1) Business trends and achievements

Regarding the business environment surrounding the FANUC Group during this period (April 1, 2020 – March 31, 2021), the market conditions became harsh owing to factors including an ongoing global trend of reduction in capital investment due to the impact of the spread of the coronavirus (COVID-19). However, in addition to recovery first taking place in China, other regions also rebounded gradually from around the second quarter.

Under these circumstances, the FANUC Group strived to maintain the delivery of products and service activities for our customers while placing utmost priority on preventing the spread of COVID-19. In addition, to deal with changing market conditions, we fortified our corporate structure by reducing expenses and optimizing business operations, among other measures.

During the fiscal year ended March 31, 2021, FANUC posted consolidated net sales totaling ¥551,287 million, up 8.5%, consolidated ordinary income totaling ¥128,744 million, up 25.2%, and net income attributable to owners of parent totaling ¥94,012 million, up 28.1%, compared with the previous fiscal year.

During this period, the new collaborative robot “FANUC Robot CRX Series”, which is equipped with all of “Safety,” “Ease of Use,” and “High Reliability,” won the “METI Minister's Award in METI’s Ninth Robot Awards program,” the “Nikkan Kogyo Shimbun Best 10 New Product Awards 2020/Main Award,” and the “Nikkei Business Daily Awards/2020 Nikkei Superior Products and Services Awards.”

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

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

In the FA Division, demand from the machine tool industry, the primary market for CNC systems, recovered earlier and remained strong in China. Demand in India is also undergoing a recovery, especially for agricultural machinery and motorcycles. Although demand in Japan, Europe, South Korea, and Taiwan had remained sluggish, these countries are seeing gradual increases in demand with machine exports to the Chinese market and other markets. As a result, net sales of CNC systems of the FANUC Group increased compared with the previous fiscal year.

In terms of development, we added a high-speed model, equipped with a state-of-the-art multi-core CPU, to our high-end CNC, “FANUC Series 30i/31i/32i-B Plus,” whose high machining performance has been further refined. We also added a new package containing axis extension for incorporating peripheral axes and a 15-inch display to standard CNC “FANUC Series 0i-F Plus.” For servo, we proceeded with the improvement of “Servo Learning Oscillation” that achieves secure chip shredding. In addition, we enhanced our lineup and developed new functions with the aim of expanding sales into various markets.

With regard to our lasers, the Chinese market and the European market are on a recovery trend, but competition from overseas manufacturers remains fierce.

In terms of development, we developed a function for connecting fiber lasers with laser output of up to 12 kW to robots to meet the requirements of the welding market for high-output fiber lasers, whose applications are expanding. There are expectations for sales expansion into the welding market going forward.

The FA Division posted consolidated sales totaling ¥149,240 million, up 4.2% compared with the previous fiscal year, and FA Division sales accounted for 27.1% of consolidated net sales.

## **[ROBOT Division]**

In the ROBOT Division, sales to the general industries were strong, and sales to the automobile industry also increased due to EV-related demand in the Americas. In China, in addition to IT-related sales, sales for EVs, construction machinery, heavy machinery, and other machining applications were also strong. In Europe, sales to the general industrial sector were strong, but sales to the automobile industry declined year on year due to a trough in capital investment, and sales were sluggish in Japan.

In terms of development, we developed and launched the “FANUC Robot CRX Series,” which has a function that uses inbuilt sensors to make the arm stop safely if it comes into contact with operators, and features direct teaching for direct operation of the arm and intuitive drag-and-drop programming using a tablet. These features will make it easier for customers who have never used robots before to introduce them. We have also added new models with larger payloads of 12kg and 20 kg to our SCARA robot line-up, “FANUC Robot SR Series.” We also developed the “3D Vision Sensor 3DV/1600,” which can measure wider ranges at higher speeds than previous sensors. These and other new products and functions are expected to further expand the range of applications of FANUC robots.

The ROBOT Division posted consolidated sales totaling ¥210,024 million, up 3.7% compared with the previous fiscal year. ROBOT Division sales accounted for 38.1% of consolidated net sales.

## **[ROBOMACHINE Division]**

In the ROBOMACHINE Division, sales of the ROBODRILLS (compact machining centers) increased due to a sharp increase in demand from the latter part of the period, mainly in China, for use in the computer, tablet, and smartphone markets. Sales of ROBOSHOTS (electric injection molding machines) also recovered from the latter part of the period due to an increase in demand from IT-related and medical markets, mainly in China, Europe, and the United States. With regard to the ROBOCUTs (wire-cut electric discharge machines), sales recovered from the latter part of the fiscal year, but declined year on year.

In terms of development, in ROBODRILL, we developed a new “FANUC ROBODRILL  $\alpha$ -DiB Plus series” that offers reduced machining cycle time, improved ease of use, and higher reliability. For ROBOSHOT, we developed the “FANUC ROBOSHOT  $\alpha$ -SiB series,” which, in addition to improved molding performance, features a 21.5-inch landscape wide-screen display for improved operability. For ROBOCUT, we revamped the structural design for stronger rigidity and developed the “FANUC ROBOCUT  $\alpha$ -CiC series,” achieving improvements in machined surface roughness and reduced machining time. With regard to ROBONANO (ultra-precision machine), we have worked to improve ease of use with developments such as “Smart M-Form,” which enables the functional upgrades for direct operation of peripheral equipment from the operating screen, as well as on-machine measurement and compensated machining of workpiece forms without removing the workpiece.

The ROBOMACHINE Division posted consolidated sales totaling ¥114,518 million, up 52.9% compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 20.8% of consolidated net sales.

## **[Service Division]**

The Service Division received fewer requests for the Company’s services on account of suspended operations at customers’ factories and falling factory operating rates, among others, due to the impact of lockdowns in countries throughout the world in the first quarter. However, requests for the Company’s services recovered thereafter.

The Service Division posted consolidated sales totaling ¥77,505 million, down 11.5% compared with the previous fiscal year. Service Division sales accounted for 14.0% of consolidated net sales.

## **[Approaches to IoT and AI]**

In our efforts to utilize IoT technology, we developed “PMA-Monitor,” an application for monitoring equipment such as machine tools in the factory for our FIELD system, which is an open platform that connects machines, sensors and other devices of various companies in manufacturing sites, and allows a wide range of companies to participate in the development of application software. We also established DUCNET Co., Ltd. together with Fujitsu Limited and NTT Communications Corporation, aimed at realizing “Digital Utility Cloud,” which will offer a cloud services platform to support digital transformation (DX) in the machine tool industry and other industries in the manufacturing sector. Our aims are to contribute to the further strengthening of the manufacturing capabilities of the companies that use “Digital Utility Cloud” and to create an

ecosystem in which machinery manufacturers, users of machinery, trading companies, IT vendors and other participating companies can be both service providers and service users.

With regard to AI, we are promoting the development of more practical AI functions for use in all products of the FA, ROBOT, ROBOMACHINE, and FIELD system. For example, the AI servo tuning (FA), AI path control (ROBOT), and AI thermal displacement compensation (ROBODRILL, ROBOCUT) functions that we have recently developed have already been released in the markets of each product group, where they are contributing to improvements in the operating rate, ease of use, and machining precision of manufacturing equipment in actual manufacturing sites. In addition, our Next-Generation Technology Laboratory is currently developing new AI functions that will be launched in the market over the next few years, and has begun research on fundamental AI technologies that will lay the foundations for the future. We also utilize AI technologies to make all products of the FA, ROBOT, ROBOMACHINE, and FIELD system more intelligent, in order to differentiate ourselves 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, LASER Research and Development Division, ROBOT Mechanical Research and Development Division, ROBOT Software Research and Development Division, ROBODRILL Research and Development Division, ROBOSHOT Research and Development Division, ROBOCUT Research and Development Division, and ROBONANO Research and Development Department focused on developing various new competitive products and features by raising the level of "high performance" 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.

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

## **(2) Capital Investment**

In terms of capital investment during the fiscal year under review, we took measures such as postponing non-urgent capital investments in the beginning of the fiscal year, taking the harsh business environment into consideration. Due to a sudden upturn in orders received in the second half of the fiscal year, we urgently engaged in capital investment aimed at building systems for increased production. Total capital investment during the fiscal year under review was down from the previous fiscal year at ¥18,553 million.

## **(3) Financing**

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

## **(4) Challenges**

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

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

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

and ROBOTS, as one of our key themes, and will develop products accordingly.

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

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

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

We will pursue measures to strengthen our corporate structure from a long-term perspective, such as reinforcing product competitiveness, strengthening sales and service activities, promoting automatization and robotization in factories, and enhancing administrative efficiency. In addition, as a supplier of production goods, we are establishing multiple production sites and service centers in order to fulfill our responsibilities as a supplier and maintain service activities under any circumstance. Furthermore, we are also fortifying our supply chain by increasing the number of parts suppliers and maintaining appropriate inventory levels for parts.

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

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

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

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

Thank you for your continued support and assistance to FANUC.



## (5) Assets and Profits

### 1) The FANUC Group

(Millions of yen)

Item	FY 2017 (49th term)	FY 2018 (50th term)	FY 2019 (51st term)	FY 2020 (52nd term)
Net sales	726,596	635,568	508,252	551,287
Ordinary income	249,525	183,459	102,816	128,744
Net income	181,957	154,163	73,371	94,012
Net income per share (Yen)	938.66	795.34	381.89	490.11
Total assets	1,728,227	1,625,340	1,512,499	1,625,191
Net assets	1,467,630	1,445,146	1,362,865	1,435,554

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

### 2) The Company

(Millions of yen)

Item	FY 2017 (49th term)	FY 2018 (50th term)	FY 2019 (51st term)	FY 2020 (52nd term)
Net sales	572,963	470,644	352,407	415,939
Ordinary income	196,196	147,956	67,586	87,889
Net income	147,664	136,326	54,697	70,451
Net income per share (Yen)	761.75	703.31	284.69	367.28
Total assets	1,397,384	1,292,323	1,177,585	1,236,223
Net assets	1,215,001	1,173,464	1,084,633	1,116,242

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

## (6) Principal Businesses

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

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

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

**(7) Principal Sites**

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

**(8) Employees**

Number of employees	The Company	4,105
	The FANUC Group	8,256

**(9) Principal Subsidiaries and Affiliated Companies**

## 1) Principal Subsidiaries

Company name	Capital stock	Percentage of equity participation (%)	Principal businesses
FANUC America Corporation	US\$ 157,300 thousand	100	Development, manufacture, sale and maintenance services of robots and robot systems as well as sale and maintenance services of CNC systems, lasers and ROBODRILL
FANUC Europe Corporation	€ 110,961 thousand	100	Sale and maintenance services of CNC systems, lasers, robots, ROBODRILL, ROBOSHOT and ROBOCUT as well as manufacture, sale and maintenance services of robot systems
KOREA FANUC CORPORATION	Won 32,364 million	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

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

(2) Total number of issued shares: **201,922,097 shares**

(3) Number of shareholders: **52,693**

### (4) The ten largest shareholders:

Name	Number of shares (In thousands)	Percentage of equity participation (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,663	17.0
Custody Bank of Japan, Ltd. (Trust Account)	15,048	7.8
SSBTC Client Omnibus Account	5,405	2.8
Citibank, N.A. - NY, as Depository Bank for Depository Shareholders	4,343	2.3
JPMorgan Chase Bank 380055	3,958	2.1
State Street Bank West Client - Treaty 505234	2,956	1.5
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	2,935	1.5
The Bank of New York Mellon 140044	2,828	1.5
Government of Norway	2,728	1.4
Custody Bank of Japan, Ltd. (Trust Account 5)	2,691	1.4

Note: The percentages of equity participation are calculated after subtracting the number of treasury shares (10,108 thousand shares) from the total number of issued shares.

### 3. Directors and Audit & Supervisory Board Members

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

Position	Name	Responsibilities or significant concurrent posts of other entities
Representative Director, Chairman	Yoshiharu Inaba	
Representative Director, President, CEO and CIO	Kenji Yamaguchi	
Representative Director, Senior Executive Vice President and CTO	Hiroyuki Uchida	General Manager, ROBOMACHINE Business Division
Representative Director, Senior Executive Vice President and CFO	Yoshihiro Gonda	General Manager, Corporate Administration Division
Director, Senior Executive Vice President and CISO	Yutaka Saito	General Manager, IoT Business Division
Director, Executive Managing Officer	Kiyonori Inaba	General Manager, ROBOT Business Division
Director, Executive Managing Officer	Hiroshi Noda	General Manager, FA Business Division
Director	Michael J. Cicco	President and CEO, FANUC America Corporation
Director	Kazuo Tsukuda	Executive Corporate Advisor of Mitsubishi Heavy Industries, Ltd.
Director	Yasuo Imai	Director, Vice Chairman of the Board of AIR WATER INC.
Director	Masato Ono	Director of authorized NPO, the Gold Ribbon Network
Director	Naoko Yamazaki	Representative Director, Space Port Japan Association
Standing Audit & Supervisory Board Member	Katsuo Kohari	
Audit & Supervisory Board Member	Katsuya Mitsumura	Founder and head of Katsuya Mitsumura C.P.A. and Tax Accountant Office
Audit & Supervisory Board Member	Masaharu Sumikawa	President of Tsukuba Global Innovation Promotion Agency President and Representative Director of Mito Country Club Co., Ltd.
Audit & Supervisory Board Member	Hidetoshi Yokoi	Professor Emeritus of the University of Tokyo Field II Program Officer, Adaptable and Seamless Technology Transfer Program through Target-driven R&D of Japan Science and Technology Agency
Audit & Supervisory Board Member	Mieko Tomita	Senior Partner, Nishi & Partners Attorneys and Counselors at Law

- Notes:
1. Directors Kazuo Tsukuda, Yasuo Imai, Masato Ono and Naoko Yamazaki are Outside Directors.
  2. Audit & Supervisory Board Members Masaharu Sumikawa, Hidetoshi Yokoi and Mieko Tomita are Outside Audit & Supervisory Board Members.
  3. Audit & Supervisory Board Member Katsuya Mitsumura is a certified public accountant and possesses commensurate knowledge regarding finances and accounting.
  4. Other significant concurrent posts:
    - Representative Director and Chairman Yoshiharu Inaba is also an Outside Director of TOPCON CORPORATION.
    - Outside Director Kazuo Tsukuda is also an Outside Director of Mitsubishi Research Institute, Inc., Outside Director (Audit and Supervisory Committee Member) of Yamaguchi Financial Group, Inc., and Outside Director of Internet Initiative Japan Inc.
    - Outside Director Yasuo Imai is also a Chairman of Japan Industrial and Medical Gases Association.
    - Outside Director Masato Ono is also an Outside Director of Nippon Light Metal Holdings Company, Ltd.
    - Outside Director Naoko Yamazaki is also a Member of the Committee on National Space Policy under the Cabinet Office, Outside Director of OPTORUN Co., Ltd., and Outside Director of TOPCON CORPORATION.
    - Audit & Supervisory Board Member Katsuya Mitsumura is also an Outside Director (Audit & Supervisory Committee Member) of AXELL CORPORATION and Outside Director of INABA SEISAKUSHO Co., Ltd.
    - Outside Audit & Supervisory Board Member Mieko Tomita is also an Outside Director (Member of the Audit & Supervisory Committee) of Nisshin Seifun Group Inc.
- None of the companies in which the Outside Directors or Outside Audit & Supervisory Board Members concurrently hold posts have special relations with FANUC CORPORATION.

5. The Company has named the four Outside Directors Kazuo Tsukuda, Yasuo Imai, Masato Ono and Naoko Yamazaki as Independent Directors and the three Outside Audit & Supervisory Board Members Masaharu Sumikawa, Hidetoshi Yokoi and Mieko Tomita as Independent Auditors 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, Audit & Supervisory Board Members, Managing Officers, key employees, and the Company. The insurance premiums are fully paid by the Company for all insured parties.

## (3) Remuneration, etc., payable to the Directors and Audit & Supervisory Board Members in the fiscal year under review

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

The Company has established a policy for determining Directors' individual remuneration (hereinafter, "determination policy"), the outline of which is as follows.

- Fixed remuneration is determined according to the position of each Director.
- Performance-linked remuneration is linked, in principle, to net income and dividend payout ratio, in the same way as for shareholder returns.
- Directors' remuneration is composed of fixed remuneration and performance-linked remuneration. In setting the percentages of these two types of remuneration, factors such as position, duties, and performance are taken into comprehensive account.
- Performance-linked remuneration is not paid to Outside Directors.
- The President is authorized to determine the Directors' individual remuneration, based on the advice of the Nomination and Remuneration Committee, which is chaired by an Outside Director and the majority of which is composed of Independent Outside Directors.

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

- 2) Matters concerning resolutions of the General Meeting of Shareholders regarding the remuneration, etc. of Directors and Audit & Supervisory Board Members.

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

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

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

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

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

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

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

The number of Directors at the conclusion of that Ordinary General Meeting of Shareholders was 15.

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

3) Matters concerning the delegation of determination of Directors' individual remuneration, etc.

Based on authority resolved by the Board of Directors, President, CEO and CIO, Kenji Yamaguchi, determines the specific content of Directors' individual remuneration.

The nature of this authority is that the amount of individual Directors' remuneration is to be decided within the upper limit approved by the General Meeting of Shareholders described in 2) above, based on the advice of the Nomination and Remuneration Committee.

The reason for delegating this authorization is that the President has a comprehensive view of the Company's overall performance and is the most suited to evaluating the respective businesses for which the individual Directors are responsible.

To ensure that this authorization is exercised appropriately by the President, the Board of Directors seeks the advice of the Nomination and Remuneration Committee, which is chaired by an Outside Director and the majority of which is composed of Independent Outside Directors, before taking measures including the above-mentioned decisions. Because the Directors' individual remuneration amounts are determined after these procedures have been undertaken, the Board of Directors judges that the content of those determinations is in line with the determination policy.

4) Total amounts, etc. of Directors' and Audit & Supervisory Board Members' remuneration, etc.

Officer 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.	
Directors (of which, Outside Directors)	1,185 (68)	938 (68)	247 (—)	13 (4)
Audit & Supervisory Board Members (of which, Outside Audit & Supervisory Board Members)	153 (54)	153 (54)	—	6 (4)

Note: Directors are paid bonuses as performance-linked remuneration. The performance indicators selected as the basis for calculation of amounts of performance-linked remuneration are net income and dividend payout ratio. These performance indicators were chosen so that Directors 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-based remuneration.

Trends in net income, including for the fiscal year under review, are as shown in (5) Assets and Profits. Trends in dividend payout ratios are shown below.

	FY 2017	FY 2018	FY 2019	FY 2020
Dividend payout ratio	60.0%	126.1% (of which, special dividend: 66.1%)	78.6% (of which, special dividend: 18.6%)	60.0%

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

## Major activities

Name	Major activities
Kazuo Tsukuda	He attended 11 of 12 meetings of the Board of Directors. 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.
Yasuo Imai	He attended all of 12 meetings of the Board of Directors. 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. He also attended the Nomination and Remuneration Committee as a Committee Member and expressed his opinions whenever necessary.
Masato Ono	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 a Committee Member and expressed his opinions whenever necessary.
Naoko Yamazaki	She attended all of 10 meetings of the Board of Directors held after her appointment as Outside Director on June 26, 2020. 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.
Masaharu Sumikawa	He attended all of 12 meetings of the Board of Directors and all of 12 meetings of the Audit & Supervisory Board. He asked questions and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a long-serving corporate executive.
Hidetoshi Yokoi	He attended all of 12 meetings of the Board of Directors and all of 12 meetings of the Audit & Supervisory Board. He asked questions and provided advice whenever necessary, based on his wide experience and knowledge he had obtained as a university professor.
Mieko Tomita	She attended all of 10 meetings of the Board of Directors and all of 10 meetings of the Audit & Supervisory Board held after her appointment as Outside Audit & Supervisory Board Member on June 26, 2020. She asked questions and provided advice whenever necessary, based on her wide experience and knowledge she had obtained as a lawyer.



**Consolidated Balance Sheet**

(As of March 31, 2021)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<b>(Total Assets)</b>	<b>1,625,191</b>	<b>(Liabilities)</b>	<b>189,637</b>
<b>Current assets</b>	<b>889,694</b>	<b>Current liabilities</b>	<b>135,118</b>
Cash and bank deposits	429,784	Notes and accounts payable, trade	44,015
Notes and accounts receivable, trade	128,171	Accrued income taxes	22,131
Marketable securities	157,000	Warranty reserves	8,860
Finished goods	81,253	Other current liabilities	60,112
Work in process	52,008	<b>Long-term liabilities</b>	<b>54,519</b>
Raw materials and supplies	31,007	Net defined benefit liability	49,379
Other	11,253	Other long-term liabilities	5,140
Allowance for doubtful accounts	(782)		
<b>Noncurrent assets</b>	<b>735,497</b>	<b>(Net assets)</b>	<b>1,435,554</b>
<b>Property, plant and equipment, at cost</b>	<b>576,846</b>	<b>Shareholders' equity</b>	<b>1,432,019</b>
Buildings	309,113	Common stock	69,014
Machinery and equipment	59,863	Capital surplus	95,995
Land	148,389	Retained earnings	1,373,018
Construction in progress	44,408	Treasury stock, at cost	(106,008)
Other	15,073	<b>Accumulated other comprehensive income</b>	<b>(6,540)</b>
<b>Intangible assets</b>	<b>9,952</b>	Valuation difference on available-for-sale securities	16,910
<b>Investments and other assets</b>	<b>148,699</b>	Foreign currency translation adjustment	(4,849)
Investment securities	109,212	Remeasurements of defined benefit plans	(18,601)
Deferred income taxes	31,141	<b>Non-controlling interests</b>	<b>10,075</b>
Net defined benefit asset	4,772		
Others	3,998		
Allowance for doubtful accounts	(424)		
<b>Total</b>	<b>1,625,191</b>	<b>Total</b>	<b>1,625,191</b>

**Consolidated Statement of Income**

(April 1, 2020 through March 31, 2021)

(Millions of yen)

Titles of Account	Amount
<b>Net sales</b>	<b>551,287</b>
Cost of goods sold	349,327
Gross profit	201,960
Selling, general and administrative expenses	89,446
<b>Operating income</b>	<b>112,514</b>
Non-operating income	18,397
Interest and dividends income	3,427
Miscellaneous income	14,970
Non-operating expenses	2,167
Miscellaneous expenses	2,167
<b>Ordinary income</b>	<b>128,744</b>
Income before income taxes	128,744
Total taxes and others	32,486
Income taxes – current	32,385
Income taxes – deferred	101
Net income	96,258
Net income attributable to non-controlling interests	2,246
<b>Net income attributable to owners of parent</b>	<b>94,012</b>

### Non-Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Titles of Account	Amount	Titles of Account	Amount
<b><u>(Total Assets)</u></b>	<b><u>1,236,223</u></b>	<b><u>(Liabilities)</u></b>	<b><u>119,981</u></b>
<b>Current assets</b>	<b>532,790</b>	<b>Current liabilities</b>	<b>84,921</b>
Cash and bank deposits	186,849	Accounts payable	34,759
Notes receivable, trade	8,980	Accrued expenses	9,687
Accounts receivable, trade	78,950	Accrued charge	15,276
Marketable securities	155,000	Accrued income taxes	17,231
Finished goods	20,272	Warranty reserves	4,640
Work in progress	45,559	Other current liabilities	3,328
Raw materials and supplies	29,266	<b>Long-term liabilities</b>	<b>35,060</b>
Other	8,137	Allowance for employees' retirement benefits	32,907
Allowance for doubtful accounts	(223)	Other long-term liabilities	2,153
<b>Noncurrent assets</b>	<b>703,433</b>		
<b>Property, plant and equipment, at cost</b>	<b>510,611</b>	<b><u>(Net assets)</u></b>	<b><u>1,116,242</u></b>
Buildings	264,276	<b>Shareholders' equity</b>	<b>1,099,704</b>
Machinery and equipment	54,659	<b>Common stock</b>	<b>69,014</b>
Land	128,682	<b>Capital surplus</b>	<b>96,057</b>
Construction in progress	40,165	Legal capital surplus	96,057
Other	22,829	<b>Retained earnings</b>	<b>1,040,641</b>
<b>Intangible assets</b>	<b>7,855</b>	Legal retained earnings	8,252
<b>Investments and other assets</b>	<b>184,967</b>	Other retained earnings	1,032,389
Investment securities	37,526	Reserve for research and development	311,800
Stocks of subsidiaries and affiliates	110,519	Reserve for reduction entry	35
Deferred income taxes	28,232	General reserve	303,580
Prepaid pension cost	7,717	Retained earnings brought forward	416,974
Others	1,341	<b>Treasury stock, at cost</b>	<b>(106,008)</b>
Allowance for doubtful accounts	(368)	<b>Valuation and translation adjustment</b>	<b>16,538</b>
		Net unrealized holding gain on other securities	16,538
<b>Total</b>	<b>1,236,223</b>	<b>Total</b>	<b>1,236,223</b>

### Non-Consolidated Statement of Income

(April 1, 2020 through March 31, 2021)

(Millions of yen)

Titles of Account	Amount
<b>Net sales</b>	<b>415,939</b>
Cost of goods sold	301,198
Gross profit	114,741
Selling, general and administrative expenses	51,260
<b>Operating income</b>	<b>63,481</b>
Non-operating income	26,654
Interest and dividends income	24,073
Miscellaneous income	2,581
Non-operating expenses	2,246
Miscellaneous expenses	2,246
<b>Ordinary income</b>	<b>87,889</b>
Income before income taxes	87,889
Total taxes and others	17,438
Income taxes – current	21,123
Income taxes – deferred	(3,685)
<b>Net income</b>	<b>70,451</b>

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

### REPORT OF INDEPENDENT AUDITORS

May 20, 2021

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, 2020 through March 31, 2021.

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

#### Basis for the Opinion

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the 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.

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

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

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

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

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

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

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

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

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

#### Interest

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

Ernst & Young ShinNihon LLC  
Tokyo office

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

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

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

### REPORT OF INDEPENDENT AUDITORS

May 20, 2021

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 52nd fiscal year from April 1, 2020 through March 31, 2021.

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, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Basis for the Opinion

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

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

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

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

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

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

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

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

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

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

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

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

#### Interest

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

Ernst & Young ShinNihon LLC  
Tokyo office

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

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

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

### AUDIT REPORT

We, the Audit & Supervisory Board, based on the audit report prepared by each Audit & Supervisory Board Member on the performance by the Directors of their duties during the 52nd fiscal year from April 1, 2020 to March 31, 2021, prepared this audit report upon deliberation and hereby report as follows:

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

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

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

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

(ii) We also received regular reports from the Directors and employees, etc., sought explanations as necessary, and expressed opinions regarding the details of the resolutions of the Board of Directors for the development of systems necessary to ensure that the execution of the duties by the Directors, as described in the business report, complies with the laws and regulations and the Articles of Incorporation, and other systems provided for in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as systems necessary to ensure the adequacy of operations of corporate groups consisting of a stock company and its subsidiaries, and on the status of the development and operation of the systems developed pursuant to those resolutions (internal control systems).

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

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

We also discussed major audit matters with the Accounting Auditors, received reports on the status of their audit implementation, and requested explanations as necessary.

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

2. Results of Audit:

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

We are of the opinion:

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

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

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

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

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

May 21, 2021

Audit & Supervisory Board  
FANUC CORPORATION

Katsuo Kohari (seal)  
Standing Audit & Supervisory Board Member

Katsuya Mitsumura (seal)  
Audit & Supervisory Board Member

Masaharu Sumikawa (seal)  
Outside Audit & Supervisory Board Member

Hidetoshi Yokoi (seal)  
Outside Audit & Supervisory Board Member

Mieko Tomita (seal)  
Outside Audit & Supervisory Board Member