

(TRANSLATION)

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Consolidated Annual Financial Results

(based on Japanese standards)

For the Year ended March 31, 2018

April 26, 2018

Company name: FANUC CORPORATION Stock exchange listing: Tokyo Stock Exchange
Stock code: 6954 URL: <https://www.fanuc.co.jp/>
Representative: (Title) Chairman (Name) Yoshiharu Inaba
Contact: (Title) Manager, Public Relations (Name) Keisuke Fujii TEL: (0555)84-5555
Scheduled date for the Annual Meeting of Shareholders: June 28, 2018
Scheduled date for commencement of dividend payments: June 29, 2018
Scheduled date for submitting the Securities Report: June 29, 2018
Availability of supplementary briefing material on annual results: Yes
Schedule of annual results briefing session: Yes

1. Consolidated Financial Results for the Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Consolidated Results of Operations

(% represents changes from the previous term.)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | |
|--------|-----------------|--------------|------------------|--------------|-----------------|--------------|---|--------------|
| | Millions of yen | YoY change % | Millions of yen | YoY change % | Millions of yen | YoY change % | Millions of yen | YoY change % |
| FY2017 | 726,596 | 35.3 | 229,604 | 49.9 | 249,525 | 47.8 | 181,957 | 42.5 |
| FY2016 | 536,942 | (13.9) | 153,217 | (28.9) | 168,829 | (26.4) | 127,697 | (20.0) |

Note: Consolidated comprehensive income: FY2017: ¥189,406 million 51.6% FY2016: ¥124,934 million 5.9%

| | Net income per share | Net income per share (diluted) | Return on equity | Ordinary income-to-total capital ratio | Operating income-to-net sales ratio |
|--------|----------------------|--------------------------------|------------------|--|-------------------------------------|
| | Yen | Yen | % | % | % |
| FY2017 | 938.66 | — | 12.9 | 15.2 | 31.6 |
| FY2016 | 658.63 | — | 9.5 | 11.0 | 28.5 |

(Reference) Equity in earnings of affiliates: FY2017: ¥16,307 million FY2016: ¥10,022 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY2017 | 1,729,080 | 1,467,630 | 84.5 | 7,540.24 |
| FY2016 | 1,564,769 | 1,369,457 | 87.1 | 7,031.79 |

(Reference) Equity: FY2017: ¥1,461,590 million FY2016: ¥1,363,155 million

(3) Consolidated Cash Flow Position

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|--------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY2017 | 175,990 | (130,257) | (93,097) | 725,903 |
| FY2016 | 121,713 | (88,562) | (90,267) | 774,761 |

2. Dividends

| (Cut-off date) | Dividends per share | | | | | Total amount of dividends (full year) | Payout ratio (consolidated) | Dividends-to-net assets Ratio (consolidated) |
|-------------------|---------------------|-------------|-------------|--------------------|-----------|---------------------------------------|-----------------------------|--|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | Year-end Dividends | Full year | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| FY2016 | — | 186.20 | — | 208.98 | 395.18 | 76,610 | 60.0 | 5.7 |
| FY2017 | — | 265.45 | — | 297.75 | 563.20 | 109,173 | 60.0 | 7.7 |
| FY2018 (forecast) | — | — | — | — | — | | — | |

Note: The forecasts of the 2nd quarter-end and year-end dividends for the year ending March 31, 2019, will be disclosed promptly upon their availability.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(% for the 2Q cumulative period and for the full year represent changes from the same quarter of the previous fiscal year and changes from the previous fiscal year)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent | | Net income per share |
|--------------------------------------|-----------------|--------|------------------|--------|-----------------|--------|---|--------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| 2 nd Quarter (Cumulative) | 321,300 | (7.6) | 84,100 | (21.7) | 88,000 | (25.7) | 65,800 | (23.3) | 339.46 |
| Fiscal period | 634,200 | (12.7) | 151,700 | (33.9) | 163,800 | (34.4) | 137,700 | (24.3) | 710.38 |

*Notes

(1) Changes in Significant Subsidiaries during the year ended March 31, 2018

(changes in specific subsidiaries that caused change in scope of consolidation) : No

(2) Changes in Accounting Principles and Accounting Estimates, and Revisions/Restatements

1. Changes associated with changes in accounting standards : No
2. Changes in accounting principles other than 1 : No
3. Changes in accounting estimates : No
4. Revisions/restatements : No

(3) Number of shares outstanding (Common shares)

1. Number of shares outstanding at the end of the period (including treasury stocks)

| | | | | |
|--|----------------|--------------------|----------------|--------------------|
| | March 31, 2018 | 204,059,017 shares | March 31, 2017 | 204,072,715 shares |
|--|----------------|--------------------|----------------|--------------------|
2. Number of treasury stocks

| | | | | |
|--|----------------|-------------------|----------------|-------------------|
| | March 31, 2018 | 10,220,284 shares | March 31, 2017 | 10,216,648 shares |
|--|----------------|-------------------|----------------|-------------------|
3. Average number of shares during the period

| | | | | |
|--|---------------------------|--------------------|---------------------------|--------------------|
| | Year ended March 31, 2018 | 193,847,191 shares | Year ended March 31, 2017 | 193,882,295 shares |
|--|---------------------------|--------------------|---------------------------|--------------------|

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Year Ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Non-Consolidated Results of Operations

(% represents changes from the previous term.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|--------|-----------------|--------|------------------|--------|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2017 | 572,963 | 43.6 | 174,880 | 62.0 | 196,196 | 38.4 | 147,664 | 31.4 |
| FY2016 | 399,111 | (12.8) | 107,979 | (31.7) | 141,733 | (25.5) | 112,393 | (19.8) |

| | Net income per share | Net income per share (diluted) |
|--------|----------------------|--------------------------------|
| | Yen | Yen |
| FY2017 | 761.75 | — |
| FY2016 | 579.70 | — |

(2) Non-Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|--------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY2017 | 1,397,384 | 1,215,001 | 86.9 | 6,268.10 |
| FY2016 | 1,271,871 | 1,155,279 | 90.8 | 5,959.47 |

(Reference) Equity: FY2017: ¥1,215,001 million FY2016: ¥1,155,279 million

- * The report of the annual financial results is not subject to auditing performed by certified public accountant or audit firm.
- * Any forecasts described in this report are subject to uncertain factors such as supply and demand trends, industry competition, economic conditions, and others in major markets. Actual results may differ from these forecasts. The forecasts of the 2nd quarter-end and the year-end dividends for the year ending March 31, 2019, will be disclosed promptly upon their availability.

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1. Overview of Results of Operations and Financial Position

(1) Overview of Results of Operations

In the business environment surrounding the FANUC Group during this period, demands generally remained favorable in all regions, such as Japan, the Americas, Europe, and Asia. Particularly, demands for capital investment were robust in China.

Under these circumstances, the FANUC Group promoted initiatives allowing our customers to easily build and maintain a highly reliable, efficient, and innovative production system with our products and services, by uniting as one group under the slogans “one FANUC,” “Reliable” “Predictable” “Easy to Repair,” and “Service First.” In addition, while proceeding with the application of AI technology to our products, in October 2017, we started operation in Japan of the FIELD system (FANUC Intelligent Edge Link and Drive system), an open platform in which various companies can participate, as an IoT initiative.

During the fiscal year ended March 31, 2018, FANUC posted consolidated net sales totaling ¥726,596 million, up 35.3%, consolidated ordinary income totaling ¥249,525 million, up 47.8%, and consolidated net income totaling ¥181,957 million, up 42.5%, compared with the previous fiscal year.

(Note): “Net income” in “Overview of Results of Operations and Financial Position” means “Net income attributable to owners of parent” in the Consolidated Statements of Income.

Furthermore, to meet the increasing demand for robots, we engaged in initiatives to reinforce our production capacity, including the construction of the robot factory in Chikusei, Ibaraki Prefecture.

During this period, the “FIELD system,” an open platform for the manufacturing industry aimed at further improvement in productivity and efficiency in the manufacturing sector, won the “Nikkan Kogyo Shimbun Best 10 New Product Awards 2017/Masuda Award” and the “Nikkei Business Daily Awards for Excellence / 2017 Nikkei Superior Products and Services Awards.”

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

[FA Division]

Demands in the machine tool industry, the primary market for FANUC CNC systems, remained favorable in Japan, China, Europe, India, and other countries. Sales in other Asian countries were also steady. As a result, net sales of CNC systems of the FANUC Group increased sharply compared with the previous fiscal year. The total of accumulated shipment volume at the end of March 2018 exceeded 4 million units.

With regard to our lasers, although sales remained sluggish both domestically and abroad, we continued focusing efforts on expanding sales of fiber laser oscillators.

The FA Division posted consolidated sales totaling ¥222,254 million, up 27.0% compared with the previous fiscal year, and FA Division sales accounted for 30.6% of consolidated net sales.

[ROBOT Division]

In the Robot Division, sales remained favorable in the Americas, Europe, and China. Particularly, demand in China was robust. Sales also remained steady in Japan. As a result, sales in the Robot Division increased sharply compared with the previous fiscal year. The total of accumulated production volume at the end of November 2017 exceeded 500,000 units.

The ROBOT Division posted consolidated sales totaling ¥227,827 million, up 19.9% compared with the previous fiscal year. ROBOT Division sales accounted for 31.3% of consolidated net sales.

[ROBOMACHINE Division]

Sales of the ROBODRILLS (compact machining centers), ROBOSHOTS (electric injection molding machines), and ROBOCUTs (wire-cut electric discharge machines) were steady for the automobile industry and also robust in general for the IT-related industry, with short-term demand active, especially in China and other countries. Accordingly, sales increased significantly compared with the previous fiscal year.

The ROBOMACHINE Division posted consolidated sales totaling ¥190,182 million, up 102.5% compared with the previous fiscal year. ROBOMACHINE Division sales accounted for 26.2% of consolidated net sales.

[Service Division]

The Service Division, under our slogan "Service First," offered rapid maintenance service activities to minimize downtime in our customers' factories in 107 countries around the world, where we provide maintenance (as of March 31, 2018), while reinforcing our service system, enhancing our service technology, improving our service tools, and enhancing efficiency through the introduction of IT technology.

Furthermore, by opening the new Nagoya Service Center as part of reinforcements of our service system, we have established a network of multiple bases of call centers and parts centers together with the Hino Branch, which will allow us to provide quick service to our customers even during disasters.

The Service Division posted consolidated sales totaling ¥86,333 million, up 10.8% compared with the previous fiscal year. Service Division sales accounted for 11.9% of consolidated net sales.

(2) Overview of Financial Position

Total assets were ¥1,729,080 million, up ¥164,311 million compared with the end of the previous fiscal year.

Total liabilities were ¥261,450 million, up ¥66,138 million compared with the end of the previous fiscal year.

Total net assets were ¥1,467,630 million, up ¥98,173 million compared with the end of the previous fiscal year.

We cancelled our treasury shares exceeding the 5% of the total number of issued shares (13,698 shares, ¥98 million) on May 31, 2017 based on the shareholder return policy we announced on April 27, 2015. (There was no effect on the amount of total net assets.)

(3) Overview of Cash Flows

Cash and cash equivalents (hereinafter "Cash") for this fiscal year amounted to ¥725,903 million, down ¥48,858 million from the end of the previous fiscal year.

(Cash flows from operating activities)

Cash provided by operating activities during this period amounted to ¥175,990 million, up ¥54,277 million from the previous fiscal year. This was mainly due to the increase in income before income taxes.

(Cash flows from investing activities)

Cash used in investing activities during this period amounted to ¥130,257 million, up ¥41,695 million from the previous fiscal year. This was mainly due to the increase in the purchases of property, plant and equipment.

(Cash flows from financing activities)

Cash used in financing activities during this period amounted to ¥93,097 million, up ¥2,830 million from the previous fiscal year. This was mainly due to the increase in dividends paid.

(4) Future Outlook

Short-term demand in the IT-related industry, which was robust in fiscal 2017, is expected to decelerate in fiscal 2018. It is also anticipated that the situation will remain difficult and unpredictable in general, due to uncertain factors including continuing trade friction between countries and its impact, as well as foreign exchange fluctuations.

The present forecast for consolidated financial results for the year ending March 31, 2019 is as follows:

Financial forecast for the year ending March 31, 2019

| | Amount (Millions of yen) | Comparison with Previous year (%) |
|------------------|-----------------------------|--------------------------------------|
| Net sales | 634,200 | (12.7) |
| Operating income | 151,700 | (33.9) |
| Ordinary income | 163,800 | (34.4) |
| Net income | 137,700 | (24.3) |

Note: The currency rate applied to the period from April 1, 2018 to March 31, 2019 is averaged at 100 yen/US dollar and 125 yen/Euro.

(5) Basic Policy on Return of Profit to Shareholders and Dividends for the Period ended March 31, 2018

Our basic policy of distributing profits to shareholders, announced on April 27, 2015, is as follows.

1. Dividends

In order to further enhance the distribution of profits to our shareholders in the long term, we have decided to implement a dividend payout ratio of 60% of our consolidated net income.

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, and where the Five-Year Average Total Return Ratio(*) does not exceed 80%.

(*) Five-Year Average Total Return Ratio means the ratio of the total combined amount of dividends and the total amount of share buybacks, over the total amount of our consolidated net income for a five-year period.

3. Retirement 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, retire any portion exceeding that limit every fiscal year.

Dividends for this period are scheduled as follows:

| | First half | Second half (forecast) | Full year (forecast) | Payout ratio |
|--|---------------|---------------------------|-------------------------|--------------|
| Current period (fiscal year ended March 31, 2018) | Yen 265.45 | Yen 297.75 | Yen 563.20 | 60.0% |
| (Reference) Previous period (fiscal year ended March 31, 2017) | Yen 186.20 | Yen 208.98 | Yen 395.18 | 60.0% |

2. Management Policy

(1) Basic Management Policy

FANUC was the first private company to succeed in the development of NC's and servomechanism in Japan, and ever since this success in 1956, has consistently pursued automation in factories.

With its three pillars consisting of the FA business, which comprises FANUC's basic technology of NC and servos, the ROBOT and ROBOMACHINE businesses which apply this basic technology, FANUC contributes to the manufacturing industry in Japan and overseas by promoting automation and efficiency in manufacturing.

(2) Challenges

The FANUC Group, looking ahead to the future, will continue management that is based on a long-term perspective and not affected by short-term events.

Based on this fundamental approach and 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 please customers throughout the world.

In addition, the FANUC Group will adhere to its origins as a producer of equipment 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 operation rates. At the same time, as a supplier of capital goods, we will fulfill our supplier responsibility to customers by ensuring a production system that customers can rely on.

Furthermore, we will practice our basic policy of "Service First" in providing high-level services pursuant to FANUC's global standard anywhere in the world and "lifetime maintenance" for as long as our customers use our products.

FANUC believes that AI and IoT are indispensable technologies for FANUC to continue developing and launching highly competitive products on the market. By proactively adopting these technologies in all areas of the FA, ROBOT, and ROBOMACHINE products, we will further promote customers' production efficiency.

In addition to the above policy for the long term, the FANUC Group will make every effort to reinforce its R&D capabilities, increase the production capacity of its factories, and enhance its service system, in an effort to bolster the Group's competitiveness and increase its market share.

United as one group in the promotion of these measures, we will continue to ensure the practice of “Strict Preciseness and Transparency,” FANUC’s principle since its foundation, and make efforts to gain more customer confidence and trust in the FANUC Group and become a company that will continue forever.

3. Basic Way of Thinking Regarding the Choice of Accounting Standards

In consideration of enabling the comparison of consolidated financial statements for designated periods and comparison with other companies, FANUC will continue its policy of generating consolidated financial statements according to Japanese standards.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

| | March 31, 2017 | March 31, 2018 |
|--|----------------|----------------|
| Assets | | |
| Current assets | | |
| Cash and bank deposits | 629,761 | 602,329 |
| Notes and accounts receivables, trade | 120,787 | 175,460 |
| Marketable securities | 145,000 | 145,000 |
| Finished goods | 60,580 | 71,680 |
| Work in progress | 43,892 | 56,405 |
| Raw materials and supplies | 13,864 | 22,033 |
| Deferred income taxes | 24,384 | 26,483 |
| Other current assets | 22,663 | 30,030 |
| Allowance for doubtful accounts | (1,287) | (1,424) |
| Total current assets | 1,059,644 | 1,127,996 |
| Noncurrent assets | | |
| Property, plant and equipment, at cost | | |
| Buildings | 195,765 | 230,204 |
| Machinery and equipment | 41,668 | 44,484 |
| Land | 134,400 | 143,036 |
| Construction in progress | 22,015 | 54,654 |
| Other noncurrent assets | 12,542 | 13,499 |
| Property, plant and equipment, net | 406,390 | 485,877 |
| Intangible assets | 4,687 | 7,064 |
| Investments and other assets | | |
| Investment securities | 72,195 | 89,946 |
| Deferred income taxes | 18,984 | 15,245 |
| Others | 2,871 | 3,323 |
| Allowance for doubtful accounts | (2) | (371) |
| Total investments and other assets | 94,048 | 108,143 |
| Total noncurrent assets | 505,125 | 601,084 |
| Total assets | 1,564,769 | 1,729,080 |

(Millions of yen)

| | March 31, 2017 | March 31, 2018 |
|---|------------------|------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payables, trade | 36,011 | 52,901 |
| Accrued income taxes | 22,994 | 46,466 |
| Warranty reserves | 6,994 | 7,047 |
| Other current liabilities | 54,716 | 84,656 |
| Total current liabilities | 120,715 | 191,070 |
| Long-term liabilities | | |
| Net defined benefit liability | 71,175 | 67,562 |
| Other long-term liabilities | 3,422 | 2,818 |
| Total long-term liabilities | 74,597 | 70,380 |
| Total liabilities | 195,312 | 261,450 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 69,014 | 69,014 |
| Capital surplus | 96,208 | 96,265 |
| Retained earnings | 1,307,254 | 1,398,977 |
| Treasury stock, at cost | (90,677) | (91,020) |
| Total shareholders' equity | 1,381,799 | 1,473,236 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 8,594 | 13,090 |
| Foreign currency translation adjustment | (710) | (619) |
| Remeasurements of defined benefit plans | (26,528) | (24,117) |
| Total accumulated other comprehensive income | (18,644) | (11,646) |
| Non-controlling interests | 6,302 | 6,040 |
| Total net assets | 1,369,457 | 1,467,630 |
| Total liabilities and net assets | 1,564,769 | 1,729,080 |

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

| | Years ended March 31 | |
|--|----------------------|---------|
| | 2017 | 2018 |
| Net sales | 536,942 | 726,596 |
| Cost of goods sold | 303,415 | 398,398 |
| Gross profit | 233,527 | 328,198 |
| Selling, general and administrative expenses | 80,310 | 98,594 |
| Operating income | 153,217 | 229,604 |
| Non-operating income | | |
| Interest income | 2,343 | 3,189 |
| Dividends income | 1,446 | 1,604 |
| Equity in earnings of affiliates | 10,022 | 16,307 |
| Miscellaneous income | 3,409 | 3,705 |
| Total non-operating income | 17,220 | 24,805 |
| Non-operating expenses | | |
| Loss on sales and retirement of noncurrent assets | 228 | 568 |
| Removal expenses of noncurrent assets | 239 | 498 |
| Real estate acquisition tax | 52 | 806 |
| Loss on fire | — | 804 |
| Foreign exchange losses | — | 1,107 |
| Miscellaneous expenses | 1,089 | 1,101 |
| Total non-operating expenses | 1,608 | 4,884 |
| Ordinary income | 168,829 | 249,525 |
| Income before income taxes | 168,829 | 249,525 |
| Income taxes-current | 47,736 | 67,660 |
| Income taxes-deferred | (6,684) | (572) |
| Total taxes and others | 41,052 | 67,088 |
| Net income | 127,777 | 182,437 |
| Net income attributable to non-controlling interests | 80 | 480 |
| Net income attributable to owners of parent | 127,697 | 181,957 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Years ended March 31 | |
|---|----------------------|---------|
| | 2017 | 2018 |
| Net income | 127,777 | 182,437 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 4,203 | 4,496 |
| Foreign currency translation adjustment | (2,076) | (1,765) |
| Remeasurements of defined benefit plans | (443) | 2,411 |
| Share of other comprehensive income of affiliates accounted for using equity method | (4,527) | 1,827 |
| Total other comprehensive income | (2,843) | 6,969 |
| Comprehensive income | 124,934 | 189,406 |
| Comprehensive income attributable to: | | |
| Owners of parent | 124,774 | 188,956 |
| Non-controlling interests | 160 | 450 |

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at March 31, 2016 | 69,014 | 96,206 | 1,269,557 | (90,574) | 1,344,203 |
| Changes during the year: | | | | | |
| Dividends of surplus | | | (76,623) | | (76,623) |
| Net income attributable to owners of parent | | | 127,697 | | 127,697 |
| Changes by merger | | | | | — |
| Purchase of treasury stock | | | | (13,483) | (13,483) |
| Disposal of treasury stock | | 2 | | 1 | 3 |
| Retirement of treasury stock | | (2) | (13,377) | 13,379 | — |
| Changes due to tax rate change | | | | | — |
| Change in equity from transactions with non-controlling shareholders | | 2 | | | 2 |
| Net change except shareholders' equity during the year | | | | | |
| Total changes during the year | — | 2 | 37,697 | (103) | 37,596 |
| Balance at March 31, 2017 | 69,014 | 96,208 | 1,307,254 | (90,677) | 1,381,799 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at March 31, 2016 | 4,391 | 5,974 | (26,085) | (15,720) | 6,427 | 1,334,910 |
| Changes during the year: | | | | | | |
| Dividends of surplus | | | | | | (76,623) |
| Net income attributable to owners of parent | | | | | | 127,697 |
| Changes by merger | | | | | | — |
| Purchase of treasury stock | | | | | | (13,483) |
| Disposal of treasury stock | | | | | | 3 |
| Retirement of treasury stock | | | | | | — |
| Changes due to tax rate change | | | | | | — |
| Change in equity from transactions with non-controlling shareholders | | | | | | 2 |
| Net change except shareholders' equity during the year | 4,203 | (6,684) | (443) | (2,924) | (125) | (3,049) |
| Total changes during the year | 4,203 | (6,684) | (443) | (2,924) | (125) | 34,547 |
| Balance at March 31, 2017 | 8,594 | (710) | (26,528) | (18,644) | 6,302 | 1,369,457 |

Year ended March 31, 2018 (April 1, 2017 - March 31, 2018)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at March 31, 2017 | 69,014 | 96,208 | 1,307,254 | (90,677) | 1,381,799 |
| Changes during the year: | | | | | |
| Dividends of surplus | | | (91,969) | | (91,969) |
| Net income attributable to owners of parent | | | 181,957 | | 181,957 |
| Changes by merger | | | 473 | | 473 |
| Purchase of treasury stock | | | | (442) | (442) |
| Disposal of treasury stock | | 1 | | 1 | 2 |
| Retirement of treasury stock | | (1) | (97) | 98 | — |
| Changes due to tax rate change | | | 1,359 | | 1,359 |
| Change in equity from transactions with non-controlling shareholders | | 57 | | | 57 |
| Net change except shareholders' equity during the year | | | | | |
| Total changes during the year | — | 57 | 91,723 | (343) | 91,437 |
| Balance at March 31, 2018 | 69,014 | 96,265 | 1,398,977 | (91,020) | 1,473,236 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at March 31, 2017 | 8,594 | (710) | (26,528) | (18,644) | 6,302 | 1,369,457 |
| Changes during the year: | | | | | | |
| Dividends of surplus | | | | | | (91,969) |
| Net income attributable to owners of parent | | | | | | 181,957 |
| Changes by merger | | | | | | 473 |
| Purchase of treasury stock | | | | | | (442) |
| Disposal of treasury stock | | | | | | 2 |
| Retirement of treasury stock | | | | | | — |
| Changes due to tax rate change | | | | | | 1,359 |
| Change in equity from transactions with non-controlling shareholders | | | | | | 57 |
| Net change except shareholders' equity during the year | 4,496 | 91 | 2,411 | 6,998 | (262) | 6,736 |
| Total changes during the year | 4,496 | 91 | 2,411 | 6,998 | (262) | 98,173 |
| Balance at March 31, 2018 | 13,090 | (619) | (24,117) | (11,646) | 6,040 | 1,467,630 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Years ended March 31 | |
|--|----------------------|-----------|
| | 2017 | 2018 |
| Cash flows from operating activities | | |
| Income before income taxes | 168,829 | 249,525 |
| Depreciation and amortization | 26,530 | 34,190 |
| Increase (decrease) in allowance for doubtful accounts | (239) | 462 |
| Increase (decrease) in net defined benefit liability | 3,178 | (3,840) |
| Interest and dividend income | (3,789) | (4,793) |
| Equity in (earnings) losses of affiliates, net | (10,022) | (16,307) |
| (Increase) decrease in receivables, trade | (17,386) | (51,908) |
| (Increase) decrease in inventories | (16,519) | (31,527) |
| Increase (decrease) in payables, trade | 11,292 | 16,875 |
| Other | (6,470) | 18,369 |
| Subtotal | 155,404 | 211,046 |
| Interest and dividends received | 8,562 | 9,818 |
| Income taxes paid | (43,039) | (44,983) |
| Other | 786 | 109 |
| Net cash provided by operating activities | 121,713 | 175,990 |
| Cash flows from investing activities | | |
| Payments into time deposits | — | (21,426) |
| Purchases of property, plant, and equipment | (87,509) | (103,016) |
| Other | (1,053) | (5,815) |
| Net cash used in investing activities | (88,562) | (130,257) |
| Cash flows from financing activities | | |
| Purchases of treasury stock | (13,481) | (442) |
| Dividends paid | (76,505) | (92,003) |
| Other | (281) | (652) |
| Net cash used in financing activities | (90,267) | (93,097) |
| Effect of exchange rate changes on cash and cash equivalents | 215 | (2,283) |
| Net increase (decrease) in cash and cash equivalents | (56,901) | (49,647) |
| Cash and cash equivalents at beginning of year | 831,662 | 774,761 |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | — | 789 |
| Cash and cash equivalents at end of year | 774,761 | 725,903 |

(5) Notes to Consolidated Financial Statements

(Note on premise of a going concern)

Not applicable

(Segment information, etc.)

1. Segment information

Year ended March 31, 2017 (April 1, 2016 – March 31, 2017) and

Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

FANUC Group focuses on the development, production, and sales of CNC systems and related application products based on FANUC's CNC system technologies as a comprehensive supplier of factory automation (FA) systems. Ultimately, FANUC CNC systems and the related application products are used in automated production systems.

FANUC Group uses CNCs and servo motors in all of its products. For this reason, the decision is made, taking into consideration the status of orders, sales and production of all products, in addition to the status of particular products.

As mentioned above, FANUC Group runs only one business segment based on the decision that the entire group makes for investment. Thus, the segment information is not stated herein.

2. Relevant information

Year ended March 31, 2018 (April 1, 2017 – March 31, 2018)

(1) Information by product and service

(Millions of yen)

| | FA | ROBOT | ROBOMACHINE | Service | Total |
|-------------------------------------|---------|---------|-------------|---------|---------|
| Net sales to unaffiliated customers | 222,254 | 227,827 | 190,182 | 86,333 | 726,596 |

(2) Information by region

◎ Net sales

(Millions of yen)

| Japan | Americas | Europe | Asia | Other | Total |
|---------|----------|---------|---------|-------|---------|
| 137,079 | 144,954 | 110,378 | 329,523 | 4,662 | 726,596 |

Note: Net sales are broken down by country or region where customers are located.

◎ Property, plant and equipment, at cost

As the amount of the property, plant and equipment, at cost located in Japan constitute more than 90% of those stated in the consolidated balance sheets, the statement on the information about them is omitted.

(Per share data)

| Fiscal year 2016 (April 1, 2016 – March 31, 2017) | | Fiscal year 2017 (April 1, 2017 – March 31, 2018) | |
|--|--------------|--|--------------|
| Net assets per share | 7,031.79 yen | Net assets per share | 7,540.24 yen |
| Net income per share | 658.63 yen | Net income per share | 938.66 yen |
| Net diluted income per share is not stated herein as there exist no dilutive shares. | | Net diluted income per share is not stated herein as there exist no dilutive shares. | |

Note: Net income per share is calculated based on the following:

| | Fiscal year 2016 (April 1, 2016 – March 31, 2017) | Fiscal year 2017 (April 1, 2017 – March 31, 2018) |
|---|--|--|
| Net income attributable to owners of parent (Millions of yen) | 127,697 | 181,957 |
| Amount not accruing to common shares (Millions of yen) | — | — |
| Net income attributable to owners of parent, assigned to common share (Millions of yen) | 127,697 | 181,957 |
| Average number of shares outstanding (Thousands of share) | 193,882 | 193,847 |

(Significant subsequent events)

Not applicable