(TRANSLATION)

Supplementary Materials to the Notice of Convocation of The 55th Ordinary General Meeting of Shareholders

FANUC CORPORATION

1. Matters Related to Business Report

(1) Directors of the Company

Overview of the limitation of liability agreements

The Company has entered into agreements with Outside Directors, Naoko Yamazaki, Hiroto Uozumi, Yoko Takeda, Hidetoshi Yokoi, Mieko Tomita and Shigeo Igashima, 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. The amount of the limit of liabilities for damages under such agreement shall be the amount of the minimum limit stipulated by laws and regulations.

(2) Accounting Auditor

1) Name of Accounting Auditor Ernst & Young ShinNihon LLC

2) Amount of fees, etc. paid to the Accounting Auditor in the fiscal year under review

(a)	Amount of fees, etc. as Accounting Auditor:	47 million yen
(b)	Total amount of cash and other proprietary benefits payable by the Company and its subsidiaries:	47 million yen

Notes 1. The amount of auditing fees is not distinguished under the auditing agreement concluded between the Company and the Accounting Auditor with respect to audits under the Companies Act and the audits under the Financial Instruments and Exchange Act. Therefore, the amount in (a) represents the sum of the fees for such audits.

2. The overseas subsidiaries of the Company are subject to audits by audit firms other than the Accounting Auditor of the Company.

3. The reason for the approval by the Audit and Supervisory Committee of the amount of fees, etc. paid to the Accounting Auditor

In addition to obtaining the necessary documents and receiving reports from the Directors, the related internal divisions and the Accounting Auditor, the Audit and Supervisory Committee examined the audit plans and the status of audit execution of the previous fiscal year as well as the basis for calculating the estimated fees, etc. for the fiscal year under review based on the “Practical Guidelines on Cooperation with Accounting Auditors” released by the Japan Audit & Supervisory Board Members Association, and has determined that the fee levels are reasonable and has consented to the amount of fees, etc.

3) Policy of determining dismissal or non-reappointment of the Accounting Auditor

The Company shall propose non-reappointment of the Accounting Auditor to the general meeting of shareholders by resolution of the Audit and Supervisory Committee, as a general rule, in cases where it is deemed difficult for the Accounting Auditor to execute audits in an appropriate manner, in addition to dismissal of the Accounting Auditor by the Audit and Supervisory Committee based on the provisions of Article 340 of the Companies Act.

(3) System to ensure the appropriateness of business activities (internal control system)

An overview of the resolution by the Board of Directors of the system to ensure the appropriateness of business activities is as follows.

1) System to ensure that duties of the Company’s Directors and employees are performed in compliance with laws and regulations and the Company’s Articles of Incorporation :
Education on laws and regulations and the Articles of Incorporation and other internal rules shall be provided to the Directors and employees and other measures shall be taken to ensure that duties of Directors and employees are performed in compliance with laws and regulations and the Articles of Incorporation.

2) Rules and other systems concerning management of the Company's exposure to the risk of loss :
The Company has established a Risk Management Committee and has created risk management policies in order to handle potential risks which may obstruct the continuation of the Company's business, increase in the Company's value, or sustainable development of the Company's activities, and shall engage in appropriate risk management under the supervision of the Board of Directors. Furthermore, the Internal Audit Department, which directly reports to the President of the Company, shall conduct internal audits regarding the status of risk management.

3) System to ensure that duties of the Company's Directors are performed efficiently :
The Managing Officer System shall be introduced to ensure that duties of the Directors will be performed efficiently according to the internal rules providing for the organizational structure, division of duties, official authority, etc.

4) System for the storage and management of information concerning the performance of duties of the Company's Directors :
Information concerning the performance of duties of the Directors shall be recorded and stored in accordance with the internal rules. Directors shall be able to access such information at any time.

5) System to ensure the appropriateness of operations in the corporate group consisting of the Company and its subsidiaries :
The Company will strive to enhance corporate governance in our corporate group by thoroughly disseminating the group's code of conduct applied to our corporate group. Regarding important matters pertaining to the management of the Company's subsidiaries, prior approval shall be requested or a report shall be submitted to the Company, according to the "FANUC Group Company Regulations." Each subsidiary shall individually endeavor to implement proper and efficient management, but as the parent company, the Company shall provide guidance and supervision through relevant departments including the Internal Audit Department, in order to enforce the effectiveness of the corporate group's risk management and compliance, as deemed necessary.

6) Matters concerning employees who are to assist the Audit and Supervisory Committee in its duties and matters concerning the effectiveness of instructions to such employees :
(i) The Secretariat of the Audit and Supervisory Committee shall be established to assist in the duties of the Committee.
(ii) The employees belonging to the Secretariat of the Audit and Supervisory Committee shall assist in the duties of the Audit and Supervisory Committee according to the instructions of the Committee. Further, when an employee belonging to the Secretariat of the Audit and Supervisory Committee receives any instruction from the Committee relating to its duties, he/she shall be free from the command and control of any Director or employee other than the Directors who are the Audit and Supervisory Committee Members with respect to such work so instructed.
(iii) The employees belonging to the Secretariat of the Audit and Supervisory Committee have a confidentiality obligation regarding the content of instructions given by the Committee or a member of the Committee.

7) Matters concerning the independence of the employees who are to assist the Audit and Supervisory Committee :
(i) The Audit and Supervisory Committee (or if the Committee nominates a specific member of the Committee, such member of the Committee) shall be consulted in advance regarding personnel affairs such as recruitment, transfer, performance appraisal, etc., of the employees belonging to the Secretariat of the Audit and Supervisory Committee.
(ii) Directors and employees shall pay attention not to impede the independence of the employees belonging to the Secretariat of the Audit and Supervisory Committee.

8) System for reporting to the Audit and Supervisory Committee：
(i) Directors and employees shall provide an appropriate report promptly upon any request for reporting on matters relating to the execution of business made by the Audit and Supervisory Committee or any member of the Committee nominated by the Committee.

(ii) Directors and employees shall immediately report the details of any matter they discover which may seriously affect the business or financial conditions of the Company or its subsidiaries to the Audit and Supervisory Committee or any member of the Committee nominated by the Committee.
(iii) No person who provides a report as under (i) or (ii) above shall be treated disadvantageously due to such reporting.

9) System to otherwise ensure that auditing by the Audit and Supervisory Committee will be carried out effectively:
(i) The Audit and Supervisory Committee or any member of the Committee nominated by the Committee shall have meetings with the Company's Directors (other than the Audit and Supervisory Committee Members) as appropriate to exchange opinions on the management policy, any issues to be dealt with by the Company, major risks surrounding the Company, enhancement of the environment for auditing by the Audit and Supervisory Committee, important audit issues, etc.
(ii) Directors and employees may not reject a request by the Audit and Supervisory Committee or any member of the Committee nominated by the Committee for expenses to consult with attorneys, certified accountants and other external experts or to entrust any investigation, appraisement or other affairs as necessary for them to carry out audits, unless such expenses so requested are deemed unnecessary for the performance of duties of the Audit and Supervisory Committee or the member of the Committee nominated by the Committee.

(4) Overview of the operation status of the system to ensure the appropriateness of business activities (internal control system)

1) Compliance system
The Company recognizes that "a company will last forever and be sound with Strict Preciseness" and "the corruption of an organization and downfall of a company start from a lack of Transparency." Based on these basic principles of "Strict Preciseness and Transparency," the Company has established the FANUC Code of Conduct and by widely communicating this Code of Conduct, it strives to raise the employee's awareness of compliance. The Company has also established a whistle-blowing system where employees, etc., can whistleblow without fear of consequences.

2) Risk management system
The Company has established a Risk Management Committee to identify and evaluate risks that could obstruct the continuation of the Company's business, increase in the Company's value, or sustainable development of the Company's activities. By also sharing the contents of discussions of the Risk Management Committee with the Outside Directors and the Audit and Supervisory Committee, the Company strives to ensure the effectiveness of risk management.

3) Management of group companies
Regarding important matters pertaining to the management of the group companies, the Company's subsidiaries are required to request for prior approval by the Company or report to the Company, in accordance with the FANUC Group Company Regulations. The Company also strives to raise awareness of compliance among the subsidiaries, by applying the FANUC Code of Conduct to the subsidiaries and widely communicating the content to the employees and executives of the subsidiaries. Additionally, a whistle-blowing system where employees, etc. of the subsidiaries can whistleblow without fear of consequences is introduced to the subsidiaries.

4) Execution of duties by Directors
The Company has introduced the Managing Officer System, and Directors efficiently execute their duties based on internal rules that stipulate organizational structure, duties of organizations, duties and authorities of management, and other relevant matters. As a Company with an Audit and Supervisory Committee, the Company is working to further strengthen the supervisory functions of the Board of Directors and speed up management decision-making, such as by developing and refining relevant rules.

5) Execution of duties by the Audit and Supervisory Committee
The Audit and Supervisory Committee gathers necessary information as appropriate in collaboration with the Accounting Auditor and the Internal Audit Department to efficiently carry out audit operations.

2. Consolidated Statement of Changes in Net Assets
(From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2023	69,014	96,265	1,515,662	(130,206)	1,550,735
Cumulative effects of changes in accounting policies			(2,945)		(2,945)
Cumulative effects of applying inflation accounting			(887)		(887)
Restated balance	69,014	96,265	1,511,830	(130,206)	1,546,903
Changes during the year					
Dividends of surplus			(90,128)		(90,128)
Net income attributable to owners of parent			133,159		133,159
Purchase of treasury stock				(28,391)	(28,391)
Disposal of treasury stock		151		140	291
Retirement of treasury stock		(421)	(14,463)	14,884	–
Net change except shareholders' equity during the year					
Total changes during the year	–	(270)	28,568	(13,367)	14,931
Balance at March 31, 2024	69,014	95,995	1,540,398	(143,573)	1,561,834

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at April 1, 2023	13,718	67,937	(17,014)	64,641	12,179	1,627,555
Cumulative effects of changes in accounting policies						(2,945)
Cumulative effects of applying inflation accounting						(887)
Restated balance	13,718	67,937	(17,014)	64,641	12,179	1,623,723
Changes during the year						
Dividends of surplus						(90,128)
Net income attributable to owners of parent						133,159
Purchase of treasury stock						(28,391)
Disposal of treasury stock						291
Retirement of treasury stock						–
Net change except shareholders' equity during the year	8,022	59,817	11,242	79,081	1,465	80,546
Total changes during the year	8,022	59,817	11,242	79,081	1,465	95,477
Balance at March 31, 2024	21,740	127,754	(5,772)	143,722	13,644	1,719,200

3. Notes to the Consolidated Financial Statements

Notes to significant accounting policies for preparation of consolidated financial statements

1. Scope of consolidation
   Number of consolidated subsidiaries and names of major consolidated subsidiaries
   Number of consolidated subsidiaries: 37
   Names of major consolidated subsidiaries:

FANUC America Corporation	FANUC Europe Corporation
KOREA FANUC CORPORATION	TAIWAN FANUC CORPORATION
FANUC INDIA PRIVATE LIMITED	SHANGHAI-FANUC Robomachine CO., LTD.
FANUC PERTRONICS LTD	FANUC SERVO LTD

Among the subsidiaries, some companies such as FANUC THAI LIMITED are not included in the scope of consolidation.
The total amounts in terms of total assets, net sales, net income or loss (amount proportional to equity) and retained earnings (amount proportional to equity) of these unconsolidated subsidiaries are immaterial, as such, and do not materially impact the consolidated financial statements as a whole.

2. Application of equity method
   Number of equity method affiliates: 2
   Names of the companies: BEIJING-FANUC Mechatronics CO., LTD.
   SHANGHAI-FANUC Robotics CO., LTD.
   The net income or loss (amount proportional to equity) and retained earnings (amount proportional to equity) of these unconsolidated subsidiaries and affiliated companies that are not accounted for by the equity method (such as FANUC THAI LIMITED) are immaterial, as such, and do not materially impact the consolidated financial statements as a whole.

3. Accounting policies
   (1) Valuation standards and valuation methods of significant assets
   (a) Securities
   Available-for-sale securities
   (Securities other than shares, etc. that do not have a market price)
   Stated at fair value (Differences in valuation are included directly in net assets and the cost of securities sold is calculated by the moving average method.)
   (Shares, etc. that do not have a market price)
   Stated at cost based on the moving average method.
   (b) Inventories
   Stated principally at cost by the specific identification method or at cost by the weighted average cost method (the method of writing down book value in accordance with decreased profitability).

   (2) Depreciation method of significant depreciable assets
   (a) Property, plant and equipment
   Property, plant and equipment are depreciated principally by the declining-balance method. However, for the Company and its domestic consolidated subsidiaries, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.
   (b) Intangible assets
   Intangible assets are amortized principally by the straight-line method. Software for internal use is amortized over its internal estimated useful life (5 years) using the straight-line method.

   (3) Basis of recording significant provisions
   (a) Allowance for doubtful accounts
   The Company records allowance for doubtful accounts to prepare for possible losses on receivables or loans based on the historical default rates for ordinary receivables and on estimates of collectability for specific doubtful receivables.

(b) Warranty reserves

The Company records warranty reserves to allocate the accrual of warranty costs of the Company's goods to the net sales of the period based on historical experience. Additionally, necessary amounts are estimated individually for specific cases.

(4) Other important matters forming the basis of preparation of the consolidated financial statements

(a) Method of accounting for retirement benefits

- Method of attributing the projected retirement benefits to periods

  The benefit formula basis is applied as the method for attributing the expected retirement benefits to periods of service for the calculation of the retirement benefit obligation.

- Method of amortization of actuarial differences and past service cost

  Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period (10 years) which is shorter than the estimated average remaining years of service of the eligible employees.

  Past service cost is amortized as incurred by the straight-line method over a period (10 years) which is shorter than the estimated average remaining years of service of the eligible employees.

(b) Significant revenue and expense recognition standards

The details of the main performance obligations in the major divisions related to revenue from contracts with customers of the Company and the Company's consolidated subsidiaries and the timing at which the Company typically satisfies these performance obligations are as follows.

(i) FA division, ROBOT division and ROBOMACHINE division

In the FA division, ROBOT division and ROBOMACHINE division, the Company mainly develops, manufactures and sells products such as CNC systems (CNC and servo motors), Lasers, Robots (including robot systems), and Robomachines (ROBODRILLs (compact machining centers), ROBOSHOTs (electric injection molding machines), and ROBOCUTs (wire electrical-discharge machines)).

Regarding the sale of these products, excluding export transactions, revenue is recognized mainly when the customer accepts the product because it is judged that the customer gains control over the product and the performance obligations are deemed satisfied when the products are transferred to and accepted by the customer. For export transactions, revenue is recognized when risk is transferred to the customer based on trade conditions, etc. because it is judged that the customer gains control over the product and the performance obligations are deemed satisfied when risk ownership is transferred to the customer based on trade conditions, etc.

In the ROBOT division, at certain consolidated subsidiaries, robots are manufactured and sold based on contracts with customers who have set multiple milestones to measure the progress of performance obligations, such as product development, design and installation, and revenue is recognized over a period of time according to the achievement status of these milestones agreed upon in the contract with the customer.

(ii) Service division

In the service division, the Company provides maintenance services and maintenance contracts for products such as CNC systems (CNC and servo motors), Lasers, Robots (including robot systems), and Robomachines (ROBODRILLs (compact machining centers), ROBOSHOTs (electric injection molding machines), and ROBOCUTs (wire electrical-discharge machines)).

Regarding maintenance services, the Company has determined that it is a performance obligation to complete maintenance based on contracts with customers and make Company products available to customers, and revenue is mainly recognized when the customer accepts maintenance services.

Regarding maintenance contracts, the Company has determined that it is a performance obligation to provide customers with maintenance services that are always available based on the contract, and revenue is recognized evenly over the period of the maintenance contract for the transaction amount in the contract with the customer.

(c) Basis for the translation of foreign currency denominated assets and liabilities into Japanese yen

Monetary assets and liabilities denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the closing date and translation differences are recognized as profit or loss in the corresponding fiscal year. Assets and liabilities of overseas subsidiaries and associates are translated into Japanese yen at the spot exchange rate on the closing date while revenue and expenses are translated into Japanese yen at the average exchange rate for the period and exchange differences are included in foreign currency translation adjustment under net assets.

Change in accounting principles

(Change in inventory valuation method)

The Company previously valued materials included in “Raw materials and supplies” using the last purchase cost method, but changed it to the weighted average cost method from the fiscal year under review.
The purpose of this change is to calculate periodic profit/loss and evaluate inventory more appropriately, triggered by soaring material prices and increased inventory levels.
It is not feasible to determine the cumulative effect of the retrospective application of the weighted average cost method due to the unavailability of some payment and receipt records required for calculation using the weighted average cost method for the previous fiscal year. Therefore, the cumulative effect, calculated based on the difference between the carrying amount of inventories at the beginning of the fiscal year under review using the weighted average cost method and the carrying amount of inventories at the end of the previous fiscal year, is reflected in the beginning balance of this fiscal year.
As a result, retained earnings at the beginning of the fiscal year under review decreased by ¥2,945 million.
The impact of this change on cost of goods sold, every category of profit or loss and per share information for the fiscal year under review is immaterial.

Notes to accounting estimates

Impairment of property, plant and equipment and intangible assets

1. Amount recorded in the consolidated financial statements for the fiscal year under review
   Given a significant decline in the market price of the land of Headquarters offices (carrying amount in the consolidated balance sheet: 79,770 million yen), which is categorized into jointly used assets, the Company has determined that there is an indication of impairment for jointly used assets.
2. Other information that contributes to understanding of accounting estimates
   Since there is an indication of impairment for jointly used assets, the Company conducted a test to determine whether an impairment loss related to jointly used assets needs to be recognized with a larger unit that covers jointly used assets and multiple asset groups related to the jointly used assets. As a result of the test, the total amount of undiscounted future cash flows was found to exceed the carrying amount, and thus no impairment loss was recognized.
   Although the assumptions used for these estimates are the best estimates at this point, uncertain economic conditions and the Group’s business standing in the future may have a material impact on estimated future cash flows.

Notes to the consolidated balance sheet

1. Accumulated depreciation of property, plant and equipment: 510,058 million yen
2. Guaranteed obligations: 0 million yen
   The Company guarantees the obligations of employee mortgage loans.

Notes to consolidated statement of income

Income taxes for prior periods were recorded due to the receipt of a notice of correction from the Tokyo Regional Taxation Bureau based on transfer pricing taxation.

Notes to consolidated statement of changes in net assets

1. Class and number of shares outstanding as of March 31, 2024
   Common shares: 1,003,073,989 shares

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 29, 2023	Common share	51,770	271.64 yen	March 31, 2023	June 30, 2023
Meeting of the Board of Directors held on October 31, 2023	Common share	38,357	40.26 yen	September 30, 2023	December 1, 2023
Total		90,127			

Note: On April 1, 2023, the Company performed a 5 for 1 stock split of common share. However, dividends with the record date March 31, 2023 are based on the number of shares before the stock split.

(2) Dividends for which the record date falls in the fiscal year under review while the effective date will be in the next fiscal year

The Company will present the following proposal on dividends for common stock at the Ordinary General Meeting of Shareholders to be held on June 27, 2024.

1. Total amount of payout: 41,495 million yen
2. Dividend per share: 43.88 yen
3. Record date: March 31, 2024
4. Effective date: June 28, 2024

The source of dividends is expected to be retained earnings.

Notes to financial instruments

1. Status of financial instruments

(1) Basic policy to manage financial instruments

The Group relies on its resources to finance operations and does not raise funds from external resources. In addition, the Group does not enter into any derivative contracts.

(2) Nature and extent of risks arising from financial instruments

Deposits denominated in foreign currencies are exposed to the risk of exchange fluctuations. Receivables such as trade notes and trade accounts are exposed to customer credit risk and receivables denominated in foreign currencies that arise from overseas operations are exposed to the market risk of fluctuation in foreign currency exchange rates. Marketable securities are negotiable certificates of deposits, which are easily convertible into cash and within three months, and thus are exposed to an insignificant risk of price fluctuations. Investment securities, which mainly consist of stocks in companies with business relationships, are exposed to the risk of market price fluctuations. Payables such as trade notes and trade accounts are due within one year.

(3) Risk management for financial instruments

1) Credit risk (Risk of default, etc. of customers)

The Group, in accordance with the rules on receivables management, periodically monitors the status of key customers and manages the due dates and the balances of receivables by customer, to ensure early detection and mitigation of any concerns over collection associated with the deterioration of their financial position.

2) Market risk (Risk of fluctuation of exchanges rates, etc.)

The Group regularly monitors each yen equivalent of deposits denominated in foreign currencies to manage the market risk.

The Group regularly monitors the market price and the financial condition of the issuer (business partner) with respect to its investment securities and continuously reviews the holding status by taking into account its relationship with the business partner.

2. Fair value of financial instruments

The carrying amounts on the consolidated balance sheet, the fair values, and the difference thereof, as of March 31, 2024 are summarized as follows.

(Millions of yen)

	Carrying amount in the consolidated balance sheet (*)	Fair value (*)	Variance
Marketable securities and investment securities Available-for-sale securities	61,108	61,108	–
Assets total	61,108	61,108	–

*1 “Cash and bank deposits,” “notes receivables,” “accounts receivables,” “notes and accounts payables” and “accrued income taxes” are omitted because they comprise cash and short-term instruments whose carrying amount approximates its fair value.

*2 Securities other than shares, etc. that do not have a market price are not included in “Marketable securities and investment securities.” The carrying amounts of the relevant financial instruments are as follows.

(Millions of yen)

Classification	Fiscal year under review
Unlisted stocks	139,426

Redemption schedule of monetary claims and securities with maturities after the consolidated closing date

(Millions of yen)

	Within 1 year	1-5 years	5-10 years	Due after 10 years
Cash and bank deposits	522,979	–	–	–
Notes receivables	18,990	–	–	–
Accounts receivables	136,931	–	–	–
Marketable securities and investment securities				
Available-for-sale securities with maturity	16,100	–	–	–
Total	695,000	–	–	–

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

Financial instruments measured at fair value

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Available-for-sale securities				
Equity securities	41,746	–	–	41,746
Negotiable certificates of deposits	–	16,100	–	16,100
Other	3,262	–	–	3,262
Assets total	45,008	16,100	–	61,108

Note. A description of the valuation techniques and inputs used in the fair value measurements

Marketable securities and investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1. On the other hand, marketable securities held by the Company are negotiable certificates of deposits (NCD), and as their fair values approximate their carrying amounts due to their short maturities, the carrying amounts are used as fair values. Therefore, their fair value is classified as Level 2.

Notes to revenue recognition

1. Disaggregation of revenue from contracts with customers

(Millions of yen)

	Division				Total
	FA	ROBOT	ROBOMACHINE	Service	
Japan	44,684	23,172	12,122	25,156	105,134
Americas	6,092	161,076	6,365	53,807	227,340
Europe	23,214	87,211	21,463	36,651	168,539
China	43,064	86,864	38,458	3,212	171,598
Asia (other than China)	62,156	18,349	22,627	9,354	112,486
Others	1,174	4,272	2,353	2,378	10,177
Revenue from contracts with customers	180,384	380,944	103,388	130,558	795,274
Sales to external customers	180,384	380,944	103,388	130,558	795,274

Note. Sales by region are classified by country or region based on the location of customers.

Revenue generated from contracts with customers disaggregated by the time of revenue recognition is as follows.

(Millions of yen)

	Division				Total
	FA	ROBOT	ROBOMACHINE	Service	
Goods or services transferred at a point in time	180,381	360,849	102,103	113,494	756,827
Goods or services transferred over time	3	20,095	1,285	17,064	38,447
Revenue from contracts with customers	180,384	380,944	103,388	130,558	795,274
Sales to external customers	180,384	380,944	103,388	130,558	795,274

2. Useful information in understanding revenue from contracts with customers

(1) FA division, ROBOT division and ROBOMACHINE division

In the FA division, ROBOT division and ROBOMACHINE division, the Company mainly develops, manufactures and sells products such as CNC systems (CNC and servo motors), Lasers, Robots (including robot systems), and Robomachines (ROBODRILLs (compact machining centers), ROBOSHOTs (electric injection molding machines), and ROBOCUTs (wire electrical-discharge machines)).

Regarding the sale of these products, excluding export transactions, revenue is recognized mainly when the customer accepts the product because it is judged that the customer gains control over the product and the performance obligations are deemed satisfied when the products are transferred to and accepted by the customer. For export transactions, revenue is recognized when risk is transferred to the customer based on trade conditions, etc. because it is judged that the customer gains control over the product and the performance obligations are deemed satisfied when risk ownership is transferred to the customer based on trade conditions, etc.

In the ROBOT division, at certain consolidated subsidiaries, robot systems are manufactured and sold based on contracts with customers who have set multiple milestones to measure the progress of performance obligations, such as product development, design and installation, and revenue is recognized over a period of time according to the achievement status of these milestones agreed upon in the contract with the customer.

In the FA division, ROBOT division and ROBOMACHINE division, there are no contracts that includes variable consideration because the transaction price is decided at the time the contract is made. The consideration for the transaction is received within approximately two months after the acceptance of products is completed, and no significant financial factors are adjusted for the receivables based on the contract with the customer.

Moreover, in the product sales contracts in the FA division, ROBOT division and ROBOMACHINE division, the Company has a product warranty obligation to repair or replace a product free of charge for issues caused by product defects that occur within a certain period of time after the product is accepted (varies by product and region, but generally within one to two years). As this warranty obligation provides the customer with a guarantee that the product will function as intended in accordance with the specifications set forth in the contract with the customer, it is not identified as a separate performance obligation but is recognized as warranty reserves. If, in addition to the warranty that the product complies with the agreed specifications, an extended warranty is provided, a separate paid maintenance contract is concluded, and revenue is recognized evenly over the period of the maintenance contract in the service division.

(2) Service division

In the service division, the Company provides maintenance services and maintenance contracts for products such as CNC systems (CNC and servo motors), Lasers, Robots (including robot systems), and Robomachines (ROBODRILLs (compact machining centers), ROBOSHOTs (electric injection molding machines), and ROBOCUTs (wire electrical-discharge machines)).

Regarding maintenance services, the Company has determined that it is a performance obligation to complete maintenance based on contracts with customers and make the Company's products available to customers, and revenue is mainly recognized when the customer accepts maintenance services.

Regarding maintenance contracts, the Company has determined that it is a performance obligation to provide customers with maintenance services that are always available based on the contract, and revenue is recognized evenly over the period of the maintenance contract for the transaction amount in the contract with the customer.

In the service division, there are no contracts that include variable consideration because the transaction price is fixed at the start of revenue recognition. The consideration for the transaction is received within approximately two months after the acceptance of maintenance service is completed or the maintenance contract is concluded, and no significant financial factors are adjusted for the receivables based on the contract with the customer.

3. Information in understanding the amount of revenue for the fiscal year under review and the following fiscal years

(1) Balance of contract liabilities, etc.

(Millions of yen)

	Fiscal year under review (March 31, 2024)
Receivables from contracts with customers (beginning balance)	162,785
Receivables from contracts with customers (ending balance)	155,921
Contract liabilities (beginning balance)	22,442
Contract liabilities (ending balance)	28,860

Mainly in the FA division, ROBOT division and ROBOMACHINE division, contract liabilities relate to advance payments (included in "other current liabilities" in current liabilities) received from the customer at the time of ordering for a sales contract where revenue is recognized at the time of the customer's acceptance. In the service division, regarding maintenance contracts with customers where revenue is recognized over the period of the maintenance contract, contract liabilities relate to advance payments for the maintenance contract period received from the customer based on the contract to receive the transaction price for the maintenance contract period in a lump sum at the time the contract is made. Contract liabilities are reversed upon recognition of revenue.

Of the amount of revenue recognized in the fiscal year under review, the amount included in the balance of contract liabilities at the beginning of the period is 20,256 million yen.

(2) Transaction price allocated to the remaining performance obligations

The Company and its consolidated subsidiaries have applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations, and do not disclose contracts with an original expected duration of one year or less. These performance obligations are mainly related to maintenance contracts in the service division. The total transaction price allocated to the remaining performance obligations and the time frame the Company expects to recognize the amount of revenue are as follows.

(Millions of yen)

Period	Fiscal year under review (March 31, 2024)
Within 1 year	46,722
Over 1 year	10,993
Total	57,715

Notes to per share information

Net assets per share	1,803.59 yen
Net income per share	140.23 yen

Significant subsequent events

(Share Buyback)

At the meeting of the Board of Directors held on April 24, 2024, the Company resolved the repurchase of its common shares pursuant to Article 156 of the Company Act as applied pursuant to paragraph 3 of Article 165 of the Company Act, as described below.

1. Purpose of share buyback:

   To maintain the flexibility and mobility of the company's capital policy, in response to changes in the management environment.

2. Summary of share buyback:

(1) Class of shares to be repurchased	Company common shares
(2) Total number of shares to be repurchased	Up to 12.5 million shares (1.32% of outstanding shares*)
(3) Aggregate amount of shares to be repurchased	Up to 50 billion yen
(4) Method of share buyback	Market purchase on the Tokyo Stock Exchange
(5) Buyback period	May 1, 2024 – April 30, 2025

*Excluding treasury shares

(Cancellation of treasury shares)

At the meeting of the Board of Directors held on April 24, 2024, the Company resolved to cancel treasury shares in accordance with Article 178 of the Companies Act.

(1) Types of shares to be cancelled:	Company common shares
(2) Number of shares to be cancelled:	7,655,104 shares (Ratio of total number of issued shares prior to cancellation: 0.76%)
(3) Scheduled date of cancellation:	May 31, 2024
(4) Total number of issued shares after cancellation:	995,418,885 shares

4. Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at April 1, 2023	69,014	96,057	270	96,327
Cumulative effects of changes in accounting policies				
Restated balance	69,014	96,057	270	96,327
Changes during the year				
Reversal of reserve for reduction entry				
Dividends of surplus				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			151	151
Retirement of treasury stock			(421)	(421)
Net change except shareholders' equity during the year				
Total changes during the year	–	–	(270)	(270)
Balance at March 31, 2024	69,014	96,057	–	96,057

	Shareholders' equity					
	Retained earnings					
	Legal retained earnings	Other retained earnings				Total retained earnings
		Reserve for research and development	Reserve for reduction entry	General reserve	Retained earnings brought forward	
Balance at April 1, 2023	8,252	311,800	32	303,580	546,467	1,170,131
Cumulative effects of changes in accounting policies					(2,945)	(2,945)
Restated balance	8,252	311,800	32	303,580	543,522	1,167,186
Changes during the year						
Reversal of reserve for reduction entry			(2)		2	–
Dividends of surplus					(90,128)	(90,128)
Net income					103,284	103,284
Purchase of treasury stock						
Disposal of treasury stock						
Retirement of treasury stock					(14,463)	(14,463)
Net change except shareholders' equity during the year						
Total changes during the year	–	–	(2)	–	(1,305)	(1,307)
Balance at March 31, 2024	8,252	311,800	30	303,580	542,217	1,165,879

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock, at cost	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at April 1, 2023	(130,206)	1,205,266	13,411	13,411	1,218,677
Cumulative effects of changes in accounting policies		(2,945)			(2,945)
Restated balance	(130,206)	1,202,321	13,411	13,411	1,215,732
Changes during the year					
Reversal of reserve for reduction entry		–			–
Dividends of surplus		(90,128)			(90,128)
Net income		103,284			103,284
Purchase of treasury stock	(28,391)	(28,391)			(28,391)
Disposal of treasury stock	140	291			291
Retirement of treasury stock	14,884	–			–
Net change except shareholders' equity during the year			7,891	7,891	7,891
Total changes during the year	(13,367)	(14,944)	7,891	7,891	(7,053)
Balance at March 31, 2024	(143,573)	1,187,377	21,302	21,302	1,208,679

5. Notes to the Non-Consolidated Financial Statements

Notes to significant accounting policies

1. Valuation standards and valuation methods of securities
   Shares of subsidiaries and affiliates
   Stated at cost based on the moving average method
   Available-for-sale securities
   (Securities other than shares, etc. that do not have a market price)
   Stated at fair value (Differences in valuation are included directly in net assets and the cost of securities sold is calculated by the moving average method.)
   (Shares, etc. that do not have a market price)
   Stated at cost based on the moving average method.

2. Valuation standards and valuation methods of inventories
   Finished goods and work in progress: Stated at cost by the specific identification method or at cost by the weighted average cost method (the method of writing down book value in accordance with decreased profitability.)
   Raw materials: Stated at cost determined by the weighted average cost method (the method of writing down book value in accordance with decreased profitability.)
   Supplies: Stated at cost determined by the first-in-first-out method.

3. Depreciation method of noncurrent assets
   (1) Property, plant and equipment
   Property, plant and equipment are depreciated by the declining-balance method. However, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.
   (2) Intangible assets
   Intangible assets are amortized by the straight-line method. Software for internal use is amortized over its internal estimated useful life (5 years) using the straight-line method.

4. Basis for recording provisions
   (1) Allowance for doubtful accounts
   The Company records allowance for doubtful accounts to prepare for possible losses on receivables or loans based on the historical default rates for ordinary receivables and on estimates of collectability for specific doubtful receivables.
   (2) Warranty reserves
   The Company records warranty reserves to allocate the accrual of warranty costs of the Company’s goods to the net sales of the period based on historical experience. Additionally, necessary amounts are estimated individually for specific cases.
   (3) Allowance for employees’ retirement benefits
   The Company records a provision for retirement benefits to provide retirement benefits to employees based on the projected amount of retirement benefit obligations and pension assets at the end of the fiscal year under review.
   Allowance for employees’ retirement benefits and defined benefit cost are accounted for as follows.
   1) Method of attributing the projected retirement benefits to periods
   The benefit formula basis is applied as the method for attributing the expected retirement benefits to period of service for the calculation of the retirement benefit obligation.
   2) Method of amortization of actuarial differences and past service cost
   Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over a period (10 years) which is shorter than the estimated average remaining years of service of the eligible employees.
   Past service cost is amortized as incurred by the straight-line method over a period (10 years) which is shorter than the estimated average remaining years of service of the eligible employees.
   The accounting treatment of unrecognized actuarial differences and unrecognized past service cost is different from that used in the Group’s consolidated balance sheet.

5. Revenue and expense recognition standards

The details of the main performance obligations in the major divisions related to revenue from contracts with customers of the Company and the Company's consolidated subsidiaries and the timing at which the Company typically satisfies these performance obligations are as follows.

(1) FA division, ROBOT division and ROBOMACHINE division

In the FA division, ROBOT division and ROBOMACHINE division, the Company mainly develops, manufactures and sells products such as CNC systems (CNC and servo motors), Lasers, Robots (including robot systems), and Robomachines (ROBODRILLs (compact machining centers), ROBOSHOTs (electric injection molding machines), and ROBOCUTs (wire electrical-discharge machines)).

Regarding the sale of these products, excluding export transactions, revenue is recognized mainly when the customer accepts the product because it is judged that the customer gains control over the product and the performance obligations are deemed satisfied when the products are transferred to and accepted by the customer. For export transactions, revenue is recognized when risk is transferred to the customer based on trade conditions, etc. because it is judged that the customer gains control over the product and the performance obligations are deemed satisfied when risk is transferred to the customer based on trade conditions, etc.

(2) Service division

In the service division, the Company provides maintenance services and maintenance contracts for products such as CNC systems (CNC and servo motors), Lasers, Robots (including robot systems), and Robomachines (ROBODRILLs (compact machining centers), ROBOSHOTs (electric injection molding machines), and ROBOCUTs (wire electrical-discharge machines)).

Regarding maintenance services, the Company has determined that it is a performance obligation to complete maintenance based on contracts with customers and make the Company's products available to customers, and revenue is mainly recognized when the customer accepts maintenance services. Regarding maintenance contracts, the Company has determined that it is a performance obligation to provide customers with maintenance services that are always available based on the contract, and revenue is recognized evenly over the period of the maintenance contract for the transaction amount in the contract with the customer.

Change in accounting principles

(Change in inventory valuation method)

The Company previously valued materials included in "Raw materials and supplies" using the last purchase cost method, but changed it to the weighted average cost method from the fiscal year under review.

The purpose of this change is to calculate periodic profit/loss and evaluate inventory more appropriately, triggered by soaring material prices and increased inventory levels.

It is not feasible to determine the cumulative effect of the retrospective application of the weighted average cost method due to the unavailability of some payment and receipt records required for calculation using the weighted average cost method for the previous fiscal year. Therefore, the cumulative effect, calculated based on the difference between the carrying amount of inventories at the beginning of the fiscal year under review using the weighted average cost method and the carrying amount of inventories at the end of the previous fiscal year, is reflected in the beginning balance of this fiscal year.

As a result, retained earnings at the beginning of the fiscal year under review decreased by ¥2,945 million.

The impact of this change on cost of goods sold, every category of profit or loss and per share information for the fiscal year under review is immaterial.

Notes to accounting estimates

Impairment of property, plant and equipment and intangible assets

1. Amount recorded in the non-consolidated financial statements for the fiscal year under review

   Given a significant decline in the market price of the land of Headquarters offices (carrying amount in the non-consolidated balance sheet: 79,770 million yen), which is categorized into jointly used assets, the Company has determined that there is an indication of impairment for jointly used assets.
2. Other information that contributes to understanding of accounting estimates

   Same as "2. Other information that contributes to understanding of accounting estimates" in "Notes to accounting estimates, Notes to the Consolidated Financial Statements."

Notes to non-consolidated balance sheet

1. Accumulated depreciation of property, plant and equipment:	453,203 million yen
2. Balance of Guaranteed obligations:	0 million yen

The Company guarantees the obligations of employee mortgage loans.

3. Monetary receivables from and payables to subsidiaries and associates

Short-term monetary receivables:	33,221 million yen
Short-term monetary payables:	1,456 million yen
Long-term monetary receivables:	450 million yen

Notes to non-consolidated statement of income

1. Transactions with subsidiaries and affiliates

Sales to subsidiaries and affiliates:	342,165 million yen
Purchases from subsidiaries and affiliates:	10,387 million yen
Non-operating transactions with subsidiaries and affiliates:	59,719 million yen

2. Income taxes for prior periods were recorded due to the receipt of a notice of correction from the Tokyo Regional Taxation Bureau based on transfer pricing taxation.

Notes to non-consolidated statement of changes in net assets

Class and number of shares of treasury stock at the end of the fiscal year under review
Common share: 57,426,048 shares

Notes to tax effect accounting

1. Breakdown of major causes for deferred tax assets and deferred tax liabilities

Deferred tax assets	
Allowance for employees' retirement benefits	11,899 million yen
Depreciation	15,511 million yen
Accrued enterprise taxes	163 million yen
Accrued expenses	5,168 million yen
Investment securities	315 million yen
Other	8,140 million yen
Gross deferred tax assets	41,196 million yen
Valuation allowance	(699) million yen
Total deferred tax assets	40,497 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(7,985) million yen
Other	(32) million yen
Total deferred tax liabilities	(8,017) million yen
Net deferred tax assets	32,480 million yen

Notes to related-party transactions

Subsidiaries and affiliated companies

Type	Company name or name	Ratio of voting rights ownership (owned)	Relationship with related party	Details of the transaction	Transaction amount (Millions of yen)	Account	Balance as of March 31, 2024 (Millions of yen)
Subsidiary	FANUC America Corporation	(Ownership) Direct 100%	Sales of the Company's products	Sales of FA, Robots, and Robomachines (note)	68,174	Accounts receivable, trade	4,736
Subsidiary	FANUC Europe Corporation	(Ownership) Direct 100%	Sales of the Company's products	Sales of FA, Robots, and Robomachines (note)	77,637	Accounts receivable, trade	5,063
Affiliate	SHANGHAI -FANUC Robotics CO., LTD.	(Ownership) Direct 50%	Sales of the Company's products	Sales of Robots (note)	77,334	Accounts receivable, trade	7,657

Business conditions and the policy for the determination of business conditions

Note. Transaction prices are determined by taking into account general market prices.

Officers and major individual shareholders

Type	Company name or name	Ratio of voting rights ownership (owned)	Relationship with related party	Details of the transaction	Transaction amount (Millions of yen)	Account	Balance as of March 31, 2024 (Millions of yen)
Officer	Yoshiharu Inaba	(Owned) Direct 0.0	Director, Chairman of the Company	In-kind contribution of monetary compensation claims (note)	36	–	–
	Kenji Yamaguchi	(Owned) Direct 0.0	Representative Director, President of the Company	In-kind contribution of monetary compensation claims (note)	45	–	–
	Ryuji Sasuga	(Owned) Direct 0.0	Director, Senior Managing Officer of the Company	In-kind contribution of monetary compensation claims (note)	13	–	–

Business conditions and the policy for the determination of business conditions

Note. They are in-kind contributions of monetary compensation claims based on the restricted stock remuneration system.

The details of the allotment of restricted stock are determined after thorough consideration of various factors such as contributions made by eligible Directors and Managing Officers, and the policy from determining details of remuneration, etc. for individual Directors and Managing Officers of the Company.

Notes to revenue recognition

Useful information in understanding revenue from contracts with customers

(1) FA division, ROBOT division and ROBOMACHINE division

In the FA division, ROBOT division and ROBOMACHINE division, the Company mainly develops, manufactures and sells products such as CNC systems (CNC and servo motors), Lasers, Robots (including robot systems), and Robomachines (ROBODRILLs (compact machining centers), ROBOSHOTs (electric injection molding machines), and ROBOCUTs (wire electrical-discharge machines)).

Regarding the sale of these products, excluding export transactions, revenue is recognized mainly when the customer accepts the product because it is judged that the customer gains control over the product and the performance obligations are deemed satisfied when the products are transferred to and accepted by the customer. For export transactions, revenue is recognized when risk is transferred to the customer based on trade conditions, etc. because it is judged that the customer gains control over the product and the performance obligations are deemed satisfied when risk ownership is transferred to the customer based on trade conditions, etc.

In the FA division, ROBOT division and ROBOMACHINE division, there are no contracts that includes variable consideration because the transaction price is decided at the time the contract is made. The consideration for the transaction is received within approximately two months after the acceptance of products is completed, and no significant financial factors are adjusted for the receivables based on the contract with the customer.

Moreover, in the product sales contracts in the FA division, ROBOT division and ROBOMACHINE division, the Company has a product warranty obligation to repair or replace a product free of charge for issues caused by product defects that occur within a certain period of time after the product is accepted (varies by product and region, but generally within one to two years). As this warranty obligation provides the customer with a guarantee that the product will function as intended in accordance with the specifications set forth in the contract with the customer, it is not identified as a separate performance obligation and is recognized as warranty reserves. If, in addition to the warranty that the product complies with the agreed specifications, an extended warranty is provided, a separate paid maintenance contract is concluded, and revenue is recognized evenly over the period of the maintenance contract in the service division.

(2) Service division

In the service division, the Company provides maintenance services and maintenance contracts for products such as CNC systems (CNC and servo motors), Lasers, Robots (including robot systems), and Robomachines (ROBODRILLs (compact machining centers), ROBOSHOTs (electric injection molding machines), and ROBOCUTs (wire electrical-discharge machines)).

Regarding maintenance services, the Company has determined that it is a performance obligation to complete maintenance based on contracts with customers and make the Company’s products available to customers, and revenue is mainly recognized when the customer accepts maintenance services.

Regarding maintenance contracts, the Company has determined that it is a performance obligation to provide customers with maintenance services that are always available based on the contract, and revenue is recognized evenly over the period of the maintenance contract for the transaction amount in the contract with the customer.

In the service division, there are no contracts that include variable consideration because the transaction price is fixed at the start of revenue recognition. The consideration for the transaction is received within approximately two months after the acceptance of maintenance service is completed or the maintenance contract is concluded, and no significant financial factors are adjusted for the receivables based on the contract with the customer.

Notes to per share information

Net assets per share	1,278.15 yen
Net income per share	108.77 yen

Significant subsequent events

(Share Buyback)

At the meeting of the Board of Directors held on April 24, 2024, the Company resolved the repurchase of its common shares pursuant to Article 156 of the Company Act as applied pursuant to paragraph 3 of Article 165 of the Company Act, as described below.

1. Purpose of share buyback:

   To maintain the flexibility and mobility of the company’s capital policy, in response to changes in the management environment.

2. Summary of share buyback:

(1) Class of shares to be repurchased	Company common shares
(2) Total number of shares to be repurchased	Up to 12.5 million shares (1.32% of outstanding shares*)
(3) Aggregate amount of shares to be repurchased	Up to 50 billion yen
(4) Method of share buyback	Market purchase on the Tokyo Stock Exchange
(5) Buyback period	May 1, 2024 – April 30, 2025

*Excluding treasury shares

(Cancellation of treasury shares)

At the meeting of the Board of Directors held on April 24, 2024, the Company resolved to cancel treasury shares in accordance with Article 178 of the Companies Act.

(1) Types of shares to be cancelled:	Company common shares
(2) Number of shares to be cancelled:	7,655,104 shares (Ratio of total number of issued shares prior to cancellation: 0.76%)
(3) Scheduled date of cancellation:	May 31, 2024
(4) Total number of issued shares after cancellation:	995,418,885 shares