

## FX effects during the period (1): Conversion effects and Transaction effects

- JPY depreciation against USD and EUR is positive for Sales and Operating Profit
- EUR depreciation against USD is negative for Operating Profit
- While the current FX movement is significantly positive for Sales, it has a limited positive impact on Operating Profit

Actual rate for the first 9 months (2021)

USD/JPY : 108.50  
 EUR/JPY : 129.87  
 EUR/USD : 1.197

Actual rate for the first 9 months (2022)

USD/JPY : 128.06  
 EUR/JPY : 136.01  
 EUR/USD : 1.062

Forex sensitivity

**(Assuming that the average rate and the current rate are the same)**

<impact on sales>

Currency pair	(JPY)	Sales impact (annual)
USD/JPY	260mn	Per JPY. Weaker JPY is positive
EUR/JPY	180mn	Per JPY. Weaker JPY is positive

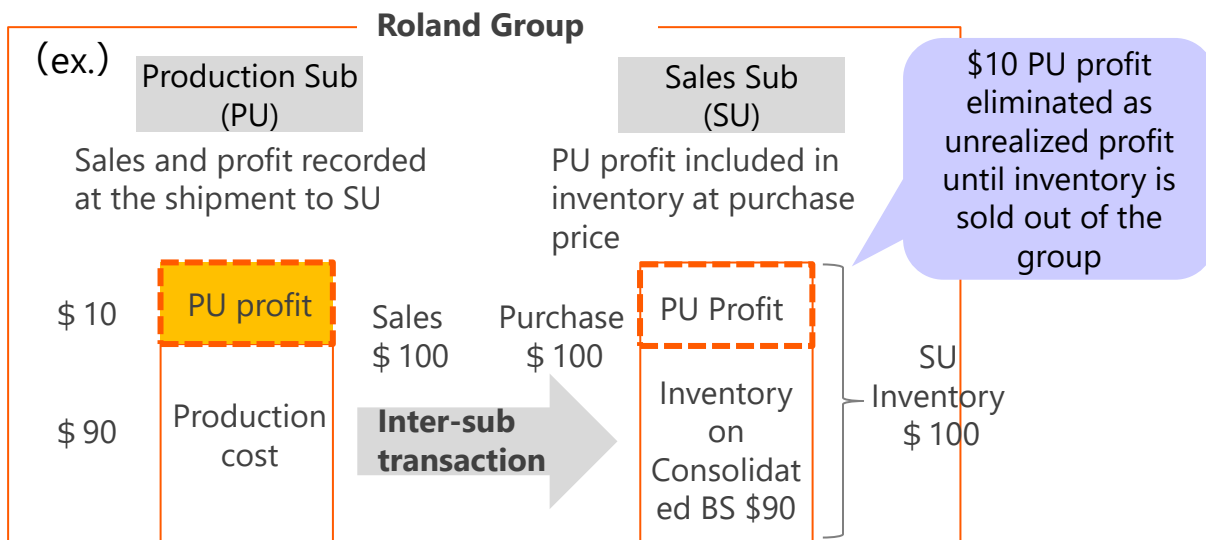
<impact on operation profit>

Currency pair	(JPY)	OP impact (annual)
USD/JPY	100mn	Per JPY. Weaker JPY is positive
EUR/JPY	30mn	Per JPY. Weaker JPY is positive
EUR/USD	130mn	Per \$0.01. Stronger EUR is positive

# FX effects during the period (2): FX effects at the time of elimination of unrealized profit

- Mechanism for the elimination of unrealized profit included in inventory

- Consolidation adjustment and **does not affect business**



- Mechanism of FX effects in elimination of unrealized profit

- Arising from differences in JPY conversion rates used in the consolidated accounting treatment of the following

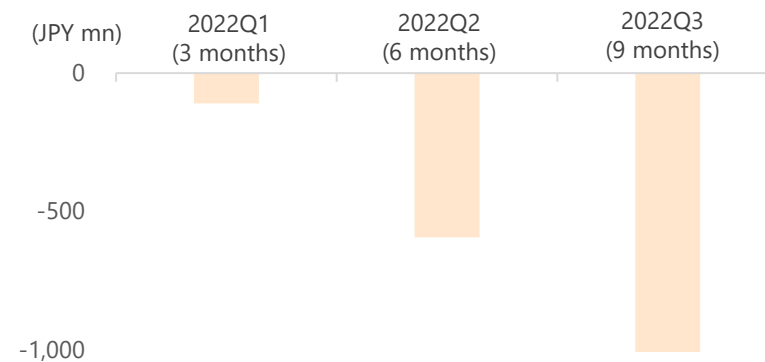
Consolidation	BS/PL	JPY conversion
Intercompany profits (Unrealized profit)	PL Gross Profit	Average Rate
Elimination of unrealized profit (Adjustment of inventory amount)	PL Gross Profit (Decrease)	Current Rate
	BS Inventory (Decrease)	Current Rate

This difference is the FX impact when unrealized profits are eliminated

- Impact of the current period

- Due to rapid JPY depreciation, negative impact in elimination of unrealized profit increased (YoY)
- The currency pair which affects us the most is **USD/JPY**

The amount of the Elimination of unrealized profit (YoY)



(ref.) USD/JPY Rate Trends

