Basic Strategy for Capital Policy

[Principle 1.3 Basic Strategy for Capital Policy]
Because capital policy may have a significant effect on shareholder returns, companies should explain their basic strategy with respect to their capital policy.

<Basic Strategy for Capital Policy>
Considering sustained growth necessary to achieving increases in shareholder value over the medium to long term, the Company recognizes the need to maintain a level of shareholders' equity that allows for investment in growth and a tolerance for risk.
Considering return on equity (ROE) to be one of its topmost management priorities, the Company discloses its targets. To effectively deploy shareholders' equity and ensure a robust financial base that allows for the raising of funds for investment in stable growth, the Company discloses its target D/E ratio and other measures for financial soundness and works to create the optimal capital structure for reaching these targets.

（Corporate Governance Guidelines Article 5.1）

[Return on Equity (ROE) and targets to measure financial soundness]
During the period under the Fifth Medium-Term Management Plan (April 2016 to March 2019), the Company aims to achieve the ROE of 10% or higher and the D/E ratio of about 0.5 as one of its management targets.