

*\*NOTE: This document has been translated from the Japanese original for reference purposes only. If there is any discrepancy between the Japanese and this translated document, the Japanese original shall prevail.*

## Basic Policy of Capital Strategy

Based on the premise that a sustainable level of business development and mid-to-long term enhancement of corporate value is fundamental to the creation of shareholder value, the Company practices management that is conscious of both capital cost and financial soundness.

With respect to the distribution of surplus, the Company makes dividend payouts based on semi-annual business performance with a target semi-annual payout ratio of 30%.

Retained earnings are devoted to business investments for growth such as M&A, R&D, facility enhancements, with an aim to strengthen the Company's business position and enhance its corporate value. If residuals are retained for a long time, the company will consider flexibly reviewing its dividend payout ratio and improving total shareholder returns by, for instance, repurchasing stock, taking into consideration our projected growth investments.

Established	November 25, 2015
Amended and Enacted	August 30, 2016
Amended and Enacted	May 22, 2018
Amended and Enacted	December 21, 2018