

Translation

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Notice of Formulation of the 17th Medium Term Business Plan

Our Group has formulated its 17th Medium Term Business Plan covering the three-year period from the fiscal year 2025 to the fiscal year 2027. We are pleased to announce an overview of this plan.

In our 16th Mid-term Business Plan Management Policy covering the period from the fiscal year 2022 to the fiscal year 2024, we have been focusing our efforts on completing the foundation necessary to realize the vision set forth in our long-term vision. However, the company was left with challenges to address as it was forced to respond to major changes in the external environment, including the economic slowdown in China. Meanwhile, in the growth business, which has been advancing product development with a view to the spread of electrification in the mobility sector, we have reviewed our product portfolio to align it with the timeline, assuming that electrification will become widespread after 2030.

Under these circumstances, the 17th Medium Term Business Plan has set forth the policy of “moving into a growth stage by establishing a solid business foundation and improving capital efficiency.” With the launch of a new Medium Term Business Plan, we will initiate company-wide organizational restructuring. Under this framework, we will urgently address immediate issues, starting with improving profitability in the Power Device Business, and strengthen our management foundation. At the same time, we will implement long-term strategies, including the establishment of core businesses and products for the future. Specifically, we will promote our business by focusing on the following four items.

- Earning structure construction

We will build a system to improve profitability through a total package from procurement to design, manufacturing, and sales.

- Concentrating resources on growth sectors

We will concentrate resources on businesses and products that will become future core businesses

and nurture them into pillars of our business by 2030.

- Development of target markets

We will allocate resources on a priority basis toward developing the Indian market and will undertake this challenge with the full support of the entire company, including both business and non-business divisions.

- Promotion of sustainability management

By proactively advancing our business activities and investing in human resources, we will provide environmentally friendly products to society and build a sustainable growth cycle toward the realization of decarbonization.

To realize these policies, we will implement strategic resource allocation along with strengthening our cash allocation and financial strategies, thereby promoting management that is mindful of capital costs and share prices, with the aim of achieving a PBR of 1 or more by the end of the fiscal year 2027.

<Management targets for the fiscal year 2027 (consolidated)>

Net sales: ¥120.0 billion

Operating profit margin: 5.0%

ROE: 6.0%

- Capital investment (3-year cumulative total): ¥30.0 billion

- R&D costs (3-year cumulative total): ¥14.5 billion

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