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Annual Securities Report

(Report pursuant to Article 24, paragraph (1) of the Financial
Instruments and Exchange Act)

Fiscal Year	From April 1, 2025
(124th Term)	To March 31, 2026

T.RAD Co., Ltd.

(E02155)

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[Audit Report]

【Cover】

[Document Filed]	Annual Securities Report
[Relevant Laws and Regulations]	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
[Filing Destination]	Director-General of the Kanto Local Finance Bureau
[Filing Date]	June 5, 2026
[Fiscal Year]	124th Term (From April 1, 2025 to March 31, 2026)
[Company Name]	T.RAD Co., Ltd.
[English Translation of Company Name]	T.RAD Co., Ltd.
[Title and Name of Representative]	President &CEO & COO Tomio Miyazaki
[Address of Head Office]	3-25-3 Yoyogi, Shibuya-ku, Tokyo
[Telephone Number]	03(3373)1101
[Name of Contact Person]	Managing Executive Officer, in charge of Accounting and Finance Kaoru Kinoshita
[Nearest Contact Address]	3-25-3 Yoyogi, Shibuya-ku, Tokyo
[Telephone Number]	03(3373)1101
[Name of Contact Person]	Managing Executive Officer, in charge of Accounting and Finance Kaoru Kinoshita
[Place where available for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Part I [Corporate Information]

Section 1 [Overview of the Company]

1 [Trends in Key Management Indicators]

(1) Consolidated Business Indicators

Fiscal year		120th	121st	122nd	123rd	124th
Fiscal year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Net Sales	(Millions of yen)	133,581	149,413	158,659	159,235	162,278
Ordinary Income	(Millions of yen)	5,997	2,083	5,339	8,101	12,378
Profit (loss) attributable to owners of parent	(Millions of yen)	3,600	-3,595	1,245	4,250	8,765
Comprehensive Income	(Millions of yen)	6,163	-1,165	3,753	5,884	10,466
Net assets	(Millions of yen)	46,732	43,851	45,286	48,744	53,070
Total assets	(Millions of yen)	93,756	94,098	103,087	97,486	99,725
Net assets per share	(Yen)	6,810.22	6,479.13	6,860.31	7,689.22	9,363.27
Net income (loss) per share	(Yen)	515.97	-550.88	190.52	653.84	1,477.51
Diluted earnings per share	(Yen)	-	-	-	-	-
Equity Ratio	(%)	47.5	44.9	43.6	49.9	53.2
Return on equity	(%)	8.4	-8.3	2.9	9.1	17.2
Price-earnings ratio	(Times)	4.8	-4.3	20.7	5.6	5.2
Cash flows from operating activities	(Millions of yen)	7,262	4,376	16,968	7,563	12,558
Cash flows from investing Activities	(Millions of yen)	-5,839	-6,702	-7,075	-6,473	-7,204
Cash flows from financing Activities	(Millions of yen)	-3,391	-1,058	-616	-6,947	-5,869
Cash and Cash Equivalents, End of Year	(Millions of yen)	13,404	10,361	20,204	15,698	15,560
Number of Employees	(Persons)	4,641	4,496	4,365	4,270	4,087

(Note) 1. Diluted earnings per share is not stated because there are no potential shares with dilutive effect, and for the 121st fiscal year, because there was a net loss per share.

2. In calculating net income per share, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the "Stock Benefit Trust (J-ESOP)" are treated as treasury stock, and therefore the average number of shares outstanding during the period is calculated by including such shares in treasury stock to be deducted.

(2) Business Indicators of the Filing Company

Fiscal year		120th	121st	122nd	123rd	124th
Fiscal year ended		March 2022	March 2023	March 2024	March 2025	March 2026
Net Sales	(Millions of yen)	68,308	72,783	75,848	80,196	83,676
Ordinary Income	(Millions of yen)	5,496	6,220	7,988	8,827	11,377
Net income (loss)	(Millions of yen)	3,901	-1,731	1,490	5,675	9,461
Paid-in Capital	(Millions of yen)	8,570	8,570	8,570	8,570	8,570
Number of shares issued	(Thousands of shares)	6,712	6,712	6,592	6,592	5,900
Net assets	(Millions of yen)	31,854	28,797	29,797	33,451	36,781
Total assets	(Millions of yen)	58,587	56,790	64,150	66,707	70,243
Net assets per share	(Yen)	4,874.54	4,414.83	4,553.78	5,282.66	6,497.13
Dividends per share	(Yen)	160	80	180	240	560
(Interim dividends per share)	(Yen)	(40)	(80)	(80)	(90)	(160)
Net income (loss) per share	(Yen)	559.11	-265.23	228.09	873.08	1,594.83
Diluted earnings per share	(Yen)	-	-	-	-	-
Equity Ratio	(%)	54.4	50.7	46.4	50.1	52.4
Return on equity	(%)	12.5	-5.7	5.1	17.9	26.9
Price-earnings ratio	(Times)	4.5	-8.8	17.3	4.2	4.9
Dividend payout ratio	(%)	27.3	-	78.9	27.1	35.1
Number of Employees	(Persons)	1,549	1,539	1,524	1,531	1,525
Total shareholder return	(%)	130.2	126.7	213.4	211.4	439.5
(Benchmark: TOPIX)	(%)	(99.6)	(102.5)	(141.7)	(136.1)	(179.0)
Highest stock price	(Yen)	3,555	2,910	4,060	4,050	11,670
Lowest stock price	(Yen)	1,824	2,130	1,736	2,666	2,728

(Note) 1. Diluted earnings per share is not stated because there are no potential shares with dilutive effect, and for the 121st fiscal year, because there was a net loss per share.

2. The highest and lowest stock prices are those on the Prime Market of the Tokyo Stock Exchange from April 4, 2022, and those on the First Section of the Tokyo Stock Exchange prior to that date.

3. Of the dividend per share of ¥560.00 for the fiscal year ended March 2026, the year-end dividend of ¥400.00 is subject to approval at the Annual General Meeting of Shareholders scheduled to be held on June 29, 2026.

4. In calculating net income per share, the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the "Stock Benefit Trust (J-ESOP)" are treated as treasury stock, and therefore the average number of shares outstanding during the period is calculated by including such shares in treasury stock to be deducted.

2 [History]

- Nov. 1936 Established as Toyo Radiator Mfg. Co., Ltd. with capital of ¥500 thousand for the purpose of manufacturing and selling radiators and oil coolers and other parts for automobiles and various other internal combustion engines
- Jan. 1937 Kawasaki Plant commenced operations
- Aug. 1940 Nagoya Plant commenced operations
- May 1944 Renamed to Toyo Cooling Equipment Co., Ltd.
- Aug. 1951 Renamed to Toyo Radiator Co., Ltd.
- Jun. 1958 Opened Osaka Branch Office
- Nov. 1959 Renamed Kawasaki and Nagoya Plants to Kawasaki Works and Nagoya Works
- Apr. 1960 Hadano Plant commenced operations; Technical Research Laboratory established
- Oct. 1961 Listed shares on the Second Section of the Tokyo Stock Exchange
- Jun. 1962 Renamed Hadano Plant to Hadano Works
- Nov. 1962 Relocated Kawasaki Works to Hadano Works
- Jun. 1965 Relocated head office from 1-7 Ginza, Chuo-ku, Tokyo to 7-4-3 Nishi-Shinjuku, Shinjuku-ku, Tokyo
- Apr. 1969 Yokaichi Works commenced operations
- Aug. 1969 Listed on the First Section of the Tokyo Stock Exchange
- May 1981 Hadano Works Togawa Plant commenced operations
- Oct. 1982 Opened U.S. Representative Office
- Sep. 1983 Nagoya Works Tobeshita Plant commenced operations
- Mar. 1985 Made Towa Transport (now T.RAD Logistics) a subsidiary
- Jun. 1985 Nagoya Works Higashiura Plant commenced operations
- Jul. 1987 Relocated head office from 7-4-3 Nishi-Shinjuku, Shinjuku-ku, Tokyo to 31-2 Sakuragaoka-cho, Shibuya-ku, Tokyo
- Jan. 1988 Established TOYO USA Inc. (incorporated U.S. Representative Office)
- Jan. 1990 Invested in CoPAR Inc. (now T.RAD North America, Inc.)
- Jun. 1990 Established TORC Co., Ltd.
- Apr. 1993 Nagoya Works Higashiura Plant became independent as Higashiura Works
- Feb. 1994 Relocated head office from 31-2 Sakuragaoka-cho, Shibuya-ku, Tokyo to current location
- Dec. 1995 Established Qingdao Toyo Automobile Radiator Co., Ltd.
- Mar. 1996 TOYO USA Inc. merged with CoPAR Inc.
- Aug. 1997 Established TATA TOYO RADIATOR Ltd.
- Sep. 1999 Established TOYO RADIATOR (THAILAND) Co., Ltd. (now T.RAD (THAILAND) Co., Ltd.)
- Apr. 2002 Established Toyo Heat Exchanger (Zhongshan) Co., Ltd.
- Jul. 2004 Established TOYO RADIATOR Czech s.r.o. (now T.RAD Czech s.r.o.)
- Apr. 2005 Renamed to T.RAD Co., Ltd.
- Apr. 2005 Established Qingdao Toyo Heat Exchanger Co., Ltd.
- May 2008 Established PT. T.RAD INDONESIA
- Jun. 2008 Established TRM Corporation B.V.
- Jan. 2009 Invested in TRM LLC
- Aug. 2010 Established Jining Toyo Heat Exchanger Co., Ltd.
- Mar. 2012 Established Toyo Heat Exchanger (Changshu) Co., Ltd.
- Oct. 2012 Established T.RAD (VIETNAM) CO., LTD
- Apr. 2016 T.RAD North America, Inc. acquired shares of Tripac International Inc.
- Mar. 2017 Established Toyo (Changshu) Heat Exchanger R&D Center Co., Ltd.
- Jun. 2017 Established T.RAD Sales Europe GmbH
- Oct. 2017 Qingdao Toyo Heat Exchanger Co., Ltd. became a consolidated subsidiary
- Apr. 2018 Established T.RAD Connect Co., Ltd.
- Apr. 2020 Merged Asuni Co., Ltd. and Towa Kosan Co., Ltd. into T.RAD Co., Ltd. through absorption-type merger
- Jun. 2020 Liquidated Toyo (Changshu) Heat Exchanger R&D Center Co., Ltd.
- Oct. 2020 Made T.RAD Connect Co., Ltd. a wholly owned subsidiary
- Apr. 2022 Transitioned from the First Section to the Prime Market of the Tokyo Stock Exchange due to the restructuring of market segments
- Nov. 2022 Excluded TRM Corporation B.V. and its subsidiary TRM LLC from the Company's consolidated group due to conversion of the Company's equity interest to non-voting shares
- Mar. 2023 JINYA CONNECT Co., Ltd. became an other affiliated company by acquiring 20% or more of the Company's shares
- Dec. 2023 Excluded TORC Co., Ltd. from the Company's consolidated group due to sale of shares

[Contents of Business]

The T.RAD Group (the Company and its affiliates) consists of the Company (T.RAD Co., Ltd.), one other affiliate, 13 consolidated subsidiaries, and one associated company, with its main business being the manufacture and sale of various heat exchangers, as well as related service operations.

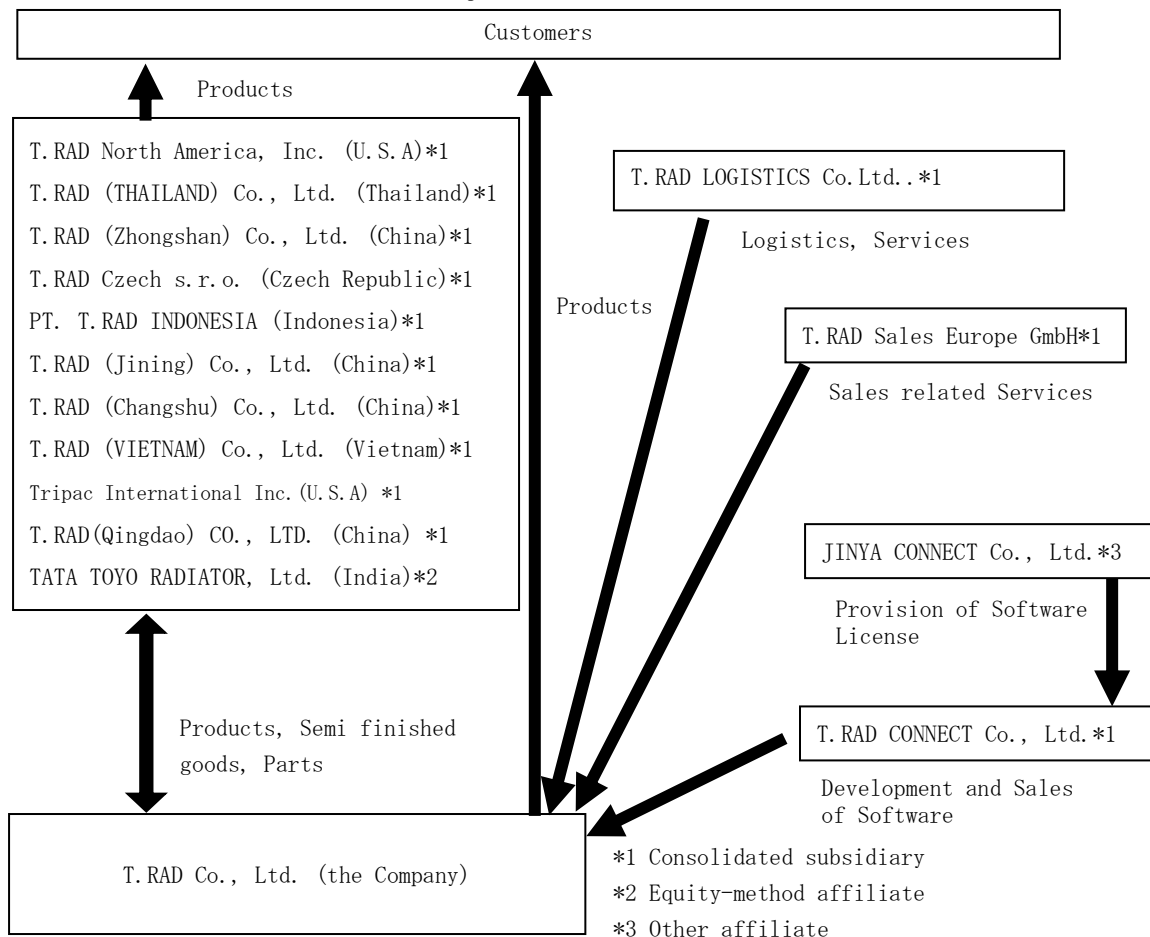
The composition of each reportable segment is as follows, and these reportable segments are the same as the segment information categories presented in “Section 5 Financial Information 1 Consolidated Financial Statements, etc. (1) Consolidated Financial Statements Notes.”

Reportable Segment	Major Companies
Japan	The Company
United States	T.RAD North America, Inc. Tripac International Inc.
Europe	T.RAD Czech s.r.o. T.RAD Sales Europe GmbH
Asia	T.RAD (THAILAND) Co., Ltd. PT.T.RAD INDONESIA T.RAD(VIETNAM)CO.,LTD TATA TOYO RADIATOR Ltd. (Note) 1
China	T.RAD (Zhongshan) Co., Ltd. T.RAD (Jining) Co., Ltd. T.RAD (Changshu) Co., Ltd. T.RAD (Qingdao) Co., Ltd.
Others (Japan)	T.RAD LOGISTICS Co., Ltd. T.RAD CONNECT Co., Ltd.

(Note) 1. Equity-method affiliates are included in the reportable segment of their respective locations.

[Business Flow Chart]

The flow chart for the businesses of the T.RAD Group is as follows.



4 Subsidiaries and Affiliates

Name	Location	Capital	Description of business	Voting rights ratio (%)	Relations with the Company
Other Affiliates					
JINYA CONNECT Co., Ltd. *3	Hadano city, Kanagawa, Japan	K JPY 100,000	Software development, Sales support	39.0	Business relationship Concurrent position of director
Consolidated subsidiaries					
T.RAD North America, Inc. *2,3,4	Hopkinsville, Kentucky, U.S.A	K USD 204,000	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director Obligation Guarantee
Tripac International Inc. *3	Fort Worth, Texas, U.S.A	K USD 4,166	Manufacture and sales of heat exchangers	95.3 *1 (95.3)	Business relationship
T.RAD Czech s.r.o. *2,3	Unhost, Czech	K CZK 624,000	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
T.RAD (THAILAND) Co., Ltd.*2,3	Chachoengsao, Thailand	K THB 390,500	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
PT. T.RAD INDONESIA *3	Bekasi, Java, Indonesia	M IDR 74,561	Manufacture and sales of heat exchangers	100.0 *1 (26.3)	Business relationship Concurrent position of director
T.RAD (VIETNAM) Co., Ltd. *3	Ninh Binh Vietnam	M VND 131,228	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
T.RAD (Zhongshan) Co., Ltd.*2,3	Zhongshen, Guangdong, China	K CNY 161,354	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
T.RAD (Jining) Co., Ltd. *3	Jining, Shandong, China	K CNY 3,000	Manufacture and sales of heat exchangers	100.0 *1 (100.0)	Business relationship
T.RAD (Changshu) Co., Ltd.*2,3	Changshu, Jiangsu, China	K CNY 107,601	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
T.RAD Sales Europe GmbH*3	Stuttgart, Germany	EUR 25,000	Sales services of T.RAD in Europe	100.0	Business relationship
T.RAD(Qingdao) CO., LTD. *2,3	Qingdao, Shandong, China	K CNY 241,928	Manufacture and sales of heat exchangers	100.0	Business relationship Concurrent position of director
T.RAD LOGISTICS Co., Ltd. *3	Higashiura, Chita, Aichi, Japan	K JPY 48,900	Cargo transportation	100.0	Business relationship Transportation of Products etc. Concurrent position of director
T.RAD CONNECT Co., Ltd. *3	Shibuya-ku, Tokyo, Japan	K JPY 50,000	Planning, development, production and sale of software etc.	100.0	Business relationship Concurrent position of director
Equity-method affiliates					
TATA TOYO RADIATOR, Ltd. *3	Pune, India	K INR 320,000	Manufacture and sales of heat exchangers	49.0	Business relationship Concurrent position of director

(Note) 1. Figures in parentheses in the "Voting Right Ownership Ratio" column represent indirect ownership.

2. T.RAD North America, Inc., T.RAD Czech s.r.o., T.RAD (THAILAND) Co., Ltd., T.RAD (Zhongshan) Co., Ltd., T.RAD (Changshu) Co., Ltd., and T.RAD (Qingdao) Co., Ltd. are specified subsidiaries.

3. The one other affiliate, 13 consolidated subsidiaries, and one associated company mentioned above do not file securities registration statements or annual securities reports.

4. Although net sales (excluding intercompany sales among consolidated companies) account for more than 10% of consolidated net sales, the net sales of this consolidated subsidiary exceed 90% of net sales in the "United States" segment in the segment information; therefore, the disclosure of major profit and loss information has been omitted.

Section 2 [Business Overview]

1 [Management Policies, Business Environment, and Issues to Address]

1) Management Philosophy, Corporate Slogan, Corporate Vision

From fiscal 2025, the Company has adopted a so-called rolling medium-term management plan, which sets medium- to long-term management targets while reviewing target values annually in response to the rapidly changing business environment.

For fiscal 2026, we have formulated a new medium-term management plan "T.RAD-2026."

T.RAD-2026 Management Philosophy, Corporate Slogan, and Management Strategy

Management Philosophy

- Contribute to the realization of an environmentally friendly sustainable society by providing superior thermal energy conversion technologies and services
- Pursue the sustainable development of the company and well-being of our customers, shareholders, employees, business partners and local communities

Corporate Slogan

- Entrusting our vision to heat energy conversion technology that knows no boundaries
- Aiming to become the world's leading heat exchanger manufacturer, contributing to the realization of GX

Management Strategy [T.RAD-2026 Corporate Vision]

1. A company that realizes GX
2. A company that continues to earn satisfaction and preference of customers
3. A company trusted by its stakeholders
4. A company that values its people
5. A company that achieves stable profitability
6. 5C+2S+3R

What is T.RAD-2026 5C+2S+3R?

- (1) Culture that encourages employees to take on new challenges
- (2) Changes in the operating environment and Activities that do not fear transforming themselves
- (3) Communication and cooperation across all divisions
- (4) Activities that emphasize speed
- (5) Promotion of 3R

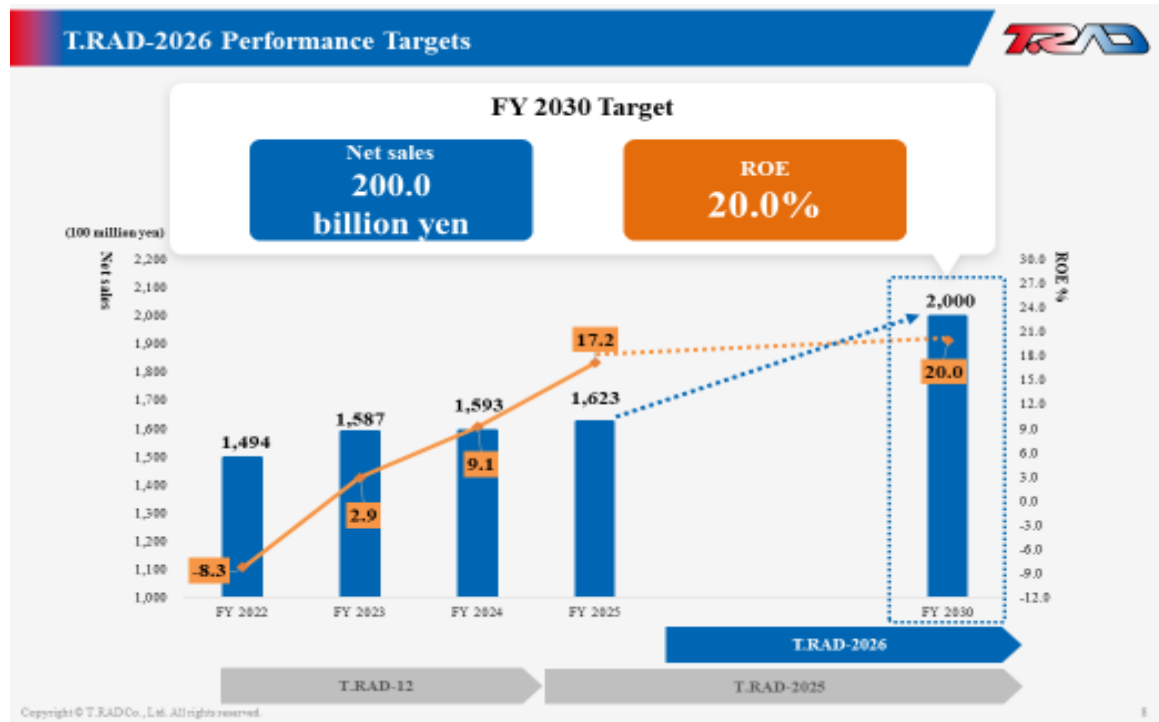
5C: Challenge, Change, Co-Operation, Co-Creation, Connect

2S: Speed, Share

3R: Reuse, Recycle

2) Medium-Term Management Plan T.RAD-2026 Outline

Based on achieving an ROE of 17.2% in fiscal 2025, we have revised our fiscal 2030 performance targets to net sales of 200 billion yen and ROE of 20.0%.



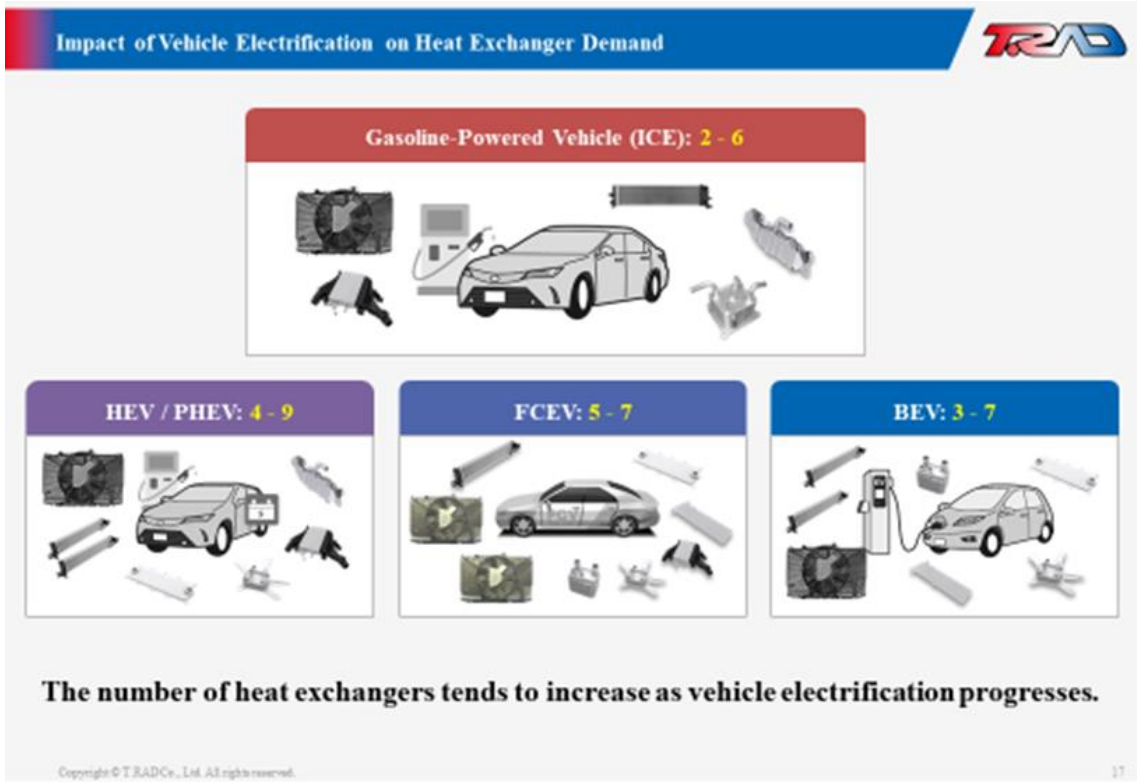
The following four basic strategies are in place to achieve our goals:

1. Pursuit of number one heat exchange technology and market share
2. Responding to diversification and growth in demand accompanying multi-pathway development
3. Pursuit of overwhelming development speed and cost competitiveness
4. Responding to diverse customer needs globally

The Company provides a diverse range of heat exchangers for various applications including automobiles and trucks, construction, industrial and agricultural machinery, and motorcycles and ATVs, and offers a broad product lineup under a multi-pathway strategy that addresses all types of power plants.

We have an independent customer base that does not belong to any specific group, and our products are adopted by various automobile manufacturers, construction equipment manufacturers, and motorcycle manufacturers both domestically and internationally.

We recognize that with the advancement of multi-pathway development, demand for heat exchangers is becoming more diversified and increasing, which will lead to the expansion of business opportunities for the T.RAD Group.



The Company's technological advantages lie in design technology that achieves a balance of performance, durability, weight reduction, and cost, as well as industry-leading ultra-thin material processing and production technology. Through these capabilities, we have achieved the development of high-performance, lightweight radiators and multi-functional radiators. We are also utilizing analytical technology to shorten development time.

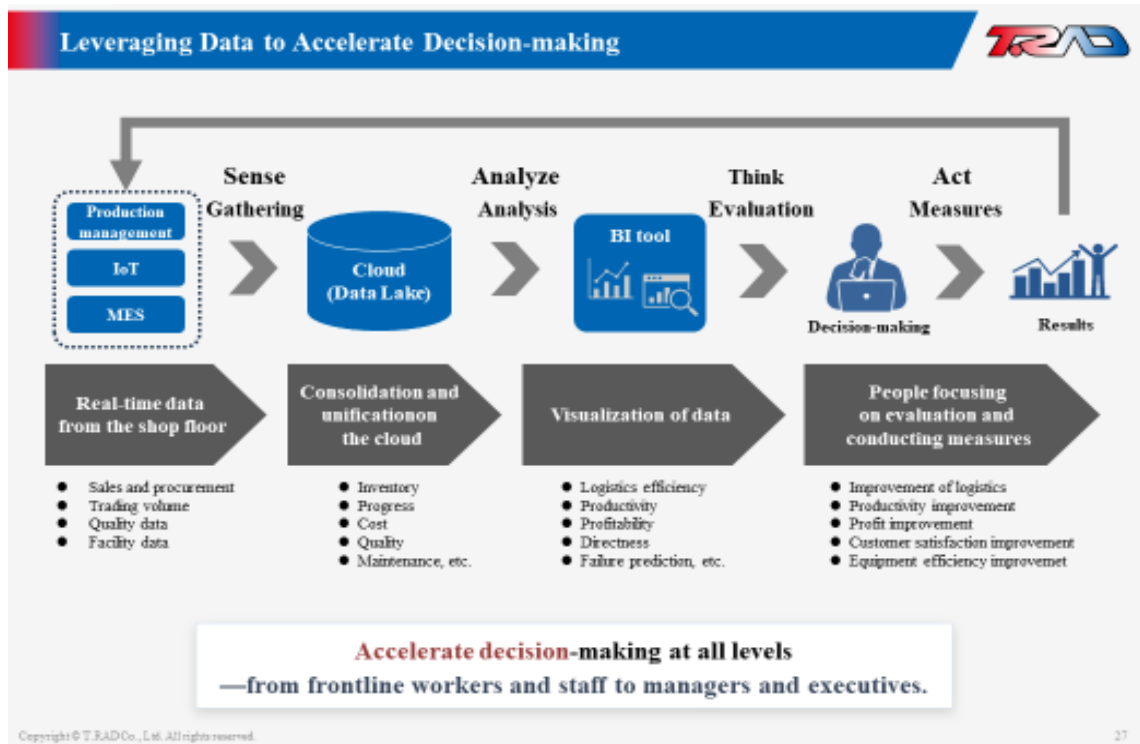


The foundation of our global strategy lies in promoting local production for local consumption through a five-region global structure. By strategically positioning development and production bases near customer locations, we are enhancing our speed of customer response and our ability to address local needs.



Furthermore, the Company is promoting DX across the entire organization to improve operational efficiency and accelerate decision-making.

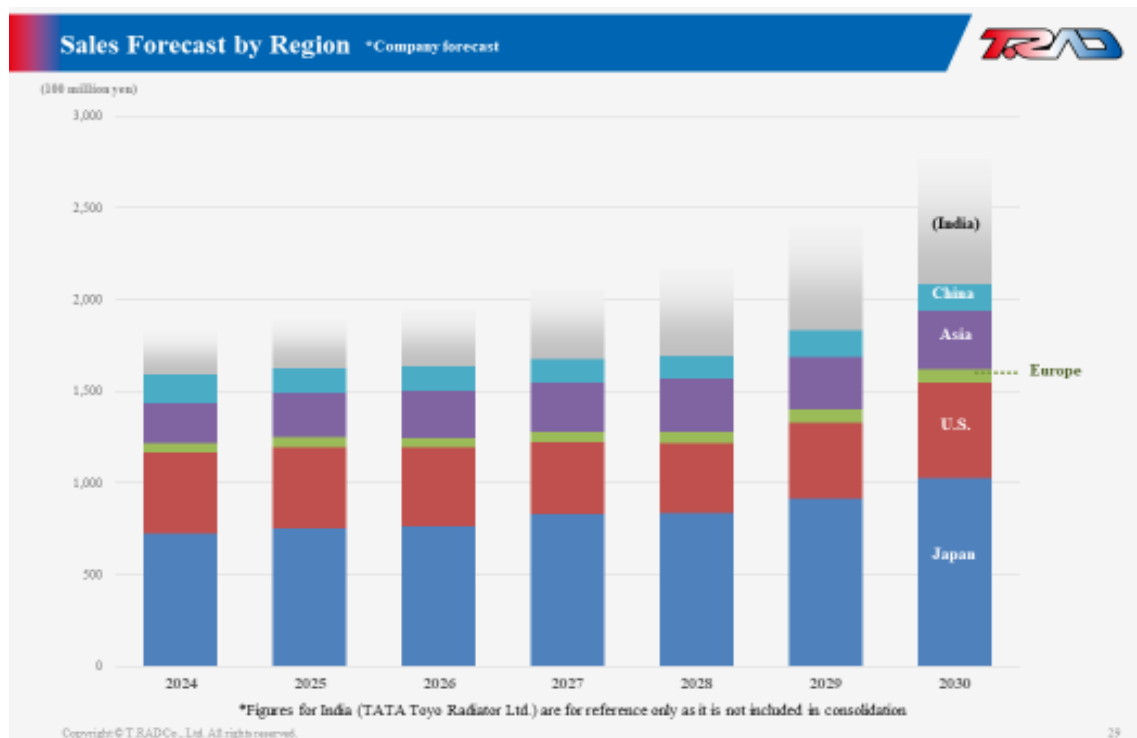
We are working on the global integration of production management systems and accounting systems, as well as the standardization of business processes. In addition, we are working to accelerate decision-making through real-time data collection and analysis utilizing cloud technology.



3) Global Expansion Strategy

Toward achieving our fiscal 2030 management targets of net sales of 200 billion yen and ROE of 20.0%, we are advancing efforts to expand production capacity in North America, Europe, and Japan.

In addition, we are working to strengthen resource allocation to the Indian market, where rapid growth is expected, through joint ventures, and to enhance general-purpose equipment manufacturing and export base functions by leveraging high cost competitiveness and abundant human resources in China.



Expansion of Production Footprint in Europe and North America (Medium-Term Strategic Plan)



North American Manufacturing Base



TRAD North America, Inc.
Kentucky, USA

<<Planned Plant Expansion>>

- Start of operations: Target FY2028
- Investment: ₹1.0-4.0 billion (land + building)

European Manufacturing Base



TRAD Czech s.r.o.
Prague, Czech Republic

<<Planned Plant Expansion>>

- Expansion of existing plant

We are expanding production capacity to capture market share growth opportunities

The above figures are based on current assumptions and have not been formally approved. Appropriate disclosure will be made as internal processes progress.

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India Business



**A joint venture with the TATA Group,
India's largest conglomerate,
has driven our India business for 28 years**

- India's largest conglomerate as a single group
- Founded in 1868, approximately ₹17 trillion in revenue

TATA Group



- Product Development
- Production Facilities
- Production Technology
- Quality Control

Ownership: 49%

TATA AUTOCOMP

Auto parts division company of the TATA Group

- Provision of Production Resources
- Procurement
- Finance, HR, and Legal
- Overall Business Management

Ownership: 51%

TATA Toyo Radiator Ltd.

Established in 1997 (28 years in business)

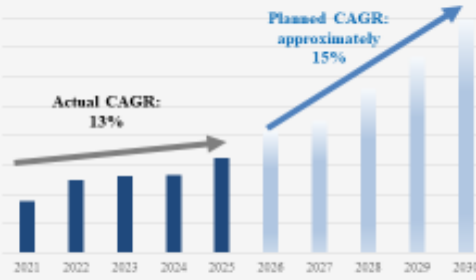
Business development leveraging the resources and expertise of both the TRAD Group and the TATA Group

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Performance Trends and Future Growth Outlook of TATA Toyo Radiator Ltd.

Sales Growth Trend and Outlook



Profit Trend and Outlook (Equity in Earnings of Affiliates)



Growth from FY2026 onward underpinned by a robust business pipeline



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Expansion of Production Footprint (Medium-Term Strategic Plan)

Strategic placement of R&D and production facilities near customer locations

- Cost reduction through lower transportation costs
- Faster response to customer requirements

<<Planned Expansion of Production Bases>>

- Start of operations: Target FY2027-2028
- Investment: ¥5.0-8.0 billion (land + building)

Aiming to establish an optimal production network, including consideration of satellite plants in underserved regions such as Tohoku and Kyushu

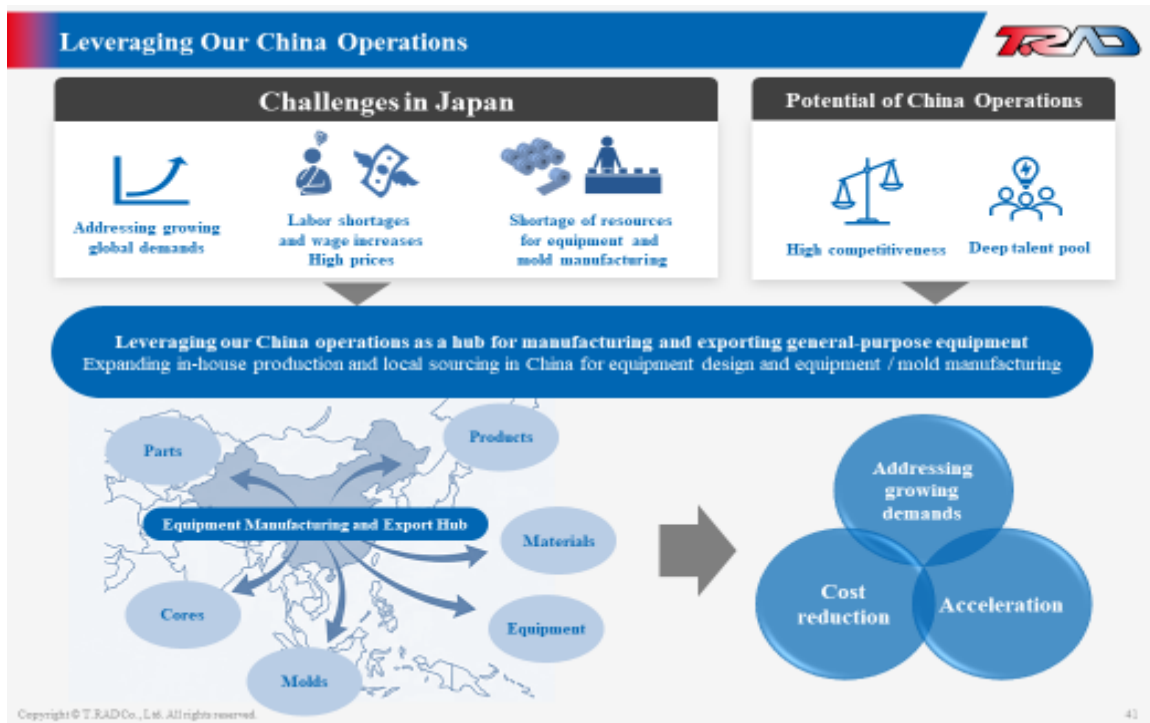


We are expanding production capacity to capture market share growth opportunities

The above figures are based on current assumptions and have not been formally approved. Appropriate disclosure will be made as internal processes progress.

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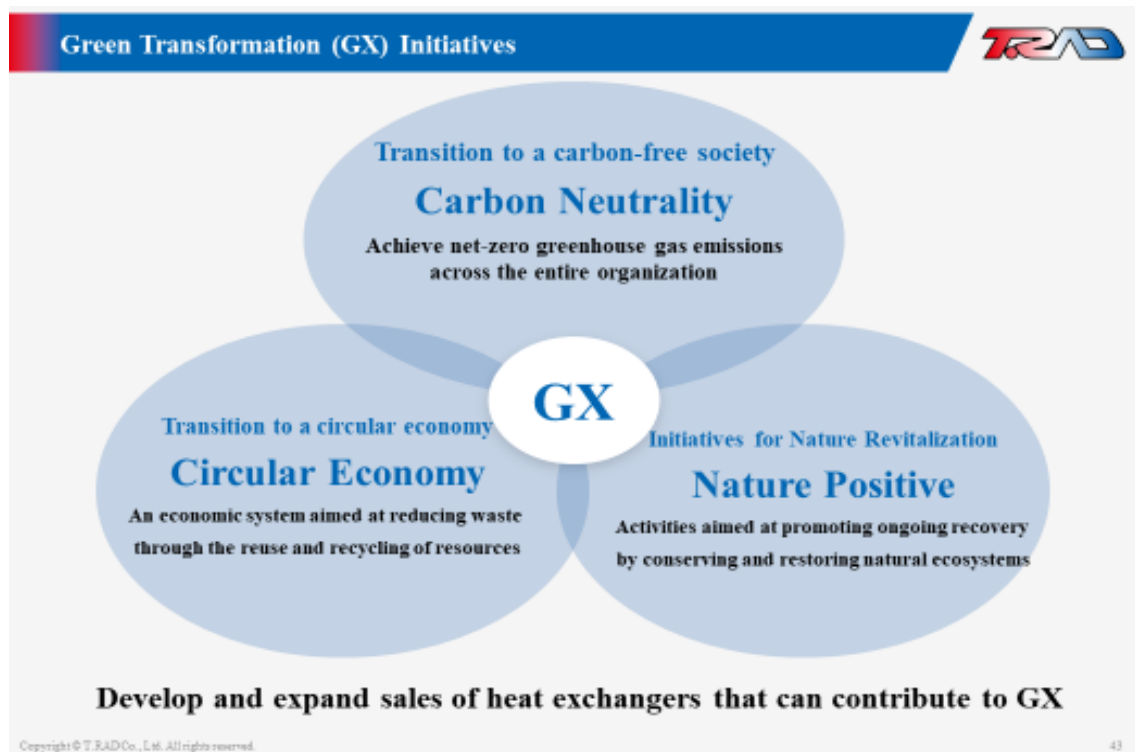
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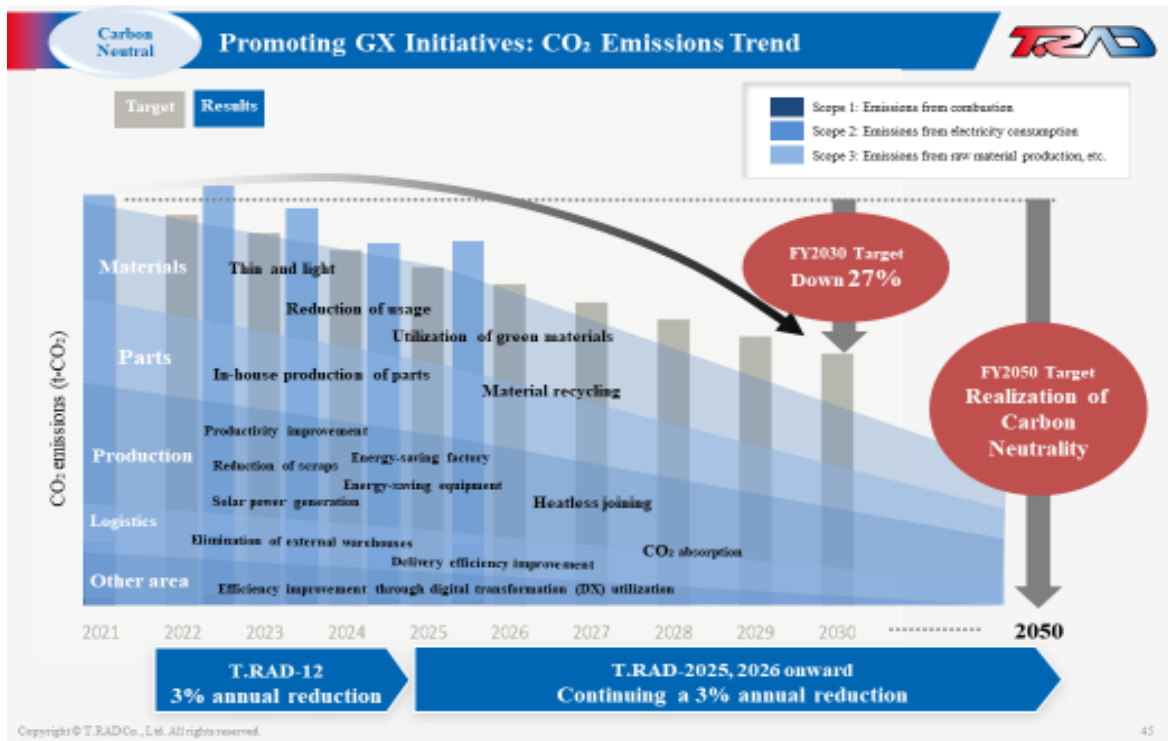


4) Initiatives for GX

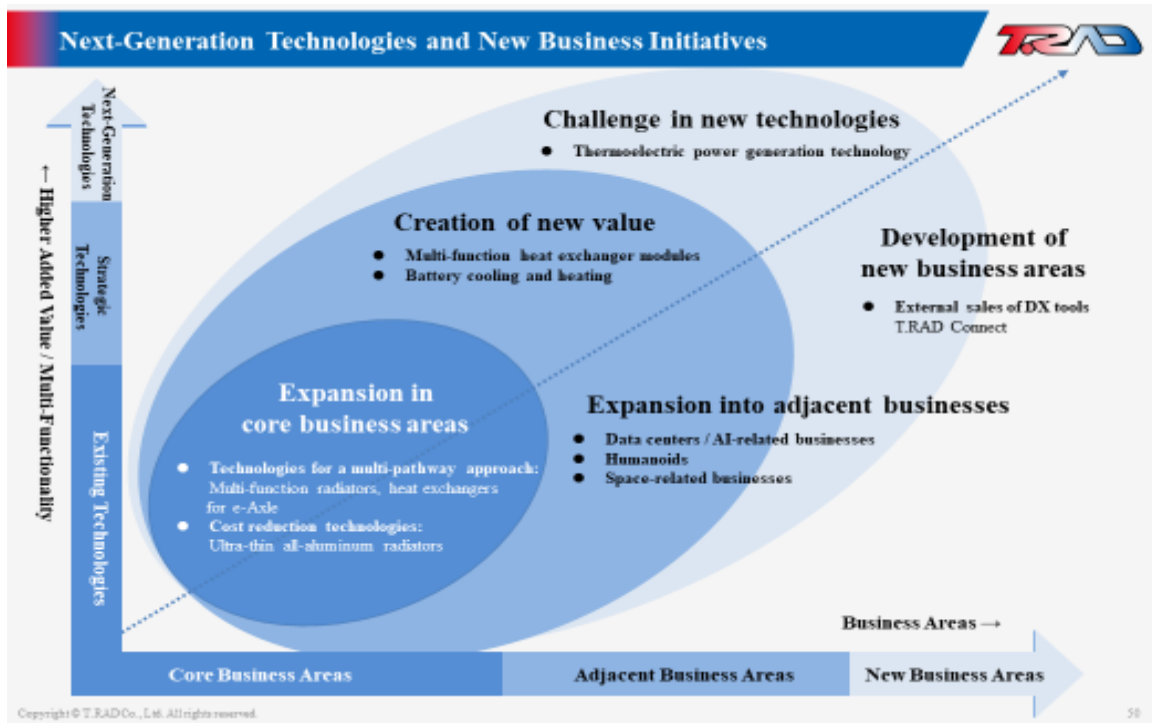
We aim to be a company that contributes to GX based on three pillars: carbon neutrality, circular economy, and nature positive.

Toward achieving carbon neutrality by 2050, we are promoting various measures to reduce environmental impact in each of Scope 1-3, with the goal of reducing emissions by 27% by FY2030 and achieving carbon neutrality by FY2050, using FY2021 CO2 emissions as the baseline.





5) Initiatives for New Businesses



As a specialized heat exchanger manufacturer, we are pursuing a growth story through initiatives focused on two pillars: enhancing added value and expanding business domains. We will also consider strengthening our business in existing areas centered on expanding sales of multi-function radiators, as well as entering peripheral areas such as data centers, humanoids, and space-related fields. As new technologies and businesses for the future, we will also work on developing thermoelectric radiators, waste heat power generation, and ultra-energy-saving furnaces, as well as providing DX solutions for the manufacturing industry.

**Taking on the challenge of developing technology
to convert waste heat into electricity for effective utilization**

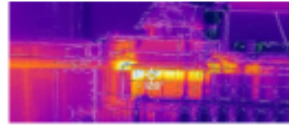
① Thermoelectric radiator



With radiator + thermoelement contribute to parts reduction and fuel efficiency improvement

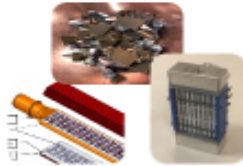
Trial production and testing of thermoelectric radiator

② Thermoelectric power generation using waste heat from furnaces



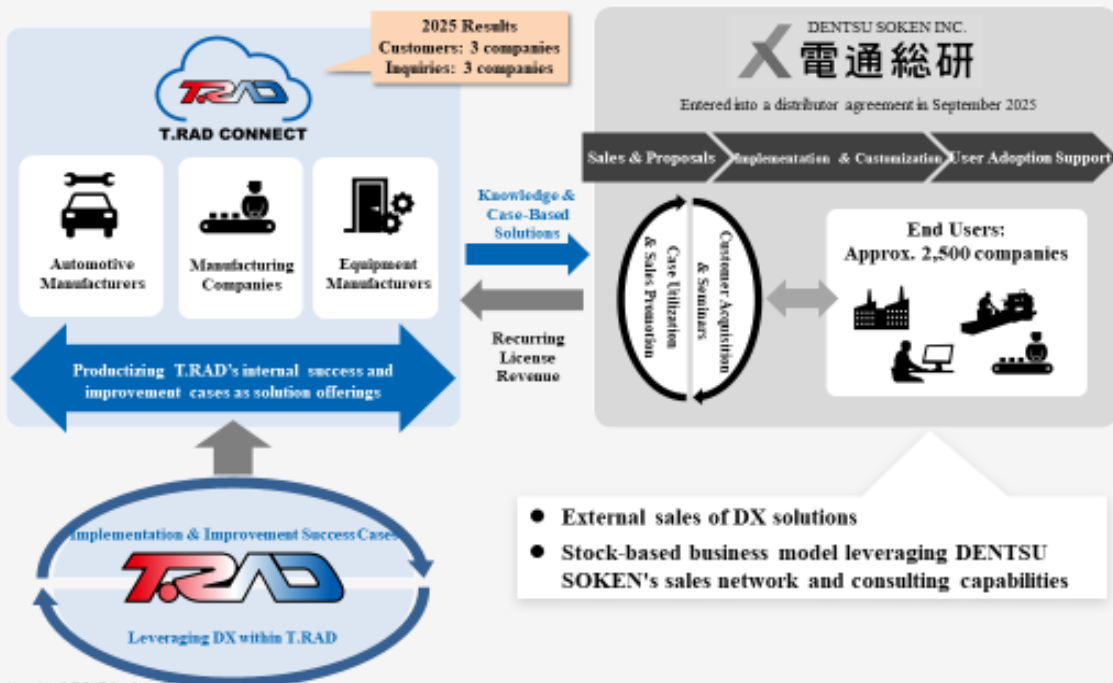
Thermoelectric power generation using temperature difference of few hundred degrees in brazing furnace and cooling water

Currently considering introduction into brazing furnaces



- High-performance, low-cost thermoelement materials R&D (joint research with Tohoku University)
- Development of production technology for in-house production of thermoelectric elements and modules

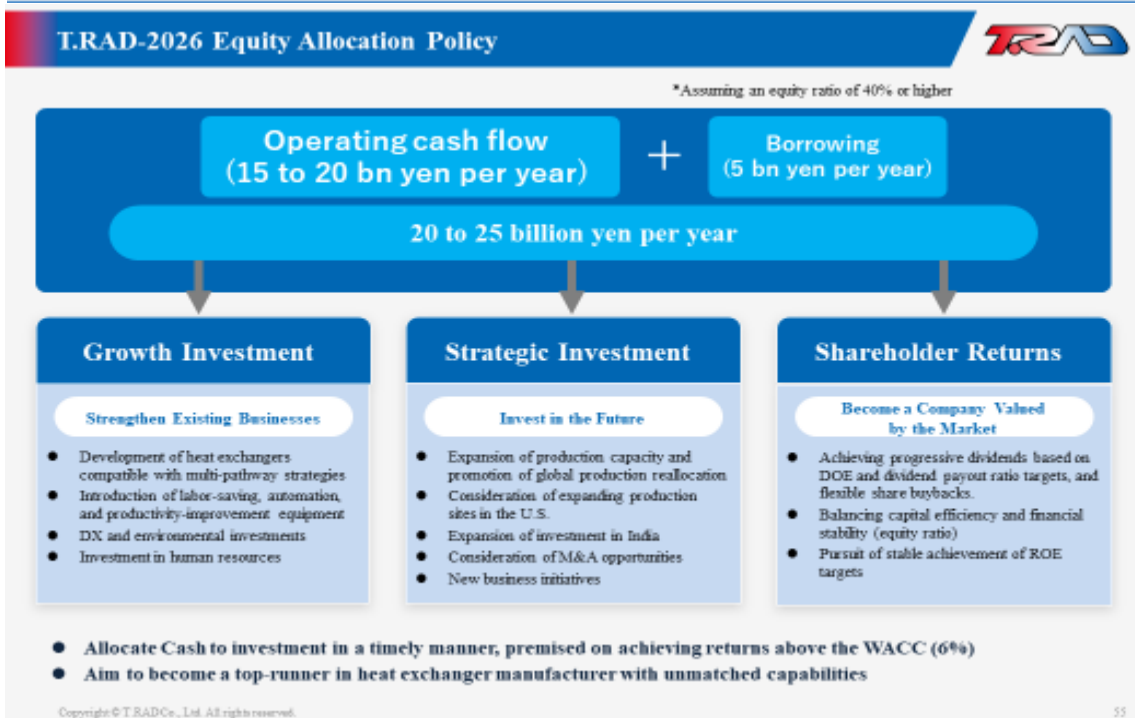
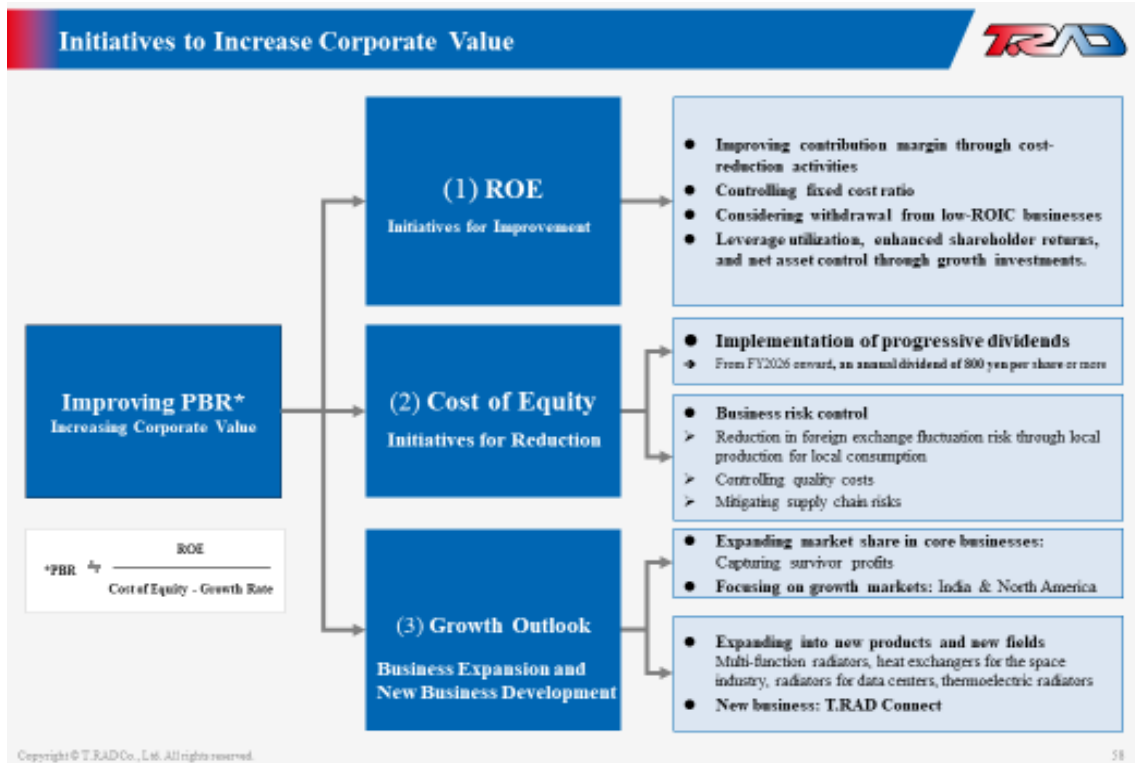
Sales of Manufacturing DX Solutions through T.RAD Connect



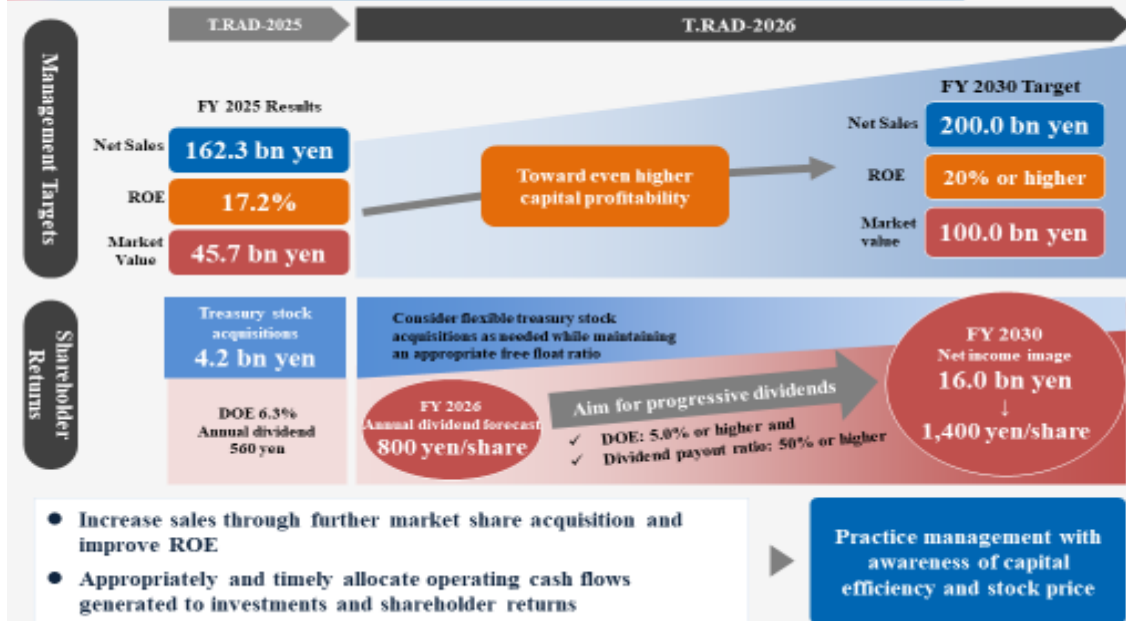
6) Initiatives for Achieving Stable Profitability

To achieve continuous improvement in corporate value, we will work on 1) improving ROE, 2) reducing cost of capital, and 3) realizing growth expectations. We will allocate the estimated annual capital of 20-25 billion yen in a timely and appropriate manner to growth investments, strategic investments, and shareholder returns, promoting stable profitability and highly capital-efficient management.

We will also further strengthen the “Working Shareholders” initiatives already underway and enhance IR activities.



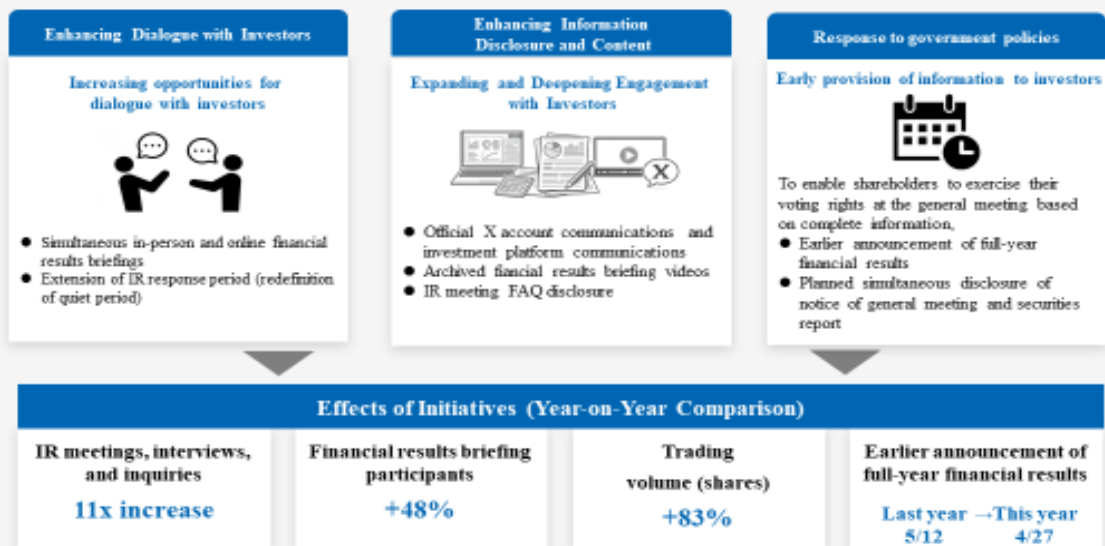
T.RAD-2026 Management Targets and Shareholder Return Measures



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Initiatives to Enhance IR Activities (FY2025)



We will continue to enhance information disclosure and IR activities, including earlier announcement of full-year financial results and distribution of English translations

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2. Approach to Sustainability and Initiatives

(1) Basic Approach to Sustainability

The sustainability management we aim for is to achieve both “contribution to a sustainable society” and “long-term sustainable growth.” Specifically, we believe this means addressing social issues such as CO₂ reduction, prevention of global warming, and human rights violations in our existing businesses, thereby contributing to the SDGs.

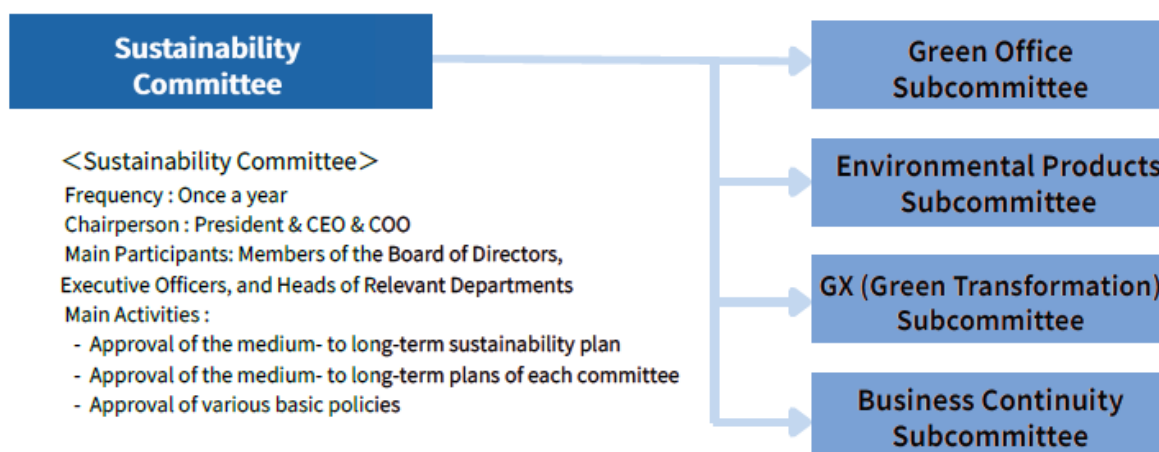
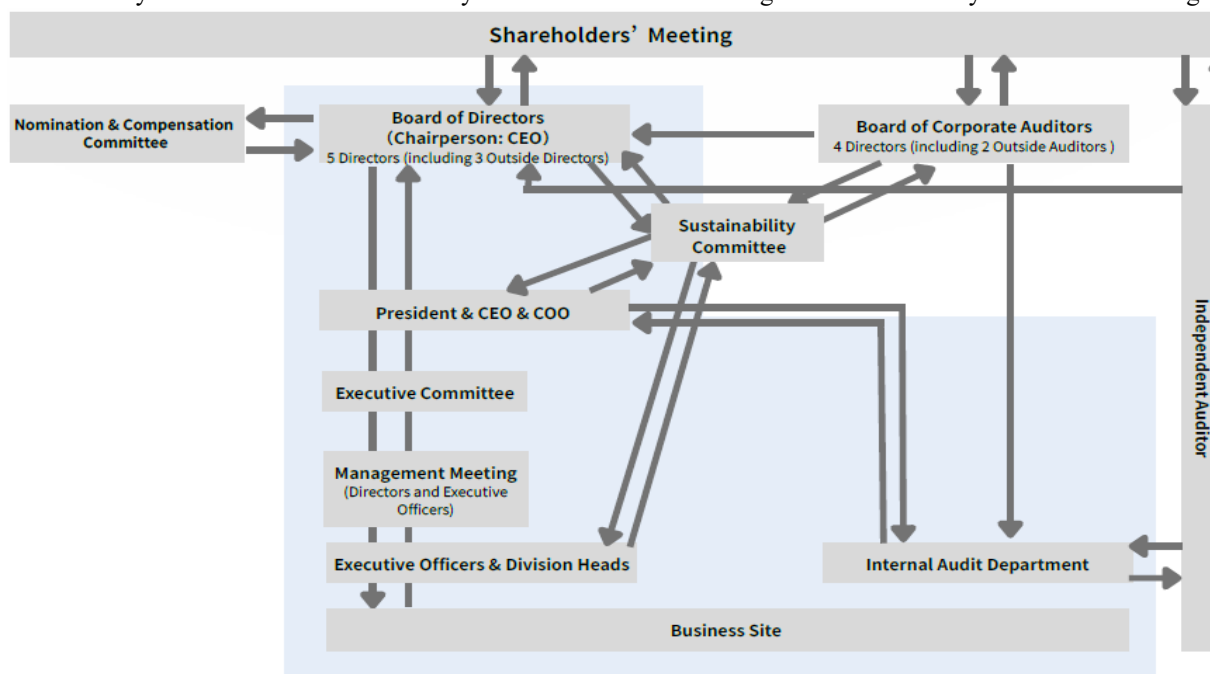
Furthermore, toward contributing to a sustainable society and achieving long-term sustainable growth, we believe that formulating a basic sustainability policy based on our corporate philosophy and contributing to the sustainable development of society through our business activities is the sustainability (sustainability initiatives) expected of us.

(2) Governance

Our approach to and initiatives for corporate governance are described in 4(1) “Overview of Corporate Governance.”

Additionally, for our sustainability promotion structure, we have established an effective promotion system to respond appropriately and in a timely manner to the expectations and requests placed on companies regarding the resolution of various social issues. Our risk management, including sustainability-related matters, is managed and addressed appropriately and in a timely manner under our Risk Management Regulations.

Specific activities toward sustainability, including climate change, are examined by each subcommittee under the Sustainability Committee and by each supervising department. Matters deemed to have a significant impact on sustainability are deliberated at the monthly Board of Directors meetings and Sustainability Committee meetings.



(3) Strategy

By gaining insight into the SDGs and social/environmental issues and identifying material issues for our sustainability, we have formulated the Sustainability Mid-Term Plan and Mid-Term Management Plan “T.RAD-2026” to address these issues, and are promoting activities accordingly.

*Mid-Term Management Plan T.RAD-2026: <https://www.trad.co.jp/images/library/File/IR/2026/trad-2026.pdf>

*Sustainability Mid-Term Plan: Sustainability Report

https://www.trad.co.jp/databox/data.php/sustainability-report_ja/code

Regarding climate change, we analyze transition risks, physical risks, and opportunities, evaluate the business and financial impacts of climate-related risks, and formulate and implement countermeasures.

<Climate Change Risks and Opportunities>

Category	Expected business impact		Time perspective	Business / Financial Impact	Our response
			Short, Medium, Long	High, Medium, Low	
Physical risks, Natural disasters, etc.	Deteriorating of working conditions	Reduced labor productivity and increased costs due to heat stress, heatstroke prevention measures	Medium	Medium	<ul style="list-style-type: none"> Investment in air conditioning, insulation materials, and infection prevention measures to maintain and improve the workplace conditions
	Change in weather patterns and more severe extreme weather events	<ul style="list-style-type: none"> Disruptions to global supply chains and resource depletion Increased supply disruptions due to damage to factories and facilities caused by natural disasters Production disruptions due to power shortages 	Short	High	<ul style="list-style-type: none"> Strengthening crisis management for production backup systems Strengthening facilities and backup systems in preparation for climate-related disasters
Opportunities	Change in Product demand	<ul style="list-style-type: none"> Expansion in sales of environmentally friendly products (such as electric vehicles) driven by growing environmental awareness Reduction in production costs through energy- and labor-saving measures Increased demand for construction vehicles due to reconstruction in disaster-stricken areas and the expansion of disaster prevention infrastructure 	Medium	High	<ul style="list-style-type: none"> Information gathering and development of environmentally friendly products (e.g., electric vehicles) Development and production of energy-saving, automated production equipment Strengthening price competitiveness by promoting production reallocation in response to increased demand
	Business Environment	<ul style="list-style-type: none"> Transition to a recycling-oriented society (CE) 	Medium	Medium	<ul style="list-style-type: none"> Creating new business areas that realize CE+3R (Reduce, Reuse, Recycle)

Regarding human resource development and internal environment improvement, including ensuring diversity of human resources, we have positioned "a company that values people" as one of the basic strategies in our Mid-Term Management Plan “T.RAD-2026,”

- (1) Pursuit of zero accidents through employee health and safe production activities
- (2) Work style reform and improvement of the workplace environment
- (3) Human resource development through manufacturing
- (4) Development of local management personnel at overseas subsidiaries
- (5) Creating an environment where diverse human resources can thrive and respecting human rights

Specific initiatives for the above five points are disclosed in the Mid-Term Management Plan "T.RAD-2026" and Sustainability Report on our website.

*Mid-Term Management Plan T.RAD-2026: <https://www.trad.co.jp/images/library/File/IR/2026/trad-2026.pdf>

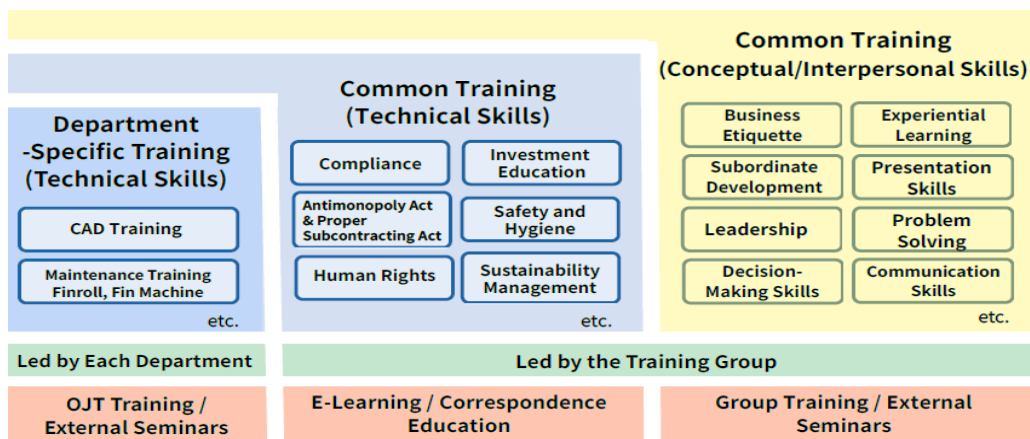
*Sustainability Mid-Term Plan: Sustainability Report

https://www.trad.co.jp/databox/data.php/sustainability-report_ja/code

i) Rebuilding Human Resource Development

We cultivate the rich humanity of each employee, enhance the basic knowledge required for each position and level, and facilitate the acquisition of specialized knowledge, thereby developing the human resources necessary for the operation and development of the company.

Through our “Training System by Level and Function,” we define the competency requirements for each level and function, and particularly for new graduates, we have established a focused development curriculum within five years of joining the company.



- Conceptual / Interpersonal Skills: Conceptualization, Interpersonal, and Relationship Skills
- Technical Skills: Specialized Professional Skills

Additionally, to support employees' voluntary learning, we are advancing e-learning educational content and have established an environment where employees can take courses at their convenience. Regarding e-learning content, we will progressively translate it into English and promote its use at overseas subsidiaries as well.

ii) Initiatives to Improve Employee Engagement

We have established employee engagement as one of the corporate values, and believe that to enhance it, a system is needed where employees and executives, who spend much of their lives working and are most deeply involved with the company, can significantly benefit from shareholder returns. Therefore, we are promoting the "Working Shareholders" initiative.

Through the Employee Stock Ownership Plan (J-ESOP) for employees, we are developing a system that allows working people to prosper in conjunction with the increase in corporate value.

Based on the "Career Declaration" system introduced in 2021, which allows employees to declare their career aspirations according to their values and life stages, we continue to promote opportunities for communication with supervisors. Based on these results, we develop employee capabilities and formulate personnel plans for the right person in the right place, promoting both our HR strategy and the realization of employees' careers.

iii) Initiatives for Promoting DE&I

In our Basic Policy on Human Rights, based on our corporate philosophy of "pursuing the perpetual development of the company and the happiness of customers, shareholders, employees, business partners, and local communities," we recognize the individuality and values of each employee and are promoting the creation of a workplace environment where diverse human resources can thrive.

We respect the human rights of all stakeholders and do not discriminate based on individual attributes such as gender, disability, nationality, race, age, or sexual orientation, nor do we tolerate discrimination based on individual attributes or any form of harassment.

During this fiscal year, based on the above Basic Policy on Human Rights, we are advancing risk assessments through human rights due diligence mechanisms to evaluate the impact of our business activities, including the supply chain, on the human rights of stakeholders, and are working to prevent and mitigate such risks.

iv) Initiatives for Health Promotion and Safety

Under the basic philosophy that "safety and health are the top priority in all activities," we are promoting the prevention of occupational accidents and the creation of a workplace where people can work safely and with peace of mind.

Under the leadership of a specialized department for workplace safety promotion, we are developing recurrence and prevention activities from the perspective of the manufacturing floor, thereby realizing a workplace environment where people can work safely and with peace of mind through "heightened safety awareness among all employees."

(4) Risk Management

We identify risks and opportunities related to material issues in sustainability, analyze them based on frequency of occurrence and impact, and work to reduce risks while viewing opportunities as new business chances, incorporating them into the Sustainability Mid-Term Plan and Mid-Term Management Plan "T.RAD-2026" to promote activities.

Additionally, for activities related to risks and opportunities, we conduct regular monitoring and semi-annual management reviews with our full-time directors and senior executive officers as evaluators, establishing a system for evaluating whether policies and activity results are progressing appropriately and approving plans.

(5) Metrics and Targets

We have established medium- to long-term vision and activity targets for 2030 and are promoting them in the Sustainability Mid-Term Plan.

*Sustainability Mid-Term Plan: Sustainability Report

https://www.trad.co.jp/databox/data.php/sustainability-report_ja/code

Additionally, we have established and are promoting the following metrics and targets related to climate change.

Medium-term target (2030): 27% reduction in CO₂ emissions [compared to 2021]

We uphold the "Principle of Fairness" as our HR philosophy, which treats generously those who strive to realize our corporate philosophy and management policy and achieve results, without discrimination based on age, gender, educational background, beliefs, nationality, etc. We believe that mutually respecting and recognizing the diversity and individuality of human resources and maximizing the abilities of individuals is essential for the perpetual development of the company. In particular, since the ratio of female employees to all employees is low at our company, we are developing an employment environment where women can thrive. As metrics and targets for human resource development and internal environment improvement, including ensuring diversity of human resources, we have established and are promoting the following.

Female ratio among administrative and technical position hires: Target (end of March 2026) 30% or more
Actual (end of March 2026) 32.4%

Please note that the above targets are set on a non-consolidated basis. The reason for setting targets on a non-consolidated basis is that domestic subsidiaries have a small number of applicable employees, and overseas subsidiaries operate in diverse labor environments across different countries, making it difficult to establish uniform targets.

Information on our initiatives related to climate change and human resources is disclosed in the Mid-Term Management Plan "T.RAD-2026" and the Sustainability Report on our corporate website.

*Mid-Term Management Plan T.RAD-2026: <https://www.trad.co.jp/images/library/File/IR/2026/trad-2026.pdf>

*Sustainability Mid-Term Plan: Sustainability Report

https://www.trad.co.jp/databox/data.php/sustainability-report_ja/code

(Note) Forward-looking statements in this report are based on certain assumptions that our group considers reasonable as of the date of submission of the securities report.

Actual results may differ materially from the forecast depending on a range of factors.

3. Business and Risks

The following describes the principal matters regarding risks in executing the Group's strategies, business operations, and other activities that could have a material impact on investor decisions. The Group has established "Basic Risk Management Regulations" and has built a management system to appropriately recognize, evaluate, and manage not only natural disasters and fires but also significant risks related to the company's survival.

Forward-looking statements in this section are based on judgments made by the Group as of the submission date of this securities report.

(1) Overseas Business Operations

The Group's customers, primarily in the automotive industry, are advancing globalization to respond to new markets and reduce costs. To address this, the Group is actively expanding overseas operations, with presence in the United States, Europe, Asia, and China.

On the other hand, overseas operations inherently involve the following risks:

- 1) Unpredictable changes in laws and regulations, including tariff systems
- 2) Political instability factors
- 3) Difficulty in securing and training personnel
- 4) Disruptions caused by terrorism, war, epidemics, etc.
- 5) Deterioration of profitability or occurrence of losses due to fluctuations in exchange rates

If these risks materialize, they may affect the Group's operating results and financial position.

(2) Economic Conditions

Demand for the Group's products may be affected by economic conditions in the countries or regions where the Group sells its products. Therefore, economic downturns and subsequent demand decreases in Japan as well as major markets such as the United States, Europe, Asia, and China may affect the Group's operating results and financial position. In particular, sales volumes of heat exchangers for construction and industrial machinery fluctuate significantly depending on economic conditions. However, the Group's production facilities and personnel are prepared for increases in sales volume, so a significant decrease in sales volume would have a major impact on the Group's operating results and financial position.

(3) Dependence on OEM (*) Products

The Group's sales are highly dependent on OEM products. Therefore, poor performance of customer companies such as automobile manufacturers and construction/industrial machinery manufacturers, price discounts, and changes in procurement policies may have a significant impact on the Group's operating results and financial position. Additionally, in OEM transactions, it is difficult to determine management strategies such as business withdrawal solely from the Group's own perspective, and continuing unprofitable businesses may have a significant impact on the Group's operating results and financial position.

(*) Original Equipment Manufacturer

(4) Occurrence of Disasters

The Group has business locations both in Japan and overseas, and is advancing the establishment of a BCM (Business Continuity Management) system to prepare for business continuity in the event of natural disasters such as earthquakes, typhoons, and floods, as well as epidemics caused by new viruses. However, if disasters exceed expectations and cause significant impacts on physical and human resources, or production interruptions due to disruption of lifelines and transportation routes, the Group's operating results and financial position may be significantly affected. Additionally, even if the impact of disasters does not directly significantly affect the Group, if it significantly affects our business partners, the Group may also be forced to interrupt production, which may have a significant impact on the Group's operating results and financial position.

(5) Increases in Raw Material Prices

The main raw materials purchased by the Group are non-ferrous metals such as aluminum and copper, and these purchase prices carry the risk of fluctuation due to non-ferrous metal market conditions and exchange rates. While some customers allow the Group to pass on increased purchase prices to sales prices, there are also customers where this is not possible or only partial pass-through is achieved. Additionally, there is a time lag between when purchase prices rise and when they are passed through, and the risk of rising raw material prices may affect the Group's operating results and financial position.

Regarding passing on cost increases in electricity, logistics, and labor costs to sales prices, this requires individual negotiations with customers, and there are cases where pass-through is not possible. If these cost

increases cannot be absorbed through improved production efficiency and rationalization, the Group's operating results and financial position may be affected.

(6) Supply Chain Disruption

The Group procures raw materials and parts from multiple suppliers. While stable transactions with suppliers are assumed, shortages of raw materials and parts may occur due to sudden accidents at suppliers, production stoppages or delivery delays caused by the spread of infectious diseases, and logistics network problems, which may disrupt the Group's production. Additionally, if automobile manufacturers and other customers of the Group experience disruptions in the supply of semiconductors and other key components from suppliers other than the Group, production cuts by automobile manufacturers may affect the Group's production. In such cases, production interruptions, increased raw material procurement costs, and increased logistics costs may have a significant impact on the Group's operating results and financial position.

(7) Quality Defects

The Group considers maintaining and improving quality as the most important issue and aims to build a global quality assurance system. We are promoting activities such as quality assurance in our own processes and learning from past defects to avoid repeating failures, and we are striving to produce products with a thorough system in place. However, in the unlikely event that unexpected quality defects occur in major products, the Group's operating results and financial position may be significantly affected.

(8) Capital Investments

In the Group, capital investment amounts are substantial because new capital investments are required for new model development and other purposes. While we are implementing activities to control capital investment amounts through standardization of equipment, a certain level of capital investment is necessary from the perspective of ensuring certain quality standards. Therefore, if expected profits cannot be secured due to sales decline in businesses where substantial capital investments have been made, significant impairment losses may occur, which may have a significant impact on the Group's operating results and financial position.

To control this risk, the Group conducts risk assessments through investment recovery analysis at the time of new investments and monitors investment recovery performance.

(9) Risks from Climate Change

Climate change risks affecting the Group's business include transition risks to a decarbonized society and physical risks. The main transition risk is that sales may decrease if our products cannot adequately respond to fuel efficiency and emission regulations and the expansion of electrification. As for physical risks, the increasing severity and frequency of extreme weather events such as floods may disrupt production activities through factory shutdowns and supply chain disruptions.

To address these risks, the Group has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) and is conducting specific scenario analyses related to climate change.

(10) Information Security

The Group uses various information technology systems for operational efficiency and is strengthening countermeasures against external cyberattacks (intrusion prevention and detection) as well as awareness and education for employees against such attacks. However, in the unlikely event of leakage or loss of confidential information due to external cyberterrorism or computer virus intrusion, it may disrupt the continuity of operations such as production and have a significant impact on the Group's operating results and financial position.

4. Management's Discussion and Analysis of Financial Position, Results of Operations and Cash Flows

(1) Overview of Business Performance

1) General Overview

This consolidated fiscal year was marked by being affected by U.S. tariff policies and responding to rising trade costs. As the soft landing of mutual tariffs between Japan, the U.S., and other countries progressed and customers' understanding of tariff burdens advanced, the initially anticipated downward pressure on business performance resulted in limited impact. The global interest rate environment has remained higher than expected in the United States, Europe, ASEAN, and other regions, and recently there have been whispers of the risk of inflation resurgence. Additionally, the Chinese economy continues to show a trend of slowing growth rates. Turning to geopolitical risks, international tensions have become particularly pronounced in the Middle East region, with increasing impacts on the business environment including effects on resource prices, supply chain disruptions, and continued yen depreciation trends.

Regarding business performance for the fiscal year ending March 2026, the Group's net sales (on a foreign currency basis) increased year-on-year in Japan, Europe, and Asia regions, and decreased year-on-year in the United States and China regions. Operating income increased year-on-year due to improved profitability in Japan and the United States regions.

As a result, net sales for the current consolidated fiscal year increased by 3,042 million yen compared to the previous year to 162,278 million yen (up 1.9%), operating income increased by 3,932 million yen to 11,249 million yen (up 53.8%), and ordinary income increased by 4,277 million yen to 12,378 million yen (up 52.8%). Net income attributable to owners of parent increased by 4,514 million yen to 8,765 million yen (up 106.2%).

2) Segment Overview

The status by segment is described in "(2) Analysis and Discussion from Management's Perspective on Results of Operations 1) Analysis of Financial Position and Results of Operations for the Current Consolidated Fiscal Year (i) Analysis of Changes in Net Sales and Operating Income."

3) Cash Flow

Cash Flow is described in "(2) Analysis and Discussion of Business Results from Management's Perspective 2) Analysis and Discussion of Cash Flow and Status of Capital Resources and Liquidity (i) Analysis of Cash Flow."

4) Production, Orders, and Sales Performance

(i) Production Performance

Production by segment for the fiscal year under review is as follows.

(Millions of yen)				
Segment Name	End of previous fiscal year Production	Current fiscal year Production	Change	Percentage change (%)
Japan	67,687	69,339	1,651	2.4%
U.S.A	44,700	43,791	-909	-2.0%
Europe	4,858	5,683	825	17.0%
Asia	22,174	24,239	2,065	9.3%
China	15,381	13,318	-2,062	-13.4%
Reportable segments total	154,802	156,372	1,569	1.0%
Other	303	322	18	6.1%
Total	155,106	156,694	1,588	1.0%

(Note) 1. Amounts are based on selling prices.

2. The "Other" category consists of business segments not included in reportable segments, including the business activities of domestic subsidiaries engaged in transportation and other businesses.

(ii) Order Status

The Group primarily receives production plans from each delivery destination and, based on these plans, formulates production plans taking into account the Group's production capacity, and conducts build-to-forecast production.

(iii) Sales Performance

Sales by segment for the fiscal year under review are as follows.

(Millions of yen)

Segment Name	Previous consolidated fiscal year Sales	Current consolidated fiscal year Sales	Change	Percentage change (%)
Japan	71,948	74,712	2,763	3.8%
U.S.A	44,484	43,946	-538	-1.2%
Europe	4,874	5,667	792	16.3%
Asia	22,087	24,299	2,211	10.0%
China	15,535	13,330	-2,205	-14.2%
Reportable segments total	158,931	161,955	3,023	1.9%
Other	303	322	18	6.1%
Total	159,235	162,278	3,042	1.9%

(Note) 1. Sales to major clients and ratio to total sales are shown below.

Client	Previous consolidated fiscal year (From April 1, 2024 To March 31, 2025)		Current consolidated fiscal year (From April 1, 2025 To March 31, 2026)	
	Sales (Millions of yen)	Ratio (%)	Sales (Millions of yen)	Ratio (%)
Toyota Motor Corporation	17,827	11.2	19,000	11.7

(Note) 2. An overview of product sales by application is as follows.

Sales by Application	Previous consolidated fiscal year		Current consolidated fiscal year		Change	
	(Millions of yen)	Percentage of total (%)	(Millions of yen)	Percentage of total (%)	(Millions of yen)	Percentage change (%)
Automotive	127,461	80.0	130,271	80.3	2,810	2.2
Construction and industrial machinery	27,056	17.0	27,518	17.0	461	1.7
Air conditioning equipment	2,630	1.7	2,514	1.5	-115	-4.4
Other	2,086	1.3	1,973	1.2	-113	-5.4
Total	159,235	100.0	162,278	100.0	3,042	1.9

(2) Analysis and Discussion of Business Results from Management's Perspective

Forward-looking statements in this section are based on judgments of the Group as of June 5, 2026, the date on which the Securities Report was submitted.

1) Analysis of Financial Position and Business Results for the Fiscal Year under Review

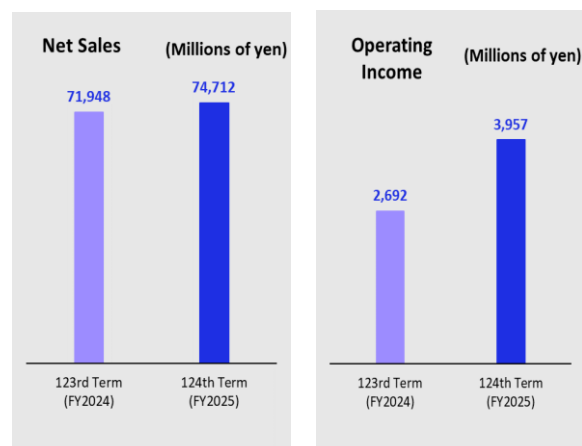
(i) Analysis of Changes in Net Sales and Operating Income

The factors for changes in net sales and operating income by segment are as follows.

• Japan

Sales for both automotive and construction and industrial machinery increased compared to the same period of the previous year due to increased orders. As a result, sales in this segment increased by ¥2,763 million compared to the same period of the previous year, to ¥74,712 million.

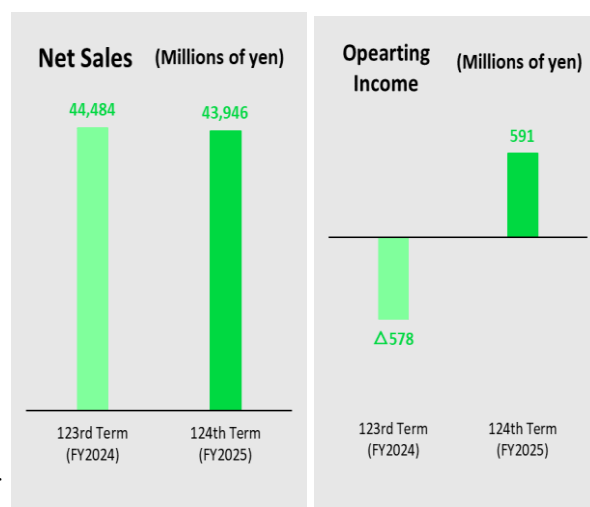
Operating income increased by ¥1,264 million compared to the same period of the previous year to ¥3,957 million, due to increased sales.



• U.S.A

Sales for automotive increased compared to the same period of the previous year due to increased orders, while sales for construction and industrial machinery decreased compared to the same period of the previous year due to decreased orders. As a result, sales in this segment decreased by ¥538 million compared to the same period of the previous year to ¥43,946 million, representing a decrease of 0.2% on a foreign currency basis.

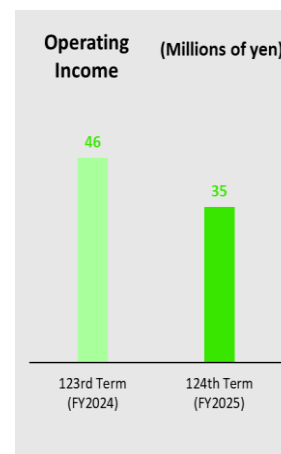
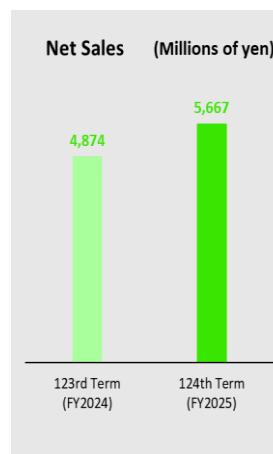
Operating income improved by ¥1,169 million compared to the same period of the previous year to ¥591 million, as profitability improved due to increased productivity from the progress of the production transfer project.



- Europe

Sales for automotive increased compared to the same period of the previous year due to increased orders. As a result, sales in this segment increased by ¥792 million compared to the same period of the previous year to ¥5,667 million. On a foreign currency basis, this represented an increase of 0.2%.

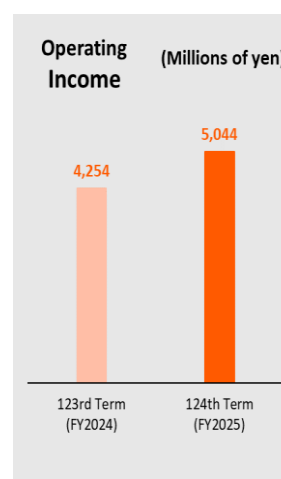
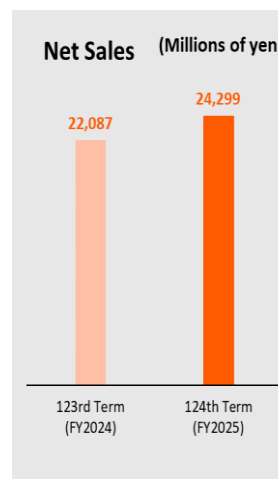
Operating income decreased by ¥11 million compared to the same period of the previous year to ¥35 million due to rising costs.



- Asia

Sales for automotive increased compared to the same period of the previous year due to increased orders. As a result, sales in this segment increased by ¥2,211 million compared to the same period of the previous year, to ¥24,299 million. On a foreign currency basis, this represented an increase of 8.1%.

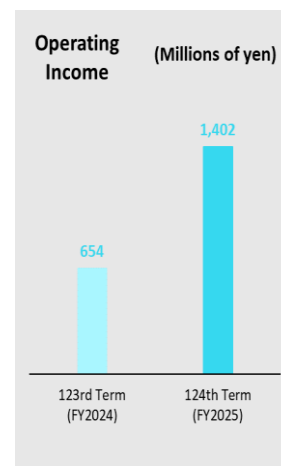
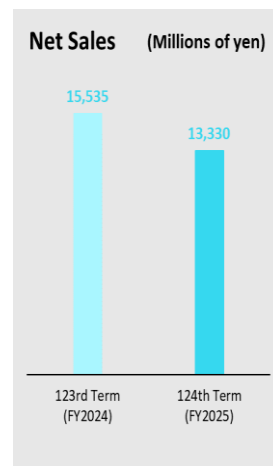
Operating income increased by ¥790 million compared to the same period of the previous year to ¥5,044 million, due to increased sales.



- China

Sales for automotive decreased compared to the same period of the previous year due to decreased orders, while construction and industrial machinery sales increased compared to the same period of the previous year due to increased orders. As a result, sales in this segment decreased by ¥2,205 million compared to the same period of the previous year to ¥13,330 million. On a foreign currency basis, this represented a decrease of 17.4%.

Operating income increased by ¥747 million compared to the same period of the previous year to ¥1,402 million, due to decreased market claim expenses.



(ii) Analysis of Changes in Net Income Attributable to Owners of Parent

As described in the segment overview above, the Group's operating income for the fiscal year under review was ¥11,249 million (an increase of ¥3,932 million compared to the previous year). In contrast, non-operating income and expenses, extraordinary income and losses, income taxes, and net income attributable to non-controlling interests increased by ¥582 million compared to the previous year, resulting in net income attributable to owners of parent increasing by ¥4,514 million compared to the previous year to ¥8,765 million.

(Factors for Changes in Non-operating Income and Expenses, Extraordinary Losses, and Income Taxes)
(Millions of yen)

Item (Loss)	Previous consolidated fiscal year (Fiscal year ended March 2025)	Current consolidated fiscal year (Fiscal year ended March 2026)	Change	Main factors
Operating Income	7,316	11,249	3,932	
Foreign exchange gains	6	58	51	Increase in foreign exchange gains due to yen depreciation.
Interest expense	-407	-247	160	Decrease in interest expense due to reduced borrowings by U.S. subsidiary.
Other non-operating income and expenses	1,185	1,318	132	Increase in miscellaneous income.
Gain on sales of noncurrent assets	12	33	20	Due to sale of company housing.
Impairment loss	-303	-174	128	Decrease in impairment loss at U.S. subsidiary.
Loss on disposal of tangible fixed assets	-1,217	-56	1,160	Due to disposal of software in progress resulting from review of development policy in the previous period.
Loss on sales of noncurrent assets	-11	-37	-26	Increase in loss on sales of noncurrent assets.
Gain on sales of investment in securities	-	460	460	Sales of held shares.
Income taxes-Current	-2,423	-3,641	-1,218	Increase in tax expenses due to increased withholding taxes on dividends from overseas subsidiaries.
Income taxes-deferred	102	-188	-290	Increase in deferred tax liabilities due to increased retained earnings of affiliated companies.
Profit attributable to non-controlling interests	-11	-9	1	-
Profit attributable to owners of parent	4,250	8,765	4,514	

(iii) Objective Indicators for Assessing Achievement of Management Policies, Management Strategies, and Other Management Objectives

The Group launched the Medium-term Management Plan "T.RAD-2025" from fiscal 2025. The achievement status for the fiscal year ended March 2026 is shown in the table below. Net sales achieved the target, and both ordinary profit margin and ROE improved significantly, achieving the targets. The Group has formulated medium-term management plans every four years and managed progress, but due to the rapid pace of changes in the industry and environment, discrepancies arise between environmental conditions and the assumptions of the medium-term plan within the four-year period. To address this issue, going forward we will review management strategies and management targets annually toward our long-term goals for fiscal 2030 (Net sales of ¥200 billion, ROE of 15%, PBR of 1x), and formulate management targets on an annual basis. With the end of fiscal 2025 and the start of fiscal 2026, we have formulated a new Medium-term Management Plan "T.RAD-2026." We have revised management targets toward our long-term goals for fiscal 2030 (Net sales of ¥200 billion, ROE of 20%, Market capitalization of ¥100 billion).

Indicator	Fiscal year ended March 2026 (Actual)	Fiscal year ended March 2026 (Medium-term Plan)
Net sales (Achievement ratio)	162,278 Millions of yen (115.9%)	140,000 Millions of yen
Ordinary income ratio (Achievement ratio)	7.6% (253.3%)	3.0%
ROE (Achievement ratio)	17.2 (400.0%)	4.3

(iv) Analysis of Financial Position

	(Millions of yen)			
	Previous consolidated fiscal year	Current consolidated fiscal year	Change	Percentage change (%)
Total current assets	61,419	58,790	-2,629	-4.3
Total noncurrent assets	36,067	40,934	4,867	13.5
Total assets	97,486	99,725	2,238	2.3
Total liabilities	48,742	46,654	-2,087	-4.3
Total Equity	48,744	53,070	4,325	8.9
Equity Ratio	49.9%	53.2%	3.3%	

- Total assets

Total assets increased by ¥2,238 million from the end of the previous fiscal year to ¥99,725 million, due to increases in tangible fixed assets and retirement benefit assets.

- Total liabilities

Total liabilities decreased by ¥2,087 million to ¥46,654 million, due to decreases in accounts payable and electronically recorded obligations.

- Total Equity

Total net assets increased by ¥4,325 million to ¥53,070 million, due to increases in retained earnings and remeasurements of defined benefit plans.

1) Analysis and Discussion of Cash Flow and Status of Capital Resources and Liquidity

(i) Analysis of Cash Flow

(Millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year	Change
Cash flows from operating activities	7,563	12,558	4,995
Cash flows from investing activities	-6,473	-7,204	-731
Free cash flows	1,089	5,353	4,263
Cash flows from financing Activities	-6,947	-5,869	1,078
Cash and cash equivalents at end of year	15,698	15,560	-137

Cash and cash equivalents at the end of the fiscal year under review totaled ¥15,560 million, a decrease of ¥137 million (0.9%) compared with the end of the previous fiscal year (beginning balance).

The cash flow status for the fiscal year under review and changes in cash flows compared to the previous fiscal year are as follows.

- Cash flows from operating activities

Net cash provided by operating activities for the fiscal year under review was ¥12,558 million, an increase of ¥4,995 million compared to ¥7,563 million in the previous fiscal year, due to increased income before income taxes and minority interests and decreased trade receivables.

- Cash flows from investing activities

Net cash used in investing activities for the fiscal year under review was ¥7,204 million, a decrease of ¥731 million compared to ¥6,473 million used in the previous fiscal year, due to acquisition of tangible fixed assets.

- Cash flows from financing activities

Net cash used in financing activities for the fiscal year under review was ¥5,869 million, an increase of ¥1,078 million compared to ¥6,947 million used in the previous fiscal year, due to acquisition of treasury stock and dividend payments.

(ii) Financial Policy

- The Group aims to maintain a sound financial position while balancing investment in growth areas with shareholder returns. To improve PBR, we will strive to achieve both improved ROE and a sound financial position, aiming for optimal financial leverage.
- Regarding financing, we aim to procure funds through the most advantageous means from a comprehensive perspective, and currently, borrowings from financial institutions are the primary source. In addition, surplus funds from overseas subsidiaries are consolidated at the Company through dividends and other means, and then appropriately redistributed according to the funding needs of each subsidiary.

(iii) Funding requirements and procurement

- Investment by the Group will include growth investments to further strengthen the Company's competitiveness (technological capabilities and productivity) such as electrification, DX, and environmental measures, as well as strategic investments including construction of new plants, M&A, and new businesses. For the procurement of these investment funds, we plan to appropriately utilize internal funds, borrowings from financial institutions, and securitization of accounts receivable.

In addition, to prepare for unforeseen circumstances that may result in funding shortfalls, we will maintain financial soundness and good relationships with financial institutions, thereby maintaining a structure that enables stable, low-cost financi

Important accounting policies and estimates

The consolidated financial statements of the Group are prepared in conformity with accounting principles generally accepted in Japan. The preparation of consolidated financial statements requires estimates and judgments based on certain assumptions.

The significant accounting policies adopted in the consolidated financial statements of the Group are described in "5. Financial Information,"1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements" [Notes] (Significant matters forming the basis for preparation of consolidated financial statements). Among items requiring estimates and judgments based on certain assumptions, we believe the following significant accounting policies in particular have a material impact on financial position and operating results.

(i) Allowance for product warranties

The Group records estimated amounts based on past experience to provide for expenditures related to after-sales service for products. For individually anticipated claim expenditures, we estimate and record amounts reasonably expected to be borne by the Group, taking into account the number of units involved, repair costs per unit, and the proportion of responsibility with customers. Additionally, the allowance for product warranties is disclosed as "Significant accounting estimates" in the notes to both the consolidated financial statements and the financial statements.

5. Significant Contracts

Technology Assistance Agreements

Contracting Company: T.RAD Co., Ltd. (the Company)

Counterparty	Agreement details	Agreement term	Consideration
Indonesia PT. BATARASURA MULIA	Technology related to radiator manufacturing	From December 16, 2024 To December 15, 2029	Receipt of royalties at a fixed rate
India TATA TOYO RADIATOR Ltd.	Technology related to radiator manufacturing	From January 1, 2020 To December 31, 2026	Receipt of royalties at a fixed rate

6. Research and Development

For research and development activities during the current consolidated fiscal year, we worked on the development of new products and improvements in related fields such as automobiles, construction and industrial machinery, and fuel cells, while also engaging in basic research that forms the foundation for medium- to long-term growth.

While our main activities are conducted in Japan, we have also established R&D bases in the United States, India, and China, enabling us to develop products that satisfy the requirements of both Japanese and local manufacturers through a strengthened structure, thereby contributing to further business expansion.

Also, as part of company-wide CO2 reduction activities, we will focus on research and product development aimed at reducing the use of key materials for heat exchangers such as aluminum and resin materials, as well as recycling, in order to achieve carbon neutrality.

(1) Research and Development

1) Development of new products and improvement of existing products

- In our research and development activities, we focus primarily on environment and energy-related areas, concentrating on the development of new products and improvements in the environmentally friendly automotive and construction/industrial machinery fields.
- In the environmentally friendly automotive field, we are proceeding with the development of cooling systems for vehicle electrification including hybrid vehicles, electric vehicles, and fuel cell vehicles. This incorporates not only conventional heat exchanger technology but also our own advanced proprietary technology to achieve high performance, compact and lightweight design, and low cost.
- In the construction and industrial machinery field, we are promoting further development and improvements to meet market needs, including high-performance and high-strength heat exchangers and heat exchangers for ultra-large machinery.

We are also proceeding with development with a view toward electrification of compact construction equipment.

- Including other fields, we are proceeding with the development of products aimed at further improving performance, reducing size and weight, lowering costs, and reducing CO2 emissions across our diverse range of existing products. In addition, we continue daily improvement and development of heat exchangers that contribute to modularization of cooling systems, integration of functions, products with consideration for recyclability, and improvement of engine exhaust emissions and fuel efficiency.

2) Basic research

We are promoting basic research on materials and new processing methods, specifically research on various materials for heat exchangers, surface treatment, and brazing technologies, while particularly focusing on improving computer-based numerical analysis and fundamental evaluation technologies to enhance development efficiency and reduce the need for prototypes. Furthermore, we are conducting forward-looking research including research and development of new thermal energy conversion technology that generates electricity from heat.

3) The total number of industrial property rights as of March 31, 2026 is 211.

(2) Research and development costs are as follows:

(Millions of yen)

Segment Name	Previous consolidated fiscal year R&D Costs	Current consolidated fiscal year R&D Costs	Change	Percentage change
Japan	3,328	2,870	-458	-16.0%
U.S.A	101	54	-47	-86.5%
Europe	2	2	0	2.9%
Asia	26	24	-1	-5.5%
China	56	42	-14	-34.6%
Other	-	-	-	-
Total	3,516	2,994	-521	-17.4%

Section 3 [Status of Facilities]

1 [Overview of Capital Investments]

During the fiscal year under review, capital expenditures totaled 7,381 million yen group-wide, mainly for the heat exchanger manufacturing and sales business.

To upgrade production facilities and respond to new orders, we invested 5,476 million yen by the parent company on a non-consolidated basis in Japan, 830 million yen in the United States, 121 million yen in Europe, 721 million yen in Asia, 171 million yen in China, and 62 million yen in other regions.

2 [Status of Major Facilities]

(1) Reporting Company

Business office name Name of facility	Segment	Description of facilities	Book value (Millions of yen)						Number of employees
			Buildings and structures	Machinery, equipment, vehicles	Land (K m ²)	Lease assets	Other	Total	
Hadano Works (Kanagawa, Hadano)	Japan	Radiators productio n facilities	2,873	1,835	508 (66)	0	125	5,344	397
Nagoya Works (Aichi,Higashiura, Chita)	Japan	Radiators productio n facilities	182	1,668	254 (34)	-	151	2,257	295
Shiga Works (Shiga, Higashiomi)	Japan	Radiators productio n facilities	781	4,258	246 (114)	-	323	5,610	506
Engineering Headquarters (Aichi, Nagoya etc.)	Japan	R&D facilities	479	220	742 (29)	-	123	1,565	182

(2) Domestic subsidiaries

Name of company	Business office name Name of facility	Segment	Description of facilities	Book value (Millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment, vehicles	Land (K m ²)	Lease assets	Other	Total	
T.RAD LOGISTIC S Co., Ltd.	Head Office (Aichi,Higas hiura, Chita)	Other	Transporta tion vehicles, warehouse s, etc.	107	71	- (-)	3	5	187	94
T.RAD CONNEC T Co., Ltd.	Head Office Land(Shibu ya Ward, Tokyo)	Other	Fixtures, etc.	-	-	- (-)	-	-	-	9

(3) Overseas subsidiaries

Name of company	Business office name Name of facility	Segment	Description of facilities	Book value (Millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment, vehicles	Land (K m ²)	Lease assets	Other	Total	
T.RAD North America, Inc.	Head office plant (Kentucky, U.S.A)	U.S.A	Radiators and other production equipment	1,095	734	146 (188)	984	139	3,100	630
T.RAD (THAILAND) CO., Ltd.	Head office plant (Chachoengsao, Thailand)	Asia	Same as above	220	302	267 (29)	11	741	1,542	459
T.RAD (Zhongshan) Co., Ltd.	Head office plant (Zhongshan, Guangdong, China)	China	Same as above	-	1,406	- (-)	239	21	1,668	285
T.RAD Czech s.r.o.	Head office plant (Unhošť, Czech Republic)	Europe	Same as above	667	837	170 (34)	-	38	1,713	129
PT. T.RAD INDONESIA	Head office plant (Bekasi, Java, Indonesia)	Asia	Same as above	498	641	230 (30)	1	257	1,630	451
T.RAD (Changshu) Co., Ltd.	Head office plant (Changshu, Jiangsu, China)	China	Same as above	389	826	- (-)	67	36	1,320	80
T.RAD (VIETNAM) CO., LTD	Head office plant (Ninh Binh, Vietnam)	Asia	Same as above	110	289	- (-)	7	3	410	138
Tripac International Inc.	Head office plant (Texas, U.S.A.)	U.S.A	Same as above	26	14	- (-)	101	24	168	49
T.RAD(Qingdao) Co., Ltd.	Head office plant (Qingdao, Shandong, China)	China	Same as above	-	707	- (-)	-	9	717	224

(Note) 1. There are no major facilities currently idle.

2. In addition to the above, the following are major leased facilities from parties other than consolidated companies.

Reporting Company

Description of facilities	Annual rent or lease payments Millions of yen	Category
Head office building	39	Leased
Total	39	

3 [Plans for Facility Construction, Disposal, etc.]

Capital expenditure plans (new construction and expansion) for the one-year period following the fiscal year under review total 12,136 million yen.

(1) Plans for the construction of major new facilities are as follows.

Name of company Business office name	Name of facility	Segment	Description of facilities	Planned investment amount		Funding methods	Planned start/completion dates	
				Total (Millions of yen)	Amount paid (Millions of yen)		Start	Completion
The Company Hadano Works	Kanagawa, Hadano	Japan	Radiator and other production facilities	2,672	480	Internal funds and borrowings	January 2024	March 2027
The Company Nagoya Works	Aichi, Higashiura, Chita	Japan	Radiator and other production facilities	1,582	275	Internal funds and borrowings	April 2024	March 2027
The Company Shiga Works	Shiga, Higashiomi	Japan	Radiator and other production facilities	1,958	1,285	Internal funds and borrowings	January 2019	March 2027
T.RAD North America, Inc.	U.S.A Kentucky	U.S.A	Radiator and other production facilities	3,739	177	Internal funds and borrowings	January 2026	December 2026
PT. T.RAD INDONESIA	Indonesia Bekasi, Java, Indonesia	Asia	Radiator and other production facilities	376	42	Internal funds and borrowings	February 2026	December 2026
T.RAD (THAILAND) Co., Ltd.	Thailand Chachoengsao, Thailand	Asia	Radiator and other production facilities	294	2	Internal funds and borrowings	February 2026	December 2026
T.RAD (Changshu) Co., Ltd.	China Changshu, Jiangsu	China	Radiator and other production facilities	233	1	Internal funds and borrowings	January 2026	December 2026
T.RAD (Zhongshan) Co., Ltd.	China Zhongshan, Guangdong	China	Radiator and other production facilities	142	58	Internal funds and borrowings	November 2025	December 2026
T.RAD(Qingdao) Co., Ltd.	China Qingdao, Shandong	China	Radiator and other production facilities	128	-	Internal funds and borrowings	July 2025	December 2026
Other	-	-	-	1,012	12	Internal funds and borrowings	-	-
Total	-	-	-	12,136	2,332	-	-	-

(2) There are no plans for the disposal or sale of major facilities.

Section 4 [Status of the Reporting Company]

1 [Information on Shares]

(1) [Total Number of Shares]

1) [Total Number of Shares]

Type	Total Number of Authorized Shares(shares)
Common stock	15,000,000
Total	15,000,000

2) [Issued Shares]

Type	Number of shares issued as of the end of the fiscal year (shares) (As of 31st, March)	Number of shares issued as of the filing date (shares) (As of 5th, June)	Name of listed financial instruments exchange or registered authorized financial instruments business association	Contents
Common stock	5,900,000	5,900,000	Tokyo Stock Exchange (Prime Market)	Unit size 100 shares
Total	5,900,000	5,900,000	-	-

(2) [Status of Share Subscription Rights]

1) [Details of Stock Option Plan]

There are no items.

2) [Details of Rights Plan]

There are no items.

3) [Status of Other Share Subscription Rights]

There are no items.

(3) [Status of Exercise of Corporate Bond Certificates, etc. with Share Subscription Rights Subject to Exercise Price Adjustment]

There are no items to report.

(4) [Changes in Total Number of Issued Shares, Capital Stock, etc.]

Date	Change in total number of issued shares (shares)	Total number of shares outstanding (Shares)	Change in capital stock (Millions of yen)	Capital stock balance (Millions of yen)	Change in Capital reserve (Millions of yen)	Capital reserve balance (Millions of yen)
March 25, 2023 (Notes)	-1,668,300	6,712,411	-	8,570	-	7,331
November 24, 2023 (Notes)	-120,000	6,592,411	-	8,570	-	7,331
November 21, 2025 (Notes)	-692,411	5,900,000	-	8,570	-	7,331

(Note) Decrease due to retirement of treasury stock.

(5) [Shareholder Composition]

As of March 31, 2026

Category	Status of shares (100 shares per unit)								Status of odd lot shares (shares)
	National and local governments	Financial institutions	Financial instruments firms	Other corporations	Non-Japanese corporations, etc.		Individuals Other	Total	
					Other than individuals	Individuals			
Number of shareholders	-	12	28	109	89	9	3,257	3,504	-
Number of shares held (units)	-	7,067	2,109	26,818	5,874	19	16,722	58,609	39,100
Percentage of shares held (%)	-	12.06	3.60	45.76	10.02	0.03	28.53	100.00	-

(Note) Treasury stock of 217,327 shares consists of 2,173 units included in "Individuals and other" and 27 shares included in "Status of sub-unit shares."

(6) [Major Shareholders]

As of March 31, 2026

Name	Address	Number of shares held (thousand shares)	Percentage of shares held to total number of issued shares (excluding treasury stock) (%)
JINYA CONNECT Co., Ltd.	2-8-24 Tsurumaki-kita, Hadano, Kanagawa	2,200	38.71
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato Ward, Tokyo	452	7.95
Yamazaki Kinzoku Sangyo Co., Ltd.	1-8-11 Iwamotocho, Chiyoda Ward, Tokyo	134	2.35
T.RAD Employee Stock Ownership Association	3-25-3 Yoyogi, Shibuya Ward, Tokyo	103	1.82
Japan Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo (1-8-1 Akasaka, Minato Ward, Tokyo)	99	1.75
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo Ward, Tokyo	97	1.72
STATE STREET BANK AND TRUST COMPANY 505103	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS	63	1.11
Hiroshi Tanaka	Kaizuka, Osaka	52	0.92
Morgan Stanley Morgan Stanley MUFG Securities Co., Ltd.	1-9-7 Otemachi, Chiyoda Ward, Tokyo	48	0.85
Hiroshi Kano	Zama, Kanagawa	47	0.82
Total	-	3,299	58.05

(Note) 1. In addition to the above, there are 217 thousand shares of treasury stock.

2. Of the number of shares held above, the number of shares related to trust business is as follows.

The Master Trust Bank of Japan, Ltd. (Trust Account) 452 thousand shares

Custody Bank of Japan, Ltd. (Trust Account) 97 thousand shares

(7) [Status of Voting Rights]

1) [Issued Shares]

As of March 31, 2026

Category	Number of shares (shares)	Number of voting rights (number)	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 217,300	-	-
Shares with full voting rights (other)	Common stock 5,643,600	56,436	-
Sub-unit shares	Common stock 39,100	-	-
Total number of issued shares	5,900,000	-	-
Total voting rights of all shareholders	-	56,436	-

(Note) The number of common shares in the "Shares with full voting rights (other)" column includes 21,500 shares of the Company (215 voting rights) held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the "Stock Benefit Trust (J-ESOP)."

2) [Treasury Stock, etc.]

As of March 31, 2026

Name of owner	Address of owner	Shares owned in own name Number of shares(shares)	Number of shares owned in someone else's name (shares)	Total number of shares held (shares)	Percentage of shares held to total number of issued shares (%)
(Treasury stock) T.RAD Co., Ltd.	3-25-3 Yoyogi, Shibuya Ward, Tokyo	217,300	-	217,300	3.68
Total	-	217,300	-	217,300	3.68

(Note) The 21,500 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets for the "Stock Benefit Trust (J-ESOP)" are not included in the number of shares owned in own name above.

2 [Status of Acquisition of Treasury Stock]

[Type of Shares]

Acquisition of common stock pursuant to Article 155, Item 3 of the Companies Act and acquisition of common stock pursuant to Article 155, Item 7 of the Companies Act

(1) [Status of Acquisition by Resolution of the General Meeting of Shareholders]

There are no items to report.

(2) [Status of Acquisition by Resolution of the Board of Directors]

Category	Number of shares (shares)	Total value (yen)
Status of Resolutions at the Board of Directors Meeting (May 12, 2025) (Acquisition period May 13, 2025 to May 12, 2026)	500,000	2,000,000,000
Treasury stock acquired before the fiscal year	-	-
Treasury stock acquired during the fiscal year	375,300	1,999,905,000
Total number of remaining authorized shares and total value	-	-
Percentage unexercised as of the end of the fiscal year (%)	75.0	100.0
Treasury stock acquired during the current period	-	-
Percentage unexercised as of the filing date (%)	75.0	100.0

Category	Number of shares (shares)	Total value (yen)
Status of Resolutions at the Board of Directors Meeting (June 24, 2025) (Acquisition period June 25, 2026)	78,000	345,930,000
Treasury stock acquired before the fiscal year	-	-
Treasury stock acquired during the fiscal year	65,000	288,275,000
Total number of remaining authorized shares and total value	-	-
Percentage unexercised as of the end of the fiscal year (%)	83.3	83.3
Treasury stock acquired during the current period	-	-
Percentage unexercised as of the filing date (%)	83.3	83.3

Category	Number of shares (shares)	Total value (yen)
Status of Resolutions at the Board of Directors Meeting (September 16, 2025) (Acquisition period September 17, 2025 to April 27, 2026)	350,000	2,000,000,000
Treasury stock acquired before the fiscal year	-	-
Treasury stock acquired during the fiscal year	240,800	1,999,255,000
Total number of remaining authorized shares and total value	-	-
Percentage unexercised as of the end of the fiscal year (%)	68.8	99.9
Treasury stock acquired during the current period	-	-
Percentage unexercised as of the filing date (%)	68.8	99.9

(3) [Details of acquisitions not based on resolutions of General Shareholders' Meeting or Board of Directors]

Category	Number of shares (shares)	Total value (yen)
Treasury stock acquired during the fiscal year	888	6,116,760
Treasury stock acquired during the current period	125	1,690,560

(Note) Treasury stock acquired during the current period does not include shares acquired through purchases of shares constituting less than one unit from June 1, 2026 to the filing date of this securities report.

(4) [Status of disposition and holding of treasury stock]

Category	Current fiscal year		Current period	
	Number of shares (shares)	Total disposition value (yen)	Number of shares (shares)	Total disposition value(yen)
Treasury stock for which subscription was solicited	-	-	-	-
Treasury stock disposed of through cancellation	692,411	3,580,707,132	-	-
Treasury stock transferred through merger, share exchange, share delivery, or company split	-	-	-	-
Other (decrease due to disposition of treasury stock as restricted stock compensation)	10,848	49,738,080	-	-
Number of treasury stock held	217,327	-	217,452	-

(Note) 1. Treasury stock held during the current period does not include shares acquired through purchases of shares constituting less than one unit from June 1, 2026 to the filing date of this securities report.

2. The 21,500 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the stock benefit trust (J-ESOP) are not included in the above disposition status or the number of treasury stock held.

3 [Dividend Policy]

To improve capital efficiency and achieve long-term stable shareholder returns, the Company has introduced the consolidated dividend on equity ratio (DOE) as an indicator of shareholder returns from fiscal 2024 onwards. Based on our new medium-term management plan "T.RAD-2026," from fiscal 2026 onwards, we plan to implement shareholder returns with a target of progressive dividends with a DOE of 5% or more and a dividend payout ratio of 50% or more.

We also pay dividends from surplus twice a year, as interim and year-end dividends. The decision-making body for these dividends is the General Shareholders' Meeting for year-end dividends and the Board of Directors for interim dividends.

Regarding dividends for the current business year, an interim dividend of 160 yen per share was paid on November 28, 2025, and a year-end dividend of 400 yen per share is scheduled to be resolved at the Annual General Shareholders' Meeting to be held on June 29, 2026.

The dividends from surplus for the current business year are as follows.

Date of resolution	Total dividends (Millions of yen)	Dividends per share (yen)
November 4, 2025 Resolution of the Board of Directors	943	160
June 29, 2026 Scheduled resolution at Annual General Shareholders' Meeting	2,273	400

4. Corporate Governance

(1) Overview of Corporate Governance

1) Basic Views on Corporate Governance

The Company has established its management philosophy as “Contributing to the realization of a sustainable society that is friendly to the global environment through the provision of excellent thermal energy conversion technology and services. Pursuing the perpetual development of the Company and the happiness of customers, shareholders, employees, business partners, and local communities.” Based on this management philosophy and one of our corporate visions of becoming “a company trusted by stakeholders,” our management objective is to achieve perpetual development while enhancing corporate value. In order to enhance corporate value, we are working to establish a management control system, strengthen audit and supervisory functions related to corporate management, and improve the transparency of management activities. In particular, we regard the establishment of compliance as a corporate culture as a priority issue and are actively implementing various measures to enhance corporate governance. As one of these measures, to embody compliance, we have established and disseminated the “T.RAD Code of Conduct” as a standard for the daily activities of all employees working in the Group.

2) Status of Implementation of Corporate Governance Measures

<Corporate Governance Framework>

The Company is a company with a Board of Corporate Auditors, and has established a Board of Directors, Board of Corporate Auditors, Executive Meeting, Management Council, and Nomination and Compensation Committee.

The Board of Directors makes decisions on matters stipulated by laws and regulations and the articles of incorporation as well as important management issues, and supervises the execution of duties by directors.

The Board of Corporate Auditors audits the execution of duties by directors as well as the business execution status of the Company and its domestic and overseas subsidiaries.

The Executive Meeting deliberates on important matters related to business execution based on the management policies determined by the Board of Directors. It also conducts preliminary reviews of matters to be submitted to the Board of Directors.

The Management Council is operated as a body in which directors, corporate auditors, senior executive officers, and senior employees participate to share and discuss business execution status, important issues, and the progress of management policies based on the medium-term management plan and annual policies.

The Nomination and Compensation Committee has been established as an advisory body to the Board of Directors. The committee deliberates on matters related to the nomination of officers and officer compensation, and reports to the Board of Directors to improve the transparency and objectivity of decision-making.

The Company ensures the soundness of management and expedites decision-making by appropriately separating the management supervisory function of the Board of Directors from the business execution function of the Executive Meeting and Management Council.

The purpose, authority, and members of each body are as follows.

<Purpose and Authority of Each Body>

1) Board of Directors

Purpose: Supervision of management and decision-making on important matters

Authority: Resolution of matters stipulated by laws and regulations and articles of incorporation as well as important management matters, and supervision of the execution of duties by directors

2) Board of Corporate Auditors

Purpose: Auditing of the execution of duties by directors

Authority: Determination of audit policies, preparation of audit reports, and implementation of audits

3) Executive Meeting

Purpose: Deliberation on important matters related to business execution

Authority: Preliminary review of matters to be submitted to the Board of Directors and determination of important matters related to business execution

4) Management Council

Purpose: Sharing and discussion of business execution status and important issues

Authority: Sharing and discussion of important matters

5) Nomination and Compensation Committee

Purpose: Ensuring transparency and objectivity in officer nomination and compensation determination

Authority: Reporting to the Board of Directors

<Members of Each Body (◎ indicates chairperson, ○ indicates member)>

Position	Name	Board of Directors (Once a month)	Board of Corporate Auditors (Once a month)	Executive Meeting (Once a month)	Management Council (Once a month)	Nomination and Compensation Committee (To be held as needed)
President & CEO & COO	Tomio Miyazaki	◎		◎	◎	◎
Managing Director	Tatsuya Kikuyama	○		○	○	
Outside Directors	Yoshisada Takahashi	○			○	○
Outside Directors	Ryuichi Murata	○			○	○
Outside Directors	Tu Jinning	○			○	○
Full Time Auditor	Kosei Tamura	○	○		○	
Full Time Auditor	Satoshi Iwasaki	○	◎		○	
Outside Auditor	Mikio Endo	○	○		○	○
Outside Auditor	Hisashi Fujii	○	○		○	○
Managing Executive Officer	Yasushi Hotta	○		○	○	
Managing Executive Officer	Hirokazu Urano	○		○	○	
Managing Executive Officer	Kaoru Kinoshita	○		○	○	
Senior Employees	—				○	

In order to ensure the reliability of financial reporting, the Company is working to develop and operate an internal control system, including compliance with the internal control reporting system under the Financial Instruments and Exchange Act.

The status of development of the internal control system is as follows.

(a) System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

- We have established "Compliance Regulations" so that our directors and employees fulfill their social responsibilities as members of society and become a trusted company, and we ensure through education and training that they continue to take appropriate daily actions from the perspective of compliance with laws, corporate ethics, and internal regulations.
- We have established an Internal Audit Office as a dedicated department for internal audits, independent from business execution departments, with dedicated personnel, established internal audit regulations, prepared internal audit manuals, and verify whether internal operations comply with laws, internal regulations, etc. The Internal Audit Office reports directly to the President and maintains close cooperation with the corporate auditors.
- As one means of internal reporting and consultation system regarding compliance, we have established a dedicated "posting site" on the Internet to facilitate early detection and resolution of legal violations and compliance issues.

Article 24-4-4 of the Financial Instruments and Exchange Act enacted in June 2006, "Evaluation of systems to ensure the appropriateness of documents relating to financial calculations and other information" (the so-called J-SOX Act), has been applied to the Company from the fiscal year ended March 2009. The basic policies that management should establish, including the responsibilities of management and subordinate officers responsible for building internal controls and company-wide management systems, were resolved at the Board of Directors meeting in March 2008 and codified as internal regulations under the "T.RAD Basic Policy on Internal Control," and we are striving to ensure the reliability of financial reporting.

(b) Matters concerning the preservation and management of information relating to the execution of duties by directors

- From the perspective of protecting minutes of Board of Directors meetings and other management meetings, important information, and important information concerning our stakeholders such as shareholders, customers, and suppliers, we prevent information leaks in accordance with the "Important Information Management Guidelines."
 - We have established "Document Management Regulations" for important documents relating to the execution of duties (including electronic media), and organize, store, preserve, and dispose of them according to the methods prescribed therein.
- (c) Regulations and other systems concerning risk management of losses
- We have established "Basic Risk Management Regulations" to appropriately recognize and evaluate not only natural disasters and fires but also significant risks related to the Company's survival, and have established a management system to appropriately manage those risks. Regarding the crisis management system in the event of natural disasters or fires, we have established "Business Continuity Operation Guidelines" from the perspective of ensuring business continuity, and we appropriately respond to crises in accordance with these regulations. Regulations are newly established or revised as needed.
 - The Internal Audit Office verifies the effectiveness and efficiency of the risk management system as necessary.
- (d) System to Ensure Efficiency in the Execution of Directors' Duties
- The Company has established a Board of Directors, Executive Meeting, and Management Council, and operates them according to their respective purposes and authorities to ensure efficiency in the execution of directors' duties.
 - In addition, management reviews are held twice a year with standing directors and senior executive officers as members to confirm the deployment status of management policies and the achievement status of business execution.
 - Regarding business operations, considering the future business environment, we formulate target values for the Company and each subsidiary as medium-term management plans and annual policies and budgets, and manage performance based on these.
 - The Internal Audit Office verifies the effectiveness and efficiency of business execution as necessary and makes recommendations for improvement.
- (e) System to ensure the appropriateness of business operations of the corporate group consisting of the Company, its parent company, and subsidiaries
- We hold a "Policy Briefing" once a year, and twice a year, we conduct management reviews of operations with our standing directors and managing executive officers as evaluators, establishing a system for reporting and evaluating domestic and overseas business performance and approving plans.
 - To ensure that the entire Group fulfills its social responsibilities and becomes a trusted group, we have established the T.RAD Code of Conduct in the "T.RAD HAND BOOK" as guidelines applicable to the entire Group, and are working to share and instill it throughout the Group.
 - We have established "Group Company Management Regulations" and "T.RAD Group Approval Authority Regulations," and based on these, we manage subsidiaries and ensure the appropriateness of operations.
 - The Internal Audit Office, in cooperation with the relevant departments of each subsidiary as necessary, verifies the compliance of each subsidiary's operations with laws and regulations and the effectiveness and efficiency of operations.
 - To ensure the appropriateness of operations of the Group, the Company requires important subsidiaries to establish the following systems and provides necessary guidance and advice.
- (i) Each subsidiary has established basic policies for risk management and has developed appropriate information communication and emergency systems according to risks. Each subsidiary has also established regulations for business continuity, emergency response, and disaster prevention drills in preparation for natural disasters such as major earthquakes and fires, and responds appropriately in the event of a crisis.
- (ii) Each subsidiary has established a "Code of Conduct and Ethics," conducts education and training to ensure compliance with laws, corporate ethics, and internal regulations and appropriate behavior, and ensures thorough awareness of compliance. In addition, each subsidiary has established an internal audit system, internal reporting system, and other systems appropriate to each company to ensure compliance, and takes appropriate corrective measures when situations contrary to this arise.

- (iii) Each subsidiary has established its own job authority regulations, approval regulations, etc., to ensure transparency and efficiency in decision-making and business execution. In addition, each subsidiary has established a system to monitor the progress of the Company's management policy, medium-term plan, and annual policies formulated based thereon, and the representative directors of each subsidiary conduct regular reviews.
- (iv) Each subsidiary has established guidelines for the management of important information, and appropriately manages minutes and other records of various meetings related to the operations of each subsidiary, as well as important information (including important information concerning stakeholders of each subsidiary), thereby preventing information leaks and other incidents.

The Company, based on the "Group Company Management Regulations," receives regular reports on business conditions while respecting the autonomy of subsidiaries, and conducts prior consultations on important matters.

When fraudulent acts, material facts that violate laws, the articles of incorporation or internal regulations, or other facts that may cause significant damage to the subsidiary or the Company Group are discovered at a subsidiary, a system has been established whereby directors or employees of the subsidiary immediately report to the Company, and those who receive such reports immediately report the facts to the corporate auditors.

Each subsidiary has established a reporting system to ensure that directors or employees of subsidiaries who make reports as described in the preceding paragraph do not suffer any disadvantage as a result.

- (f) System regarding employees who assist corporate auditors in their duties when corporate auditors request the assignment of such employees

When requested by corporate auditors, corporate auditors' support staff shall be assigned to assist the corporate auditors in their duties, and the necessity and personnel matters thereof shall be determined through consultation between directors and corporate auditors. At present, there are no employees assigned to assist the corporate auditors in their duties.

- (g) Matters concerning the independence from directors of employees who assist corporate auditors in their duties
Corporate auditors' support staff shall not hold a post or engage in any activity related to the execution of business operations.

Matters concerning personnel affairs such as transfers of corporate auditors' support staff shall be subject to prior consultation with the corporate auditors.

- (h) Structure for Reporting to Corporate Auditors by Directors and Employees and Other Matters relating to Reporting Procedures to Corporate Auditors

Directors shall immediately report to corporate auditors in accordance with laws and regulations when they discover facts that may cause significant damage to the Company. In addition, corporate auditors may request reports from directors and employees at any time as necessary.

Persons who have reported to corporate auditors shall not be subject to disadvantageous treatment in terms of transfers, personnel evaluations, disciplinary actions, etc., on the grounds of having made such reports.

Corporate auditors attend important meetings such as the Board of Directors meetings, and monitor the process of important decision-making and the status of business execution.

- (i) Other systems to ensure that auditing by corporate auditors is conducted effectively

Corporate auditors maintain close cooperation with the Internal Audit Office, a department closely related to the development of internal control systems, in order to conduct effective audits.

Corporate auditors may receive advance payment or reimbursement from the Company for expenses incurred in the execution of their duties.

Outside Corporate Auditor Yasutaka Oba is a certified public accountant and a corporate auditor with knowledge of finance and accounting.

Temporary Corporate Auditor Hisashi Fujii is a certified public accountant and a corporate auditor with knowledge of finance and accounting.

(j) System to ensure that the execution of duties by directors conforms to laws and regulations and the articles of incorporation and other systems to ensure appropriate business operations - Overview of operating status

- Initiatives to ensure efficiency in the execution of duties

The Company holds Board of Directors meetings once a month to ensure that the duties of directors are executed efficiently. In addition, to establish the Company's overall management policy and decide on important matters, the Executive Committee meets in principle once a week for discussions among relevant parties. Furthermore, the Management Council meets once a month to share the status of business execution, important matters, and issues among relevant parties.

Management reviews are conducted twice a year to confirm whether policies and other business progress and development are proceeding appropriately.

In order to improve the functions of the Board of Directors, an evaluation and verification of the effectiveness of the Board of Directors in the current fiscal year was conducted. As a result, the Company's Board of Directors was evaluated as being generally appropriately operated in terms of composition, operation, and roles and responsibilities. We will continue to strive to improve the quality of deliberations at the Board of Directors.

- Initiatives to ensure appropriate business operations at subsidiaries

To ensure that business operations at subsidiaries are conducted appropriately, the Company's internal audit department takes the lead in conducting audits, verifying and reviewing the governance system, and developing the system.

- Initiatives for compliance

We are working to raise compliance awareness by communicating messages about the importance of compliance to our officers and employees, as well as conducting compliance training and monitoring.

In addition, through meetings for promoting compliance, we discuss various related matters such as thorough dissemination of information to all parties, discussion of improvement items, and consideration of revisions to regulations and guidelines, and are working to raise awareness and build systems.

- Initiatives to ensure the effectiveness of corporate auditor audits

The Company's corporate auditors attend the Company's Board of Directors meetings, receive reports on important matters, and directly confirm the status of business execution by conducting hearings with directors and officers.

3) Number of Directors

The Company's articles of incorporation stipulate that there shall be a maximum of 15 directors.

4) Details and Overview of Liability Limitation Agreements

The Company has entered into agreements with outside directors and outside corporate auditors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act, based on the provisions of Article 427, Paragraph 1 of the Companies Act, pursuant to a resolution at the 112th Annual General Meeting of Shareholders held on June 26, 2014.

Under these agreements, the maximum amount of liability for damages for outside directors is the minimum amount stipulated by law, and the same applies to outside corporate auditors. This limitation of liability is applicable only when the outside director or outside corporate auditor acted in good faith and without gross negligence in the performance of duties that caused the liability.

5) Details and Overview of Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract with an insurance company based on the provisions of Article 430-3, Paragraph 1 of the Companies Act, and litigation costs and damages arising from third-party lawsuits, shareholder derivative lawsuits, and company lawsuits involving insured persons including the Company's directors are covered by this insurance contract (excluding cases where actions were taken with knowledge of legal violations). The full amount of the insurance premium for this contract is borne by the Company.

6) Acquisition of Treasury Stock

To permit more flexible capital strategies in response to changing business conditions, the Company's articles of incorporation stipulate that the Company may acquire treasury stock through market transactions by resolution of the Board of Directors, pursuant to the provisions of Article 165, Paragraph 2 of the Companies Act.

7) Requirements for Special Resolutions at General Meetings of Shareholders

To facilitate the smooth conduct of general meetings of shareholders by relaxing the quorum requirements for special resolutions at general meetings of shareholders, the Company's articles of incorporation stipulate that resolutions provided for in Article 309, Paragraph 2 of the Companies Act shall be adopted by at least two-thirds of the voting rights of shareholders present, where shareholders holding at least one-third of the voting rights of shareholders entitled to exercise their voting rights are present.

8) Method of Resolution for Election of Directors

The articles of incorporation stipulate that resolutions for the election of directors shall be adopted by a majority of the voting rights of shareholders present, where shareholders holding at least one-third of the voting rights of shareholders entitled to exercise their voting rights are present, and that cumulative voting shall not be used.

9) Decision-Making Body for Interim Dividends

For the purpose of providing flexible returns of profits to shareholders, the Company's articles of incorporation stipulate that interim dividends may be paid by resolution of the Board of Directors with September 30 of each year as the record date.

10) Activities of the Board of Directors

In the current fiscal year, the Company held Board of Directors meetings once a month, for a total of 13 meetings. The attendance of individual directors is as follows.

Name	Full-time/Outside	Board of Directors Meeting Attendance for the Fiscal Year (Number of Meetings Attended/Number of Meetings Held)
Tomio Miyazaki	Full-time	13/13
Tatsuya Kikuyama	Full-time	13/13
Yoshisada Takahashi	Outside	13/13
Ryuichi Murata	Outside	13/13
Tu Jinning	Outside	13/13

Matters discussed and resolved in the current fiscal year, in addition to matters stipulated by laws and the articles of incorporation, are mainly as follows. Discussions were held in a timely and appropriate manner based on the professional perspectives of attendees, in response to domestic and international, as well as internal and external circumstances.

Management Strategy	Update of me-term management plan, formulation of annual business plan, risk recognition and response
Personnel, Remuneration, and Governance	Executive personnel, subsidiary personnel, remuneration, revision of regulations, audit reports
Shareholder Returns and Financing Related	Shareholder returns, subsidiary borrowings, subsidiary capital increases, acquisition of treasury stock
Individual Matters	Consideration of measures to improve profitability of U.S. business, sustainability-related matters, establishment and revision of basic policies

11) Activities of the Nomination and Compensation Committee

In the current fiscal year, the Company held the Nomination and Compensation Committee 3 times, and the attendance of each member is as follows.

Position	Name	Full-time/Outside	Nomination and Compensation Committee Attendance for the Fiscal Year (Number of Meetings Attended/Number of Meetings Held)
President & CEO & COO	Tomio Miyazaki	Full-time	3/3
Directors	Yoshisada Takahashi	Outside	3/3
Director	Ryuichi Murata	Outside	3/3
Director	Tu Jinning	Outside	3/3
Corporate Auditors	Yasutaka Oba	Outside	2/2 (Note 1)
Corporate Auditor	Mikio Endo	Outside	3/3
Temporary Corporate Auditor	Hisashi Fujii	Outside	1/1 (Note 2)

(Note) 1. The attendance shown for Mr. Yasutaka Oba is the number of meetings attended until his passing and retirement in October 2025.

2. Following the resignation of Mr. Yasutaka Oba as Audit & Supervisory Board Member due to his passing, an application for the appointment of a temporary Audit & Supervisory Board Member was filed with the Tokyo District Court. As a result, Mr. Hisashi Fujii was appointed as a temporary Audit & Supervisory Board Member effective January 5, 2026, and assumed the position. Accordingly, his attendance record at the Nomination and Remuneration Committee meetings held after his appointment is shown.

The Committee deliberates and resolves on matters such as revisions to the policy for determining officer remuneration and revisions to remuneration.

(2) [Management Status]

1) Board of Directors

1. The status of officers as of June 5, 2026 (the date of filing of the securities report) is as follows.

8 males, 1 female (ratio of female officers: 11%)

Position	Name	Date of Birth	Brief Personal History	Term Notes 6	Shares Held (100 shares)
President & CEO & COO	Tomio Miyazaki	Born September 16, 1977	<p>Apr. 2002 Joined Honda Motor Co., Ltd.</p> <p>Aug. 2002 Joined Wako Fundamental Technology Research Center of Honda R&D Co., Ltd.</p> <p>Oct. 2009 Joined Jinya Co., Ltd. as Representative Director & President</p> <p>Apr. 2012 Founded Jinya Connect Co., Ltd. as Representative Director & CEO</p> <p>Jun. 2014 Appointed Outside Director of T.RAD Co., Ltd.</p> <p>Jun. 2017 Appointed Director in charge of Business Planning Department of T.RAD Co., Ltd.</p> <p>Apr. 2018 Founded T.RAD Connect Co., Ltd. as Director</p> <p>Jun. 2018 Appointed Representative Director, President & COO of T.RAD Co., Ltd.</p> <p>Mar. 2019 Appointed Representative Director & President of T.RAD Connect Co., Ltd. (current role)</p> <p>Jun. 2022 Appointed Representative Director, President, CEO & COO of T.RAD Co., Ltd. (current role)</p> <p>Nov. 2023 Appointed Director & Owner of Jinya Connect Co., Ltd. (current role)</p>	C	322
Managing Director in charge of Sales and Technology General Manager of Sales and Technology Division	Tatsuya Kikuyama	Born January 29, 1964	<p>Apr. 1986 Joined Toyo Radiator Co., Ltd. (currently the Company)</p> <p>Apr. 2006 General Manager of Heat Exchanger Designing Dept., Construction & Industrial Machine Group Product Development Center of the Company</p> <p>Apr. 2012 President of T.RAD North America, Inc.</p> <p>Jan. 2015 Deputy General Manager of Sales/Marketing and Technical Division (in charge of Technical) of the Company</p> <p>Jan. 2016 General Manager of Sales/Marketing and Technical Division (in charge of Technical) [supervising Development] of the Company</p> <p>Apr. 2018 Executive Officer Deputy General Manager of Sales/Marketing and Technical Division (in charge of Sales) of the Company</p> <p>Apr. 2020 Managing Executive Officer Supervising Sales/Marketing General Manager of Sales/Marketing Division of the Company</p> <p>Jan. 2024 Managing Director Supervising Sales/Marketing and Technical General Manager of Sales/Marketing Division, General Manager of Technical Division of the Company (current role)</p> <p>Jun. 2024 Director and Managing Executive Officer Supervising Sales/Marketing and Technical General Manager of Sales/Marketing Division, General Manager of Technical Division of the Company (current role)</p> <p>Jun. 2026 Supervising Quality and General Manager of Quality Division of the Company (current role)</p>	C	133

Position	Name	Date of Birth	Brief Personal History	Term Notes 6	Shares Held (100 shares)
Director	Yoshisada Takahashi	Born December 8, 1955	<p>Apr. 1978 Joined Komatsu Ltd.</p> <p>Jun. 1995 Plant Manager of Komatsu Brasil International Ltda.</p> <p>Apr. 2006 Executive Officer and Plant Manager of Awazu Plant, Production Division of Komatsu Ltd.</p> <p>Apr. 2008 Executive Officer and Plant Manager of Osaka Plant, Production Division of Komatsu Ltd.</p> <p>Apr. 2012 Managing Executive Officer, President of Production Division, Supervising Environment of Komatsu Ltd.</p> <p>Apr. 2016 Senior Executive Officer, Chief Information & Innovation Officer, President of Information Strategy Division, Supervising Production and Industrial Machinery Business of Komatsu Ltd.</p> <p>Apr. 2017 Executive Vice President, Chief Information & Innovation Officer, President of Information Strategy Division, Supervising Industrial Machinery Business of Komatsu Ltd.</p> <p>Apr. 2019 Advisor to President of Komatsu Ltd.</p> <p>Jun. 2019 Outside Director of the Company (current role)</p> <p>Jul. 2019 Consultant of Komatsu Ltd. (current role)</p> <p>Sep. 2019 Consultant of Ishikawa Prefecture (in charge of industry promotion) (current role)</p> <p>Jun. 2022 Outside Director of T-Gaia Corporation</p>	C	4
Director	Ryuichi Murata	Born April 12, 1948	<p>Apr. 1971 Joined The Mitsubishi Bank, Limited</p> <p>Jan. 2006 Member of the Board of Directors, Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May. 2007 Deputy President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jun. 2009 Director, Deputy President of Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)</p> <p>Jun. 2010 Representative Director, President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)</p> <p>Jun. 2012 Representative Director, Chairman of Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)</p> <p>Jun. 2016 Outside Audit & Supervisory Board Member of NORITAKE CO., LIMITED (current role)</p> <p>Jun. 2017 Advisor of Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)</p> <p>Jun. 2017 External Director of Kintetsu Group Holdings Co., Ltd.</p> <p>Jun. 2018 Outside Director of Eisai Co., Ltd. Jul. 2018 Senior Advisor to Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.) (current role)</p> <p>Jun. 2021 Outside Director of the Company (current role)</p> <p>Apr. 2026 Mitsubishi HC Capital Inc. (current role)</p>	C	4
Director	Tu Jinning	Born May 6, 1978	<p>Oct. 2006 Joined Anderson Mori & Tomotsune</p> <p>Jan. 2013 Joined Wintell & CO (Shanghai China)</p> <p>Aug. 2013 Joined Anderson Mori & Tomotsune</p> <p>Jan. 2018 Appointed as Senior Foreign Counsel for Partner Treatment of Anderson Mori & Tomotsune</p> <p>Jan. 2021 Appointed as Partner Anderson Mori & Tomotsune (current role)</p> <p>Jun. 2023 Outside Director of the Company (current role)</p>	C	4

Position	Name	Date of Birth	Brief Personal History	Term Notes 6	Shares Held (100 shares)
Full Time Auditor	Kosei Tamura	Born January 28, 1963	<p>Apr. 1986 Joined Toyo Radiator Co., Ltd. (currently the Company)</p> <p>Apr. 2005 General Manager of Automotive Sales Dept. No. 1 of the Company</p> <p>Jun. 2013 General Manager of SMART Project of the Company</p> <p>Mar. 2014 General Manager of Sales and Technical Management Dept. of the Company</p> <p>Jan. 2016 General Manager (shukan) of Business Planning Office of the Company</p> <p>Apr. 2017 General Manager (shitsucho) of Business Planning Office of the Company</p> <p>Apr. 2018 Executive Officer in charge of Human Resources, General Affairs and Related Businesses, and General Manager of Human Resources and General Affairs Dept.</p> <p>Apr. 2021 Executive Officer, General Manager of Purchasing Div.</p> <p>Mar. 2022 Managing Executive Officer, Supervising Purchasing</p> <p>Apr. 2023 Full-time Advisor</p> <p>Jun. 2023 Full Time Audit & Supervisory Board Member of the Company (current role)</p>	A	61
Full Time Auditor	Satoshi Iwasaki	Born May 27, 1966	<p>Apr. 1989 Joined Toyo Radiator Co., Ltd. (currently the Company)</p> <p>Apr. 2014 General Manager of Hatano Works Production Dept. of the Company</p> <p>Apr. 2016 Deputy Plant Manager of Shiga Works, and General Manager of Production Dept. of the Company</p> <p>Oct. 2016 Plant Manager of Shiga Works, and General Manager of Production Dept. of the Company</p> <p>Apr. 2019 Plant Manager of Shiga Works, Deputy General Manager of Production Purchasing Division (in charge of Production) of the Company</p> <p>Jul. 2019 Plant Manager of Shiga Works, Deputy General Manager of Production Purchasing Division (in charge of Production), and Deputy Plant Manager of Production Engineering Center of the Company</p> <p>Jan. 2020 Plant Manager of Hatano Works, General Manager of Quality Control Dept., Deputy General Manager of Production Purchasing Division (in charge of Production), and Deputy Plant Manager of Production Engineering Center of the Company</p> <p>Jan. 2022 Deputy General Manager of Production Division, and General Manager Supervising Production of the Company</p> <p>Apr. 2023 Managing Executive Officer, Supervising Purchasing, and General Manager of Purchasing Division of the Company</p> <p>May 2025 Full-time Advisor of the Company</p> <p>Jun 2025 Full Time Audit & Supervisory Board Member of the Company (current role)</p>	D	48
Auditor	Mikio Endo	Born October 28, 1957	<p>Sep. 1978 Joined Toyama Co., Ltd.</p> <p>Sep. 1998 Chief Executive Officer of Toyama Co., Ltd.</p> <p>May 2006 Representative Director, Chairperson of Toyama Co., Ltd.</p> <p>Oct. 2008 Mayor of Zama City, Kanagawa Prefecture</p> <p>Jan. 2021 Senior Advisor to Kikko Corporation</p> <p>Jun. 2021 Outside Audit & Supervisory Board Member of the Company (current role)</p>	B	4
Auditor	Hisashi Fujii	Born December 18, 1980	<p>Apr. 2003 Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC Joined audit firm)</p> <p>Apr. 2006 Registered as Certified Public Accountant</p> <p>Dec. 2011 Registered as Attorney</p> <p>Dec. 2011: Joined Shibadaimon Law Office</p> <p>Oct. 2015 Inspector for Re-employment of the Ministry of Defense (part-time) (current position)</p> <p>Aug. 2017 Joined Link Partners Law Office (current position)</p> <p>Jul. 2019 Outside Audit & Supervisory Board Member, Yoshizumi Holdings Co., Ltd. (current position)</p> <p>Apr. 2022 Outside Auditor, Thinkland Co., Ltd. (Current Position)</p> <p>Oct. 2023 Outside Auditor, Carelitz Technologies Co., Ltd. (Current Position)</p> <p>Dec. 2023 Outside Director, Line'well Co., Ltd. (Current Position)</p> <p>Jun. 2024 Auditor, Sasaki Taiki Educational Foundation (Current Position)</p> <p>Aug. 2024 Outside Director, MDB Co., Ltd. (Current Position)</p> <p>Jun. 2025 Outside Director, Redcliff Co., Ltd. (Current Position)</p> <p>Jan. 2026 Temporary Auditor, Our Company (Current Position)</p>	E	-
Total					584

- (Note) 1. Among the Directors, Yoshisada Takahashi, Ryuichi Murata, and Tu Jinning are Outside Directors.
2. Among the Corporate Auditors, Mikio Endo and Hisashi Fujii are Outside Corporate Auditors.
3. Corporate Auditor Yasutaka Oba passed away on October 31, 2025, and retired from the position of Corporate Auditor.
4. Temporary Corporate Auditor Hisashi Fujii was appointed as Temporary Corporate Auditor on January 5, 2026, following the application to the Tokyo District Court for appointment of a temporary corporate auditor due to the retirement of Yasutaka Oba upon his passing.
5. The Company has introduced an executive officer system to separate the management supervision function from the business execution function in response to the expansion of business operations. Following the conclusion of this general meeting, the number of Executive Officers will be 7 as follows.

President & CEO & COO: Tomio Miyazaki

Director and Managing Executive Officer: Tatsuya Kikuyama, in charge of Sales, Technology and Quality, General Manager of

Sales Division, General Manager of Technology Division, General Manager of Quality Assurance Department

Managing Executive Officer: Yasushi Hotta, in charge of Business Administration and Human Resources & General Affairs, General Manager of Business Administration Division

Managing Executive Officer: Hirokazu Urano, in charge of Production and Procurement, General Manager of Production Division, General Manager of Procurement Division

Managing Executive Officer: Kaoru Kinoshita, in charge of Finance, Accounting and Cost Planning

Executive Officer: Seiichi Furuya, Deputy General Manager of Quality Assurance Department

Executive Officer: Seiu Soku, in charge of China Business

6. The terms of office are as follows.

A: 4 years from the conclusion of the ordinary general meeting of shareholders held on June 27, 2023

B: 4 years from the conclusion of the ordinary general meeting of shareholders held on June 24, 2025

C: 1 year from the conclusion of the ordinary general meeting of shareholders held on June 24, 2025

D: As this is an appointment due to the resignation of a predecessor, the term of office is until the expiration of the predecessor's term in accordance with the Company's Articles of Incorporation. The predecessor's term of office is 4 years from the conclusion of the ordinary general meeting of shareholders held on June 27, 2023.

E: As this is an appointment as a temporary corporate auditor due to the retirement of a predecessor, the term is until a corporate auditor is elected at the ordinary general meeting of shareholders scheduled to be held on June 29, 2026.

2. The Company will submit proposals for "Election of 5 Directors" and "Appointment of 1 Corporate Auditor" as agenda items (matters for resolution) at the 124th Ordinary General Meeting of Shareholders to be held on June 29, 2026. If these proposals are approved as originally proposed, the status of the Company's officers will be as follows. The positions and brief personal histories include the details of resolutions to be made at the Board of Directors meeting and the Board of Corporate Auditors meeting scheduled to be held immediately after the 124th Ordinary General Meeting of Shareholders.

8 males, 1 female (ratio of female officers: 11%)

Position	Name	Date of Birth	Brief Personal History	Term Notes 4	Shares Held (100 shares)
President & CEO & COO	Tomio Miyazaki	Born September 16, 1977	<p>Apr. 2002 Joined Honda Motor Co., Ltd.</p> <p>Aug. 2002 Joined Wako Fundamental Technology Research Center of Honda R&D Co., Ltd.</p> <p>Oct. 2009 Joined Jinya Co., Ltd. as Representative Director & President</p> <p>Apr. 2012 Founded Jinya Connect Co., Ltd. as Representative Director & CEO</p> <p>Jun. 2014 Appointed Outside Director of T.RAD Co., Ltd.</p> <p>Jun. 2017 Appointed Director in charge of Business Planning Department of T.RAD Co., Ltd.</p> <p>Apr. 2018 Founded T.RAD Connect Co., Ltd. as Director</p> <p>Jun. 2018 Appointed Representative Director, President & COO of T.RAD Co., Ltd.</p> <p>Mar. 2019 Appointed Representative Director & President of T.RAD Connect Co., Ltd. (current role)</p> <p>Jun. 2022 Appointed Representative Director, President, CEO & COO of T.RAD Co., Ltd. (current role)</p> <p>Nov. 2023 Appointed Director & Owner of Jinya Connect Co., Ltd. (current role)</p>	C	322
Managing Director in charge of Sales, Technology and Quality General Manager of Sales, Technology and Quality Division	Tatsuya Kikuyama	Born January 29, 1964	<p>Apr. 1986 Joined Toyo Radiator Co., Ltd. (currently the Company)</p> <p>Apr. 2006 General Manager of Heat Exchanger Designing Dept., Construction & Industrial Machine Group Product Development Center of the Company</p> <p>Apr. 2012 President of T.RAD North America, Inc.</p> <p>Jan. 2015 Deputy General Manager of Sales/Marketing and Technical Division (in charge of Technical) of the Company</p> <p>Jan. 2016 General Manager of Sales/Marketing and Technical Division (in charge of Technical) [supervising Development] of the Company</p> <p>Apr. 2018 Executive Officer Deputy General Manager of Sales/Marketing and Technical Division (in charge of Sales) of the Company</p> <p>Apr. 2020 Managing Executive Officer Supervising Sales/Marketing General Manager of Sales/Marketing Division of the Company</p> <p>Jan. 2024 Managing Director Supervising Sales/Marketing and Technical General Manager of Sales/Marketing Division, General Manager of Technical Division of the Company (current role)</p> <p>Jun. 2024 Director and Managing Executive Officer Supervising Sales/Marketing and Technical General Manager of Sales/Marketing Division, General Manager of Technical Division of the Company (current role)</p> <p>Jun. 2026 Supervising Quality and General Manager of Quality Division of the Company (current role)</p>	C	133

Position	Name	Date of Birth	Brief Personal History	Term Notes 4	Shares Held (100 shares)
Director	Yoshisada Takahashi	Born December 8, 1955	<p>Apr. 1978 Joined Komatsu Ltd.</p> <p>Jun. 1995 Plant Manager of Komatsu Brasil International Ltda.</p> <p>Apr. 2006 Executive Officer and Plant Manager of Awazu Plant, Production Division of Komatsu Ltd.</p> <p>Apr. 2008 Executive Officer and Plant Manager of Osaka Plant, Production Division of Komatsu Ltd.</p> <p>Apr. 2012 Managing Executive Officer, President of Production Division, Supervising Environment of Komatsu Ltd.</p> <p>Apr. 2016 Senior Executive Officer, Chief Information & Innovation Officer, President of Information Strategy Division, Supervising Production and Industrial Machinery Business of Komatsu Ltd.</p> <p>Apr. 2017 Executive Vice President, Chief Information & Innovation Officer, President of Information Strategy Division, Supervising Industrial Machinery Business of Komatsu Ltd.</p> <p>Apr. 2019 Advisor to President of Komatsu Ltd.</p> <p>Jun. 2019 Outside Director of the Company (current role)</p> <p>Jul. 2019 Consultant of Komatsu Ltd. (current role)</p> <p>Sep. 2019 Consultant of Ishikawa Prefecture (in charge of industry promotion) (current role)</p> <p>Jun. 2022 Outside Director of T-Gaia Corporation</p>	C	4
Director	Ryuichi Murata	Born April 12, 1948	<p>Apr. 1971 Joined The Mitsubishi Bank, Limited</p> <p>Jan. 2006 Member of the Board of Directors, Senior Managing Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>May. 2007 Deputy President of The Bank of Tokyo-Mitsubishi UFJ, Ltd.</p> <p>Jun. 2009 Director, Deputy President of Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)</p> <p>Jun. 2010 Representative Director, President & CEO of Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)</p> <p>Jun. 2012 Representative Director, Chairman of Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)</p> <p>Jun. 2016 Outside Audit & Supervisory Board Member of NORITAKE CO., LIMITED (current role)</p> <p>Jun. 2017 Advisor of Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.)</p> <p>Jun. 2017 External Director of Kintetsu Group Holdings Co., Ltd.</p> <p>Jun. 2018 Outside Director of Eisai Co., Ltd.</p> <p>Jul. 2018 Senior Advisor to Mitsubishi UFJ Lease & Finance Company Limited (currently Mitsubishi HC Capital Inc.) (current role)</p> <p>Jun. 2021 Outside Director of the Company (current role)</p> <p>Apr. 2026 Mitsubishi HC Capital Inc. (current role)</p>	C	4
Director	Tu Jinning	Born May 6, 1978	<p>Oct. 2006 Joined Anderson Mori & Tomotsune</p> <p>Jan. 2013 Joined Wintell & CO (Shanghai China)</p> <p>Aug. 2013 Joined Anderson Mori & Tomotsune</p> <p>Jan. 2018 Appointed as Senior Foreign Counsel for Partner Treatment of Anderson Mori & Tomotsune</p> <p>Jan. 2021 Appointed as Partner Anderson Mori & Tomotsune (current role)</p> <p>Jun. 2023 Outside Director of the Company (current role)</p>	C	4

Position	Name	Date of Birth	Brief Personal History	Term Notes 4	Shares Held (100 shares)
Full Time Auditor	Kosei Tamura	Born January 28, 1963	<p>Apr. 1986 Joined Toyo Radiator Co., Ltd. (currently the Company)</p> <p>Apr. 2005 General Manager of Automotive Sales Dept. No. 1 of the Company</p> <p>Jun. 2013 General Manager of SMART Project of the Company</p> <p>Mar. 2014 General Manager of Sales and Technical Management Dept. of the Company</p> <p>Jan. 2016 General Manager (shukan) of Business Planning Office of the Company</p> <p>Apr. 2017 General Manager (shitsucho) of Business Planning Office of the Company</p> <p>Apr. 2018 Executive Officer in charge of Human Resources, General Affairs and Related Businesses, and General Manager of Human Resources and General Affairs Dept.</p> <p>Apr. 2021 Executive Officer, General Manager of Purchasing Div.</p> <p>Mar. 2022 Managing Executive Officer, Supervising Purchasing</p> <p>Apr. 2023 Full-time Advisor</p> <p>Jun. 2023 Full Time Audit & Supervisory Board Member of the Company (current role)</p>	A	61
Full Time Auditor	Satoshi Iwasaki	Born May 27, 1966	<p>Apr. 1989 Joined Toyo Radiator Co., Ltd. (currently the Company)</p> <p>Apr. 2014 General Manager of Hatano Works Production Dept. of the Company</p> <p>Apr. 2016 Deputy Plant Manager of Shiga Works, and General Manager of Production Dept. of the Company</p> <p>Oct. 2016 Plant Manager of Shiga Works, and General Manager of Production Dept. of the Company</p> <p>Apr. 2019 Plant Manager of Shiga Works, Deputy General Manager of Production Purchasing Division (in charge of Production) of the Company</p> <p>Jul. 2019 Plant Manager of Shiga Works, Deputy General Manager of Production Purchasing Division (in charge of Production), and Deputy Plant Manager of Production Engineering Center of the Company</p> <p>Jan. 2020 Plant Manager of Hatano Works, General Manager of Quality Control Dept., Deputy General Manager of Production Purchasing Division (in charge of Production), and Deputy Plant Manager of Production Engineering Center of the Company</p> <p>Jan. 2022 Deputy General Manager of Production Division, and General Manager Supervising Production of the Company</p> <p>Apr. 2023 Managing Executive Officer, Supervising Purchasing, and General Manager of Purchasing Division of the Company</p> <p>May 2025 Full-time Advisor of the Company</p> <p>Jun 2025 Full Time Audit & Supervisory Board Member of the Company (current role)</p>	D	48
Auditor	Mikio Endo	Born October 28, 1957	<p>Sep. 1978 Joined Toyama Co., Ltd.</p> <p>Sep. 1998 Chief Executive Officer of Toyama Co., Ltd.</p> <p>May 2006 Representative Director, Chairperson of Toyama Co., Ltd.</p> <p>Oct. 2008 Mayor of Zama City, Kanagawa Prefecture</p> <p>Jan. 2021 Senior Advisor to Kikko Corporation</p> <p>Jun. 2021 Outside Audit & Supervisory Board Member of the Company (current role)</p>	B	4
Temporary Auditor	Hisashi Fujii	Born December 18, 1980	<p>Apr. 2003 Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC Joined audit firm)</p> <p>Apr. 2006 Registered as Certified Public Accountant</p> <p>Dec. 2011 Registered as Attorney</p> <p>Dec. 2011: Joined Shibadaimon Law Office</p> <p>Oct. 2015 Inspector for Re-employment of the Ministry of Defense (part-time) (current position)</p> <p>Aug. 2017 Joined Link Partners Law Office (current position)</p> <p>Jul. 2019 Outside Audit & Supervisory Board Member, Yoshizumi Holdings Co., Ltd. (current position)</p> <p>Apr. 2022 Outside Auditor, Thinkland Co., Ltd. (Current Position)</p> <p>Oct. 2023 Outside Auditor, Carelitz Technologies Co., Ltd. (Current Position)</p> <p>Dec. 2023 Outside Director, Line'well Co., Ltd. (Current Position)</p> <p>Jun. 2024 Auditor, Sasaki Taiki Educational Foundation (Current Position)</p> <p>Aug. 2024 Outside Director, MDB Co., Ltd. (Current Position)</p> <p>Jun. 2025 Outside Director, Redcliff Co., Ltd. (Current Position)</p> <p>Jan. 2026 Temporary Auditor, Our Company</p> <p>Jun. 2026 Outside Auditor, Our Company (Current Position)</p>	E	-
Total					584

- (Note) 1. Among the Directors, Yoshisada Takahashi, Ryuichi Murata, and Tu Jinning are Outside Directors.
2. Among the Corporate Auditors, Mikio Endo and Hisashi Fujii are Outside Corporate Auditors.
3. The Company has introduced an executive officer system to separate the management supervision function from the business execution function in response to the expansion of business operations. Following the conclusion of this general meeting, the number of Executive Officers will be 7 as follows.

President & CEO & COO : Tomio Miyazaki

Director and Managing Executive Officer: Tatsuya Kikuyama, in charge of Sales, Technology and Quality, General Manager of Sales Division, General Manager of Technology Division, General Manager of Quality Assurance Department

Managing Executive Officer: Yasushi Hotta, in charge of Business Administration and Human Resources & General Affairs, General Manager of Business Administration Division

Managing Executive Officer: Hirokazu Urano, in charge of Production and Procurement, General Manager of Production Division, General Manager of Procurement Division

Managing Executive Officer: Kaoru Kinoshita, in charge of Finance, Accounting and Cost Planning

Executive Officer: Seiichi Furuya, Deputy General Manager of Quality Assurance Department

Executive Officer: Seiu Soku, in charge of China Business

4. The terms of office are as follows.

A: 4 years from the conclusion of the ordinary general meeting of shareholders held on June 27, 2023

B: 4 years from the conclusion of the ordinary general meeting of shareholders held on June 24, 2025

C: 1 year from the conclusion of the ordinary general meeting of shareholders held on June 24, 2025

D: As this is an appointment due to the resignation of a predecessor, the term of office is until the expiration of the predecessor's term in accordance with the Company's Articles of Incorporation. The predecessor's term of office is 4 years from the conclusion of the ordinary general meeting of shareholders held on June 27, 2023.

E: As this appointment follows the resignation of the predecessor, the term shall be until the expiration of the predecessor's term in accordance with the Company's Articles of Incorporation.

The predecessor's term was 4 years from the conclusion of the Ordinary General Meeting of Shareholders held on June 25, 2024.

2) Status of Outside Officers

a. Outside Directors

(a) Number of Outside Directors and Relationship between Outside Directors and the Company

As of June 5, 2026 (the date of submission of the Annual Securities Report), the Company has 3 Outside Directors. The Company will propose "Election of 5 Directors" as an agenda item (matter for resolution) at the 124th Ordinary General Meeting of Shareholders scheduled to be held on June 29, 2026. Even if this proposal is approved as originally proposed, the above number will remain unchanged.

None of them have any personal, capital, or other conflicts of interest with the Company. The Company has registered the 3 individuals, Yoshisada Takahashi, Ryuichi Murata, and Tu Jinning, as independent officers as defined by the Tokyo Stock Exchange with the said exchange.

(b) Role of Outside Directors in the Company's Corporate Governance

Yoshisada Takahashi provides appropriate supervision of business execution (management oversight) by making recommendations from an objective perspective based on his extensive experience and deep insight in corporate management.

Ryuichi Murata provides appropriate supervision of business execution (management oversight) by making recommendations from an objective perspective based on his extensive experience and deep insight in corporate management, including in different industries.

Tu Jinning provides appropriate supervision of business execution (management oversight) by making recommendations from an objective perspective based on his extensive experience and expertise as an attorney, as well as his strong commitment to legal compliance.

b. Outside Corporate Auditors

(a) Number of Outside Corporate Auditors and Relationship between Outside Corporate Auditors and the Company

As of June 5, 2026 (the date of submission of the Annual Securities Report), the Company has 2 Outside Corporate Auditors. The Company will propose "Election of 1 Corporate Auditor" as an agenda item (matter for resolution) at the 124th Ordinary General Meeting of Shareholders scheduled to be held on June 29, 2026. Even if this proposal is approved as originally proposed, the above number will remain unchanged.

None of them have any personal, capital, or other conflicts of interest with the Company. Furthermore, as they are not former officers or employees of the Company, we believe they have the capability to conduct independent and fair audits without consideration for personal relationships or other factors.

(b) Functions and Roles of Outside Corporate Auditors in the Company's Corporate Governance

Mr. Mikio Endo has extensive experience and broad insight as a business executive and mayor over many years. Mr. Mikio Endo has no special interest relationship with the Company and has no conflict of interest with general investors, and is therefore designated as an independent director.

Mr. Hisashi Fujii has served as a temporary corporate auditor of the Company since January 2026, and based on his extensive experience and expertise as a certified public accountant and attorney as well as a strong spirit of legal compliance, provides advice and recommendations to ensure the validity and appropriateness of the Board of Directors' decision-making. Mr. Hisashi Fujii has no special interest relationship with the Company and has no conflict of interest with general investors, and is therefore designated as an independent director.

(c) The Company's policy regarding the appointment of outside corporate auditors

The Company has not established criteria or policies regarding independence from the Company for appointing outside corporate auditors, but refers to the Tokyo Stock Exchange's criteria for judging the independence of independent directors when making appointments. In addition, our basic policy is that outside corporate auditors are expected to perform fair audits based on professional knowledge and have no risk of conflict of interest with general shareholders. Outside corporate auditor Mr. Mikio Endo and temporary corporate auditor Mr. Hisashi Fujii have been registered with the Tokyo Stock Exchange as independent directors as defined by the exchange.

3) Supervision or audits by outside directors or outside corporate auditors, coordination with internal audits, audits by the auditors, and accounting audits, and relationship with internal control departments

Outside corporate auditors receive reports from each corporate auditor at the Board of Corporate Auditors meetings, and regularly and as needed exchange opinions on issues with the Internal Auditing Office and accounting auditors, coordinating to conduct efficient and objective audits. The Internal Auditing Office reports directly to the President and holds regular meetings with outside corporate auditors to exchange opinions on issues.

(3) [Status of Audits]

1) Status of audits by the auditors

As of the date of filing of this securities report, the Company is a company with a Board of Corporate Auditors, and in the year under review, the Board of Corporate Auditors is composed of four corporate auditors, including two outside corporate auditors. Outside corporate auditor Mr. Yasutaka Oba had been engaged in duties as a certified public accountant and tax accountant for many years and had considerable knowledge and experience in finance and accounting.

Mr. Hisashi Fujii, newly appointed following the passing of Mr. Oba, is engaged in duties as an attorney and certified public accountant and has knowledge and experience in legal affairs, finance, and accounting.

In the year under review, the Board of Corporate Auditors met 12 times. The attendance status of each corporate auditor is as follows.

Name	Full-time/Outside	Attendance at Board of Corporate Auditors meetings in the year under review (Meetings attended/Meetings held)
Kosei Tamura	Full-time	12/12
Satoshi Iwasaki	Full-time	12/12
Yasutaka Oba	Outside	8/8
Mikio Endo	Outside	12/12
Hisashi Fujii	Outside	4/4

1 Outside corporate auditor Mr. Yasutaka Oba retired as corporate auditor due to his passing on October 31, 2025, so the Board of Corporate Auditors meetings held before that date are listed.

2 Outside corporate auditor Mr. Hisashi Fujii was officially registered as a temporary corporate auditor on January 7, 2026. His attendance is counted from the Board of Corporate Auditors meetings held after December 15, 2025.

3 The Board of Corporate Auditors meeting scheduled for November 4 was not held due to lack of the statutory quorum of corporate auditors and was treated as an informal meeting, so it is not included in the above count.

As audit activities, corporate auditors attend the Board of Directors and management meetings held in principle every month, receive reports from directors on important management matters, actively express their opinions as corporate auditors, and actively monitor business execution while maintaining independence from management.

Regarding reports and resolutions on management matters at the Board of Directors and management meetings, the Board of Corporate Auditors specifically examines legal and management aspects.

Regarding coordination among corporate auditors, accounting auditors, and the Internal Auditing Office, in addition to receiving regular audit reports, opportunities for information exchange and discussion among corporate auditors, accounting auditors, and the Internal Auditing Office are held as needed.

In addition, full-time corporate auditors receive reports from directors, executive officers, and employees on the status of the performance of their duties, request explanations as necessary, peruse important approval documents, and conduct on-site audits at the head office and principal offices to audit operations and investigate the status of assets. Regarding subsidiaries, corporate auditors communicate effectively with directors, statutory auditors and other personnel of subsidiaries and exchange information, conduct on-site audits of subsidiaries as needed, and receive business reports.

The Company will submit a proposal for "Election of One Corporate Auditor" as an agenda item (resolution matter) at the 124th Annual General Meeting of Shareholders to be held on June 29, 2026. If this proposal is approved as proposed, the Board of Corporate Auditors will continue to be composed of four corporate auditors (of which two are outside corporate auditors).

2) Status of internal audits

The Company has established the Internal Auditing Office (3 members) as an internal audit department reporting directly to the President and Representative Director. Independent from the business execution departments, the office conducts internal audits including group subsidiaries based on internal audit regulations.

After conducting internal audits, the office issues an "Internal Control Audit Results Report and Corrective Action Plan/Completion Report" to the relevant departments, which is used for business improvement through corrective actions. In addition to audit findings, advisory activities are also conducted when deemed necessary in formulating corrective action plans.

Audit results are reported to the Board of Directors and the Board of Corporate Auditors in a timely manner.

The Internal Auditing Office maintains close coordination of audit information with corporate auditors, accounting auditors, and audit firms, complements audits by corporate auditors and accounting auditors, and strives to conduct audits efficiently. As part of efforts to ensure the effectiveness of internal audits, the Internal Auditing Office also serves as a contact point for internal reporting and strives to detect and prevent actions detrimental to the Company.

3) Status of accounting audit

a. Name of audit firm

Ark Limited Liability Audit Corporation

b. Continuous audit period

Since 2021

c. Certified public accountants who performed the audit

Kazuhiro Shinozaki

Tomonori Koizumi

d. Composition of assistants for audit activities

The assistants for the Company's accounting audit consist of 3 certified public accountants and 15 others.

e. Policy and reasons for selecting the audit firm

The reason the Company's Board of Corporate Auditors selected Ark Limited Liability Audit Corporation is that, taking into account the Company's business characteristics and business scale, the audit firm's audit track record and audit fees are appropriate for the Company's business scale, and after comprehensively considering its expertise, independence, and quality control system, it was determined to be suitable as the Company's accounting auditor.

In addition, if the Board of Corporate Auditors determines that the accounting auditor falls under any of the items stipulated in each item of Article 340, Paragraph 1 of the Companies Act, or determines that audit quality, independence, or other factors are not appropriate, it will decide on a proposal for dismissal or non-reappointment of the accounting auditor, and the Board of Directors will submit such proposal to the General Meeting of Shareholders based on that decision.

4) Details of audit fees

a. Fees to audit certified public accountants, etc.

Category	Previous consolidated fiscal year		Current consolidated fiscal year	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Filing company	45	-	46	-
Consolidated subsidiaries	-	-	-	-
Total	45	-	46	-

b. Fees to the same network as the audit certified public accountants, etc. (excluding a.)

There are no items to report.

c. Other significant fees

(Previous consolidated fiscal year)

There are no items to report.

(Current consolidated fiscal year)

There are no items to report.

d. Policy for determining audit fees

The Company's policy for determining audit fees to be paid to the audit certified public accountants, etc. is to determine fees based on estimates from the audit certified public accountants, etc. that take into account audit man-hours, while also considering trends at other companies of similar size.

e. Reasons the Board of Corporate Auditors agreed to the fees of the accounting auditor

The Company's Board of Corporate Auditors, based on the "Practical Guidelines on Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, confirmed and reviewed the audit methods and audit contents, and as a result, gave consent under Article 399, Paragraphs 1 and 2 of the Companies Act regarding the accounting auditor's fees.

(4) [Executive Compensation]

1) Matters concerning policies for determining the amount of executive compensation or the method of calculation
[Basic Policy on Executive Compensation]

The Company, after consultation with the Nomination and Compensation Committee, has established a policy at the Board of Directors regarding the determination of the amount of executive compensation or the method of calculation, and directors' compensation is determined by resolution of the Board of Directors within the limits resolved at the General Meeting of Shareholders. Regarding the content, for directors excluding outside directors, compensation is structured to reflect both single-year and medium-to-long-term performance by combining monthly compensation, performance-linked compensation, and stock compensation. For outside directors, the structure is based on monthly compensation combined with stock compensation to prevent impairment of corporate value and enhance motivation to contribute to maintaining credibility.

The total amount of directors' compensation relating to monthly compensation and performance-linked compensation is set at no more than 350 million yen per year (of which no more than 20 million yen per year for outside directors) based on the resolution of the 115th Annual General Meeting of Shareholders held on June 28, 2017. The number of directors at the conclusion of that General Meeting of Shareholders was 7 (of which 2 were outside directors). Additionally, the amount of compensation for granting stock compensation was resolved at the 118th Annual General Meeting of Shareholders held on June 25, 2020 to be no more than 100 million yen per year for directors (excluding outside directors), separate from the above total directors' compensation, and at the 122nd Annual General Meeting of Shareholders held on June 25, 2024 to be no more than 5 million yen per year for outside directors within the above outside directors' compensation framework (the number of shares to be granted is no more than 80 thousand shares per year, of which no more than 4 thousand shares per year for outside directors). The number of directors (excluding outside directors) at the conclusion of the 118th Annual General Meeting of Shareholders was 5, and the number of directors at the conclusion of the 122nd Annual General Meeting of Shareholders was 5 (of which 3 were outside directors).

Corporate auditors' compensation is determined through consultation among corporate auditors within the limits resolved at the General Meeting of Shareholders. The structure is designed to prevent damage to corporate value and enhance the motivation to maintain creditworthiness by combining stock-based compensation with monthly compensation as the basic form.

The total amount of Corporate Auditor compensation related to monthly compensation was resolved at the 104th Annual General Meeting of Shareholders held on June 29, 2006, to be no more than 50 million yen per year. The number of Corporate Auditors at the conclusion of that shareholders' meeting was 4. In addition, the amount of compensation for granting stock-based compensation to Corporate Auditors was resolved at the 122nd Annual General Meeting of Shareholders held on June 25, 2024, to be no more than 10 million yen per year, separate from the aforementioned Corporate Auditor compensation framework (with the number of shares to be granted being no more than 8,000 shares per year). The number of Corporate Auditors at the conclusion of that shareholders' meeting was 4.

Furthermore, regarding stock-based compensation for directors and corporate auditors, it was resolved at the 118th and 122nd Annual General Meeting of Shareholders that if the total number of outstanding shares increases or decreases due to a stock consolidation or stock split (including a stock allocation without compensation), the upper limit will be adjusted proportionally.

[Executive Compensation Structure]

Compensation for Directors (excluding Outside Directors) consists of monthly compensation (fixed compensation) according to position and responsibilities, performance-linked compensation as short-term incentive based on the previous fiscal year's performance (performance-linked salary as stipulated in Article 34, Paragraph 1, Item 3 of the Corporation Tax Act), and stock-based compensation (restricted stock compensation) as medium- to long-term incentive linked to the Company's stock price trends. Compensation for Outside Directors and Corporate Auditors consists of monthly compensation (fixed compensation) and stock-based compensation (restricted stock compensation). For Directors other than Outside Directors, the ratio of total compensation (at standard) is determined with fixed compensation at approximately 40%, performance-linked compensation at approximately 40%, and stock-based compensation at approximately 20%.

[Determination of Compensation Process]

The process for determining Director compensation is as follows. Corporate Auditor compensation is determined through consultation among the Corporate Auditors.

a. Monthly Compensation (Fixed Compensation)

The determination of monthly compensation for Directors is delegated by the Board of Directors to President & CEO & COO Tomio Miyazaki, who determines compensation based on executive classification, position, and full-time or part-time status, taking into account deliberations by the Nomination and Compensation Committee, the majority of which is composed of independent outside officers. The reason for this delegation is that the Representative Director was deemed appropriate for evaluating the reasonableness of compensation for each Director's execution of duties and the necessity of securing human resources.

b. Performance-linked Compensation (Profit-linked Executive Bonus)

The calculation method for performance-linked compensation is determined by the Board of Directors. The current specific calculation method is as follows.

<Calculation Method for Performance-linked Compensation>

- a. The total amount of performance-linked compensation paid to Directors shall be 1.2% of the Company's consolidated ordinary income, not exceeding 100 million yen. As the target value in the Company's medium-term management plan is the consolidated ordinary income ratio, consolidated ordinary income was selected as the indicator for performance-linked compensation in consideration of its linkage with this target value.
- b. The individual compensation amount for each Director is calculated by allocating the total amount calculated under a. above based on the Director's position (rounded to the nearest 1,000 yen).

c. Stock-based Compensation

The specific allocation of stock-based compensation to each Director is determined by the Board of Directors.

<Purpose of Stock-based Compensation>

By granting restricted stock compensation, the Company aims to provide Directors (excluding Outside Directors) with incentives to achieve sustainable improvement in corporate value and to further promote value sharing between Directors and shareholders, while for Outside Directors and Corporate Auditors, the purpose is to prevent damage to corporate value and enhance motivation to maintain creditworthiness.

<Overview of This System>

Based on a resolution of the Company's Board of Directors, Directors and Corporate Auditors shall contribute all monetary compensation claims arising from this proposal as property contributed in kind and receive issuance or disposition of the Company's common stock, with the per-share payment amount determined by the Board of Directors within a range that is not particularly favorable to the subject Directors and Corporate Auditors, based on the average closing price of the Company's common stock on the Tokyo Stock Exchange for 30 business days up to the business day immediately preceding the date of the Board of Directors resolution.

In addition, transfer restrictions shall be placed on the Company's common stock to be granted (hereinafter referred to as "Allotted Shares"), prohibiting transfer, establishment of security interests, or other disposition from the date of delivery of the Allotted Shares until the date when the relevant Director or Corporate Auditor retires or resigns from the position of Director or Corporate Auditor of the Company or other positions determined by the Company's Board of Directors, and if a Director or Corporate Auditor retires or resigns from the above positions before the expiration of the period determined by the Company's Board of Directors (hereinafter referred to as "Service Period"), the Company shall automatically acquire the Allotted Shares without consideration, unless there are reasons deemed legitimate by the Company's Board of Directors.

2) Total Compensation by Executive Classification, Total Compensation by Type, and Number of Eligible Executives

Executive Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)				Number of eligible executive (Persons)
		Fixed Compensation	Performance-linked Compensation	Retirement Allowance	Of the left, Non-monetary Compensation, etc.	
Directors (Exclude Outside Officers)	169	66	102	-	21	2
Corporate Auditor (Exclude Outside Officers)	28	24	4	-	4	3
Outside Officers	32	27	4	-	4	5

3) Total Compensation for Persons with Total Compensation of 100 Million Yen or More

Name	Executive Classification	Total Compensation (Millions of yen)	Total Compensation by Type (Millions of yen)			
			Fixed Compensation	Performance-linked Compensation	Retirement Allowance	Of the left, Non-monetary Compensation, etc.
Tomio Miyazaki	Directors	120	46	73	-	14

4) Overview of the Organization and Procedures for Determining Policies on the Amount of Executive Compensation or the Method of Calculation

Policies on the amount of executive compensation or the method of calculation are resolved by the Board of Directors after deliberation by the Nomination and Compensation Committee.

[Activities of the Board of Directors and Nomination and Compensation Committee]

The Board of Directors deliberates on system design and decisions related to executive compensation as necessary. The Nomination and Compensation Committee is convened as appropriate in response to the deliberation status of the Board of Directors and conducts deliberations.

(5) [Status of Shareholdings]

1) Criteria and Approach for Classification of Investment Shares

Holdings for pure investment purposes are those held with the objective of benefiting from changes in stock value or dividends related to stocks, and as a general rule, the Company's policy is not to hold shares for such purposes.

Holdings for purposes other than pure investment are those held for the purpose of maintaining and strengthening business relationships.

2) Investment Shares Held for Purposes Other Than Pure Investment

a. Holding Policy, Method for Verifying the Rationality of Holdings, and Details of Verification by the Board of Directors, etc. Regarding the Appropriateness of Holding Individual Issues

Unlisted shares continue to be held as they are difficult to sell and are of low monetary significance; however, efforts to sell continue, and this fiscal year, all shares of 2 issues were sold.

b. Number of Stocks and Total Carrying Amount on the balance sheet

	Number of stocks (Stocks)	Total Carrying Amount on the balance sheet (Millions of yen)
Unlisted Shares	6	35

(Issues with Increased Number of Shares During the Current Fiscal Year)

There are no items to report.

(Stocks with Decreased Number of Shares During the Current Fiscal Year)

	Number of stocks (Stocks)	Total Sales Price Related to reduction in number of shares (Millions of yen)
Unlisted Shares	2	4

c. Information on the Number of Shares, Carrying Amount, etc. by Issue of Specified Investment Shares and Deemed Holding Shares

Specified Investment Shares

There are no items to report.

3) Investment Shares Held for Pure Investment Purposes

There are no items to report.

5 [Status of Employees]

(1) [Basic Policies on Human Resource Strategy, etc.]

The Company views human resources not as "costs" but as "capital (human capital)" for enhancing corporate value, defining them as "human assets," and will strengthen human capital investment linked to management strategy. We will nurture human assets through strategic development, assessment of aptitude (right person in the right place), and fair evaluation, promote compliance and building trust in the workplace, and work to create a workplace where employees feel they want to continue working based on their career aspirations and life plans, thereby improving employee engagement. Regarding compensation for employees, we have continued to improve working conditions including the establishment of new allowances and enhancement of employee benefits. The average wage for union members has been raised four times from fiscal 2022 to fiscal 2025, increasing to 113% compared to fiscal 2021.

(2) [Status of Employees]

1) Status of Consolidated Companies

As of March 31, 2026

Segment Name	Number of Employees (Persons)
Japan	1,525
U.S.A	679
Europe	131
Asia	1,053
China	596
Total Reportable Segments	3,984
Other	103
Total	4,087

(Note) 1. Number of employees refers to full-time employees.

2. The "Other" category refers to business segments not included in reportable segments and includes business activities of domestic subsidiaries engaged in transportation and other businesses.

2) Status of the Company

As of March 31, 2026

Number of Employees (Persons)	Average Age (Years)	Average Years of Service (Years)	Average Annual Salary (Yen)	Year-on-Year Change Rate of Average Annual Salary (%)
1,525	41.4	18.0	6,785,945	6.6

Segment Name	Number of Employees (Persons)
Japan	1,525
Total	1,525

(Note) 1. Number of employees refers to full-time employees.

2. Average annual salary includes bonuses and non-standard wages.

3) Status of Labor Union

The Company's labor union is organized by 1,450 employees (as of March 31, 2026), and labor-management relations have been extremely stable since the formation of the union, with no matters to report to date.

4) Ratio of Female Workers in Management Positions, Ratio of Male Workers Taking Childcare Leave, and Gender Wage Gap
The Company

Current Fiscal Year				
Proportion of management positions of female workers(%) (Notes)1	Childcare leave acquisition rate of male workers (%) (Notes) 2	Gender wage gap (%) (Notes) 1, 3		
		All workers	Of which, Regular employment workers	Of which, Part-time/Fixed-term workers
4.2	70.7	79.4	84.9	61.7

(Note) 1. Calculated based on the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64 of 2015).

Supplementary Explanation

1) Wages: Include basic salary, compensation for overtime work, bonuses, etc., and exclude retirement allowances, commuting allowances, etc.

2) Part-time/Fixed-term Workers: Include part-time workers, fixed-term workers, and non-regular employees, and exclude temporary workers.

2. Based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991), this is calculated as the rate of taking childcare leave, etc. under Article 71-6, Item 1 of the "Enforcement Regulations of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ministry of Labour Ordinance No. 25 of 1991).

3. The gender wage gap indicates the ratio of women's average annual wages to men's, and the above difference is due to differences in the composition of the number of employees by job type. For both regular employees and part-time/fixed-term workers, there are no gender-based differences in wage regulations, welfare systems, or evaluation systems.

Section 5 [Status of Accounting]

1 Basis of Presenting Consolidated Financial Statements and Financial Statements

- (1) The company's consolidated financial statements are prepared in accordance with the "Regulations concerning the Terminology, Forms and Methods of Preparation of Consolidated Financial Statements" (Ministry of Finance Ordinance No. 28 of 1976).
- (2) The company's financial statements are prepared in accordance with the "Regulations concerning the Terminology, Forms and Methods of Preparation of Financial Statements" (Ministry of Finance Ordinance No. 59 of 1963).

2. Audit Certification

Pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the company's consolidated financial statements for the consolidated fiscal year (from April 1, 2025 to March 31, 2026) and financial statements for the fiscal year (from April 1, 2025 to March 31, 2026) have been audited by Ark LLC Audit Firm.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements

The company undertakes special measures to prepare appropriate consolidated financial statements. The company participates in seminars and other events to appropriately understand the content and changes in accounting standards and to establish a system capable of responding to such changes.

1. Consolidated Financial Statements

(1) Consolidated balance sheets

1) Consolidated balance sheets

(Millions of yen)

	FY2024	FY2025
	As of March 31, 2025	As of March 31, 2026
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	16,926	16,441
Notes receivable-trade	575	480
Electronically recorded monetary claims-operating	2,151	2,209
Accounts receivable-trade	24,677	23,501
Merchandise and finished goods	3,563	3,397
Work in process	1,090	972
Raw materials and supplies	10,130	9,824
Others	2,799	2,442
Allowance for doubtful accounts	(494)	(479)
Total current assets	61,419	58,790
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	25,119	27,015
Accumulated depreciation	(18,870)	(19,579)
Building and structures, net	6,248	7,436
Machinery, equipment and vehicles	67,286	72,799
Accumulated depreciation	(55,697)	(58,955)
Machinery, equipment and vehicles, net	11,589	13,844
Land	2,568	2,568
Lease assets	4,799	4,568
Accumulated depreciation	(2,825)	(3,149)
Lease assets, net	1,974	1,418
Construction in progress	4,044	3,024
Other tangible fixed assets	36,473	37,444
Accumulated depreciation	(34,568)	(35,342)
Other tangible fixed assets, net	1,905	2,102
Total tangible fixed assets	28,331	30,394
Intangible assets		
Other intangible assets	1,883	1,788
Total intangible assets	1,883	1,788
Investments and other assets		
Investment securities	2,841	3,275
Net defined benefit asset	2,300	4,347
Deferred tax assets	225	248
Others	484	881
Total investments and other assets	5,851	8,752
Total noncurrent assets	36,067	40,934
Total assets	97,486	99,725

(Millions of yen)		
	FY2024	FY2025
	As of March 31, 2025	As of March 31, 2026
	Amount	Amount
(Liabilities)		
Current liabilities		
Notes and accounts payable-trade	12,550	11,773
Electronically recorded obligations - operating	3,623	935
Short-term loans payable	6,040	3,330
Lease obligations	477	1,170
Income taxes payable	849	1,734
Accrued expenses	3,687	3,410
Provision for bonuses	1,696	1,760
Provision for directors' bonuses	54	81
Provision for product warranties	1,209	626
Provision for loss on order received	214	249
Electronically recorded obligations - non-operating	241	204
Others	1,357	1,066
Total current liabilities	32,003	26,343
Noncurrent liabilities		
Long-term loans payable	12,590	16,170
Lease obligations	2,403	1,186
Deferred tax liabilities	1,017	1,746
Net defined benefit liability	404	524
Provision for share awards	186	547
Asset retirement obligations	94	94
Others	42	40
Total noncurrent liabilities	16,738	20,310
Total liabilities	48,742	46,654
(Net assets)		
Shareholders' equity		
Capital stock	8,570	8,570
Capital surplus	6,877	6,863
Retained earnings	25,512	28,815
Treasury stock	(901)	(1,565)
Total shareholders' equity	40,059	42,683
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18	28
Foreign currency translation adjustment	6,976	7,594
Remeasurements of defined benefit plans	1,635	2,700
Total accumulated other comprehensive income	8,630	10,323
Non-controlling interests	54	63
Total net assets	48,744	53,070
Total liabilities and net assets	97,486	99,725

2) Consolidated statements of income and consolidated statement of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025)	(Apr. 1, 2025–Mar. 31, 2026)
	Amount	Amount
Net sales	159,235	162,278
Cost of sales	139,108	139,134
Gross profit	20,127	23,144
Selling, general and administrative expenses		
Packing and delivery expenses	1,797	1,892
Provision for product warranties	965	279
Directors' compensations	156	156
Salaries and allowances	2,587	2,803
Provision for bonuses	571	545
Provision for directors' bonuses	54	81
Provision for directors' retirement benefits	(36)	(67)
Retirement benefit expenses	50	66
Welfare expenses	1,584	1,832
Depreciation	487	546
Rent expenses	526	470
Transportation and communication expenses	465	467
Research and development expenses	1,687	1,222
Entertainment expenses	32	26
Provision of allowance for doubtful accounts	355	(19)
Commission Fee	328	356
Miscellaneous expenses	1,196	1,233
Total selling, general and administrative expenses	12,810	11,894
Operating income (loss)	7,316	11,249
Non-operating income		
Interest income	307	275
Dividends income	3	5
Equity in earnings of affiliates	492	665
Foreign exchange gains	6	58
Others	386	403
Total non-operating income	1,195	1,408
Non-operating expenses		
Interest expenses	407	247
Others	3	31
Total non-operating expenses	410	278
Ordinary income	8,101	12,378

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025)	(Apr. 1, 2025–Mar. 31, 2026)
	Amount	Amount
Extraordinary income		
Gain on sales of noncurrent assets	12	33
Gain on sales of investment securities	—	460
Total extraordinary income	12	494
Extraordinary loss		
Loss on retirement of noncurrent assets	1,217	56
Loss on sales of noncurrent assets	11	37
Impairment loss	303	174
Total extraordinary loss	1,531	268
Income (loss) before income taxes	6,582	12,604
Income taxes-current	2,423	3,641
Income taxes-deferred	(102)	188
Total income taxes	2,320	3,829
Profit (loss)	4,261	8,774
Profit (loss) attributable to non-controlling interests	11	9
Profit (loss) attributable to owners of parent	4,250	8,765

(Consolidated statement of comprehensive income)

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025)	(Apr. 1, 2025–Mar. 31, 2026)
	Amount	Amount
Profit (loss)	4,261	8,774
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	9
Foreign currency translation adjustment	2,020	682
Remeasurements of defined benefit plans, net of tax	(340)	1,068
Share of other comprehensive income of associates accounted for using equity method	(56)	(68)
Total other comprehensive income	1,622	1,691
Comprehensive income	5,884	10,466
(Breakdown)		
Comprehensive income attributable to owners of parent	5,868	10,457
Comprehensive income attributable to non-controlling interests	15	8

3) Consolidated statements of changes in net assets
Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2024	8,570	6,911	22,510	(114)	37,877
Changes of items during the period					
Dividends from surplus			(1,248)		(1,248)
Profit attributable to owners of parent			4,250		4,250
Purchase of treasury stock				(820)	(820)
Disposal of treasury stock		13		33	47
Change in ownership interest of parent due to transactions with non-controlling interests		(47)			(47)
Net changes of items other than shareholders' equity			0		
Total changes of items during the period	—	(34)	3,001	(786)	2,181
As of March 31, 2025	8,570	6,877	25,512	(901)	40,059

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2024	19	5,012	1,980	7,012	396	45,286
Changes of items during the period						
Dividends from surplus						(1,248)
Profit attributable to owners of parent						4,250
Purchase of treasury stock						(820)
Disposal of treasury stock						47
Change in ownership interest of parent due to transactions with non-controlling interests						(47)
Net changes of items other than shareholders' equity	(0)	1,964	(345)	1,618	(342)	1,276
Total changes of items during the period	(0)	1,964	(345)	1,618	(342)	3,457
As of March 31, 2025	18	6,976	1,635	8,630	54	48,744

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
As of April 1, 2025	8,570	6,877	25,512	(901)	40,059
Changes of items during the period					
Dividends from surplus			(1,896)		(1,896)
Profit attributable to owners of parent			8,765		8,765
Purchase of treasury stock				(4,293)	(4,293)
Disposal of treasury stock		1		48	49
Cancellation of treasury stock		(14)	(3,565)	3,580	—
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	(13)	3,302	(664)	2,624
As of March 31, 2026	8,570	6,863	28,815	(1,565)	42,683

	Valuation and translation adjustments				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
As of April 1, 2025	18	6,976	1,635	8,630	54	48,744
Changes of items during the period						
Dividends from surplus						(1,896)
Profit attributable to owners of parent						8,765
Purchase of treasury stock						(4,293)
Disposal of treasury stock						49
Cancellation of treasury stock						—
Change in ownership interest of parent due to transactions with non-controlling interests						
Net changes of items other than shareholders' equity	9	617	1,064	1,692	8	1,701
Total changes of items during the period	9	617	1,064	1,692	8	4,325
As of March 31, 2026	28	7,594	2,700	10,323	63	53,070

4) Consolidated statements of cash flows

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025)	(Apr. 1, 2025–Mar. 31, 2026)
	Amount	Amount
Net cash provided by (used in) operating activities		
Income (loss) before income taxes	6,582	12,604
Depreciation and amortization	5,655	5,650
Impairment loss	303	174
Retirement benefit expenses	(308)	(410)
Increase (decrease) in net defined benefit liability	28	60
Increase (decrease) in allowance for doubtful accounts	350	(27)
Increase (decrease) in provision for bonuses	26	64
Increase (decrease) in provision for directors' bonuses	21	27
Increase (decrease) in provision for product warranties	378	(593)
Loss on retirement of noncurrent assets	1,217	56
Loss (gain) on sales of tangible fixed assets	(1)	4
Loss (gain) on sales of investment securities	—	(460)
Interests and dividends income	(310)	(280)
Interests expenses	407	247
Foreign exchange losses (gains)	(370)	(111)
Equity in (earnings) losses of affiliates	(492)	(665)
Decrease (increase) in notes and accounts receivable-trade	3,773	1,504
Decrease (increase) in inventories	(340)	765
Increase (decrease) in notes and accounts payable-trade	(6,548)	(3,685)
Decrease (increase) in other current assets	(106)	421
Increase (decrease) in other current liabilities	(289)	(537)
Other, net	186	382
Subtotal	10,162	15,190
Interest and dividends income received	494	440
Interest expenses paid	(421)	(261)
Income taxes paid	(2,672)	(2,810)
Net cash provided by (used in) operating activities	7,563	12,558

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025)	(Apr. 1, 2025–Mar. 31, 2026)
	Amount	Amount
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	1,366	1,893
Payments into time deposits	(2,140)	(1,584)
Purchase of tangible fixed assets	(5,047)	(7,444)
Proceeds from sales of tangible fixed assets	11	72
Purchase of intangible assets	(239)	(206)
Purchase of investment securities	(580)	—
Proceeds from sales of investment securities	—	464
Other, net	157	(401)
Net cash provided by (used in) investing activities	(6,473)	(7,204)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(5,464)	(2,010)
Proceeds from long-term loans payable	2,180	6,710
Repayment of long-term loans payable	(670)	(3,870)
Purchase of treasury stock	(820)	(4,293)
Cash dividends paid	(1,248)	(1,896)
Cash dividends paid to non-controlling shareholders	(100)	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(381)	—
Others	(441)	(508)
Net cash provided by (used in) financing activities	(6,947)	(5,869)
Effect of exchange rate change on cash and cash equivalents	1,350	377
Net increase (decrease) in cash and cash equivalents	(4,506)	(137)
Cash and cash equivalents at beginning of period	20,204	15,698
Cash and cash equivalents at end of period	15,698	15,560

[Notes to Consolidated Financial Statements]

(Significant Matters Forming the Basis for Preparation of Consolidated Financial Statements)

1. Matters Concerning Scope of Consolidation

(1) Number of consolidated subsidiaries: 13 companies

Names of major consolidated subsidiaries

The names are omitted as they are described in "Part 1 Overview of the Company, 4. Status of Affiliated Companies."

2. Matters Concerning Application of the Equity Method

Number of affiliates accounted for by the equity method: 1 company

Name of company

TATA TOYO RADIATOR Ltd.

3. Matters Concerning the Fiscal Periods of Consolidated Subsidiaries

Among the consolidated subsidiaries, the closing date of 11 overseas consolidated subsidiaries is December 31.

The consolidated financial statements are prepared using the financial statements as of that date. However, necessary adjustments are made for significant transactions taking place in the intervening period between the above date and the consolidated balance date.

Among the consolidated subsidiaries, the closing dates of T.RAD LOGISTICS Co., Ltd. and T.RAD CONNECT Co., Ltd. coincide with the consolidated fiscal year-end of March 31.

4. Matters Concerning Accounting Policies

(1) Valuation standards and methods for significant assets

1) Securities

Available-for-sale securities

Securities other than shares without market value

Stated at fair value (changes in fair value are directly charged or credited to net assets, and the cost of sales is calculated using the weighted average method)

Shares without market value

Weighted average cost method

However, available-for-sale securities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and translation differences are treated as valuation differences.

2) Derivatives

Stated at fair value.

3) Inventories

Primarily stated at cost by the weighted average method (the carrying value on the balance sheet is calculated by the devaluation method based on declines in profitability), while overseas consolidated subsidiaries primarily use the lower of cost or market method based on the first-in, first-out method.

(2) Depreciation methods for significant depreciable assets

1) Tangible fixed assets (excluding lease assets)

Primarily by the declining-balance method.

The main useful lives are as follows:

Buildings and structures: 3 to 60 years

Machinery, equipment and vehicles: 2 to 17 years

For small depreciable assets with acquisition costs of 100,000 yen or more but less than 200,000 yen, the method of equal depreciation over three years is adopted in accordance with the provisions of the Corporation Tax Act.

Overseas consolidated subsidiaries primarily use the straight-line method.

2) Intangible assets (excluding lease assets)

The Company and its consolidated subsidiaries use the straight-line method. Software for internal use is depreciated using the straight-line method over its estimated useful life within the Company (5 years).

3) Lease assets

Lease assets under finance lease contracts with ownership transfer

The same depreciation method applied to self-owned fixed assets is adopted.

Lease assets under finance lease contracts without ownership transfer

Depreciation is computed using the straight-line method over the lease term with a residual value of zero.

(3) Standards for recognition of significant allowances

1) Allowance for doubtful accounts

To provide for losses from uncollectible trade receivables and other receivables, allowances for general receivables are provided based on historical bad debt ratios, and for doubtful receivables and other specific

- receivables, recoverability is individually assessed and estimated uncollectible amounts are recorded.
- 2) Provision for bonuses
Estimated amounts to be paid are recorded to provide for employee bonuses.
 - 3) Provision for directors' bonuses
To provide for bonuses to be paid to directors, the portion of the estimated amount to be paid that should be borne in the current consolidated fiscal year is recorded.
 - 4) Provision for product warranties
To provide for expenditures for after-sales service of products, estimated amounts are recorded based on past experience. For individually anticipated claim expenditures, the amounts reasonably expected to be borne by our Group are estimated and recorded, taking into account the number of units involved, repair costs per unit, and the allocation of responsibility with customers.
 - 5) Provision for losses on contracts
To provide for future losses on order contracts, estimated losses on order contracts at the end of the current consolidated fiscal year are recorded.
 - 6) Provision for stock benefits
To provide for the delivery of the Company's shares to employees based on the stock benefit regulations, estimated amounts of stock benefits corresponding to points allocated to employees are recorded.
- (4) Accounting method for retirement benefits
- 1) Method of attributing expected retirement benefits to periods of service
In calculating the retirement benefit obligation, the method of attributing expected retirement benefits to periods up to the end of the current consolidated fiscal year is based on the benefit calculation formula standards.
 - 2) Method of amortizing actuarial gains and losses and prior service cost
Prior service cost is amortized using the straight-line method over a certain number of years (13 years) within the average remaining service period of employees at the time of occurrence.
Actuarial gains and losses are amortized using the straight-line method over a certain number of years (13 years) within the average remaining service period of employees at the time of occurrence in each consolidated fiscal year, commencing from the following consolidated fiscal year.
 - 3) Accounting method for unrecognized actuarial gains and losses and unrecognized prior service cost
Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded in remeasurements of defined benefit plans within accumulated other comprehensive income in net assets, after adjusting for tax effects.
- (5) Standards for recognition of significant revenues and expenses
- Our Group manufactures and sells various heat exchangers, primarily to domestic and overseas automobile manufacturers and construction and industrial machinery manufacturers. Our Group's primary performance obligation is to supply finished products to customers, and in principle, we recognize revenue at the time of product delivery when control is transferred to the customer and the performance obligation is satisfied.
- Consideration for these performance obligations is received generally within one year after satisfaction of the performance obligation in accordance with separately determined payment terms, and does not include a significant financing component. Revenue is measured at the amount of consideration promised in contracts with customers, less discounts and other deductions.
- For certain paid supply transactions that qualify as repurchase agreements, derecognition of the supplied goods is not recognized, and inventories continue to be recognized.
- (6) Significant hedge accounting method
- 1) Method of hedge accounting
Deferral hedge accounting is adopted. The parent company applies the allocation method for foreign currency monetary receivables with forward exchange contracts. When interest rate swaps meet the requirements for special hedge accounting, special hedge accounting is adopted.
 - 2) Hedging instruments and hedged items
Hedging instruments: Forward exchange contracts, Hedged items: Foreign currency-denominated accounts receivable
Hedging instruments: Interest rate swaps, Hedged items: Borrowings
 - 3) Hedging policy
The parent company primarily enters into forward exchange contracts to mitigate the risk of exchange rate fluctuations in foreign currency-denominated transactions.
Interest rate swap transactions are also used to reduce the risk of fluctuations in interest payments on borrowings.

(iv) Method of evaluating hedge effectiveness

For forward exchange contracts, effectiveness is evaluated by confirming the identity of currency type, maturity date, and amount.

For interest rate swap transactions, hedge effectiveness assessment is omitted as they meet the requirements for special hedge accounting.

(7) Scope of funds in the consolidated statements of cash flows

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments that are readily convertible to cash, are exposed to insignificant risk of changes in value, and have maturities of three months or less from the date of acquisition.

(8) Application of the group tax sharing system

The Company and its domestic consolidated subsidiaries apply the group tax sharing system.

(Critical Accounting Estimates)

1. Impairment of tangible fixed assets of U.S. subsidiary

Previous consolidated fiscal year (March 31, 2025)

During the current consolidated fiscal year, for tangible fixed assets related to the aluminum product manufacturing and sales business held by the U.S. subsidiary T.RAD North America, Inc., due to continued decline in profitability and the inability to recover the investment amount, the carrying amount was reduced to a nominal value, and the reduction was recorded as an impairment loss. Additionally, idle assets held by the company were reduced to a nominal value, and the reduction was recorded as an impairment loss.

For the company's aluminum product manufacturing and sales business, profitability continues to decline due to ongoing increases in material and parts costs and logistics costs associated with rising market prices, as well as increases in labor costs from wage increases to address labor shortages. Regarding this impairment treatment, from the perspective of the risk of having a significant impact on the consolidated financial statements in the following consolidated fiscal year, the calculation method and key assumptions are disclosed.

The amounts recorded in the consolidated financial statements are as follows:

(Millions of yen)

	Current consolidated fiscal year
Tangible fixed assets related to the aluminum product manufacturing and sales business	-
Impairment loss on equipment for this business (A)	24
Tangible fixed assets related to the stainless steel product manufacturing and sales business	1,765
Impairment loss on equipment scheduled for production termination among equipment for this business (B)	-
Impairment loss on idle equipment (C)	196
Total impairment loss (A) + (B) + (C)	221

1) Calculation method

T.RAD North America, Inc. applies U.S. GAAP, and for asset groups of long-lived assets with indicators of impairment, recognition and measurement of impairment losses are performed as follows.

First, the necessity of recognizing an impairment loss is determined by comparing the total undiscounted future cash flows from the asset group with the carrying amount. As a result of the determination, if the carrying amount exceeds the total undiscounted future cash flows, the fair value of the asset group is calculated, and the amount by which the carrying amount exceeds the fair value is recognized as an impairment loss. In the current consolidated fiscal year, for the aluminum product manufacturing and sales business, the carrying amount exceeded the total undiscounted future cash flows. Therefore, as a result of calculating the fair value of the asset group, which was evaluated as zero, the carrying amount excluding the nominal value was recorded as an impairment loss. The estimation period for undiscounted future cash flows is determined based on the weighted average remaining economic useful life of the asset group.

In addition, undiscounted future cash flows are calculated based on operating income, which is derived by multiplying net sales in the future business plan by the contribution margin ratio and deducting fixed expenses.

2) Key assumptions

The key assumptions used in calculating fair value are the assumptions regarding expected orders used in calculating undiscounted future cash flows and the expected contribution margin ratio.

Future net sales will increase or decrease depending on the likelihood of receiving orders for products expected to be ordered. Therefore, in calculating net sales in the future business plan, order probability is assumed for products expected to be ordered. In addition, the contribution margin ratio is calculated by assuming the expected contribution margin ratio based on figures derived from past actual rates.

3) Impact on the consolidated financial statements for the following fiscal year

With respect to assumptions regarding expected orders, which is one of the key assumptions, the best estimate has been made at the present time; however, depending on future order conditions, future cash flows may decrease and impairment loss may occur. In addition, if significant production cuts by customers and cost increases in materials/parts, logistics, and personnel expenses exceed expectations, future cash flows may decrease and impairment loss may occur.

Current consolidated fiscal year (March 31, 2026)

There are no items to report.

2. Provision for product warranties

(1) Amounts recorded in the consolidated financial statements for the current consolidated fiscal year.

(Millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Provision for product warranties	1,209	626

(2) Information regarding significant accounting estimates relating to identified items.

1) Calculation method

The Group records estimated amounts based on past experience to provide for expenditures related to after-sales service for products. For individually anticipated claim expenditures, the amounts reasonably expected to be borne by our Group are estimated and recorded, taking into account the number of units involved, repair costs per unit, and the allocation of responsibility with customers.

2) Key assumptions

The key assumptions in the calculation are the number of units subject to claims and repair costs per unit. Reasonable figures are used for these assumptions based on past experience and other factors.

3) Impact on the consolidated financial statements for the following fiscal year

The Group has made the best estimates regarding the assumptions used in calculating these expenses; however, as these estimates contain uncertainties, actual expenses may differ from estimates due to unforeseeable changes in assumptions, and as a result, additional provisions or reversals of product warranty reserves may be required.

(Accounting standards not yet applied)

- “Accounting Standard for Leases” (Accounting Standards Board of Japan Statement No. 34, September 13, 2024, Accounting Standards Board of Japan)
- “Guidance on Accounting Standard for Leases” (Accounting Standards Board of Japan Guidance No. 33, September 13, 2024, Accounting Standards Board of Japan), etc.

(1) Overview

As part of the effort by the Accounting Standards Board of Japan to make Japanese standards internationally consistent, deliberations were conducted based on international accounting standards toward the development of an accounting standard for leases that recognizes assets and liabilities for all leases of lessees. As a basic policy, a lease accounting standard was published that is based on the single accounting treatment model of IFRS 16, but rather than adopting all provisions of IFRS 16, only the main provisions are adopted, aiming to be simple and highly convenient, and to basically require no modifications even when IFRS 16 provisions are used in separate financial statements.

For the lessee's accounting treatment, regarding the method of allocating lease expenses for lessees, similar to IFRS 16, a single accounting treatment model is applied that records depreciation expense for right-of-use assets and interest expense for lease liabilities for all leases, regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled application date

The standard will be applied from the beginning of the fiscal year ending March 2028.

(3) Impact of adopting the accounting standard

The impact on the consolidated financial statements from the application of the “Accounting Standard for Leases,” etc. is currently being evaluated.

(Changes in Presentation)

(Consolidated Balance Sheets)

Certain leased assets of overseas subsidiaries, which were included in “Machinery, equipment and vehicles” under “Tangible fixed assets” in the previous consolidated fiscal year, are included in “Leased assets” from the current consolidated fiscal year. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, in the consolidated balance sheet for the previous consolidated fiscal year, ¥2,372 million presented as “Machinery, equipment and vehicles” under “Tangible fixed assets” has been reclassified to “Leased assets,” ¥1,695 million presented as “Accumulated depreciation of machinery, equipment and vehicles” has been reclassified to “Accumulated depreciation of leased assets,” and ¥677 million presented as “Machinery, equipment and vehicles (net)” has been reclassified to “Leased assets (net).”

(Changes in accounting estimates)

(Change in amortization period for retirement benefits)

The Company had previously set the amortization period for actuarial differences and prior service costs in accounting for retirement benefits at 15 years, which was a fixed number of years within the average remaining service period of employees. However, as the average remaining service period fell below this, the period was changed to 13 years from the current fiscal year. As a result, operating income, ordinary income, and income before income taxes increased by 188 million yen compared with the previous amortization period.

(Consolidated Balance Sheets)

*1 Assets pledged as collateral and secured liabilities

Assets pledged as collateral are as follows:

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Cash and deposits	102 Millions of yen	— Millions of yen

Secured liabilities are as follows:

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Notes payable	102 Millions of yen	— Millions of yen

*2 Amounts related to unconsolidated subsidiaries and associated companies are as follows:

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Investment securities (stocks)	2,802 Millions of yen	3,240 Millions of yen

(Consolidated Statements of Income)

*1 Total research and development expenses included in general and administrative expenses and cost of sales

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
	3,516 millions of yen	2,994 Millions of yen

*2 Gain on sales of noncurrent assets consisted of the following:

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Buildings and structures	0 Millions of yen	0 Millions of yen
Machinery, equipment and vehicles	10	11
Other tangible fixed assets	1	0
Total	12	33

*3 Loss on retirement of noncurrent assets consisted of the following:

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Buildings and structures	106 Millions of yen	16 Millions of yen
Machinery, equipment and vehicles	64	35
Other tangible fixed assets	1	3
Other intangible assets	1,044	0
Total	1,217	56

*4 Loss on sales of noncurrent assets consisted of the following:

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Buildings and structures	0 Millions of yen	0 Millions of yen
Machinery, equipment and vehicles	10	0
Land	-	27
Other tangible fixed assets	0	-
Other intangible assets	-	0
Total	11	37

*5 Impairment loss

The Group recorded impairment loss on the following asset groups.

Previous fiscal year (From April 1, 2024 to March 31, 2025)

Location	Use	Type	Impairment loss (Millions of yen)
The Company, Shiga Works	Idle equipment	Machinery, equipment and vehicles	0
		Subtotal	0
Czech Republic T.RAD Czech s.r.o	Heat exchanger manufacturing and sales	Machinery, equipment and vehicles	81
		Other tangible fixed assets	0
		Subtotal	81
U.S.A, Kentucky T.RAD North America, Inc.	Equipment for heat exchanger manufacturing and sales	Machinery, equipment and vehicles	5
		Other tangible fixed assets	12
		Other	6
		Subtotal	24
	Idle equipment	Machinery, equipment and vehicles	152
		Other tangible fixed assets	0
		Other	42
Subtotal	196		
Total			303

Asset grouping is determined by taking into consideration management accounting classifications such as by company and by business.

As a result of performing impairment accounting procedures based on this grouping, for idle assets of the Company and U.S. subsidiary with no prospect of future use, the carrying amounts were written down to their recoverable amounts, and the reduction was recorded as impairment loss in extraordinary losses. The recoverable amounts of these asset groups are measured at memorandum value.

For the heat exchanger manufacturing and sales business at the U.S. and European subsidiaries, as recovery of the investment in the above tangible fixed assets became unlikely due to declining profitability, the carrying amounts were written down to memorandum value, and the reduction was recorded as impairment loss in extraordinary losses. The recoverable amounts of these asset groups are measured at fair value.

Current fiscal year (From April 1, 2025 to March 31, 2026)

Location	Use	Type	Impairment loss (Millions of yen)
U.S.A, Kentucky T.RAD North America, Inc	Equipment for heat exchanger manufacturing and sales	Machinery, equipment and vehicles	88
		Tangible fixed assets and other	22
		Other	63
		Subtotal	174
Total			174

Asset grouping is determined by taking into consideration management accounting classifications such as by company and by business.

As a result of performing impairment accounting procedures based on this grouping, for the heat exchanger manufacturing and sales business at the U.S. subsidiary, as recovery of the investment in the above tangible fixed assets became unlikely due to declining profitability, the carrying amounts were written down to memorandum value, and the reduction was recorded as impairment loss in extraordinary losses. The recoverable amounts of these asset groups are measured at fair value.

*6 The year-end inventory balance is the amount after write-down due to declining profitability, and the following inventory valuation gains and losses (- indicates gains) are included in cost of sales.

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
-483 Millions of yen	-140 Millions of yen

(Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustments and income tax effects related to other comprehensive income

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Unrealized gain on available-for-sale securities:		
Arising during the year	-0 Millions of yen	9 Millions of yen
Reclassification adjustment	-	-
Before income taxes and tax effect	-0	9
Income taxes and tax effect	-	-
Unrealized gain on available-for-sale securities	-0	9
Foreign currency translation adjustments:		
Arising during the year	2,020	682
Adjustments related to retirement benefits:		
Arising during the year	-221	1,998
Reclassification adjustment	-275	-412
Before income taxes and tax effect	-496	1,587
Income taxes and tax effect	156	-517
Adjustments related to retirement benefits	-340	1,068
Share of other comprehensive income of companies accounted for by the equity method:		
Arising during the year	-56	-68
Total other comprehensive income	1,622	1,691

(Consolidated Statements of Changes in Net Assets)

Previous fiscal year (From April 1, 2024 to March 31, 2025)

1. Matters concerning the types and total number of shares issued and the types and number of treasury stock

	Current consolidated fiscal year Shares at beginning of period (Thousand shares)	Current consolidated fiscal year Increase shares (Thousand shares)	Current consolidated fiscal year Decrease shares (Thousand shares)	Shares at end of the consolidated financial year (Thousand shares)
Shares issued				
Common stock	6,592	-	-	6,592
Total	6,592	-	-	6,592
Treasury stock				
Common stock (Notes 1, 2)	48	225	13	260
Total	48	225	13	260

(Note 1) The increase of 225 thousand shares of treasury stock of common stock consists of an increase of 224 thousand shares due to acquisition of treasury stock and an increase of 0 thousand shares due to purchase of shares constituting less than one unit. The decrease of 13 thousand shares of treasury stock of common stock consists of a decrease of 13 thousand shares due to disposal of treasury stock and a decrease of 0 thousand shares due to sales of treasury stock.

Based on a resolution at the Board of Directors' meeting held on July 16, 2024, the Company disposed of 13 thousand shares of treasury stock on August 16, 2024 as restricted stock compensation for directors and senior managing executive officers. In addition, based on a resolution at the Board of Directors' meeting held on November 5, 2024, the Company acquired 224 thousand shares of treasury stock. At the end of the current consolidated fiscal year, treasury stock increased by 786 million yen and capital surplus decreased by 34 million yen, resulting in treasury stock of 901 million yen and capital surplus of 6,877 million yen.

(Note 2) The number of treasury stock at the beginning and end of the current consolidated fiscal year includes 21,900 shares and 21,700 shares, respectively, of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the "Stock Benefit Trust (J-ESOP)."

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

There are no items to report.

3. Matters concerning dividends

(1) Dividends paid

(Resolution)	Type of shares	Total cash dividends (Millions of yen)	Per Share Dividends (Millions of yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 25, 2024	Common stock	656	100	March 31, 2024	June 26, 2024
Board of Directors on November 5, 2024	Common stock	592	90	September 30, 2024	November 29, 2024
Total	-	1,248	-	-	-

(Note) The total dividends based on the resolution of the Ordinary General Meeting of Shareholders on June 25, 2024 and the resolution of the Board of Directors on November 5, 2024 include dividends of 2 million yen and 1 million yen, respectively, for the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the "Stock Benefit Trust (J-ESOP)."

(2) Dividends for which the record date belongs to the current consolidated fiscal year and for which the effective date of distribution falls in the following consolidated fiscal year

(Resolution)	Type of shares	Total cash dividends (Millions of yen)	Source of Funds for dividend distribution	Per Share Dividends (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2025	Common stock	953	Retained earnings	150	March 31, 2025	June 26, 2025

(Note) The total dividends scheduled to be resolved at the Ordinary General Meeting of Shareholders on June 24, 2025 include dividends of 3 million yen for the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the "Stock Benefit Trust (J-ESOP)."

Current fiscal year (From April 1, 2025 to March 31, 2026)

1. Matters concerning the types and total number of shares issued and the types and number of treasury stock

	Current consolidated fiscal year Shares at beginning of period (Thousand shares)	Current consolidated fiscal year Increase shares (Thousand shares)	Current consolidated fiscal year Decrease shares (Thousand shares)	Shares at end of the consolidated financial year (Thousand shares)
Shares issued				
Common stock	6,592	-	692	5,900
Total	6,592	-	692	5,900
Treasury stock				
Common stock (Notes 1, 2)	260	681	703	238
Total	260	681	703	238

(Note 1) The increase of 681 thousand shares of treasury stock of common stock consists of an increase of 681 thousand shares due to acquisition of treasury stock and an increase of 0 thousand shares due to purchase of shares constituting less than one unit.

The decrease of 703 thousand shares of treasury stock of common stock consists of a decrease of 10 thousand shares due to disposal of treasury stock and a decrease of 692 thousand shares due to cancellation of treasury stock.

The Company acquired 375 thousand shares of treasury stock based on a resolution at the Board of Directors' meeting held on May 12, 2025, 65 thousand shares based on a resolution at the Board of Directors' meeting held on June 24, 2025, and 240 thousand shares based on a resolution at the Board of Directors' meeting held on September 16, 2025.

Based on a resolution at the Board of Directors' meeting held on July 14, 2025, the Company disposed of 10 thousand shares on August 14, 2025 as restricted stock compensation for directors and senior managing executive officers. In addition, based on a resolution at the Board of Directors' meeting held on November 4, 2025, the Company cancelled 692 thousand shares of treasury stock. At the end of the current consolidated fiscal year, treasury stock increased by 664 million yen, capital surplus decreased by 13 million yen, and retained earnings decreased by 3,565 million yen, resulting in treasury stock of 1,565 million yen, capital surplus of 6,863 million yen, and retained earnings of 28,815 million yen.

(Note 2) The number of treasury stock at the beginning and end of the current consolidated fiscal year includes 21,700 shares and 21,500 shares, respectively, of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the "Stock Benefit Trust (J-ESOP)."

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

There are no items to report.

3. Matters concerning dividends

(1) Dividends paid

(Resolution)	Type of shares	Total cash dividends (Millions of yen)	Per Share Dividends (Millions of yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 24, 2025	Common stock	953	150	March 31, 2025	June 26, 2025
Board of Directors on November 4, 2025	Common stock	943	160	September 30, 2025	November 28, 2025
Total	-	1,896	-	-	-

(Note) The total dividends based on the resolution of the Ordinary General Meeting of Shareholders on June 24, 2025 and the resolution of the Board of Directors on November 4, 2025 include dividends of 3 million yen and 3 million yen, respectively, for the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the "Stock Benefit Trust (J-ESOP)."

(2) Dividends for which the record date belongs to the current consolidated fiscal year and for which the effective date of distribution falls in the following consolidated fiscal year

The following is scheduled to be proposed as an agenda item at the Ordinary General Meeting of Shareholders to be held on June 29, 2026.

(Scheduled resolution)	Type of shares	Total cash dividends (Millions of yen)	Source of Funds for dividend distribution	Per Share Dividends (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 29, 2026	Common stock	2,273	Retained earnings	400	March 31, 2026	June 30, 2026

(Note) The total dividends scheduled to be resolved at the Ordinary General Meeting of Shareholders on June 29, 2026 include dividends of 8 million yen for the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the "Stock Benefit Trust (J-ESOP)."

(Consolidated Statements of Cash Flows)

*1 Relationship between the ending balances of cash and cash equivalents and the amounts for the account titles set down in the consolidated balance sheet

	Previous consolidated fiscal year (From Apr. 1, 2024 to Mar. 31, 2025)	Current consolidated fiscal year (From Apr. 1, 2025 to Mar. 31, 2026)
Cash and deposits	16,926 Millions of yen	16,441 Millions of yen
Time deposits with maturities exceeding three months	-1,227	-880
Cash and cash equivalents	15,698	15,560

(Notes to Lease Transactions)

Finance lease transactions (as lessee)

(1) Finance lease transactions that transfer ownership

1) Description of leased assets

Tangible fixed assets

Primarily production equipment ("Machinery, equipment and vehicles") in the various heat exchanger manufacturing and sales business.

2) Depreciation method for leased assets

As described in "(Significant Matters that Form the Basis for Preparing Consolidated Financial Statements) 4. Matters Concerning Accounting Policies, (2) Depreciation method for significant depreciable assets."

(2) Finance lease transactions that do not transfer ownership

1) Description of leased assets

Tangible fixed assets

Primarily production equipment, vehicles, etc. ("Machinery, equipment and vehicles") in the various heat exchanger manufacturing and sales business.

2) Depreciation method for leased assets

As described in "(Significant Matters that Form the Basis for Preparing Consolidated Financial Statements) 4. Matters Concerning Accounting Policies, (2) Depreciation method for significant depreciable assets."

(Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

The Group raises funds necessary for capital investment plans and other purposes (mainly through bank borrowings and lease transactions). Funds invested in financial instruments are limited to surplus funds, and such funds are invested in highly liquid financial instruments with emphasis on safety, reliability, and liquidity. Derivatives are used to hedge the risks described below, and it is our policy not to engage in speculative transactions.

(2) Content and Risks Arising from Financial Instruments

Trade receivables, including trade notes receivable, electronically recorded monetary claims, and accounts receivable, are exposed to customer credit risk. In addition, trade receivables denominated in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

Investment securities are equity securities of companies with which the Group has business relationships and financial instruments held for the purpose of investing surplus funds, and are exposed to the risk of market price fluctuations.

Trade payables, including trade notes payable, accounts payable, and electronically recorded obligations-operating, are mostly due within one month. Some of these payables denominated in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

Borrowings and lease obligations under finance lease transactions are mainly for the purpose of raising funds for capital investment, with the longest maturity being five years after the balance sheet date. Some of these are exposed to the market risks from changes in interest rates.

Regarding derivative transactions, the Group enters into forward foreign exchange contracts to hedge foreign exchange risk associated with trade receivables and payables denominated in foreign currencies.

(3) Risk management for financial instruments

1) Monitoring of credit risk (the risk that customers or counterparties may default)

- The Company, in accordance with its receivables management regulations, periodically monitors the status of major customers regarding trade receivables and manages due dates and balances for each counterparty. Consolidated subsidiaries also conduct similar management in accordance with the Company's receivables management regulations.
- With regard to derivative transactions, credit risk is considered to be minimal as counterparties are limited to financial institutions with high credit ratings.

2) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

- The Company hedges foreign exchange risk associated with trade receivables and payables denominated in foreign currencies, which is monitored by currency and by month, using forward foreign exchange contracts.
- For investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers (business partners), and continuously reviews its holdings in consideration of relationships with business partners.
- In conducting derivative transactions, the division in charge of derivative transactions follows the internal policies, which set forth delegation of authority and maximum upper limit on positions, with approval from authorized personnel. Transaction status is reported monthly to the responsible officer.

3) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on reports from each division, the responsible division prepares and updates its cash flow plans on a timely basis, and manages liquidity risk by maintaining adequate liquidity on hand.

2. Fair Values of Financial Instruments

The carrying amounts on the consolidated balance sheet, fair values, and differences between them are as follows.

Previous consolidated fiscal year (March 31, 2025)

	Amount recorded on the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Short-term borrowings *3	3,870	3,833	-36
(2) Long-term borrowings	12,590	12,376	-213
Total liabilities	16,460	16,209	-250

Current consolidated fiscal year (March 31, 2026)

	Amount recorded on the consolidated balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Short-term borrowings *3	3,130	3,112	-17
(2) Long-term borrowings	16,170	15,984	-185
Total liabilities	19,300	19,097	-202

*1 Notes for cash are omitted. Deposits, trade notes receivable, electronically recorded monetary claims, securities, accounts receivable, trade notes and accounts payable, and electronically recorded obligations-operating are omitted as their fair values approximate their carrying amounts due to their short-term settlement.

*2 Investments in equity instruments that do not have a quoted market price in an active market are not included in the above table. The carrying amounts of such financial instruments on the consolidated balance sheet are as follows.

	(Millions of yen)	
Category	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
1) Stocks of subsidiaries and affiliates	2,802	3,240
2) Investments in equity instruments that do not have a quoted market price in an active market	39	35
3) Investments and other assets (Other)	73	83
Total	2,915	3,358

*3 Short-term borrowings represent the current portion of long-term borrowings. Short-term borrowings other than the current portion of long-term borrowings are omitted as their fair values approximate their carrying amounts due to their short-term settlement.

(Note 1) Maturity analysis for financial assets and securities with contractual maturities after the consolidated balance sheet date

Previous consolidated fiscal year (March 31, 2025)

Category	Within 1 year (Millions of yen)	Over 1 year but within 5 years (Millions of yen)	Over 5 year but within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	16,926	-	-	-
Trade notes receivable	575	-	-	-
Electronically recorded monetary claims	2,151	-	-	-
Accounts receivable	24,677	-	-	-
Total	44,330	-	-	-

Current consolidated fiscal year (March 31, 2026)

Category	Within 1 year (Millions of yen)	Over 1 year but within 5 years (Millions of yen)	Over 5 years but within 10 years (Millions of yen)	Over 10 years (Millions of yen)
Cash and deposits	16,441	-	-	-
Trade notes receivable	480	-	-	-
Electronically recorded monetary claims	2,209	-	-	-
Accounts receivable	23,501	-	-	-
Total	42,633	-	-	-

(Note 2) Repayment schedule for borrowings and lease obligations after the consolidated balance sheet date

Previous consolidated fiscal year (March 31, 2025)

Category	Within 1 year (Millions of yen)	Over 1 years Within 2 year (Millions of yen)	Over 2 years Within 3 year (Millions of yen)	Over 3 years Within 4 year (Millions of yen)	Over 4 years Within 5 year (Millions of yen)	Over 5 years (Millions of yen)
Short-term borrowings	2,170	-	-	-	-	-
Long-term borrowings	3,870	3,130	6,530	1,810	1,120	-
Lease obligations	477	1,241	467	151	64	477
Total	6,518	4,371	6,997	1,961	1,184	477

Current consolidated fiscal year (March 31, 2026)

Category	Within 1 year (Millions of yen)	Over 1 year but within 2 years (Millions of yen)	Over 2 years but within 3 years (Millions of yen)	Over 3 years but within 4 years (Millions of yen)	Over 4 years but within 5 years (Millions of yen)	Over 5 years (Millions of yen)
Short-term loans payable	200	-	-	-	-	-
Long-term borrowings	3,130	6,530	2,220	4,520	2,900	-
Lease obligations	1,170	474	156	67	68	418
Total	4,500	7,004	2,376	4,587	2,968	418

3. Breakdown of fair value of financial instruments by level

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

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

Level 2 fair value: Fair value measured using inputs other than Level 1 inputs among observable inputs used in fair value measurement

Level 3 fair value: Fair value measured using unobservable inputs used in fair value measurement

When multiple inputs that have a significant effect on fair value measurement are used, fair value is classified at the lowest level among the levels to which those inputs belong in priority for fair value measurement.

(1) Financial instruments recorded at fair value on the consolidated balance sheet

Previous consolidated fiscal year (March 31, 2025)

There are no items to report.

Current consolidated fiscal year (March 31, 2026)

There are no items to report.

(2) Financial instruments other than those recorded at fair value on the consolidated balance sheet

Previous consolidated fiscal year (March 31, 2025)

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term loans payable	-	3,833	-	3,833
Long-term borrowings	-	12,376	-	12,376
Total Liabilities	-	16,209	-	16,209

Current consolidated fiscal year (March 31, 2026)

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term loans payable	-	3,112	-	3,112
Long-term borrowings	-	15,984	-	15,984
Total Liabilities	-	19,097	-	19,097

(Note) Description of valuation techniques and inputs used in fair value measurement

Short-term borrowings and long-term borrowings

The fair value of short-term borrowings and long-term borrowings is estimated based on present value of the total of principal and interest discounted by the interest rate that factors in the remaining period and credit risk of the debt, and is classified as Level 2 fair value.

(Marketable Securities)

1. Trading Securities

There are no items to report.

2. Held-to-maturity debt securities

There are no items to report.

3. Available-for-sale securities

Previous consolidated fiscal year (March 31, 2025)

There are no items to report.

Current consolidated fiscal year (March 31, 2026)

There are no items to report.

4. Available-for-sale securities sold

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Category	Proceeds from sales (Millions of yen)	Total gains on sales (Millions of yen)	Total losses on sales (Millions of yen)
Stocks	13	12	-
Total	13	12	-

(Note) As the stocks were sold in connection with golf club memberships, the gain on sale is included in other non-operating income.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

Category	Proceeds from sales (Millions of yen)	Total gains on sales (Millions of yen)	Total losses on sales (Millions of yen)
Stocks	464	460	-
Total	464	460	-

5. Securities for which impairment losses were recognized

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

There are no items to report.

In determining impairment, if the fair value at the end of the period has declined by 50% or more from the acquisition cost, impairment losses are recognized for the entire amount. If the decline is approximately 30% to 50%, impairment losses are recognized for the amount deemed necessary in consideration of the possibility of recovery.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

There are no items to report.

In determining impairment, if the fair value at the end of the period has declined by 50% or more from the acquisition cost, impairment losses are recognized for the entire amount. If the decline is approximately 30% to 50%, impairment losses are recognized for the amount deemed necessary in consideration of the possibility of recovery.

(Derivative Transactions)

1. Derivative financial instruments for which deferred hedged accounting has not been applied

- Currency-related transactions

Previous consolidated fiscal year (March 31, 2025)

There are no items to report.

Current consolidated fiscal year (March 31, 2026)

There are no items to report.

2. Derivative financial instruments for which deferred hedged accounting has been applied

- Interest-related transactions

Previous consolidated fiscal year (March 31, 2025)

There are no items to report.

Current consolidated fiscal year (March 31, 2026)

There are no items to report.

- Currency-related transactions

Previous consolidated fiscal year (March 31, 2025)

There are no items to report.

Current consolidated fiscal year (March 31, 2026)

There are no items to report.

(Retirement Benefits)

1. Overview of retirement benefit plan

The Company has adopted a defined benefit corporate pension plan as its retirement benefit plan. The Company transitioned a portion of its defined benefit corporate pension plan to a defined contribution corporate pension plan on April 1, 2023. Certain overseas consolidated subsidiaries have established unfunded retirement benefit plans.

The defined benefit corporate pension plans (all of which are funded plans) provide lump-sum or pension payments based on points determined by years of service.

2. Defined benefit plans (excluding plans applying the simplified method)

(1) Reconciliation chart of beginning and ending balances of retirement benefit obligation

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Retirement benefit obligation at beginning of year	8,403 Millions of yen	8,000 Millions of yen
Service cost	201	193
Interest cost	72	69
Actuarial loss (gain)	-15	-970
Retirement benefits paid	-688	-553
Other	27	10
Retirement benefit obligation at end of year	8,000	6,750

(2) Reconciliation chart of beginning and ending balances of plan assets

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Plan assets at beginning of year	10,540 Millions of yen	9,896 Millions of yen
Expected return on plan assets	184	173
Actuarial loss (gain)	-237	973
Employer contributions	87	78
Retirement benefits paid	-679	-548
Plan assets at end of year	9,896	10,573

(3) Reconciliation chart of ending balances of retirement benefit obligation and plan assets to retirement benefit liability and retirement benefit asset recognized in the consolidated balance sheet

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Retirement benefit obligation of funded plans	7,596 Millions of yen	6,225 Millions of yen
Plan assets	-9,896	-10,573
	-2,300	-4,347
Retirement benefit obligation of unfunded plans	404	524
Net amount of liabilities and assets recognized in the consolidated balance sheet	-1,895	-3,822
Retirement benefit liability	404	524
Retirement benefit asset	-2,300	-4,347
Net amount of liabilities and assets recognized in the consolidated balance sheet	-1,895	-3,822

(4) Retirement benefit expenses and breakdown

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Service cost	201 Millions of yen	193 Millions of yen
Interest cost	72	69
Expected return on plan assets	-184	-173
Amortization of actuarial loss (gain)	-275	-356
Retirement benefit expenses for defined benefit plans	-185	-266

(5) Adjustments for retirement benefits

The breakdown of items recorded in adjustments for retirement benefits (before tax and tax effects) is as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Actuarial loss (gain)	-496 Millions of yen	1,587 Millions of yen
Total	-496	1,587

(6) Accumulated adjustments for retirement benefits

The breakdown of items recorded in accumulated adjustments for retirement benefits (before tax and tax effects) is as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Unrecognized actuarial loss (gain)	2,348 Millions of yen	3,934 Millions of yen
Total	2,348	3,934

(7) Matters related to plan assets

1) Main components of plan assets

The ratio of each major category to total plan assets is as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Bonds	39%	36%
Stocks	49	46
General account of life insurance	10	16
Other	2	2
Total	100	100

2) Method for determining expected long-term rate of return on plan assets

The expected long-term rate of return on plan assets is determined by considering the current and expected allocation of plan assets and the expected long-term rate of return on each asset category.

(8) Matters related to actuarial assumptions

Principal actuarial assumptions (expressed as weighted averages)

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Discount rate	0.70%	2.30%
Expected long-term rate of return on plan assets	1.75%	1.75%

(Note) The discount rate applied in the calculation at the beginning of the current consolidated fiscal year was 0.7%. However, as a result of reviewing the discount rate at the end of the fiscal year, it was determined that the change in the discount rate would have a significant impact on the amount of retirement benefit obligations, and the discount rate was changed to 2.3%

3. Defined contribution plans

The required contributions to the Company's defined contribution plans were 218 million yen in the previous consolidated fiscal year and 229 million yen in the current consolidated fiscal year.

(Stock Options)

There are no items to report.

(Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Deferred tax assets		
Tax loss carryforwards (Note 2)	3,956 Millions of yen	3,918 Millions of yen
Impairment loss	1,034	885
Unrealized gain and loss	204	227
Depreciation	317	313
Write-down of inventories	246	214
Write-down of investment securities	1,008	1,002
Accrued bonuses in excess of tax deductible limit	503	527
Provision for product warranties in excess of tax deductible limit	280	118
Accrued social insurance premiums (for bonuses)	68	70
Provision for share-based benefits	55	172
Other	642	711
Subtotal of deferred tax assets	8,319	8,163
Valuation allowance for tax loss carryforwards (Note 2)	-3,956	-3,918
Valuation allowance for total deductible temporary differences	-2,938	-2,727
Subtotal of valuation allowance (Note 1)	-6,894	-6,646
Total deferred tax assets	1,424	1,516
Deferred tax liabilities		
Reserve for reduction of fixed assets	-45	-44
Retirement benefit asset	-614	-1,349
Retained earnings of subsidiaries and affiliates	-1,484	-1,540
Other	-72	-80
Total deferred tax liabilities	-2,216	-3,014
Net deferred tax liabilities	-791	-1,497

(Note 1) Valuation allowance decreased by ¥248 million. The valuation allowance for tax loss carryforwards decreased by ¥37 million due to reversal resulting from expiration of carryforward period at consolidated subsidiary T.RAD Czech s.r.o. The valuation allowance for total deductible temporary differences decreased by ¥210 million due to a decrease in deferred tax assets related to impairment loss at T.RAD North America, Inc.

2. Tax loss carryforwards and related deferred tax assets by expiration period

Previous consolidated fiscal year (March 31, 2025)

	Within 1 year (Millions of yen)	Over 1 year but within 2 years (Millions of yen)	Over 2 years but within 3 years (Millions of yen)	Over 3 years but within 4 years (Millions of yen)	Over 4 years but within 5 years (Millions of yen)	Over 5 years (Millions of yen)	Total (Millions of yen)
Tax loss carryforwards (a)	43	19	224	5	19	3,643	3,956
Valuation allowance	-43	-19	-224	-5	-19	-3,643	-3,956
Deferred tax assets	-	-	-	-	-	-	-

Current consolidated fiscal year (March 31, 2026)

	Within 1 year (Millions of yen)	Over 1 year but within 2 years (Millions of yen)	Over 2 years but within 3 years (Millions of yen)	Over 3 years but within 4 years (Millions of yen)	Over 4 years but within 5 years (Millions of yen)	Over 5 years (Millions of yen)	Total (Millions of yen)
Tax loss carryforwards (a)	24	99	156	4	0	3,631	3,918
Valuation allowance	-24	-99	-156	-4	-0	-3,631	-3,918
Deferred tax assets	-	-	-	-	-	-	-

(a) Tax loss carryforwards are amounts multiplied by the statutory effective tax rate.

(Changes in Presentation)

The “Provision for share-based compensation,” which was included in “Other” under deferred tax assets in the notes to the previous consolidated fiscal year, is presented separately in the current consolidated fiscal year due to its increased materiality. To reflect this change in presentation, the notes for the previous consolidated fiscal year have been reclassified.

As a result, ¥698 million presented as “Other” under deferred tax assets in the previous consolidated fiscal year has been reclassified to “Provision for share-based compensation” of ¥55 million and “Other” of ¥642 million.

2. Reconciliation between the statutory effective tax rate and the effective income tax rate when there is a significant difference

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Statutory effective tax rate	30.5%	A reconciliation is not required to be disclosed because the difference between the statutory effective tax rate and the effective income tax rate is less than 5%.
(Adjustments)		
Equity in earnings of affiliates	-2.3	
Lower tax rates of overseas subsidiaries	-5.8	
Non-deductible expenses such as entertainment expenses	2.5	
Non-taxable income such as dividend income	-1.2	
Change in valuation allowance	9.3	
Per capita inhabitant tax	0.3	
Retained earnings of subsidiaries and affiliates	5.7	
Tax credits	-3.0	
Other	-0.7	
Effective income tax rate	35.3	

3. Accounting treatment for corporate tax and local corporate tax or tax effect accounting related thereto

The Company and its domestic consolidated subsidiaries apply the group tax sharing system. In addition, in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System"(ASBJ PITF No. 42, August 12, 2021), the Company applies accounting treatment for corporate tax and local corporate tax or tax effect accounting related thereto, and makes related disclosures.

(Business Combinations)

There are no items to report.

(Asset Retirement Obligations)

Asset retirement obligations recognized in the consolidated balance sheet

1. Outline of asset retirement obligations

These include obligations to remove hazardous substances used in factory buildings, and restoration obligations under real estate lease agreements for warehouse land and buildings.

2. Method of calculating the amount of asset retirement obligations

For current liabilities, the amount of asset retirement obligations is calculated based on the expected period of use within one year.

For fixed assets, the amount of asset retirement obligations is calculated by estimating the expected period of use at 30 to 31 years from acquisition and using a discount rate of 2.3%.

3. Changes in the total amount of asset retirement obligations

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Balance at beginning of year	93 Millions of yen	94 Millions of yen
Accretion expense	0	0
Balance at end of year	94	94

(Investment and Rental Property)

The Company owns a warehouse for rent (including land) in Nagoya, Aichi.

The carrying amount, net change for the year and fair value of such investment and rental property are as follows.

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Amount recorded on the consolidated balance sheet		
Balance at beginning of year	357	356
Net change for the year	-1	-1
Balance at end of year	356	354
Fair value at end of year	613	660

(Note)1. The carrying amount in the consolidated balance sheet represents the acquisition cost less accumulated depreciation and accumulated impairment losses.

2. The fair value at the end of the period is based on appraisals by external real estate appraisers (including amounts adjusted using indices, etc.).

The profit or loss concerning Rental, etc. Real Property is as follows.

(Millions of yen)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Rental warehouses (including land)		
Rental revenue	53	53
Rental expenses	6	6
Difference	46	47
Other (gain or loss on sales, etc.)	-	-

(Revenue Recognition)

1. Disaggregation of revenue from contracts with customers

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments						Other (Notes)	Total
	Japan	U.S.A	Europe	Asia	China	Total		
For automobiles	45,380	41,698	4,789	21,862	13,730	127,461	-	127,461
For air conditioning equipment	2,630	-	-	0	-	2,630	-	2,630
For construction and industrial machinery	22,397	2,639	84	133	1,803	27,056	-	27,056
For other applications	1,541	146	1	91	1	1,783	303	2,086
Revenue from contracts with customers	71,948	44,484	4,874	22,087	15,535	158,931	303	159,235
Other revenue	-	-	-	-	-	-	-	-
Sales to customers	71,948	44,484	4,874	22,087	15,535	158,931	303	159,235

(Note) The “Other” category is a business segment not included in the reportable segments and includes business activities of domestic subsidiaries engaged in transportation services, etc.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments						Other (Notes)	Total
	Japan	U.S.A	Europe	Japan	U.S.A	Europe		
For automobiles	47,274	41,877	5,662	24,199	11,158	130,172	-	130,172
For air conditioning equipment	2,514	-	-	-	-	2,514	-	2,514
For construction and industrial machinery	23,192	2,068	5	100	2,151	27,518	-	27,518
For other applications	1,730	-	0	-	19	1,750	322	2,072
Revenue from contracts with customers	74,712	43,946	5,667	24,299	13,330	161,955	322	162,278
Other revenue	-	-	-	-	-	-	-	-
Sales to customers	74,712	43,946	5,667	24,299	13,330	161,955	322	162,278

(Note) The “Other” category is a business segment not included in the reportable segments and includes business activities of domestic subsidiaries engaged in transportation services, etc.

2. Information that provides the basis for understanding revenue from contracts with customers

As described in (Significant Matters that Form the Basis for the Preparation of Consolidated Financial Statements) 4. Matters Concerning Accounting Policies (5) Significant Standards for Recording Revenue and Expenses.

3. Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, as well as the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers existing at the end of the Current consolidated fiscal year

(1) Contract assets and contract liabilities balances, etc.

	Previous consolidated fiscal year (Millions of yen)	Current consolidated fiscal year (Millions of yen)
Receivables from contracts with customers (Balance at beginning of year)	29,859	27,404
Receivables from contracts with customers (Balance at end of year)	27,404	26,191
Contract liabilities (Balance at beginning of year)	13	-
Contract liabilities (Balance at end of year)	-	161

Contract assets of our Group are not disclosed as the balance is immaterial and no significant changes have occurred. Additionally, revenue recognized in the Current consolidated fiscal year from performance obligations satisfied (or partially satisfied) in prior periods is not material. There is no amount in the contract liability balance at the beginning of the period among the revenue recognized in the Current consolidated fiscal year.

(2) Transaction price allocated to remaining performance obligations

Revenue expected to be recognized in the future related to unsatisfied performance obligations of our Group at the end of the Current consolidated fiscal year is not material. Our Group applies a practical expedient and omits disclosure of information on remaining performance obligations with an original expected remaining period of one year or less.

Additionally, there is no significant variable consideration not included in the transaction price among consideration received from contracts with customers.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

The Company's reportable segments are those for which separate financial information is available and regular evaluation by the management meeting, consisting of directors and executive officers, is being performed in order to decide how resources are allocated and to assess performance.

The Company manufactures and sells various heat exchangers, including those for automobiles. In Japan, the Company handles these operations, while overseas, local subsidiaries in the United States, Europe (Czech Republic and Germany), Asia (Thailand, Indonesia, and Vietnam), and China are responsible for their respective regions. Each local subsidiary operates as an independent management unit, primarily producing products for sale in their respective regions and conducting business activities.

Therefore, the Company is composed of segments based on production and sales structures of the Company and local subsidiaries, with "Japan," "U.S.A.," "Europe," "Asia," and "China" as the five reportable segments.

Each reportable segment produces and sells heat exchangers for automobiles, construction and industrial machinery, air conditioning equipment, and other products.

2. Methods of measurement for the amounts of sales, profit or loss, assets, and other items for each reportable segment

The accounting policies of each reportable segment are generally consistent with those described in "Significant Matters that Form the Basis for the Preparation of Consolidated Financial Statements."

Net sales of reportable segments are figures based on production location.

Profit of reportable segments is based on operating income.

Intersegment sales or transfers are based on arm's length prices.

3. Information on net sales, profit or loss, assets, and other items by reportable segment

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments						Other (Notes)	Total
	Japan	U.S.A	Europe	Asia	China	Total		
Net sales								
Sales to customers	71,948	44,484	4,874	22,087	15,535	158,931	303	159,235
Intersegment sales or transfers	8,247	108	29	2,032	1,525	11,944	2,194	14,138
Total	80,196	44,593	4,904	24,120	17,061	170,876	2,498	173,374
Segment profit or loss (-)	2,692	-578	46	4,254	654	7,070	71	7,141
Segment assets	69,101	21,608	4,091	12,968	16,852	124,622	986	125,609
Other items								
Depreciation	3,093	872	138	751	899	5,754	52	5,807
Investments in affiliates accounted for by equity method	979	-	-	-	-	979	-	979
Increase in tangible fixed assets and intangible assets	3,526	346	202	928	303	5,308	24	5,332

(Note) The “Other” category is a business segment not included in the reportable segments and includes business activities of domestic subsidiaries engaged in transportation services, etc.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments						Other (Notes)	Total
	Japan	U.S.A	Europe	Asia	China	Total		
Net sales								
Sales to customers	74,712	43,946	5,667	24,299	13,330	161,955	322	162,278
Intersegment sales or transfers	8,964	80	60	2,855	1,478	13,439	2,267	15,707
Total	83,676	44,026	5,728	27,154	14,808	175,395	2,590	177,985
Segment profit or loss (-)	3,957	591	35	5,044	1,402	11,032	88	11,120
Segment assets	74,349	22,548	4,756	14,082	13,552	129,288	827	130,116
Other items								
Depreciation	3,132	795	176	782	844	5,732	48	5,780
Investments in affiliates accounted for by equity method	979	-	-	-	-	979	-	979
Increase in tangible fixed assets and intangible assets	5,672	487	385	1,100	231	7,876	62	7,938

(Note) The “Other” category is a business segment not included in the reportable segments and includes business activities of domestic subsidiaries engaged in transportation services, etc.

4. Difference between the total of reportable segments and the amounts recorded in the consolidated financial statements, and the main details of such differences (matters concerning reconciliation)

(Millions of yen)

Net sales	Previous consolidated fiscal year	Current consolidated fiscal year
Reportable segments total	170,876	175,395
Net sales of "Other" category	2,498	2,590
Elimination of intersegment transactions	-14,138	-15,707
Net sales in the consolidated financial statements	159,235	162,278

(Millions of yen)

Profit	Previous consolidated fiscal year	Current consolidated fiscal year
Reportable segments total	7,070	11,032
Profit of "Other" category	71	88
Elimination of intersegment transactions	175	129
Operating income in the consolidated financial statements	7,316	11,249

(Millions of yen)

Assets	Previous consolidated fiscal year	Current consolidated fiscal year
Reportable segments total	124,622	129,288
Assets of "Other" category	986	827
Elimination of intersegment transactions	-28,122	-30,390
Total assets in the consolidated financial statements	97,486	99,725

(Millions of yen)

Other items	Reportable segments total		Other		Adjustments (Note)		Amounts recorded in the consolidated financial statements	
	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year
Depreciation	5,754	5,732	52	48	-151	-130	5,655	5,650
Investments in affiliates accounted for by equity method	979	979	-	-	1,822	2,260	2,802	3,240
Increase in tangible fixed assets and intangible assets	5,308	7,876	24	62	-45	-288	5,287	7,650

(Note) Adjustments are as follows.

1. Adjustments to depreciation and amortization are due to elimination of unrealized gains or losses on noncurrent assets.
2. Adjustments to investments in affiliates accounted for by equity method are due to equity in earnings of affiliates, etc.
3. Adjustments to the increase in tangible fixed assets, and intangible assets are as follows.

Elimination of unrealized gains or losses on noncurrent assets: -132 million yen

[Related Information]

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

1. Information by product and service

As sales to external customers in a single product and service category exceed 90% of net sales in the consolidated statement of income, this information is omitted.

2. Information by region

(1) Net sales by customer's location

(Millions of yen)

Japan	U.S.A	Europe	Asia	China	Other	Total
71,242	43,318	6,036	22,634	15,346	657	159,235

(2) Tangible fixed assets (by location of assets)

(Millions of yen)

Japan	U.S.A	Europe	Asia	China	Total
16,319	3,959	1,154	2,953	3,944	28,331

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
Toyota Motor Corporation	17,827	Japan

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

1. Information by product and service

As sales to external customers in a single product and service category exceed 90% of net sales in the consolidated statement of income, this information is omitted.

2. Information by region

(1) Net sales by customer's location

(Millions of yen)

Japan	U.S.A	Europe	Asia	China	Other	Total
74,122	41,833	6,727	24,799	12,925	1,870	162,278

(2) Tangible fixed assets (by location of assets)

(Millions of yen)

Japan	U.S.A	Europe	Asia	China	Total
18,499	3,586	1,568	3,183	3,556	30,394

3. Information by major customer

(Millions of yen)

Name of customer	Net sales	Related segment name
Toyota Motor Corporation	19,000	Japan

[Information on impairment loss on noncurrent assets by reportable segment]

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Japan	U.S.A	Europe	Asia	China	Other (Note)	Eliminations	Total
Impairment loss	0	221	81	-	-	-	-	303

(Note) The “Other” category is a business segment not included in the reportable segments and includes business activities of domestic subsidiaries engaged in transportation services, etc.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Japan	U.S.A	Europe	Asia	China	Other (Note)	Eliminations	Total
Impairment loss	-	174	-	-	-	-	-	174

(Note) The “Other” category is a business segment not included in the reportable segments and includes business activities of domestic subsidiaries engaged in transportation services, etc.

[Information on amortization of goodwill and unamortized balance by reportable segment]

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

There are no items to report.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

There are no items to report.

[Information on gain on negative goodwill by reportable segment]

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

There are no items to report.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

There are no items to report.

(Related Party Information)

1. Related party transactions

(1) Transactions between the company submitting consolidated financial statements and related parties

(a) Directors and principal shareholders (limited to individuals) of the company submitting consolidated financial statements

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Type	Name of company or individual	Location	Capital stock or investment (Millions of yen)	Business description or occupation	Percentage of voting rights owned (held) (%)	Relationship with related party	Description of transaction	Transaction amount (Millions of yen)	Account	Balance at end of year (Millions of yen)
Director	Tomio Miyazaki	-	-	Representative Director of the Company	(Percentage held) Direct 0.5% Indirect 34.8%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Note)1	13	-	-

(Note) 1 This is a contribution in kind of monetary compensation claims based on the restricted stock compensation plan.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

Type	Name of company or individual	Location	Capital stock or investment (Millions of yen)	Business description or occupation	Percentage of voting rights owned (held) (%)	Relationship with related party	Description of transaction	Transaction amount (Millions of yen)	Account	Balance at end of year (Millions of yen)
Director	Tomio Miyazaki	-	-	Representative Director of the Company	(Percentage held) Direct 0.6% Indirect 39.0%	Contribution in kind of monetary compensation claims	Contribution in kind of monetary compensation claims (Note)1	14	-	-
Director	Tomio Miyazaki Jinya Co., Ltd.	-	-	Representative Director of the Company	(Percentage held) Direct 0.6% Indirect 39.0%	Sale of noncurrent assets	Sale of noncurrent assets (Notes)2	11	-	-

(Note) 1 This is a contribution in kind of monetary compensation claims based on the restricted stock compensation plan.

2 In concluding this transfer agreement, to ensure fairness, we obtained an opinion letter regarding the sale price from a real estate appraisal company that has no interest in the Company, determined that the transaction details and terms were appropriate, and executed the transaction based on the approval of the Board of Directors.

(2) Transactions between consolidated subsidiaries of the company submitting consolidated financial statements and related parties

(a) Directors and principal shareholders (limited to individuals) of the company submitting consolidated financial statements

Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)

Type	Name of company or individual	Location	Capital stock or investment (Millions of yen)	Business description or occupation	Percentage of voting rights owned (held) (%)	Relationship with related party	Description of transaction	Transaction amount (Millions of yen)	Account	Balance at end of year (Millions of yen)
Director	Tomio Miyazaki JINYA CONNECT Co., Ltd.	-	-	Representative Director of the Company	(Percentage held) Direct 0.5% Indirect 34.8%	License payment	Payment of software usage fees	89	Accrued expenses	15

(Note) The payment of license fees is executed based on the approval of the Company's Board of Directors as an economically rational transaction, taking into consideration the service content and price conditions.

Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)

Type	Name of company or individual	Location	Capital stock or investment (Millions of yen)	Business description or occupation	Percentage of voting rights owned (held) (%)	Relationship with related party	Description of transaction	Transaction amount (Millions of yen)	Account	Balance at end of year (Millions of yen)
Director	Tomio Miyazaki JINYA CONNECT Co., Ltd.	-	-	Representative Director of the Company	(Percentage held) Direct 0.6% Indirect 39.0%	License payment	Payment of software usage fees	104	Accrued expenses	17

(Note) The payment of license fees is executed based on the approval of the Company's Board of Directors as an economically rational transaction, taking into consideration the service content and price conditions.

2. Notes on the Parent Company or any Significant Affiliated Company

There are no items to report.

(Per Share Information)

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Net assets per share	7,689.22 yen	9,363.27 yen
Net Income per Share	653.84 yen	1,477.51 yen

(Note) 1. Diluted net income per share is not disclosed because there are no potential shares that could cause dilution.

2. The number of treasury shares at the end of the current consolidated fiscal year includes shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) established under the “Stock Benefit Trust (J-ESOP)” as treasury shares. Accordingly, such shares are included in the number of treasury shares deducted from the number of shares issued at the end of the period for calculating net assets per share, and are included in the number of treasury shares deducted from the average number of shares during the period for calculating net income per share. In the previous consolidated fiscal year, the number of such shares deducted for calculating net assets per share was 21,700 shares, and the number of such shares deducted for calculating net income per share was 21,717 shares. In the current consolidated fiscal year, the number of such shares deducted for calculating net assets per share was 21,500 shares, and the number of such shares deducted for calculating net income per share was 21,600 shares.

3. The basis for calculating net income per share is as follows.

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Net Income per Share		
Profit attributable to owners of parent (Millions of yen)	4,250	8,765
Amounts not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent related to common stock (Millions of yen)	4,250	8,765
Average number of shares outstanding during the period (Thousands of shares)	6,500	5,932

(Significant Subsequent Events)

(Stock Split and Partial Amendment to the Articles of Incorporation Accompanying the Stock Split)

The Company resolved at the Board of Directors meeting held on May 25, 2026 to conduct a stock split and to partially amend the Articles of Incorporation accompanying the stock split.

(1) Purpose of the stock split

The purpose is to improve the liquidity of the Company's shares and expand the investor base by reducing the amount per investment unit.

(2) Overview of the stock split

1) Method of split

With June 30, 2026 as the record date, common shares held by shareholders listed or recorded in the shareholder registry as of that date will be split at a ratio of 10 shares for every 1 share.

2) Number of shares to be increased by the split

Total number of shares issued before the stock split: 5,900,000 shares

Number of shares to be increased by the stock split: 53,100,000 shares

Total number of shares issued after the stock split: 59,000,000 shares

Total number of authorized shares after the stock split: 150,000,000 shares

(Note) The above total number of issued shares may increase due to the exercise of stock acquisition rights before the record date of the stock split.

3) Schedule of the split

Record date announcement date (scheduled): June 15, 2026

Record date: June 30, 2026

Effective date: July 1, 2026

4) Impact on per share information

Per share information assuming the stock split had been conducted at the beginning of the previous consolidated fiscal year is as follows.

	Previous consolidated fiscal year (March 31, 2025)	Current consolidated fiscal year (March 31, 2026)
Net assets per share	768.92 yen	936.33 yen

	Previous consolidated fiscal year (From April 1, 2024 to March 31, 2025)	Current consolidated fiscal year (From April 1, 2025 to March 31, 2026)
Net income per share	65.38 yen	147.75 yen

(3) Partial amendment to the Articles of Incorporation accompanying the stock split

1) Reason for the amendment to the Articles of Incorporation

In connection with this stock split, pursuant to Article 184, Paragraph 2 of the Companies Act, the total number of authorized shares in Article 6 of the Company's Articles of Incorporation will be changed effective July 1, 2026.

2) Content of the amendment to the Articles of Incorporation

The content of the amendment is as follows.

(Underlines indicate the amended portions.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 6: The total number of authorized shares of the Company shall be <u>15,000,000</u> shares.	(Total Number of Authorized Shares) Article 6: The total number of authorized shares of the Company shall be <u>150,000,000</u> shares.

3) Schedule for the amendment to the Articles of Incorporation

Effective date: July 1, 2026

(4) Other

1) Change in the amount of stated capital

There will be no change in the amount of stated capital in connection with this stock split.

5) [Consolidated Supplementary Schedules]

[Schedule of Bonds]

There are no items to report.

[Schedule of Borrowings]

Category	Balance at beginning of year (Millions of yen)	Balance at end of year (Millions of yen)	Average interest rate (%)	Repayment deadline
Short-term loans payable	2,170	200	1.26%	-
Current portion of long-term loans payable	3,870	3,130	1.12%	-
Current portion of lease obligations	477	1,170	3.11%	-
Long-term loans payable (excluding current portion)	12,590	16,170	1.09%	April 2027 - January 2031
Lease obligations (excluding current portion)	2,403	1,186	3.21%	April 2027 - November 2036
Other interest-bearing debt	-	-	-	-
Total	21,511	21,856	-	-

(Note) 1. "Average interest rate" is the weighted average interest rate on the year-end balance of borrowings.

2. The scheduled repayment amounts within 5 years after the consolidated fiscal year-end for long-term loans payable and lease obligations (excluding current portion) are as follows.

	Over 1 year but within 2 years (Millions of yen)	Over 2 year but within 3 years (Millions of yen)	Over 3 year but within 4 years (Millions of yen)	Over 4 year but within 5 years (Millions of yen)
Long-term borrowings	6,530	2,220	4,520	2,900
Lease obligations	474	156	67	68

[Schedule of Asset Retirement Obligations]

The schedule of asset retirement obligations has been omitted because the matters to be stated in this schedule are described as notes stipulated in Article 15-23 of the Regulation on Consolidated Financial Statements.

(2) Other

Semi-annual information for the current consolidated fiscal year

	Interim consolidated accounting period	Current consolidated fiscal year
Net sales (Millions of yen)	77,511	162,278
Interim (current) net income before income taxes (Millions of yen)	5,708	12,604
Interim (current) net income attributable to owners of parent (Millions of yen)	4,094	8,765
Interim (current) net income per share (yen)	669.95	1,477.51

2. Non-Consolidated Financial Statements

(1) Non-consolidated balance sheets

1) Non-consolidated balance sheets

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025	(Apr. 1, 2025–Mar. 31, 2026
	Amount	Amount
(Assets)		
Current assets		
Cash and deposits	3,801	4,309
Electronically recorded monetary claims-operating	2,151	2,209
Accounts receivable-trade	16,642	16,387
Merchandise and finished goods	1,868	1,479
Work in process	600	481
Raw materials and supplies	2,257	2,240
Prepaid expenses	106	118
Accounts receivable-other	3,550	2,151
Other current assets	16	48
Total current assets	30,996	29,426
Noncurrent assets		
Tangible Fixed Assets		
Buildings	13,692	15,078
Accumulated depreciation	(10,927)	(11,120)
Buildings, net	2,765	3,958
Structures	1,572	1,732
Accumulated depreciation	(1,337)	(1,370)
Structures, net	235	361
Machinery and equipment	29,060	32,319
Accumulated depreciation	(23,087)	(24,362)
Machinery and equipment, net	5,973	7,956
Vehicles	176	177
Accumulated depreciation	(119)	(121)
Vehicles, net	57	56
Tools, furniture and fixtures	27,231	27,385
Accumulated depreciation	(26,323)	(26,560)
Tools, furniture and fixtures, net	908	824
Land	1,782	1,752
Lease assets	6	6
Accumulated depreciation	(5)	(6)
Lease assets, net	1	0
Construction in progress	2,601	2,040
Other, net	0	0
Total Tangible Fixed Assets	14,325	16,952
Intangible assets		
Software	1,128	866
Other intangible assets	476	550
Total intangible assets	1,605	1,417

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025	(Apr. 1, 2025–Mar. 31, 2026
	Amount	Amount
Investments and other assets		
Investment securities	39	35
Stocks of subsidiaries and affiliates	11,095	11,095
Investments in capital	72	82
Investments in capital of subsidiaries and affiliates	8,124	10,073
Long-term prepaid expenses	7	5
Deferred tax assets	1,087	920
Net defined benefit asset	—	469
Others	130	542
Allowance for investment loss	(776)	(776)
Total investments and other assets	19,780	22,447
Total noncurrent assets	35,710	40,817
Total assets	66,707	70,243
(Liabilities)		
Current liabilities		
Electronically recorded obligations – operating	3,623	935
Accounts payable-trade	7,320	6,759
Short-term loans payable	4,070	3,330
Lease obligations	0	0
Accounts payable-other	390	430
Income taxes payable	393	1,195
Accrued consumption taxes	300	—
Accrued expenses	1,668	1,706
Advances received	219	163
Deposits received	74	73
Provision for bonuses	1,615	1,623
Provision for directors' bonuses	54	81
Provision for product warranties	392	106
Electronically recorded obligations - non-operating	241	204
Others	12	10
Total current liabilities	20,378	16,621
Noncurrent liabilities		
Long-term loans payable	12,590	16,170
Lease obligations	0	0
Provision for retirement benefits	34	48
Provision for share awards	176	519
Asset retirement obligations	63	63
Others	11	38
Total noncurrent liabilities	12,877	16,840
Total liabilities	33,256	33,462

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025	(Apr. 1, 2025–Mar. 31, 2026
	Amount	Amount
(Net assets)		
Shareholders' equity		
Capital stock	8,570	8,570
Capital surplus		
Legal capital surplus	7,331	7,331
Other capital surplus	13	—
Total capital surplus	7,344	7,331
Retained earnings		
Legal retained earnings	1,097	1,097
Other retained earnings		
Reserve for dividends	500	500
Reserve for special account for advanced depreciation of noncurrent assets	95	91
General reserve	8,130	8,130
Retained earnings brought forward	8,595	12,597
Total retained earnings	18,417	22,416
Treasury stock	(901)	(1,565)
Total shareholders' equity	33,432	36,752
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	18	28
Total valuation and translation adjustments	18	28
Total net assets	33,451	36,781
Total liabilities and net assets	66,707	70,243

2) Non-consolidated statements of income

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025)	(Apr. 1, 2025–Mar. 31, 2026)
	Amount	Amount
Net sales	80,196	83,676
Cost of sales		
Beginning finished goods	1,395	1,696
Cost of products manufactured	61,975	64,451
Purchase of finished goods	2,259	1,211
Transfer from other account	5,098	5,480
Total	70,728	72,840
Finished goods transfer to other account	291	250
Ending finished goods	1,696	1,285
Cost of finished goods sold	68,741	71,304
Gross profit	11,455	12,372
Selling, general and administrative expenses		
Packing and delivery expenses	2,763	2,902
Advertising expenses	30	31
Provision for product warranties	393	34
Directors' compensations	141	148
Salaries and allowances	1,131	1,337
Provision for bonuses	426	336
Provision for directors' bonuses	54	81
Provision for retirement benefits	(42)	(74)
Welfare expenses	444	532
Depreciation	338	368
Repair expenses	142	358
Taxes and dues	111	112
Rent expenses	407	311
Transportation and communication expenses	287	286
Provision for share awards	43	48
Research and development expenses	1,634	1,187
Insurance expenses	10	9
Stationery expenses	50	46
Entertainment expenses	18	13
Commission Fee	191	213
Miscellaneous expenses	79	132
Total selling, general and administrative expense	8,659	8,418
Operating income (loss)	2,795	3,953
Non-operating income		
Interest income	36	16
Interest on securities	0	—
Dividends income	5,856	7,084
Foreign exchange gains	35	205
Others	218	293
Total non-operating income	6,147	7,600

(Millions of yen)

	FY2024	FY2025
	(Apr. 1, 2024–Mar. 31, 2025)	(Apr. 1, 2025–Mar. 31, 2026)
	Amount	Amount
Non-operating expenses		
Interest expenses	102	154
Others	12	21
Total non-operating expenses	115	176
Ordinary income	8,827	11,377
Extraordinary income		
Gain on sales of noncurrent assets	5	23
Gain on sales of investment securities	—	460
Total extraordinary income	5	484
Extraordinary Loss		
Loss on sales of noncurrent assets	—	37
Loss on retirement of noncurrent assets	1,325	56
Impairment loss	0	—
Provision of allowance for investment loss	776	—
Loss on valuation of investments in capital of subsidiaries and affiliates	65	—
Total extraordinary loss	2,168	94
Income before income taxes	6,664	11,768
Income taxes-current	1,080	2,139
Income taxes-deferred	(90)	167
Total income taxes	989	2,307
Net income(loss)	5,675	9,461

3) Non-consolidated statements of changes in net assets
Fiscal year ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings				Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
As of April 1, 2024	8,570	7,331	—	7,331	1,097	500	100	8,130	4,163	13,991
Changes of items during the period										
Reversal of reserve for advanced depreciation of non-current assets							(5)		5	—
Dividends from surplus									(1,248)	(1,248)
Net income									5,675	5,675
Purchase of treasury stock										
Disposal of treasury stock			13	13						
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	13	13	—	—	(5)	—	4,432	4,426
As of March 31, 2025	8,570	7,331	13	7,344	1,097	500	95	8,130	8,595	18,417

	Shareholders' Equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
As of April 1, 2024	(114)	29,777	19	19	29,797
Changes of items during the period					
Reversal of reserve for advanced depreciation of non-current assets		—			—
Dividends from surplus		(1,248)			(1,248)
Net income		5,675			5,675
Purchase of treasury stock	(820)	(820)			(820)
Disposal of treasury stock	33	47			47
Net changes of items other than shareholders' equity			(0)	(0)	(0)
Total changes of items during the period	(786)	3,654	(0)	(0)	3,653
As of March 31, 2025	(901)	33,432	18	18	33,451

Fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital Surplus			Legal retained earnings	Retained Earnings				Total retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus		Reserve for dividends	Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward	
As of April 1, 2025	8,570	7,331	13	7,344	1,097	500	95	8,130	8,595	18,417
Changes of items during the period										
Reversal of reserve for advanced depreciation of non-current assets							(3)		3	—
Dividends from surplus									(1,896)	(1,896)
Net income									9,461	9,461
Purchase of treasury stock										
Disposal of treasury stock			1	1						
Cancellation of treasury stock			(14)	(14)					(3,565)	(3,565)
Net changes of items other than shareholders' equity										
Total changes of items during the period	—	—	(13)	(13)	—	—	(3)	—	4,002	3,998
As of March 31, 2026	8,570	7,331		7,331	1,097	500	91	8,130	12,597	22,416

	Shareholders' Equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
As of April 1, 2025	(901)	33,432	18	18	33,451
Changes of items during the period					
Reversal of reserve for advanced depreciation of non-current assets		—			—
Dividends from surplus		(1,896)			(1,896)
Net income		9,461			9,461
Purchase of treasury stock	(4,293)	(4,293)			(4,293)
Disposal of treasury stock	48	49			49
Cancellation of treasury stock	3,580	—			—
Net changes of items other than shareholders' equity			9	9	9
Total changes of items during the period	(664)	3,320	9	9	3,330
As of March 31, 2026	(1,565)	36,752	28	28	36,781

[Matters to be Stated in the Notes]

(Significant Accounting Policies)

1. Valuation standards and methods for securities

(1) Stocks of subsidiaries and affiliated companies

Stated at cost determined by the periodic average method.

(2) Other securities

Securities other than shares without market value

Stated at fair value method (All valuation gains or losses are treated as a component of net assets, with the cost of securities sold calculated according to the periodic average method).

Shares without market value

Stated at cost determined by the periodic average method.

However, other securities denominated in foreign currencies are translated into Japanese yen at the spot exchange rate on the balance sheet date, and translation differences are treated as valuation differences.

2. Valuation standards and methods for inventories

(1) Finished goods, semi-finished goods, raw materials

Stated at cost determined by the periodic average method (Book values on the balance sheet have been calculated according to the lower of cost or market method based on decreased profitability).

(2) Work in process

Stated at cost determined by the specific identification method (Book values on the balance sheet have been calculated according to the lower of cost or market method based on decreased profitability).

(3) Supplies

Stated at cost determined by the last purchase price method (Book values on the balance sheet have been calculated according to the lower of cost or market method based on decreased profitability).

3. Depreciation methods for fixed assets

(1) Tangible fixed assets (excluding lease assets)

Depreciation is computed mainly by the declining-balance method.

The principal useful lives are as follows:

Buildings: 3 to 47 years

Machinery and equipment: 2 to 17 years

For minor depreciable assets with an acquisition cost of 100,000 yen or more but less than 200,000 yen, the method of equal depreciation over three years is adopted in accordance with the provisions of the Corporation Tax Act.

(2) Intangible assets (excluding lease assets)

Amortization is computed by the straight-line method.

The useful lives are based on the same standards as the method prescribed in the Corporation Tax Act.

However, software for internal use is amortized by the straight-line method over the estimated useful life for internal use (5 years).

(3) Lease assets

Lease assets under finance lease contracts with ownership transfer

Depreciation is computed using the same method as that applied to self-owned fixed assets.

Lease assets under finance leases that do not transfer ownership

Depreciation is computed by the straight-line method over the lease term with zero residual value.

(4) Long-term prepaid expenses

Amortized on a straight-line basis. The amortization period is based on the same standards as the method prescribed in the Corporation Tax Act.

4. Standards for recognition of allowances

(1) Allowance for doubtful accounts

To provide for losses from bad debts on trade receivables and other receivables, the allowance for general receivables is provided based on the historical write-off rate, and for doubtful receivables and other specific receivables, the estimated uncollectible amounts are recorded after individually examining the collectibility.

(2) Allowance for investment loss

To provide for losses on investments in affiliated companies, estimated losses are recorded taking into consideration their financial condition.

(3) Provision for bonuses

Accrued employees' bonuses are provided based on the estimated amount to be paid.

(4) Provision for directors' bonuses

To provide for bonuses to be paid to directors, the amount to be borne in the current fiscal year out of the

estimated payment amount is recorded.

(5) Provision for product warranties

To provide for expenditures on after-sales service for products, estimated amounts are recorded based on past experience. For claim expenses that are individually expected to occur, the estimated amount that the Company is reasonably expected to bear is recorded, taking into consideration the number of units subject to claims, repair costs per unit, and the proportion of responsibility with customers.

(6) Provision for retirement benefits

To provide for employees' retirement benefits, the provision is recorded based on the estimated amounts of retirement benefit obligations and pension assets at the end of the current fiscal year. Regarding the provision for retirement benefits for employees enrolled in defined benefit pension plans, if the estimated pension assets are less than the estimated retirement benefit obligations adjusted for estimated actuarial differences, the amount is recorded as provision for retirement benefits, and if greater, it is recorded as prepaid pension costs. In addition, the provision for retirement benefits for employees who are not enrolled in either defined benefit pension plans or defined contribution pension plans is recorded as provision for retirement benefits.

1) Method of attributing expected retirement benefits to periods of service

In calculating retirement benefit obligations, the method of attributing expected retirement benefits to periods up to the end of the current fiscal year is based on the benefit calculation formula standards.

2) Method of amortizing actuarial gains/losses and prior service cost

Prior service cost is amortized by the straight-line method over a certain number of years (13 years) within the average remaining service period of employees at the time of occurrence.

Actuarial gains and losses are amortized from the fiscal year following the year of occurrence by the straight-line method over a certain number of years (13 years) within the average remaining service period of employees at the time of occurrence in each fiscal year.

(7) Provision for share-based compensation

To provide for the delivery of the Company's shares to employees based on the share delivery regulations, the estimated amount of share delivery corresponding to points allocated to employees is recorded.

5. Standards for recognition of revenue and expenses

The Company manufactures and sells various heat exchangers mainly to domestic and overseas automobile manufacturers and construction and industrial machinery manufacturers. The Company's performance obligation is mainly to supply finished products to customers, and in principle, revenue is recognized at the time of delivery of products when control is transferred to the customer and the performance obligation is satisfied.

Consideration for these performance obligations is received generally within one year after the satisfaction of performance obligations according to separately determined payment terms, and does not include any significant financing component. Revenue is measured at the amount of consideration promised in the contract with the customer, less discounts and other deductions.

For certain paid supply transactions that fall under repurchase agreements, an alternative treatment is applied, and the derecognition of such supplied goods is recognized.

6. Hedge accounting methods

(1) Hedge accounting methods

Deferral hedge accounting is adopted. For foreign currency monetary receivables with forward exchange contracts, the allocation method is applied. For interest rate swaps that meet the criteria for special treatment, special treatment is adopted.

(2) Hedging instruments and hedged items

Hedging instruments: Forward exchange contracts, Hedged items: Foreign currency denominated accounts receivable

Hedging instruments: Interest rate swaps, Hedged items: Borrowings

(3) Hedging policy

Forward exchange contracts are used to reduce the risk of exchange rate fluctuations in foreign currency transactions.

Interest rate swaps are also used to mitigate the risk of fluctuations in interest rates on borrowings.

(4) Method of evaluating hedge effectiveness

For forward exchange contracts, effectiveness is evaluated by confirming the identity of currency type, maturity date, and amount.

For interest rate swaps, as they meet the requirements for special treatment, the evaluation of effectiveness is omitted.

7. Other significant matters forming the basis for preparation of financial statements

(1) Accounting treatment for retirement benefits

The accounting method for unrecognized actuarial gains/losses and unrecognized prior service cost related to retirement benefits differs from the accounting method used in the consolidated financial statements.

(2) Application of group taxation system

The Company applies the group taxation system.

(Critical Accounting Estimates)

1. Realizability of deferred tax assets

Previous fiscal year (March 31, 2025)

(1) Amounts recorded in the financial statements for the current fiscal year

(Millions of yen)

	Current fiscal year
Net deferred tax assets	1,087
Deferred tax assets (amount before offsetting with deferred tax liabilities)	1,139
Of which, related to tax loss carryforwards	-

At the end of the current fiscal year, there are no deferred tax assets related to tax loss carryforwards; however, the deferred tax assets recorded in the financial statements are disclosed from the perspective of the risk of having a material impact on the financial statements for the following fiscal year.

(2) Information regarding the content of critical accounting estimates related to identified items

1) Calculation method

For deductible temporary differences and tax loss carryforwards, taxable income based on future earning capacity is calculated, scheduling is performed over a reasonable estimable period (5 years), and the realizability of deferred tax assets is assessed. Taxable income is estimated by multiplying sales by the marginal profit ratio in future business plans, calculating income before income taxes after adding and subtracting fixed expenses, and then adding and subtracting expected permanent differences. As tax loss carryforwards have been eliminated at the end of the current fiscal year, scheduling is performed over a reasonable estimable period (5 years). For long-term deductible temporary differences related to provision for retirement benefits and excess depreciation, the portion corresponding to periods beyond the estimable period (5 years) is also calculated as being realizable.

2) Key assumptions

The items that have a significant impact on calculating future income before income taxes, which forms the basis for estimating taxable income, are sales and marginal profit ratio in future business plans. Sales increase or decrease depending on the likelihood of receiving orders for expected products. Therefore, in calculating sales, the probability of receiving orders for expected products is assumed. For the marginal profit ratio, the calculation is based on figures derived from past performance ratios as the assumed marginal profit ratio.

3) Impact on the financial statements for the following fiscal year

If key assumptions such as the probability of receiving orders or the expected marginal profit ratio fluctuate significantly, it may have a significant impact on the estimation of taxable income. In addition, significant production cuts by business partners and unexpected increases in costs such as material costs, logistics costs, and personnel expenses would have a significant impact on the estimation of taxable income. In particular, if tax loss carryforwards occur in the following fiscal year, the schedulable period, including long-term deductible temporary differences related to provision for retirement benefits and excess depreciation, would be reviewed, and a significant reversal of deferred tax assets may occur.

Current fiscal year (March 31, 2026)

There are no items to report.

2. Valuation of investments in subsidiaries and affiliates

Previous fiscal year (March 31, 2025)

(1) Amounts recorded in the financial statements for the current fiscal year

(Millions of yen)

	Current fiscal year
Loss on write-down of investments in subsidiaries and affiliates	-
Loss on write-down of investments in capital of affiliates	65
(Total)	65
(Balance after write-down)	
Investments in subsidiaries and affiliates	11,095
Investments in capital of affiliates	8,124
	19,219

Investments in subsidiaries and affiliates and investments in capital of affiliates without market value are stated at acquisition cost on the balance sheet; however, when the real value significantly declines due to deterioration in the financial condition of the affiliated company, the value is reduced accordingly and the valuation difference is treated as a loss for the current period (impairment treatment), unless recoverability is supported by sufficient evidence.

For affiliated companies whose real value significantly declined during the current fiscal year, impairment treatment was applied as recoverability was deemed not to be recognized.

(2) Other information useful for understanding by users of financial statements

1) Calculation method

The net realizable value of shares of subsidiaries and affiliates and investments in capital is calculated by multiplying the net assets of the subsidiaries and affiliates at the end of the period by the Company's ownership ratio.

The net realizable value is compared with the carrying amount before valuation, and if the net realizable value has declined by 50% or more from the carrying amount before valuation, the carrying amount is reduced to the net realizable value and a valuation loss is recognized. For this comparison, in the case of overseas subsidiaries and affiliates, the comparison is made on a foreign currency basis, and for the measurement of valuation losses, the Company's share of net assets at the end of the period is translated at the exchange rate on the fiscal year-end date of the relevant subsidiary or affiliate, and the difference from the carrying amount is recorded as a valuation loss.

2) Key assumptions

Since the valuation of shares of subsidiaries and affiliates and investments in capital of subsidiaries and affiliates is primarily affected by impairment of tangible fixed assets of subsidiaries and affiliates, the key assumptions for the estimates are the same as those described in "Notes to Consolidated Financial Statements (Critical Accounting Estimates) 1. Impairment of tangible fixed assets of U.S. Subsidiary" and therefore the notes are omitted.

3) Impact on the financial statements for the following fiscal year

If the performance of certain overseas subsidiaries and affiliates further deteriorates in the following fiscal year and recognition of valuation losses becomes necessary, significant valuation losses may occur.

Current fiscal year (March 31, 2026)

There are no items to report.

3. Provision for product warranties

(1) Amounts recorded in the financial statements for the current fiscal year.

(Millions of yen)

	Previous fiscal year	Current fiscal year
Provision for product warranties	392	106

(2) Information regarding significant accounting estimates relating to identified items.

1) Calculation method

The Company records estimated amounts based on past experience to provide for expenditures related to after-sales service for products. For claim expenses that are individually expected to occur, the estimated amount that the Company is reasonably expected to bear is recorded, taking into consideration the number of units subject to claims, repair costs per unit, and the proportion of responsibility with customers.

2) Key assumptions

The key assumptions in the calculation are the number of units subject to claims and the repair cost per unit. For these assumptions, reasonable figures are used based on past experience.

3) Impact on the financial statements for the following fiscal year

The Company makes best estimates regarding the assumptions for calculating these expenses; however, since these estimates involve uncertainty, actual expenses may differ from the estimates due to unforeseeable changes in assumptions, and as a result, additional provisions for product warranties or reversals may become necessary.

(Changes in accounting estimates)

The Company had previously amortized actuarial gains and losses and prior service costs in accounting for retirement benefits over 15 years, a fixed number of years within the average remaining service period of employees. However, as the average remaining service period has fallen below this, the amortization period has been changed to 13 years from the current fiscal year. As a result, operating income, ordinary income, and income before income taxes increased by 188 million yen compared with the amounts that would have been reported under the previous amortization period.

(Balance Sheet)

*1 Items related to subsidiaries and affiliates

Assets and liabilities related to subsidiaries and affiliates include the following, in addition to those presented separately.

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Current assets		
Accounts receivable - trade	3,503 Millions of yen	4,436 Millions of yen
Accounts receivable - other	1,376	221
Current liabilities		
Accounts payable - trade	166	126

2 Guarantee liabilities

The Company guarantees financial liabilities on bank loans of the following subsidiaries and affiliates.

Guarantee liabilities

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
T.RAD North America, Inc. (8,634 K USD)	1,291 Millions of yen	T.RAD North America, Inc. (6,622 K USD) 1,059 Millions of yen
T.RAD (Qingdao) Co., Ltd. (65,081 K CNY)	1,340	T.RAD (Qingdao) Co., Ltd. (- K CNY) -
Total	2,631	Total 1,059

(Statement of Income)

*1 Transactions with subsidiaries and affiliates include the following.

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Dividends income from subsidiaries and affiliates	5,852 Millions of yen	7,079 Millions of yen

*2 The breakdown of transfers to other accounts is as follows.

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Transfers to research and development expenses	245 Millions of yen	231 Millions of yen
Other	45	18
Total	291	250

*3 The breakdown of gain on sale of noncurrent assets is as follows.

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Buildings	- Millions of yen	- Millions of yen
Machinery and equipment	-	0
Vehicles	4	1
Tools, furniture and fixtures	0	-
Total	5	23

*4 The breakdown of loss on sale of noncurrent assets is as follows.

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Buildings	- Millions of yen	9 Millions of yen
Tools, furniture and fixtures	-	0
Land	-	27
Intangible assets (Other)	-	0
Total	-	37

*5 The breakdown of loss on retirement of noncurrent assets is as follows.

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Buildings	85 Millions of yen	13 Millions of yen
Structures	20	4
Machinery and equipment	60	35
Vehicles	1	0
Tools, furniture and fixtures	1	1
Software	-	0
Intangible assets (Other)	1,156	-
Total	1,325	56

(Securities)

Previous fiscal year (March 31, 2025)

Shares of subsidiaries and affiliates are unlisted stocks without market prices, and therefore their fair values are not disclosed.

The carrying amounts of shares of subsidiaries and affiliates that are unlisted stocks without market prices are as follows.

Category	Previous fiscal year (Millions of yen)
Shares of subsidiaries	10,115
Shares of affiliates	979
Total	11,095

Current fiscal year (March 31, 2026)

Shares of subsidiaries and affiliates are unlisted stocks without market prices, and therefore their fair values are not disclosed.

The carrying amounts of shares of subsidiaries and affiliates that are unlisted stocks without market prices are as follows.

Category	Current fiscal year (Millions of yen)
Shares of subsidiaries	10,115
Shares of affiliates	979
Total	11,095

(Tax Effect Accounting)

1. Significant components of deferred tax assets and liabilities

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Deferred tax assets		
Depreciation	295 Millions of yen	293 Millions of yen
Write-down of inventories	63	55
Write-down of investment securities	8,060	8,054
Accrued bonuses in excess of the limit for income tax deduction	492	509
Provision for product warranties in excess of the limit for income tax deduction	119	33
Accrued social insurance premiums (related to bonuses)	68	70
Provision for retirement benefits	10	-
Impairment loss	18	18
Accounts payable - trade	8	3
Allowance for investment loss	243	243
Provision for share-based compensation	55	163
Other	261	330
Subtotal of deferred tax assets	9,692	9,772
Valuation allowance for total deductible temporary differences	-8,552	-8,671
Subtotal of valuation allowance	-8,552	-8,671
Total deferred tax assets	1,139	1,101
Deferred tax liabilities		
Prepaid pension costs	-	-131
Reserve for reduction of fixed assets	-43	-42
Other	-7	-7
Total deferred tax liabilities	-51	-181
Net deferred tax assets or liabilities	1,087	920

(Changes in Presentation)

The “Provision for share-based compensation,” which was included in “Other” under deferred tax assets in the notes to the previous fiscal year, is presented separately in the current fiscal year due to its increased materiality. In addition, “Accounts payable,” which was presented separately under deferred tax assets in the previous fiscal year, is included in “Other” from the current fiscal year due to its decreased materiality. To reflect these changes in presentation, the notes for the previous fiscal year have been reclassified.

As a result, ¥8 million presented as “Accounts payable” and ¥308 million presented as “Other” under deferred tax assets in the previous fiscal year have been reclassified to “Provision for share-based compensation” of ¥55 million and “Other” of ¥261 million.

2. Reconciliation between the statutory tax rate and the effective tax rate when there is a significant difference

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Statutory effective tax rate	30.5%	30.5%
(Adjustments)		
Non-deductible expenses such as entertainment expenses	8.8	7.9
Non-taxable income such as dividend income	-25.5	-17.5
Increase/decrease in valuation allowance	4.7	1.0
Per capita inhabitants tax	0.3	0.2
Tax credits	-3.0	-2.1
Other	-1.0	-0.3
Effective income tax rate	14.8	19.6

3. Accounting treatment for corporate tax and local corporate tax or tax effect accounting related thereto

The Company applies the group taxation system. In addition, the Company performs accounting treatment for corporate tax and local corporate tax or tax effect accounting related thereto, as well as disclosure, in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

(Revenue Recognition)

The basic information for understanding revenue from contracts with customers is as described in “Significant Accounting Policies 5. Standards for Recognition of Revenue and Expenses.” In addition, other notes related to revenue recognition are omitted as the same content is described in the consolidated financial statements “Notes (Revenue Recognition).”

(Significant Subsequent Events)

(Stock Split and Partial Amendment to the Articles of Incorporation Accompanying the Stock Split)

The Company resolved at the Board of Directors meeting held on May 25, 2026 to conduct a stock split and to make a partial amendment to the Articles of Incorporation accompanying the stock split.

(1) Purpose of the stock split

The purpose is to improve the liquidity of the Company's shares and expand the investor base by reducing the amount per investment unit.

(2) Overview of the stock split

1) Method of split

With June 30, 2026 as the record date, common shares held by shareholders recorded in the shareholder register as of that date will be split at a ratio of 10 shares for each 1 share.

2) Number of shares to be increased by the split

Total number of shares issued before the stock split: 5,900,000 shares

Number of shares to be increased by the stock split: 53,100,000 shares

Total number of shares issued after the stock split: 59,000,000 shares

Total number of shares issuable after the stock split: 150,000,000 shares

(Note) The above total number of issued shares may increase due to the exercise of stock acquisition rights before the record date for the stock split.

3) Schedule of the split

Record date announcement (scheduled): June 15, 2026

Record date: June 30, 2026

Effective date: July 1, 2026

4) Impact on per share information

Per share data would have been as follows if the stock split had been performed at the beginning of the previous fiscal year.

	Previous fiscal year (March 31, 2025)	Current fiscal year (March 31, 2026)
Net assets per share	528.27 yen	649.71 yen

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Net Income per share	87.31 yen	159.48 yen
Diluted net income per share	— yen	— yen

(3) Partial amendment to the Articles of Incorporation accompanying the stock split

1) Reason for the amendment to the Articles of Incorporation

In connection with this stock split, the total number of authorized shares stipulated in Article 6 of the Company's Articles of Incorporation will be changed effective July 1, 2026, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act.

2) Details of the amendment to the Articles of Incorporation

The details of the amendment are as follows.

(Underlines indicate the amended portions.)

Current Articles of Incorporation	Amended Articles of Incorporation
(Number of authorized shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>15,000,000</u> shares.	(Number of authorized shares) Article 6 The total number of shares authorized to be issued by the Company shall be <u>150,000,000</u> shares.

3) Schedule for the amendment to the Articles of Incorporation

Effective date: July 1, 2026

(4) Other

1) Changes to the amount of stated capital

There will be no change in the amount of stated capital in connection with this stock split.

4) [Supplementary details]

[Schedule of Tangible fixed assets]

Type of asset	Balance at beginning of year (Millions of yen)	Increase current year (Millions of yen)	Decrease current year (Millions of yen)	Balance at end of year (Millions of yen)	Accumulated depreciation or amortization at end of year (Millions of yen)	Depreciation for current year (Millions of yen)	Net balance at end of year (Millions of yen)
Tangible fixed assets							
Buildings	13,693	*A 1,556	170	15,078	11,120	333	3,958
Structures	1,572	174	14	1,732	1,370	47	361
Machinery and equipment	29,060	*B 3,501	242	32,319	24,362	1,507	7,956
Vehicles	176	32	31	177	121	32	56
Tools, furniture and fixtures	27,231	*C 834	680	27,385	26,560	916	824
Land	1,782	16	45	1,752	-	-	1,752
Lease assets	6	-	-	6	6	0	0
Construction in progress	2,601	4,594	5,155	2,040	-	-	2,040
Other	0	-	-	0	-	-	0
Total tangible fixed assets	76,124	10,709	6,340	80,493	63,541	2,838	16,952
Intangible assets							
Software	1,837	69	157	1,749	882	330	866
Other	503	610	562	551	0	0	550
Total intangible assets	2,340	680	720	2,300	883	330	1,417
Long-term prepaid expenses	16	0	1	16	10	1	5

(Note) 1. The major items included in the increase and decrease during the year are as follows.

(Millions of yen)

Buildings	*A	1,556	Including Technology Center building, Hadano G Plant 1,349
Machinery and equipment	*B	3,501	Including heat exchanger manufacturing equipment 3,257 Including research and testing equipment 237
Tools, furniture and fixtures	*C	834	Including molds 442 Including research and testing instruments 66

[Details of Provisions]

Category	Balance at beginning of year (Millions of yen)	Increase current year (Millions of yen)	Decrease current year (Used for intended purpose) (Millions of yen)	Decrease current year (Other) (Millions of yen)	Balance at end of year (Millions of yen)
Allowance for investment loss	776	-	-	-	776
Provision for bonuses	1,615	1,623	1,615	-	1,623
Provision for directors' bonuses	54	81	54	-	81
Provision for product warranties	392	34	320	-	106
Provision for share-based compensation	176	346	4	-	519

(2) [Details of Major Assets and Liabilities]

This information has been omitted as consolidated financial statements have been prepared.

(3) Other

There are no items to report.

Section 6 [Overview of the Filing Company's Stock Administration]

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	During June
Record date:	March 31
Record date for dividends from retained earnings	March 31
Number of shares per unit	100 shares
Purchase of shares constituting less than one unit	
Place of handling	(Special account) Sumitomo Mitsui Trust Bank, Limited, Head Office, 3-33-1 Shiba, Minato-ku, Tokyo
Transfer Agent	(Special account) Sumitomo Mitsui Trust Bank, Limited, 3-33-1 Shiba, Minato-ku, Tokyo
Agent	_____
Purchase commission	The amount per unit shall be calculated using the following formula and prorated by the number of shares constituting less than one unit purchased. (Formula) Of the total amount calculated by multiplying the purchase price per share by the number of shares per unit: 1.150% for amounts up to ¥1,000,000 0.900% for amounts exceeding ¥1,000,000 up to ¥5,000,000 0.700% for amounts exceeding ¥5,000,000 up to ¥10,000,000 (Fractions of less than one yen shall be rounded down) However, if the calculated amount per unit is less than ¥2,500, the amount shall be ¥2,500.
Method of public notice	The Company's method of public notice shall be electronic public notice. However, in the event that electronic public notice cannot be made due to an accident or other unavoidable circumstances, the notice shall be published in the Nihon Keizai Shimbun published in Tokyo.
Benefits for shareholders	None

(Note) Pursuant to the provisions of the Company's Articles of Incorporation, shareholders holding shares constituting less than one unit do not have any rights other than the rights set forth in each item of Article 189, Paragraph 2 of the Companies Act, the right to make requests pursuant to the provisions of Article 166, Paragraph 1 of the Companies Act, and the right to receive allotment of shares for subscription and allotment of stock acquisition rights for subscription in proportion to the number of shares held by the shareholder.

Section 7 [Reference Information of the Filing Company]

1 [Information on Parent Company, etc. of the Filing Company]

The Company has no parent company, etc. as defined in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2 [Other Reference Information]

The following documents were submitted during the period from the beginning of the current fiscal year to the date of submission of this Annual Securities Report.

(1) Annual Securities Report, attachments thereto, and confirmation letter

Fiscal year (123rd term) (From April 1, 2024 to March 31, 2025) Submitted to the Director of the Kanto Local Finance Bureau on June 17, 2025.

(2) Internal Control Report and attachments thereto

Submitted to the Director of the Kanto Local Finance Bureau on June 17, 2025.

(3) Semiannual Securities Report and confirmation letter

(During the 124th term) (From April 1, 2025 to September 30, 2025) Submitted to the Director of the Kanto Local Finance Bureau on November 4, 2025.

(4) Amendment to the Semiannual Securities Report and confirmation letter

Submitted to the Director of the Kanto Local Finance Bureau on November 7, 2025.

This is the amendment report and confirmation letter for the Semiannual Securities Report (during the 124th term) (from April 1, 2025 to September 30, 2025).

(5) Extraordinary Report

Submitted to the Director of the Kanto Local Finance Bureau on June 26, 2025.

This is an Extraordinary Report based on the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 (matters resolved at the Annual General Meeting of Shareholders) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

(6) Share Buyback Report

Reporting period (From May 13, 2025 to May 31, 2025) Submitted to the Director of the Kanto Local Finance Bureau on June 10, 2025

Reporting period (From June 1, 2025 to June 30, 2025) Submitted to the Director of the Kanto Local Finance Bureau on July 10, 2025

Reporting period (From July 1, 2025 to July 31, 2025) Submitted to the Director of the Kanto Local Finance Bureau on August 8, 2025

Reporting period (From August 1, 2025 to August 31, 2025) Submitted to the Director of the Kanto Local Finance Bureau on September 10, 2025

Reporting period (From September 1, 2025 to September 30, 2025) Submitted to the Director of the Kanto Local Finance Bureau on October 10, 2025

Reporting period (From October 1, 2025 to October 31, 2025) Submitted to the Director of the Kanto Local Finance Bureau on November 5, 2025

Reporting period (From November 1, 2025 to November 30, 2025) Submitted to the Director of the Kanto Local Finance Bureau on December 5, 2025

Reporting period (From December 1, 2025 to December 31, 2025) Submitted to the Director of the Kanto Local Finance Bureau on January 9, 2026

Reporting period (From January 1, 2026 to January 31, 2026) Submitted to the Director of the Kanto Local Finance Bureau on February 5, 2026

Reporting period (From February 1, 2026 to February 28, 2026) Submitted to the Director of the Kanto Local Finance Bureau on March 5, 2026

Reporting period (From March 1, 2026 to March 31, 2026) Submitted to the Director of the Kanto Local Finance Bureau on April 6, 2026

Reporting period (From April 1, 2026 to April 30, 2026) Submitted to the Director of the Kanto Local Finance Bureau on May 8, 2026

Reporting period (From May 1, 2026 to May 31, 2026) Submitted to the Director of the Kanto Local Finance Bureau on June 5, 2026

Part II [Information on Guarantor Companies, etc. of the Filing Company]

There are no items to report.

Notes to the Readers of Independent Auditor's Report This is an English translation of the Independent Auditor's Report as required by Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Independent Auditor's Report and Internal Control Audit Report

June 5, 2026

T.RAD Co., Ltd.

To the Board of
Directors

Ark Audit LLC

Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Kazuhiro Shinozaki
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Tomonori Koizumi

<Audit of Consolidated Financial Statements>

Audit Opinion

We have audited the consolidated financial statements of T.RAD Co., Ltd. included in the “Financial Information” section, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets, consolidated statement of cash flows, significant accounting policies for the preparation of the consolidated financial statements, other notes, and supplementary schedules for the fiscal year from April 1, 2025 to March 31, 2026, in order to express an opinion pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of T.RAD Co., Ltd. and its consolidated subsidiaries as of March 31, 2026, and the consolidated results of their operations and their cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in Japan (including provisions applicable to audits of financial statements of entities with a high social impact).

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the “Auditor's Responsibilities for the Audit of the Consolidated Financial Statements” section. We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of professional ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current fiscal year. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of estimates for the provision for product warranties	
Description and reason for determination as a key audit matter	Auditor's response
<p>[Matters to be Stated in the Notes] As stated in (Critical Accounting Estimates) 2. Provision for product warranties, the Company Group has recorded a provision for product warranties of ¥626 million in the consolidated balance sheet for the current fiscal year.</p> <p>The Company Group calculates the ratio of costs expected to be incurred in the future based on the historical ratio of repair costs to product sales, and records an amount by multiplying this ratio by the sales for the current fiscal year, in order to provide for expenditures for after-sales service of products. In addition, for individually anticipated claim expenditures, amounts reasonably expected to be borne by the Company Group are individually recorded as provisions.</p> <p>Of these, the estimates for the individual portion are calculated by taking into account the number of applicable products, repair costs per unit, responsibility allocation with customers, and other factors to determine the provision for product warranties.</p> <p>The Company Group supplies automotive parts in the global market, and product defects that may lead to product liability could result in increased subsequent repair costs. In addition, the calculation of the individual portion includes estimates of the number of products subject to voluntary free repairs based on the occurrence of product defects, and estimates of future product repair costs based on past actual product repair costs or past similar experience, and involves management's judgment.</p> <p>Based on the above, we determined that the appropriateness of the estimates for the individual portion of the provision for product warranties at Trad Co., Ltd. and part of its consolidated subsidiaries within the Company Group that have recorded significant provisions for product warranties is particularly important in the audit of the consolidated financial statements for the current consolidated fiscal year, and constitutes a "Key Audit Matter."</p>	<p>In examining the appropriateness of the estimates for the individual portion of the provision for product warranties, we primarily performed the following audit procedures.</p> <ul style="list-style-type: none"> • We evaluated the effectiveness of the design and operation of internal controls related to the estimation of the provision for product warranties. • We made inquiries of management and the General Manager of the Quality Division, and examined the completeness of the provision for product warranties and the reasonableness of its calculation method by confirming the process by which product defects occur and the status of negotiations with customers. • We examined the completeness of the recording of the provision for product warranties for the individual portion by reviewing the minutes of the Board of Directors meetings and management meetings, viewing related information on the company portal site and by making inquiries to the Quality Division. • We conducted a comparative analysis of actual and estimated product warranty costs by questioning the Quality Department about events that could affect the assumptions used in the estimates and by examining the rationale behind management's estimates, as well as the impact on the assumptions used in estimating the product warranty reserve for the current fiscal year. • Regarding the product warranty reserve for individual components, we examined the number of units requiring repair, the estimated repair cost per unit, and assumptions regarding the amount the company should bear, based on relevant documents.

Other Information

Other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties in the development and operation of the reporting process for other information.

Our audit opinion on the consolidated financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the going concern basis and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties in the development and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The auditor's responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an auditor's report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

The auditor exercises professional judgment and maintains professional skepticism throughout the audit in accordance with auditing standards generally accepted in Japan, and performs the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures responsive to those risks. The selection and application of audit procedures is at the auditor's judgment. In addition, obtain sufficient and appropriate audit evidence to provide a basis for the audit opinion.
- The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of internal control, but the auditor considers internal controls relevant to the audit in making risk assessments in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the adequacy of related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty is identified regarding the going concern assumption, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion on the consolidated financial statements. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- The auditor plans and conducts an audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence of the financial information of the Company and its consolidated subsidiaries, which forms the basis for expressing an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and reviewing the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control identified during the audit, and other matters required by auditing standards.

The auditor also reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding compliance with relevant ethical requirements in Japan regarding independence, and matters that may reasonably be thought to bear on the auditor's independence, and where applicable, the related safeguards applied to eliminate threats or reduce them to an acceptable level.

From the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, the auditor determines those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters, and describes them in the auditor's report. However, the auditor shall not describe a matter in the auditor's report when public disclosure of the matter is prohibited by laws or regulations, or when, in extremely rare circumstances, the auditor determines that the matter should not be reported in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits.

<Internal Control Audit>

Audit Opinion

We have audited the internal control report of T.RAD Co., Ltd. as of March 31, 2026 in order to express an audit certification opinion pursuant to Article 193-2, Paragraph 2 of the Financial Instruments and Exchange Act.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of T.RAD Co., Ltd. as of March 31, 2026 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under the auditing standards for internal control over financial reporting are described in "Auditor's Responsibilities for the Internal Control Audit." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions of professional ethics in Japan (including provisions applicable to audits of financial statements of entities with a high social impact), and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management and the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

The responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to monitor and verify the design and operating effectiveness of internal control over financial reporting.

It should be noted that the possibility of false statements being present in the financial reports cannot be completely prevented or discovered through the internal controls over financial reporting.

Auditor's Responsibility in Internal Control Audit

The auditor's responsibility is to obtain reasonable assurance about whether the report on internal control is free from material misstatement based on the internal control audit conducted by the auditor, and to express an independent opinion on the report on internal control in the internal control audit report.

The auditor exercises professional judgment and maintains professional skepticism throughout the audit in accordance with audit standards for internal control over financial reporting generally accepted in Japan, and performs the following:

- Perform audit procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in the report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluate the overall presentation of the report on internal control.
- To obtain sufficient and appropriate audit evidence regarding the assessment of internal controls over financial reporting in the internal control report, the auditor plans and conducts an audit of internal controls. The auditor is responsible for directing, supervising, and reviewing the audit of the internal control report. The auditor remains solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the internal control audit, the results of the internal control audit, material weaknesses in internal control identified that should be disclosed, the results of remediation, and other matters required by the audit standards for internal control.

The auditor also reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding compliance with relevant ethical requirements in Japan regarding independence, and matters that may reasonably be thought to bear on the auditor's independence, and where applicable, the related safeguards applied to eliminate threats or reduce them to an acceptable level.

<Fee-Related Information>

The amounts of fees for audit certification services and non-audit services to the Company and its subsidiaries paid to our firm and entities belonging to the same network as our firm are described in (3) [Status of Audits] of the Corporate Governance section included in "Status of the Reporting Company"

Interest

There are no interests between the Company and its consolidated subsidiaries and our firm or engagement partners that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

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- (*) 1. The original of the above audit report is separately maintained by the Company (the company filing the securities report).
2. XBRL data is not included in the scope of the audit.

Notes to the Readers of Independent Auditor's Report This is an English translation of the Independent Auditor's Report as required by Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Report of Independent Auditors

June 5, 2026

T.RAD Co., Ltd.

To the Board of
Directors

Ark Audit LLC

Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Kazuhiro Shinozaki
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Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Tomonori Koizumi
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<Audit of Financial Statements>

Audit Opinion

We have audited the financial statements of TRAD Co., Ltd., which comprise the balance sheet, the statement of income, the statement of changes in net assets, significant accounting policies, other notes and supplementary schedules for the 124th fiscal year from April 1, 2025 to March 31, 2026, as set forth in the "Status of Accounting" section, pursuant to Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRAD Co., Ltd. as of March 31, 2026, and the results of its operations for the fiscal year then ended in conformity with accounting principles generally accepted in Japan (including provisions applicable to audits of financial statements of entities with a high social impact).

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibility for the Audit of the Financial Statements" section. We are independent of the Company in accordance with the provisions of professional ethics in Japan (including provisions applicable to audits of financial statements of entities with a high social impact.), and we have fulfilled our other ethical responsibilities as auditors. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current fiscal year. Key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description and reason for determination as a key audit matter

[Matters to be Stated in the Notes] As described in (Significant Accounting Estimates) 3. Provision for product warranties, product warranty provisions of 106 million yen are recorded on the balance sheet for the current fiscal year.

The reasons why the auditor determined this matter to be a main significant audit matter and the audit response are the same as those stated in the audit report for the consolidated financial statements (appropriateness of the estimate of product warranty provisions), and therefore, this description has been omitted.

Other Information

Other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements, the financial statements, and our auditor's reports thereon. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties in the development and operation of the reporting process for other information.

Our audit opinion on the financial statements does not cover the other information, and we do not express an opinion on the other information.

Our responsibility in the audit of the financial statements is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, and to remain alert for indications that the other information appears to be materially misstated other than such material inconsistencies.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in Japan. This includes designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements on the going concern basis and for disclosing matters related to going concern when it is necessary to do so based on accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties in the development and operation of the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

The auditor's responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, based on the audit conducted by the auditor, and to express an independent opinion on the financial statements in the audit report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The auditor exercises professional judgment and maintains professional skepticism throughout the audit in accordance with auditing standards generally accepted in Japan, and performs the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and perform audit procedures responsive to those risks. The selection and application of audit procedures is at the auditor's judgment. In addition, obtain sufficient and appropriate audit evidence to provide a basis for the audit opinion.
- The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of internal control, but in making these risk assessments the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the adequacy of related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If a material uncertainty related to going concern is identified, the auditor is required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to express a qualified opinion on the financial statements. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate whether the presentation and note disclosures of the financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the financial statements, including the related note disclosures, and whether the financial statements fairly present the underlying transactions and accounting events.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control identified during the audit, and other matters required by auditing standards.

The auditor also reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding compliance with relevant ethical requirements in Japan regarding independence, and matters that may reasonably be thought to bear on the auditor's independence, and where applicable, the related safeguards applied to eliminate threats or reduce them to an acceptable level.

The auditor determines matters that were particularly important in the audit of the financial statements for the current fiscal year from among the matters communicated with the corporate auditors and the board of corporate auditors as key audit matters and describes them in the audit report. However, the auditor shall not describe a matter in the auditor's report when public disclosure of the matter is prohibited by laws or regulations, or when, in extremely rare circumstances, the auditor determines that the matter should not be reported in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits.

<Fee-Related Information>

Fee-related information is stated in the audit report on the consolidated financial statements.

Interest

There are no interests between the Company and our audit firm or engagement partners that are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

(*) 1. The original of the above audit report is separately maintained by the Company (the company filing the securities report).

2. XBRL data is not included in the scope of the audit.

[Cover Page]

[Document Filed]	Confirmation Letter
[Statutory Basis]	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed with]	Director-General of the Kanto Local Finance Bureau
[Filing Date]	June 5, 2026
[Company Name]	T.RAD Co., Ltd.
[English Translation of Company Name]	T.RAD Co., Ltd.
[Title and Name of Representative]	President &CEO & COO Tomio Miyazaki
[Title and Name of Chief Financial Officer]	Managing Executive Officer, in charge of Accounting and Finance Kaoru Kinoshita
[Location of Head Office]	3-25-3 Yoyogi, Shibuya-ku, Tokyo
[Place Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

1 [Matters Concerning the Adequacy of the Content of Statements in the Annual Securities Report]

Tomio Miyazaki, CEO and COO, President, and Kaoru Kinoshita, Managing Executive Officer in charge of Accounting and Finance, confirm that the content of the Annual Securities Report for the 124th fiscal year (from April 1, 2025 to March 31, 2026) is appropriately stated in accordance with the Financial Instruments and Exchange Act.

2 [Notable Matters]

There are no notable matters.

[Cover Page]

[Document Filed]	Internal Control Report
[Statutory Basis]	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
[Filed with]	Director-General of the Kanto Local Finance Bureau
[Filing Date]	June 5, 2026
[Company Name]	T.RAD Co., Ltd.
[English Translation of Company Name]	T.RAD Co., Ltd.
[Title and Name of Representative]	President & CEO & COO Tomio Miyazaki
[Title and Name of Chief Financial Officer]	Managing Executive Officer, in charge of Accounting and Finance Kaoru Kinoshita
[Location of Head Office]	3-25-3 Yoyogi, Shibuya-ku, Tokyo
[Place Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

1 [Matters Concerning the Fundamental Framework for Internal Controls over Financial Reporting]

Tomio Miyazaki, CEO and COO, President, and Kaoru Kinoshita, Managing Executive Officer in charge of Accounting and Finance, are responsible for establishing and maintaining internal controls over financial reporting for the Company, consolidated subsidiaries and equity-method affiliates (hereinafter “the Group”), and have established and maintained internal controls over financial reporting for the Group in accordance with the basic framework for internal control outlined in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Internal control is designed to achieve its objectives within a reasonable scope through the organic integration and unified functioning of the basic elements of internal control. Therefore, there is a possibility that internal controls over financial reporting cannot completely prevent or detect false statements in financial reporting.

2 [Matters Concerning the Scope of Evaluation, Reference Date and Evaluation Procedures]

The assessment of internal control over financial reporting was performed as of March 31, 2025, which is the end of this fiscal year. The assessment was performed in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, we evaluated entity-level controls that have a significant impact on overall financial reporting on a consolidated basis, and based on the results, we selected business processes to be included in the scope of assessment. In the assessment of such business processes, we analyzed the selected business processes, identified key controls that have a significant impact on the reliability of financial reporting, and evaluated the effectiveness of internal control by assessing the design and operation of such key controls.

The scope of assessment of internal control over financial reporting was comprehensively determined for the Group by considering the materiality of the impact on the reliability of financial reporting, including quantitative and qualitative impacts on financial reporting, as well as the possibility of control deficiencies occurring in the future. Based on the results of the entity-level control assessment conducted for the Company and seven consolidated subsidiaries, and after confirming that no significant control deficiencies were identified in the previous fiscal year, we reasonably determined the scope of assessment of internal controls over business processes. Six consolidated subsidiaries and one equity-method affiliate were not included in the scope of entity-level control assessment as they were judged to be immaterial from the perspective of quantitative and qualitative impact and the likelihood of occurrence.

Regarding the scope of assessment of internal controls over business processes, we determined that it was appropriate to use net sales as the criterion for the materiality of business locations, as the Group operates its business activities as independent management units, centering on the production of products sold in each region. (Net sales were determined based on figures on a consolidated basis for the previous fiscal year and the performance forecast for the current fiscal year.) Based on the favorable results of the entity-level control assessment, we selected as “significant business locations” the Company and one U.S. subsidiary, which together account for approximately two-thirds of consolidated net sales for the fiscal year when aggregating from business locations with the highest net sales for the consolidated fiscal year (after elimination of intercompany transactions). For other locations, based on the results of internal control assessments in previous fiscal years, no significant deficiencies were identified, and the effectiveness of controls has been continuously maintained. Therefore, we determined that there was little need to additionally select them as significant locations for assessment. At the selected significant business locations, as the Company is a manufacturer and manufacturing and sales are the core of revenue-generating activities, we included in the scope of assessment the business processes related to net sales, accounts receivable and inventories as account items that are significantly related to the business objectives of the Company. Furthermore, for the selected significant business locations, as business processes related to significant account items involving estimates or forecasts with a high possibility of material misstatement, and business processes related to transactions with high risk, we identified provision for bonuses, provision for product warranties, allowance for doubtful accounts, provision for retirement benefits, securities, consolidated financial statements, fixed assets, tax calculations, provision for directors' bonuses and impairment of fixed assets for domestic locations, and additionally assessed impairment of fixed assets, corporate income taxes and deferred tax accounting for consolidated subsidiaries. In addition, in response to the increasing cyber risks in recent years, we also conduct cyber risk countermeasure evaluations as part of IT general controls at key business locations.

3 [Matters concerning the evaluation results]

The above assessments determined that the Group's internal control over financial reporting was effective as of the last day of the fiscal year under review.

4 [Supplementary matters]

There are no items to report.

5 [Notable Matters]

There are no items to report.