

June 5, 2026

Company Name	T.RAD Co., Ltd.
Representative	Tomio Miyazaki, Representative Director, CEO & COO, President and Executive Officer
Code Number	7236 (Tokyo Stock Exchange Prime Market)
Inquiry Contact	Yasushi Hotta, Managing Executive Officer, overseeing Business Management, Human Resources and General Affairs

Frequently Asked Questions and Answers (Materials Related to the General Meeting of Shareholders)

124th Annual General Meeting of Shareholders for the Fiscal Year Ended March 2026

1. Please explain the assumptions behind next fiscal year's earnings forecast.

We formulate our earnings forecasts by gathering information on the latest sales plans through close communication with our customers.

Regarding the rising materials costs due to heightened geopolitical risks in the Middle East, we have not incorporated any impact on earnings, as we have in principle established material cost pass-through arrangements with our customers, and because it is difficult to predict future trends in material prices.

2. Please explain the thinking behind the management targets in the medium-term management plan.

Our medium-term management plan "T.RAD-2026" sets management targets of achieving net sales of ¥200 billion and ROE of 20% or more by fiscal year 2030.

Centered on our multi-pathway strategy, which enables us to supply products to any type of powertrain, we are positioning the next five years as an excellent opportunity to expand market share, with the expansion of our newly won multi-functional radiator orders serving as a key driver. We intend to steadily execute the necessary growth and strategic investments to achieve these targets. By reaching these goals, we aim to establish an unassailable position in the global market as a heat exchanger manufacturer.

3. Please explain the impact of the advancement of vehicle electrification on demand for heat exchangers.

We recognize that the advancement of electrification will further elevate and expand the thermal management needs of vehicles.

There is a tendency for the number of heat exchangers installed in each vehicle to increase, and we will continue to propose optimal solutions to demands for diverse temperature ranges and highly efficient thermal management.

Particularly in the current environment of significant fluctuations in BEV/HEV sales in each market, the heat exchangers required for each category are varied, and flexible development and production capabilities are being demanded.

One of our responses to this is the multi-functional radiator we are beginning to sell, along with the development of higher-efficiency heat exchangers across our product range.

We are developing, proposing, and manufacturing a variety of heat exchangers compatible with diverse powertrains, including not only BEV/HEV but also fuel cell vehicles, e-fuel, and hydrogen engines.

We will also continue to address the steady demand from ICE vehicles and construction/agricultural/industrial machinery engines.

Aligning with the multi-pathway strategies of OEM manufacturers, we will treat market changes as growth opportunities and work to strengthen our competitiveness.

4. Please explain the impact of foreign exchange fluctuations.

Our company operates on a "local production for local consumption" business model, strategically positioning development and production bases close to customer locations through our global five-region structure. As a result, currency gaps in local production and sales activities are limited. Our overseas sales ratio exceeds 50%, and on a consolidated reporting currency basis, a yen depreciation trend tends to have a revenue-boosting effect, while the impact on profit margins is relatively minor.

5. Please tell us about your DX (digital transformation) initiatives.

We are advancing the use of digital technology with the aim of improving productivity and operational efficiency.

We are planning and developing a company-wide DX system in-house, consolidating all data from manufacturing sites and administrative operations—including order receipt, design, production, planning, procurement, and quality—onto the cloud for use across all departments.

Furthermore, we are promoting the construction of a system that globally integrates production management and accounting systems, and standardizes business processes globally.

6. Please tell us about the status of the North American business.

In our North American business, a production transfer project that we have been working on in recent years has made progress, and we achieved profitability for the first time in eight years. This project is expected to be largely completed during fiscal year 2026. Going forward, we intend to focus on narrowing down our product lineup and reducing headcount through automation equipment in order to maintain a profitable structure. With the start of mass production of the multi-functional radiators we have secured orders for, along with increased production for automotive and HEV applications, we plan to achieve revenue and profit growth from fiscal year 2028 onwards.

7. Please tell us about the status of the joint venture in India.

Our company established a joint venture with the TATA Group, India's largest conglomerate, and has built a cooperative relationship spanning 28 years. The TATA side contributes to various resource procurement and day-to-day management, while our company supports the joint venture primarily in product development, production technology, and quality management. The joint venture's past performance has been stable, and with the growth of the Indian market itself and the strengthening of customer referral activities through collaboration between our company and TATA, we expect even greater growth going forward. Our equity stake in the joint venture is 49%, and we expect continued stable equity-method earnings.

8. Please tell us about the status of the China business.

Our China business continues to be affected by the struggles of Japanese customers

operating in the region. At each of our Chinese locations, while we are focused on reducing fixed costs to secure profits, we also intend to pursue the role of a general-purpose equipment manufacturing base—and an export base to other regions—that contributes to the entire T.RAD Group by leveraging China's unique cost competitiveness and abundant human resources.

9. Please tell us about your approach to Green Transformation (GX) and climate change response.

We are advancing the development of heat exchangers that contribute to our three pillars of carbon neutrality, circular economy, and nature-positive initiatives. With the goal of achieving carbon neutrality by 2050, we have set a target of reducing CO2 emissions by 3% annually, and are driving reductions across Scopes 1 through 3.

For Scope 1 (combustion emissions) and Scope 2 (electricity consumption emissions), we are conducting energy conservation, production efficiency improvements, and waste heat utilization at domestic and overseas factories, as well as promoting the installation of solar power generation facilities. In fiscal year 2025, we succeeded in reducing emissions by 6,400 tCO2 annually.

For Scope 3, we are promoting reductions through the development of higher-performance and lighter-weight heat exchangers, as well as exploring the use of green aluminum and recycled materials.

We are also deepening cooperation with local communities on nature-positive initiatives, including water risk conservation activities.

10. Please tell us about your initiatives in the cooling field for data centers.

As business opportunities in the data center sector, our products may be applied to cooling components for server CPUs themselves, as well as to heat exchangers for emergency power supplies that are indispensable for stable data center operations. Regarding the former, copper products are currently mainstream, but we believe there is a possibility that aluminum products—for which we possess technical expertise—may be adopted in the future. Regarding the latter, our products have already been adopted and have a track record in mass production, and we are considering increasing production as data center demand grows.

11. Please tell us about your initiatives to enhance corporate value.

To further enhance corporate value and PBR, we will pursue three initiatives: (1) efforts to improve ROE, (2) efforts to reduce the cost of capital, and (3) efforts to improve growth rates.

We aim to improve ROE through further improvements in profitability—including daily cost reduction activities, attention to fixed cost suppression, and consideration of withdrawal from low-ROIC businesses—along with appropriate control of net assets. We will also work to reduce the cost of capital through stable and progressive dividend returns to shareholders, thereby stabilizing returns and avoiding excessive internal reserves, as well as through diligent management of various business risks.

Regarding growth strategy, we intend to capitalize on the near-term opportunity to expand market share, primarily through the expansion of multi-functional radiator sales. Over the medium to long term, we aim to deploy our heat exchanger technology in areas such as data centers, humanoid robots, and space, and also plan to pursue new businesses that sell the various DX know-how currently being accumulated internally to external parties.

12. Please tell us about your shareholder return policy.

Our company advocates management that is conscious of capital efficiency and stock price. In "T.RAD-2026" announced in April 2026, we have set shareholder return targets of DOE

(Dividend on Equity ratio) of 5% or more and a dividend payout ratio of 50% or more. We are committed to stable and progressive dividend returns, and will continue to strive to further enhance shareholder returns.

13. Please tell us about the issue of mold storage with suppliers.

We take seriously the recommendation we received in February 2026 from the Japan Fair Trade Commission based on the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, and are continuing to make payments equivalent to mold and other storage costs following careful consultations with each of our suppliers.

Furthermore, we are striving to further strengthen compliance and prevent recurrence through thorough communication to all officers and employees, and by conducting training based on the Act on the Optimization of Transactions with Small and Medium-Sized Enterprise Contractors.

14. Please tell us about your response to rising raw material prices.

At the present time, although prices are rising, we do not recognize any risk of being unable to procure the key materials necessary for our products. For example, our procurement of aluminum materials has traditionally come from sources outside the Middle East region. While there have been some cases where procurement of certain oil-based materials has become difficult, we have been able to address this through the use of substitute materials and dialogue with suppliers.

Regarding rising material costs, we are also working to gather early insights into market trends and to diversify supply chain risks through multi-sourcing. Furthermore, through the material cost pass-through framework with our customers, we recognize that the impact on our business performance will ultimately be neutral. However, given the recent sharp price increases, we have begun in earnest to negotiate with customers on matters such as shortening the time lag in adjustments.