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To whom it may concern:

May 13, 2025

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Representative: Tomio Miyazaki, President & CEO & COO  
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Tokyo Stock Exchange, Prime Market  
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**Notice of Medium-Term Management Plan(T.RAD-2025)**

T.RAD Co., Ltd. (the “Company”) hereby announces that we have formulated a medium-term management plan (T.RAD-2025).

For details, please refer to the following pages.

# Mid-Term Management Plan T.RAD-2025

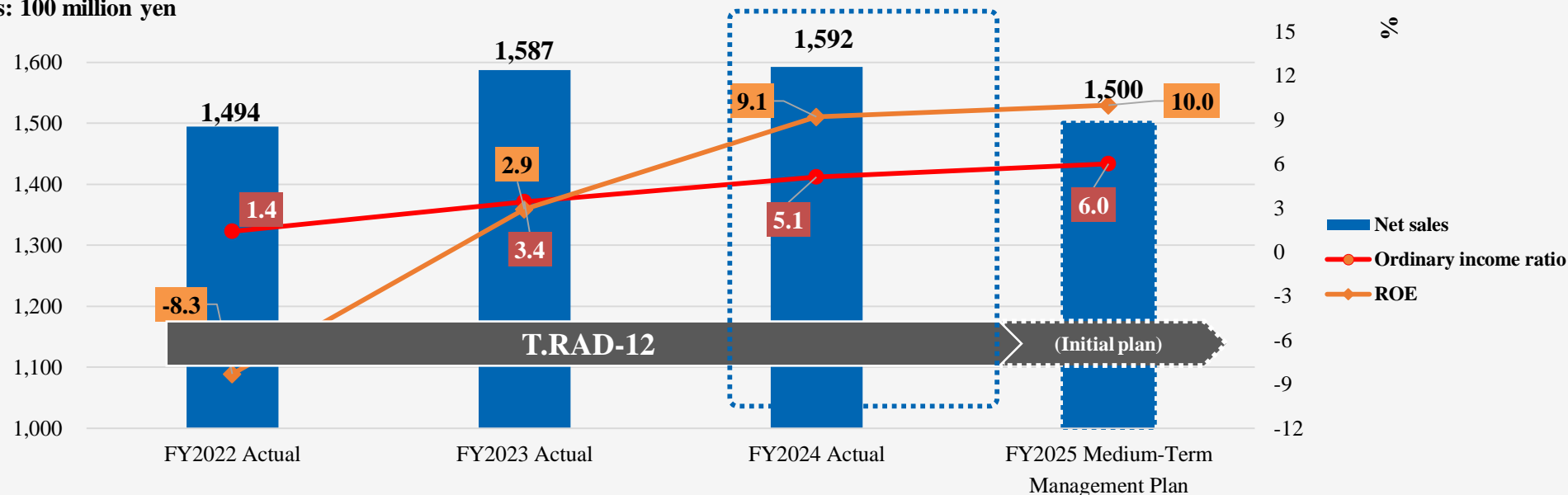
May, 2025

T.RAD Co., Ltd.



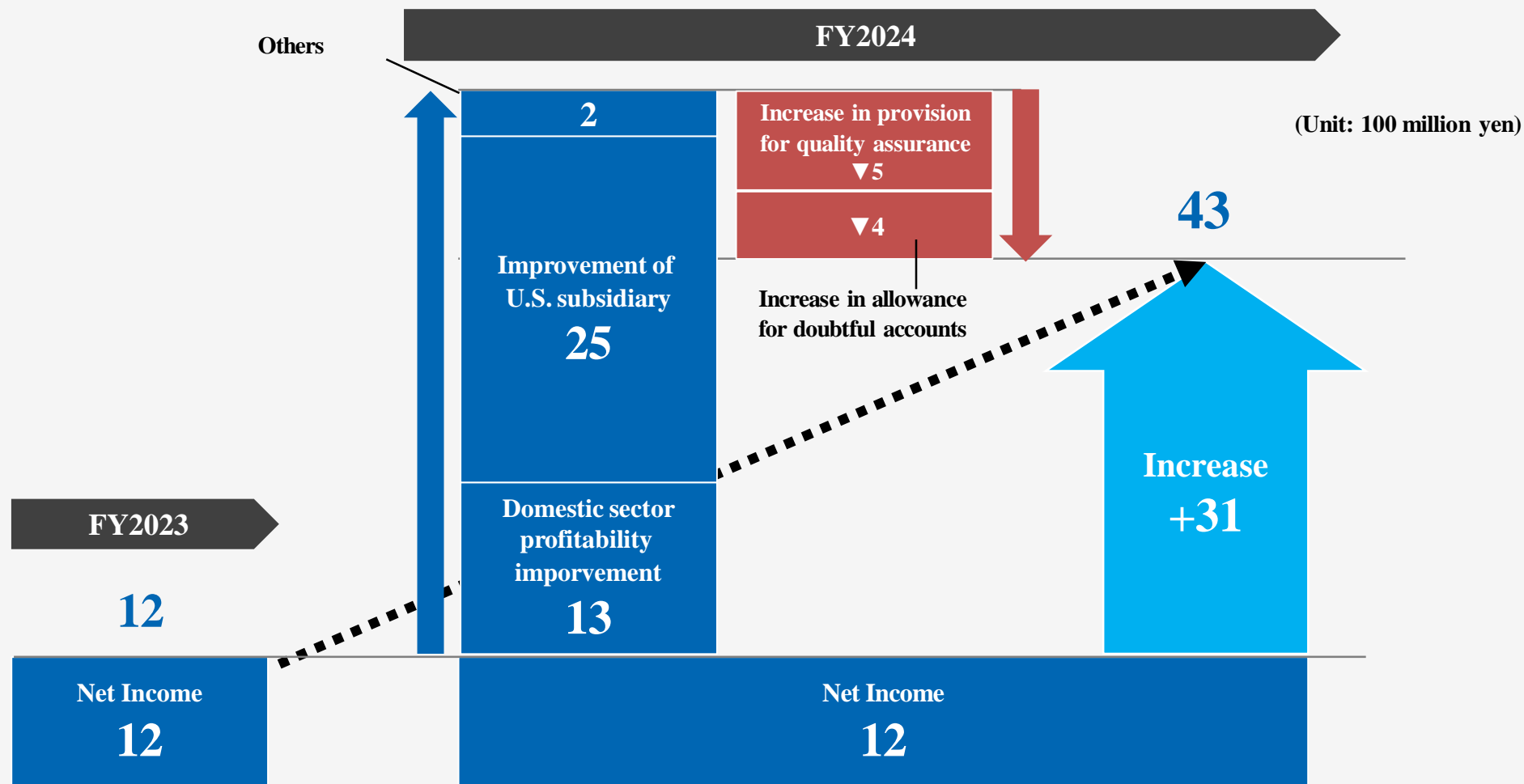
	<FY2024 Results>	<T.RAD-12 Initial Target>
Net sales	159.2 bn yen	150 bn yen
Ordinary income ratio	5.1%	6.0%
ROE	9.1%	10.0%

Sales: 100 million yen



**T.RAD-12 results remained stable, in line with initial forecasts**  
**Sales exceed the target, while ordinary income and ROE are approaching their respective targets.**  
**(Details will be provided later)**

# Net Income for T.RAD-12 2024 Fiscal Year



- The improvement of our U.S. subsidiary significantly contributed to overall profit improvement.
- Profit levels that would have reached the target if not for one-time expenses\*.

\*Includes allowance for doubtful accounts related to customers in China, and provisions for quality assurance in response to market claims, and other related expenses.

**Production efficiency improved due to product transfers and operational support from the parent company**

**Marked reduction in scrap, back orders, and special deliveries**

**Substantial year-on-year increase in profitability**



**T.RAD** North America  
T.RAD North America, Inc.



## Total investment 25.1 bn yen

### Growth investment

17.9 bn yen

- Electrification
- New orders and increased production
- Renewal and maintenance of facilities
- Environmental /DX/ Human Resources

### Strategic investment

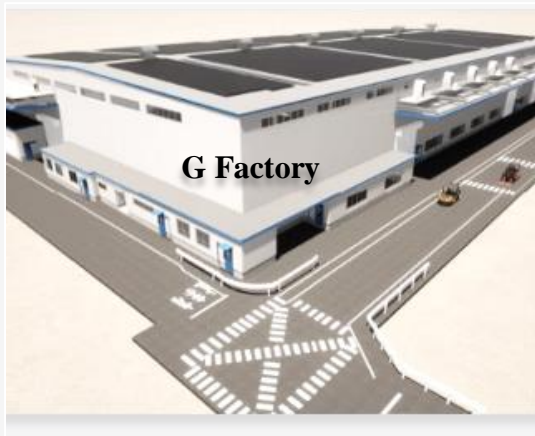
3.1 bn yen

- New plant
- M&A
- New businesses

### Shareholder Returns

4.1 bn yen

- Dividends
- Share buyback



G Factory

### Construction of new Hadano plant

(scheduled for completion in fall 2025)



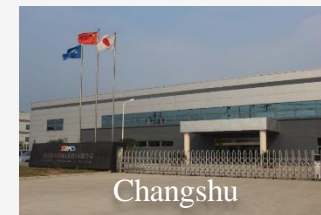
Increased shareholding in  
**TATA TOYO RADIATOR**  
(40.25% → 49%), our Indian joint venture



Zhongshan



Qingdao



Changshu



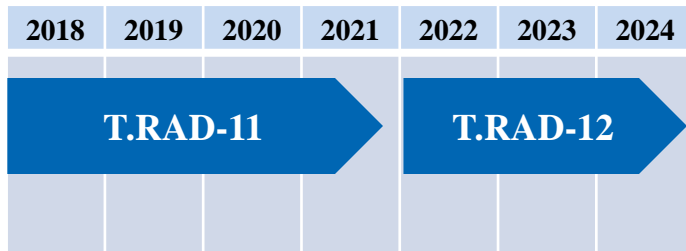
Indonesia

Conversion of subsidiaries  
in China and Indonesia to  
wholly owned entities

**To keep pace with the rapid changes in the global automotive industry, we will revise the approach to formulating our medium-to long-term management plan.**

## ~FY2024 (Current Status)

- Formulation of medium-term management plan every 4 years
- ※ Planning based on the accumulation method



### <Issues>

- Due to the rapid changes in the industry and environment, there is a gap between the assumptions of the medium-term plan and the actual conditions over the four years.

## <New policy> T.RAD-2025 (~FY2030)

- T.RAD-12 concluded in FY2024 (ahead of schedule)
- ➔ Going forward, we will formulate management targets annually.



### <Aim>

- Swiftly address and respond to changes in the industry and environment
  - Align with the current business environment and conditions
- Formulate management strategies and set numerical targets accordingly**

## 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-2025 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**





**(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**

**C**hallenge

**C**hange

**C**o-Operation

+

**C**o-Creation

**C**onnect

+

**R**euse

**R**ecycle

**S**peed

**S**hare

**R**educe

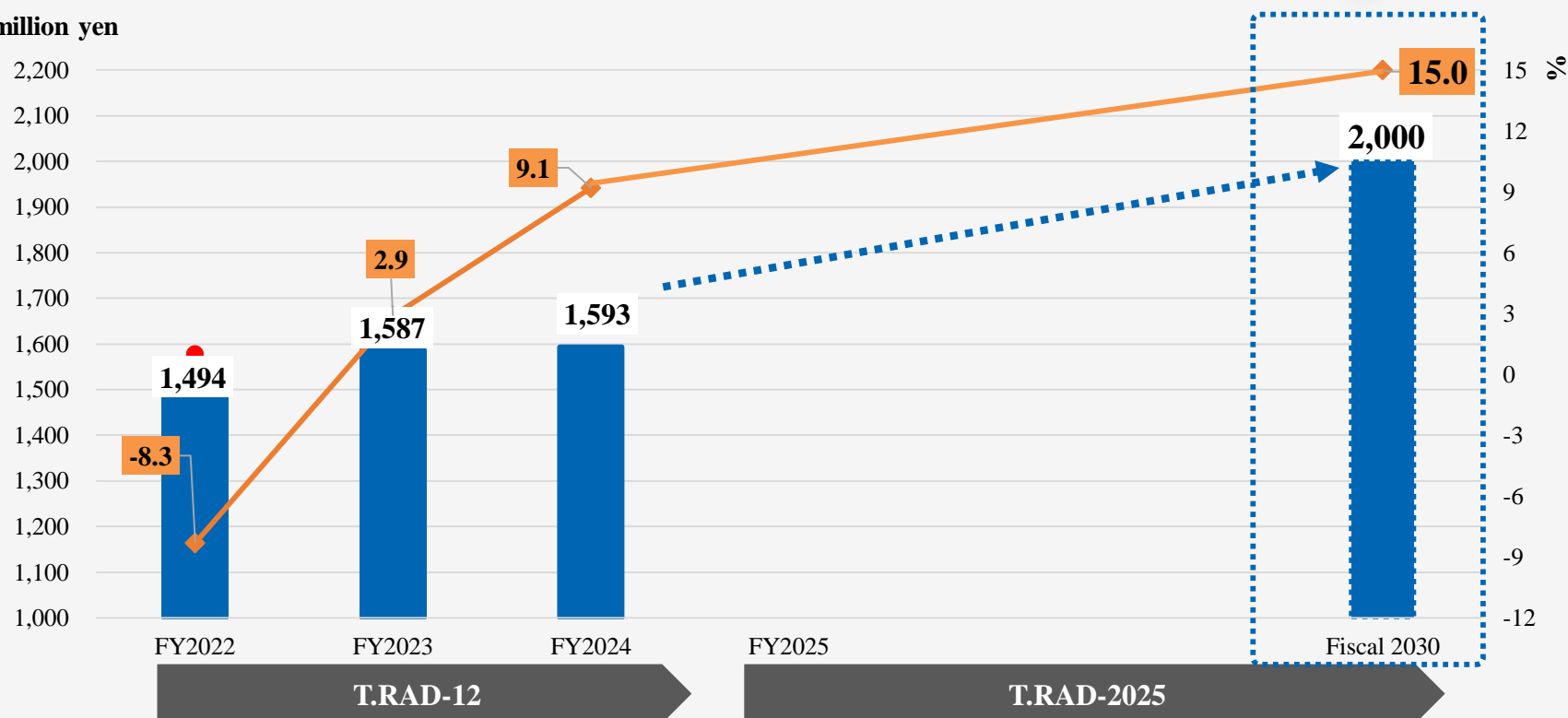
Net sales

200 bn yen

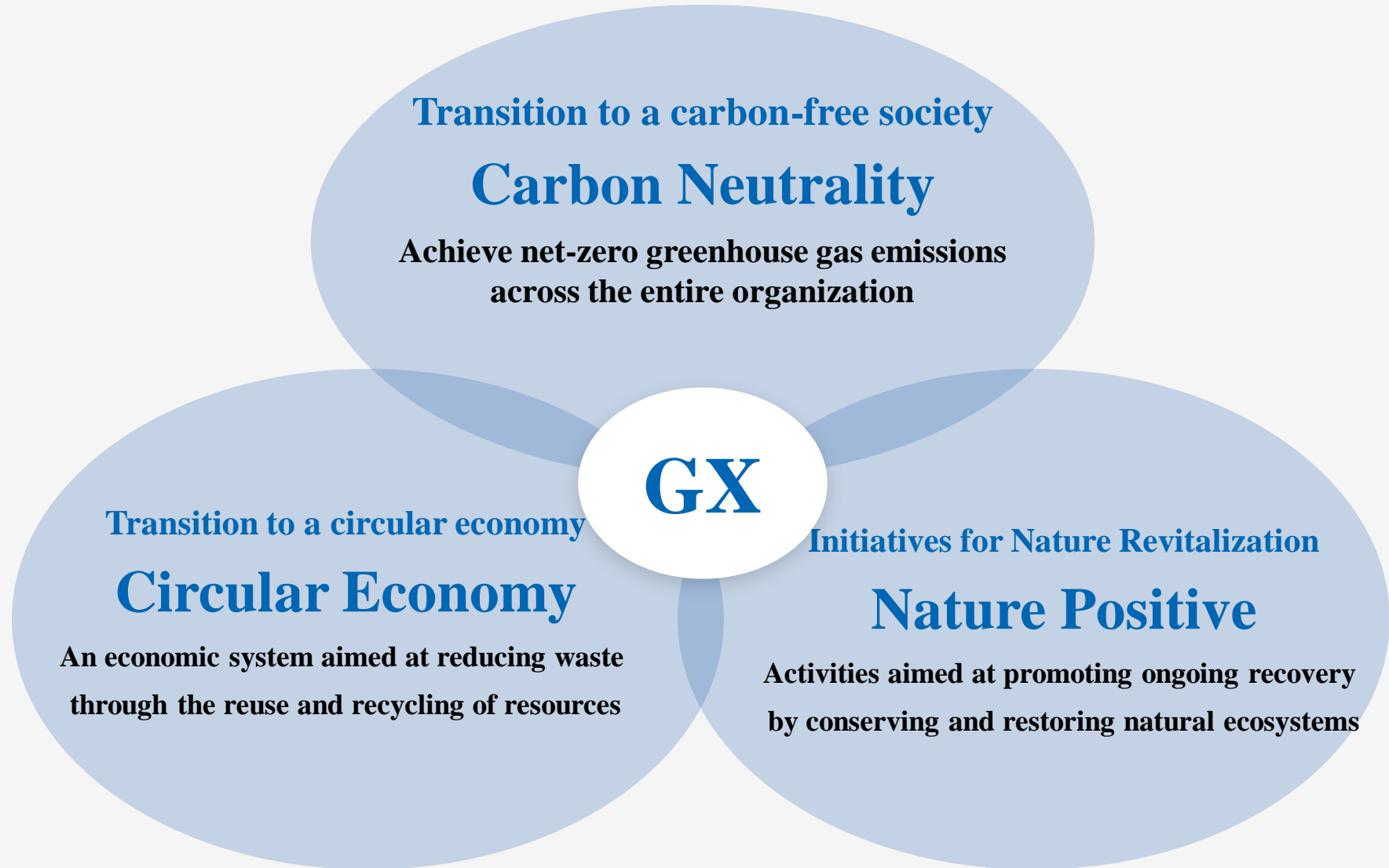
ROE

15.0%

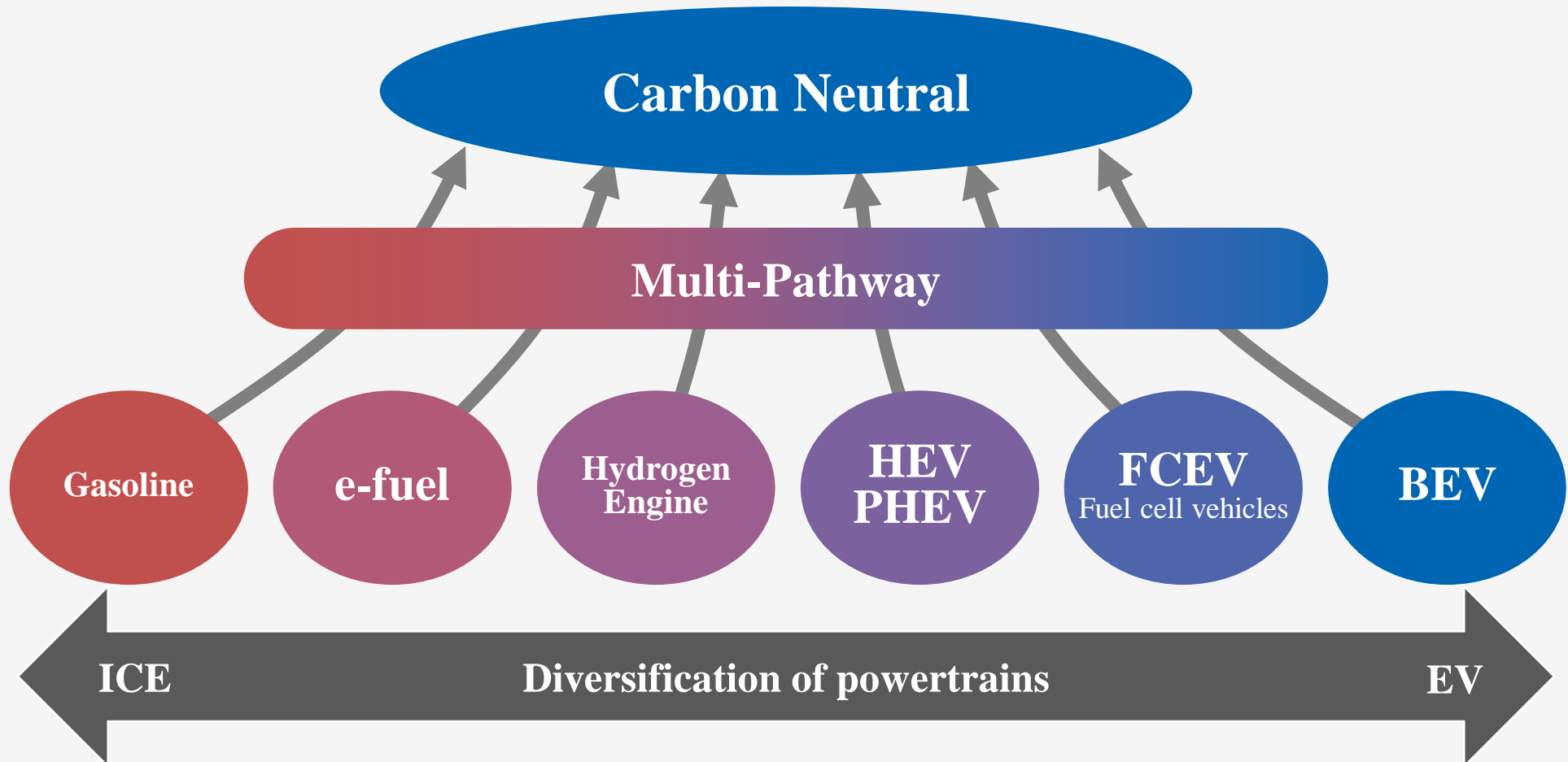
Sales: 100 million yen



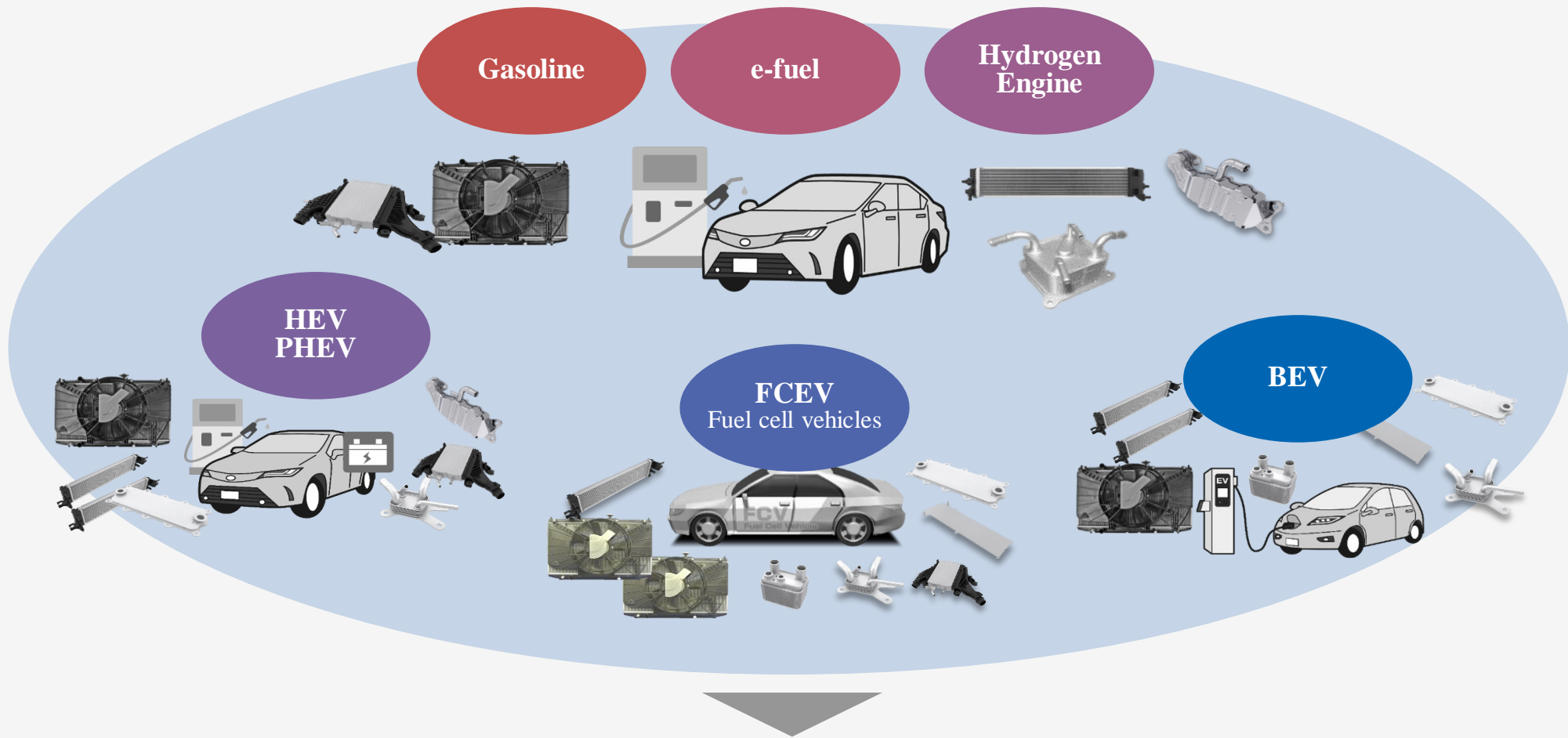
# **Initiatives to Become a Company that Realizes GX**



**Develop and expand sales of heat exchangers that can contribute to GX**

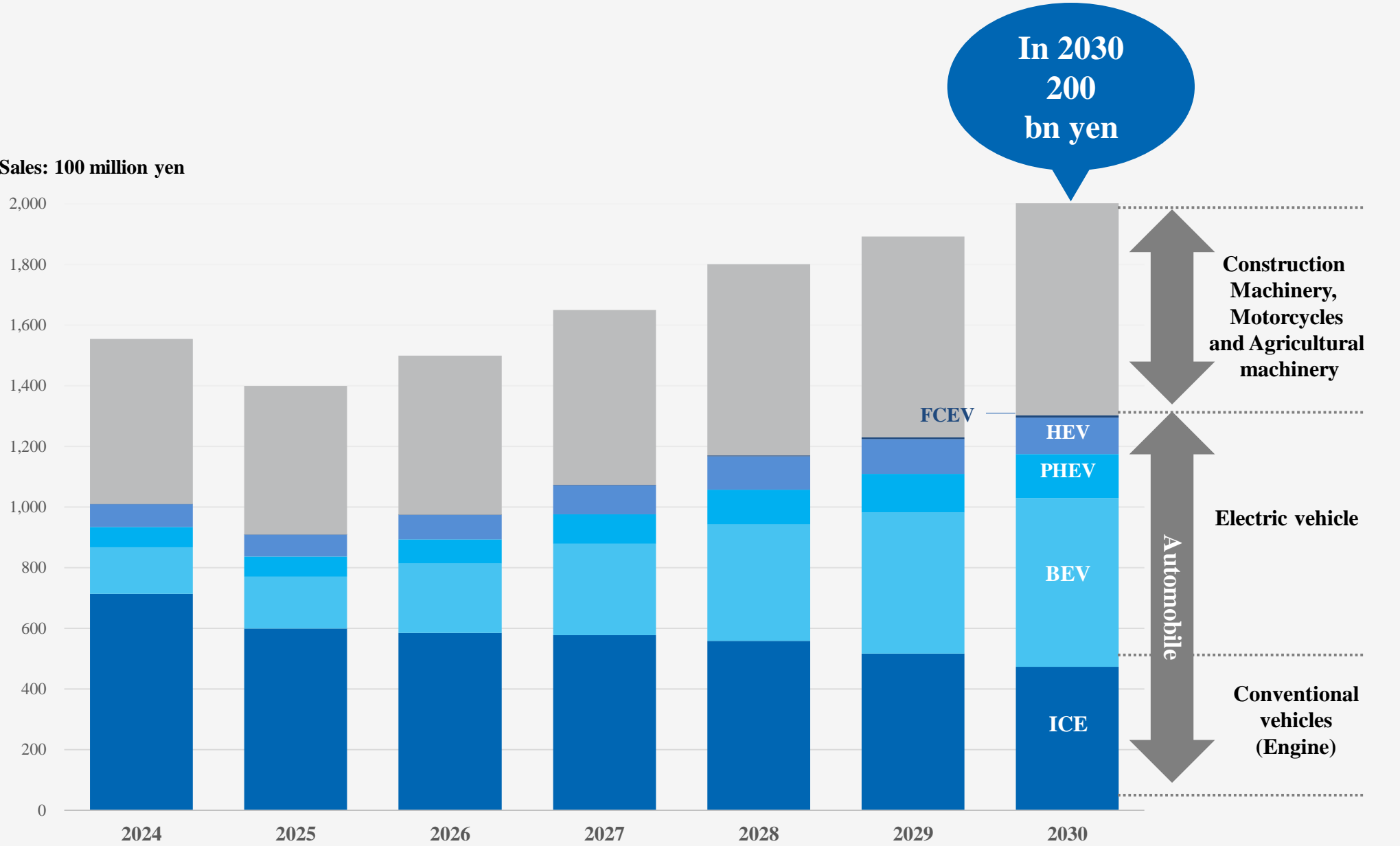


There is a global recognition that **a multi-pathway approach**—offering not only BEVs but also a variety of powertrain options—is the quickest route to achieving carbon neutrality.

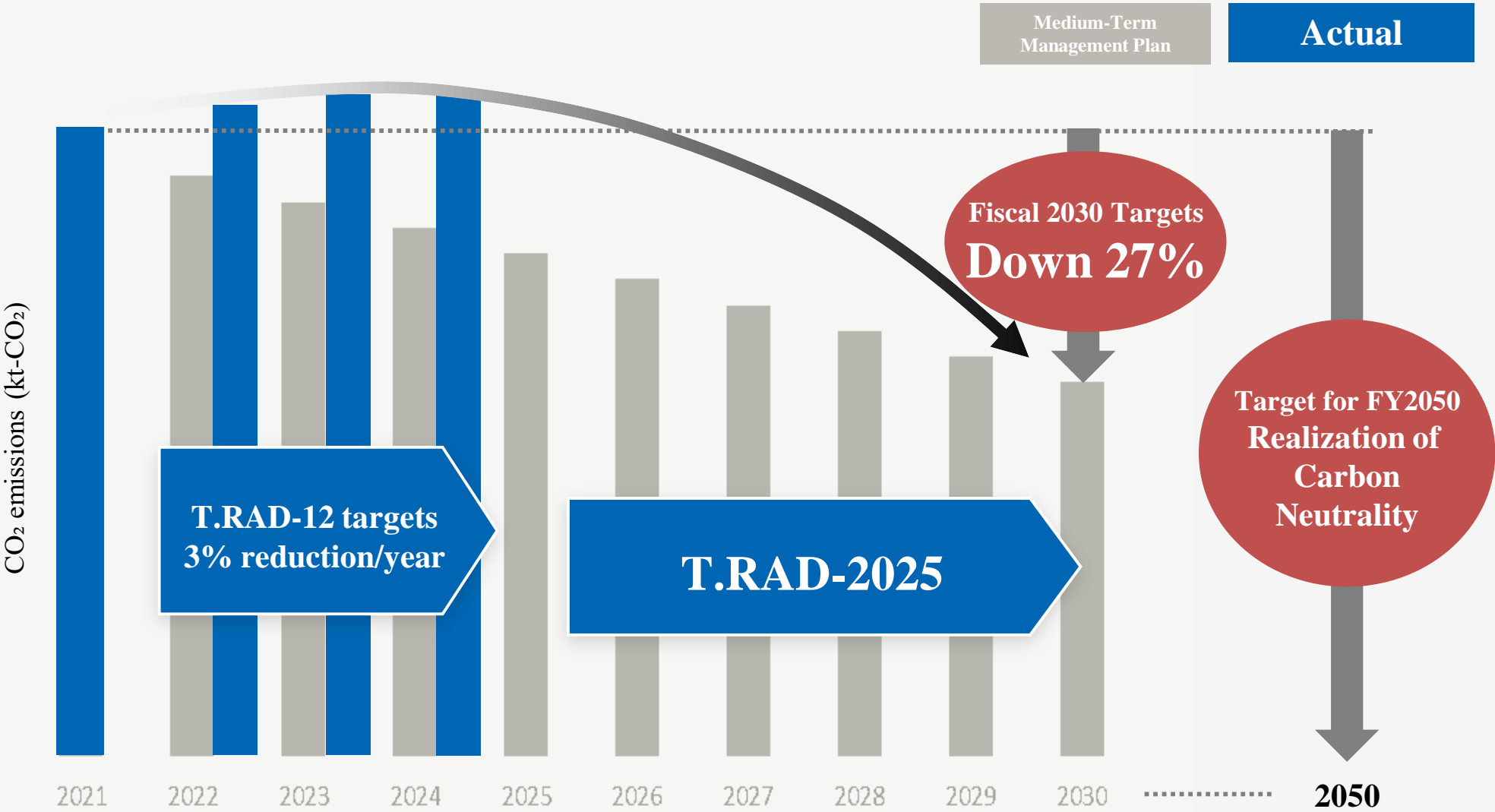


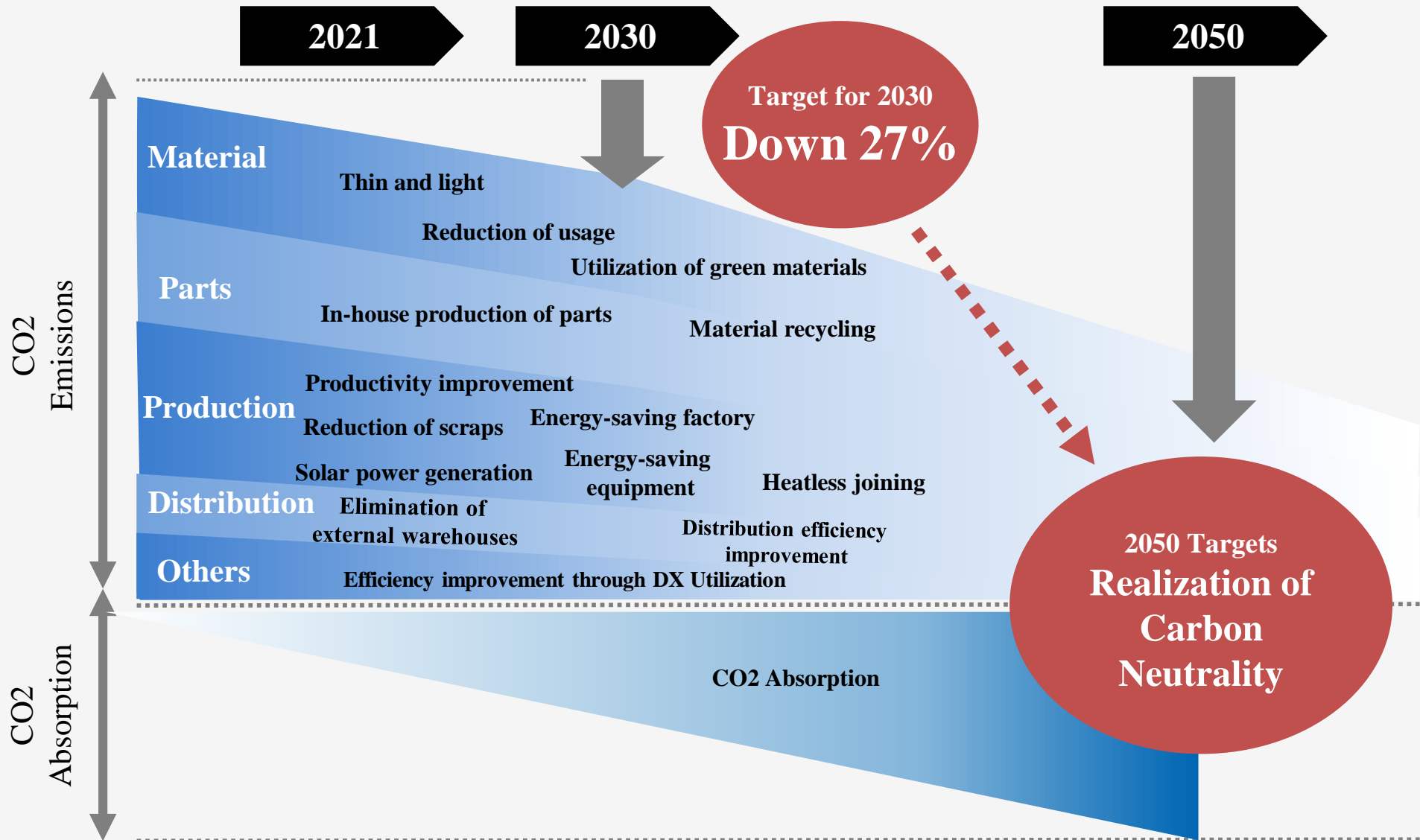
**In the era of multi-pathway approaches,  
the demand of heat exchanger is increasing and becoming more diverse.  
➔ Significant opportunity for market expansion for T.RAD!**





※Figures are Scope1+2





By utilizing solar power generation, nitrogen generation equipment, and eco-friendly air conditioning systems, we aim to achieve energy-efficient plants and make continuous investments in leading electric companies that are CO<sub>2</sub>-free.



**TATA TOYO Radiator Ltd.**



**T.RAD Qingdao Co., Ltd.**  
Began operation from June 2024



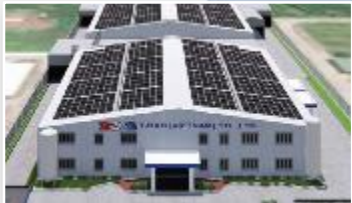
**T.RAD(Changshu) Co., Ltd.**



**Hadano Works**



**Technology Division (Nagoya)**



**T.RAD (Vietnam) CO.,LTD**

Utilization of solar power generation

**▲ 4,512 t CO<sub>2</sub>/year**



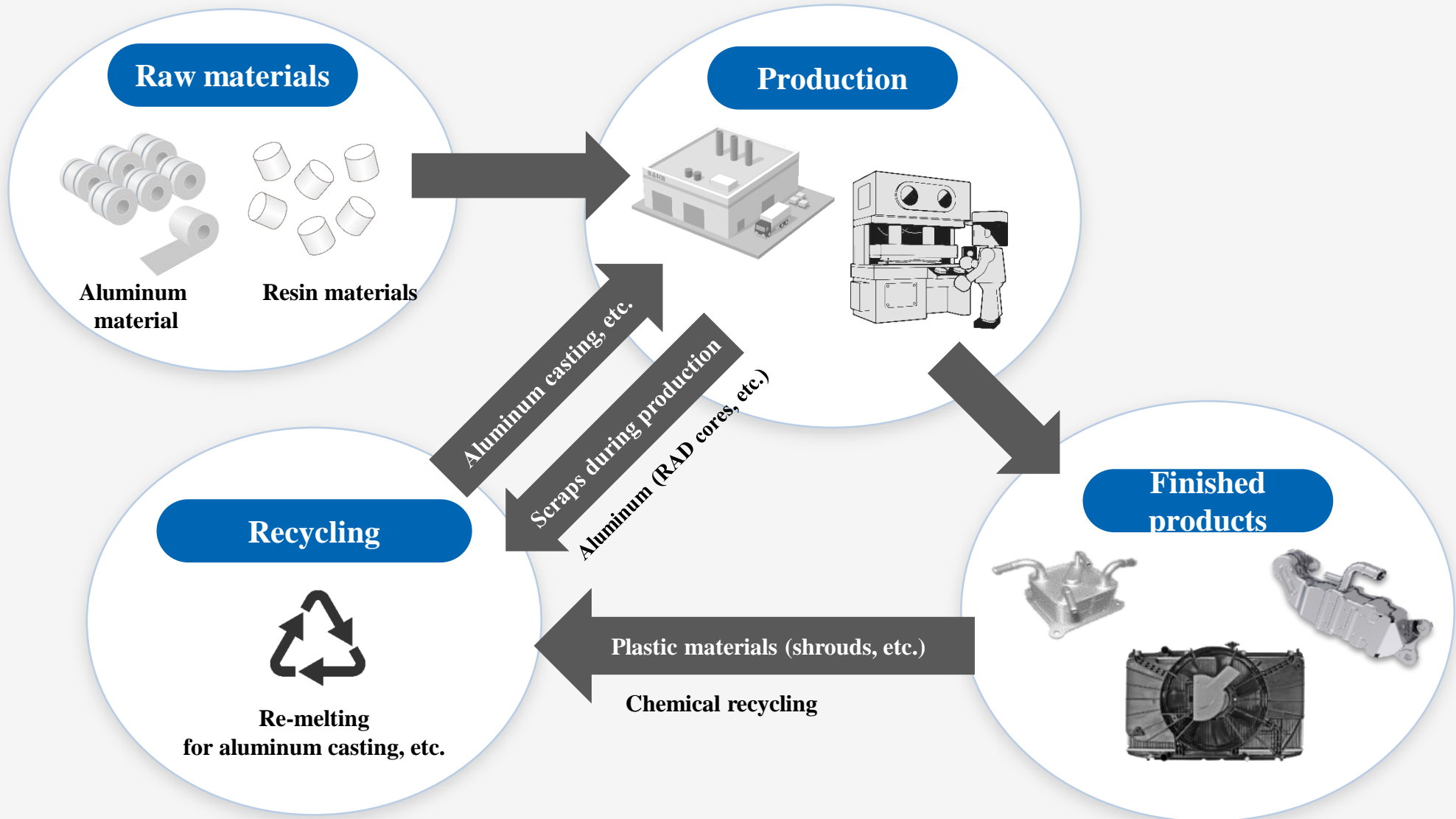
**Shiga Works**



**T.RAD(Thailand) Co.,Ltd.**  
From March 2024 to operation



**PT.T.RAD INDONESIA**  
From July 2024 to operation



**Contributing to a recycling-oriented society by promoting recycling,  
including aluminum materials and plastics**

# **Initiatives to Become a Company that Continues to Earn Satisfaction and Preference of Customers**



**Respond to the development of various heat exchangers and develop competitive products which are essential in the multi-pathway era.**

**Establish "T-RAD's unique strengths" that cannot be replicated by other companies**

**①  
Speed up**

- Improve development efficiency (front loading development and concurrent engineering)
- Improvement of analysis technology to eliminate prototypes and tests
- Preparation for manufacturing with less reprocessing using digital twin
- Accelerate decision-making using DX

**②  
Enhancing price competitiveness and added value**

- Innovative technology for heat exchangers that outperforms competitors
- Development of highly functional and high-performance products
- Cost reduction activities
- Increase in trading volume and reduction in scraps
- Promotion of labor saving and automation
- High cost competitiveness and optimum quality achievable as a specialized manufacturer
- Increase ratio of in-house production of major parts

**③  
Business reform activities**

- Strengthen and globalize TPS utilization, TPM activities, QC circle activities, activities to improve staff operations, and activities to reduce expenses
- Promote DX in all divisions (sales, engineering, production, procurement, accounting and finance, human resources and general affairs, and overseas production sites)

Product development and  
production by the main base  
(Japan)

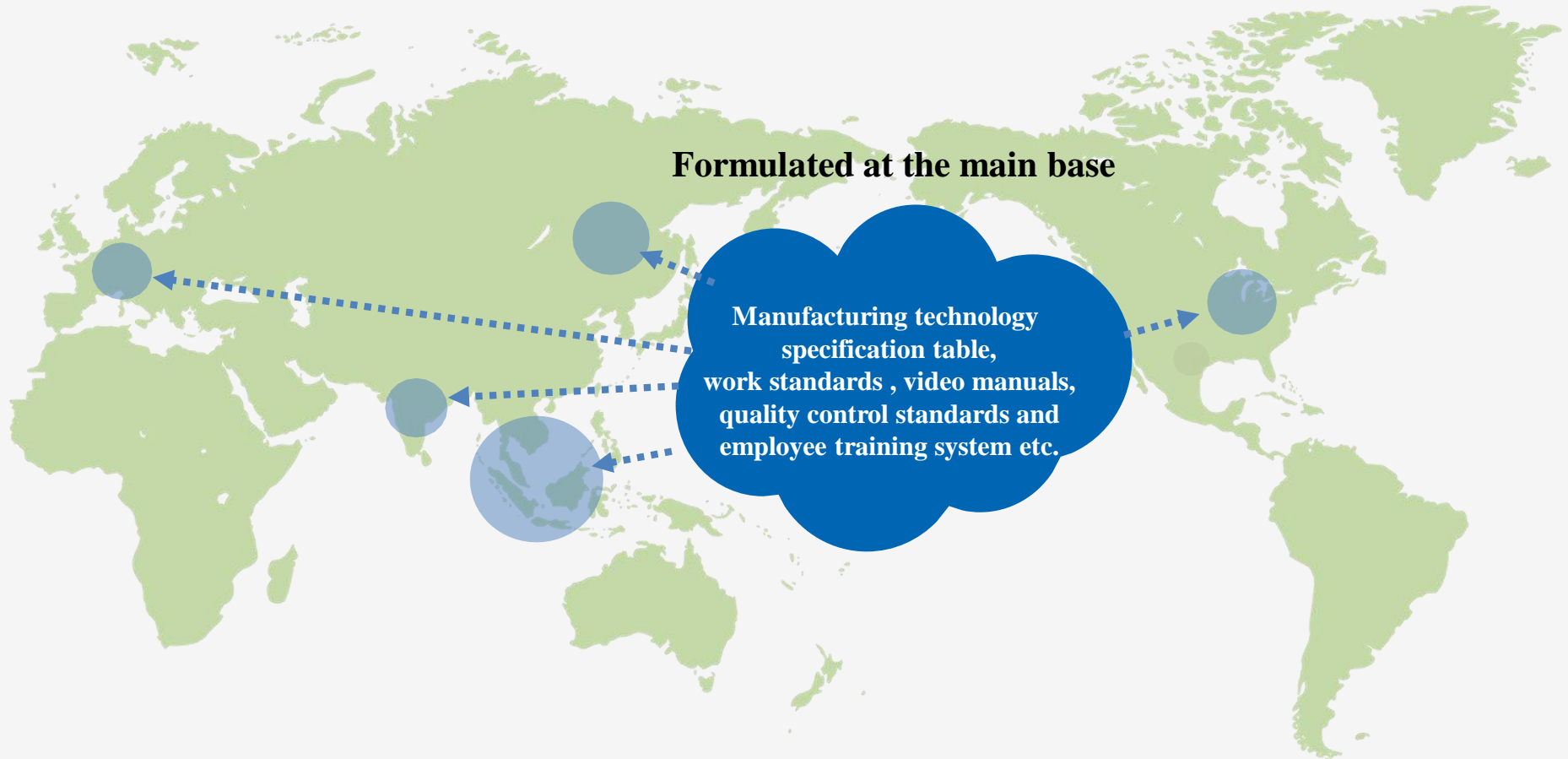


Localization at overseas R&D sites  
Promotion of "local production for local  
consumption" through overseas production

- Head Office
- Main Subsidiaries
- Main Joint Ventures
- Office
- R&D Center

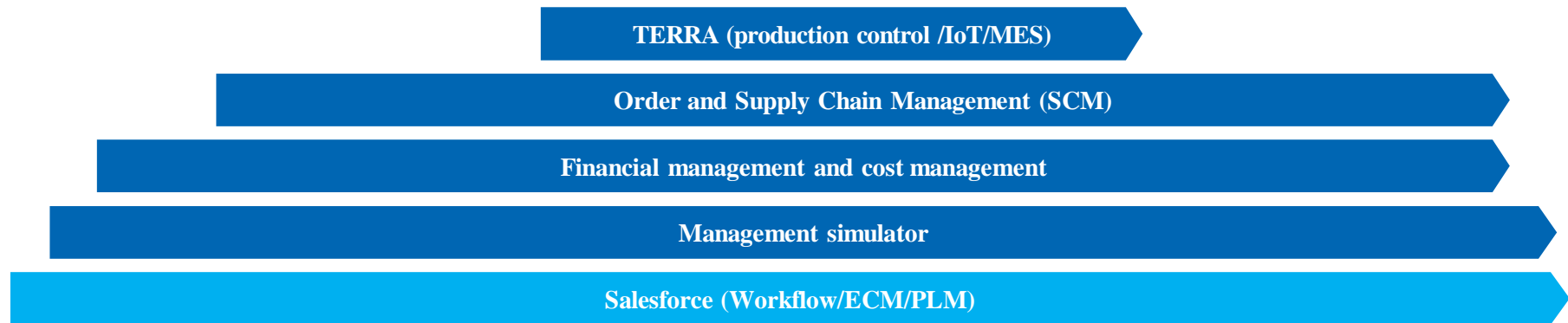
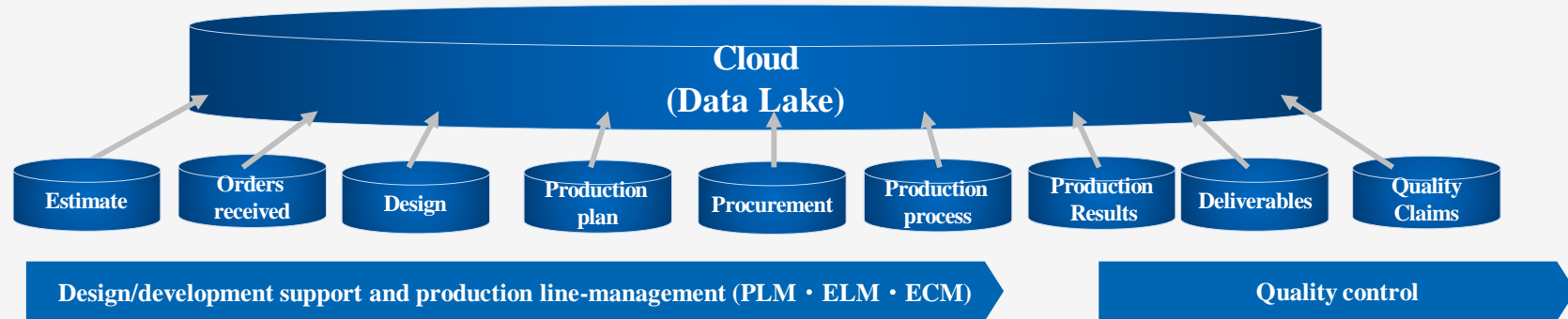


Optimize global development and production allocation by leveraging the unique  
characteristics of each site



**Quickly deploy manufacturing technology specification tables, work standards, and video manuals to global sites using a cloud database.**

## Company-wide DX system planned and developed in-house



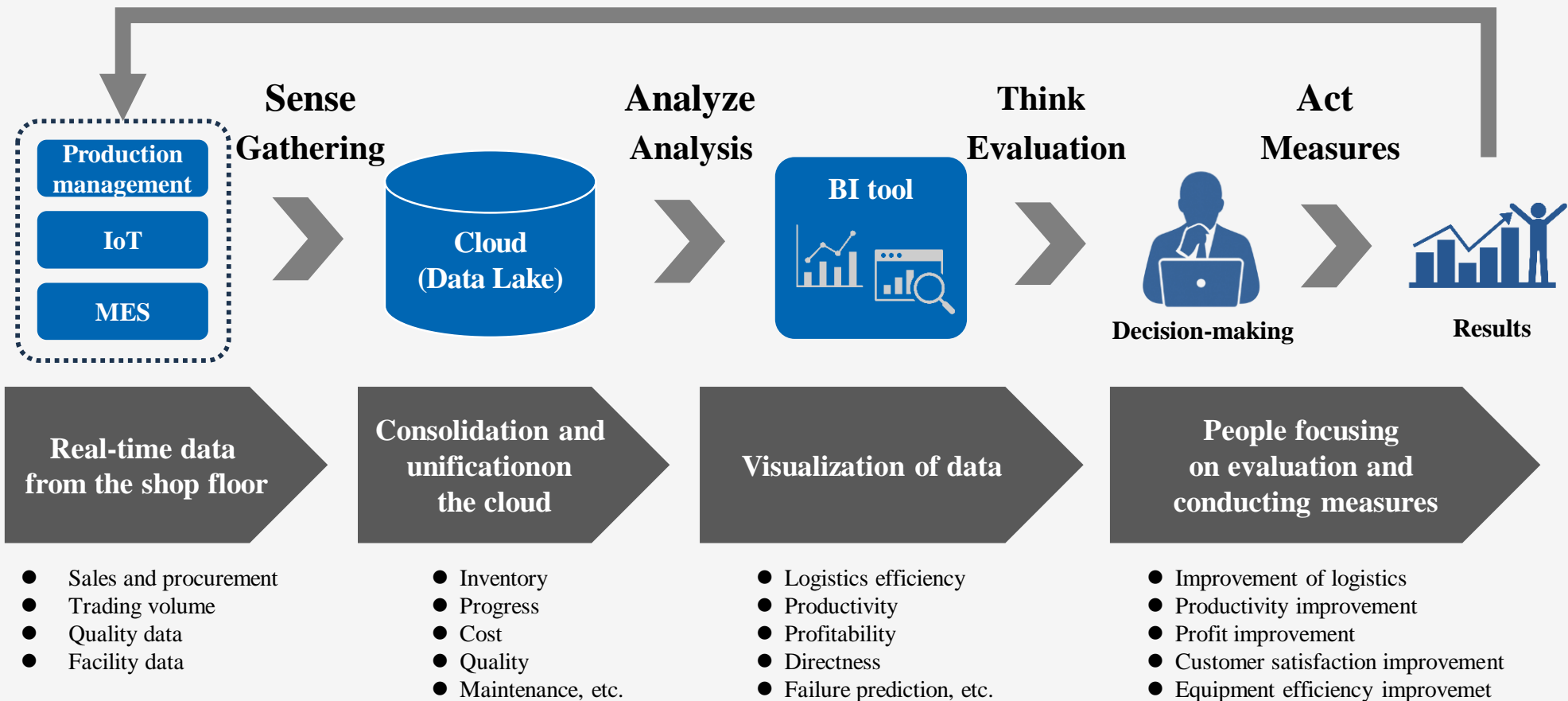
## Subsystem group

PLM : Product Life Management  
ELM : Equipment & Asset Life Management  
ECM : Engineering Chain Management  
MES : Manufacturing Execution System  
SCM : Supply Chain Management





**Standardize business processes globally through global integration of production management and accounting systems**



**Accelerate decision-making at all levels**  
—from frontline workers and staff to managers and executives.



# **New Business Initiatives**

**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**

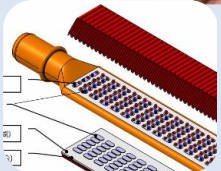
**Trial production and testing  
of thermoelectric radiator**

**② Thermoelectric power generation  
using waste heat from furnaces**



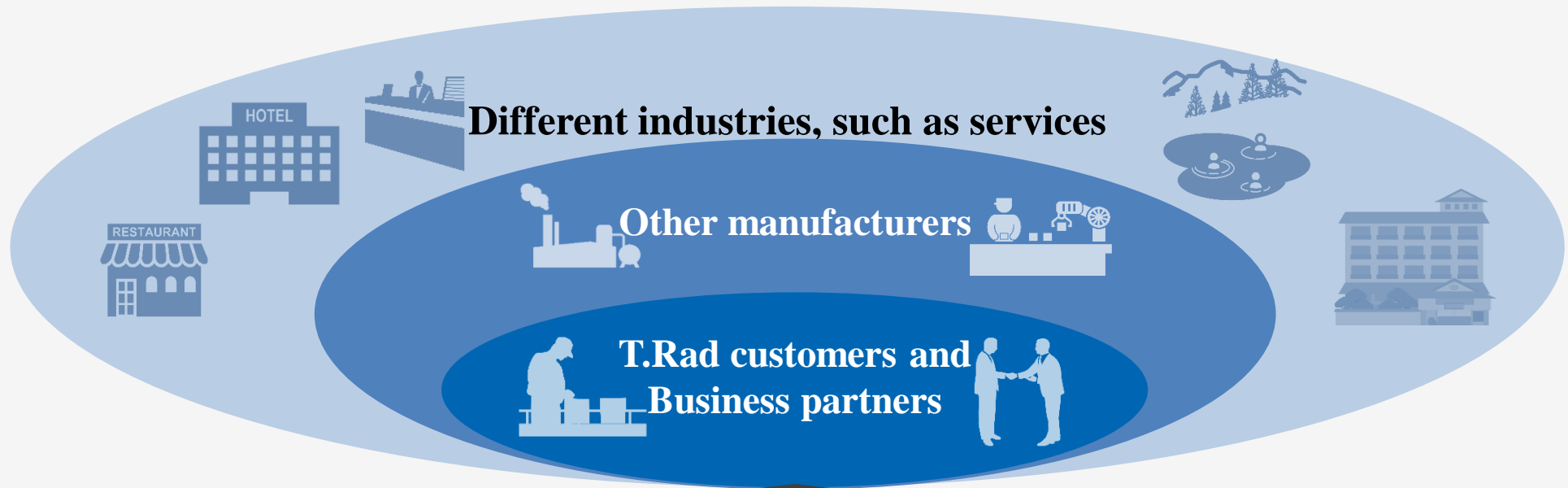
**Thermoelectric power generation using temperature  
difference of few hundred degrees  
in brazing furnace and cooling water**

**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**

**Aim to  
commercialize  
by 2030**



**External sales as DX solution by T.RAD Connect**



## T.RAD CONNECT



**Production  
management  
System(ERP)**



**Salesforce**



**IoT  
AI  
Data analysis**

**Packaging the DX expertise cultivated by T.RAD**

# **A company that Achieves Stable Profitability**

**Initiatives to Become a Company Trusted by Stakeholders**

## Operating cash flow + Borrowed funds

100 to 15 bn yen/year

### Growth investment

#### Strengthening Existing Businesses

- Heat exchanger development for multi-pathway approach
- Introduction of labor-saving, automation, and productivity-enhancing facilities
- DX investment/environmental investment
- Investment in human resources

### Strategic investment

#### Investing in the future

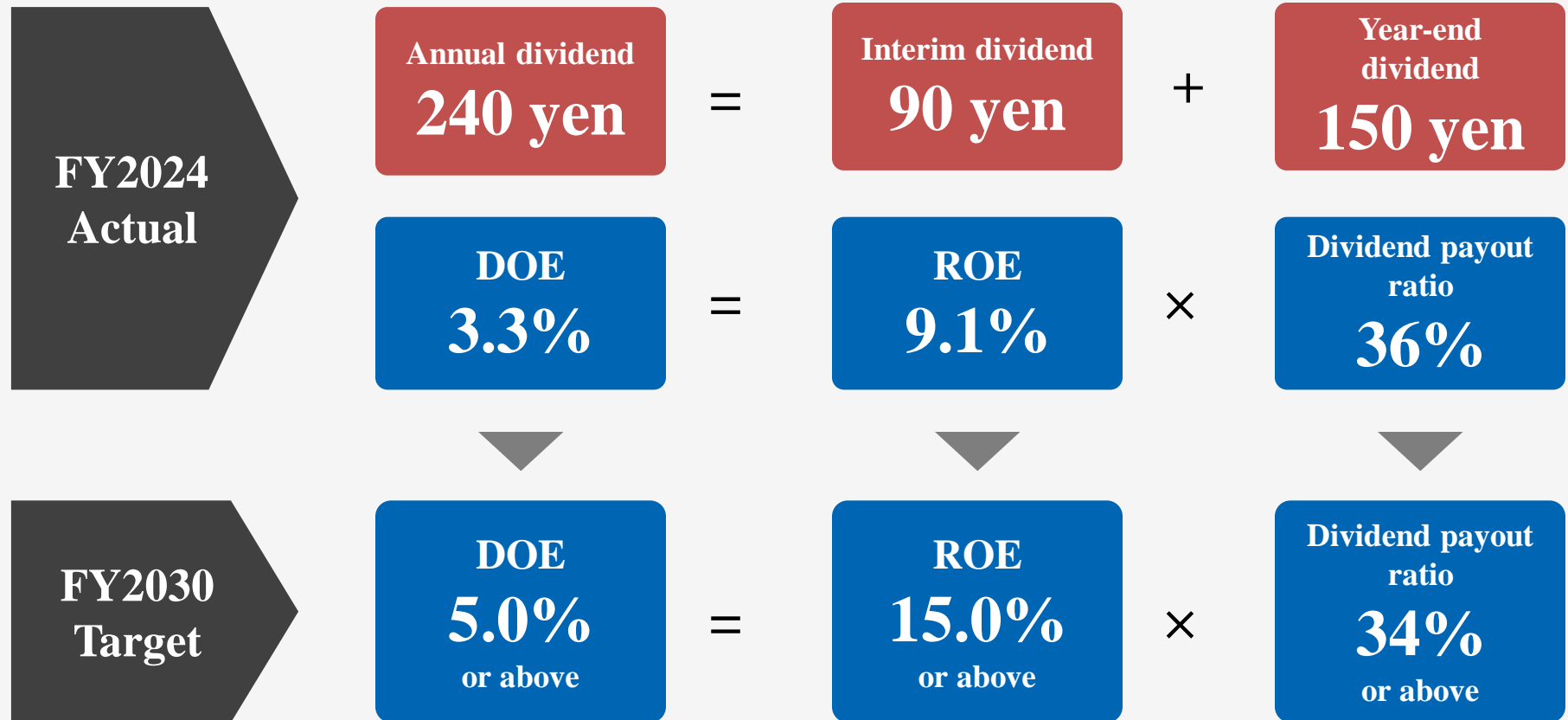
- Expansion of production resources and promotion of global production reallocation
- Consideration of second production base in the U.S.
- Expansion of investment in India
- Considering M&A
- New Business Initiatives

### Shareholder Returns

#### Becoming a company that is valued by the market

- Achieving stable dividends and flexible share buybacks through DOE
- Achieving both capital efficiency and soundness (equity ratio)
- Pursuing ROE targets and PBR 1.0x targets

- Allocate cash to investments in a timely manner, premised on achieving returns above the WACC(6%)
- Aim to become a top-runner in heat exchanger manufacturer with unmatched capabilities



- Since FY2024, we have been using the consolidated dividends on equity (DOE) as a new indicator to improve capital efficiency and realize stable long-term returns to shareholders.
- The definition of equity\* in DOE computation was **changed** from consolidated total equity to **consolidated total net assets**.

\*DOE = Annual total dividends ÷ Averages of consolidated net assets (excluding non-controlling interests) at the end of the previous fiscal year and the end of the current fiscal year. Effective from FY2024



# T.RAD-2025 Shareholder Return Policy



T.RAD-12

T.RAD-2025

Management Targets

**FY2024 Results**

Net sales **159.2 bn yen**

ROE **9.1%**

PBR **0.5 times**

**FY2030 Targets**

Net sales **200 bn yen**

ROE **15.0%**

PBR **1.0 times**

Shareholder Returns

Share buyback  
0.82 bn yen

DOE 3.3%  
Annual dividend  
240 yen

Share buyback  
2 bn yen or more

DOE 3.3% or more  
Annual dividend 240 yen or  
more

Scheduled to buy back 2 bn yen  
of treasury stock in FY2025

Consider buying back shares in  
consideration of market liquidity  
going forward

Strengthen DOE levels while  
improving ROE

**DOE  
5.0% or more**

- Increase in sales and ROE improvement by further acquiring market-share
- Timely appropriate investment and shareholder returns enabled by operating cash flows generation

Implementing management  
with awareness on capital  
efficiency and stock price

# Initiatives to Improve T.RAD-2025 PBR



	PBR		ROE		PER
FY2024 Actual	0.5	=	9.1%	×	5.5 times
FY2030 Target	1.0	=	15.0%	×	6.7 times
	Market capitalization exceeding the net assets (Stock price above BPS)		ROE exceeding the 8% cost of equity		



	ROE		Net income margin (Profitability)		Total asset turnover (efficiency)		Financial Leverage (Non-safety)
	$\frac{\text{Net Income}}{\text{Shareholders' equity}}$	=	$\frac{\text{Net Income}}{\text{Net sales}}$	×	$\frac{\text{Net sales}}{\text{Total assets}}$	×	$\frac{\text{Total assets}}{\text{Shareholders' equity}}$
FY2024 Actual	9.1%	=	2.7%	×	1.6 times	×	2.1 times
FY2030 Target	15.0%	=	3.5%	×	1.8 times	×	2.4 times
	Management focusing on profitability				Pursuit of capital efficiency		

To increase corporate value, it's essential to establish a system where employees and directors who are most closely involved with the company can significantly benefit from shareholder returns by dedicating a substantial amount of their time to their work

## Stock Benefit Trust Plan (J-ESOP)



- Payment of a fixed annual stock point to all employees
- Managing with compounding including dividends

## T.RAD Corp. Stock investment association



- Employees reserve for purchase of T.RAD shares

## Restricted Stock-based compensation plan RS



- Part of the compensation is paid in stock

- ① Dividend income from stockholdings (income gain)
- ② Capital gains from the sale of shares after retirement, resulting from stock price increase  
➔ When corporate value increases, employees will benefit

## Disclosing information to shareholders and investors in a timely and appropriate manner

Management policies, financial conditions, business activities, etc.

### IR presentations



- **Financial Results Briefing**
- **Distribution of financial results briefings on websites and social media through videos and summarized articles**

### General Meeting of Shareholders



- **Distribution of general meeting of shareholders through videos on the website**
- **Conducting preliminary questioning at the general meeting of shareholders**

### Disseminating Information for International Investors



- **Disclosure of financial results and notice of convocation of the General Meeting of Shareholders in both English and Japanese**

# Forecast for FY2025

**Net sales**

**140 bn yen**

**Ordinary  
income**

**4.2 bn yen**

**Share  
buyback**

**2 bn yen or  
more**

**Net income**

**2 bn yen**

**Annual  
dividend**

**240 yen or  
more**

**ROE**

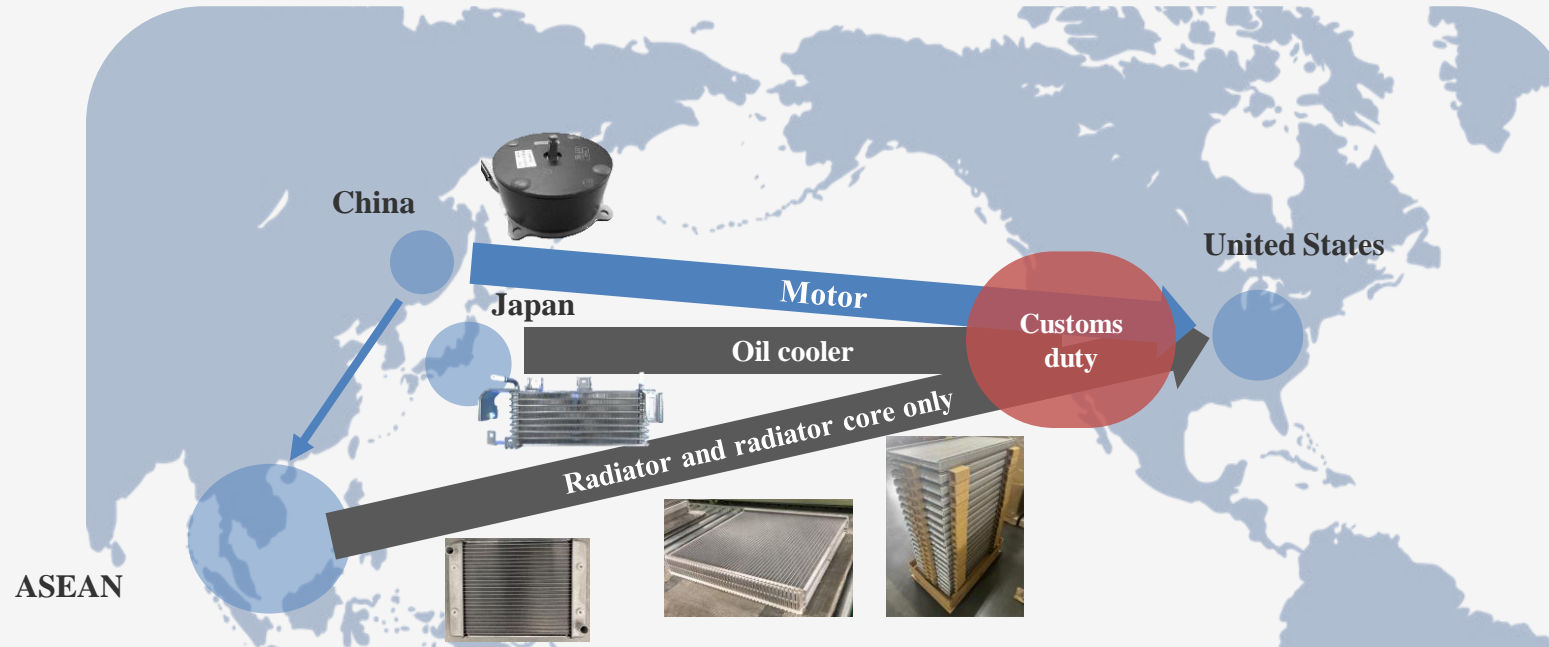
**4.3%**

**DOE**

**3.3% or more**

\*Based on the latest sales forecasts obtained from business partners, the forecast is presented taking into account the impact of U.S. tariff policies and exchange rate fluctuations to the extent possible.

## Respond flexibly in a timely manner while ascertaining trends in the Trump administration's customs policy



### Response ① Efforts to maintain profitability

- **Restructuring of procurement routes for materials and parts**
  - Consideration of shifting suppliers from China to ASEAN, etc.
- **Cooperation and negotiation with business partners**
  - Discussion on passing on tariff cost increases

### Response② Efforts to Optimize Production System

- **Strengthening local production and securing human resources**
  - Strengthen local production by introducing automated equipment
  - Considering U.S. domestic production outside Kentucky
- **Reconsideration of global production allocation**
  - Temporary freeze of the new Shiga plant plan



**T.RAD Co., Ltd.**

**<https://www.trad.co.jp/>**