

To whom it may concern:

January 21, 2020

Company name: T.RAD Co., Ltd.
Representative: Tomio Miyazaki, President & COO
Code No.: 7236
Tokyo Stock Exchange, First Section
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Notice of absorption merger (simple merger / short form merger) of the wholly owned subsidiaries

We hereby inform you as follows that we resolved at the meeting of Board of Directors on January 21, 2020, to implement an absorption merger (Hereinafter referred to as "the Merger") of our wholly owned subsidiaries, Asuni Co., Ltd. and Towa Kosan Co., Ltd.

Since the Merger is simple/ short form absorption merger of our wholly owned subsidiaries, some disclosure items and contents have been omitted from this disclosure.

1. Purpose of the Merger

Our group is implementing business reforms to achieve a more efficient and cost-effective "marketing-developing-manufacturing-selling" system. As a part of this effort, the Merger was decided from the viewpoint of effective utilization of human resources in domestic subsidiaries and reduction of management costs.

2. Outline of the Merger

(1) Schedule of the Merger

Board of directors meeting for approval of the Merger (T.RAD, Asuni Co., Ltd. and Towa Kosan Co., Ltd.)	January 21, 2020
Execution date of absorption merger agreement	January 22, 2020
Effective date of absorption merger	April 1, 2020(Plan)

(2) Method of the Merger

The Merger will be an absorption merger whereby T.RAD will be the surviving company, while Asuni Co., Ltd. and Towa Kosan Co., Ltd. will be the absorbed companies.

Further, for T.RAD, because the merger is a simple merger, as determined by the Companies Act, Article 796, Item No. 2, and for Asuni Co., Ltd. and Towa Kosan Co., Ltd., because this is a short form merger, as determined by Article 784, Item No. 1, of the same Act, the parties shall conduct the Merger without obtaining any approval at a stockholders meeting.

(3) Details of the allotment pertaining to the Merger

Since the Merger is absorption merger of our wholly owned subsidiaries, there will be no allocation of shares or money etc. as a result of the Merger.

(4) Handling of subscription rights to shares and bonds with subscription rights to shares associated with the Merger
Not applicable

3. The Merger: Summary of the Companies Concerned

	Surviving Company	Absorbed Company	Absorbed Company
(1) Name	T.RAD Co., Ltd.	Asuni Co., Ltd.	Towa Kosan Co., Ltd.
(2) Location	3-25-3 Yoyogi, Shibuya-ku, Tokyo	937 Soya, Hadano-shi, Kanagawa	4-14 Shioya-cho, Minami-ku, Nagoya-shi, Aichi
(3) Representative	Tomio Miyazaki, President & COO	Tsutomu Tanaka, President	Kazuhide Kawano, President
(4) Description of business	Manufacture and sales of heat exchangers	Sales of heat exchangers	Process of parts of heat exchangers
(5) Capital	8,545 Millions of yen	15 Millions of yen	334 Millions of yen
(6) Established	November 11, 1936	November 24, 1988	June 1, 1984
(7) Number of shares issued	8,344,405 shares	200 shares	443 shares
(8) Accounting period	March 31	March 31	March 31
(9) Main shareholders and share of stock (As of the end of September, 2019)	1. The Master Trust Bank of Japan, Ltd.(Trust Account) 4.99% 2. Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. 4.91% 3. Japan Trustee Services Bank, Ltd.(Trust Account) 4.53% 4. T.RAD Business Partners' Stock Ownership Association 4.29% 5. JINYA Co., Ltd. 3.14%	T.RAD Co., Ltd. 50% Towa Kosan Co., Ltd. 50%	T.RAD Co., Ltd. 92.7% Asuni Co., Ltd. 7.3%

(10) Financial position and Business results for the most recent fiscal year (Fiscal year ended March 31, 2019)			
	(Consolidated)	(Non-Consolidated)	(Non-Consolidated)
Net Assets (Millions of yen)	46,170	406	852
Total Assets (Millions of yen)	92,929	524	1,084
Net Assets per share (Yen)	5,537.37	2,030,577.07	2,063,240.76
Net sales (Millions of yen)	136,125	622	1,570
Operating income (Millions of yen)	5,092	122	79
Ordinary income (Millions of yen)	5,572	127	129
(Attributable to owners of parent)			
Net income (Millions of yen)	1,735	85	104
Net income per share (Yen)	218.01	427,041.19	253,441.11

4. Status after merge

No changes will be made to company name, head office location, representative title or name, business activities, capital, or accounting period as a result of the Merger.

5. Foresight

As the Merger is the absorption of our wholly owned subsidiaries, the impact on our consolidated results is expected to be negligible.