

To whom it may concern:

May 13, 2024

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**Notice of Extraordinary Losses (Consolidated and Non-consolidated)**

We would like to inform you that our extraordinary loss was recorded in the financial results for the fiscal year ended in March 2024(From April 1, 2023 to March 31, 2024).

1. Recognition of extraordinary loss and impairment loss (consolidated)

As a result of reviewing the future recoverability of noncurrent assets held by the Company, its U.S. subsidiary, and its China subsidiary, the Company recorded an impairment loss of 1,623 million yen in the consolidated financial statements for the fiscal year ended March 31, 2024. The breakdown is as follow.

| Place   | Purpose of use  | Impairment loss (Millions of yen) |
|---|---|-----------------------------------|
| T.RAD North America, Inc.<br>Hopkinsville, Kentucky,<br>U.S.A | Idle assets   | 33                                |
|   | Equipment for Manufacture and sales of aluminum heat exchangers   | 305                               |
|   | Equipment which is scheduled for end of production, out of Manufacture and sales of stainless-steel heat exchangers | 415                               |
| T.RAD Qingdao CO., LTD.<br>Qingdao,<br>Shandong, China        | Equipment for Manufacture and sales of heat exchangers  | 869                               |
| Total   |   | 1,623                             |

2. Recognition of extraordinary loss, a loss on valuation of shares of subsidiaries and associates and a loss on valuation of investments in capital of subsidiaries and associates(non-consolidated)

With regard to investments in U.S. subsidiary T.RAD North America, Inc. and Chinese subsidiary T.RAD Qingdao CO., LTD., due to the decrease in net assets as a result of the above impairment losses etc., the actual value of the assets fell significantly below the book value on the non-consolidated balance sheets. As a result, we recorded a loss on the valuation of shares of subsidiaries and associates of 2,043 million yen and a loss on valuation of investments in capital of subsidiaries and associates of 1,405 million yen, respectively. It is important to highlight that this loss will not impact the consolidated profit and loss since it will be eliminated in the consolidated financial statements.

3. Impact on business performance

The impact of the above extraordinary losses (consolidated and non-consolidated) is reflected in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2024, which was released today in accordance with Japanese Generally Accepted Accounting Principles (J-GAAP). Furthermore, regarding the loss on the valuation of shares of subsidiaries and associates, there is an additional loss of 1,833 million yen, as described in the notice of the occurrence of an extraordinary loss (non-consolidated) announced on November 6, 2023. Therefore, the annual loss amount reported in the statement of income is 3,877 million yen.

End.