July 21, 2026

To Whom It May Concern

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**Frequently Asked Questions from Investor Meetings and the Company's Responses**

T.RAD Co., Ltd. ("the Company") has compiled below the questions most frequently received by institutional investors and analysts during investor meetings, together with the Company's basic views in response to those questions. This document has been prepared with the aim of deepening understanding of the Company's business strategy, as well as from the perspective of fair disclosure.

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**Q1. What are the growth drivers behind the target of achieving net sales of ¥200 billion in fiscal 2030 under the medium-term management plan "T.RAD-2026?"**

A.

To achieve net sales of ¥200 billion in fiscal 2030, we will focus on expanding sales and increasing our market share in heat exchangers for four-wheeled vehicles. In particular, we plan to expand sales of products for Japanese OEMs' HEVs and PHEVs, centered on multifunction radiators. We expect sales of radiators for four-wheeled vehicles, including multifunction radiators, to increase by more than ¥30 billion in fiscal 2030 compared with fiscal 2025.

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**Q2. What specific measures are you taking to achieve an ROE of 20%?**

A.

We do not consider an ROE of 20% to be an easy target to achieve.

With respect to the numerator—earnings—we will work to improve our contribution margin through steady cost reduction initiatives and productivity improvements. We will also work to improve the profitability of underperforming segments, including those in the United States, while identifying businesses with low ROIC and considering their restructuring or withdrawal. With respect to the denominator—net assets—we will strive to maintain an appropriate level by utilizing leverage and other measures, while maintaining stable, progressive dividend payments as our core policy. Consistent with our long-standing management policy, we will continue to pursue management that emphasizes capital efficiency.

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**Q3. Won't demand for conventional heat exchangers decline as vehicle electrification advances?**

A.

As vehicle electrification advances, we actually expect the number of heat exchangers installed per vehicle to increase.

In BEVs, we expect an increase in the number of functional components requiring heat exchangers, such as those used to cool motors, batteries, and inverters.

Under our multi-pathway strategy, we are advancing initiatives to provide products that can support not only BEVs, HEVs, and PHEVs, but also all types of powertrains and cooling systems, including those for fuel cell vehicles and hydrogen engines.

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**Q4. What are the market potential and future growth prospects for multifunction radiators?**

A.

Multifunction radiators integrate high-temperature and low-temperature radiators into a single unit, reducing the number of components and helping to lower costs. Although this integration involves unique technical challenges, such as ensuring durability, the recent adoption of our product by a major automaker after meeting its required specifications represents a significant milestone for the Company.

The adoption of our multifunction radiators marks our successful entry into a new market. As these products are primarily intended for HEVs and PHEVs, we expect production volumes to increase going forward and sales of multifunction radiators to exceed ¥10 billion in fiscal 2030.

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**Q5. What initiatives are you pursuing in relation to data centers and AI?**

A.

We see business opportunities in the data center market for our products in two key areas: cooling components for server CPUs and heat exchangers for uninterruptible power supplies (UPS), which are essential for the stable operation of data centers. With respect to the former, copper products are currently the mainstream choice. However, we believe there is potential for aluminum products, for which we possess proprietary technical expertise, to be adopted in the future. With respect to the latter, our products have already been adopted and are in mass production. We are considering expanding production in response to growing demand for the data center market.

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**Q6. What strategies are you pursuing to address the competitive environment and expand your market share?**

A.

As an independent heat exchanger manufacturer, we have established a broad customer base both in Japan and overseas. We believe our strength lies in the quality and technical expertise we have cultivated through many years of serving a diverse range of customers, enabling us to meet a wide variety of customer needs.

In the heat exchanger market, automakers' strategies are undergoing significant changes as they pursue carbon neutrality, resulting in major changes in the applications and types of heat exchangers. Against this backdrop, and amid strategic shifts among our competitors, we have recently seen a significant increase in inquiries from customers and believe that our presence in the market has grown considerably compared with the past. We intend to capitalize on this opportunity by expanding our production capacity in a timely and appropriate manner and increasing our market share in the automotive sector.

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**Q7. What factors contribute to the high profitability of your operations in Asia?**

A.

There are three primary factors contributing to the high profitability of our operations in Asia.

First, we are able to control costs and maintain high productivity by utilizing a low-cost, high-quality workforce. Second, our product mix, including stainless steel products and products for the motorcycle industry, contributes to profitability. Third, under the applicable accounting standards, depreciation periods are shorter than in Japan, resulting in a lower fixed-cost burden for machinery, equipment, and other assets.

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**Q8. Do you expect the improvement in your U.S. operations to continue?**

A.

The production transfer project (an initiative to reduce the production workload in the United States), which began in fiscal 2023, has proven successful, and in fiscal 2025 our U.S. operations returned to profitability for the first time in eight years.

The production transfer was made possible through close communication with our customers and has been implemented as a permanent measure. With respect to future product expansion in the United States, we intend to control production workload while maintaining and improving profitability by streamlining our product lineup and implementing labor-saving measures through automation.

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**Q9. Could you provide more details on your shareholder return policy?**

A.

To promote management that emphasizes capital efficiency and shareholder value, we regard the stable and continuous return of profits to our shareholders as one of our key management priorities.

With respect to dividends, we aim to achieve the following three objectives simultaneously: a dividend on equity (DOE) of 5.0% or higher, a dividend payout ratio of 50% or higher, and progressive dividends. For fiscal 2026, we expect to pay a dividend of ¥40 per share for the interim period and ¥80 per share for the full year. We also aim to maintain a progressive dividend policy, with ¥40 per share for the interim period serving as the minimum dividend. (The dividend per share is based on the post-stock-split amount following the 10-for-1 stock split effective July 1, 2026.)

In addition, as we need to carefully manage our free-float ratio, we intend to continue placing priority on dividends as the primary means of returning profits to shareholders, while also considering flexible share repurchases, as appropriate.

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**Q10. As you strengthen shareholder returns, how do you ensure that sufficient funds are available for growth investments?**

A.

To achieve the management targets set forth in our new medium-term management plan, “T.RAD-2026,” we are conducting various internal simulations regarding capital allocation. In addition, our current equity ratio and leverage ratio remain at sound levels, providing us with ample capacity to make further use of leverage. We have established our management targets and shareholder return policy with the aim of achieving an appropriate balance between timely and strategic growth investments, capital efficiency, and enhanced shareholder returns.

**Q11. What initiatives are you pursuing to achieve inclusion in the new TOPIX and increase your market capitalization?**

A.

Recently, our share price has risen significantly, and both our market capitalization and free-float market capitalization have increased. However, the threshold for inclusion in the top 97% based on cumulative free-float market capitalization under the new TOPIX criteria also appears to be rising. We will continue to closely monitor developments.

To further enhance corporate value, market capitalization, and our price-to-book ratio (PBR), we will continue advancing the following three initiatives: (1) improving ROE, (2) reducing the cost of capital, and (3) enhancing growth.

We aim to improve ROE by further enhancing profitability through daily cost-reduction activities, strict control of fixed costs, and consideration of withdrawing from businesses with low ROIC, while maintaining net assets at an appropriate level. At the same time, we will work to reduce our cost of capital by maintaining stable, progressive dividend payments, providing consistent returns to shareholders, avoiding excessive retained earnings, and diligently managing various business risks.

With respect to our growth strategy, we will focus on expanding sales of multifunction radiators and, as an initial step, capitalize on the current opportunity to increase our market share. Over the medium to long term, we plan to apply our heat exchanger technologies to fields such as data centers, humanoid robots, and the space industry. We also intend to develop new businesses by commercializing the various digital transformation (DX) know-how currently being accumulated within the Company and offering it to customers.

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**Q12. What is the impact of developments in the Middle East on your business?**

A.

Our production volumes and sales of certain products have been affected by developments such as our customers’ suspension of exports to the Middle East.

At present, although material prices have risen, we are not experiencing any difficulties in procuring materials. We have traditionally sourced our aluminum materials from regions other than the Middle East. In addition, while we have experienced some difficulty in procuring certain petroleum-based materials, we have been able to respond appropriately through close communication with our customers, including the use of alternative materials.

To address rising material prices, we are working to identify market trends at an early stage and diversify supply chain risks through multiple sourcing. In addition, under our material price adjustment framework with our customers, we expect the overall impact on our business performance to be neutral. However, in light of the recent sharp increases in material prices, we have begun intensive discussions with our customers on measures such as shortening the timing of price adjustments.

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The above information has been prepared based on investor interviews and inquiries conducted or received between February and June 2026.

The questions and answers above summarize the topics most frequently raised during investor meetings, together with the Company’s views on those matters. The Company remains committed to enhancing corporate value over the medium to long term through transparent information disclosure and constructive dialogue with investors.