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To Whom It May Concern:

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# Summary of Q & A at the Financial Results Briefing for the Second Quarter of the Fiscal Year Ending March 2027

With the aim of enhancing understanding of our financial results and business strategies, and from the perspective of fair disclosure, we hereby present a summary of questions and answers from the financial results briefing held on Wednesday, November 4, 2026, as follows:

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**Q1. Please explain the Company's initiatives in the Chinese domestic market.**

A. In China, we are working to expand sales in the local market while also leveraging our operations there as a base to support our global business. We will continue to develop our business with an emphasis on profitability, while responding to local demand trends and our customers' production plans.

At the same time, we are strengthening the role of our Chinese operations as a hub for exports and production transfers to support the Company's sites around the world. We are leveraging their capabilities in manufacturing equipment and dies, their ability to supply parts and products, and their cost competitiveness. In addition to expanding sales in China, we aim to enhance their contribution to the supply capacity and competitiveness of the Group as a whole.

**Q2. Please explain the impact of the situation in the Middle East and any differences from your initial assumptions.**

A. The situation in the Middle East has driven up the prices of major materials, including aluminum, copper and resin. We have negotiated with major customers to accelerate unit price adjustments under our material price pass-through mechanism, which reflects fluctuations in material prices in our selling prices, and have achieved a certain degree of success.

However, in the domestic business segment in the first half of fiscal 2026, the rise in prices of major materials and the timing of their reflection in selling prices resulted in an approximately ¥500 million year-on-year negative impact on earnings. At the time of our first-quarter briefing, we expected profitability to improve from the second quarter onward as the effects of the material price pass-through took hold. However, the impact of material costs persisted throughout the first half, and this has been reflected in our revised earnings forecast.

For the second half, we do not expect material price increases to have a negative impact on earnings, as the effects of the material price pass-through are expected to take hold. We will continue to monitor material price trends and work on passing on price increases and reducing costs.

**Q3. The Company's current PER is approximately 8x. How do you view this valuation in terms of corporate value? If you believe the Company is undervalued, are you considering additional share repurchases?**

A. We believe there is room for the market to further recognize the Company's medium- to long-term earnings power and growth potential, given its current PER of approximately 8x.

To achieve this, we need to demonstrate, through our track record and specific plans, how we will maintain and further grow our current level of earnings, taking into account past fluctuations in business performance. We will also provide clearer explanations of quarterly profit fluctuations by distinguishing temporary factors from our underlying earnings capacity.

We will expand orders for heat exchangers, improve profitability at each of our sites, and enhance productivity through DX, thereby driving growth in earnings and cash flow.

Regarding shareholder returns, we will steadily implement our policy of targeting a DOE of at least 5%, a dividend payout ratio of at least 50%, and progressive dividends.

Additional share repurchases are also considered an important option in our capital policy. We will consider them flexibly, taking into account the share price, funds required for growth investments, financial soundness, and the potential increase in per-share value resulting from repurchases. If we make a specific decision, we will disclose it promptly.

**Q4. (1) Please explain the deterioration in the gross profit margin, from 14.6% in Q1 to 14.0% in Q2 (14.3% cumulatively). (2) Please explain the significant fluctuations in Japan's operating profit margin—4.0% in Q1, 1.6% in Q2, and 6.1% in the second half—including the relationship with the effects of the material price pass-through. (3) The U.S. operating profit margin also fluctuates significantly, from 1.5% in Q1 to 3.9% in Q2 and 0.3% in the second half. Was the improvement in Q2 due to the effects of the material price pass-through and the forecast for the second half due to the impact of tariffs? Please provide details, including any other factors.**

A. (1) The fluctuations in profit margins you pointed out were affected not only by our response to material prices but also by temporary factors that differed from quarter to quarter.

First, in Q1, the non-consolidated results included a gain of approximately ¥600 million arising from the valuation of material inventories, which pushed up the consolidated gross profit margin. Excluding this effect, the material cost ratio on a non-consolidated basis improved by approximately 1.1 percentage points in Q2 compared with Q1. This reflects the benefit of some customers agreeing to bring forward the timing of material price pass-through. We expect the material cost ratio to become more stable in the second half.

(2) In Q2 in Japan, we recorded approximately ¥300 million in expenses due to an increase in provisions related to the employee stock benefit program in line with the rise in the share price. The gain from inventory valuation in Q1 and the expenses related to the employee stock benefit program in Q2 affected the operating profit margins in the respective quarters.

For the second half, we are forecasting an operating profit margin of 6.1%, factoring in an increase in sales of approximately ¥6.0 billion, an improvement in the direct material cost ratio as the material cost ratio stabilizes, and an improvement in the fixed cost ratio, including labor costs.

(3) The main reason for the improvement in the U.S. operating profit margin in Q2 was a temporary boost to profit from the refund of IEEPA tariffs in June 2026.

Our earnings outlook for the second half mainly incorporates increases in costs such as container shipping freight rates, which have become pronounced since May 2026. We are also forecasting sales of approximately ¥20.5 billion in the second half, compared with approximately ¥23.8 billion in the first half. Based on these assumptions, we expect the operating profit margin in the second half to be 0.3%.

We will continue to pursue cost-reduction initiatives locally in the U.S. to absorb cost increases and improve profitability.

**Q5. Your presentation mentioned AI-related initiatives as part of your new business development. NVIDIA is a prominent name in AI and is widely known to be expanding its partnerships with automakers. Heat generated by AI data processing needs to be dissipated, which could present an opportunity for your Company to enter this field. Are you aiming to become part of NVIDIA's cooling supply chain?**

A. With the spread of AI, we believe technologies that efficiently manage heat generated in data centers will become increasingly important. We view this as a promising business field in which we can leverage our long-standing heat exchanger technologies.

Cooling AI data centers involves many companies, including semiconductor manufacturers, server manufacturers, cooling equipment manufacturers, facility manufacturers and data center operators. Heat exchange technologies are required at multiple stages, from extracting heat from semiconductors and transferring it to coolant to ultimately releasing it outdoors.

Our opportunities to enter this field are not limited to direct sales to NVIDIA. We also see business opportunities in supporting the cooling of data centers using NVIDIA GPUs through the supply of components to server manufacturers, cooling equipment manufacturers and other companies.

In the presentation materials, we identified liquid-to-liquid heat exchangers for coolant distribution units (CDUs) as an area under development, and radiators for air-assisted liquid cooling systems as an area in which we are receiving inquiries. We also already have a track record of mass production of heat exchangers for emergency power generators.

In addition to expanding business in fields where we have an established track record, we aim to broaden our business opportunities within the supply chain supporting AI data centers by applying our technologies to servers and cooling facilities. We will further enhance heat exchange performance, quality, reliability and cost competitiveness, and translate these strengths into concrete orders and earnings.

**Q6. I am a new investor. After reading President Miyazaki's story about Jinya, I felt intuitively that he is a person who is strong in times of crisis, and decided to invest in your Company. What are President Miyazaki's guiding principles?**

A. Thank you for your kind words and for asking a question that goes to the heart of my management philosophy. I am truly grateful that you took the time to read about our initiatives at Jinya and then chose to invest in our Company.

My guiding principle is “to make everyone involved happy through our business.” This includes our customers, employees and their families, business partners, local communities, and shareholders. I seek to put into practice management that connects the Company's growth to the happiness and prosperity of all these stakeholders.

To achieve this, I place importance on simultaneously delivering customer satisfaction, employee satisfaction and increased profits. We want customers to choose us, employees to take pride in their work, and the profits we generate to be directed toward investment in people and equipment as well as shareholder returns. Strengthening this virtuous cycle is the foundation of my management philosophy.

At Jinya and Jinya Connect, we have pursued the aspirations of “bringing stories to life” and “making work at a ryokan an aspirational profession.” We enhance the value we deliver to customers by improving the guest rooms, cuisine, service and the unique story of each inn. At the same time, we create a working environment that allows employees to take days off by introducing regular closing days, while also aiming become an industry leader in employee compensation. DX-driven productivity improvements support the achievement of both goals. Furthermore, by extending the systems and know-how we have developed in-house across the industry, we aim to enhance the appeal of working at ryokan throughout the sector.

At T.RAD, our underlying philosophy is the same. We aim to become the world's leading heat exchanger manufacturer by refining our technologies and quality and thoroughly leveraging DX to improve productivity. We will extend the results and know-how we gain to other companies within and outside the Group. We also aim to increase the number of “employee shareholders”—employees who participate in the Company's growth as shareholders—and to create a company where their daily efforts lead to their own prosperity.

Through earnings growth and progressive dividends, we will continue our management efforts so that shareholders feel glad they have held our shares over the long term. Even when faced with difficulties, we will face facts and figures squarely and resolve issues one by one. Never forgetting the weight of the trust and capital entrusted to us, I will demonstrate these convictions through my daily actions and results.

**Q7. It has been reported that France and Germany have agreed to exclude Japan from the definition of "within the region" in the EU's Industrial Acceleration Act. If Japanese OEMs accelerate local production in Europe, this could create order opportunities for your Company, which has a base in the Czech Republic. Does the expansion of your Czech plant currently underway take these developments into account?**

A. Even before reports emerged that Japan would be excluded from the scope of the legislation, we had recognized our customers' strong need for production within Europe. At our Czech site, from the perspective of profitability, we had been discussing with customers the option of exporting from China or Japan during the initial ramp-up stage, when production volumes are low. However, in order to meet customers' strong needs, we are considering shifting to local production as volumes increase. In light of these circumstances, we recently decided to expand our Czech plant.

**Q8. According to today's presentation, the number of confirmed orders for multifunctional radiators has increased from 590,000 units in the medium-term management plan announced in April to 870,000 units, and plans to expand production sites in North America, Europe and Kyushu have also taken shape. However, we understand that it takes several years from winning an order to starting mass production. What is the biggest constraint on developing production capacity to reliably capture the strong demand you are currently seeing?**

A. With a substantial number of orders coming in, we believe it is important for a parts manufacturer to use its existing equipment and organizational structure to improve productivity and increase output. To this end, we are currently working to make use of our underutilized Chinese sites across the Group. We believe global optimization of production is the first priority.

However, there are orders that cannot be accommodated through these measures alone, and customers' needs for local procurement are also increasing. Accordingly, we are expanding our plants in the U.S., Europe and other regions.

The challenges involved in expanding production sites include establishing management systems, securing and developing human resources, and maintaining productivity and profitability during the initial stages of operation. To address these challenges, in the U.S. and Europe we have chosen to expand using adjacent land at existing plants rather than build entirely new factories.

Production capacity in Japan is also nearing its limit. Even if we can expand our plants, however, securing sufficient personnel is an issue. In fact, difficulties in securing human resources have become apparent at our Shiga Plant. In light of this situation, for the Kyushu plant currently under consideration, we are exploring a location close to an urban center and a railway station, where it would be easier to recruit employees.

Another constraint is whether production equipment can be supplied in a timely manner. Resources are tight both in our in-house production equipment division and among Japanese equipment manufacturers. To address this, we are increasing our use of Chinese equipment manufacturers, which offer lower-cost equipment with improved functionality.

**Q9. To what extent have the effects of future foreign exchange rate fluctuations been incorporated into your earnings forecast? In light of trends at the Bank of Japan and the Federal Reserve, we believe the yen may be more likely to appreciate. We would appreciate hearing your views.**

A. The earnings forecast announced today is based on the exchange rates used in our initial budget. The assumed U.S. dollar/yen exchange rate is ¥158.5 to the dollar.

We are closely monitoring future foreign exchange trends, but our basic strategy is local production for local consumption. We believe it is important to minimize currency mismatches in our earnings and to secure a solid margin in local-currency terms, even when exchange rates fluctuate.

On the other hand, as Asia makes a significant contribution to our earnings, we will continue to monitor exchange rate movements for the Thai baht and Indonesian rupiah.

**Q10. It seems difficult for the Company to remain in TOPIX. Could you explain your policy and intentions for addressing this situation in the coming year?**

A. Unfortunately, our shares have been designated as a constituent subject to the TOPIX transition measures, and our share price has recently declined.

We believe it is important not to focus solely on remaining in TOPIX, but rather to continuously enhance corporate value and increase our share price.

As a result, we hope to remain in or return to TOPIX at each annual review.

In addition to TOPIX, a new index called TOPIX Next Tier will be introduced. There are also various other types of investors. We will make every effort to communicate our value clearly so that investors will continue to purchase our shares on a stable basis.