

April 13, 2026

Consolidated Financial Results for the Six Months Ended February 28, 2026 (Under Japanese GAAP)

Company name: MERF Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3168
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 Scheduled date to file semi-annual securities report: April 13, 2026
 Scheduled date to commence dividend payments: May 8, 2026
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended February 28, 2026 (from September 1, 2025 to February 28, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
February 28, 2026	45,592	5.9	2,515	-	2,582	-	1,682	-
February 28, 2025	43,064	21.6	(164)	-	(227)	-	(177)	-

Note: Comprehensive income For the six months ended February 28, 2026: ¥2,219 million [-%]
 For the six months ended February 28, 2025: ¥(106) million [-%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
February 28, 2026	118.98	-
February 28, 2025	(12.57)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
February 28, 2026	30,308	11,306	37.3
August 31, 2025	25,705	9,218	35.9

Reference: Equity
 As of February 28, 2026: ¥11,306 million
 As of August 31, 2025: ¥9,218 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2025	-	10.00	-	10.00	20.00
Fiscal year ending August 31, 2026	-	20.00			
Fiscal year ending August 31, 2026 (Forecast)				10.00	30.00

Note: Revisions to the forecast of cash dividends most recently announced: None

Breakdown of dividends at the end of the second quarter of the fiscal year ending August 31, 2026: Ordinary dividend 10.00 yen, commemorative dividend 10.00 yen

3. Forecast of consolidated financial results for the fiscal year ending August 31, 2026 (from September 1, 2025 to August 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending August 31, 2026	89,234	8.2	2,756	-	2,607	-	1,853	-	131.07

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of February 28, 2026	14,337,200 shares
As of August 31, 2025	14,337,200 shares

(ii) Number of treasury shares at the end of the period

As of February 28, 2026	183,316 shares
As of August 31, 2025	200,016 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended February 28, 2026	14,141,239 shares
Six months ended February 28, 2025	14,125,504 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

*** Proper use of earnings forecasts, and other special matters**

Forward-looking statements, such as earnings forecasts, contained in this material are based on information available to the Company and certain assumptions that the Company deems reasonable. Actual results may differ from the above forecasts due to various factors.

For the assumptions for earnings forecasts, please refer to Appendix P.3 "1. Summary of Operating Results, etc. (3) Explanation of Forward-Looking Information such as Consolidated Earnings Forecasts."

Semi-annual consolidated balance sheet

(Thousands of yen)

	As of August 31, 2025	As of February 28, 2026
Assets		
Current assets		
Cash and deposits	1,639,166	1,102,426
Notes and accounts receivable - trade	8,548,838	10,111,235
Electronically recorded monetary claims - operating	558,732	776,390
Merchandise and finished goods	1,462,166	2,229,052
Work in process	566,163	578,198
Raw materials and supplies	5,508,267	6,237,952
Advance payments to suppliers	2,199,569	3,562,909
Consumption taxes refund receivable	411,494	195,927
Other	317,471	421,104
Total current assets	21,211,871	25,215,198
Non-current assets		
Property, plant and equipment		
Land	1,521,121	1,521,121
Other, net	1,794,301	1,669,437
Total property, plant and equipment	3,315,423	3,190,558
Intangible assets	121,512	110,280
Investments and other assets	1,056,500	1,792,340
Total non-current assets	4,493,436	5,093,180
Total assets	25,705,307	30,308,378

	As of August 31, 2025	As of February 28, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,013,338	2,261,242
Electronically recorded obligations - operating	387,151	259,035
Short-term borrowings	7,700,000	8,161,222
Current portion of long-term borrowings	1,433,390	1,614,481
Lease liabilities	59,209	67,796
Income taxes payable	16,300	892,193
Provision for bonuses	38,335	127,334
Other	680,772	537,030
Total current liabilities	12,328,498	13,920,336
Non-current liabilities		
Long-term borrowings	3,581,646	4,274,378
Lease liabilities	401,841	403,140
Deferred tax liabilities	17,426	252,417
Retirement benefit liability	120,250	118,486
Long-term unearned revenue	37,541	32,757
Total non-current liabilities	4,158,706	5,081,181
Total liabilities	16,487,204	19,001,517
Net assets		
Shareholders' equity		
Share capital	1,000,000	1,000,000
Capital surplus	698,426	699,328
Retained earnings	6,937,420	8,478,531
Treasury shares	(104,887)	(95,487)
Total shareholders' equity	8,530,960	10,082,373
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	493,157	998,350
Foreign currency translation adjustment	193,984	226,137
Total accumulated other comprehensive income	687,142	1,224,488
Total net assets	9,218,102	11,306,861
Total liabilities and net assets	25,705,307	30,308,378

Semi-annual consolidated statement of income

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Net sales	43,064,756	45,592,251
Cost of sales	42,155,986	41,749,842
Gross profit	908,770	3,842,409
Selling, general and administrative expenses	1,073,171	1,326,661
Operating profit (loss)	(164,400)	2,515,748
Non-operating income		
Interest income	20,907	11,036
Dividend income	5,404	8,016
Foreign exchange gains	-	90,346
Insurance claim income	2,871	-
Reversal of allowance for doubtful accounts	63,447	-
Miscellaneous income	672	48,065
Other	127	9,249
Total non-operating income	93,430	166,714
Non-operating expenses		
Interest expenses	61,975	85,156
Share of loss of entities accounted for using equity method	21,449	371
Foreign exchange losses	63,425	-
Provision of allowance for doubtful accounts	-	1,065
Other	9,334	13,105
Total non-operating expenses	156,185	99,698
Ordinary profit (loss)	(227,155)	2,582,763
Profit (loss) before income taxes	(227,155)	2,582,763
Income taxes - current	6,515	896,143
Income taxes - deferred	(56,140)	4,137
Total income taxes	(49,625)	900,281
Profit (loss)	(177,530)	1,682,482
Profit (loss) attributable to owners of parent	(177,530)	1,682,482

Semi-annual consolidated statement of comprehensive income

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Profit (loss)	(177,530)	1,682,482
Other comprehensive income		
Valuation difference on available-for-sale securities	78,127	505,193
Foreign currency translation adjustment	(5,259)	35,499
Share of other comprehensive income of entities accounted for using equity method	(1,433)	(3,347)
Total other comprehensive income	71,434	537,346
Comprehensive income	(106,096)	2,219,829
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(106,096)	2,219,829
Comprehensive income attributable to non-controlling interests	-	-

Semi-annual consolidated statement of cash flows

(Thousands of yen)

	Six months ended February 28, 2025	Six months ended February 28, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	(227,155)	2,582,763
Depreciation	130,312	225,987
Interest and dividend income	(26,312)	(19,053)
Interest expenses	61,975	85,156
Share of loss (profit) of entities accounted for using equity method	21,449	371
Foreign exchange losses (gains)	18,085	(182,952)
Increase (decrease) in allowance for doubtful accounts	43,165	1,065
Decrease (increase) in trade receivables	1,989,505	(1,721,027)
Decrease (increase) in inventories	945,028	(1,431,832)
Increase (decrease) in trade payables	(1,306,002)	98,112
Decrease (increase) in advance payments to suppliers	(205,384)	(1,363,340)
Decrease (increase) in consumption taxes refund receivable	1,733,223	219,347
Decrease (increase) in distressed receivables	(106,612)	1,500
Other, net	38,146	67,513
Subtotal	3,109,426	(1,436,388)
Interest and dividends received	13,372	18,214
Interest paid	(66,707)	(88,023)
Income taxes paid	(377,933)	(94,400)
Income taxes refund	155	22,278
Net cash provided by (used in) operating activities	2,678,313	(1,578,319)
Cash flows from investing activities		
Payments into time deposits	(0)	(155,810)
collection of loans receivable from subsidiaries and associates	44,700	-
Purchase of property, plant and equipment	(163,491)	(177,639)
Purchase of intangible assets	(6,304)	-
Purchase of investment securities	(1,850)	(1,370)
Other, net	(128)	288
Net cash provided by (used in) investing activities	(127,075)	(334,531)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,900,000	450,000
Proceeds from long-term borrowings	-	1,600,000
Repayments of long-term borrowings	(784,717)	(716,612)
Repayments of lease liabilities	-	(30,841)
Dividends paid	(140,829)	(141,461)
Net cash provided by (used in) financing activities	1,974,453	1,161,084
Effect of exchange rate change on cash and cash equivalents	(6,091)	59,095
Net increase (decrease) in cash and cash equivalents	4,519,598	(692,672)
Cash and cash equivalents at beginning of period	1,533,681	1,637,668
Cash and cash equivalents at end of period	6,053,279	944,995

(Notes on segment information, etc.)

I. Previous interim consolidated accounting period (September 1, 2024 to February 28, 2025)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(Thousands of yen)

	Reportable segments			Reconciling items	Interim Consolidated Statements of Income (Note)
	NONFERROUS METALS	ARTS AND CRAFTS	Total		
Sales					
Revenue generated from customer contracts	42,730,013	334,743	43,064,756	-	43,064,756
Other Earnings	-	-	-	-	-
Revenues from external customers	42,730,013	334,743	43,064,756	-	43,064,756
Transactions with other segments	-	-	-	-	-
Total	42,730,013	334,743	43,064,756	-	43,064,756
Segment profit (loss)	(244,229)	79,828	(164,400)	-	(164,400)

Note: The total amount of segment profit or loss (loss) is consistent with the operating loss in the interim consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment

Not applicable.

II. Interim Consolidated Accounting Period (September 1, 2025 to February 28, 2026)

1. Information on sales and the amount of profit or loss for each reported segment, as well as information on the breakdown of revenues

(Thousands of yen)

	Reportable segments			Reconciling items	Interim Consolidated Statements of Income (Note)
	NONFERROUS METALS	ARTS AND CRAFTS	Total		
Sales					
Revenue generated from customer contracts	45,176,591	415,659	45,592,251	-	45,592,251
Other Earnings	-	-	-	-	-
Revenues from external customers	45,176,591	415,659	45,592,251	-	45,592,251
Transactions with other segments	-	-	-	-	-
Total	45,176,591	415,659	45,592,251	-	45,592,251
Segment Profit	2,363,461	152,286	2,515,748	-	2,515,748

Note: The total amount of segment profit is consistent with operating income in the interim consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment

Not applicable.