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April 10, 2026

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

Company name: Shinwa Co., Ltd.

Listing: Tokyo Stock Exchange, Nagoya Stock Exchange

Securities code: 7607

URL: <https://www.shinwa-jpn.co.jp/>

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President & CEO

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Scheduled date to file semi-annual securities report: April 13, 2026

Scheduled date to commence dividend payments: May 7, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(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	44,771	6.1	2,913	27.2	3,012	22.2	2,053	23.8
February 28, 2025	42,199	9.8	2,290	42.9	2,465	34.3	1,659	30.1

Note: Comprehensive income For the six months ended February 28, 2026: ¥ 3,796 million [123.1%]
For the six months ended February 28, 2025: ¥ 1,701 million [6.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended February 28, 2026	153.14	-
February 28, 2025	123.86	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of February 28, 2026	72,235	46,534	64.2
August 31, 2025	74,409	43,609	58.4

Reference: Equity

As of February 28, 2026: ¥ 46,375 million

As of August 31, 2025: ¥ 43,466 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	-	56.00	-	68.00	124.00
Fiscal year ending August 31, 2026	-	62.00			
Fiscal year ending August 31, 2026 (Forecast)			-	62.00	124.00

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

Note: Breakdown of the second quarter dividend for the fiscal year ending August 31, 2026 :

Commemorative dividend	- yen
Special dividend	- yen

3. Consolidated financial result forecasts 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
Full year	87,000	1.0	4,300	(5.2)	4,500	(6.4)	3,100	(6.4)	231.32

Note: Revisions to the financial result forecast most recently announced: None

* Notes

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	companies()
Excluded:	-	companies()

(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	13,815,319 shares
As of August 31, 2025	13,815,319 shares

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

As of February 28, 2026	400,760 shares
As of August 31, 2025	413,755 shares

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

Six months ended February 28, 2026	13,407,244 shares
Six months ended February 28, 2025	13,394,731 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

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results for the Semi-annual Period under Review

During the semi-annual period under review, the Japanese economy maintained a gradual recovery trend, driven by robust corporate performance as well as improvements in the employment and income environment. However, the outlook remains uncertain due to the impact of continued price increases on individual consumption, as well as concerns over developments in the U.S. external economic policy, the stagnation of the Chinese economy, and rising geopolitical risk.

In the automotive industry, which is the primary users of the Group's products, the rebound in domestic automobile production following last year's authentication fraud issue has run its course; however, capital investment has remained at a high level, driven by the shift toward software-defined and electrified vehicles, as well as efforts to advance automation and labor-saving initiatives in manufacturing operations.

In this business environment, the Group has steadily implemented the key strategies of the 4th Medium-term Management Plan "Change! Shinwa Moving Forward 2026." By strengthening its engineering capabilities with metal joining technologies as its core competence, the Group has worked to expand existing transactions and develop new business fields, and, in particular, the Smart Factory Innovation Business performed strongly during the semi-annual period under review.

As a result, for the semi-annual period under review, the Group posted net sales of ¥44,771 million (up 6.1% year on year), ordinary profit of ¥3,012 million (up 22.2% year on year), and profit attributable to owners of parent of ¥2,053 million (up 23.8% year on year).

Operating results by reportable segment were as follows.

1) Japan

Sales of production equipment, robotic systems, inspection equipment, and other related equipment for automobile manufacturers and automotive components manufacturers remained strong. In addition, sales of autonomous mobile robots (AMR), which automate in-plant and external logistics, as well as related network systems, also increased. Thanks to these contributions, net sales amounted to ¥37,767 million (up 5.6% year on year), and segment profit amounted to ¥2,173 million (up 47.6% year on year).

2) Americas

Sales of inspection equipment for large-scale projects for Japanese automobile manufacturers made a significant contribution. However, due to a reactionary decline following a highly profitable project recorded in the same period of the previous fiscal year, as well as the impact of U.S. foreign economic policies, net sales amounted to ¥6,752 million (up 22.6% year on year), and segment profit amounted to ¥295 million (down 44.1% year on year).

3) Asia Pacific

Sales of welding materials, jigs, and production line equipment increased, supported by the continued high evaluation of Japanese automobile manufacturers for reliability and performance, even as the rise of Chinese and local companies has led to a retreat of Japanese manufacturers. Thanks to these contributions, net sales amounted to ¥2,812 million (up 11.6% year on year), and segment profit amounted to ¥415 million (up 31.8% year on year).

4) China

The segment was affected by the declining market share of Japanese automobile manufacturers amid the rapid rise in competitiveness of Chinese manufacturers. As a result of the foregoing and other factors, net sales amounted to ¥1,589 million (down 34.1% year on year), and segment loss amounted to ¥28 million (segment loss of ¥20 million in the corresponding period of the previous fiscal year).

5) Other

The segment recorded sales of production equipment and alloy materials for Japanese air-conditioning equipment manufacturers in the United Kingdom. As a result, net sales amounted to ¥413 million (up 35.0% year on year), and segment loss amounted to ¥18 million (segment loss of ¥4 million in the corresponding period of the previous fiscal year).

Net sales by reportable segment are presented inclusive of intersegment net sales.

(2) Explanation of Financial Position for the Semi-annual Period under Review

1) Status of assets, liabilities and net assets

Total assets at the end of the semi-annual period under review amounted to ¥72,235 million, a decrease of ¥2,173 million compared to the end of the previous fiscal year.

Current assets decreased by ¥3,792 million from the end of the previous fiscal year to ¥58,498 million. This was mainly due to a decrease of ¥4,684 million in cash and deposits, a decrease of ¥1,036 million in merchandise and finished goods, a decrease of ¥236 million in work in process, and a decrease of ¥176 million in other under current assets, mainly due to a decrease in advance payments to suppliers, despite an increase of ¥1,283 million in accounts receivable - trade, an increase of ¥934 million in electronically recorded monetary claims - operating, an increase of ¥99 million in securities, and an increase of ¥34 million in raw materials and supplies.

Non-current assets increased by ¥1,618 million from the end of the previous fiscal year to ¥13,737 million. This was mainly due to an increase of ¥1,061 million in other under property, plant and equipment and an increase of ¥695 million in investment securities under investments and other assets, despite a decrease of ¥68 million in buildings and structures under property, plant and equipment and a decrease of ¥64 million in other under intangible assets.

Current liabilities decreased by ¥5,346 million from the end of the previous fiscal year to ¥23,551 million. This was mainly due to a decrease of ¥3,552 million in notes and accounts payable - trade, a decrease of ¥1,446 million in electronically recorded obligations - operating, and a decrease of ¥1,291 million in contract liabilities, despite an increase of ¥42 million in provisions and an increase of ¥953 million in other under current liabilities.

Non-current liabilities increased by ¥247 million from the end of the previous fiscal year to ¥2,150 million.

Net assets increased by ¥2,924 million from the end of the previous fiscal year to ¥46,534 million.

2) Status of cash flows

Cash and cash equivalents at the end of the semi-annual period under review decreased by ¥4,927 million from the end of the previous fiscal year to ¥23,858 million.

The status of cash flows at the end of the semi-annual period under review and contributing factors were as follows.

(Cash flows from operating activities)

Net cash used in operating activities was ¥3,865 million (net cash provided by operating activities was ¥2,095 million in the corresponding period of the previous fiscal year).

This was mainly due to a decrease in net cash due to an increase of ¥1,925 million in trade receivables, a decrease of ¥5,233 million in trade payables, and a decrease of ¥1,675 million in contract liabilities, despite an increase in net cash due to profit before income taxes of ¥3,011 million and a decrease of ¥1,687 million in inventories.

(Cash flows from investing activities)

Net cash used in investing activities was ¥836 million (net cash used in investing activities was ¥256 million in the corresponding period of the previous fiscal year).

This was mainly due to a decrease in net cash due to payments into time deposits of ¥821 million and purchase of property, plant and equipment and intangible assets of ¥675 million, despite an increase in net cash due to proceeds from withdrawal of time deposits of ¥656 million and proceeds from sale of property, plant and equipment and intangible assets of ¥2 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥933 million (net cash used in financing activities was ¥719 million in the corresponding period of the previous fiscal year).

This was mainly due to a decrease in net cash due to dividends paid of ¥910 million and repayments of lease

liabilities of ¥22 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The consolidated financial results forecast for the fiscal year ending August 31, 2026 remains unchanged from the financial results forecast announced on October 14, 2025.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheet

(Thousands of yen)

	As of August 31, 2025	As of February 28, 2026
Assets		
Current assets		
Cash and deposits	29,636,513	24,951,774
Notes receivable - trade	31,974	23,010
Accounts receivable - trade	11,300,962	12,584,510
Electronically recorded monetary claims - operating	4,594,786	5,529,585
Securities	-	99,371
Merchandise and finished goods	10,698,585	9,661,640
Work in process	2,083,750	1,847,275
Raw materials and supplies	665,029	699,351
Other	3,281,122	3,104,457
Allowance for doubtful accounts	(2,329)	(2,752)
Total current assets	62,290,395	58,498,224
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,039,757	2,971,385
Other, net	5,213,757	6,274,885
Total property, plant and equipment	8,253,514	9,246,270
Intangible assets		
Goodwill	14,700	12,600
Other	681,577	617,068
Total intangible assets	696,277	629,668
Investments and other assets		
Investment securities	2,680,182	3,375,530
Other	489,771	486,935
Allowance for doubtful accounts	(900)	(900)
Total investments and other assets	3,169,053	3,861,565
Total non-current assets	12,118,845	13,737,504
Total assets	74,409,241	72,235,729
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,310,600	10,758,272
Electronically recorded obligations - operating	4,566,144	3,119,374
Income taxes payable	917,952	867,670
Contract liabilities	7,206,437	5,914,615
Provisions	450,219	492,262
Other	1,446,175	2,399,282
Total current liabilities	28,897,530	23,551,477
Non-current liabilities		
Retirement benefit liability	67,881	72,407
Other	1,834,512	2,077,732
Total non-current liabilities	1,902,394	2,150,140
Total liabilities	30,799,924	25,701,618

(Thousands of yen)

	As of August 31, 2025	As of February 28, 2026
Net assets		
Shareholders' equity		
Share capital	951,106	951,106
Capital surplus	1,310,712	1,341,396
Retained earnings	38,761,751	39,903,667
Treasury shares	(311,706)	(302,390)
Total shareholders' equity	40,711,863	41,893,780
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,093,627	1,634,784
Revaluation reserve for land	(646,954)	(646,954)
Foreign currency translation adjustment	2,307,825	3,493,478
Total accumulated other comprehensive income	2,754,499	4,481,308
Non-controlling interests	142,953	159,022
Total net assets	43,609,317	46,534,111
Total liabilities and net assets	74,409,241	72,235,729

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statement of Income

(Thousands of yen)

	For the six months ended February 28, 2025	For the six months ended February 28, 2026
Net sales	42,199,508	44,771,956
Cost of sales	35,385,540	37,158,719
Gross profit	6,813,968	7,613,236
Selling, general and administrative expenses	4,523,436	4,699,678
Operating profit	2,290,531	2,913,558
Non-operating income		
Interest income	48,244	56,536
Dividend income	28,299	34,278
Foreign exchange gains	19,160	-
Rental income	17,695	20,455
Other	67,540	35,633
Total non-operating income	180,939	146,904
Non-operating expenses		
Interest expenses	754	700
Foreign exchange losses	-	45,689
Loss on redemption of investment securities	1,375	-
Other	3,482	1,895
Total non-operating expenses	5,612	48,285
Ordinary profit	2,465,858	3,012,177
Extraordinary income		
Gain on sale of non-current assets	2,703	2,248
Total extraordinary income	2,703	2,248
Extraordinary losses		
Loss on sale and retirement of non-current assets	4,748	2,755
Total extraordinary losses	4,748	2,755
Profit before income taxes	2,463,813	3,011,670
Income taxes - current	827,151	907,091
Income taxes - deferred	(23,422)	50,673
Total income taxes	803,729	957,765
Profit	1,660,084	2,053,904
Profit attributable to non-controlling interests	988	682
Profit attributable to owners of parent	1,659,095	2,053,222

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended February 28, 2025	For the six months ended February 28, 2026
Profit	1,660,084	2,053,904
Other comprehensive income		
Valuation difference on available-for-sale securities	22,894	541,156
Deferred gains or losses on hedges	(9,199)	-
Foreign currency translation adjustment	27,952	1,201,092
Total other comprehensive income	41,648	1,742,248
Comprehensive income	1,701,732	3,796,153
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,703,260	3,780,031
Comprehensive income attributable to non-controlling interests	(1,527)	16,121

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended February 28, 2025	For the six months ended February 28, 2026
Cash flows from operating activities		
Profit before income taxes	2,463,813	3,011,670
Depreciation	530,169	578,862
Amortization of goodwill	2,100	2,100
Increase (decrease) in allowance for doubtful accounts	(1,733)	423
Increase (decrease) in provision for bonuses	32,442	59,683
Increase (decrease) in provision for bonuses for directors (and other officers)	(19,160)	(22,761)
Interest and dividend income	(76,543)	(90,815)
Foreign exchange losses (gains)	(51,410)	53,658
Interest expenses	754	700
Loss (gain) on sale of property, plant and equipment	(2,227)	(695)
Decrease (increase) in trade receivables	1,750,708	(1,925,460)
Decrease (increase) in inventories	(2,345,431)	1,687,584
Increase (decrease) in trade payables	(536,398)	(5,233,679)
Increase (decrease) in accrued consumption taxes	125,630	418,704
Decrease (increase) in advance payments to suppliers	(993,629)	200,705
Increase (decrease) in contract liabilities	1,757,661	(1,675,899)
Other, net	(147,827)	(104,463)
Subtotal	2,488,918	(3,039,681)
Interest and dividends received	65,460	78,728
Interest paid	(754)	(700)
Income taxes paid	(462,270)	(931,326)
Income taxes refund	3,789	27,052
Net cash provided by (used in) operating activities	2,095,143	(3,865,927)
Cash flows from investing activities		
Payments into time deposits	(320,638)	(821,427)
Proceeds from withdrawal of time deposits	251,920	656,029
Purchase of property, plant and equipment and intangible assets	(408,791)	(675,642)
Proceeds from sale of property, plant and equipment and intangible assets	23,597	2,392
Proceeds from sale and redemption of investment securities	200,000	-
Other, net	(2,114)	2,060
Net cash provided by (used in) investing activities	(256,025)	(836,588)
Cash flows from financing activities		
Dividends paid	(695,674)	(910,301)
Repayments of lease liabilities	(22,994)	(22,966)
Purchase of treasury shares	(405)	(628)
Dividends paid to non-controlling interests	(75)	(47)
Other, net	56	281
Net cash provided by (used in) financing activities	(719,092)	(933,663)
Effect of exchange rate change on cash and cash equivalents	(14,735)	708,479
Net increase (decrease) in cash and cash equivalents	1,105,289	(4,927,698)
Cash and cash equivalents at beginning of period	19,623,491	28,786,255
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	303,197	-
Cash and cash equivalents at end of period	21,031,979	23,858,556

(4) Notes to Semi-annual Consolidated Financial Statements

(Notes on segment information, etc.)

[Segment information]

I For the semi-annual period ended February 28, 2025 (from September 1, 2024 to February 28, 2025)

1. Information on net sales and income (loss) by reportable segment

(Thousands of yen)

	Reportable segments					Other (Note)	Total
	Japan	Americas	Asia Pacific	China	Total		
Net sales							
Net sales to external customers	32,271,740	5,070,675	2,463,529	2,176,195	41,982,140	217,367	42,199,508
Intersegment net sales or transfers	3,489,824	439,399	56,641	235,367	4,221,232	88,692	4,309,924
Total	35,761,565	5,510,074	2,520,170	2,411,562	46,203,373	306,059	46,509,432
Segment profit (loss)	1,472,225	527,709	315,336	(20,055)	2,295,216	(4,746)	2,290,470

(Note) “Other” is a business segment not included in any reportable segments and includes business activities of local subsidiaries in Europe.

2. Difference between the total amount of income (loss) in reportable segments and the amount recorded in Semi-annual Consolidated Statement of Income, and main components of the difference

(Matters related to difference adjustment)

(Thousands of yen)

Income	Amount
Reportable segments total	2,290,470
Elimination of intersegment transfers	105,610
Unrealized gain adjustment	(105,549)
Operating profit in Semi-annual Consolidated Statement of Income	2,290,531

II For the semi-annual period ended February 28, 2026 (from September 1, 2025 to February 28, 2026)

1. Information on net sales and income (loss) by reportable segment

(Thousands of yen)

	Reportable segments					Other (Note)	Total
	Japan	Americas	Asia Pacific	China	Total		
Net sales							
Net sales to external customers	34,671,907	6,057,946	2,749,621	1,084,742	44,564,217	207,738	44,771,956
Intersegment net sales or transfers	3,095,658	695,006	62,805	504,294	4,357,765	205,488	4,563,254
Total	37,767,566	6,752,952	2,812,427	1,589,036	48,921,983	413,227	49,335,210
Segment profit (loss)	2,173,691	295,070	415,544	(28,875)	2,855,430	(18,352)	2,837,077

(Note) "Other" is a business segment not included in any reportable segments and includes business activities of local subsidiaries in Europe.

2. Difference between the total amount of income (loss) in reportable segments and the amount recorded in Semi-annual Consolidated Statement of Income, and main components of the difference

(Matters related to difference adjustment)

(Thousands of yen)

Income	Amount
Reportable segments total	2,837,077
Elimination of intersegment transfers	(395)
Unrealized gain adjustment	76,876
Operating profit in Semi-annual Consolidated Statement of Income	2,913,558

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Notes on going concern assumption)

Not applicable.