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October 14, 2026

Consolidated Financial Results for the Fiscal Year Ended August 31, 2026 (Under Japanese GAAP)

Company name: MERF Inc.
Listing: Tokyo Stock Exchange
Securities code: 3168
URL: https://www.merf.co.jp/
Representative: Satoru Kurotani, President and C.E.O
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Scheduled date of annual general meeting of shareholders: November 19, 2026
Scheduled date to commence dividend payments: November 20, 2026
Scheduled date to file annual securities report: November 18, 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 fiscal year ended August 31, 2026 (from September 1, 2025 to August 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2026	106,845	29.6	4,440	-	4,342	-	2,791	-
August 31, 2025	82,463	0.5	117	(91.9)	(220)	-	(203)	-

Note: Comprehensive income For the fiscal year ended August 31, 2026: ¥3,648 million [-%]
For the fiscal year ended August 31, 2025: ¥7 million [(98.9)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
August 31, 2026	197.33	-	25.8	14.7	4.2
August 31, 2025	(14.37)	-	(2.2)	(0.8)	0.1

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended August 31, 2026: ¥(2) million
For the fiscal year ended August 31, 2025: ¥(24) million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2026	33,456	12,452	37.2	879.81
August 31, 2025	25,705	9,218	35.9	652.05

Reference: Equity
As of August 31, 2026: ¥12,452 million
As of August 31, 2025: ¥9,218 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
August 31, 2026	1,966	(367)	564	3,908
August 31, 2025	2,322	(1,980)	(29)	1,637

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended August 31, 2025	-	10.00	-	10.00	20.00	282	-	3.0
Fiscal year ended August 31, 2026	-	20.00	-	20.00	40.00	566	20.3	5.2
Fiscal year ending August 31, 2027 (Forecast)		15.00		15.00	30.00		23.2	

Note: 1. 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
2. Breakdown of year-end dividends for the fiscal year ending August 31, 2026: Ordinary dividend 10.00 yen, Special dividend 10.00 yen

3. Forecast of consolidated financial results for the fiscal year ending August 31, 2027 (from September 1, 2026 to August 31, 2027)

(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
Six months ending February 28, 2027	64,240	40.9	1,316	(47.7)	1,098	(57.5)	753	(55.2)	53.20
Fiscal year ending August 31, 2027	136,538	27.8	3,100	(30.2)	2,664	(38.6)	1,833	(34.3)	129.51

*** Notes**

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

(2) 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

(3) Number of issued shares (common shares)

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

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

(iii) Average number of shares outstanding during the period

Fiscal year ended August 31, 2026	14,147,614 shares
Fiscal year ended August 31, 2025	14,131,989 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended August 31, 2026 (from September 1, 2025 to August 31, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2026	96,324	22.6	4,187	-	4,070	-	2,563	-
August 31, 2025	78,599	(4.2)	(7)	-	(208)	-	(178)	-

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
August 31, 2026	181.19	-
August 31, 2025	(12.60)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2026	31,903	12,034	37.7	850.25
August 31, 2025	25,076	9,078	36.2	642.16

Reference: Equity
As of August 31, 2026: ¥12,034 million
As of August 31, 2025: ¥9,078 million

"Reasons for the difference between non-consolidated financial results and the financial results of the previous fiscal year"
Since the Group conducts business mainly through MERF Corporation, the reasons for the discrepancies in individual results are almost identical to the reasons for the differences in consolidated financial results. Therefore, for more information, please refer to Attachment P.2 "1. Please refer to "Summary of Operating Results for the Current Fiscal Year" (1) Summary of Operating Results for the Current Fiscal Year.

* Financial results reports are exempt from audit 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.4 "1. Please refer to "Summary of Business Results (4) Future Outlook".

Consolidated balance sheet

(Thousands of yen)

	As of August 31, 2025	As of August 31, 2026
Assets		
Current assets		
Cash and deposits	1,639,166	4,070,502
Notes receivable - trade	188,206	254,855
Electronically recorded monetary claims - operating	558,732	915,425
Accounts receivable - trade	8,360,631	11,568,554
Merchandise and finished goods	1,462,166	3,083,763
Work in process	566,163	539,768
Raw materials and supplies	5,508,267	4,479,427
Advance payments to suppliers	2,199,569	2,344,831
Consumption taxes refund receivable	411,494	-
Other	317,471	459,617
Total current assets	21,211,871	27,716,748
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	484,248	496,893
Machinery, equipment and vehicles, net	723,922	718,475
Land	1,521,121	1,521,121
Leased assets, net	410,332	375,324
Other, net	175,797	179,866
Total property, plant and equipment	3,315,423	3,291,681
Intangible assets		
Software	34,725	26,486
Other	86,786	5,986
Total intangible assets	121,512	32,473
Investments and other assets		
Investment securities	849,566	2,029,644
Long-term loans receivable	151,150	-
Long-term loans receivable from subsidiaries and associates	0	0
Deferred tax assets	20,627	66,966
Other	35,156	319,415
Total investments and other assets	1,056,500	2,416,027
Total non-current assets	4,493,436	5,740,181
Total assets	25,705,307	33,456,930

(Thousands of yen)

	As of August 31, 2025	As of August 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,013,338	2,865,760
Electronically recorded obligations - operating	387,151	175,032
Short-term borrowings	7,700,000	8,749,999
Current portion of long-term borrowings	1,433,390	1,320,971
Lease liabilities	59,209	178,767
Accounts payable - other	243,926	507,492
Income taxes payable	16,300	1,602,476
Accrued consumption taxes	-	153,611
Provision for bonuses	38,335	136,513
Other	436,846	401,676
Total current liabilities	12,328,498	16,092,302
Non-current liabilities		
Long-term borrowings	3,581,646	3,702,259
Lease liabilities	401,841	614,740
Deferred tax liabilities	17,426	347,212
Retirement benefit liability	120,250	159,699
Long-term unearned revenue	37,541	27,973
Other	-	60,040
Total non-current liabilities	4,158,706	4,911,924
Total liabilities	16,487,204	21,004,226
Net assets		
Shareholders' equity		
Share capital	1,000,000	1,000,000
Capital surplus	698,426	699,328
Retained earnings	6,937,420	9,304,664
Treasury shares	(104,887)	(95,487)
Total shareholders' equity	8,530,960	10,908,505
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	493,157	1,299,812
Foreign currency translation adjustment	193,984	244,385
Total accumulated other comprehensive income	687,142	1,544,197
Total net assets	9,218,102	12,452,703
Total liabilities and net assets	25,705,307	33,456,930

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Net sales	82,463,458	106,845,741
Cost of sales	80,130,431	99,447,607
Gross profit	2,333,026	7,398,133
Selling, general and administrative expenses	2,215,932	2,957,451
Operating profit	117,094	4,440,682
Non-operating income		
Interest income	16,731	18,264
Dividend income	13,899	23,375
Interest on securities	15,032	-
Foreign exchange gains	-	198,279
Insurance claim income	2,871	143
Reversal of allowance for doubtful accounts	62,760	6,481
Miscellaneous income	-	47,751
Other	2,661	11,708
Total non-operating income	113,957	306,005
Non-operating expenses		
Interest expenses	182,071	181,821
Share of loss of entities accounted for using equity method	24,254	2,998
Foreign exchange losses	220,548	-
Loss on valuation of derivatives	-	178,625
Other	24,438	40,992
Total non-operating expenses	451,314	404,438
Ordinary profit (loss)	(220,261)	4,342,249
Extraordinary income		
Gain on bargain purchase	3,553	-
Total extraordinary income	3,553	-
Profit (loss) before income taxes	(216,708)	4,342,249
Income taxes - current	41,309	1,631,375
Income taxes - deferred	(54,903)	(80,818)
Total income taxes	(13,594)	1,550,556
Profit (loss)	(203,114)	2,791,693
Profit (loss) attributable to owners of parent	(203,114)	2,791,693

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Profit (loss)	(203,114)	2,791,693
Other comprehensive income		
Valuation difference on available-for-sale securities	249,791	806,654
Foreign currency translation adjustment	(38,876)	53,209
Share of other comprehensive income of entities accounted for using equity method	(281)	(2,808)
Total other comprehensive income	210,634	857,055
Comprehensive income	7,520	3,648,748
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,520	3,648,748
Comprehensive income attributable to non-controlling interests	-	-

Consolidated statement of changes in equity

Fiscal year ended August 31, 2025

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,000,000	697,952	7,423,137	(114,966)	9,006,123	243,366	233,141	476,507	9,482,631
Changes during period									
Dividends of surplus			(282,602)		(282,602)				(282,602)
Profit attributable to owners of parent			(203,114)		(203,114)				(203,114)
Disposal of treasury shares		473		10,079	10,553				10,553
Net changes in items other than shareholders' equity						249,791	(39,157)	210,634	210,634
Total changes during period	-	473	(485,716)	10,079	(475,163)	249,791	(39,157)	210,634	(264,529)
Balance at end of period	1,000,000	698,426	6,937,420	(104,887)	8,530,960	493,157	193,984	687,142	9,218,102

Consolidated statement of changes in equity

Fiscal year ended August 31, 2026

(Thousands of yen)

	Shareholders' equity					Accumulated other comprehensive income			Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income	
Balance at beginning of period	1,000,000	698,426	6,937,420	(104,887)	8,530,960	493,157	193,984	687,142	9,218,102
Changes during period									
Dividends of surplus			(424,449)		(424,449)				(424,449)
Profit attributable to owners of parent			2,791,693		2,791,693				2,791,693
Disposal of treasury shares		902		9,399	10,302				10,302
Net changes in items other than shareholders' equity						806,654	50,400	857,055	857,055
Total changes during period	-	902	2,367,243	9,399	2,377,545	806,654	50,400	857,055	3,234,601
Balance at end of period	1,000,000	699,328	9,304,664	(95,487)	10,908,505	1,299,812	244,385	1,544,197	12,452,703

Consolidated statement of cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	(216,708)	4,342,249
Depreciation	381,980	533,702
Gain on bargain purchase	(3,553)	-
Interest and dividend income	(45,663)	(41,640)
Interest expenses	182,071	181,821
Share of loss (profit) of entities accounted for using equity method	24,254	2,998
Foreign exchange losses (gains)	266,226	(283,287)
Increase (decrease) in allowance for doubtful accounts	43,852	(6,481)
Decrease (increase) in trade receivables	3,202,295	(3,529,556)
Decrease (increase) in inventories	(1,405,156)	(439,192)
Increase (decrease) in trade payables	(814,948)	598,419
Decrease (increase) in advance payments to suppliers	(404,438)	(145,262)
Decrease (increase) in consumption taxes refund receivable	1,757,060	420,072
Decrease (increase) in distressed receivables	(106,612)	4,500
Increase (decrease) in accounts payable - other	(65,689)	218,229
Increase (decrease) in income taxes payable - factor based tax	(26,968)	62,318
Increase (decrease) in accrued consumption taxes	-	154,059
Increase (decrease) in provision for bonuses	(29,337)	97,351
Other, net	156,623	155,650
Subtotal	2,895,289	2,325,953
Interest and dividends received	44,968	23,661
Interest paid	(180,383)	(202,031)
Income taxes paid	(437,061)	(203,716)
Income taxes refund	104	22,278
Net cash provided by (used in) operating activities	2,322,916	1,966,146

(Thousands of yen)

	Fiscal year ended August 31, 2025	Fiscal year ended August 31, 2026
Cash flows from investing activities		
Payments into time deposits	(0)	(315,980)
Proceeds from withdrawal of time deposits	-	162,390
Loan advances	(175,357)	(5,487)
Proceeds from collection of loans receivable	19,050	166,741
collection of loans receivable from subsidiaries and associates	65,850	-
Purchase of property, plant and equipment	(749,195)	(369,794)
Purchase of intangible assets	(19,217)	(1,520)
Purchase of investment securities	(3,820)	(4,520)
Payments for acquisition of businesses	(1,117,939)	-
Other, net	69	213
Net cash provided by (used in) investing activities	(1,980,561)	(367,959)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,700,000)	1,050,000
Proceeds from long-term borrowings	3,000,000	1,600,000
Repayments of long-term borrowings	(1,404,118)	(1,594,024)
Repayments of lease liabilities	(4,829)	(66,571)
Proceeds from sale and leaseback transactions	361,874	-
Dividends paid	(282,522)	(424,502)
Net cash provided by (used in) financing activities	(29,595)	564,901
Effect of exchange rate change on cash and cash equivalents	(208,772)	108,045
Net increase (decrease) in cash and cash equivalents	103,987	2,271,133
Cash and cash equivalents at beginning of period	1,533,681	1,637,668
Cash and cash equivalents at end of period	1,637,668	3,908,801

(Notes on segment information, etc.)

1. Overview of Reporting Segments

The Group's reporting segments are those of the constituent units of the Group for which separate financial information is available and are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance.

The Group engages in two businesses: the nonferrous metals business, which manufactures and sells ingots and processes and sells recycled raw materials, and the arts and crafts business, which manufactures and sells arts and crafts.

2. Method of calculating the amount of sales, profits or losses, assets, liabilities and other items for each reporting segment

The method of accounting for the reported business segments is in accordance with the accounting policy adopted to prepare consolidated financial statements.

Profit in the reporting segment is a figure based on operating income.

Internal revenues and transfers between segments are based on prevailing market prices.

3. Information on the amount of sales, profits or losses, assets, liabilities and other items for each reported segment, and information on the breakdown of earnings

The previous fiscal year (September 1, 2024 to August 31, 2025)

(Thousands of yen)

	Reportable segments			Adjustment amount (Note) 1	Amount recorded in consolidated financial statements (Note)2
	NONFERROUS METALS	ARTS AND CRAFTS	Total		
Sales					
Revenue generated from customer contracts	81,905,458	558,000	82,463,458	-	82,463,458
Other Earnings	-	-	-	-	-
Revenues from external customers	81,905,458	558,000	82,463,458	-	82,463,458
Transactions with other segments	-	-	-	-	-
Total	81,905,458	558,000	82,463,458	-	82,463,458
Segment Profit	14,473	102,621	117,094	-	117,094
Segment Assets	22,277,368	1,267,031	23,544,400	2,160,907	25,705,307
Other items					
Depreciation	372,697	9,283	381,980	-	381,980
Investments in entities accounted for using equity method	0	-	0	-	0
Increase in property, plant and equipment and intangible assets	850,635	13,472	864,107	-	864,107

Note: 1. Adjusted segment assets of 2,160,907 thousand yen are company-wide assets that have not been allocated to the reporting segments, and are mainly related to the head office division, such as cash, deposits, and investment securities.

2. The total amount of segment profit is in line with the operating profit in the consolidated financial statements.

3. The increase in property, plant and equipment and intangible assets does not include the increase in assets as a result of business combinations.

The current fiscal year (September 1, 2025 to August 31, 2026)

(Thousands of yen)

	Reportable segments			Adjustment amount (Note) 1	Amount recorded in consolidated financial statements (Note)2
	NONFERROUS METALS	ARTS AND CRAFTS	Total		
Sales					
Revenue generated from customer contracts	106,031,968	813,772	106,845,741	-	106,845,741
Other Earnings	-	-	-	-	-
Revenues from external customers	106,031,968	813,772	106,845,741	-	106,845,741
Transactions with other segments	21	-	21	(21)	-
Total	106,031,989	813,772	106,845,762	(21)	106,845,741
Segment Profit	4,287,946	152,735	4,440,682	-	4,440,682
Segment Assets	27,114,209	1,473,873	28,588,083	4,868,846	33,456,930
Other items					
Depreciation	524,126	9,576	533,702	-	533,702
Investments in entities accounted for using equity method	0	-	0	-	0
Increase in property, plant and equipment and intangible assets	329,332	21,763	351,095	-	351,095

Note: 1. Adjusted segment assets of 4,868,846 thousand yen are company-wide assets that have not been allocated to the reporting segments, and are mainly related to the head office division, such as cash, deposits, and investment securities.

2. The total amount of segment profit is in line with the operating profit in the consolidated financial statements.