

October 10, 2025

Consolidated Financial Results for the Fiscal Year Ended August 31, 2025 (Under Japanese GAAP)

Company name: MERF Inc.
 Listing: Tokyo Stock Exchange
 Securities code: 3168
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 Scheduled date of annual general meeting of shareholders: November 20, 2025
 Scheduled date to commence dividend payments: November 21, 2025
 Scheduled date to file annual securities report: November 20, 2025
 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, 2025 (from September 1, 2024 to August 31, 2025)

(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, 2025	82,413	0.4	117	(91.9)	(220)	-	(203)	-
August 31, 2024	82,070	(2.9)	1,450	172.1	1,037	355.9	532	212.7

Note: Comprehensive income For the fiscal year ended August 31, 2025: ¥7 million [(98.9)%]
 For the fiscal year ended August 31, 2024: ¥656 million [181.9%]

	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, 2025	(14.37)	-	(2.2)	(0.8)	0.1
August 31, 2024	37.72	-	5.6	2.0	1.7

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended August 31, 2025: ¥(24) million
 For the fiscal year ended August 31, 2024: ¥(281) 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, 2025	25,705	9,218	35.9	652.05
August 31, 2024	26,611	9,482	35.6	671.51

Reference: Equity
 As of August 31, 2025: ¥9,218 million
 As of August 31, 2024: ¥9,482 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, 2025	2,094	(1,842)	1	1,637
August 31, 2024	827	(206)	(172)	1,533

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, 2024	-	10.00	-	10.00	20.00	282	53.0	3.0
Fiscal year ended August 31, 2025	-	10.00	-	10.00	20.00	282	-	3.0
Fiscal year ending August 31, 2026 (Forecast)		10.00		10.00	20.00		103.2	

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
Six months ending February 28, 2026	39,171	(9.0)	300	-	131	-	86	-	6.08
Fiscal year ending August 31, 2026	83,144	0.9	744	535.4	407	-	274	-	19.38

* **Notes**

- (1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 2 companies (CMX Metals, MERF Logistics Inc.)
- (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: Yes
 - (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, 2025	14,337,200 shares
As of August 31, 2024	14,337,200 shares

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

As of August 31, 2025	200,016 shares
As of August 31, 2024	215,916 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended August 31, 2025	14,131,989 shares
Fiscal year ended August 31, 2024	14,116,504 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended August 31, 2025 (from September 1, 2024 to August 31, 2025)

(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, 2025	78,599	(4.2)	(7)	-	(208)	-	(178)	-
August 31, 2024	82,070	(2.9)	1,436	172.6	1,304	523.4	576	271.6

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
August 31, 2025	(12.60)	-
August 31, 2024	40.82	-

(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, 2025	25,076	9,078	36.2	642.16
August 31, 2024	25,274	9,278	36.7	657.07

Reference: Equity

As of August 31, 2025: ¥9,078 million

As of August 31, 2024: ¥9,278 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, 2024	As of August 31, 2025
Assets		
Current assets		
Cash and deposits	1,238,544	1,639,166
Notes receivable - trade	135,988	188,206
Electronically recorded monetary claims - operating	1,776,283	558,732
Accounts receivable - trade	10,019,583	8,360,631
Securities	296,802	-
Merchandise and finished goods	1,806,771	1,462,166
Work in process	291,412	566,163
Raw materials and supplies	3,678,648	5,508,267
Advance payments to suppliers	1,795,130	2,199,569
Consumption taxes refund receivable	2,122,548	411,494
Other	259,615	317,471
Total current assets	23,421,328	21,211,871
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	453,820	484,248
Machinery, equipment and vehicles, net	512,279	723,922
Land	1,521,121	1,521,121
Leased assets, net	-	410,332
Other, net	79,074	175,797
Total property, plant and equipment	2,566,297	3,315,423
Intangible assets		
Software	37,327	34,725
Other	7,287	86,786
Total intangible assets	44,614	121,512
Investments and other assets		
Investment securities	481,238	849,566
Long-term loans receivable	-	151,150
Long-term loans receivable from subsidiaries and associates	0	0
Deferred tax assets	64,217	20,627
Other	33,994	35,156
Total investments and other assets	579,450	1,056,500
Total non-current assets	3,190,362	4,493,436
Total assets	26,611,691	25,705,307

	As of August 31, 2024	As of August 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,953,257	2,013,338
Electronically recorded obligations - operating	350,587	387,151
Short-term borrowings	9,400,000	7,711,996
Current portion of long-term borrowings	1,280,870	1,421,394
Lease liabilities	-	59,209
Accounts payable - other	308,305	243,926
Income taxes payable	416,386	16,300
Provision for bonuses	67,672	38,335
Other	123,663	436,846
Total current liabilities	14,900,742	12,328,498
Non-current liabilities		
Long-term borrowings	2,108,107	3,581,646
Lease liabilities	-	401,841
Retirement benefit liability	120,209	120,250
Long-term unearned revenue	-	37,541
Deferred tax liabilities	-	17,426
Total non-current liabilities	2,228,316	4,158,706
Total liabilities	17,129,059	16,487,204
Net assets		
Shareholders' equity		
Share capital	1,000,000	1,000,000
Capital surplus	697,952	698,426
Retained earnings	7,423,137	6,937,420
Treasury shares	(114,966)	(104,887)
Total shareholders' equity	9,006,123	8,530,960
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	243,366	493,157
Foreign currency translation adjustment	233,141	193,984
Total accumulated other comprehensive income	476,507	687,142
Total net assets	9,482,631	9,218,102
Total liabilities and net assets	26,611,691	25,705,307

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Net sales	82,070,144	82,413,628
Cost of sales	78,949,540	80,080,602
Gross profit	3,120,603	2,333,026
Selling, general and administrative expenses	1,670,300	2,215,932
Operating profit	1,450,302	117,094
Non-operating income		
Interest income	1,777	16,731
Dividend income	9,827	13,899
Interest on securities	8,866	15,032
Insurance claim income	191	2,871
Reversal of allowance for doubtful accounts	-	62,760
Other	4,726	2,661
Total non-operating income	25,389	113,957
Non-operating expenses		
Interest expenses	95,071	182,071
Share of loss of entities accounted for using equity method	281,350	24,254
Foreign exchange losses	59,961	220,548
Other	1,932	24,438
Total non-operating expenses	438,316	451,314
Ordinary profit (loss)	1,037,376	(220,261)
Extraordinary income		
Gain on sale of businesses	5,000	-
Gain on bargain purchase	-	3,553
Total extraordinary income	5,000	3,553
Extraordinary losses		
Provision of allowance for doubtful accounts	97,083	-
Total extraordinary losses	97,083	-
Profit (loss) before income taxes	945,293	(216,708)
Income taxes - current	441,211	41,309
Income taxes - deferred	(28,422)	(54,903)
Total income taxes	412,788	(13,594)
Profit (loss)	532,504	(203,114)
Profit (loss) attributable to owners of parent	532,504	(203,114)

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Profit (loss)	532,504	(203,114)
Other comprehensive income		
Valuation difference on available-for-sale securities	81,042	249,791
Foreign currency translation adjustment	36,292	(38,876)
Share of other comprehensive income of entities accounted for using equity method	6,527	(281)
Total other comprehensive income	123,862	210,634
Comprehensive income	656,367	7,520
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	656,367	7,520
Comprehensive income attributable to non-controlling interests	-	-

Consolidated statement of changes in equity

Fiscal year ended August 31, 2024

(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	697,121	7,172,924	(125,755)	8,744,290	162,323	190,322	352,645	9,096,936
Changes during period									
Dividends of surplus			(282,291)		(282,291)				(282,291)
Profit (loss) attributable to owners of parent			532,504		532,504				532,504
Disposal of treasury shares		831		10,788	11,620				11,620
Net changes in items other than shareholders' equity						81,042	42,819	123,862	123,862
Total changes during period	-	831	250,213	10,788	261,833	81,042	42,819	123,862	385,695
Balance at end of period	1,000,000	697,952	7,423,137	(114,966)	9,006,123	243,366	233,141	476,507	9,482,631

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 (loss) 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 cash flows

(Thousands of yen)

	Fiscal year ended August 31, 2024	Fiscal year ended August 31, 2025
Cash flows from operating activities		
Profit (loss) before income taxes	945,293	(216,708)
Depreciation	237,656	418,789
Gain on bargain purchase	-	(3,553)
Interest and dividend income	(20,471)	(45,663)
Interest expenses	95,071	182,071
Share of loss (profit) of entities accounted for using equity method	281,350	24,254
Foreign exchange losses (gains)	(98,850)	143,733
Increase (decrease) in allowance for doubtful accounts	97,083	43,852
Decrease (increase) in trade receivables	(1,735,178)	3,186,149
Decrease (increase) in inventories	1,411,334	(1,417,791)
Increase (decrease) in trade payables	615,269	(814,948)
Decrease (increase) in advance payments to suppliers	(401,953)	(404,438)
Decrease (increase) in consumption taxes refund receivable	(481,029)	1,711,053
Decrease (increase) in distressed receivables	-	(106,612)
Other, net	(7,230)	(34,231)
Subtotal	938,344	2,665,956
Interest and dividends received	21,315	44,968
Interest paid	(95,048)	(180,383)
Income taxes paid	(72,203)	(436,507)
Income taxes refund	35,589	104
Net cash provided by (used in) operating activities	827,997	2,094,137
Cash flows from investing activities		
Payments into time deposits	(40,506)	(0)
Proceeds from withdrawal of time deposits	239,917	-
Loan advances to subsidiaries and associates	(119,160)	-
collection of loans receivable from subsidiaries and associates	28,630	44,700
Purchase of property, plant and equipment	(267,961)	(785,015)
Purchase of intangible assets	(20,084)	(17,369)
Purchase of investment securities	(3,739)	(3,820)
Payments for acquisition of businesses	-	(1,080,943)
Other, net	(23,200)	69
Net cash provided by (used in) investing activities	(206,105)	(1,842,379)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(100,000)	(1,688,003)
Proceeds from long-term borrowings	1,400,000	3,011,596
Repayments of long-term borrowings	(1,189,839)	(1,397,533)
Repayments of lease liabilities	-	(4,300)
Proceeds from sale and leaseback transactions	-	361,874
Dividends paid	(282,448)	(282,522)
Net cash provided by (used in) financing activities	(172,287)	1,111
Effect of exchange rate change on cash and cash equivalents	21,862	(148,882)
Net increase (decrease) in cash and cash equivalents	471,466	103,987
Cash and cash equivalents at beginning of period	1,062,215	1,533,681
Cash and cash equivalents at end of period	1,533,681	1,637,668

(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, 2023 to August 31, 2024)

(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	81,533,599	536,544	82,070,144	-	82,070,144
Other Earnings	-	-	-	-	-
Revenues from external customers	81,533,599	536,544	82,070,144	-	82,070,144
Transactions with other segments	-	718	718	(718)	-
Total	81,533,599	537,262	82,070,862	(718)	82,070,144
Segment Profit	1,384,697	65,605	1,450,302	-	1,450,302
Segment Assets	21,514,416	1,149,572	22,663,989	3,947,701	26,611,691
Other items					
Depreciation	226,500	11,155	237,656	-	237,656
Investments in entities accounted for using equity method	0	-	0	-	0
Increase in property, plant and equipment and intangible assets	384,290	3,859	388,149	-	388,149

Note: 1. Adjusted segment assets of 3,947,701 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.

The current 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	81,855,628	558,000	82,413,628	-	82,413,628
Other Earnings	-	-	-	-	-
Revenues from external customers	81,855,628	558,000	82,413,628	-	82,413,628
Transactions with other segments	-	-	-	-	-
Total	81,855,628	558,000	82,413,628	-	82,413,628
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	363,292	9,283	372,575	-	372,575
Investments in entities accounted for using equity method	0	-	0	-	0
Increase in property, plant and equipment and intangible assets (Note)3	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.