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July 31, 2026

Non-consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: XNET Corporation
Listing: Tokyo Stock Exchange
Securities code: 4762
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Scheduled date to commence dividend payments: -
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. Non-consolidated Financial Results for the Three Months Ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2026	1,461	8.1	211	(8.1)	213	(7.8)	135	(13.1)
Three months ended June 30, 2025	1,352	1.4	230	17.0	231	29.0	156	30.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2026	32.48	-
Three months ended June 30, 2025	37.38	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2026	5,903	3,271	55.4
As of March 31, 2026	6,119	3,258	53.2

(Reference) Equity
Three months ended June 30, 2026 3,271 million yen
As of March 31, 2026 3,258 million yen

2. 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 March 31, 2026	-	22.50	-	25.00	47.50
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		35.00	-	35.00	70.00

Notes: 1. Revisions to the forecast of dividends most recently announced: None

2. Breakdown of cash dividends for the fiscal year ending March 31, 2027 (Forecast)

Second quarter-end Base dividend: 25.00 yen, Extra dividend: 10.00 yen

Fiscal year-end Base dividend: 25.00 yen, Extra dividend: 10.00 yen

* The Company’s dividend consists of a base dividend and an extra dividend under its shareholder return policy, which aims to achieve both stable shareholder returns and stronger balance sheet management.

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half of the fiscal year (cumulative)	2,850	3.0	350	(29.3)	350	(27.4)	225	20.6	53.83
Full year	5,800	2.5	700	(31.5)	700	(30.8)	450	(17.1)	107.66

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

* **Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: 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 June 30, 2026	8,261,600 shares
As of March 31, 2026	8,261,600 shares

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

As of June 30, 2026	4,080,800 shares
As of March 31, 2026	4,081,693 shares

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

Three months ended June 30, 2026	4,180,577 shares
Three months ended June 30, 2025	4,179,930 shares

Note: The number of treasury shares at the end of the period includes the Company's shares (799,100 shares as of June 30, 2026) held by a trust account. The trust account was established in connection with the introduction of a stock-based compensation plan for the Company’s directors (excluding outside directors and directors who are Audit and Supervisory Committee Members), executive officers and employees. In addition, the Company’s share held by the trust account are treated as treasury shares deducted from the average number of shares outstanding when calculating.

* Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

Forecasts and other forward-looking statements contained in this document are based on currently available information and assumptions that the Company deems to be reasonable. The Company offers no assurance that the forecasts and other forward-looking statements will be realized. Actual results may differ from the forecasts as a result of various factors. Please refer to “1. Qualitative Information on Financial Results for the Quarter Under Review (3) Explanation of Earnings Forecast and Other Forward-Looking Information” on page 3 of the attached materials for the assumptions underlying the financial results forecast and cautionary notes regarding its use.

○ Table of Contents of Attachments

1. Qualitative Information on Financial Results for the Quarter Under Review 2
   (1) Explanation of Operating Results 2
   (2) Explanation of Financial Position 3
   (3) Explanation of Earnings Forecast and Other Forward-Looking Information 3
2. Quarterly Financial Statements and Primary Notes 5
   (1) Quarterly Balance Sheet 5
   (2) Quarterly Statement of Income 7
   (3) Notes to Quarterly Financial Statements 8
      (Notes on Going Concern Assumption) 8
      (Notes on Substantial Changes in the Amount of Shareholders' Equity) 8
      (Notes on Quarterly Statement of Cash Flows) 8
      (Notes on Segment Information, etc.) 8

1. Qualitative Information on Financial Results for the Quarter Under Review

(1) Explanation of Operating Results

(i) Net sales

The Company has defined its purpose as “Create new value for the asset management industry to support society today and tomorrow.” With a view to realizing the purpose, the Company will contribute to resolving all kinds of issues facing the asset management industry through the provision of the asset management solution “XNET Service,” aiming to build a better foundation for society and further develop it.

The asset management solution XNET Service can be broadly classified into the following categories.

- Application services: Services centered on the mainstay securities management system, with revenue generated from monthly XNET System usage fees.
- AMO (Application Management Outsourcing) services: Services for system implementation, maintenance, accounting system changes and other operations related to the XNET System
- SO (Smart Outsourcing) services: Services that use the XNET System to undertake accounting and other operations for institutional investors, efficiently consolidating and processing such operations

Among Application, SO and AMO services, we regard continuous system maintenance as a core business (core sales) that supports the Company’s stable revenue base and are actively expanding it.

(Application services)

Among Application services, the core securities management system has continued to perform strongly, mainly due to the launch of the securities back-office system for major life insurance companies. As for the loan management system, we began providing foreign currency loan management services to major life insurance companies and also to several regional banks. In addition, the number of companies that have introduced the trust management system for individuals gradually increased, and Application services remained strong overall. As a result, net sales increased year on year.

(AMO services)

Amid a shortage of IT personnel among institutional investors, our clients, the Company’s long-standing expertise in financial systems and support capabilities continue to be highly valued. As a result, continuous maintenance projects (monthly AMO services), which generate core sales, have continued to expand. In addition, sales of AMO services increased year on year due to orders for multiple relatively large system installation and system renewal projects (spot AMO services), as well as unit price revisions to offset higher costs resulting from human capital investment, among other factors.

(SO services)

Sales of SO services increased year on year as a result of continued strong sales of services for investment trusts and investment advisory companies and the gradual expansion of the scale of services in the life and non-life insurance industry, including the fourth launch of the service to a company in the industry. Regarding SO services for the life and non-life insurance industry, preparations are currently underway to introduce the services to multiple companies. In addition, effective May 12, 2026, the Company completed registration as an Investment Management-Related Service Entrusted Business Operator (service pertaining to evaluation of the property subject to investment) under the Financial Instruments and Exchange Act. In light of the tailwind of Japan’s policy to become an asset management nation, the scale of services for investment trusts and investment advisory companies is also expected to expand further.

As a result of these factors, in the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026), net sales of the XNET Service, our core product, were 1,460 million yen, up 8.1% year on year, and net sales including equipment sales, etc. came to 1,461 million yen, up 8.1% year on year.

The breakdown of net sales for the first quarter of the current fiscal year is shown in the table below.

Item	Three months ended June 30, 2025		Three months ended June 30, 2026		
	Amount	Composition ratio	Amount	Composition ratio	YoY
	Millions of yen	%	Millions of yen	%	%
(1) XNET services	**1,351**	**100.0**	**1,460**	**100.0**	**8.1**
(Of (1), Application services)	982	72.7	1,019	69.8	3.8
(Of (1), AMO and SO services)	369	27.3	441	30.2	19.5
(2) Equipment sales, etc.	**0**	**0**	**0**	**0**	**0**
Total [(1)+(2)]	**1,352**	**100.0**	**1,461**	**100.0**	**8.1**

The Company manages sales by dividing them into the following categories.

- Core sales: A segment that can secure stable sales through a subscription model
  <Target services> Application, AMO (monthly), and SO services
- Spot sales: Sales from one-time transactions only, although necessary to maintain the core
  <Target services> AMO (spot)

Recognizing that core sales are key to securing a stable revenue base, the Company has set a target of achieving core sales of 5,600 million yen in the fiscal year ending March 31, 2030. This target was established under the Medium-Term Management Plan “Next STEP 2029,” announced on June 10, 2026, which commenced this fiscal year. In the first quarter of the current fiscal year, core sales amounted to 1,271 million yen, up 4.1% year on year, reflecting sales growth across all service categories, including Application, AMO and SO services. They accounted for 87.0% of total sales, maintaining a high level.

(ii) Operating profit, ordinary profit, profit

Looking at profits in the first quarter of the current fiscal year, operating profit was 211 million yen, down 8.1% year on year. Ordinary profit was 213 million yen, down 7.8% year on year, and profit was 135 million yen, down 13.1% year on year. ratio of operating profit to net sales came to 14.5%.

In the first quarter of the current fiscal year, profit decreased due to an increase in labor costs resulting from an improvement in employee wages. This, however, was in line with the plan due to the implementation of the human capital investment strategy set forth in the medium-term management plan.

Under the Medium-Term Management Plan “Next STEP 2029,” the Company has adopted adjusted operating profit as a new management indicator. It is calculated by adding human capital investment (personnel expenses) and systems investment (depreciation) to operating profit. The Company has set a target of achieving adjusted operating profit of 3,800 million yen in the fiscal year ending March 31, 2030. Adjusted operating profit for the first quarter of the current fiscal year was 898 million yen, up 7.8% year on year.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year decreased by 216 million yen from the end of the previous fiscal year to 5,903 million yen, mainly due to a decrease in accounts receivable - trade. Liabilities decreased by 228 million yen from the end of the previous fiscal year to 2,632 million yen, mainly due to a decrease in income taxes payable.

Net assets increased by 12 million yen from the end of the previous fiscal year to 3,271 million yen, as a result of recording profit of 135 million yen and dividends of surplus of 124 million yen. The equity ratio came to 55.4%, compared with 53.2% at the end of the previous fiscal year.

(3) Explanation of Earnings Forecast and Other Forward-Looking Information

The operating results for the first quarter of the current fiscal year were generally in line with the forecast, and we expect results to remain in line with the forecast going forward.

Accordingly, the earnings forecast for both the first half and the full year of the fiscal year ending March 2027 remain unchanged from those announced in the financial results released on April 30, 2026.

2. Quarterly Financial Statements and Primary Notes

(1) Quarterly Balance Sheet

(Thousands of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	1,188,937	1,109,742
Accounts receivable - trade	481,913	315,918
Contract assets	45,992	111,024
Prepaid expenses	47,885	57,391
Other	7,687	6,925
Total current assets	1,772,415	1,601,001
Non-current assets		
Property, plant and equipment		
Buildings	92,654	92,654
Accumulated depreciation	(52,339)	(53,345)
Buildings, net	40,315	39,309
Tools, furniture and fixtures	246,626	246,979
Accumulated depreciation	(202,246)	(205,886)
Tools, furniture and fixtures, net	44,380	41,093
Machinery, equipment and vehicles	11,580	11,580
Accumulated depreciation	(137)	(551)
Machinery, equipment and vehicles, net	11,442	11,028
Total Property, plant and equipment	96,138	91,430
Intangible assets		
Software	1,046,417	1,066,884
Software in progress	233,995	221,584
Telephone subscription right	993	993
Total intangible assets	1,281,405	1,289,462
Investments and other assets		
Investment securities	2,498,102	2,498,161
Leasehold and guarantee deposits	204,169	204,169
Deferred tax assets	262,340	214,760
Other	5,028	4,238
Total investments and other assets	2,969,640	2,921,329
Total non-current assets	4,347,184	4,302,222
Total assets	6,119,600	5,903,223

(Thousands of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Short-term borrowings	1,200,000	1,200,000
Accounts payable - other	330,943	238,928
Accrued expenses	39,245	72,209
Income taxes payable	235,787	39,788
Accrued consumption taxes	82,056	79,811
Advances received	16,435	2,229
Deposits received	17,560	108,101
Provision for bonuses	141,975	22,755
Provision for share awards	7,389	9,852
Provision for bonuses for directors (and other officers)	-	11,613
Provision for share awards for directors (and other officers)	22,462	29,950
Total current liabilities	2,093,856	1,815,241
Non-current liabilities		
Provision for retirement benefits	602,499	631,726
Provision for share awards	134,190	134,635
Asset retirement obligations	19,659	19,698
Other	10,869	30,869
Total non-current liabilities	767,219	816,929
Total liabilities	2,861,075	2,632,171
Net assets		
Shareholders' equity		
Share capital	783,200	783,200
Capital surplus		
Legal capital surplus	1,461,260	1,461,260
Total capital surplus	1,461,260	1,461,260
Retained earnings		
Legal retained earnings	17,397	17,397
Other retained earnings		
Retained earnings brought forward	6,899,920	6,911,207
Total retained earnings	6,917,317	6,928,604
Treasury shares	(5,903,252)	(5,902,012)
Total shareholders' equity	3,258,524	3,271,052
Total net assets	3,258,524	3,271,052
Total liabilities and net assets	6,119,600	5,903,223

(2) Quarterly Statement of Income

(Thousands of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales		
Service revenue	1,351,888	1,460,927
Net sales of goods	224	105
Total net sales	1,352,112	1,461,032
Cost of sales		
Cost of services	937,981	1,037,632
Cost of goods sold		
Cost of purchased goods	181	83
Total	181	83
Cost of goods sold	181	83
Total cost of sales	938,162	1,037,716
Gross profit	413,950	423,316
Selling, general and administrative expenses		
Outsourcing expenses	29,514	27,846
Salaries and allowances	64,319	81,489
Provision for bonuses	2,220	1,550
Provision for bonuses for directors (and other officers)	6,115	10,948
Retirement benefit expenses	1,660	2,896
Provision for share awards	-	1,381
Provision for share awards for directors (and other officers)	-	7,487
Legal welfare expenses	7,529	8,161
Rent expenses	4,021	4,204
Commission expenses	34,976	29,191
Depreciation	5,867	6,395
Other	27,486	30,239
Total selling, general and administrative expenses	183,711	211,791
Operating profit	230,238	211,525
Non-operating income		
Interest on securities	7,110	6,303
Miscellaneous income	731	15
Total non-operating income	7,841	6,318
Non-operating expenses		
Interest expenses	6,692	4,579
Total non-operating expenses	6,692	4,579
Ordinary profit	231,388	213,264
Net income before income taxes	231,388	213,264
Income taxes - current	35,100	29,900
Income taxes - deferred	40,060	47,580
Total income taxes	75,160	77,480
Profit	156,228	135,784

(3) Notes to Quarterly Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)
Not applicable.

(Notes on Quarterly Statement of Cash Flows)
The quarterly statement of cash flows for the three months ended June 30, 2026 is not prepared. Depreciation and amortization (including amortization of intangible assets) for the three months ended June 30, 2026 are as follows.

	Three months ended June 30, 2025	Three months ended June 30, 2026
Depreciation	108,040 thousand yen	109,432 thousand yen

(Notes on Segment Information, etc.)
[Segment Information]

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025) and three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

As the Company operates a single reportable segment, the XNET Service business segment information has been omitted.