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October 30, 2026

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

Company name: XNET Corporation
Listing: Tokyo Stock Exchange
Securities code: 4762
URL: https://www.xnet.co.jp/
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Scheduled date to file semi-annual securities report: November 13, 2026
Scheduled date to commence dividend payments: December 1, 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. Non-consolidated financial results for the Six Months Ended September 30, 2026 (from April 1, 2026 to September 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	%
Six months ended September 30, 2026	2,979	7.7	484	(2.2)	489	1.4	316	69.8
Six months ended September 30, 2025	2,766	4.9	495	22.0	482	23.2	186	(29.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2026	37.79	-
Six months ended September 30, 2025	22.31	-

Note: The Company executed a two-for-one stock split of its common stock effective October 1, 2026. Basic earnings per share is calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2026.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	6,304	3,484	55.3
As of March 31, 2026	6,119	3,258	53.2

(Reference) Equity
As of September 30, 2026 3,484 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	-	40.00			
Fiscal year ending March 31, 2027 (Forecast)			-	17.50	-

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)

Year-end Base dividend: 12.50 yen, Extra dividend: 5.00 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. The Company executed a two-for-one stock split of its common stock effective October 1, 2026. For dividends for the second quarter of the fiscal year ending March 31, 2027 and earlier periods, the actual dividend amounts before the stock split are presented. The year-end dividend for the fiscal year ending March 31, 2027 (forecast) is stated in consideration of the stock split.

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
Full year	5,900	4.3	800	(21.7)	800	(20.9)	520	(4.2)	61.95

Notes: 1. Revisions to the financial results forecast most recently announced: None

2. The Company executed a two-for-one stock split of its common stock effective October 1, 2026. Basic earnings per share in the earnings forecast for the fiscal year ending March 31, 2027 take into account the impact of the split.

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of semi-annual 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 September 30, 2026	16,523,200 shares
As of March 31, 2026	16,523,200 shares

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

As of September 30, 2026	8,114,978 shares
As of March 31, 2026	8,163,386 shares

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

Six months ended September 30, 2026	8,378,957 shares
Six months ended September 30, 2025	8,359,854 shares

Notes: 1. The Company executed a two-for-one stock split of its common stock effective October 1, 2026. The total number of issued shares at the end of the period (including treasury shares), the number of treasury shares at the end of the period, and the average number of shares outstanding during the period (cumulative from the beginning of the fiscal year) are calculated on the assumption that the stock split was implemented at the beginning of the fiscal year ended March 31, 2026.

2. The number of treasury shares at the end of the period includes the Company's shares (1,551,578 shares as of September 30, 2026 and 1,600,000 shares as of March 31, 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. (1,580,847 shares for the six months ended September 30, 2026 and 1,600,000 shares for the six months ended September 30, 2025).

* 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

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 Six Months Under Review (3) Explanation of Earnings Forecast and Other Forward-Looking Information” on page 4 of the attached materials for the assumptions underlying the financial results forecast and cautionary notes regarding its use.

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1. Qualitative Information on Financial Results for the Six Months 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 (entrustment of system operations)
- 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 (entrustment of business processes)

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 provision of services to major life insurance companies. In addition, with respect to the loan management system, we have begun providing services to major life insurance companies and also to several regional banks. Furthermore, the number of companies that have introduced the trust management system for individuals and products handled 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 SO introduction projects 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, reflecting continued strong performance of services for investment trust management companies and investment advisory companies, as well as the gradual expansion of services for insurance companies, including the commencement of services for the fourth insurance company. Preparations are currently underway to introduce SO services to several additional investment trust management companies, investment advisory companies and insurance 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 expected to expand further.

As a result of these factors, in the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026), net sales of the XNET Service, our core product, were 2,979 million yen, up 7.8% year on year, and net sales including equipment sales, etc. came to 2,979 million yen, up 7.7% year on year.

The breakdown of net sales for the six months ended September 30, 2026 is shown in the table below.

Item	Six months ended September 30, 2025		Six months ended September 30, 2026		
	Amount	Composition ratio	Amount	Composition ratio	YoY
	Millions of yen	%	Millions of yen	%	%
(1) XNET Service	**2,763**	**99.9**	**2,979**	**100.0**	**7.8**
Application services	1,981	71.6	2,057	69.0	3.8
AMO and SO services	782	28.3	921	30.9	17.9
(2) Equipment sales, etc.	**2**	**0.1**	**0**	**0.0**	**(79.6)**
Total	**2,766**	**100.0**	**2,979**	**100.0**	**7.7**

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

- Core sales: Stable sales through a subscription model with flat monthly fee
  <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 six months ended September 30, 2026, core sales amounted to 2,572 million yen, up 4.7% year on year, reflecting sales growth across all service categories, including Application, AMO and SO services. They accounted for 86.3% of total sales, maintaining a high level.

(ii) Operating profit, ordinary profit, profit

Looking at profits in the six months ended September 30, 2026, operating profit was 484 million yen, down 2.2% year on year. Ordinary profit was 489 million yen, up 1.4% year on year, and profit was 316 million yen, up 69.8% year on year. The ratio of operating profit to net sales came to 16.3%.

During the six-month period under review, labor expenses increased as a result of improving employee wages as part of the human resources investment strategy set forth in the Medium-Term Management Plan. On the other hand, as explained in the "Notice Concerning 'Revisions to Earnings Forecasts for the First Half and Full Year of the Fiscal Year Ending March 31, 2027' and 'Revision to the Dividend Forecast for the End of the Second Quarter (Extra Dividend)'" announced on September 16, 2026, additional expenses associated with increased sales driven by growing customer demand were limited. As a result, the year-on-year decline in operating profit narrowed compared with the first quarter, and the ratio of operating profit to net sales also improved. In addition, ordinary profit and profit returned to year-on-year growth.

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 six months ended September 30, 2026 was 1,842 million yen, up 27.4% year on year.

(2) Explanation of Financial Position

Total assets as of September 30, 2026 increased by 185 million yen from the end of the previous fiscal year to 6,304 million yen, mainly due to an increase in cash and deposits.

Liabilities decreased by 40 million yen from the end of the previous fiscal year to 2,820 million yen, mainly due to a decrease in accounts payable-other.

Net assets increased by 225 million yen from the end of the previous fiscal year to 3,484 million yen, mainly due to an increase in retained earnings brought forward. The equity ratio came to 55.3%, 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 six months ended September 30, 2026 were generally in line with the forecast, and we expect results to remain in line with the forecast going forward.

As a result, there is no change in the earnings forecasts for the fiscal year ending March 31, 2027 from the figures stated in the “Notice Concerning ‘Revisions to Earnings Forecasts for the First Half and Full Year of the Fiscal Year Ending March 31, 2027’ and ‘Revision to the Dividend Forecast for the End of the Second Quarter (Extra Dividend)’” announced on September 16, 2026.

2. Semi-annual Financial Statements and Primary Notes

(1) Semi-annual Balance Sheet

(Thousands of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	1,188,937	1,546,303
Accounts receivable - trade	481,913	460,921
Contract assets	45,992	56,302
Prepaid expenses	47,885	52,772
Other	7,687	5,438
Total current assets	1,772,415	2,121,739
Non-current assets		
Property, plant and equipment		
Buildings	92,654	92,654
Accumulated depreciation	(52,339)	(54,351)
Buildings, net	40,315	38,303
Tools, furniture and fixtures	246,626	249,462
Accumulated depreciation	(202,246)	(209,543)
Tools, furniture and fixtures, net	44,380	39,919
Machinery, equipment and vehicles	11,580	11,580
Accumulated depreciation	(137)	(965)
Machinery, equipment and vehicles, net	11,442	10,614
Total Property, plant and equipment	96,138	88,836
Intangible assets		
Software	1,046,417	1,082,630
Software in progress	233,995	234,644
Telephone subscription right	993	993
Total intangible assets	1,281,405	1,318,268
Investments and other assets		
Investment securities	2,498,102	2,298,220
Leasehold and guarantee deposits	204,169	204,169
Deferred tax assets	262,340	270,010
Other	5,028	3,448
Total investments and other assets	2,969,640	2,775,848
Total non-current assets	4,347,184	4,182,953
Total assets	6,119,600	6,304,692

(Thousands of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Short-term borrowings	1,200,000	1,200,000
Accounts payable - other	330,943	250,775
Accrued expenses	39,245	46,519
Income taxes payable	235,787	201,782
Accrued consumption taxes	82,056	68,677
Advances received	16,435	7,671
Deposits received	17,560	20,874
Provision for bonuses	141,975	126,473
Provision for bonuses for directors (and other officers)	-	23,227
Provision for share awards	7,389	-
Provision for share awards for directors (and other officers)	22,462	7,853
Other	-	177
Total current liabilities	2,093,856	1,954,033
Non-current liabilities		
Provision for retirement benefits	602,499	667,301
Provision for share awards	134,190	139,737
Provision for share awards for directors (and other officers)	-	8,758
Asset retirement obligations	19,659	19,736
Other	10,869	30,789
Total non-current liabilities	767,219	866,323
Total liabilities	2,861,075	2,820,356
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	7,092,089
Total retained earnings	6,917,317	7,109,486
Treasury shares	(5,903,252)	(5,869,610)
Total shareholders' equity	3,258,524	3,484,336
Total net assets	3,258,524	3,484,336
Total liabilities and net assets	6,119,600	6,304,692

(2) Semi-annual Statement of Income

(Thousands of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales		
Service revenue	2,763,758	2,979,083
Net sales of goods	2,738	558
Total net sales	2,766,496	2,979,641
Cost of sales		
Cost of services	1,902,316	2,081,266
Cost of goods sold		
Cost of purchased goods	2,226	442
Total	2,226	442
Cost of goods sold	2,226	442
Total cost of sales	1,904,542	2,081,709
Gross profit	861,953	897,932
Selling, general and administrative expenses		
Outsourcing expenses	51,819	51,354
Salaries and allowances	62,248	75,740
Remuneration for directors (and other officers)	71,649	87,739
Provision for bonuses	9,750	8,675
Provision for bonuses for directors (and other officers)	12,230	21,896
Provision for share awards	2,863	1,836
Provision for share awards for directors (and other officers)	14,366	17,308
Retirement benefit expenses	3,349	6,275
Legal welfare expenses	14,603	17,041
Rent expenses	8,042	8,409
Commission expenses	57,735	52,371
Depreciation	11,768	12,795
Other	46,309	52,251
Total selling, general and administrative expenses	366,735	413,697
Operating profit	495,218	484,235
Non-operating income		
Interest income	1,479	1,873
Interest on securities	14,595	12,406
Miscellaneous income	833	353
Total non-operating income	16,908	14,633
Non-operating expenses		
Interest expenses	11,005	9,772
Commission expenses	18,950	-
Total non-operating expenses	29,955	9,772
Ordinary profit	482,170	489,096
Extraordinary losses		
Provision for share awards	122,764	-
Special bonuses, etc.	13,692	-
Total extraordinary losses	136,457	-
Net income before income taxes	345,713	489,096
Income taxes - current	156,700	180,100
Income taxes - deferred	2,510	(7,670)
Total income taxes	159,210	172,430
Profit	186,503	316,666

(3) Semi-annual Statement of Cash Flows

(Thousands of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Operating revenue	2,788,955	2,981,558
Payments for raw materials and goods	(1,675)	(442)
Increase (decrease) in accrued consumption taxes	39,459	(13,378)
Payments of personnel expenses	(1,107,599)	(1,207,092)
Payments of outsourcing expenses	(625,968)	(698,181)
Payments for other operating activities	(398,574)	(323,921)
Subtotal	694,597	738,542
Interest and dividends received	15,951	14,355
Interest paid	(11,005)	(9,772)
Income taxes paid	(95,487)	(213,213)
Net cash provided by (used in) operating activities	604,055	529,912
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,724)	(1,559)
Purchase of intangible assets	(242,346)	(246,704)
Proceeds from redemption of securities	300,000	-
Proceeds from redemption of investment securities	200,000	200,000
Net cash provided by (used in) investing activities	249,929	(48,264)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,000,000	-
Repayments of short-term borrowings	(2,000,000)	-
Purchase of treasury shares	(65)	(10)
Dividends paid	(93,151)	(124,270)
Net cash provided by (used in) financing activities	(1,093,217)	(124,281)
Net increase (decrease) in cash and cash equivalents	(239,232)	357,365
Cash and cash equivalents at the beginning of period	1,456,027	1,188,937
Cash and cash equivalents at the end of period	1,216,794	1,546,303

(4) Notes to Semi-annual Financial Statements

(Notes on Going Concern Assumption)
Not applicable.

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

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

Six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025) and six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

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

(Notes on Significant Subsequent Events)
(Stock Split and Partial Amendment to the Articles of Incorporation in Connection with the Stock Split)

The Company resolved, at the meeting of its Board of Directors on August 21, 2026, to execute a stock split effective October 1, 2026 and to make a partial amendment to the Articles of Incorporation in connection with the stock split.

1. Stock Split

(1) Purpose of the stock split

By lowering the amount per investment unit of the Company's stock and increasing the number of shares, we aim to increase the liquidity of shares, create an environment that is more encouraging for investors to invest, and expand the investor base.

(2) Overview of the stock split

(i) Method of split

The Company conducted a two-for-one stock split of its common shares held by shareholders listed or recorded in the shareholder register as of the end of September 30, 2026, the record date.

(ii) Number of shares to be increased by the split

Total number of issued shares before the stock split	8,261,600 shares
Number of shares to be increased by this split	8,261,600 shares
Total number of issued shares after the stock split	16,523,200 shares
Total number of authorized shares after the stock split	32,953,600 shares

(3) Schedule

Date of public notice of the record date	September 15, 2026
Record date	September 30, 2026
Effective date	October 1, 2026

(4) Effect on per share information

The impact on per share information is described in the summary information.

(5) Other

There is no change in the amount of share capital upon the stock split.

2. Partial Amendment to the Articles of Incorporation in Connection with Stock Split

(1) Reason for amendment

In line with the increase in the total number of authorized shares based on the ratio of the above-mentioned stock split, the Company made a partial amendment to its Articles of Incorporation effective October 1, 2026 pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act.

(2) Details of the amendment (underlined parts indicate change)

Current Articles of Incorporation	After the amendment
Article 6 (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be 16,476,800 shares.	Article 6 (Total Number of Authorized Shares) The total number of authorized shares of the Company shall be 32,953,600 shares.