

**Disclaimer**

This document is an English-language translation of the non-consolidated financial summary of the financial results for the first quarter of the fiscal year ending March 31, 2017 (from April 2016 to March 2017). This summary was prepared originally in Japanese in accordance with generally accepted accounting principles in Japan (Japanese GAAP). If there are discrepancies between the English translation and the original document in Japanese, the Japanese version will take precedence.

kabu.com Securities Co., Ltd.

**Non-Consolidated Financial Summary under Japanese GAAP  
For the 1st Quarter (1Q) of the Fiscal Year Ending March 31, 2017**

Company name: kabu.com Securities Co., Ltd. URL: <http://kabu.com>  
 Listing: 1st section of the Tokyo Stock Exchange  
 Code number: 8703  
 Representative: Masakatsu Saito, CEO  
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**1. Financial summary (April 1, 2016 to June 30, 2016)**

(1) Operating results (% : change year-on-year)

	Operating revenues		Net operating revenues		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
1Q of fiscal year ending March 31, 2017	5,610	(16.9)	4,896	(15.2)	2,002	(34.8)	2,031	(35.2)	1,862	(30.9)
1Q of fiscal year ended March 31, 2016	6,752	33.9	5,776	30.2	3,072	88.2	3,135	81.5	2,693	167.1

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
1Q of fiscal year ending March 31, 2017	5.51	5.51	17.2
1Q of fiscal year ended March 31, 2016	7.78	-	24.2

(Note) The Company implemented a two-for-one stock split on July 1, 2015. Net income per share has been calculated by assuming this stock split was executed on April 1, 2015.

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
June 30, 2016	703,910	42,739	6.1	514.8
March 31, 2016	799,995	43,786	5.5	435.9

**2. Dividends**

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended March 2016	-	6.00	-	6.00	12.00
Fiscal year ending March 2017	-				
Fiscal year ending March 2017 (Forecasts)		-	-	-	-

**3. Forecast for the Business Results of Full Fiscal Year (April 1, 2016 to March 31, 2017)**

The Company's principal business is acting as a broker in transactions in financial instruments, mainly securities. Since this business is strongly influenced by conditions in equity and other financial markets, forecasting future performance is extremely difficult. Accordingly the Company does not disclose forecasts of its performance. In place of such forecasts, the Company discloses its quarterly financial results as quickly as possible. The Company also provides monthly information on fees and commissions, which account for a high percentage of operating revenues, the number of customer accounts, equity trading value, and other operating statistics that have a major impact on the Company's performance.

**(1)Non-Consolidated Balance Sheets**

(Unit : Millions of Yen)

	As of March 31, 2016	As of June 30, 2016
<b>Assets</b>		
Current Assets		
Cash and bank deposits	47,829	39,780
Cash held in trust	411,524	406,098
Margin account assets	249,957	169,345
Loans receivable from customers	160,344	142,207
Cash deposited as collateral for securities borrowed from securities finance companies	89,612	27,138
Advances paid	140	433
Cash paid for offering	696	597
Short term guarantee deposits	72,725	69,733
Prepaid expenses	218	560
Accrued income	2,005	1,883
Other	5,762	7,354
Total current assets	<u>790,860</u>	<u>695,787</u>
Fixed Assets		
Tangible fixed assets	1,002	1,070
Intangible fixed assets	3,195	3,317
Investment and others	4,938	3,735
Investment securities	4,111	2,651
Long term guarantee deposits	514	511
Long-term advances paid	940	789
Other	165	550
Allowance for doubtful accounts	(794)	(767)
Total fixed assets	<u>9,135</u>	<u>8,123</u>
Total Assets	<u>799,995</u>	<u>703,910</u>

(Unit : Millions of Yen)

	As of March 31, 2016	As of June 30, 2016
<b>Liabilities</b>		
Current liabilities		
Margin account liabilities	137,185	55,026
Loans from securities finance companies	31,718	14,199
Proceeds of securities lent on customers' account	105,466	40,826
Payables on collateralized securities transactions	88,703	59,517
Deposits received	223,035	228,360
Guarantee money received	227,717	249,750
Short-term borrowings	50,000	40,000
Current portion of long-term loans payable	20,000	22,000
Accounts payable	946	698
Accrued expenses	808	857
Accrued income taxes	2,250	693
Deferred tax liabilities	228	384
Reserve for bonuses	—	31
Other	964	1,692
Total current liabilities	<u>751,841</u>	<u>659,011</u>
Long-term liabilities		
Long-term borrowings	2,000	—
Deferred tax liabilities	13	—
Total long-term liabilities	<u>2,013</u>	<u>—</u>
Statutory reserves		
Reserve for financial product transaction liabilities	2,354	2,159
Total statutory reserves	<u>2,354</u>	<u>2,159</u>
Total liabilities	<u>756,209</u>	<u>661,171</u>
<b>Net assets</b>		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	21,454	21,286
Treasury stock	(170)	(169)
Total shareholders' equity	<u>40,394</u>	<u>40,227</u>
Valuation and translation adjustments		
Net unrealized gain on investment securities	3,392	2,495
Total valuation and translation adjustments	<u>3,392</u>	<u>2,495</u>
Subscription rights to shares	—	16
Total net assets	<u>43,786</u>	<u>42,739</u>
Total liabilities and net assets	<u>799,995</u>	<u>703,910</u>

**(2)Non-Consolidated Statements of Income**

(Unit : Millions of Yen)

	1Q of fiscal year ended March 2016 (April 1 to June 30, 2015)	1Q of fiscal year ending March 2017 (April 1 to June 30, 2016)
Operating revenues		
Commissions	3,238	2,584
Brokerage commissions	2,655	2,115
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	71	44
Other	510	423
Net gain on trading	289	342
Financial revenues	3,224	2,683
Total operating revenues	6,752	5,610
Financial expenses	975	714
Net operating revenues	5,776	4,896
Selling, general and administrative expenses		
Transaction related expenses	1,296	1,262
Employment cost	280	332
Facilities and rentals	418	494
Outsourcing and office supplies	214	256
Depreciation and amortization	293	336
Duties and taxes other than income taxes	96	105
Provision of allowance for doubtful accounts	10	11
Other	93	94
Total selling, general and administrative expenses	2,703	2,893
Operating income	3,072	2,002
Non-operating income	70	64
Non-operating expenses	8	35
Ordinary income	3,135	2,031
Special profits		
Reversal of reserve for financial products transaction liabilities	—	194
Gain on sales of investment securities	1,038	468
Total special profits	1,038	662
Special losses		
Provision of reserve for financial product transaction liabilities	146	—
Total special losses	146	—
Income before income taxes	4,027	2,693
Income taxes - current	1,298	655
Income taxes - deferred	35	175
Income taxes	1,333	831
Net income	2,693	1,862

**(3)Non-Consolidated Statement of Income by Quarter (Quarterly transition)**

(Unit : Millions of Yen)

	1Q of FY 2016	2Q of FY 2016	3Q of FY 2016	4Q of FY 2016	1Q of FY 2017
Operating revenues					
Commissions	3,238	3,354	2,716	2,900	2,584
Brokerage commissions	2,655	2,744	2,164	2,412	2,115
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	71	100	124	58	44
Other	510	508	427	429	423
Net gain on trading	289	357	322	377	342
Financial revenues	3,224	2,782	2,899	2,463	2,683
Total operating revenues	6,752	6,493	5,939	5,742	5,610
Financial expenses	975	465	678	418	714
Net operating revenues	5,776	6,028	5,260	5,324	4,896
Selling, general and administrative expenses					
Transaction related expenses	1,296	1,458	1,503	1,650	1,262
Employment cost	280	299	290	296	332
Facilities and rentals	418	424	453	441	494
Outsourcing and office supplies	214	232	241	231	256
Depreciation and amortization	293	294	298	303	336
Duties and taxes other than income taxes	96	67	72	63	105
Other	103	193	80	165	106
Total selling, general and administrative expenses	2,703	2,971	2,940	3,152	2,893
Operating income	3,072	3,056	2,320	2,171	2,002
Non-operating income	70	23	44	17	64
Non-operating expenses	8	8	1	20	35
Ordinary income	3,135	3,071	2,363	2,168	2,031
Special profits					
Reversal of reserve for financial products transaction liabilities	-	-	-	-	194
Gain on sales of investment securities	1,038	581	-	-	468
Total special profits	1,038	581	-	-	662
Special losses					
Provision of reserve for financial product transaction liabilities	146	142	19	(1)	-
Total special losses	146	142	19	(1)	-
Income before income taxes	4,027	3,510	2,344	2,170	2,693
Income taxes - current	1,298	1,358	663	786	655
Income taxes - deferred	35	(189)	110	(29)	175
Net income	2,693	2,340	1,569	1,412	1,862

**(4)Monthly Business Data**

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Number of customer accounts *1 (at month-end)	991,794	997,531	1,002,268	1,005,323	1,008,385	1,013,359
Number of new customer accounts (monthly)	5,073	6,277	5,089	3,498	3,613	5,353
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	68,147	68,508	68,826	69,012	69,252	69,643
Number of active accounts *2	505,282	508,868	509,432	512,081	513,263	517,263
Number of margin customer accounts *1 (at month-end)	124,739	125,912	127,290	128,211	128,917	129,822
Number of future and option customer accounts *1 (at month-end)	50,777	51,101	51,371	51,638	51,820	52,022
Number of OTC FX customer accounts *1 (at month-end)	81,680	82,389	82,979	83,427	83,913	84,595
Average daily number of executed equity trades *3	121,814	124,254	118,309	117,696	102,472	107,078
Average value of equity trading (thousands of yen)	891	935	909	916	870	841
Monthly trading value of OTC FX (100 millions of yen)	45,919	53,522	39,791	36,291	28,242	40,225
Amount of customer assets *4 (at month-end) (millions of yen)	1,986,038	1,861,212	1,920,672	1,967,427	1,995,528	1,865,533
Margin trading balance *5 (at month-end) (millions of yen)	210,185	209,048	265,811	204,534	203,044	183,034
Number of automatic debit accounts *1 (at month-end)	434,862	435,839	436,840	437,575	438,041	438,790

  

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Number of customer accounts *1 (at month-end)	939,375	944,447	956,224	972,019	979,131	986,890
Number of new customer accounts (monthly)	5,093	5,518	12,123	15,910	7,767	8,201
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	63,407	64,150	65,408	67,140	67,484	67,790
Number of active accounts *2	477,093	479,422	482,221	497,487	497,628	500,769
Number of margin customer accounts *1 (at month-end)	117,624	118,729	119,852	121,098	122,240	123,649
Number of future and option customer accounts *1 (at month-end)	48,432	48,877	49,358	49,932	50,257	50,696
Number of OTC FX customer accounts *1 (at month-end)	75,593	76,443	77,839	79,341	80,295	81,273
Average daily number of executed equity trades *3	117,916	118,782	98,992	92,823	105,028	108,045
Average value of equity trading (thousands of yen)	1,102	1,127	1,134	1,082	1,031	962
Monthly trading value of OTC FX (100 millions of yen)	57,560	65,684	54,902	38,796	44,067	38,075
Amount of customer assets *4 (at month-end) (millions of yen)	2,155,175	2,053,548	1,928,079	2,080,952	2,094,017	2,045,443
Margin trading balance *5 (at month-end) (millions of yen)	257,672	247,304	271,915	225,526	230,278	243,764
Number of automatic debit accounts *1 (at month-end)	425,278	426,283	427,938	430,509	432,083	433,577

\*1 : The number of accounts includes corporate accounts.

\*2 : The number of accounts which hold more than 0 yen.

\*3 : The number of trades includes partially executed trades.

\*4 : Amount of customer assets is the value on a market price basis at month-end.

\*5 : Margin trading balance is the value on a handover basis at month-end.