

Disclaimer

This document is an English-language translation of the non-consolidated financial summary of the financial results for the fiscal year ended 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
Fiscal Year Ended 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
Contact: Takeshi Amemiya, CFO E-mail: ir@kabu.com

1. Financial summary (April 1, 2016 to March 31, 2017)

(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	%
Fiscal year ended March 31, 2017	23,828	(4.4)	19,041	(15.0)	7,505	(29.3)	7,317	(31.9)	6,006	(25.1)
Fiscal year ended March 31, 2016	24,927	6.6	22,389	6.8	10,621	4.9	10,739	4.7	8,016	4.9

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
Fiscal year ended March 31, 2017	17.77	17.77	13.9
Fiscal year ended March 31, 2016	23.34	–	17.7

(Note) On July 1, 2015, we conducted a 2-for-1 common stock split. Earnings per share has been calculated on the presumption that the stock split was conducted at the beginning of the previous fiscal year.

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
March 31, 2017	946,120	42,902	4.5	402.1
March 31, 2016	799,995	43,786	5.5	435.9

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
		yen		yen	yen
Fiscal year ended March 2016	–	6.00	–	6.00	12.00
Fiscal year ended March 2017	–	6.00	–	6.00	12.00

3. Forecast for the Business Results of Full Fiscal Year (April 1, 2017 to March 31, 2018)

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 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 March 31, 2017
Assets		
Current Assets		
Cash and bank deposits	47,829	56,581
Cash held in trust	411,524	513,339
Margin account assets	249,957	281,112
Loans receivable from customers	160,344	161,689
Cash deposited as collateral for securities borrowed from securities finance companies	89,612	119,423
Advances paid	140	197
Cash paid for offering	696	425
Short term guarantee deposits	72,725	78,072
Prepaid expenses	218	287
Accrued income	2,005	2,300
Other	5,762	5,591
Total current assets	<u>790,860</u>	<u>937,908</u>
Fixed Assets		
Tangible fixed assets	1,002	1,011
Intangible fixed assets	3,195	3,554
Investment and others	4,938	3,646
Investment securities	4,111	2,598
Long term guarantee deposits	514	502
Deferred income tax assets	—	348
Long-term advances paid	940	698
Other	164	170
Allowance for doubtful accounts	(794)	(671)
Total fixed assets	<u>9,135</u>	<u>8,211</u>
Total Assets	<u>799,995</u>	<u>946,120</u>

(Unit : Millions of Yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Margin account liabilities	137,185	178,949
Loans from securities finance companies	31,718	44,885
Proceeds of securities lent on customers' account	105,466	134,063
Payables on collateralized securities transactions	88,703	82,952
Deposits received	223,035	288,952
Guarantee money received	227,717	248,395
Short-term borrowings	70,000	81,000
Accounts payable	946	718
Accrued expenses	808	793
Accrued income taxes	2,250	694
Deferred tax liabilities	228	110
Other	964	992
Total current liabilities	751,841	883,558
Long-term liabilities		
Long-term borrowings	2,000	17,500
Deferred tax liabilities	13	—
Total long-term liabilities	2,013	17,500
Statutory reserves		
Reserve for financial product transaction liabilities	2,354	2,159
Total statutory reserves	2,354	2,159
Total liabilities	756,209	903,218
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	21,454	23,401
Treasury stock	(170)	(1,781)
Total shareholders' equity	40,394	40,730
Valuation and translation adjustments		
Net unrealized gain on investment securities	3,392	2,156
Total valuation and translation adjustments	3,392	2,156
Subscription rights to shares	—	16
Total net assets	43,786	42,902
Total liabilities and net assets	799,995	946,120

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	Fiscal year ended March 2016 (April 2015 to March 2016)	Fiscal year ended March 2017 (April 2016 to March 2017)
Operating revenues		
Commissions	12,210	9,842
Brokerage commissions	9,977	8,032
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	356	224
Other	1,876	1,585
Net gain on trading	1,347	1,108
Financial revenues	11,370	10,176
Other sales	—	2,700
Total operating revenues	24,927	23,828
Financial expenses	2,538	2,642
Cost of sales	—	2,145
Net operating revenues	22,389	19,041
Selling, general and administrative expenses		
Transaction related expenses	5,908	5,010
Employment cost	1,166	1,427
Facilities and rentals	1,738	1,951
Outsourcing and office supplies	919	999
Depreciation and amortization	1,190	1,406
Duties and taxes other than income taxes	300	371
Provision of allowance for doubtful accounts	133	—
Other	410	368
Total selling, general and administrative expenses	11,768	11,535
Operating income	10,621	7,505
Non-operating income	156	225
Non-operating expenses	38	414
Ordinary income	10,739	7,317
Special profits		
Reversal of reserve for financial products transaction liabilities	—	194
Gain on sales of investment securities	1,619	1,326
Total special profits	1,619	1,521
Special losses		
Provision of reserve for financial product transaction liabilities	307	—
Impairment loss	—	138
Total special losses	307	138
Income before income taxes	12,051	8,700
Income taxes - current	4,106	2,623
Income taxes - deferred	(72)	70
Income taxes	4,034	2,694
Net income	8,016	6,006

(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	2Q of FY 2017	3Q of FY 2017	4Q of FY 2017
Operating revenues								
Commissions	3,238	3,354	2,716	2,900	2,584	2,186	2,556	2,515
Brokerage commissions	2,655	2,744	2,164	2,412	2,115	1,779	2,064	2,073
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	71	100	124	58	44	39	65	75
Other	510	508	427	429	423	367	427	367
Net gain on trading	289	357	322	377	342	257	264	243
Financial revenues	3,224	2,782	2,899	2,463	2,683	2,283	2,640	2,568
Other sales	-	-	-	-	-	-	-	2,700
Total operating revenues	6,752	6,493	5,939	5,742	5,610	4,727	5,462	8,028
Financial expenses	975	465	678	418	714	503	773	650
Cost of sales	-	-	-	-	-	-	-	2,145
Net operating revenues	5,776	6,028	5,260	5,324	4,896	4,224	4,688	5,232
Selling, general and administrative expenses								
Transaction related expenses	1,296	1,458	1,503	1,650	1,262	1,319	1,162	1,266
Employment cost	280	299	290	296	332	338	379	377
Facilities and rentals	418	424	453	441	494	495	471	490
Outsourcing and office supplies	214	232	241	231	256	262	239	240
Depreciation and amortization	293	294	298	303	336	346	356	367
Duties and taxes other than income taxes	96	67	72	63	105	82	90	92
Other	103	193	80	165	106	100	88	72
Total selling, general and administrative expenses	2,703	2,971	2,940	3,152	2,893	2,946	2,788	2,907
Operating income	3,072	3,056	2,320	2,171	2,002	1,277	1,900	2,325
Non-operating income	70	23	44	17	64	71	49	39
Non-operating expenses	8	8	1	20	35	(1)	0	378
Ordinary income	3,135	3,071	2,363	2,168	2,031	1,350	1,949	1,986
Special profits								
Reversal of reserve for financial products transaction liabilities	-	-	-	-	194	-	-	-
Gain on sales of investment securities	1,038	581	-	-	468	410	337	109
Total special profits	1,038	581	-	-	662	410	337	109
Special losses								
Provision of reserve for financial product transaction liabilities	146	142	19	(1)	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	138
Total special losses	146	142	19	(1)	-	-	-	138
Income before income taxes	4,027	3,510	2,344	2,170	2,693	1,761	2,287	1,958
Income taxes - current	1,298	1,358	663	786	655	577	602	787
Income taxes - deferred	35	(189)	110	(29)	175	(31)	104	(177)
Net income	2,693	2,340	1,569	1,412	1,862	1,215	1,580	1,348

(4)Monthly Business Data

	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Number of customer accounts *1 (at month-end)	1,028,882	1,032,581	1,035,750	1,040,041	1,044,357	1,048,720
Number of new customer accounts (monthly)	4,275	4,309	3,677	4,779	4,713	5,042
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	70,799	71,014	71,262	71,654	72,003	72,538
Number of active accounts *2	522,529	523,794	524,605	526,871	529,060	532,735
Number of margin customer accounts *1 (at month-end)	133,382	134,143	135,091	136,008	136,982	138,146
Number of future and option customer accounts *1 (at month-end)	52,685	52,851	53,004	53,162	53,321	53,432
Number of OTC FX customer accounts *1 (at month-end)	86,645	87,162	87,551	88,044	88,499	88,968
Average daily number of executed equity trades *3	89,557	113,633	115,193	107,722	111,959	112,283
Average value of equity trading (thousands of yen)	852	923	966	938	883	889
Monthly trading value of OTC FX (100 millions of yen)	28,411	42,805	43,062	49,605	34,076	39,958
Amount of customer assets *4 (at month-end) (millions of yen)	1,981,225	2,079,501	2,107,556	2,138,796	2,151,764	2,120,425
Margin trading balance *5 (at month-end) (millions of yen)	179,642	185,176	187,988	200,330	244,369	295,752
Number of automatic debit accounts *1 (at month-end)	441,220	441,727	442,431	443,226	444,031	445,047

	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Number of customer accounts *1 (at month-end)	1,005,323	1,008,385	1,013,359	1,017,802	1,021,597	1,025,550
Number of new customer accounts (monthly)	3,498	3,613	5,353	4,807	4,130	4,541
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	69,012	69,252	69,643	70,014	70,266	70,590
Number of active accounts *2	512,081	513,263	517,263	518,569	519,517	521,094
Number of margin customer accounts *1 (at month-end)	128,211	128,917	129,822	130,720	131,550	132,646
Number of future and option customer accounts *1 (at month-end)	51,638	51,820	52,022	52,226	52,402	52,563
Number of OTC FX customer accounts *1 (at month-end)	83,427	83,913	84,595	85,175	85,700	86,227
Average daily number of executed equity trades *3	117,696	102,472	107,078	103,299	88,478	96,310
Average value of equity trading (thousands of yen)	916	870	841	1,019	919	904
Monthly trading value of OTC FX (100 millions of yen)	36,291	28,242	40,225	44,205	30,973	32,529
Amount of customer assets *4 (at month-end) (millions of yen)	1,967,427	1,995,528	1,865,533	1,930,764	1,930,423	1,916,809
Margin trading balance *5 (at month-end) (millions of yen)	204,534	203,044	183,034	175,482	200,493	245,334
Number of automatic debit accounts *1 (at month-end)	437,575	438,041	438,790	439,592	440,257	440,764

*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.