

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, 2018(from April 2017 to March 2018). 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, 2018**

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, 2017 to June 30, 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	%
1Q of fiscal year ending March 31, 2018	5,965	6.3	4,738	(3.2)	1,189	(40.6)	1,208	(40.5)	1,423	(23.5)
1Q of fiscal year ended March 31, 2017	5,610	(16.9)	4,896	(15.2)	2,002	(34.8)	2,031	(35.2)	1,862	(30.9)

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
1Q of fiscal year ending March 31, 2018	4.27	4.27	13.5
1Q of fiscal year ended March 31, 2017	5.51	5.51	17.2

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
June 30, 2017	906,458	41,622	4.6	442.7
March 31, 2017	946,120	42,902	4.5	402.1

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended March 2017	-	6.00	-	6.00	12.00
Fiscal year ending March 2018	-				
Fiscal year ending March 2018 (Forecasts)		-	-	-	-

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, 2017	As of June 30, 2017
Assets		
Current Assets		
Cash and bank deposits	56,581	56,214
Cash held in trust	513,339	543,287
Margin account assets	281,112	219,190
Loans receivable from customers	161,689	148,414
Cash deposited as collateral for securities borrowed from securities finance companies	119,423	70,776
Advances paid	197	383
Cash paid for offering	425	474
Short term guarantee deposits	78,072	71,237
Prepaid expenses	287	603
Accrued income	2,300	2,518
Other	5,591	4,779
Total current assets	<u>937,908</u>	<u>898,689</u>
Fixed Assets		
Tangible fixed assets	1,011	1,072
Intangible fixed assets	3,554	3,436
Investment and others	3,646	3,259
Investment securities	2,598	2,115
Long term guarantee deposits	502	452
Deferred income tax assets	348	468
Long-term advances paid	698	694
Other	170	194
Allowance for doubtful accounts	(671)	(666)
Total fixed assets	<u>8,211</u>	<u>7,768</u>
Total Assets	<u>946,120</u>	<u>906,458</u>

(Unit : Millions of Yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Margin account liabilities	178,949	110,874
Loans from securities finance companies	44,885	19,656
Proceeds of securities lent on customers' account	134,063	91,217
Payables on collateralized securities transactions	82,952	61,371
Deposits received	288,952	330,622
Guarantee money received	248,395	288,918
Short-term borrowings	81,000	50,000
Accounts payable	718	697
Accrued expenses	793	965
Accrued income taxes	694	658
Deferred tax liabilities	110	86
Reserve for bonuses	—	19
Other	992	1,021
Total current liabilities	883,558	845,235
Long-term liabilities		
Long-term borrowings	17,500	17,500
Total long-term liabilities	17,500	17,500
Statutory reserves		
Reserve for financial product transaction liabilities	2,159	2,100
Total statutory reserves	2,159	2,100
Total liabilities	903,218	864,835
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	23,401	22,819
Treasury stock	(1,781)	(2,093)
Total shareholders' equity	40,730	39,835
Valuation and translation adjustments		
Net unrealized gain on investment securities	2,156	1,767
Total valuation and translation adjustments	2,156	1,767
Subscription rights to shares	16	19
Total net assets	42,902	41,622
Total liabilities and net assets	946,120	906,458

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	1Q of fiscal year ended March 2017 (April 1 to June 30, 2016)	1Q of fiscal year ending March 2018 (April 1 to June 30, 2017)
Operating revenues		
Commissions	2,584	2,496
Brokerage commissions	2,115	2,047
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	44	33
Other	423	415
Net gain on trading	342	224
Financial revenues	2,683	2,898
Other sales	—	346
Total operating revenues	5,610	5,965
Financial expenses	714	891
Cost of sales	—	335
Net operating revenues	4,896	4,738
Selling, general and administrative expenses		
Transaction related expenses	1,262	1,407
Employment cost	332	369
Facilities and rentals	494	600
Outsourcing and office supplies	256	252
Depreciation and amortization	336	738
Duties and taxes other than income taxes	105	112
Provision of allowance for doubtful accounts	11	—
Other	94	68
Total selling, general and administrative expenses	2,893	3,548
Operating income	2,002	1,189
Non-operating income	64	37
Non-operating expenses	35	19
Ordinary income	2,031	1,208
Special profits		
Reversal of reserve for financial products transaction liabilities	194	59
Gain on sales of investment securities	468	797
Total special profits	662	857
Income before income taxes	2,693	2,065
Income taxes - current	655	611
Income taxes - deferred	175	29
Income taxes	831	641
Net income	1,862	1,423

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

(Unit : Millions of Yen)

	1Q of FY 2017	2Q of FY 2017	3Q of FY 2017	4Q of FY 2017	1Q of FY 2018
Operating revenues					
Commissions	2,584	2,186	2,556	2,515	2,496
Brokerage commissions	2,115	1,779	2,064	2,073	2,047
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	44	39	65	75	33
Other	423	367	427	367	415
Net gain on trading	342	257	264	243	224
Financial revenues	2,683	2,283	2,640	2,568	2,898
Other sales	-	-	-	2,700	346
Total operating revenues	5,610	4,727	5,462	8,028	5,965
Financial expenses	714	503	773	650	891
Cost of sales	-	-	-	2,145	335
Net operating revenues	4,896	4,224	4,688	5,232	4,738
Selling, general and administrative expenses					
Transaction related expenses	1,262	1,319	1,162	1,266	1,407
Employment cost	332	338	379	377	369
Facilities and rentals	494	495	471	490	600
Outsourcing and office supplies	256	262	239	240	252
Depreciation and amortization	336	346	356	367	738
Duties and taxes other than income taxes	105	82	90	92	112
Other	106	100	88	72	68
Total selling, general and administrative expenses	2,893	2,946	2,788	2,907	3,548
Operating income	2,002	1,277	1,900	2,325	1,189
Non-operating income	64	71	49	39	37
Non-operating expenses	35	(1)	0	378	19
Ordinary income	2,031	1,350	1,949	1,986	1,208
Special profits					
Reversal of reserve for financial products transaction liabilities	194	-	-	-	59
Gain on sales of investment securities	468	410	337	109	797
Total special profits	662	410	337	109	857
Special losses					
Impairment loss	-	-	-	138	-
Total special losses	-	-	-	138	-
Income before income taxes	2,693	1,761	2,287	1,958	2,065
Income taxes - current	655	577	602	787	611
Income taxes - deferred	175	(31)	104	(177)	29
Net income	1,862	1,215	1,580	1,348	1,423

(4)Monthly Business Data

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Number of customer accounts *1 (at month-end)	1,040,041	1,044,357	1,048,720	1,051,595	1,054,614	1,057,996
Number of new customer accounts (monthly)	4,779	4,713	5,042	3,356	3,480	3,931
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	71,654	72,003	72,538	72,825	73,043	73,283
Number of active accounts *2	526,871	529,060	532,735	533,108	533,440	538,865
Number of margin customer accounts *1 (at month-end)	136,008	136,982	138,146	138,866	139,506	140,321
Number of future and option customer accounts *1 (at month-end)	53,162	53,321	53,432	53,596	53,702	53,801
Number of OTC FX customer accounts *1 (at month-end)	88,044	88,499	88,968	89,344	89,669	90,057
Average daily number of executed equity trades *3	107,722	111,959	112,283	94,899	107,293	118,969
Average value of equity trading (thousands of yen)	938	883	889	919	940	912
Monthly trading value of OTC FX (100 millions of yen)	49,605	34,076	39,958	37,336	36,238	32,978
Amount of customer assets *4 (at month-end) (millions of yen)	2,138,796	2,151,764	2,120,425	2,148,733	2,203,361	2,241,247
Margin trading balance *5 (at month-end) (millions of yen)	200,330	244,369	295,752	195,277	218,892	239,631
Number of automatic debit accounts *1 (at month-end)	443,226	444,031	445,047	445,760	446,280	446,952

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
Number of customer accounts *1 (at month-end)	1,017,802	1,021,597	1,025,550	1,028,882	1,032,581	1,035,750
Number of new customer accounts (monthly)	4,807	4,130	4,541	4,275	4,309	3,677
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	70,014	70,266	70,590	70,799	71,014	71,262
Number of active accounts *2	518,569	519,517	521,094	522,529	523,794	524,605
Number of margin customer accounts *1 (at month-end)	130,720	131,550	132,646	133,382	134,143	135,091
Number of future and option customer accounts *1 (at month-end)	52,226	52,402	52,563	52,685	52,851	53,004
Number of OTC FX customer accounts *1 (at month-end)	85,175	85,700	86,227	86,645	87,162	87,551
Average daily number of executed equity trades *3	103,299	88,478	96,310	89,557	113,633	115,193
Average value of equity trading (thousands of yen)	1,019	919	904	852	923	966
Monthly trading value of OTC FX (100 millions of yen)	44,205	30,973	32,529	28,411	42,805	43,062
Amount of customer assets *4 (at month-end) (millions of yen)	1,930,764	1,930,423	1,916,809	1,981,225	2,079,501	2,107,556
Margin trading balance *5 (at month-end) (millions of yen)	175,482	200,493	245,334	179,642	185,176	187,988
Number of automatic debit accounts *1 (at month-end)	439,592	440,257	440,764	441,220	441,727	442,431

*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.