

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, 2020(from April 2019 to March 2020). 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, 2020**

Company name: kabu.com Securities Co., Ltd.
 Listing: 1st section of the Tokyo Stock Exchange
 Code number: 8703
 Representative: Masakatsu Saito, CEO
 Contact: Motoo Matsumiya, Managing Executive Officer

URL: <https://kabu.com/>E-mail: ir@kabu.com**1. Financial summary (April 1, 2019 to June 30, 2019)**(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, 2020	4,873	(15.6)	3,874	(21.5)	813	(61.8)	840	(61.4)	533	(65.4)
1Q of fiscal year ended March 31, 2019	5,776	(3.2)	4,937	4.2	2,128	78.9	2,177	80.2	1,544	8.5

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
1Q of fiscal year ending March 31, 2020	1.60	1.60	5.2
1Q of fiscal year ended March 31, 2019	4.63	4.63	14.3

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
June 30, 2019	981,403	40,496	4.1	424.3
March 31, 2019	1,009,924	42,151	4.2	369.0

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
					yen
Fiscal year ended March 2019	-	6.00	-	6.00	12.00
Fiscal year ending March 2020	-				
Fiscal year ending March 2020 (Forecasts)		0.00	-	-	-

3. Forecast for the Business Results of Full Fiscal Year (April 1, 2019 to March 31, 2020)

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, 2019	As of June 30, 2019
Assets		
Current Assets		
Cash and bank deposits	149,818	215,394
Cash held in trust	485,575	481,508
Margin account assets	284,969	196,764
Loans receivable from customers	141,590	137,044
Cash deposited as collateral for securities borrowed from securities finance companies	143,378	59,719
Advances paid	358	368
Cash paid for offering	405	373
Short term guarantee deposits	67,608	64,121
Prepaid expenses	189	655
Accrued income	2,086	2,118
Other	9,445	10,943
Total current assets	<u>1,000,458</u>	<u>972,247</u>
Fixed Assets		
Tangible fixed assets	1,126	1,085
Intangible fixed assets	5,405	5,384
Investment and others	2,933	2,687
Investment securities	1,627	1,364
Long term guarantee deposits	432	403
Long-term advances paid	903	895
Deferred income tax assets	596	650
Other	156	149
Allowance for doubtful accounts	(783)	(776)
Total fixed assets	<u>9,466</u>	<u>9,156</u>
Total Assets	<u>1,009,924</u>	<u>981,403</u>

(Unit : Millions of Yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Margin account liabilities	178,129	98,689
Loans from securities finance companies	20,376	13,182
Proceeds of securities lent on customers' account	157,753	85,506
Payables on collateralized securities transactions	95,776	69,116
Deposits received	269,628	281,028
Guarantee money received	239,430	267,291
Short-term borrowings	79,000	115,000
Commercial papers	70,000	75,000
Accounts payable	890	371
Accrued expenses	1,121	989
Accrued income taxes	648	246
Reserve for bonuses	—	14
Other	1,034	1,047
Total current liabilities	935,659	908,795
Long-term liabilities		
Long-term borrowings	30,000	30,000
Total long-term liabilities	30,000	30,000
Statutory reserves		
Reserve for financial product transaction liabilities	2,113	2,111
Total statutory reserves	2,113	2,111
Total liabilities	967,772	940,907
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	23,695	22,229
Treasury stock	(2,094)	(2,094)
Total shareholders' equity	40,711	39,245
Valuation and translation adjustments		
Net unrealized gain on investment securities	1,412	1,224
Total valuation and translation adjustments	1,412	1,224
Subscription rights to shares	27	27
Total net assets	42,151	40,496
Total liabilities and net assets	1,009,924	981,403

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	1Q of fiscal year ended March 2019 (April 1 to June 30, 2018)	1Q of fiscal year ending March 2020 (April 1 to June 30, 2019)
Operating revenues		
Commissions	2,270	1,851
Brokerage commissions	1,850	1,401
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	38	29
Other	381	419
Net gain on trading	292	293
Financial revenues	3,141	2,653
Other sales	71	75
Total operating revenues	5,776	4,873
Financial expenses	793	948
Cost of sales	45	50
Net operating revenues	4,937	3,874
Selling, general and administrative expenses		
Transaction related expenses	1,086	1,117
Employment cost	407	410
Facilities and rentals	525	686
Outsourcing and office supplies	234	227
Depreciation and amortization	369	465
Duties and taxes other than income taxes	106	81
Other	78	73
Total selling, general and administrative expenses	2,808	3,061
Operating income	2,128	813
Non-operating income	48	28
Non-operating expenses	0	0
Ordinary income	2,177	840
Special profits		
Reversal of reserve for financial products transaction liabilities	53	1
Total special profits	53	1
Special losses		
TOB related expenses	—	46
Loss on valuation of investment securities	—	19
Total special losses	—	66
Income before income taxes	2,230	775
Income taxes - current	599	212
Income taxes - deferred	86	29
Income taxes	686	242
Net income	1,544	533