

Disclaimer

This document is an English-language translation of the non-consolidated financial summary of the financial results for the first half 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 Half (1H) 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
 Contact: Takeshi Amemiya, CFO E-mail: ir@kabu.com

1. Financial summary (April 1, 2016 to September 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	%
IH of fiscal year ending March 31, 2017	10,338	(22.0)	9,120	(22.7)	3,280	(46.5)	3,381	(45.5)	3,077	(38.9)
IH of fiscal year ended March 31, 2016	13,246	24.7	11,804	24.8	6,129	45.7	6,207	43.4	5,034	55.1

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
IH of fiscal year ending March 31, 2017	9.10	9.10	14.0
IH of fiscal year ended March 31, 2016	14.61	-	22.2

(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	%	%
September 30, 2016	801,651	44,001	5.5	452.8
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	-	6.00			
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 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 September 30, 2016
Assets		
Current Assets		
Cash and bank deposits	47,829	51,582
Cash held in trust	411,524	423,373
Margin account assets	249,957	230,100
Loans receivable from customers	160,344	130,077
Cash deposited as collateral for securities borrowed from securities finance companies	89,612	100,022
Advances paid	140	235
Cash paid for offering	696	383
Short term guarantee deposits	72,725	77,825
Prepaid expenses	218	421
Accrued income	2,005	2,114
Deferred tax assets	—	—
Other	5,762	7,200
Total current assets	<u>790,860</u>	<u>793,237</u>
Fixed Assets		
Tangible fixed assets	1,002	1,151
Intangible fixed assets	3,195	3,406
Investment and others	4,938	3,856
Investment securities	4,111	2,874
Long term guarantee deposits	514	508
Long-term advances paid	940	729
Deferred income tax assets	—	274
Other	165	174
Allowance for doubtful accounts	(794)	(706)
Total fixed assets	<u>9,135</u>	<u>8,414</u>
Total Assets	<u>799,995</u>	<u>801,651</u>

(Unit : Millions of Yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Margin account liabilities	137,185	139,352
Loans from securities finance companies	31,718	24,095
Proceeds of securities lent on customers' account	105,466	115,256
Payables on collateralized securities transactions	88,703	79,124
Deposits received	223,035	238,465
Guarantee money received	227,717	231,262
Short-term borrowings	50,000	40,000
Current portion of long-term loans payable	20,000	9,500
Accounts payable	946	669
Accrued expenses	808	777
Accrued income taxes	2,250	1,321
Deferred tax liabilities	228	281
Other	964	2,235
Total current liabilities	<u>751,841</u>	<u>742,990</u>
Long-term liabilities		
Long-term borrowings	2,000	12,500
Deferred tax liabilities	13	—
Total long-term liabilities	<u>2,013</u>	<u>12,500</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>757,649</u>
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	21,454	22,502
Treasury stock	(170)	(169)
Total shareholders' equity	<u>40,394</u>	<u>41,442</u>
Valuation and translation adjustments		
Net unrealized gain on investment securities	3,392	2,542
Total valuation and translation adjustments	<u>3,392</u>	<u>2,542</u>
Subscription rights to shares	—	16
Total net assets	<u>43,786</u>	<u>44,001</u>
Total liabilities and net assets	<u>799,995</u>	<u>801,651</u>

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	1H of fiscal year ended March 2016 (April 1 to September 30, 2015)	1H of fiscal year ending March 2017 (April 1 to September 30, 2016)
Operating revenues		
Commissions	6,592	4,770
Brokerage commissions	5,400	3,895
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	172	84
Other	1,019	790
Net gain on trading	646	600
Financial revenues	6,006	4,967
Total operating revenues	13,246	10,338
Financial expenses	1,441	1,218
Net operating revenues	11,804	9,120
Selling, general and administrative expenses		
Transaction related expenses	2,755	2,581
Employment cost	579	670
Facilities and rentals	843	990
Outsourcing and office supplies	447	519
Depreciation and amortization	587	682
Duties and taxes other than income taxes	164	187
Provision of allowance for doubtful accounts	106	-
Other	190	207
Total selling, general and administrative expenses	5,675	5,839
Operating income	6,129	3,280
Non-operating income	94	136
Non-operating expenses	16	34
Ordinary income	6,207	3,381
Special profits		
Reversal of reserve for financial products transaction liabilities	-	194
Gain on sales of investment securities	1,619	878
Total special profits	1,619	1,073
Special losses		
Provision of reserve for financial product transaction liabilities	289	-
Total special losses	289	-
Income before income taxes	7,537	4,455
Income taxes - current	2,656	1,233
Income taxes - deferred	(154)	143
Income taxes	2,502	1,377
Net income	5,034	3,077

(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
Operating revenues						
Commissions	3,238	3,354	2,716	2,900	2,584	2,186
Brokerage commissions	2,655	2,744	2,164	2,412	2,115	1,779
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	71	100	124	58	44	39
Other	510	508	427	429	423	367
Net gain on trading	289	357	322	377	342	257
Financial revenues	3,224	2,782	2,899	2,463	2,683	2,283
Total operating revenues	6,752	6,493	5,939	5,742	5,610	4,727
Financial expenses	975	465	678	418	714	503
Net operating revenues	5,776	6,028	5,260	5,324	4,896	4,224
Selling, general and administrative expenses						
Transaction related expenses	1,296	1,458	1,503	1,650	1,262	1,319
Employment cost	280	299	290	296	332	338
Facilities and rentals	418	424	453	441	494	495
Outsourcing and office supplies	214	232	241	231	256	262
Depreciation and amortization	293	294	298	303	336	346
Duties and taxes other than income taxes	96	67	72	63	105	82
Other	103	193	80	165	106	100
Total selling, general and administrative expenses	2,703	2,971	2,940	3,152	2,893	2,946
Operating income	3,072	3,056	2,320	2,171	2,002	1,277
Non-operating income	70	23	44	17	64	71
Non-operating expenses	8	8	1	20	35	(1)
Ordinary income	3,135	3,071	2,363	2,168	2,031	1,350
Special profits						
Reversal of reserve for financial products transaction liabilities	-	-	-	-	194	-
Gain on sales of investment securities	1,038	581	-	-	468	410
Total special profits	1,038	581	-	-	662	410
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	1,761
Income taxes - current	1,298	1,358	663	786	655	577
Income taxes - deferred	35	(189)	110	(29)	175	(31)
Net income	2,693	2,340	1,569	1,412	1,862	1,215

(4)Monthly Business Data

	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

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Number of customer accounts *1 (at month-end)	972,019	979,131	986,890	991,794	997,531	1,002,268
Number of new customer accounts (monthly)	15,910	7,767	8,201	5,073	6,277	5,089
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	67,140	67,484	67,790	68,147	68,508	68,826
Number of active accounts *2	497,487	497,628	500,769	505,282	508,868	509,432
Number of margin customer accounts *1 (at month-end)	121,098	122,240	123,649	124,739	125,912	127,290
Number of future and option customer accounts *1 (at month-end)	49,932	50,257	50,696	50,777	51,101	51,371
Number of OTC FX customer accounts *1 (at month-end)	79,341	80,295	81,273	81,680	82,389	82,979
Average daily number of executed equity trades *3	92,823	105,028	108,045	121,814	124,254	118,309
Average value of equity trading (thousands of yen)	1,082	1,031	962	891	935	909
Monthly trading value of OTC FX (100 millions of yen)	38,796	44,067	38,075	45,919	53,522	39,791
Amount of customer assets *4 (at month-end) (millions of yen)	2,080,952	2,094,017	2,045,443	1,986,038	1,861,212	1,920,672
Margin trading balance *5 (at month-end) (millions of yen)	225,526	230,278	243,764	210,185	209,048	265,811
Number of automatic debit accounts *1 (at month-end)	430,509	432,083	433,577	434,862	435,839	436,840

*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.