

Disclaimer

This document is an English-language translation of the non-consolidated financial summary of the financial results for the third 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 Nine Months from April 2016 to December 2016 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 December 31, 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	%
Nine months of fiscal year ending March 31, 2017	15,800	(17.6)	13,808	(19.1)	5,180	(38.7)	5,331	(37.8)	4,657	(29.5)
Nine months of fiscal year ended March 31, 2016	19,185	11.9	17,065	11.2	8,449	18.3	8,570	18.2	6,604	26.2

	Earnings per share	Fully diluted earnings per share	ROE
Nine months of fiscal year ending March 31, 2017	13.77	13.77	14.2
Nine months of fiscal year ended March 31, 2016	19.19	-	19.4

(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	%	%
December 31, 2016	869,740	43,415	5.0	480.6
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 December 31, 2016
Assets		
Current Assets		
Cash and bank deposits	47,829	63,275
Cash held in trust	411,524	522,729
Margin account assets	249,957	195,480
Loans receivable from customers	160,344	135,649
Cash deposited as collateral for securities borrowed from securities finance companies	89,612	59,830
Advances paid	140	177
Cash paid for offering	696	664
Short term guarantee deposits	72,725	71,031
Prepaid expenses	218	338
Accrued income	2,005	1,975
Other	5,762	5,648
Total current assets	<u>790,860</u>	<u>861,321</u>
Fixed Assets		
Tangible fixed assets	1,002	1,048
Intangible fixed assets	3,195	3,519
Investment and others	4,938	3,850
Investment securities	4,111	2,899
Long term guarantee deposits	514	505
Long-term advances paid	940	704
Deferred income tax assets	—	248
Other	165	182
Allowance for doubtful accounts	(794)	(689)
Total fixed assets	<u>9,135</u>	<u>8,419</u>
Total Assets	<u>799,995</u>	<u>869,740</u>

(Unit : Millions of Yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Margin account liabilities	137,185	102,476
Loans from securities finance companies	31,718	19,077
Proceeds of securities lent on customers' account	105,466	83,398
Payables on collateralized securities transactions	88,703	62,298
Deposits received	223,035	325,960
Guarantee money received	227,717	272,071
Short-term borrowings	50,000	35,000
Current portion of long-term loans payable	20,000	9,500
Accounts payable	946	544
Accrued expenses	808	767
Accrued income taxes	2,250	-
Deferred tax liabilities	228	299
Reserve for bonuses	-	42
Other	964	2,705
Total current liabilities	<u>751,841</u>	<u>811,665</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>826,325</u>
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	21,454	22,052
Treasury stock	(170)	(169)
Total shareholders' equity	<u>40,394</u>	<u>40,993</u>
Valuation and translation adjustments		
Net unrealized gain on investment securities	3,392	2,405
Total valuation and translation adjustments	<u>3,392</u>	<u>2,405</u>
Subscription rights to shares	-	16
Total net assets	<u>43,786</u>	<u>43,415</u>
Total liabilities and net assets	<u>799,995</u>	<u>869,740</u>

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	Nine months of fiscal year ended March 2016 (April 1 to December 31, 2015)	Nine months of fiscal year ending March 2017 (April 1 to December 31, 2016)
Operating revenues		
Commissions	9,309	7,327
Brokerage commissions	7,565	5,959
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	297	149
Other	1,446	1,218
Net gain on trading	969	865
Financial revenues	8,906	7,607
Total operating revenues	19,185	15,800
Financial expenses	2,119	1,991
Net operating revenues	17,065	13,808
Selling, general and administrative expenses		
Transaction related expenses	4,258	3,743
Employment cost	870	1,050
Facilities and rentals	1,297	1,461
Outsourcing and office supplies	688	758
Depreciation and amortization	886	1,039
Duties and taxes other than income taxes	237	278
Provision of allowance for doubtful accounts	75	-
Other	302	296
Total selling, general and administrative expenses	8,616	8,627
Operating income	8,449	5,180
Non-operating income	139	186
Non-operating expenses	18	35
Ordinary income	8,570	5,331
Special profits		
Reversal of reserve for financial products transaction liabilities	-	194
Gain on sales of investment securities	1,619	1,216
Total special profits	1,619	1,411
Special losses		
Provision of reserve for financial product transaction liabilities	308	-
Total special losses	308	-
Income before income taxes	9,881	6,472
Income taxes - current	3,320	1,836
Income taxes - deferred	(43)	248
Income taxes	3,277	2,084
Net income	6,604	4,657

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

(4)Monthly Business Data

	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

	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

*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.