

**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, 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 Half (1H) of the Fiscal Year Ending March 31, 2018**

Company name: kabu.com Securities Co., Ltd. URL: <https://kabu.com/>  
 Listing: 1st section of the Tokyo Stock Exchange  
 Code number: 8703  
 Representative: Masakatsu Saito, CEO  
 Contact: Naoyuki Mese, Manager of Business Administration E-mail: [ir@kabu.com](mailto:ir@kabu.com)

**1. Financial summary (April 1, 2017 to September 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	%
1H of fiscal year ending March 31, 2018	11,387	10.1	9,516	4.3	2,856	(12.9)	2,905	(14.1)	2,590	(15.8)
1H of fiscal year ended March 31, 2017	10,338	(22.0)	9,120	(22.7)	3,280	(46.5)	3,381	(45.5)	3,077	(38.9)

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
1H of fiscal year ending March 31, 2018	7.77	7.77	12.1
1H of fiscal year ended March 31, 2017	9.10	9.10	14.0

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
September 30, 2017	1,010,027	42,724	4.2	396.0
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	-	6.00			
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 September 30, 2017
<b>Assets</b>		
Current Assets		
Cash and bank deposits	56,581	75,382
Cash held in trust	513,339	559,785
Margin account assets	281,112	281,888
Loans receivable from customers	161,689	156,997
Cash deposited as collateral for securities borrowed from securities finance companies	119,423	124,890
Advances paid	197	109
Cash paid for offering	425	574
Short term guarantee deposits	78,072	75,844
Prepaid expenses	287	490
Accrued income	2,300	2,269
Other	5,591	5,916
Total current assets	<u>937,908</u>	<u>1,002,260</u>
Fixed Assets		
Tangible fixed assets	1,011	1,087
Intangible fixed assets	3,554	3,587
Investment and others	3,646	3,092
Investment securities	2,598	2,049
Long term guarantee deposits	502	448
Long-term advances paid	698	410
Deferred income tax assets	348	377
Other	170	182
Allowance for doubtful accounts	(671)	(375)
Total fixed assets	<u>8,211</u>	<u>7,766</u>
Total Assets	<u>946,120</u>	<u>1,010,027</u>

(Unit : Millions of Yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Margin account liabilities	178,949	182,162
Loans from securities finance companies	44,885	35,279
Proceeds of securities lent on customers' account	134,063	146,883
Payables on collateralized securities transactions	82,952	93,642
Deposits received	288,952	332,222
Guarantee money received	248,395	270,980
Short-term borrowings	81,000	65,000
Accounts payable	718	591
Accrued expenses	793	793
Accrued income taxes	694	1,168
Deferred tax liabilities	110	32
Other	992	1,109
Total current liabilities	883,558	947,702
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	967,303
<b>Net assets</b>		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	23,401	23,986
Treasury stock	(1,781)	(2,093)
Total shareholders' equity	40,730	41,002
Valuation and translation adjustments		
Net unrealized gain on investment securities	2,156	1,702
Total valuation and translation adjustments	2,156	1,702
Subscription rights to shares	16	19
Total net assets	42,902	42,724
Total liabilities and net assets	946,120	1,010,027

**(2) Non-Consolidated Statements of Income**

(Unit : Millions of Yen)

	IH of fiscal year ended March 2017 (April 1 to September 30, 2016)	IH of fiscal year ending March 2018 (April 1 to September 30, 2017)
Operating revenues		
Commissions	4,770	4,874
Brokerage commissions	3,895	4,024
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	84	59
Other	790	790
Net gain on trading	600	474
Financial revenues	4,967	5,618
Other sales	—	420
Total operating revenues	10,338	11,387
Financial expenses	1,218	1,486
Cost of sales	—	383
Net operating revenues	9,120	9,516
Selling, general and administrative expenses		
Transaction related expenses	2,581	2,852
Employment cost	670	730
Facilities and rentals	990	1,175
Outsourcing and office supplies	519	487
Depreciation and amortization	682	1,105
Duties and taxes other than income taxes	187	182
Other	207	125
Total selling, general and administrative expenses	5,839	6,659
Operating income	3,280	2,856
Non-operating income	136	69
Non-operating expenses	34	21
Ordinary income	3,381	2,905
Special profits		
Reversal of reserve for financial products transaction liabilities	194	59
Gain on sales of investment securities	878	809
Total special profits	1,073	868
Income before income taxes	4,455	3,773
Income taxes - current	1,233	1,088
Income taxes - deferred	143	94
Income taxes	1,377	1,182
Net income	3,077	2,590

**(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	2Q of FY 2018
Operating revenues						
Commissions	2,584	2,186	2,556	2,515	2,496	2,377
Brokerage commissions	2,115	1,779	2,064	2,073	2,047	1,976
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	44	39	65	75	33	26
Other	423	367	427	367	415	375
Net gain on trading	342	257	264	243	224	249
Financial revenues	2,683	2,283	2,640	2,568	2,898	2,719
Other sales	-	-	-	2,700	346	73
Total operating revenues	5,610	4,727	5,462	8,028	5,965	5,421
Financial expenses	714	503	773	650	891	594
Cost of sales	-	-	-	2,145	335	47
Net operating revenues	4,896	4,224	4,688	5,232	4,738	4,778
Selling, general and administrative expenses						
Transaction related expenses	1,262	1,319	1,162	1,266	1,407	1,445
Employment cost	332	338	379	377	369	360
Facilities and rentals	494	495	471	490	600	575
Outsourcing and office supplies	256	262	239	240	252	235
Depreciation and amortization	336	346	356	367	738	367
Duties and taxes other than income taxes	105	82	90	92	112	70
Other	106	100	88	72	68	57
Total selling, general and administrative expenses	2,893	2,946	2,788	2,907	3,548	3,111
Operating income	2,002	1,277	1,900	2,325	1,189	1,667
Non-operating income	64	71	49	39	37	31
Non-operating expenses	35	(1)	0	378	19	1
Ordinary income	2,031	1,350	1,949	1,986	1,208	1,697
Special profits						
Reversal of reserve for financial products transaction liabilities	194	-	-	-	59	-
Gain on sales of investment securities	468	410	337	109	797	11
Total special profits	662	410	337	109	857	11
Special losses						
Impairment loss	-	-	-	138	-	-
Total special losses	-	-	-	138	-	-
Income before income taxes	2,693	1,761	2,287	1,958	2,065	1,708
Income taxes - current	655	577	602	787	611	476
Income taxes - deferred	175	(31)	104	(177)	29	65
Net income	1,862	1,215	1,580	1,348	1,423	1,166

**(4)Monthly Business Data**

	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
Number of customer accounts *1 (at month-end)	1,051,595	1,054,614	1,057,996	1,061,348	1,065,226	1,067,996
Number of new customer accounts (monthly)	3,356	3,480	3,931	3,886	4,419	3,669
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	72,825	73,043	73,283	73,559	73,871	74,193
Number of active accounts *2	533,108	533,440	538,865	535,595	537,120	537,105
Number of margin customer accounts *1 (at month-end)	138,866	139,506	140,321	141,032	141,781	142,481
Number of future and option customer accounts *1 (at month-end)	53,596	53,702	53,801	53,925	54,190	54,342
Number of OTC FX customer accounts *1 (at month-end)	89,344	89,669	90,057	90,493	90,993	91,336
Average daily number of executed equity trades *3	94,899	107,293	118,969	116,238	103,417	112,578
Average value of equity trading (thousands of yen)	919	940	912	867	850	936
Monthly trading value of OTC FX (100 millions of yen)	37,336	36,238	32,978	29,559	25,652	32,281
Amount of customer assets *4 (at month-end) (millions of yen)	2,148,733	2,203,361	2,241,247	2,269,336	2,259,329	2,277,265
Margin trading balance *5 (at month-end) (millions of yen)	195,277	218,892	239,631	218,692	245,893	303,881
Number of automatic debit accounts *1 (at month-end)	445,760	446,280	446,952	447,562	448,341	448,814

  

	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

\*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.