

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, 2019(from April 2018 to March 2019). 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, 2019**

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
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1. Financial summary (April 1, 2018 to June 30, 2018)

(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, 2019	5,776	(3.2)	4,937	4.2	2,128	78.9	2,177	80.2	1,544	8.5
1Q of fiscal year ended March 31, 2018	5,965	6.3	4,738	(3.2)	1,189	(40.6)	1,208	(40.5)	1,423	(23.5)

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
1Q of fiscal year ending March 31, 2019	4.63	4.63	14.3
1Q of fiscal year ended March 31, 2018	4.27	4.27	13.5

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
June 30, 2018	931,935	41,875	4.5	398.7
March 31, 2018	1,005,557	44,753	4.4	371.7

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen				yen
Fiscal year ended March 2018	-	6.00	-	13.00	19.00
Fiscal year ending March 2019	-				
Fiscal year ending March 2019 (Forecasts)		-	-	-	-

3. Forecast for the Business Results of Full Fiscal Year (April 1, 2018 to March 31, 2019)

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, 2018	As of June 30, 2018
Assets		
Current Assets		
Cash and bank deposits	88,361	89,948
Cash held in trust	495,707	507,128
Margin account assets	327,830	247,864
Loans receivable from customers	204,480	194,292
Cash deposited as collateral for securities borrowed from securities finance companies	123,350	53,572
Advances paid	202	337
Cash paid for offering	424	452
Short term guarantee deposits	71,535	64,416
Prepaid expenses	235	566
Accrued income	2,330	2,303
Other	10,368	10,380
Total current assets	<u>996,996</u>	<u>923,399</u>
Fixed Assets		
Tangible fixed assets	1,013	985
Intangible fixed assets	4,297	4,427
Investment and others	3,249	3,123
Investment securities	2,330	2,237
Long term guarantee deposits	419	440
Long-term advances paid	530	501
Deferred income tax assets	297	254
Other	153	150
Allowance for doubtful accounts	(482)	(462)
Total fixed assets	<u>8,560</u>	<u>8,535</u>
Total Assets	<u>1,005,557</u>	<u>931,935</u>

(Unit : Millions of Yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Margin account liabilities	173,736	93,349
Loans from securities finance companies	42,393	24,294
Proceeds of securities lent on customers' account	131,342	69,055
Payables on collateralized securities transactions	119,586	76,676
Deposits received	277,431	303,010
Guarantee money received	249,135	278,917
Short-term borrowings	104,000	103,000
Accounts payable	977	396
Accrued expenses	1,186	746
Accrued income taxes	1,546	647
Reserve for bonuses	—	34
Other	1,037	1,167
Total current liabilities	928,637	857,947
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	2,166	2,112
Total statutory reserves	2,166	2,112
Total liabilities	960,803	890,060
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	25,730	22,942
Treasury stock	(2,093)	(2,093)
Total shareholders' equity	42,747	39,959
Valuation and translation adjustments		
Net unrealized gain on investment securities	1,986	1,888
Total valuation and translation adjustments	1,986	1,888
Subscription rights to shares	19	27
Total net assets	44,753	41,875
Total liabilities and net assets	1,005,557	931,935

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	1Q of fiscal year ended March 2018 (April 1 to June 30, 2017)	1Q of fiscal year ending March 2019 (April 1 to June 30, 2018)
Operating revenues		
Commissions	2,496	2,270
Brokerage commissions	2,047	1,850
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	33	38
Other	415	381
Net gain on trading	224	292
Financial revenues	2,898	3,141
Other sales	346	71
Total operating revenues	5,965	5,776
Financial expenses	891	793
Cost of sales	335	45
Net operating revenues	4,738	4,937
Selling, general and administrative expenses		
Transaction related expenses	1,407	1,086
Employment cost	369	407
Facilities and rentals	600	525
Outsourcing and office supplies	252	234
Depreciation and amortization	738	369
Duties and taxes other than income taxes	112	106
Other	68	78
Total selling, general and administrative expenses	3,548	2,808
Operating income	1,189	2,128
Non-operating income	37	48
Non-operating expenses	19	0
Ordinary income	1,208	2,177
Special profits		
Reversal of reserve for financial products transaction liabilities	59	53
Gain on sales of investment securities	797	—
Total special profits	857	53
Income before income taxes	2,065	2,230
Income taxes - current	611	599
Income taxes - deferred	29	86
Income taxes	641	686
Net income	1,423	1,544