

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, 2016 (from April 2015 to March 2016). 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 2015 to December 2015 of the Fiscal Year Ending March 31, 2016

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, 2015 to December 31, 2015)

(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 ended December 31, 2015	19,185	11.9	17,065	11.2	8,449	18.3	8,570	18.2	6,604	26.2
Nine months of fiscal year ended December 31, 2014	17,145	(5.1)	15,349	(6.4)	7,144	(20.7)	7,248	(20.3)	5,235	1.5

	Earnings per share	Fully diluted earnings per share	ROE
Nine months of fiscal year ended December 31, 2015	19.19 yen	- yen	19.4 %
Nine months of fiscal year ended December 31, 2014	15.00	-	16.3

(Note) The Company implemented a two-for-one stock split on July 1, 2015. Earnings per share has been calculated by assuming this stock split was executed on April 1, 2014.

(2) Financial position

	Total assets	Net assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
December 31, 2015	807,173	43,964	5.4	434.4
March 31, 2015	867,769	46,632	5.4	441.5

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended March 2015	-	0.00	-	23.00 yen	23.00 yen
Fiscal year ending March 2016	-	6.00	-		
Fiscal year ending March 2016 (Forecasts)				6.00	12.00

(Note) Breakdown of dividends at the end of Fiscal Year 2015

Normal dividends : 15.00 yen Commemorative dividends : 8.00 yen

3. Forecast for the Business Results of Full Fiscal Year (April 1, 2015 to March 31, 2016)

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 on fees and commissions, which account for a high percentage 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, 2015	As of December 31, 2015
Assets		
Current Assets		
Cash and bank deposits	40,115	42,851
Cash held in trust	478,749	449,913
Margin account assets	266,116	229,346
Loans receivable from customers	192,982	203,232
Cash deposited as collateral for securities borrowed from securities finance companies	73,134	26,114
Advances paid	216	223
Cash paid for offering	850	349
Short term guarantee deposits	66,838	70,056
Prepaid expenses	226	319
Accrued income	2,125	2,198
Other	2,049	2,306
Total current assets	<u>857,289</u>	<u>797,565</u>
Fixed Assets		
Tangible fixed assets	704	697
Intangible fixed assets	2,840	3,780
Investment and others	6,936	5,129
Investment securities	6,202	4,417
Long term guarantee deposits	468	503
Long-term advances paid	1,189	1,187
Other	214	173
Allowance for doubtful accounts	(1,138)	(1,152)
Total fixed assets	<u>10,480</u>	<u>9,607</u>
Total Assets	<u>867,769</u>	<u>807,173</u>

(Unit : Millions of Yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Margin account liabilities	155,021	66,878
Loans from securities finance companies	58,883	26,346
Proceeds of securities lent on customers' account	96,137	40,532
Payables on collateralized securities transactions	81,522	73,496
Deposits received	271,949	274,846
Guarantee money received	231,157	259,777
Short-term borrowings	43,000	60,000
Short-term loans payable to subsidiaries and affiliates	10,000	-
Current portion of long-term loans payable	-	12,500
Accounts payable	443	505
Accrued expenses	772	868
Accrued income taxes	2,017	1,434
Deferred tax liabilities	103	204
Reserve for bonuses	-	36
Other	344	671
Total current liabilities	796,332	751,219
Long-term liabilities		
Long-term borrowings	15,100	9,500
Long-term loans payable to subsidiaries and affiliates	6,900	-
Deferred tax liabilities	758	132
Total long-term liabilities	22,758	9,632
Statutory reserves		
Reserve for financial product transaction liabilities	2,046	2,355
Total statutory reserves	2,046	2,355
Total liabilities	821,137	763,208
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	24,104	24,644
Treasury stock	(884)	(3,073)
Total shareholders' equity	42,329	40,681
Valuation and translation adjustments		
Net unrealized gain on investment securities	4,302	3,283
Total valuation and translation adjustments	4,302	3,283
Total net assets	46,632	43,964
Total liabilities and net assets	867,769	807,173

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	Nine months of fiscal year ended March 2015 (April 1 to December 31, 2014)	Nine months of fiscal year ending March 2016 (April 1 to December 31, 2015)
Operating revenues		
Commissions	8,368	9,309
Brokerage commissions	6,920	7,565
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	203	297
Other	1,243	1,446
Net gain on trading	740	969
Financial revenues	8,036	8,906
Total operating revenues	17,145	19,185
Financial expenses	1,796	2,119
Net operating revenues	15,349	17,065
Selling, general and administrative expenses		
Transaction related expenses	4,231	4,258
Employment cost	851	870
Facilities and rentals	1,192	1,297
Outsourcing and office supplies	608	688
Depreciation and amortization	969	886
Duties and taxes other than income taxes	203	237
Provision of allowance for doubtful accounts	0	75
Other	147	302
Total selling, general and administrative expenses	8,205	8,616
Operating income	7,144	8,449
Non-operating income	128	139
Non-operating expenses	23	18
Ordinary income	7,248	8,570
Special profits		
Gain on sales of investment securities	1,537	1,619
Total special profits	1,537	1,619
Special losses		
Provision of reserve for financial product transaction liabilities	385	308
Total special losses	385	308
Income before income taxes	8,401	9,881
Income taxes - current	2,921	3,320
Income taxes - deferred	244	(43)
Income taxes	3,165	3,277
Net income	5,235	6,604

(3)Non-Consolidated Statement of Income by Quarter (Quarterly transition)

	(Unit : Millions of Yen)						
	1Q of	2Q of	3Q of	4Q of	1Q of	2Q of	3Q of
	FY 2015	FY 2015	FY 2015	FY 2015	FY 2016	FY 2016	FY 2016
Operating revenues							
Commissions	2,316	2,720	3,330	3,187	3,238	3,354	2,716
Brokerage commissions	1,926	2,299	2,694	2,602	2,655	2,744	2,164
Fees for offering, secondary distribution and solicitation for selling and others for professional investors	49	49	105	89	71	100	124
Other	341	372	530	495	510	508	427
Net gain on trading	172	231	335	276	289	357	322
Financial revenues	2,551	2,628	2,856	2,765	3,224	2,782	2,899
Total operating revenues	5,041	5,580	6,523	6,229	6,752	6,493	5,939
Financial expenses	606	554	635	618	975	465	678
Net operating revenues	4,435	5,026	5,887	5,610	5,776	6,028	5,260
Selling, general and administrative expenses							
Transaction related expenses	1,502	1,116	1,611	1,269	1,296	1,458	1,503
Employment cost	253	298	299	308	280	299	290
Facilities and rentals	393	397	401	418	418	424	453
Outsourcing and office supplies	207	203	197	207	214	232	241
Depreciation and amortization	299	338	331	319	293	294	298
Duties and taxes other than income taxes	100	46	56	61	96	67	72
Other	46	49	52	50	103	193	80
Total selling, general and administrative expenses	2,803	2,451	2,950	2,634	2,703	2,971	2,940
Operating income	1,632	2,575	2,936	2,976	3,072	3,056	2,320
Non-operating income	103	34	(9)	36	70	23	44
Non-operating expenses	9	8	5	4	8	8	1
Ordinary income	1,726	2,600	2,921	3,008	3,135	3,071	2,363
Special profits							
Gain on sales of investment securities	-	1,107	430	-	1,038	581	-
Total special profits	-	1,107	430	-	1,038	581	-
Special losses							
Provision of reserve for financial product transaction liabilities	109	130	146	139	146	142	19
Total special losses	109	130	146	139	146	142	19
Income before income taxes	1,617	3,577	3,205	2,868	4,027	3,510	2,344
Income taxes - current	316	1,461	1,142	1,217	1,298	1,358	663
Income taxes - deferred	292	(122)	74	(754)	35	(189)	110
Net income	1,008	2,238	1,988	2,405	2,693	2,340	1,569

(4)Monthly Business Data

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Number of customer accounts *1 (at month-end)	939,375	944,447	956,224	972,019	979,131	986,890
Number of new customer accounts (monthly)	5,093	5,518	12,123	15,910	7,767	8,201
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	63,407	64,150	65,408	67,140	67,484	67,790
Number of active accounts *2	477,093	479,422	482,221	497,487	497,628	500,769
Number of margin customer accounts *1 (at month-end)	117,624	118,729	119,852	121,098	122,240	123,649
Number of future and option customer accounts *1 (at month-end)	48,432	48,877	49,358	49,932	50,257	50,696
Number of OTC FX customer accounts *1 (at month-end)	75,593	76,443	77,839	79,341	80,295	81,273
Average daily number of executed equity trades *3	117,916	118,782	98,992	92,823	105,028	108,045
Average value of equity trading (thousands of yen)	1,102	1,127	1,134	1,082	1,031	962
Monthly trading value of OTC FX (100 millions of yen)	57,560	65,684	54,902	38,796	44,067	38,075
Amount of customer assets *4 (at month-end) (millions of yen)	2,155,175	2,053,548	1,928,079	2,080,952	2,094,017	2,045,443
Margin trading balance *5 (at month-end) (millions of yen)	257,672	247,304	271,915	225,526	230,278	243,764
Number of automatic debit accounts *1 (at month-end)	425,278	426,283	427,938	430,509	432,083	433,577

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Number of customer accounts *1 (at month-end)	910,592	915,587	920,998	925,776	930,094	934,662
Number of new customer accounts (monthly)	5,601	5,313	5,818	5,158	4,653	5,019
Number of customer accounts from Bank of Tokyo-Mitsubishi UFJ and other partners (at month-end)	61,181	61,609	62,071	62,475	62,748	63,033
Number of active accounts *2	465,479	467,161	470,020	471,887	473,529	475,578
Number of margin customer accounts *1 (at month-end)	110,961	112,026	113,528	114,516	115,474	116,433
Number of future and option customer accounts *1 (at month-end)	46,311	46,648	47,066	47,394	47,726	48,040
Number of OTC FX customer accounts *1 (at month-end)	70,248	71,175	72,153	73,082	73,903	74,723
Average daily number of executed equity trades *3	114,507	126,170	124,431	119,970	118,712	115,305
Average value of equity trading (thousands of yen)	995	967	1,090	1,062	1,120	1,060
Monthly trading value of OTC FX (100 millions of yen)	79,007	47,339	53,355	46,250	46,733	59,208
Amount of customer assets *4 (at month-end) (millions of yen)	1,956,397	2,030,508	2,026,681	2,103,620	2,155,125	2,143,777
Margin trading balance *5 (at month-end) (millions of yen)	229,119	243,692	289,124	261,279	240,321	252,592
Number of automatic debit accounts *1 (at month-end)	419,946	420,864	421,818	422,614	423,450	424,278

*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.