

Disclaimer

This document is an English-language translation of the non-consolidated financial summary of the financial results for the fiscal year ended 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
Fiscal Year Ended 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
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1. Financial summary (April 1, 2017 to March 31, 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	%
Fiscal year ended March 31, 2018	24,476	2.7	21,000	10.3	7,934	5.7	7,971	8.9	6,335	5.5
Fiscal year ended March 31, 2017	23,828	(4.4)	19,041	(15.0)	7,505	(29.3)	7,317	(31.9)	6,006	(25.1)

	Earnings per share	Fully diluted earnings per share	ROE
	yen	yen	%
Fiscal year ended March 31, 2018	19.01	19.01	14.5
Fiscal year ended March 31, 2017	17.77	17.77	13.9

(2) Financial position

	Total assets	Net Assets	Equity ratio	Capital adequacy ratio
	millions of yen	millions of yen	%	%
March 31, 2018	1,005,656	44,753	4.4	371.7
March 31, 2017	946,120	42,902	4.5	402.1

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
		yen		yen	yen
Fiscal year ended March 2017	–	6.00	–	6.00	12.00
Fiscal year ended March 2018	–	6.00	–	13.00	19.00

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, 2017	As of March 31, 2018
Assets		
Current Assets		
Cash and bank deposits	56,581	88,361
Cash held in trust	513,339	495,707
Margin account assets	281,112	327,830
Loans receivable from customers	161,689	204,480
Cash deposited as collateral for securities borrowed from securities finance companies	119,423	123,350
Advances paid	197	202
Cash paid for offering	425	424
Short term guarantee deposits	78,072	71,535
Variation margin paid	564	1,169
Prepaid expenses	287	235
Accrued income	2,300	2,330
Other	5,027	9,199
Total current assets	<u>937,908</u>	<u>996,996</u>
Fixed Assets		
Tangible fixed assets	1,011	1,013
Intangible fixed assets	3,554	4,297
Investment and others	3,646	3,348
Investment securities	2,598	2,330
Long-term guarantee deposits	502	419
Long-term prepaid expenses	159	141
Long-term advances paid	698	530
Deferred tax assets	348	397
Other	11	12
Allowance for doubtful accounts	(671)	(482)
Total fixed assets	<u>8,211</u>	<u>8,660</u>
Total Assets	<u>946,120</u>	<u>1,005,656</u>

(Unit : Millions of Yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Margin account liabilities	178,949	173,736
Loans from securities finance companies	44,885	42,393
Proceeds of securities lent on customers' account	134,063	131,342
Payables on collateralized securities transactions	82,952	119,586
Deposits received	288,952	277,431
Guarantee money received	248,395	249,135
Short-term borrowings	79,000	104,000
Current portion of long-term loans payable	2,000	—
Accounts payable	718	977
Accrued expenses	793	1,186
Accrued income taxes	694	1,546
Deferred tax liabilities	110	99
Other	992	1,037
Total current liabilities	883,558	928,736
Long-term liabilities		
Long-term borrowings	17,500	30,000
Total long-term liabilities	17,500	30,000
Statutory reserves		
Reserve for financial product transaction liabilities	2,159	2,166
Total statutory reserves	2,159	2,166
Total liabilities	903,218	960,903
Net assets		
Shareholders' equity		
Common stock	7,196	7,196
Additional paid in capital	11,913	11,913
Retained earnings	23,401	25,730
Treasury stock	(1,781)	(2,093)
Total shareholders' equity	40,730	42,747
Valuation and translation adjustments		
Net unrealized gain on investment securities	2,156	1,986
Total valuation and translation adjustments	2,156	1,986
Subscription rights to shares	16	19
Total net assets	42,902	44,753
Total liabilities and net assets	946,120	1,005,656

(2)Non-Consolidated Statements of Income

(Unit : Millions of Yen)

	Fiscal year ended March 2017 (April 2016 to March 2017)	Fiscal year ended March 2018 (April 2017 to March 2018)
Operating revenues		
Commissions	9,842	10,806
Brokerage commissions	8,032	9,026
Fees for offering, secondary distribution and solicitation for selling and other services for professional investors	224	192
Other	1,585	1,588
Net gain on trading	1,108	1,062
Financial revenues	10,176	12,022
Other sales	2,700	585
Total operating revenues	23,828	24,476
Financial expenses	2,642	2,984
Cost of sales	2,145	491
Net operating revenues	19,041	21,000
Selling, general and administrative expenses		
Transaction related expenses	5,010	5,732
Employment cost	1,427	1,511
Facilities and rentals	1,951	2,188
Outsourcing and office supplies	999	983
Depreciation and amortization	1,406	1,879
Duties and taxes other than income taxes	371	364
Provision of allowance for doubtful accounts	—	139
Other	368	268
Total selling, general and administrative expenses	11,535	13,066
Operating income	7,505	7,934
Non-operating income	225	138
Non-operating expenses	414	101
Ordinary income	7,317	7,971
Special profits		
Reversal of reserve for financial products transaction liabilities	194	—
Gain on sales of investment securities	1,326	1,175
Total special profits	1,521	1,175
Special losses		
Provision of reserve for financial product transaction liabilities	—	6
Impairment loss	138	31
Total special losses	138	37
Income before income taxes	8,700	9,109
Income taxes - current	2,623	2,752
Income taxes - deferred	70	22
Income taxes	2,694	2,774
Net income	6,006	6,335