

# MONEX GROUP

## **Notice regarding other income as reversal of allowance for loss on cancellation of outsourcing contract because of the change of the migration schedule in its subsidiary towards the final launch of the new backbone brokerage system**

TOKYO, July 26, 2016- Monex Group, Inc. (“the Company”) announces that the Company revised “Notice regarding accrual of reserves based on its subsidiary’s decision to terminate an outsourcing contract regarding data system operation” disclosed on November 20, 2015, as stated below, responding to Monex, Inc., its wholly owned subsidiary, having changed the migration schedule towards the final launch of the new backbone brokerage system (“the new system”).

### 1. The detail of the change

Monex, Inc. has been developing the new system in order to reduce its fixed-type costs, and given notice to the current outsourcing contractor of terminating a contract to operate data processing systems for trading financial instruments (“the existing contract”) effective as of September 30, 2016.

Monex, Inc. has changed the migration schedule towards the final launch of the new system from this fall to early in 2017. In consequence, Monex, Inc. is likely to terminate the existing contract by March 31, 2017. In accordance with the change, Monex, Inc. will reverse a part of 2.4 billion yen booked in the fiscal year ended March 31, 2016 as the provision of allowance for loss on cancellation of outsourcing contract, because one-off payment amount at the termination of the outsourcing contract will be reduced.

### 2. Impact on the business performance

It is expected that, in the first quarter of the fiscal year ending March 31, 2017, 508 million yen of other income will be booked as reversal of allowance for loss on cancellation of outsourcing contract.

### 3. Prospect

Monex, Inc. continues to pay the data processing expenses based on the existing contract until it expires. Actual data processing expenses under the existing contract was approximately 3.6 billion yen per year in the fiscal year ended March 31, 2016.

Regarding the new system, the balance of software in progress is 5.5 billion yen, and the investment amount from present to the final launch is estimated approximately 5.0 billion yen .

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