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Announcement Concerning Differences between Financial Results for Fiscal 2018 and 2017

GMO Internet announces the following differences between financial results for fiscal 2018 and 2017.

1. Differences between the actual financial results for fiscal 2018 and the previous

(Millions of yen, except per share figures)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share
Actual for fiscal 2017 (A)	154,256	17,642	17,315	8,030	69.44
Actual for fiscal 2018 (B)	185,177	21,787	19,135	-20,707	-179.92
Change (B-A)	30,921	4,145	1,820	-28,737	-
% change	20.0%	23.5%	10.5%	-	-

(1) Reasons for the differences

The earnings in Internet infrastructure business for fiscal 2018 achieved a record high, and each business area, including payment and security, performed favorably. For the FX, profitability increased steadily through an analysis of big-data, though the trading volume of the core-products was down compared to the same period last year, and the earnings in the Internet Finance segment for fiscal 2018 achieved a record high. The net sales, operating profit, and ordinary profit or loss in the consolidated statement achieved a record high as the core-businesses saw record high earnings.

However, the cryptocurrency price declined and our cryptocurrency mining share did not increase as expected due to the rise of the global hash rate. After taking into consideration such changes in the current business environment, profit attributable to owners of the parent was JPY -20,707 million (JPY 8,030 million in fiscal 2017) due to an extraordinary loss of JPY 35,385 million related to the cryptocurrency mining business restructuring. For details, please see the press release dated February 12, 2019, entitled "Fiscal Year 2018 Consolidated Financial Results (Japanese GAAP)."



2. Differences between the actual non-consolidated financial results for fiscal 2018 and the previous

(Millions of yen, except per share figures)	Net sales	Operating profit	Ordinary profit	Net profit	Net profit per share
Actual for fiscal 2017	37,732	1,052	5,743	4,518	39.06
Actual for fiscal 2018 (B)	47,761	499	6,338	12,658	109.98
Change (B-A)	10,029	-553	594	8,140	70.92
% change	26.6%	-52.6%	10.4%	180.2%	180.2%

(1) Reasons for the Differences

Net sales increased mainly due to the growth in provider contracts. Operating profit declined YoY due to an increase in costs, which was mainly due to merging the business that is developing and operating online games for smartphones into parent company, GMO Internet. Ordinary profit increased due to dividend income as the earnings of Group companies improved steadily. Net profit increased significantly YoY because of the sale of shares in listed subsidiaries despite the extraordinary loss related to the cryptocurrency mining business restructuring.