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## Cookpad Inc.

### Consolidated Earnings Results for the Nine Months ended September 30, 2017

[IFRS], unaudited

November 9, 2017

Stock listed: Tokyo Stock Exchange  
 Securities code: 2193 URL: <https://info.cookpad.com/en>  
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Scheduled dates  
 Filing of the quarterly securities report: November 10, 2017  
 Dividend payout: -  
 Supplementary materials for earnings results: Yes  
 Holding of earnings results briefing: No

(Amounts rounded down to the nearest million yen)

### 1. Consolidated Results for the Nine Months ended September 30, 2017 (January 1, 2017– September 30, 2017)

#### (1) Operational Results

(% represents year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Net profit		Profit attributable to shareholders of Cookpad Inc.		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
For the nine months ended												
September 30, 2017	10,179	(17.3)	4,140	(32.5)	4,539	(26.0)	2,413	(36.4)	2,415	(34.9)	2,441	(22.5)
September 30, 2016	12,313	36.0	6,135	48.3	6,137	51.3	3,792	53.4	3,711	49.8	3,149	34.6

	EPS (Basic)	EPS (Diluted)
For the nine months ended	yen	yen
September 30, 2017	22.53	22.47
September 30, 2016	34.65	34.28

Note: 1. During the third quarter of the fiscal year ended December 31, 2016, Cookpad Inc. (the "Company") sold all the shares in a consolidated subsidiary SELECTURE Inc., which was consequently excluded from the scope of consolidation. In line with this, the Cookpad Group ceased to operate EC business and reclassified it into discontinued operation for the third quarter of the fiscal year ended December 31, 2016 and earlier. The financial statements have been adjusted so that sales revenue, operating income and profit before tax do not include those from the discontinued EC business.

#### (2) Financial Position

	Total assets	Total equity	Total equity attributable to shareholders of Cookpad Inc.	Ratio of total equity attributable to shareholders of Cookpad Inc. to total assets
	million yen	million yen	million yen	%
As of September 30, 2017	23,927	22,343	22,314	93.3
As of December 31, 2016	24,419	20,939	20,941	85.8

## 2. Dividends

	Dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal year ended/ending	yen	yen	yen	yen	yen
December 31, 2016	—	0.00	—	10.00	10.00
December 31, 2017	—	0.00	—		
December 31, 2017 (Forecast)				—	—

Notes: 1. No changes were made to the latest release of dividend forecasts.

2. Dividends per share for the fiscal year ending December 31, 2017 has yet to be determined.

## 3. Full Year Forecast of Consolidated Earnings (January 1, 2017 – December 31, 2017)

To fulfill the corporate mission of “Make everyday cooking fun!” the Cookpad Group is aggressively pursuing investment opportunities to provide recipe services to the people worldwide. As the timing and the scale of investment should be decided in an agile manner taking consideration of change in business environment, it is difficult to reasonably estimate the consolidated earnings for the fiscal year ending December 31, 2017. Thus, the Company has omitted the consolidated earnings forecast for fiscal 2017.

### \*Notes

(1) Changes in significant subsidiaries during the period: No

(2) Changes in accounting policies and changes in accounting estimates

1) Changes required for the adoption of IFRS: No

2) Changes other than 1): No

3) Changes in accounting estimates: Yes

(3) Number of shares issued (common stocks)

1) Number of shares issued (including treasury shares)

As of September 30, 2017: 107,188,800 shares

As of December 31, 2016: 107,157,600 shares

2) Number of treasury shares

As of September 30, 2017: 3,956 shares

As of December 31, 2016: 3,956 shares

3) Number of average shares during the period

Nine months ended September 30, 2017: 107,177,873 shares

Nine months ended September 30, 2016: 107,092,842 shares

\*This report is exempt from the quarterly review of accounts requirements of Japan’s Financial Instruments and Exchange Act.

\*Appropriate use of earnings forecasts and other special notes

Earnings forecasts and other forward-looking statements contained in this document are based on information available to the Company and the assumptions of management as of the release date of this document. Actual results may differ materially from the above forecasts due to a range of factors. For the assumptions underlying the forecasts herein, please refer to “1. Analysis of Operating Results and Financial Position (3) Consolidated Earnings Forecasts and Other Forward-Looking Information” on page 6 in the Accompanying Materials.

## Accompanying Materials

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## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating Results

#### 1) Overview of consolidated results

The consolidated results for the nine months ended September 30, 2017 are as follows:

	(Millions of yen)		
	Nine months ended September 30, 2016 (Jan. 1 – Sept 30, 2016)	Nine months ended September 30, 2017 (Jan. 1 – Sept 30, 2017)	YoY change
Sales revenue (from continuing operations)	12,313	10,179	-17.3%
Operating income (from continuing operations)	6,135	4,140	-32.5%
Profit before tax (from continuing operations)	6,137	4,539	-26.0%
Profit attributable to shareholders of Cookpad Inc. (from all operations)	3,711	2,415	-34.9%

Ever since its founding, the Cookpad Group has been addressing the challenge of deciding “what to cook today” faced by those preparing food throughout Japan. Last year, we held a series of discussions about our long-term growth as a business, what would be achievable for us in terms of corporate social responsibility, and the business fields that we should aim for as a company whose mission is to “Make everyday cooking fun!” We concluded that we should go back to our origins by leveraging our outstanding strengths and know-how in the Cookpad Group’s “Cookpad” recipe service and making the most of our user base so that our business focuses even more on solving all kinds of “cooking” related problems faced by those who prepare food not only in Japan but also around the world. We believe that this strategy will enhance our corporate value over the long term. In line with this, we sold group companies, etc. that did not match the future policy of the Group, thereby building an environment where we can focus on the “cooking” related business. Moreover, we set the current period as the investment phase, where we once again focus on building the business foundation to achieve strong growth, and decided to actively invest in service development, user base acquisition and brand building. We believe that it is the mission of Cookpad to bring about prosperity worthy of the coming era by using cooking as a means to identify, think of and solve the various issues faced by individuals, the society and the earth.

In the third quarter of fiscal 2017, the average number of monthly “Cookpad” users in Japan declined 3.34 million from the previous quarter (April – June 2017) to 55.28 million (monthly average of visitors, for the period from July to September 2017, calculated for each browser and device). We believe that factors such as rising proportion of monthly users to the population in Japan, the seasonality becoming more conspicuous especially in summer, when people generally spend less time cooking, and the changes in algorithms of major search engines that have occurred in the first quarter have affected the monthly user numbers. The number of posted recipes in Japan has been steadily increasing, and now stands at 2.78 million, up 50,000 from the end of the previous quarter.

The average number of monthly overseas users totaled 29.24 million (monthly average for the period from July to September 2017 calculated with Google Analytics), down 1.62 million from the previous quarter (April – June 2017). Like in Japan, we recognize that our overseas business has also been affected by the changes in the algorithms of major search engines. The number of recipes posted overseas stood at 1.03 million (disclosure started from the current period). We will continue to actively pursue overseas expansion in terms of areas and the number of users mainly with the initiatives by Cookpad Ltd. (company name changed from Cookpad International Ltd. in July 2017) in the U.K., which

we have positioned as our second headquarters in 2016.

As a result, sales revenue from continuing operations was 10,179 million yen (down 17.3% year-on-year) for the nine months ended September 30, 2017. This is mainly due to the sale of a consolidated subsidiary Minnano Wedding Co., Ltd., the Company's initiatives, in the Advertising business, to review network ads and limit the advertising space on offer in order to give priority to service development, and the changes to the sales structure.

SG&A expenses from continuing operations were 4,897 million yen (down 12.2% year-on-year). Operating income from continuing operations for the nine months ended September 30, 2017 was 4,140 million yen (down 32.5% year-on-year), as the review of business plan in association with a resolution to merger a consolidated subsidiary in Japan resulted in recording of 877 million yen in impairment loss on goodwill.

Financial income increased due to the sale of Minnano Wedding Co., Ltd. and others in the first quarter of fiscal 2017 and profit before tax from continuing operations came to 4,539 million yen (down 26.0% year-on-year) and profit attributable to shareholders of Cookpad Inc. from all operations including discontinued operations was 2,415 million yen (down 34.9% year-on-year).

During the third quarter of the fiscal year ended December 31, 2016, the Company sold all the shares in a consolidated subsidiary SELECTURE Inc., which was consequently excluded from the scope of consolidation. In line with this, the Cookpad Group ceased to operate EC business and reclassified it into discontinued operation for the first nine months of the fiscal year ended December 31, 2016. The financial statements have been adjusted so that sales revenue, operating income and profit before tax do not include those from the discontinued EC business.

## 2) Segment results

Sales revenue for each segment is as follows.

(Millions of yen)

Reportable Segment		Nine months ended September 30, 2016 (Jan. 1 – Sept 30, 2016)	Nine months ended September 30, 2017 (Jan. 1 – Sept 30, 2017)	YoY change
Internet/Media		12,148	10,041	(17.3%)
Recipe services	Premium Services	6,487	6,703	+3.3%
	Advertising	3,598	3,002	(16.6%)
	Shopping Information	246	—	(100.0%)
	Other	76	105	+37.4 %
Other Internet/Media		1,738	230	(86.8%)
Other businesses		165	138	(16.4%)
Total		12,313	10,179	(17.3%)

### Internet/Media

Sales revenue from the Internet/Media segment was 10,041 million yen (down 17.3% year-on-year), and segment profit was 5,022 million yen (down 19.2% year-on-year) for the nine months ended September 30, 2017.

### (Recipe Services)

This segment includes sales revenue from the Premium Services business of the “Cookpad” recipe service in Japan and overseas and the Advertising business.

Sales revenue from the Premium Services business was 6,703 million yen (up 3.3% year-on-year) for the nine months ended September 30, 2017, as the Premium Services sales increased reflecting the rise in Premium Membership of “Cookpad,” while sales revenue from telecom carriers (including revenue share) such as NTT DOCOMO’s “dgourmet” service declined. Sales revenue of the Advertising business was 3,002 million yen (down 16.6% year-on-year) for the nine months ended September 30, 2017. This is attributable primarily to the review of network ads, the limited advertising space on offer to give priority to service development, and changes to the sales structure.

### (Other Internet/Media)

Minnano Wedding Co., Ltd., which was a consolidated subsidiary, was excluded from the scope of consolidation as of the end of the previous fiscal year. This resulted in sales revenue of 230 million yen (down 86.8% year-on-year) for the nine months ended September 30, 2017.

## **(2) Analysis of Financial Position**

### **1) Assets, Liabilities, and Equity**

#### **(Assets)**

As of September 30, 2017, total assets were 23,927 million yen, down 492 million yen as compared with the previous fiscal year-end. Current assets were 20,788 million yen, down 275 million yen, and non-current assets were 3,138 million yen, down 216 million yen.

The main reason for the decline in current assets is a 562 million yen decline in trade and other receivables and a 1,645 million yen decline in assets held for sale in spite of a 1,895 million yen increase in cash and cash equivalents. The main reason for the decrease in non-current assets is a 466 million yen decrease in other financial assets while intangible assets increased 226 million yen.

#### **(Liabilities)**

As of September 30, 2017, total liabilities were 1,583 million yen, down 1,895 million yen as compared with the previous fiscal year-end. Current liabilities were 1,140 million yen, down 2,091 million yen, and non-current liabilities were 443 million yen, up 196 million yen.

The main reason for the decrease in current liabilities was a decrease of 1,639 million yen in income tax payable and that for the increase in non-current liabilities was a 185 million yen increase in other financial liabilities.

#### **(Equity)**

As of September 30, 2017, total equity was 22,343 million yen, up 1,403 million yen as compared with the previous fiscal year-end. This was due primarily to an increase in retained earnings of 1,337 million yen resulting from the recording of profit attributable to shareholders of Cookpad Inc.

### **2) Cash Flows**

As of September 30, 2017, the balance of cash and cash equivalents (“funds”) was 18,438 million yen, up 1,895 million yen as compared with the previous fiscal year-end, primarily due to the following factors.

#### **(Cash flows from operating activities)**

Funds provided by operating activities totaled 1,406 million yen. While profit before tax was 4,539 million yen, there were income taxes paid of 3,661 million yen.

#### **(Cash flows from investing activities)**

Funds provided by investing activities totaled 1,588 million yen. This is primarily attributable to 2,047 million yen of proceeds from sales of affiliates’ shares.

#### **(Cash flows from financing activities)**

Funds used in financing activities totaled 1,093 million yen, mainly attributable to cash dividends paid totaling 1,071 million yen.

### **(3) Consolidated Earnings Forecasts and Other Forward-Looking Information**

To fulfill the corporate mission of “Make everyday cooking fun!” the Cookpad Group is aggressively pursuing investment opportunities to provide recipe services to the people worldwide. As the timing and the scale of investment should be decided in an agile manner taking consideration of change in business environment, it is difficult to reasonably estimate the consolidated earnings for the fiscal year ending December 31, 2017. Thus, the Company has not disclosed its consolidated earnings forecast for fiscal 2017.

**2. Condensed Consolidated Financial Statements**  
**(1) Condensed Consolidated Statements of Financial Position**

(Thousands of yen)

	As of December 31, 2016	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	16,543,220	18,438,764
Trade and other receivables	2,689,501	2,127,434
Other financial assets	14,921	76,624
Inventories	19,497	1,609
Other current assets	151,399	144,393
Assets held for sale	1,645,788	—
Total current assets	21,064,327	20,788,823
Non-current assets		
Property, plant and equipment	318,086	319,024
Goodwill	995,056	1,157,707
Intangible assets	74,114	300,827
Other financial assets	1,116,159	649,974
Deferred tax assets	821,519	690,331
Other non-current assets	29,999	20,515
Total non-current assets	3,354,934	3,138,378
Total assets	24,419,261	23,927,202

(Thousands of yen)

	As of December 31, 2016	As of September 30, 2017
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term debt	55,765	576
Trade and other payables	764,354	593,097
Other financial liabilities	44,663	79,142
Income tax payable	2,034,560	394,889
Other current liabilities	332,897	72,837
<b>Total current liabilities</b>	<b>3,232,238</b>	<b>1,140,541</b>
<b>Non-current liabilities</b>		
Long-term debt	44,219	3,288
Other non-current liabilities	—	39,490
Other financial liabilities	57,511	242,580
Provisions	145,317	157,886
<b>Total non-current liabilities</b>	<b>247,047</b>	<b>443,244</b>
<b>Total liabilities</b>	<b>3,479,285</b>	<b>1,583,785</b>
<b>Equity</b>		
Capital stock	5,267,483	5,272,174
Capital surplus	5,264,030	5,292,617
Retained earnings	10,466,781	11,804,662
Treasury stock	(2,006)	(2,006)
Other components of equity	(54,735)	(52,819)
<b>Equity attributable to shareholders of Cookpad Inc.</b>	<b>20,941,554</b>	<b>22,314,627</b>
Non-controlling interests	(1,577)	28,789
<b>Total equity</b>	<b>20,939,977</b>	<b>22,343,416</b>
<b>Total equity and liabilities</b>	<b>24,419,261</b>	<b>23,927,202</b>

**(2) Condensed Consolidated Income Statements and Statements of Comprehensive Income****Condensed Consolidated Income Statements**

The First Nine Months of FY2016 and FY2017

(Thousands of yen)

	Nine months ended September 30, 2016 (Jan. 1 – Sept. 30, 2016)	Nine months ended September 30, 2017 (Jan. 1 – Sept. 30, 2017)
Continuing operations		
Sales revenue	12,313,632	10,179,683
Cost of sales	(600,539)	(263,865)
Gross profit	11,713,092	9,915,818
Selling, general and administrative expenses	(5,580,157)	(4,897,535)
Other income	49,592	4,501
Other expense	(46,925)	(882,163)
Operating income	6,135,602	4,140,621
Financial income	530,932	570,415
Financial expense	(527,094)	(171,088)
Share of income (loss) of affiliates accounted for using equity method	(1,533)	—
Profit before tax	6,137,907	4,539,947
Income tax expense	(2,353,119)	(2,126,795)
Profit from continuing operations	3,784,788	2,413,152
Discontinued operations		
Profit from discontinued operations	7,764	—
Net profit	3,792,552	2,413,152
Profit attributable to:		
Shareholders of Cookpad Inc.	3,711,788	2,415,366
Non-controlling interests	80,763	(2,213)
Net profit	3,792,552	2,413,152
Earnings per share		
Basic earnings per share (yen)		
Continuing operations	34.58	22.53
Discontinued operations	0.07	—
Total basic earnings per share	34.65	22.53
Diluted earnings per share (yen)		
Continuing operations	34.21	22.47
Discontinued operations	0.07	—
Total diluted earnings per share	34.28	22.47

The Third Quarter of FY2016 and FY2017

(Thousands of yen)

	Three months ended September 30, 2016 (July 1 – Sept. 30, 2016)	Three months ended September 30, 2017 (July 1 – Sept. 30, 2017)
<b>Continuing operations</b>		
Sales revenue	4,101,981	3,063,517
Cost of sales	(209,732)	(61,683)
Gross profit	3,892,250	3,001,834
Selling, general and administrative expenses	(1,891,033)	(1,687,137)
Other income	33,715	1,139
Other expense	(1,236)	(877,953)
Operating income	2,033,696	437,883
Financial income	466,661	29,121
Financial expense	(133,057)	(203)
Profit before tax	2,367,300	466,801
Income tax expense	(918,853)	(561,820)
Profit (loss) from continuing operations	1,448,447	(95,019)
<b>Discontinued operations</b>		
Profit (loss) from discontinued operations	(5,940)	—
Net profit (loss)	1,442,507	(95,019)
<b>Profit (loss) attributable to:</b>		
Shareholders of Cookpad Inc.	1,417,347	(93,179)
Non-controlling interests	25,160	(1,841)
Net profit (loss)	1,442,507	(95,019)
<b>Earnings per share</b>		
<b>Basic earnings (loss) per share (yen)</b>		
Continuing operations	13.28	(0.86)
Discontinued operations	(0.05)	—
Total basic earnings (loss) per share	13.22	(0.86)
<b>Diluted earnings (loss) per share (yen)</b>		
Continuing operations	13.23	(0.86)
Discontinued operations	(0.05)	—
Total diluted earnings (loss) per share	13.17	(0.86)

## Condensed Statements of Comprehensive Income

The First Nine Months of FY2016 and FY2017

(Thousands of yen)

	Nine months ended September 30, 2016 (Jan. 1 – Sept. 30, 2016)	Nine months ended September 30, 2017 (Jan. 1 – Sept. 30, 2017)
Net profit	3,792,552	2,413,152
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net changes in financial assets at fair value through other comprehensive income	6,500	30
Total items that will not be reclassified subsequently to profit or loss	6,500	30
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(649,596)	28,266
Total items that may be reclassified subsequently to profit or loss	(649,596)	28,266
Other comprehensive income, net of tax	(643,096)	28,296
Comprehensive income	3,149,455	2,441,448
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	3,068,692	2,443,662
Non-controlling interests	80,763	(2,213)
Comprehensive income	3,149,455	2,441,448

The Third Quarter of FY2016 and FY2017

(Thousands of yen)

	Three months ended September 30, 2016 (July 1 – Sept. 30, 2016)	Three months ended September 30, 2017 (July 1 – Sept. 30, 2017)
Net profit (loss)	1,442,507	(95,019)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net changes in financial assets at fair value through other comprehensive income	6,500	—
Total items that will not be reclassified subsequently to profit or loss	6,500	—
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(43,395)	32,758
Total items that may be reclassified subsequently to profit or loss	(43,395)	32,758
Other comprehensive income, net of tax	(36,895)	32,758
Comprehensive income	1,405,612	(62,261)
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	1,380,452	(60,420)
Non-controlling interests	25,160	(1,841)
Comprehensive income	1,405,612	(62,261)

**(3) Condensed Consolidated Statements of Changes in Equity**

The First Nine Months ended September 30, 2016 (January 1 – September 30, 2016)

(Thousands of yen)

	Equity attributable to shareholders of Cookpad Inc.						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Equity attributable to shareholders of Cookpad Inc.		
Balance as of January 1, 2016	5,230,172	5,106,560	10,597,299	(2,006)	146,254	21,078,279	2,317,861	23,396,140
Net profit	—	—	3,711,788	—	—	3,711,788	80,763	3,792,552
Other comprehensive income	—	—	—	—	(643,096)	(643,096)	—	(643,096)
Total comprehensive income	—	—	3,711,788	—	(643,096)	3,068,692	80,763	3,149,455
Issuance of new shares	37,311	37,311	—	—	—	74,622	—	74,622
Share-based payment transaction	—	(5,331)	—	—	(33,477)	(38,808)	—	(38,808)
Dividends to shareholders	—	—	(1,069,028)	—	—	(1,069,028)	—	(1,069,028)
Changes in ownership interests in subsidiaries that do not result in loss of control	—	(21,988)	—	—	—	(21,988)	13,773	(8,215)
Changes that resulted from loss of control	—	147,548	—	—	—	147,548	947	148,495
Transfer from other components of equity to retained earnings	—	—	6,500	—	(6,500)	—	—	—
Total transactions with shareholders	37,311	157,541	(1,062,528)	—	(39,977)	(907,654)	14,719	(892,935)
Balance as of September 30, 2016	5,267,483	5,264,100	13,246,559	(2,006)	(536,820)	23,239,317	2,413,343	25,652,660

The First Nine Months ended September 30, 2017 (January 1 – September 30, 2017)

(Thousands of yen)

	Equity attributable to shareholders of Cookpad Inc.						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Equity attributable to shareholders of Cookpad Inc.		
Balance as of January 1, 2017	5,267,483	5,264,030	10,466,781	(2,006)	(54,735)	20,941,554	(1,577)	20,939,977
Net profit	—	—	2,415,366	—	—	2,415,366	(2,213)	2,413,152
Other comprehensive income	—	—	—	—	28,296	28,296	—	28,296
Total comprehensive income	—	—	2,415,366	—	28,296	2,443,662	(2,213)	2,441,448
Issuance of new shares	4,691	4,691	—	—	—	9,382	—	9,382
Share-based payment transaction	—	4,775	—	—	(32,329)	(27,554)	32,579	5,025
Dividends to shareholders	—	—	(1,071,536)	—	—	(1,071,536)	—	(1,071,536)
Changes that resulted from loss of control	—	19,121	—	—	—	19,121	—	19,121
Transfer from other components of equity to retained earnings	—	—	(5,949)	—	5,949	—	—	—
Total transactions with shareholders	4,691	28,587	(1,077,486)	—	(26,380)	(1,070,588)	32,579	(1,038,009)
Balance as of September 30, 2017	5,272,174	5,292,617	11,804,662	(2,006)	(52,819)	22,314,627	28,789	22,343,416

**(4) Condensed Consolidated Statements of Cash Flows**

(Thousands of yen)

	Nine months ended September 30, 2016 (Jan. 1 – Sept. 30, 2016)	Nine months ended September 30, 2017 (Jan. 1 – Sept. 30, 2017)
Cash flows from operating activities		
Profit before tax	6,137,907	4,539,947
Profit before tax from discontinued operations	15,830	—
Impairment loss	—	877,076
Depreciation and amortization	198,816	89,304
Financial (income) expense <sup>(Note)</sup>	(86,279)	(462,985)
Share of (income) loss of affiliates accounted for using equity method	1,533	—
Net (increase) decrease of trade and other receivables	416,187	460,329
Net increase (decrease) of trade and other payables	(233,959)	(209,793)
Other	(49,332)	(234,908)
Subtotal	6,400,703	5,058,970
Interest and dividend income received	7,951	10,187
Interest expenses paid	(2,149)	(1,018)
Income taxes paid	(3,115,893)	(3,661,321)
Cash flows from operating activities	3,290,612	1,406,818
Cash flows from investing activities		
Purchase of property, plant and equipment	(63,463)	(45,283)
Proceeds from sales of property, plant and equipment	66	—
Purchase of intangible assets	(92,366)	(205,286)
Purchase of investments	(386,017)	—
Proceeds from sales of investments	869,735	623,777
Purchase of subsidiaries	—	(571,915)
Proceeds from sales of subsidiaries	187,675	—
Payments for sales of subsidiaries	—	(3,971)
Proceeds from sales of affiliates' shares <sup>(Note)</sup>	105,500	2,047,000
Payments for transfer of business	—	(185,584)
Other	(71,026)	(70,450)
Cash flows from investing activities	550,105	1,588,289

(Thousands of yen)

	Nine months ended September 30, 2016 (Jan. 1 – Sept. 30, 2016)	Nine months ended September 30, 2017 (Jan. 1 – Sept. 30, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	10,000	—
Repayments of long-term debt	(92,670)	(26,635)
Proceeds from issuance of new shares	58,466	7,298
Repurchase of stock warrants	(36,866)	—
Cash dividends paid	(1,069,028)	(1,071,536)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(27,552)	—
Proceeds from non-controlling shareholders	13,500	—
Other	(3,790)	(2,147)
Cash flows from financing activities	(1,147,940)	(1,093,020)
Net increase (decrease) in cash and cash equivalents	2,692,777	1,902,087
Cash and cash equivalents at beginning of period	13,048,498	16,543,220
Effect of exchange rate change on cash and cash equivalents	(371,218)	(6,543)
Cash and cash equivalents at end of period	15,370,056	18,438,764

Note: Gain on sales of assets held for sale and proceeds from the sales are included.

**(5) Notes on the Going Concern Assumption**

Not applicable

**(6) Changes in Accounting Estimates**

At the management meeting held on November 9, 2017, the Company decided to merge Coach United Inc., its consolidated subsidiary.

Conclusion of the merger agreement enables the Company to further propel the service operated by Coach United in synergy with the knowledge accumulated over years and the outstanding user base of Cookpad, the service operated by the Company, to achieve the corporate mission of “Make everyday cooking fun!”

The company revisited the business plan due to this merger, and recorded 877,076 thousand yen impairment loss on goodwill of the concerned business as other expense (operating expense) in the first nine months of fiscal 2017.