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## Cookpad Inc.

### Consolidated Earnings Results for the Fiscal Year ended December 31, 2019

[IFRS], unaudited

February 7, 2020

Stock listed: Tokyo Stock Exchange  
 Securities code: 2193 URL: <https://info.cookpad.com/en>  
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Scheduled dates  
 Annual shareholder's meeting: March 24, 2020  
 Dividend payout: -  
 Filing of the statutory financial report: March 25, 2020  
 Supplementary materials for earnings results: Yes  
 Holding of earnings results briefing: Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

#### 1. Consolidated Results for the Fiscal Year ended December 31, 2019 (January 1, 2019 – December 31, 2019)

##### (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	%
Fiscal year ended												
December 31, 2019	11,753	(1.0)	306	(81.6)	269	(81.4)	(1,353)	—	(968)	—	(1,158)	—
December 31, 2018	11,876	(11.4)	1,664	(69.1)	1,449	(74.3)	120	(96.5)	407	(88.3)	(338)	—

	EPS (Basic)	EPS (Diluted)	ROE attributable to shareholders of Cookpad Inc.	Ratio of profit before tax to total assets	Ratio of operating margin
Fiscal year ended	yen	yen	%	%	%
December 31, 2019	(9.01)	(9.01)	—	1.0	2.6
December 31, 2018	3.78	3.78	1.7	5.5	14.0

##### (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	Equity attributable to shareholders of Cookpad Inc. per share
	million yen	million yen	million yen	%	yen
As of December 31, 2019	27,205	24,821	23,363	85.9	217.30
As of December 31, 2018	28,209	26,315	24,472	86.8	227.75

##### (3) Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal year ended	million yen	million yen	million yen	million yen
December 31, 2019	1,024	(157)	(420)	23,105
December 31, 2018	1,136	(810)	3,129	22,756

## 2. Dividends

	Dividends per Share					Total dividends paid (full year)	Dividend payout ratio (consolidated)	Dividend on equity attributable to shareholders of Cookpad Inc. (consolidated)
	End-Q1	End-Q2	End-Q3	Year-end	Total			
Fiscal year ended/ending	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2018	—	0.00	—	0.00	0.00	—	—	—
December 31, 2019	—	0.00	—	0.00	0.00	—	—	—
December 31, 2020 (Forecast)	—	0.00	—	0.00	0.00		—	

## 3. Full Year Forecast of Consolidated Earnings (January 1, 2020 – December 31, 2020)

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 changes in business environment, it is difficult to reasonably estimate the consolidated earnings for the fiscal year ending December 31, 2020. Thus, the Company has omitted the consolidated earnings forecast for fiscal 2020.

### \*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: Yes
  - 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 December 31, 2019: 107,429,400 shares
    - As of December 31, 2018: 107,429,400 shares
  - 2) Number of treasury shares
    - As of December 31, 2019: 3,961 shares
    - As of December 31, 2018: 3,961 shares
  - 3) Number of average shares during the period
    - Year ended December 31, 2019: 107,425,439 shares
    - Year ended December 31, 2018: 107,417,041 shares

(Reference)

## 1. Non-consolidated Results for the Fiscal year ended December 31, 2019 (January 1, 2019 – December 31, 2019)

### (1) Operations Results

(% represents year-on-year changes)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2019	11,363	(6.5)	1,762	(65.8)	1,822	(63.5)	(57)	—
December 31, 2018	12,158	(9.7)	5,150	(33.1)	4,992	(35.3)	2,992	193.1

Fiscal year ended	EPS	Diluted EPS
	yen	yen
December 31, 2019	(0.53)	—
December 31, 2018	27.86	27.85

### (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of December 31, 2019	26,685	25,474	95.4	236.96
As of December 31, 2018	27,153	25,518	94.0	237.49

(Reference) Total equity: As of December 31, 2019: 25,455 million yen  
As of December 31, 2018: 25,512 million yen

\* This report is exempt from audit by certified public accountants or auditing firms.

\* Appropriate use of earnings forecasts and other special notes

The Company omits the earnings forecast for the reasons stated in the summary information “3. Full Year Forecast of Consolidated Earnings (January 1, 2020 – December 31, 2020).”

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## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating Results

The consolidated results for the fiscal year ended December 31, 2019 (January 1, 2019 – December 31, 2019) are as follows:

	(Millions of yen)		
	Fiscal 2018 (Jan. 1 - Dec. 31, 2018)	Fiscal 2019 (Jan. 1 - Dec. 31, 2019)	YoY change
Sales revenue	11,876	11,753	-1.0%
Operating income	1,664	306	-81.6%
Profit before tax	1,449	269	-81.4%
Profit attributable to shareholders of Cookpad Inc.	407	(968)	— %

To achieve our mission “Make everyday cooking fun!”, the Cookpad Group is making active investments to solve various cooking-related problems to increase the number of people enjoys the cooking around the world. There are many among the 7 billion people around the world who already enjoy cooking. In order that they may continue to enjoy their cooking activities, we believe it is necessary to create a structure whereby cooking is fun, and cooking every day is fun.

In the fourth quarter of fiscal 2019 (October - December 2019), the average number of monthly “Cookpad” users in Japan declined by 2.1 million year on year to 52.51 million (monthly average of visitors calculated for each browser and device), while overseas users increased by 1.64 million to 41.85 million (monthly average calculated with Google Analytics). This was due primarily to changes in the algorithm of the main search engine, which had an impact on the order and number of Cookpad recipes displayed. The number of posted recipes in Japan increased by 180,000 compared with the end of the previous fiscal year, to 3.23 million. The number of recipes posted overseas continues to rise sharply, increasing by 1.39 million to 3.52 million, and now exceeds the number of recipes posted in Japan. The number of countries where we offer the service was 74 countries, where the recipes are offered in 32 languages including Japanese.

In order to create a structure whereby cooking is fun and cooking every day is fun, the Group is actively investing in new businesses such as CookpadTV and Cookpad Mart. Both in Japan and overseas, the Cookpad Group has been aggressively hiring service development talent such as engineers and designers who play a critical role in solve cooking-related problems by leveraging technology. The Company will continue to strive for enhance its corporate value over the long term.

As a result, sales revenue was 11,753 million yen (down 1.0% year-on-year) for the fiscal 2019. This was due primarily to declines in sales revenues from the recipe service and advertising business in Japan, and also as a result of a fall in sales revenue derived from a revenue-sharing with telecom carriers, which is recorded in other sales. SG&A expenses were 10,367 million yen (up 8.6% year on year). This was mainly due to increases in personnel and accompanying expenses associated with beefed-up hiring activities overseas, as well as increases in expenses related to new businesses in Japan. Operating income came to 306 million yen (down 81.6% year on year) due in part to the recording of impairment losses of 769 million yen. Profit before tax was 269 million yen (down 81.4% year on year), while the loss attributable to shareholders of Cookpad Inc. came to 968 million yen. This was caused by income taxes recorded as a result of reversal of deferred tax assets, in addition to the occurrence of a loss attributable to non-controlling interests incurred as a result of the third-party allocation of shares of CookpadTV Inc. conducted in August 2018.

The Cookpad Group has a single segment, “Make everyday cooking fun!” but a breakdown of sales revenue is provided below. The segment name and classification of disclosure have been changed as of the current business year. As such, the figures from the same period of the previous year have been adjusted accordingly.

(Millions of yen)

Reportable Segment	Fiscal year ended December 31, 2018 (Jan. 1 - Dec. 31, 2018)	Fiscal year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)	YoY change
Make everyday cooking fun!	11,876	11,753	-1.0%
Domestic recipe service membership sales	7,156	7,378	+3.1%
Domestic recipe service advertising sales	3,212	3,016	-6.1%
Other sales	1,506	1,358	-9.8%

Domestic recipe service membership sales were 7,378 million yen (up 3.1% year on year) for fiscal 2019. This is mainly due to higher sales revenue caused by an increase in the unit price, and by a rise in Premium Membership subscriptions as a result of improved usability resulting from an increase in charging routes for the Premium Services, and a review of charging flows.

Domestic recipe service advertising sales were 3,016 million yen (down 6.1% year on year) for fiscal 2019. This is attributable primarily to a shift of advertising resources in the food industry to TV commercials and in-store promotions.

Other sales were 1,358 million yen (down 9.8% year on year) for fiscal 2019. This is mainly due to a decline in sales revenue shared from telecom carriers.

## (2) Analysis of Financial Position

### (Assets)

As of December 31, 2019, total assets were 27,205 million yen, down 1,003 million yen as compared with the previous fiscal year-end. Current assets were 25,412 million yen, up 95 million yen, and non-current assets were 1,793 million yen, down 1,099 million yen.

The main factors behind these changes were a decrease of 769 million yen in goodwill, as a result of the recording of impairment loss, a decline of 738 million yen caused by reversal of deferred tax assets, and an increase in property, plant and equipment of 580 million yen resulting primarily from the application of IFRS 16 - Leases.

### (Liabilities)

As of December 31, 2019, total liabilities were 2,383 million yen, up 490 million yen as compared with the previous fiscal year-end. Current liabilities were 1,428 million yen, down 117 million yen, and non-current liabilities were 955 million yen, up 607 million yen.

The main reason for the decrease in current liabilities was a decrease of 770 million yen in income tax payable and an increase of 385 million yen in lease obligations. Non-current liabilities increased due mainly to a 721 million yen increase in lease obligations.

### (Equity)

As of December 31, 2019, total equity was 24,821 million yen, down 1,493 million yen as compared with the previous fiscal year-end.

The main reasons for this decline were an increase of 207 million yen in other components of equity, a decrease of 384 million yen in non-controlling interests and a decrease of 1,316 million yen in retained earnings.

### **(3) Analysis of Cash Flows**

As of December 31, 2019, the balance of cash and cash equivalents (“funds”) was 23,105 million yen, up 349 million yen compared with the previous fiscal year-end, primarily due to the following factors.

(Cash flows from operating activities)

Funds provided by operating activities totaled 1,024 million yen. This is mainly due to profit before tax of 269 million yen, impairment losses of 868 million yen and depreciation and amortization of 602 million yen, while there were income taxes paid of 1,486 million yen.

(Cash flows from investing activities)

Funds used in investing activities totaled 157 million yen. This is mainly due to an expenditure of 109 million yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Funds used in financing activities totaled 420 million yen. This is due to repayments of lease obligations associated with application of IFRS 16 - Leases.

### **(4) Future Outlook**

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 changes in business environment, it is difficult to reasonably estimate the consolidated earnings for the fiscal year ending 31 December, 2020. Thus, the Company has not disclosed its consolidated earnings forecast for fiscal 2020.

### **(5) Basic Policy for Profit Distribution**

The Company set 10 years starting in 2017 as a “period for investments” to refocus on building business foundation for further growth. Accordingly, the Company’s policy is not to make dividend distribution in order to put a priority on allocating funds obtained through its business operations for investments in service development, user base acquisition and brand establishment with a goal of expanding businesses.

## **2. Basic Policy on Selection of Accounting Standards**

Based on the mission of “Make everyday cooking fun!” the Company is expanding its service worldwide by providing a service that enhances the enjoyment of international cuisines for consumers in Japan and around the world. In this context, the Company has adopted International Financial Reporting Standards (IFRS) to facilitate international comparison of financial information and extend the scope of disclosure for the convenience of our stakeholders, including shareholders and investors in Japan and overseas.

### 3. Consolidated Financial Statements

#### (1) Consolidated Statements of Financial Position

(Thousands of yen)

	As of December 31, 2018	As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	22,756,245	23,105,395
Trade and other receivables	2,068,754	1,820,744
Other financial assets	66,627	26,560
Inventories	20,636	24,641
Other current assets	404,282	434,718
Total current assets	25,316,545	25,412,057
Non-current assets		
Property, plant and equipment	342,809	923,150
Goodwill	878,838	140,920
Intangible assets	410,723	334,869
Other financial assets	356,308	314,692
Deferred tax assets	787,850	49,780
Other non-current assets	116,184	29,961
Total non-current assets	2,892,711	1,793,372
Total assets	28,209,255	27,205,429



(Thousands of yen)

	As of December 31, 2018	As of December 31, 2019
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Lease obligations	—	385,151
Trade and other payables	625,200	715,170
Other financial liabilities	69,839	51,765
Income tax payable	776,771	6,015
Other current liabilities	74,214	270,647
<b>Total current liabilities</b>	<b>1,546,024</b>	<b>1,428,749</b>
<b>Non-current liabilities</b>		
Long-term debt	40,000	40,000
Lease obligations	—	721,624
Other non-current liabilities	36,567	15,726
Other financial liabilities	77,695	—
Provisions	184,089	173,022
Deferred tax liabilities	9,515	4,787
<b>Total non-current liabilities</b>	<b>347,865</b>	<b>955,159</b>
<b>Total liabilities</b>	<b>1,893,889</b>	<b>2,383,908</b>
<b>Equity</b>		
Capital stock	5,286,015	5,286,015
Capital surplus	7,194,224	7,194,224
Retained earnings	12,428,820	11,112,155
Treasury stock	(2,008)	(2,008)
Other components of equity	(434,304)	(227,190)
<b>Equity attributable to shareholders of Cookpad Inc.</b>	<b>24,472,747</b>	<b>23,363,196</b>
Non-controlling interests	1,842,619	1,458,326
<b>Total equity</b>	<b>26,315,367</b>	<b>24,821,521</b>
<b>Total equity and liabilities</b>	<b>28,209,255</b>	<b>27,205,429</b>

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

(Thousands of yen)

	Fiscal year ended December 31, 2018 (Jan. 1 - Dec. 31, 2018)	Fiscal year ended December 31, 2019 (Jan. 1 - Dec 31, 2019)
Sales revenue	11,876,170	11,753,448
Cost of sales	(125,942)	(216,086)
Gross profit	11,750,229	11,537,362
Selling, general and administrative expenses	(9,544,028)	(10,367,695)
Other income	111,942	14,855
Other expense	(653,588)	(877,654)
Operating income	1,664,555	306,867
Financial income	15,569	10,946
Financial expense	(230,269)	(48,735)
Profit before tax	1,449,855	269,079
Income tax expense	(1,329,029)	(1,622,097)
Net profit (loss)	120,826	(1,353,018)
Profit (loss) attributable to:		
Shareholders of Cookpad Inc.	407,107	(968,724)
Non-controlling interests	(286,281)	(384,294)
Net profit (loss)	120,826	(1,353,018)
Earnings (loss) per share		
Basic earnings per share (loss)	3.78	(9.01)
Diluted earnings per share (loss)	3.78	(9.01)

## Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended December 31, 2018 (Jan. 1 - Dec. 31, 2018)	Fiscal year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)
Net profit (loss)	120,826	(1,353,018)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(459,060)	194,264
Total items that may be reclassified subsequently to profit or loss	(459,060)	194,264
Other comprehensive income, net of tax	(459,060)	194,264
Comprehensive income	(338,234)	(1,158,754)
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	(51,953)	(774,460)
Non-controlling interests	(286,281)	(384,294)
Comprehensive income	(338,234)	(1,158,754)

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

FY2018 (January 1 - December 31, 2018)

(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, 2018	5,284,568	5,334,553	12,880,771	(2,006)	22,069	23,519,954	0	23,519,954
Net profit (loss)	—	—	407,107	—	—	407,107	(286,281)	120,826
Other comprehensive income	—	—	—	—	(459,060)	(459,060)	—	(459,060)
Total comprehensive income	—	—	407,107	—	(459,060)	(51,953)	(286,281)	(338,234)
Issuance of new shares	1,447	1,447	—	—	—	2,894	—	2,894
Share-based payment transaction	—	1,092	—	—	2,688	3,780	—	3,780
Dividends to shareholders	—	—	(859,058)	—	—	(859,058)	—	(859,058)
Changes in ownership interests in subsidiaries that do not result in loss of control	—	1,857,132	—	—	—	1,857,132	2,128,900	3,986,032
Purchase of treasury stock	—	—	—	(2)	—	(2)	—	(2)
Total transactions with shareholders	1,447	1,859,671	(859,058)	(2)	2,688	1,004,746	2,128,900	3,133,647
Balance as of December 31, 2018	5,286,015	7,194,224	12,428,820	(2,008)	(434,304)	24,472,747	1,842,619	26,315,367

FY2019 (January 1 - December 31, 2019)

(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, 2019	5,286,015	7,194,224	12,428,820	(2,008)	(434,304)	24,472,747	1,842,619	26,315,367
Impact of changes in accounting policies	—	—	(347,941)	—	—	(347,941)	—	(347,941)
Balance after restatement as of January 1, 2019	5,286,015	7,194,224	12,080,879	(2,008)	(434,304)	24,124,806	1,842,619	25,967,426
Net profit (loss)	—	—	(968,724)	—	—	(968,724)	(384,294)	(1,353,018)
Other comprehensive income	—	—	—	—	194,264	194,264	—	194,264
Total comprehensive income	—	—	(968,724)	—	194,264	(774,460)	(384,294)	(1,158,754)
Share-based payment transaction	—	—	—	—	12,850	12,850	—	12,850
Total transactions with shareholders	—	—	—	—	12,850	12,850	—	12,850
Balance as of December 31, 2019	5,286,015	7,194,224	11,112,155	(2,008)	(227,190)	23,363,196	1,458,326	24,821,521

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

(Thousands of yen)

	Fiscal year ended December 31, 2018 (Jan. 1 - Dec. 31, 2018)	Fiscal year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)
Cash flows from operating activities		
Profit before tax	1,449,855	269,079
Impairment loss	637,789	868,013
Depreciation and amortization	260,218	602,905
Financial (income) expense	12,947	41,360
Net (increase) decrease of trade and other receivables	203,129	250,379
Net increase (decrease) of trade and other payables	18,314	59,504
Net (increase) decrease of long-term prepaid expenses	(107,235)	85,230
Other	(313,184)	331,137
Subtotal	2,161,833	2,507,605
Interest and dividend income received	15,569	10,946
Interest expenses paid	(120)	(7,513)
Income taxes paid	(1,040,771)	(1,486,885)
Cash flows from operating activities	1,136,511	1,024,154
Cash flows from investing activities		
Purchase of property, plant and equipment	(396,088)	(109,954)
Purchase of intangible assets	(233,467)	(56,232)
Purchase of subsidiaries	(160,968)	(20,729)
Payments for transfer of business	—	(43,769)
Other	(19,551)	72,978
Cash flows from investing activities	(810,074)	(157,706)

(Thousands of yen)

	Fiscal Year ended December 31, 2018 (Jan. 1 - Dec. 31, 2018)	Fiscal Year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)
Cash flows from financing activities		
Proceeds from issuance of new shares	2,894	—
Cash dividends paid	(859,058)	—
Purchase of treasury stock	(2)	—
Repayments of lease obligations	—	(420,093)
Proceeds from non-controlling shareholders	3,986,032	—
Cash flows from financing activities	3,129,867	(420,093)
Net increase (decrease) in cash and cash equivalents	3,456,305	446,355
Cash and cash equivalents at beginning of period	19,622,598	22,756,245
Effect of exchange rate change on cash and cash equivalents	(322,658)	(97,205)
Cash and cash equivalents at end of period	22,756,245	23,105,395

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

Not applicable

**(6) Changes in Accounting Estimates**

The material changes in accounting estimates in the consolidated financial statements are as follows.

(Impairment losses)

The Company has designated the 10-year period starting in 2017 as a period for investments aimed at raising corporate value over the long term. In the overseas business also, we have taken up the challenge of achieving the dominant No.1 position in the various countries into which we have expanded in accordance with this policy. Recently we once again carried out a conservative review of business plans, taking into account current conditions, and concluded that we should focus on developing products in an integrated manner as a group, incorporating such aspects as enriching the products themselves, strengthening hiring for the purpose of development, and working to acquire enthusiastic fans whose presence will lead to a more substantial community. Accordingly, we made the decision not to make monetization at the level of individual countries the central criterion for assessing the value of an enhanced global platform. As a result of implementing the IFRS tests for impairment, we posted an impairment loss totaling 769 million yen in relation to the following companies, which represent all of the goodwill associated with the Company's consolidated overseas subsidiaries: Cookpad Rus LLC (Russia), Cookpad Greece Single Member Private Company (Greece) and Cookpad Hungary kft (Hungary).