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Cookpad Inc.

Consolidated Earnings Results for the Fiscal Year ended December 31, 2020

[IFRS], unaudited

February 5, 2021

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 23, 2021
 Dividend payout: -
 Filing of the statutory financial report: March 24, 2021
 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, 2020 (January 1, 2020 – December 31, 2020)

(1) Operational Results

(% represents year-on-year changes)

Fiscal year ended	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	%
December 31, 2020	11,095	(5.6)	151	(50.6)	134	(49.9)	137	—	405	—	(176)	—
December 31, 2019	11,753	(1.0)	306	(81.6)	269	(81.4)	(1,353)	—	(968)	—	(1,158)	—

Fiscal year ended	EPS (Basic)	EPS (Diluted)	ROE attributable to shareholders of Cookpad Inc.	Ratio of profit before tax to total assets	Ratio of operating margin
	yen	yen	%	%	%
December 31, 2020	3.77	3.77	1.7	0.5	1.4
December 31, 2019	(9.01)	(9.01)	—	1.0	2.6

(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, 2020	26,664	24,665	23,475	88.0	218.16
As of December 31, 2019	27,205	24,821	23,363	85.9	217.30

(3) Cash Flow Position

Fiscal year ended	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
	million yen	million yen	million yen	million yen
December 31, 2020	610	(166)	(428)	22,685
December 31, 2019	1,024	(157)	(420)	23,105

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, 2019	—	0.00	—	0.00	0.00	—	—	—
December 31, 2020	—	0.00	—	0.00	0.00	—	—	—
December 31, 2021 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Full Year Forecast of Consolidated Earnings (January 1, 2021 – December 31, 2021)

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, 2021. Thus, the Company has omitted the consolidated earnings forecast for fiscal 2021.

*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: No
- (3) Number of shares issued (common stocks)
- 1) Number of shares issued (including treasury shares)
 - As of December 31, 2020: 107,429,400 shares
 - As of December 31, 2019: 107,429,400 shares
 - 2) Number of treasury shares
 - As of December 31, 2020: 4,011 shares
 - As of December 31, 2019: 3,961 shares
 - 3) Number of average shares during the period
 - Year ended December 31, 2020: 107,425,401 shares
 - Year ended December 31, 2019: 107,425,439 shares

(Reference)

1. Non-consolidated Results for the Fiscal year ended December 31, 2020 (January 1, 2020 – December 31, 2020)

(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, 2020	10,649	(6.3)	733	(58.4)	605	(66.8)	406	—
December 31, 2019	11,363	(6.5)	1,762	(65.8)	1,822	(63.5)	(57)	—

Fiscal year ended	EPS	Diluted EPS
	yen	yen
December 31, 2020	3.78	3.78
December 31, 2019	(0.53)	—

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of December 31, 2020	27,314	25,901	94.7	240.74
As of December 31, 2019	26,685	25,474	95.4	236.96

(Reference) Total equity: As of December 31, 2020: 25,862 million yen
As of December 31, 2019: 25,455 million yen

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

* Appropriate use of earnings forecasts and other special notes

(Consolidated earnings forecasts)

The Company omits the earnings forecast for the reasons stated in the summary information “3. Full Year Forecast of Consolidated Earnings (January 1, 2021 – December 31, 2021).”

(Earnings results briefing materials)

In addition to the consolidated earnings results document, video of the earnings results briefing for the fiscal year ended December 31, 2020, and earnings results briefing materials, will be made available on Cookpad’s corporate website after the timely disclosure of the consolidated earnings results document for the fiscal period under review.

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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, 2020 (January 1, 2020 – December 31, 2020) are as follows:

	(Millions of yen)		
	Fiscal 2019 (Jan. 1 - Dec. 31, 2019)	Fiscal 2020 (Jan. 1 - Dec. 31, 2020)	YoY change
Sales revenue	11,753	11,095	-5.6%
Operating income	306	151	-50.6%
Profit before tax	269	134	-49.9%
Profit attributable to shareholders of Cookpad Inc.	(968)	405	—%

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 who enjoy the cooking around the world. We added “Our Company exists to ‘Make everyday cooking fun!,’ and this is our mission” and “When everyone on the planet enjoys everyday cooking, our company will dissolve” to our Articles of Incorporation to clearly spell out our goal and mission.

Capitalism and its prioritisation of economic growth has had a huge impact on the world: extreme poverty is declining and, in general, life expectancy is increasing. However, we’ve started to realize how much we are sacrificing our own personal health and the health of our planet. Our diet is contributing to ‘lifestyle’ diseases, the biggest cause of deaths around the world. The food value chain is one of the largest sources of carbon dioxide emissions, contributing to global warming as well as threatening the world’s biodiversity.

At the very moment we need to be more conscious of these issues and change our behaviour, we are actually becoming more ignorant of them. Why? Because we’re outsourcing cooking. We’re outsourcing it to processed food, delivery services and restaurants. This act of outsourcing makes us less aware of what is going on with our food and everything connected to it.

We believe that we are at the point of no return: our food system must change. We need to find and act on solutions now. What we eat has an enormous impact on our world. So cooking can help make our own health and the health of both society and the planet better.

It is important that we make a positive impact on our society and planet through home cooking, by increasing the number of creators. Because once you become a creator, you become more aware. Creators think, they are curious, they are engaged. And they tend to make conscious, informed choices as a result. Choices that can change the world.

We believe that if cooking is more enjoyable, then more people will cook more often. Some people are motivated by learning new skills, some by the creativity and others by being part of the community. Whatever their motivation, we will help make cooking enjoyable for everyone who wants to cook. Of the 7 billion people on our planet, there are many who already enjoy cooking. We will create a community where the passion and wisdom of these people helps and inspires others. We will achieve the health of our planet, people and society by “Make everyday cooking fun!.”

In Japan the Cookpad Group operates various businesses, including Cookpad for searching and posting recipes, the “Cookpad Mart” fresh food e-commerce platform that allows greater shopping freedom, the Komerco market app that makes cooking more enjoyable, “cookpad store TV” cooking video signage, and the “cookpadLive” service, which click enables people to enjoy cooking along with celebrities. Overseas, we provide the Cookpad global platform for searching and posting recipes in 75 countries around the world, and in 33 languages (excluding Japanese).

During the fiscal year under review, the spread of the novel coronavirus infectious disease (COVID-19) resulted in the world

facing an unprecedented crisis. In this environment, we provided support in Japan to people who, as a result of schools closing and the promotion of remote working, benefited from more opportunities to become involved in cooking. This support took such forms as providing free of charge the “Popularity search” function, which is part of the Cookpad Premium Service, and providing summaries of ideas and discoveries suggested by users. We believe that the Cookpad Group has never before been so keenly aware of the need to consider what people find useful about its services, and how to make them part of people’s daily lives. Going forward, the Company will maintain its efforts to enhance its corporate value by achieving its goal of “Make everyday cooking fun!” for people all over the world.

As a result, sales revenue was 11,095 million yen (down 5.6% year on year) for the fiscal 2020. This was due mainly to a decline in sales revenue shared from telecom carriers (recorded in other sales), which was caused by the ending of the service, and a decrease in the unit selling price for network advertising (in relation to domestic recipe service advertising sales). SG&A expenses were 10,604 million yen (up 2.3% year on year). This was caused by certain personnel expenses being recorded in cost of sales, and although the impact of COVID-19 led to lower travel and training costs, there were increases in expenses and personnel associated with new businesses. In addition to recording in other operating revenue a gain on reversal of translation adjustment following the liquidation of a subsidiary, the impairment losses recorded in other operating expenses in the previous fiscal year disappeared, leading to operating profit of 151 million yen (down 50.6% year on year). Profit before tax came to 134 million yen (down 49.9% year on year), while profit attributable to shareholders of Cookpad Inc. came to 405 million yen, on the other hand a decrease in deferred tax expense and the occurrence of a loss attributable to non-controlling interests in connection with CookpadTV Inc., and due to the booking of income taxes.

The Cookpad Group has a single segment, “Make everyday cooking fun!” but a breakdown of sales revenue is provided below.

(Millions of yen)

Reportable Segment	Fiscal year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)	Fiscal year ended December 31, 2020 (Jan. 1 - Dec. 31, 2020)	YoY change
Make everyday cooking fun!	11,753	11,095	-5.6%
Domestic recipe service membership sales	7,378	7,323	-0.7%
Domestic recipe service advertising sales	3,016	2,818	-6.6%
Other sales	1,358	953	-29.8%

Domestic recipe service membership sales were 7,323 million yen (down 0.7% year on year) for fiscal 2020. Amongst other factors, this was due to our initiative of making it free to join Premium Services for the period during which COVID-19 was spreading, which was popular but resulted in only limited inflows to paid memberships.

Domestic recipe service advertising sales were 2,818 million yen (down 6.6% year on year) for fiscal 2020. Amongst other factors, this was due to an increase in banner advertising sales in Cookpad, which was offset by declines in sales volume and unit selling prices for network advertising.

Other sales were 953 million yen (down 29.8% year on year) for fiscal 2020. This is mainly due to a decline in sales revenue shared from telecom carriers.

(2) Analysis of Financial Position

(Assets)

As of December 31, 2020, total assets were 26,664 million yen, down 540 million yen as compared with the previous fiscal year-end. Current assets were 25,161 million yen, down 250 million yen, and non-current assets were 1,502 million yen, down 290 million yen.

The main factor behind these changes in current assets was the currency effect of the stronger yen, which caused cash and cash equivalents to decrease by 419 million yen. In non-current assets, there was a 401 million yen decrease in property, plant and equipment, caused by depreciation, etc.

(Liabilities)

As of December 31, 2020, total liabilities were 1,999 million yen, down 384 million yen as compared with the previous fiscal year-end. Current liabilities were 1,382 million yen, down 46 million yen, and non-current liabilities were 617 million yen, down 337 million yen.

The main factor behind the change in non-current liabilities was a decline in lease obligations of 356 million yen, caused by the repayment of lease obligations.

(Equity)

As of December 31, 2020, total equity was 24,665 million yen, down 156 million yen as compared with the previous fiscal year-end.

This decline was caused mainly by a decrease of 293 million yen in other components of equity caused by the currency impact of the stronger yen, a decrease of 268 million yen in non-controlling interests and an increase of 405 million yen in retained earnings.

(3) Analysis of Cash Flows

As of December 31, 2020, the balance of cash and cash equivalents (“funds”) was 22,685 million yen, down 419 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 610 million yen. This was mainly due to profit before tax of 134 million yen and depreciation and amortization of 540 million yen, and an increase in trade and other receivables of 250 million yen.

(Cash flows from investing activities)

Funds used in investing activities totaled 166 million yen. This was mainly due to an expenditure of 184 million yen for the purchase of property, plant and equipment.

(Cash flows from financing activities)

Funds used in financing activities totaled 428 million yen. This arose as the result of 388 million yen in repayments of lease obligations.

(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, 2021. Thus, the Company has not disclosed its consolidated earnings forecast for fiscal 2021.

(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, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	23,105,395	22,685,528
Trade and other receivables	1,820,744	2,065,144
Other financial assets	26,560	6,166
Inventories	24,641	32,443
Other current assets	434,718	372,581
Total current assets	25,412,057	25,161,862
Non-current assets		
Property, plant and equipment	923,150	521,760
Goodwill	140,920	140,920
Intangible assets	334,869	262,003
Other financial assets	314,692	295,944
Deferred tax assets	49,780	271,683
Other non-current assets	29,961	10,634
Total non-current assets	1,793,372	1,502,944
Total assets	27,205,429	26,664,806

(Thousands of yen)

	As of December 31, 2019	As of December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Lease obligations	385,151	288,712
Trade and other payables	715,170	765,137
Other financial liabilities	51,765	42,259
Income tax payable	6,015	8,455
Other current liabilities	270,647	277,441
Total current liabilities	1,428,749	1,382,005
Non-current liabilities		
Long-term debt	40,000	—
Lease obligations	721,624	365,323
Other non-current liabilities	15,726	15,324
Provisions	173,022	236,654
Deferred tax liabilities	4,787	—
Total non-current liabilities	955,159	617,301
Total liabilities	2,383,908	1,999,306
Equity		
Capital stock	5,286,015	5,286,015
Capital surplus	7,194,224	7,194,224
Retained earnings	11,112,155	11,517,831
Treasury stock	(2,008)	(2,022)
Other components of equity	(227,190)	(520,558)
Equity attributable to shareholders of Cookpad Inc.	23,363,196	23,475,489
Non-controlling interests	1,458,326	1,190,011
Total equity	24,821,521	24,665,500
Total equity and liabilities	27,205,429	26,664,806

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

(Thousands of yen)

	Fiscal year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)	Fiscal year ended December 31, 2020 (Jan. 1 - Dec 31, 2020)
Sales revenue	11,753,448	11,095,929
Cost of sales	(216,086)	(418,066)
Gross profit	11,537,362	10,677,863
Selling, general and administrative expenses	(10,367,695)	(10,604,716)
Other income	14,855	83,909
Other expense	(877,654)	(5,313)
Operating income	306,867	151,743
Financial income	10,946	8,083
Financial expense	(48,735)	(24,888)
Profit before tax	269,079	134,938
Income tax expense	(1,622,097)	2,423
Net profit (loss)	(1,353,018)	137,361
Profit (loss) attributable to:		
Shareholders of Cookpad Inc.	(968,724)	405,676
Non-controlling interests	(384,294)	(268,314)
Net profit (loss)	(1,353,018)	137,361
Earnings (loss) per share		
Basic earnings per share (loss)	(9.01)	3.77
Diluted earnings per share (loss)	(9.01)	3.77

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)	Fiscal year ended December 31, 2020 (Jan. 1 - Dec. 31, 2020)
Net profit (loss)	(1,353,018)	137,361
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net change in financial instruments measured at fair value through other comprehensive income	—	(2,947)
Total of items that will not be reclassified subsequently to profit or loss	—	(2,947)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	194,264	(311,026)
Total items that may be reclassified subsequently to profit or loss	194,264	(311,026)
Other comprehensive income, net of tax	194,264	(313,973)
Comprehensive income	<u>(1,158,754)</u>	<u>(176,611)</u>
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	(774,460)	91,703
Non-controlling interests	(384,294)	(268,314)
Comprehensive income	<u>(1,158,754)</u>	<u>(176,611)</u>

(3) Consolidated Statements of Changes in Equity

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
Purchase of treasury stock	—	—	—	—	—	—	—	—
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

FY2020 (January 1 - December 31, 2020)

(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, 2020	5,286,015	7,194,224	11,112,155	(2,008)	(227,190)	23,363,196	1,458,326	24,821,521
Impact of changes in accounting policies	—	—	—	—	—	—	—	—
Balance after restatement as of January 1, 2019	5,286,015	7,194,224	11,112,155	(2,008)	(227,190)	23,363,196	1,458,326	24,821,521
Net profit (loss)	—	—	405,676	—	—	405,676	(268,314)	137,361
Other comprehensive income	—	—	—	—	(313,973)	(313,973)	—	(313,973)
Total comprehensive income	—	—	405,676	—	(313,973)	91,703	(268,314)	(176,611)
Share-based payment transaction	—	—	—	—	20,604	20,604	—	20,604
Purchase of treasury stock	—	—	—	(14)	—	(14)	—	(14)
Total transactions with shareholders	—	—	—	(14)	20,604	20,590	—	20,590
Balance as of December 31, 2020	5,286,015	7,194,224	11,517,831	(2,022)	(520,558)	23,475,489	1,190,011	24,665,500

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)	Fiscal year ended December 31, 2020 (Jan. 1 - Dec. 31, 2020)
Cash flows from operating activities		
Profit before tax	269,079	134,938
Impairment loss	868,013	69,556
Depreciation and amortization	602,905	540,125
Financial (income) expense	41,360	95,146
Net (increase) decrease of trade and other receivables	250,379	(250,963)
Net increase (decrease) of trade and other payables	59,504	106,185
Net (increase) decrease of long-term prepaid expenses	85,230	19,326
Other	331,137	55,981
Subtotal	2,507,605	770,293
Interest and dividend income received	10,946	8,083
Interest expenses paid	(7,513)	(8,322)
Income taxes refund (paid)	(1,486,885)	(159,312)
Cash flows from operating activities	1,024,154	610,742
Cash flows from investing activities		
Purchase of property, plant and equipment	(109,954)	(184,626)
Purchase of intangible assets	(56,232)	(32,053)
Purchase of subsidiaries	(20,729)	(53,282)
Payments for transfer of business	(43,769)	—
Proceeds from sale of property, plant and equipment	—	98,161
Other	72,978	5,548
Cash flows from investing activities	(157,706)	(166,252)

(Thousands of yen)

	Fiscal Year ended December 31, 2019 (Jan. 1 - Dec. 31, 2019)	Fiscal Year ended December 31, 2020 (Jan. 1 - Dec. 31, 2020)
Cash flows from financing activities		
Repayments of long-term debt	—	(40,000)
Repayments of lease obligations	(420,093)	(388,176)
Purchase of treasury stock	—	(14)
Cash flows from financing activities	(420,093)	(428,189)
Net increase in cash and cash equivalents	446,355	16,301
Cash and cash equivalents at beginning of period	22,756,245	23,105,395
Effect of exchange rate change on cash and cash equivalents	(97,205)	(436,167)
Cash and cash equivalents at end of period	23,105,395	22,685,528

(5) Notes on the Going Concern Assumption

Not applicable