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Cookpad Inc.

Consolidated Earnings Results for the Three Months ended March 31, 2021 [IFRS], unaudited

May 7, 2021

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: May 10, 2021
 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 Three Months ended March 31, 2021 (January 1, 2021 - March 31, 2021)

(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 three months ended												
March 31, 2021	2,623	(4.7)	(346)	—	(335)	—	(417)	—	(349)	—	200	—
March 31, 2020	2,751	(6.3)	191	(35.7)	212	(29.1)	50	(48.5)	138	(35.4)	(500)	—

	EPS (Basic)	EPS (Diluted)
For the three months ended	Yen	Yen
March 31, 2021	(3.25)	(3.25)
March 31, 2020	1.28	—

(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 March 31, 2021	26,735	24,872	23,750	88.8
As of December 31, 2020	26,664	24,665	23,475	88.0

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

Note: Revisions to most recently announced dividend forecast: No

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

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies and accounting estimates

1) Changes in accounting policies required for the adoption of IFRS: No

2) Changes in accounting policies 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 March 31, 2021: 107,429,400 shares

As of December 31, 2020: 107,429,400 shares

2) Number of treasury shares

As of March 31, 2021: 4,011 shares

As of December 31, 2020: 4,011 shares

3) Number of average shares during the period

Three months ended March 31, 2021: 107,425,389 shares

Three months ended March 31, 2020: 107,425,438 shares

*This report is exempt from the quarterly review by certified public accountants or auditing firms.

*Appropriate use of earnings forecast and other special notes

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

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

The consolidated results for the three months ended March 31, 2021 are as follows:

(Millions of yen)

	Three months ended March 31, 2020 (Jan. 1 - Mar. 31, 2020)	Three months ended March 31, 2021 (Jan. 1 - Mar. 31, 2021)	YoY change
Sales revenue	2,751	2,623	-4.7%
Operating income	191	(346)	- %
Profit before tax	212	(335)	- %
Profit attributable to shareholders of Cookpad Inc.	138	(349)	- %

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.

How do 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!”

As one of the initiatives to realize this, the Group decided to relocate its headquarters to Yokohama City, Kanagawa in May 2021 to accelerating business development, reduce the physical distance to creators and consumers and rapidly respond to a variety of issues related to cooking.

Sales revenue was 2,623 million yen (down 4.7% year on year) for the three months ended March 31, 2021. This was due primarily to declines in domestic recipe service advertising sales, and also as a result of a fall in sales shared from telecom carriers recorded in other sales. SG&A expenses were 2,865 million yen (up 16.5% year on year), as a result of the increase in personnel in Japan and accompanying expenses associated with it. In addition, loss before tax came to 335 million yen (profit of 212 million yen in the previous fiscal year), while loss attributable to shareholders of Cookpad Inc. came to 349 million yen (profit of 138 million yen in the previous fiscal year), due to the occurrence of a loss attributable to non-controlling interests in connection with CookpadTV Inc., and due to the booking of income tax expense.

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

(Millions of yen)

Reportable Segment	Three months ended March 31, 2020 (Jan. 1 - Mar. 31, 2020)	Three months ended March 31, 2021 (Jan. 1 - Mar. 31, 2021)	YoY change
Make everyday cooking fun!	2,751	2,623	-4.7%
Domestic recipe service membership sales	1,813	1,804	-0.5%
Domestic recipe service advertising sales	659	591	-10.3%
Other sales	278	227	-18.2%

Domestic recipe service membership sales were 1,804 million yen (down 0.5% year on year) for the three months ended March 31, 2021. This was due primarily to a year-on-year decline in the number of Premium Service members of 24 thousand.

Domestic recipe service advertising sales were 591 million yen (down 10.3% year on year) for the three months ended March 31, 2021. This was due primarily to a decrease in the unit price for network advertising.

Other sales were 227 million yen (down 18.2% year on year) for the three months ended March 31, 2021. This is mainly due to a decline in sales revenue shared from telecom carriers.

(2) Analysis of Financial Position

1) Assets, Liabilities, and Equity

(Assets)

As of March 31, 2021, total assets were 26,735 million yen, up 70 million yen as compared with the previous fiscal year-end. Current assets were 25,473 million yen, up 312 million yen, and non-current assets were 1,261 million yen, down 241 million yen.

The main factor behind the change in current assets was the currency effect of the weaker yen, which caused cash and cash equivalents to increase by 180 million yen, and the main factor behind the change in non-current assets was the addition of depreciation of equipment from the former headquarters associated with the relocation of the headquarters which caused property, plant and equipment to decrease by 159 million yen.

(Liabilities)

As of March 31, 2021, total liabilities were 1,862 million yen, down 136 million yen as compared with the previous fiscal year-end. Current liabilities were 1,270 million yen, down 111 million yen, and non-current liabilities were 592 million yen, down 24 million yen.

The main factor behind the decrease in current liabilities was a decline in lease obligations of 64 million yen, caused by the repayment of lease obligations.

(Equity)

As of March 31, 2021, total equity was 24,872 million yen, up 206 million yen as compared with the previous fiscal year-end.

The main reasons for this increase were an increase of 624 million yen in other components of equity caused by the currency impact of the weaker yen and a decrease of 349 million yen in retained earnings.

2) Cash Flows

As of March 31, 2021, the balance of cash and cash equivalents (“funds”) was 22,866 million yen, up 180 million yen compared with the previous fiscal year-end, primarily due to the following factors.

(Cash flows from operating activities)

Funds used in operating activities totaled 276 million yen. This is mainly due to depreciation and amortization of 214 million yen, while loss before tax was 335 million yen and income taxes paid were 98 million yen.

(Cash flows from investing activities)

Funds used in investing activities totaled 146 million yen. This is due mainly to payments of leasehold and guarantee deposits of 112 million yen associated with the relocation of the headquarters.

(Cash flows from financing activities)

Funds used in financing activities totaled 98 million yen. This is mainly due to 98 million yen in repayments of lease obligations.

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

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

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	22,685,528	22,866,050
Trade and other receivables	2,065,144	2,213,424
Other financial assets	6,166	5,452
Inventories	32,443	26,557
Other current assets	372,581	362,467
Total current assets	25,161,862	25,473,949
Non-current assets		
Property, plant and equipment	521,760	362,108
Goodwill	140,920	140,920
Intangible assets	262,003	247,604
Other financial assets	295,944	231,189
Deferred tax assets	271,683	272,249
Other non-current assets	10,634	7,036
Total non-current assets	1,502,944	1,261,106
Total assets	26,664,806	26,735,055

(Thousands of yen)

	As of December 31, 2020	As of March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Lease obligations	288,712	224,072
Trade and other payables	765,137	710,938
Other financial liabilities	42,259	41,173
Income tax payable	8,455	7,293
Other current liabilities	277,441	286,587
Total current liabilities	1,382,005	1,270,064
Non-current liabilities		
Lease obligations	365,323	362,601
Other non-current liabilities	15,324	—
Provisions	236,654	230,112
Total non-current liabilities	617,301	592,713
Total liabilities	1,999,306	1,862,776
Equity		
Capital stock	5,286,015	5,286,015
Capital surplus	7,194,224	7,194,224
Retained earnings	11,517,831	11,168,243
Treasury stock	(2,022)	(2,022)
Other components of equity	(520,558)	104,129
Equity attributable to shareholders of Cookpad Inc.	23,475,489	23,750,588
Non-controlling interests	1,190,011	1,121,690
Total equity	24,665,500	24,872,279
Total equity and liabilities	26,664,806	26,735,055

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

Condensed Consolidated Income Statements

The First Three Months of FY2020 and FY2021

(Thousands of yen)

	Three months ended March 31, 2020 (Jan. 1 - Mar. 31, 2020)	Three months ended March 31, 2021 (Jan. 1 - Mar. 31, 2021)
Sales revenue	2,751,967	2,623,919
Cost of sales	(104,855)	(109,225)
Gross profit	2,647,112	2,514,693
Selling, general and administrative expenses	(2,459,768)	(2,865,931)
Other income	4,816	5,922
Other expense	(430)	(1,222)
Operating income (loss)	191,730	(346,538)
Financial income	22,991	11,552
Financial expense	(1,732)	(1,012)
Profit (loss) before tax	212,989	(335,998)
Income tax expense	(162,149)	(81,911)
Net profit (loss)	50,840	(417,909)
Profit (loss) attributable to:		
Shareholders of Cookpad Inc.	138,190	(349,588)
Non-controlling interests	(87,349)	(68,321)
Net profit (loss)	50,840	(417,909)
Earnings (loss) per share		
Basic earnings per share (loss) (yen)	1.28	(3.25)
Diluted earnings per share (loss) (yen)	—	(3.25)

Condensed Consolidated Statements of Comprehensive Income

The First Three Months of FY2020 and FY2021

(Thousands of yen)

	Three months ended March 31, 2020 (Jan. 1 - Mar. 31, 2020)	Three months ended March 31, 2021 (Jan. 1 - Mar. 31, 2021)
Net profit (loss)	50,840	(417,909)
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	—	230
Total of items that will not be reclassified subsequently to profit or loss	—	230
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(551,521)	618,212
Total items that may be reclassified subsequently to profit or loss	(551,521)	618,212
Other comprehensive income, net of tax	(551,521)	618,441
Comprehensive income	<u>(500,681)</u>	<u>200,533</u>
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	(413,331)	268,853
Non-controlling interests	<u>(87,349)</u>	<u>(68,321)</u>
Comprehensive income	<u>(500,681)</u>	<u>200,533</u>

(3) Condensed Consolidated Statements of Changes in Equity

The First Three Months ended March 31, 2020 (January 1 - March 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
Net profit (loss)	—	—	138,190	—	—	138,190	(87,349)	50,840
Other comprehensive income	—	—	—	—	(551,521)	(551,521)	—	(551,521)
Total comprehensive income	—	—	138,190	—	(551,521)	(413,331)	(87,349)	(500,681)
Share-based payment transaction	—	—	—	—	4,320	4,320	—	4,320
Purchase of treasury stock	—	—	—	(14)	—	(14)	—	(14)
Total transactions with shareholders	—	—	—	(14)	4,320	4,306	—	4,306
Balance as of March 31, 2020	5,286,015	7,194,224	11,250,344	(2,022)	(774,390)	22,954,171	1,370,976	24,325,147

The First Three Months ended March 31, 2021 (January 1 - March 31, 2021)

(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, 2021	5,286,015	7,194,224	11,517,831	(2,022)	(520,558)	23,475,489	1,190,011	24,665,500
Net profit (loss)	—	—	(349,588)	—	—	(349,588)	(68,321)	(417,909)
Other comprehensive income	—	—	—	—	618,441	618,441	—	618,441
Total comprehensive income	—	—	(349,588)	—	618,441	268,853	(68,321)	200,533
Share-based payment transaction	—	—	—	—	6,246	6,246	—	6,246
Purchase of treasury stock	—	—	—	—	—	—	—	—
Total transactions with shareholders	—	—	—	—	6,246	6,246	—	6,246
Balance as of March 31, 2021	5,286,015	7,194,224	11,168,243	(2,022)	104,129	23,750,588	1,121,690	24,872,279

(4) Condensed Consolidated Statements of Cash Flows

(Thousands of yen)

	Three months ended March 31, 2020 (Jan. 1 - Mar. 31, 2020)	Three months ended March 31, 2021 (Jan. 1 - Mar. 31, 2021)
Cash flows from operating activities		
Profit before tax	212,989	(335,998)
Impairment loss	12,402	3,875
Depreciation and amortization	134,483	214,753
Financial (income) expense	47,456	(50,385)
Net (increase) decrease of trade and other receivables	(258,991)	42,757
Net increase (decrease) of trade and other payables	(42,220)	(92,696)
Other	(40,170)	40,427
Subtotal	65,950	(177,266)
Interest and dividend income received	5,079	280
Interest expenses paid	(1,660)	(988)
Income taxes paid	(73,195)	(98,849)
Cash flows from operating activities	(3,827)	(276,822)
Cash flows from investing activities		
Purchase of property, plant and equipment	(50,597)	(31,651)
Purchase of intangible assets	(2,362)	(7,691)
Purchase of subsidiaries	(53,282)	—
Payments of leasehold and guarantee deposits	(337)	(112,659)
Other	9,628	5,184
Cash flows from investing activities	(96,951)	(146,817)

(Thousands of yen)

	Three months ended March 31, 2020 (Jan. 1 - Mar. 31, 2020)	Three months ended March 31, 2021 (Jan. 1 - Mar. 31, 2021)
Cash flows from financing activities		
Repayments of lease obligations	(98,576)	(98,364)
Purchase of treasury stock	(14)	—
Cash flows from financing activities	(98,590)	(98,364)
Net increase (decrease) in cash and cash equivalents	(199,368)	(522,003)
Cash and cash equivalents at beginning of period	23,105,395	22,685,528
Effect of exchange rate change on cash and cash equivalents	(596,583)	702,525
Cash and cash equivalents at end of period	22,309,444	22,866,050