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Cookpad Inc.

Consolidated Earnings Results for the Six Months ended June 30, 2021

[IFRS], unaudited

August 6, 2021

Stock listed: Tokyo Stock Exchange

Securities code: 2193

URL: <https://info.cookpad.com/en/ir>

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Scheduled dates

Filing of the quarterly securities report: August 10, 2021

Dividend payout:

-

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 Six Months ended June 30, 2021 (January 1, 2021 - June 30, 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	
For the six months ended June 30, 2021	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
June 30, 2021	5,106	(5.5)	(1,056)	—	(1,048)	—	(1,142)	—	(1,001)	—	(450)	—
June 30, 2020	5,401	(6.6)	319	(30.0)	325	(24.2)	22	(63.3)	217	(25.0)	(563)	—

	EPS (Basic)	EPS (Diluted)
For the six months ended June 30, 2021	Yen (9.32)	Yen —
June 30, 2020	2.02	2.02

(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
As of June 30, 2021	million yen 26,532	million yen 24,076	million yen 23,028	% 86.8
As of December 31, 2020	26,512	24,513	23,323	88.0

2. Dividends

	Dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal year ended / ending December 31, 2020	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 0.00
December 31, 2021	—	0.00	—	—	—
December 31, 2021 (Forecast)			—	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 cooking services to the people worldwide. With regard to consolidated earnings forecasts for the fiscal year ending December 31, 2021, due to upfront investments in new businesses we expect to record the operating loss, loss before tax, net loss, and loss attributable to shareholders of Cookpad Inc.

***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): Yes
3) Changes in accounting estimates: No

- (3) Number of shares issued (common stocks)

1) Number of shares issued (including treasury shares)	
As of June 30, 2021:	107,429,400 shares
As of December 31, 2020:	107,429,400 shares
2) Number of treasury shares	
As of June 30, 2021:	4,011 shares
As of December 31, 2020:	4,011 shares
3) Number of average shares during the period	
Six months ended June 30, 2021:	107,425,389 shares
Six months ended June 30, 2020:	107,425,414 shares

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

***Appropriate use of earnings forecasts and other special notes**

Forward-looking statements in these materials, including financial forecasts, are based on information currently available to the Company and on certain assumptions believed to be reasonable by the management of the Company. Various factors may cause actual results to differ significantly from forecasts. For matters related to earnings forecasts, refer to “1. Analysis of Operating Results and Financial Position (3) Consolidated Earnings Forecasts and Other Forward-Looking Information” on p.4 of these Earnings Results (Accompanying Materials).

Accompanying Materials

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

The consolidated results for the six months ended June 30, 2021 are as follows:

	Six months ended June 30, 2020 (Jan. 1 - Jun. 30, 2020)	Six months ended June 30, 2021 (Jan. 1 - Jun. 30, 2021)	(Millions of yen) YoY change
Sales revenue	5,401	5,106	-5.5%
Operating income (loss)	319	(1,056)	-%
Profit before tax (loss)	325	(1,048)	-%
Profit attributable to shareholders of Cookpad Inc. (loss)	217	(1,001)	-%

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 relocated 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 5,106 million yen (down 5.5% year on year) for the six months ended June 30, 2021.

This was due mainly to a decrease in domestic recipe service advertising sales. SG&A expenses came to 5,954 million yen (up 21.2% year on year), due to increases in personnel and in other expenses related to new businesses in Japan, as well as the occurrence of one-off costs associated with relocating the headquarters.

Loss before tax came to 1,048 million yen (profit of 325 million yen in the same period of the previous fiscal year), while

loss attributable to shareholders of Cookpad Inc. came to 1,001 million yen (profit of 217 million yen in the same period of 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.

Reportable Segment	Six months ended June 30, 2020 (Jan. 1 - Jun. 30, 2020)	Six months ended June 30, 2021 (Jan. 1 - Jun. 30, 2021)	(Millions of yen) YoY change
Make everyday cooking fun!	5,401	5,106	-5.5%
Domestic recipe service membership sales	3,630	3,549	-2.2%
Domestic recipe service advertising sales	1,315	1,097	-16.6%
Other sales	456	459	0.7%

Domestic recipe service membership sales were 3,549 million yen (down 2.2% year on year) for the six months ended June 30, 2021. This was due mainly to some members automatically withdrawing from their membership as a result of them switching to the low-priced plans that began to be offered by telecom carriers, which led to a decline in Premium Service members of 89,000 people compared to the end of the same period of the previous fiscal year.

Domestic recipe service advertising sales were 1,097 million yen (down 16.6% year on year) for the six months ended June 30, 2021. This was due mainly to a decrease in the number of network advertisements displayed, and to a decline in the unit selling price.

(2) Analysis of Financial Position

1) Assets, Liabilities, and Equity

(Assets)

As of June 30, 2021, total assets were 26,532 million yen, up 19 million yen as compared with the previous fiscal year-end.

Current assets were 24,798 million yen, down 363 million yen, and non-current assets were 1,734 million yen, up 383 million yen.

The main factor behind the change in current assets was the increase in cash used in operating activities, which caused cash and cash equivalents to decrease by 244 million yen. In non-current assets, the relocation of the headquarters resulted in the acquisition of a right-of-use asset associated with the new office, which led to an increase of 415 million yen in property, plant and equipment.

(Liabilities)

As of June 30, 2021, total liabilities were 2,455 million yen, up 456 million yen as compared with the previous fiscal year-end.

Current liabilities were 1,557 million yen, up 175 million yen, and non-current liabilities were 897 million yen, up 280 million yen.

The main factor behind these changes was an increase in lease obligations resulting from the relocation of the headquarters, which pushed up current liabilities and non-current liabilities by 60 million yen and 483 million yen respectively.

(Equity)

As of June 30, 2021, total equity was 24,076 million yen, down 436 million yen as compared with the previous fiscal year-end.

The main elements in this decline were an increase in other components of equity of 706 million yen, caused by the impact of the weaker yen, which was offset by a decrease in retained earnings of 1,001 million yen.

2) Cash Flows

As of June 30, 2021, the balance of cash and cash equivalents (“funds”) was 22,441 million yen, down 244 million yen compared with the previous fiscal year-end, primarily due to the following factors.

(Cash flows from operating activities)

Funds used by operating activities totaled 642 million yen. This was mainly due to the recording of a loss before tax of 1,048 million yen, which was caused by expenses associated with new businesses in Japan and one-off costs associated with the relocation of the headquarters.

(Cash flows from investing activities)

Funds used in investing activities totaled 189 million yen. This is due mainly to payments of leasehold and guarantee deposits of 113 million yen associated with the relocation of the headquarters.

(Cash flows from financing activities)

Funds used in financing activities totaled 194 million yen. This was mainly due to 194 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.

With regard to consolidated earnings forecasts for the fiscal year ending December 31, 2021, due to upfront investments in new businesses we expect to record losses at the operating and pretax level, and to also record a loss attributable to shareholders of Cookpad Inc.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	22,685,528	22,441,495
Trade and other receivables	2,065,144	2,007,748
Other financial assets	6,166	4,946
Inventories	32,443	25,683
Other current assets	372,581	318,301
Total current assets	<hr/> 25,161,862	<hr/> 24,798,173
Non-current assets		
Property, plant and equipment	521,760	937,060
Goodwill	140,920	140,920
Intangible assets	105,922	113,607
Other financial assets	295,944	231,971
Deferred tax assets	275,773	277,258
Other non-current assets	10,634	33,823
Total non-current assets	<hr/> 1,350,952	<hr/> 1,734,640
Total assets	<hr/> 26,512,813	<hr/> 26,532,812

(Thousands of yen)

	As of December 31, 2020	As of June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Lease obligations	288,712	349,117
Trade and other payables	765,137	918,088
Other financial liabilities	42,259	51,303
Income tax payable	8,455	76,989
Other current liabilities	277,441	162,438
Total current liabilities	<hr/> 1,382,005	<hr/> 1,557,935
Non-current liabilities		
Lease obligations	365,323	849,190
Other non-current liabilities	15,324	—
Provisions	236,654	48,800
Total non-current liabilities	<hr/> 617,301	<hr/> 897,990
Total liabilities	<hr/> 1,999,306	<hr/> 2,455,925
Equity		
Capital stock	5,286,015	5,286,015
Capital surplus	7,194,224	7,194,224
Retained earnings	11,365,838	10,364,074
Treasury stock	(2,022)	(2,022)
Other components of equity	(520,558)	185,751
Equity attributable to shareholders of Cookpad Inc.	<hr/> 23,323,497	<hr/> 23,028,042
Non-controlling interests	<hr/> 1,190,011	<hr/> 1,048,845
Total equity	<hr/> 24,513,508	<hr/> 24,076,887
Total equity and liabilities	<hr/> 26,512,813	<hr/> 26,532,812

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

Condensed Consolidated Income Statements

The First Six Months of FY2020 and FY2021

	(Thousands of yen)	
	Six months ended June 30, 2020 (Jan. 1 - Jun. 30, 2020)	Six months ended June 30, 2021 (Jan. 1 - Jun. 30, 2021)
Sales revenue	5,401,898	5,106,175
Cost of sales	<u>(175,286)</u>	<u>(214,787)</u>
Gross profit	5,226,613	4,891,387
Selling, general and administrative expenses	<u>(4,913,508)</u>	<u>(5,954,866)</u>
Other income	9,366	10,832
Other expense	<u>(2,791)</u>	<u>(4,038)</u>
Operating income (loss)	319,679	<u>(1,056,685)</u>
Financial income	9,221	10,321
Financial expense	<u>(3,231)</u>	<u>(2,285)</u>
Profit (loss) before tax	325,670	<u>(1,048,650)</u>
Income tax expense	<u>(303,048)</u>	<u>(94,280)</u>
Net profit (loss)	22,622	<u>(1,142,930)</u>
Profit (loss) attributable to:		
Shareholders of Cookpad Inc.	217,258	<u>(1,001,764)</u>
Non-controlling interests	<u>(194,636)</u>	<u>(141,166)</u>
Net profit (loss)	<u><u>22,622</u></u>	<u><u>(1,142,930)</u></u>
Earnings per share		
Basic earnings (loss) per share (yen)	2.02	(9.32)
Diluted earnings (loss) per share (yen)	2.02	—

The Second Quarter of FY2020 and FY2021

(Thousands of yen)

	Three months ended June 30, 2020 (Apr. 1 - Jun. 30, 2020)	Three months ended June 30, 2021 (Apr. 1 - Jun. 30, 2021)
Sales revenue	2,649,931	2,482,256
Cost of sales	<u>(70,430)</u>	<u>(105,562)</u>
Gross profit	2,579,501	2,376,694
Selling, general and administrative expenses	<u>(2,472,269)</u>	<u>(3,107,691)</u>
Other income	4,550	4,911
Other expense	<u>(2,361)</u>	<u>(2,817)</u>
Operating income (loss)	109,420	(728,903)
Financial income	1,953	199
Financial expense	<u>(17,222)</u>	<u>(2,703)</u>
Profit (loss) before tax	94,151	(731,407)
Income tax expense	<u>(140,898)</u>	<u>(12,369)</u>
Net profit (loss)	<u>(46,747)</u>	<u>(743,777)</u>
Profit (loss) attributable to:		
Shareholders of Cookpad Inc.	60,539	(670,931)
Non-controlling interests	<u>(107,286)</u>	<u>(72,845)</u>
Net profit (loss)	<u>(46,747)</u>	<u>(743,777)</u>
Earnings per share		
Basic earnings (loss) per share (yen)	0.56	(6.24)
Diluted earnings (loss) per share (yen)	0.56	—

Condensed Consolidated Statements of Comprehensive Income

The First Six Months of FY2020 and FY2021

	(Thousands of yen)	
	Six months ended June 30, 2020 (Jan. 1 - Jun. 30, 2020)	Six months ended June 30, 2021 (Jan. 1 - Jun. 30, 2021)
Net profit (loss)	22,622	(1,142,930)
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	(3,534)	457
Total of items that will not be reclassified subsequently to profit or loss	(3,534)	457
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(582,423)	691,954
Total items that may be reclassified subsequently to profit or loss	(582,423)	691,954
Other comprehensive income, net of tax	(585,957)	692,411
Comprehensive income	<u>(563,335)</u>	<u>(450,519)</u>
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	(368,699)	(309,353)
Non-controlling interests	(194,636)	(141,166)
Comprehensive income	<u>(563,335)</u>	<u>(450,519)</u>

The Second Quarter of FY2020 and FY2021

	(Thousands of yen)	
	Three months ended June 30, 2020 (Apr. 1 - Jun. 30, 2020)	Three months ended June 30, 2021 (Apr. 1 - Jun. 30, 2021)
Net profit (loss)	(46,747)	(743,777)
Other comprehensive income		
Items that may not be reclassified subsequently to profit or loss		
Net changes in financial assets at fair value through other comprehensive income	(3,534)	228
Total of items that may not be reclassified subsequently to profit or loss	(3,534)	228
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(30,902)	73,742
Total items that may be reclassified subsequently to profit or loss	(30,902)	73,742
Other comprehensive income, net of tax	(34,436)	73,970
Comprehensive income	(81,183)	(669,807)
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	26,103	(596,962)
Non-controlling interests	(107,286)	(72,845)
Comprehensive income	(81,183)	(669,807)

(3) Condensed Consolidated Statements of Changes in Equity

Six months ended June 30, 2020 (January 1 - June 30, 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	—	—	(225,676)	—	—	(225,676)	—	(225,676)
Balance after restatement as of January 1, 2020	5,286,015	7,194,224	10,886,479	(2,008)	(227,190)	23,137,520	1,458,326	24,595,845
Net profit (loss)	—	—	217,258	—	—	217,258	(194,636)	22,622
Other comprehensive income	—	—	—	—	(585,957)	(585,957)	—	(585,957)
Total comprehensive income	—	—	217,258	—	(585,957)	(368,699)	(194,636)	(563,335)
Share-based payment transaction	—	—	—	—	9,927	9,927	—	9,927
Acquisition of subsidiaries	—	—	—	—	—	—	—	—
Purchase of treasury stock	—	—	—	(14)	—	(14)	—	(14)
Total transactions with shareholders	—	—	—	(14)	9,927	9,913	—	9,913
Balance as of June 30, 2020	5,286,015	7,194,224	11,103,737	(2,022)	(803,220)	22,778,734	1,263,690	24,042,424

Six months ended June 30, 2021 (January 1 - June 30, 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	11,365,838	(2,022)	(520,558)	23,323,497	1,190,011	24,513,508
Impact of changes in accounting policies	—	—	—	—	—	—	—	—
Balance after restatement as of January 1, 2021	5,286,015	7,194,224	11,365,838	(2,022)	(520,558)	23,323,497	1,190,011	24,513,508
Net profit (loss)	—	—	(1,001,764)	—	—	(1,001,764)	(141,166)	(1,142,930)
Other comprehensive income	—	—	—	—	692,411	692,411	—	692,411
Total comprehensive income	—	—	(1,001,764)	—	692,411	(309,353)	(141,166)	(450,519)
Share-based payment transaction	—	—	—	—	13,898	13,898	—	13,898
Acquisition of subsidiaries	—	—	—	—	—	—	0	0
Purchase of treasury stock	—	—	—	—	—	—	—	—
Total transactions with shareholders	—	—	—	—	13,898	13,898	0	13,898
Balance as of June 30, 2021	5,286,015	7,194,224	10,364,074	(2,022)	185,751	23,028,042	1,048,845	24,076,887

(4) Condensed Consolidated Statements of Cash Flows

	(Thousands of yen)	
	Six months ended June 30, 2020 (Jan. 1 - Jun. 30, 2020)	Six months ended June 30, 2021 (Jan. 1 - Jun. 30, 2021)
Cash flows from operating activities		
Profit before tax	325,670	(1,048,650)
Impairment loss	26,503	7,823
Depreciation and amortization	231,985	373,970
Financial (income) expense	56,430	(50,902)
Net (increase) decrease of trade and other receivables	(149,495)	251,001
Net increase (decrease) of trade and other payables	(38,894)	(90,304)
Net increase (decrease) of consumption tax payable increase	(6,978)	(112,370)
Other	(36,218)	1,989
Subtotal	409,003	(667,443)
Interest and dividend income received	7,032	479
Interest expenses paid	(3,089)	(2,282)
Income taxes refunded (paid)	125,399	27,111
Cash flows from operating activities	538,346	(642,135)
Cash flows from investing activities		
Purchase of property, plant and equipment	(122,637)	(64,306)
Purchase of intangible assets	(15,533)	(16,679)
Purchase of subsidiaries	(53,282)	—
Payments of leasehold and guarantee deposits	(652)	(113,726)
Other	10,332	5,305
Cash flows from investing activities	(181,772)	(189,406)

	(Thousands of yen)	
	Six months ended June 30, 2020 (Jan. 1 - Jun. 30, 2020)	Six months ended June 30, 2021 (Jan. 1 - Jun. 30, 2021)
Cash flows from financing activities		
Repayments of lease obligations	(196,398)	(194,572)
Purchase of treasury stock	(14)	—
Cash flows from financing activities	 (196,411)	 (194,572)
Net increase (decrease) in cash and cash equivalents	160,163	(1,026,113)
Cash and cash equivalents at beginning of period	23,105,395	22,685,528
Effect of exchange rate change on cash and cash equivalents	(674,367)	782,080
Cash and cash equivalents at end of period	 22,591,191	 22,441,495