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Cookpad Inc.

Consolidated Earnings Results for the Three Months ended 31 March 2022 [IFRS], unaudited

13 May 2022

Stock listed in: Tokyo Stock Exchange
 Securities code: 2193 URL <https://info.cookpad.com/>
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 Scheduled dates
 Filing of the quarterly securities report: 16 May 2022
 Dividend payout: N/A
 Supplementary materials for earnings results: To be provided
 Earnings results briefing: Not to be held

(Million JPY, rounded to the nearest million JPY)

1. Consolidated Financial Results for the Three Months ended 31 March 2022 (1 January 2022 through 31 March 2022)

(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	
	mm yen	%	mm yen	%	mm yen	%	mm yen	%	mm yen	%	mm yen	%
For three months ended 31 Mar. 2022	2,297	(12.5)	(619)	-	(580)	-	(593)	-	(540)	-	(361)	-
31 Mar. 2021	2,623	(4.7)	(327)	-	(317)	-	(399)	-	(330)	-	219	-

	EPS (Basic)	EPS (Diluted)
For three months ended	yen	yen
31 Mar. 2022	(5.18)	-
31 Mar. 2021	(3.07)	(3.07)

(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
	mm yen	mm yen	mm yen	%
As of 31 Mar. 2022	23,331	21,277	20,728	88.8
As of 31 Dec. 2021	23,863	21,631	21,029	88.1

2. Dividends

	Dividend per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
Fiscal year ended/ending	yen	yen	yen	yen	yen
31 Dec. 2021	-	0.00	-	0.00	0.00
31 Dec. 2022	-	-	-	-	-
31 Dec. 2022 (Forecast)	-	0.00	-	0.00	0.00

(Note) Made revisions to most recently announced dividend forecast: No

3. Full Year Forecast of Consolidated Earnings (1 January 2022 through 31 December 2022)

To deliver on its mission to “Make everyday cooking fun!” the Cookpad Group (the “Group”) strives to pursue investment opportunities to provide cooking-related services to people worldwide. As Cookpad Inc. (the “Company”) assumes the need to provide estimates on business results flexibly taking into account the changes in the situation surrounding its businesses, the specific forecast of consolidated earnings for the fiscal year ending 31 December 2022 is omitted for the difficulty of making reasonable estimates.

***Notes**

(1) Made changes in significant subsidiaries during the period

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

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

1) Made changes required for the adoption of IFRS: No

2) Made changes other than 1): No

3) Made changes in accounting estimates: No

(3) Number of shares issued (ordinary shares)

1) Number of shares issued (including treasury shares)	As of 31 Mar. 2022	107,429,400	As of 31 Dec. 2021	107,429,400
2) Number of treasury shares	As of 31 Mar. 2022	3,219,061	As of 31 Dec. 2021	3,219,061
3) Number of average shares during the period	As of 31 Mar. 2022	104,210,339	As of 31 Mar. 2021	107,425,389

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

* Appropriate use of earnings forecasts and other special notes

The earnings forecast for the fiscal year ending 31 December 2022 is omitted for the reasons stated in the summary information "3. Full Year Forecast of Consolidated Earnings (1 January 2022 through 31 December 2022)."

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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 31 March 2022 (1 January 2022 through 31 March 2022) are as follows:

(Millions of yen)

	Three months ended 31 March 2021 (1 Jan. to 31 Mar. 2021)	Three months ended 31 March 2022 (1 Jan. to 31 Mar. 2022)	YoY change
Sales revenue	2,623	2,297	(12.5%)
Operating loss	(327)	(619)	-
Loss before tax	(317)	(580)	-
Loss attributable to shareholders of the Company	(330)	(540)	-

To deliver on its mission to “Make everyday cooking fun!” the Group has been making proactive investments to solve various problems associated with cooking and to increase the number of home cooks who enjoy cooking around the world. The Company’s articles of incorporation state, “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 emphasise the Group’s goal and raison d’être.

Capitalism and its prioritisation of economic growth has had a massive impact on the world: extreme poverty is declining and, in general, life expectancy is increasing. However, we have started to realise 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, while the rapid shift to virtual relationships is contributing to mental illness. From the perspective of the “health” of the earth, the food value chain is one of the largest sources of carbon dioxide emissions, contributing to global warming, escalating land and marine pollution, and 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. This is because we are outsourcing cooking 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 to make ourselves, society and the planet healthier. The Company strives to make a positive impact through home cooking.

Specifically, we aim to increase the number of “creators involved in cooking” including not only home cooks but also farmers and those who create food or related products, because once you become a creator, you become more aware. Creators think, they are curious, they are engaged. In turn, they tend to make conscious, informed choices, possibly resulting in the improvement of the earth’s health, which has often been damaged by modern society placing a higher priority on efficiency and profit.

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 or the conviction that they are contributing to the health of ourselves, society, and the planet. Whatever their motivation, we will help to make cooking enjoyable for everyone who wants to cook.

Of the seven billion people on our planet, many home cooks are already enjoying cooking. We will create a community where the passion and wisdom of these people helps and inspires others.

The Group continues to strive to “Make everyday cooking fun!” for the better health of people, society, and the planet as well as corporate and shareholder value maximisation.

Sales revenue for the three months ended 31 March 2022 (“Q1 FY2022”) was 2,297 million yen (down 12.5% year on year). Its decrease was mostly due to the declines in the domestic recipe service membership sales and the domestic recipe service advertising sales. SG&A expenses decreased to 2,828 million yen (down 0.7% YoY) mainly owing to a temporary increase in the depreciation costs associated with the headquarters relocation conducted in the last fiscal year. Consequently, the Company posted an operating loss of 619 million yen (loss of 327 million yen a year earlier) and a loss before tax of 580 million yen (loss of 317 million yen a year earlier). Loss attributable to shareholders of the Company was 540 million yen (loss of 330 million yen a year earlier) after Cookpad TV Inc. had incurred a loss attributable to non-controlling interests.

The Group only has a single business segment “Make everyday cooking fun!” but provides a breakdown of sales revenue below.

(Millions of yen)			
Reportable Segment	Three months ended 31 March 2021 (1 Jan. to 31 Mar. 2021)	Three months ended 31 March 2022 (1 Jan. to 31 Mar. 2022)	YoY change
Make everyday cooking fun!	2,623	2,297	(12.5%)
Domestic recipe service membership sales	1,804	1,652	(8.4%)
Domestic recipe service advertising sales	591	396	(33.0%)
Other sales	227	248	8.9%

The domestic recipe service membership sales for Q1 FY2022 were 1,652 million yen (down 8.4% year on year). This drop was mainly due to the decrease of the Premier Services membership by 170 thousand members.

The domestic recipe service advertising sales for Q1 FY2022 fell to 396 million yen (down 33.0%) mainly owing to the decline in sales of both display and network advertisings.

Other sales for Q1 FY2022 rose to 248 million yen (up 8.9%) with sales revenue of Cookpad Mart and the publication business from increasing.

(2) Analysis of Financial Position

a) Assets, liabilities and equity

(Assets)

As of 31 March 2022, total assets were 23,331 million yen, down 532 million yen from 31 December 2021. Current assets were 22,133 million yen, down 532 million yen, and non-current assets were 1,197 million yen, up 0.5 million yen.

The main factor behind the decreased assets was the decline in cash and cash equivalents by 392 million yen largely driven by increased payments for operating activities.

(Liabilities)

As of 31 March 2022, total liabilities were 2,053 million yen, down 178 million yen from 31 December 2021. Current liabilities were 1,134 million yen, down 85 million yen, and non-current liabilities were 918 million yen, down 92 million yen.

The decreased liabilities largely resulted from the decline in lease obligations by 79 million yen through repayments and from the decline in Trade and other payables by 76 million yen.

(Equity)

As of 31 March 2022, total equity was 21,277 million yen, down 353 million yen from 31 December 2021. Other components of equity increased by 239 million yen partly due to weak yen, but retained earnings dropped by 540 million yen after the Company posted net loss for the period.

b) Cash flows

As of 31 March 2022, the balance of cash and cash equivalents (“funds”) was 20,017 million yen, down 392 million yen from 31 December 2021, primarily due to the factors shown below.

(Cash flows from operating activities)

Funds used in operating activities totalled 498 million yen, after the Company posted a loss before tax of 580 million yen while trade and other receivables decreased by 124 million yen.

(Cash flows from investing activities)

Funds used in investing activities totalled 84 million yen. The Company recorded expenses of 66 million yen incurred by the acquisition of investment securities.

(Cash flows from financing activities)

Funds used in financing activities totalled 94 million yen, which was used for repayments of lease obligations.

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

To deliver on its mission to “Make everyday cooking fun!” the Group strives to pursue investment opportunities to provide cooking-related services to people worldwide. As the Company assumes the need to provide estimates on business results flexibly taking into account the changes in the situation surrounding its businesses, the specific forecast of consolidated earnings for the fiscal year ending 31 December 2022 is not disclosed for the difficulty of making reasonable estimates.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

(Thousands of yen)

	As of 31 December 2021	As of 31 March 2022
Assets		
Current assets		
Cash and cash equivalents	20,410,037	20,017,909
Trade and other receivables	1,709,081	1,561,968
Other financial assets	5,529	5,063
Inventories	44,654	41,692
Other current assets	497,202	506,955
Total current assets	22,666,503	22,133,587
Non-current assets		
Property, plant and equipment	657,095	590,252
Goodwill	140,920	140,920
Intangible assets	106,707	102,882
Other financial assets	220,966	291,224
Deferred tax assets	47,257	53,133
Other non-current assets	24,363	19,401
Total non-current assets	1,197,309	1,197,812
Total assets	23,863,812	23,331,399

(Thousands of yen)

	As of 31 December 2021	As of 31 March 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Lease obligations	347,787	344,857
Trade and other payables	703,061	626,373
Other financial liabilities	96,068	92,845
Income tax payable	9,347	7,443
Other current liabilities	64,290	63,336
Total current liabilities	1,220,552	1,134,854
Non-current liabilities		
Lease obligations	886,420	809,715
Provisions	125,207	109,107
Total non-current liabilities	1,011,627	918,822
Total liabilities	2,232,179	2,053,676
Equity		
Capital stock	5,286,015	5,286,015
Capital surplus	7,194,224	7,194,224
Retained earnings	8,985,618	8,444,844
Treasury shares	(735,054)	(735,054)
Other components of equity	299,123	538,478
Equity attributable to shareholders of the Company	21,029,926	20,728,507
Non-controlling interests	601,707	549,216
Total equity	21,631,633	21,277,723
Total equity and liabilities	23,863,812	23,331,399

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

Condensed Consolidated Income Statements

The first three months of FY2021 and FY2022

(Thousands of yen)

	Three months ended 31 March 2021 (1 Jan. to 31 Mar. 2021)	Three months ended 31 March 2022 (1 Jan. to 31 Mar. 2022)
Sales revenue	2,623,919	2,297,119
Cost of sales	(109,225)	(100,410)
Gross profit	2,514,693	2,196,709
Selling, general and administrative expenses	(2,847,175)	(2,828,354)
Other income	5,922	12,263
Other expense	(1,222)	(26)
Operating loss	(327,782)	(619,408)
Financial income	11,552	41,343
Financial expense	(1,012)	(2,187)
Loss before tax	(317,243)	(580,252)
Income tax expense	(81,911)	(13,013)
Net loss	(399,153)	(593,265)
Profit attributable to:		
Shareholders of the Company	(330,833)	(540,774)
Non-controlling interests	(68,321)	(52,491)
Net loss	(399,153)	(593,265)
Earnings per share		
Basic loss per share	(3.07)	(5.18)
Diluted loss per share	(3.07)	-

Condensed Consolidated Statements of Comprehensive Income

The first three months of FY2021 and FY2022

(Thousands of yen)

	Three months ended 31 March 2021 (1 Jan. to 31 Mar. 2021)	Three months ended 31 March 2022 (1 Jan. to 31 Mar. 2022)
Net loss	(399,153)	(593,265)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Net change in financial instruments designated as those to be measured at fair value through other comprehensive income and measured as such	230	556
Total of items that will not be reclassified subsequently to profit or loss	230	556
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	618,212	231,617
Total items that may be reclassified subsequently to profit or loss	618,212	231,617
Other comprehensive income, net of tax	618,441	232,173
Comprehensive income	219,288	(361,092)
Comprehensive income attributable to:		
Shareholders of the Company	287,609	(308,601)
Non-controlling interests	(68,321)	(52,491)
Comprehensive income	219,288	(361,092)

(3) Condensed Consolidated Statements of Changes in Equity

Q1 FY2021 (1 January 2021 through 31 March 2021)

(Thousands of yen)

	Equity attributable to shareholders of the Company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to shareholders of the Company		
Balance as of 1 Jan. 2021	5,286,015	7,194,224	11,365,838	(2,022)	(520,558)	23,323,497	1,190,011	24,513,508
Net loss	-	-	(330,833)	-	-	(330,833)	(68,321)	(399,153)
Other comprehensive income	-	-	-	-	618,441	618,441	-	618,441
Total comprehensive income	-	-	(330,833)	-	618,441	287,609	(68,321)	219,288
Share-based payment transaction	-	-	-	-	6,246	6,246	-	6,246
Other	-	-	-	-	-	-	-	-
Total transactions with shareholders	-	-	-	-	6,246	6,246	-	6,246
Balance as of 31 Mar. 2021	5,286,015	7,194,224	11,035,006	△2,022	104,129	23,617,352	1,121,690	24,739,042

Q1 FY2022 (1 January 2022 through 31 March 2022)

(Thousands of yen)

	Equity attributable to shareholders of the Company						Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Equity attributable to shareholders of the Company		
Balance as of 1 Jan. 2022	5,286,015	7,194,224	8,985,618	(735,054)	299,123	21,029,926	601,707	21,631,633
Net loss	-	-	(540,774)	-	-	(540,774)	(52,491)	(593,265)
Other comprehensive income	-	-	-	-	232,173	232,173	-	232,173
Total comprehensive income	-	-	(540,774)	-	232,173	(308,601)	(52,491)	(361,092)
Share-based payment transaction	-	-	-	-	7,182	7,182	-	7,182
Other	-	(0)	-	-	-	(0)	-	(0)
Total transactions with shareholders	-	(0)	-	-	7,182	7,182	-	7,182
Balance as of 31 Mar. 2022	5,286,015	7,194,224	8,444,844	(735,054)	538,478	20,728,507	549,216	21,277,723

(4) Condensed Consolidated Statements of Cash Flows

	(Thousands of yen)	
	Three months ended 31 March 2021 (1 Jan. to 31 Mar. 2021)	Three months ended 31 March 2022 (1 Jan. to 31 Mar. 2022)
Cash flows from operating activities		
Loss before tax	(317,243)	(580,252)
Impairment loss	3,875	17,242
Depreciation and amortisation	195,697	73,553
Financial expense (or income)	(50,385)	(47,354)
Net decrease (or increase) of trade and other receivables	42,757	124,117
Net increase (or decrease) of trade and other payables	(92,696)	(65,455)
Other	40,427	27,201
Subtotal	(177,566)	(450,948)
Interest and dividend income received	280	2,208
Interest expenses paid	(988)	(1,463)
Income taxes paid	(98,849)	(48,058)
Cash flows from operating activities	(277,122)	(498,260)
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,651)	(13,889)
Purchase of intangible assets	(7,391)	(1,343)
Purchase of investment securities	-	(66,218)
Purchase of subsidiaries	-	(17,085)
Payment for lease and guarantee deposits	(112,659)	(942)
Proceeds from collection of lease and guarantee deposits	4,843	32,965
Payment for fulfilment of asset retirement obligations	-	(18,000)
Other	341	421
Cash flows from investing activities	(146,517)	(84,092)

	(Thousands of yen)	
	Three months ended 31 March 2021 (1 Jan. to 31 Mar. 2021)	Three months ended 31 March 2022 (1 Jan. to 31 Mar. 2022)
Cash flows from financing activities		
Repayments of lease obligations	(98,364)	(94,951)
Other	-	(0)
Cash flows from financing activities	(98,364)	(94,951)
Net increase (or decrease) in cash and cash equivalents	(522,003)	(677,303)
Cash and cash equivalents at beginning of period	22,685,528	20,410,037
Effect of exchange rate change on cash and cash equivalents	702,525	285,176
Cash and cash equivalents at end of period	22,866,050	20,017,909

(5) Notes to Condensed Consolidated Financial Statements

1. Reporting entity

Cookpad Inc. (the “Company”) is a company located in Japan. These condensed consolidated financial statements contain business results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2022 (“Q1 FY2022”).

The Group is committed to its mission to “Make everyday cooking fun!” and operates “Cookpad,” a platform for finding and posting recipes online and other cooking-related businesses.

2. Basis of preparation

(1) Compliance with IFRS

The Group fulfils the requirements of a “specified company applying designated International Financial Reporting Standards” as provided in Article 1-2 of the “Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements” (Ordinance of the Cabinet Office No. 64 of 2007). Therefore, the Company’s condensed consolidated financial statements are prepared in conformity with IAS 34 “Interim Financial Reporting” in accordance with the provisions of Article 93 of the ordinance.

The condensed consolidated financial statements do not include all information required for the consolidated financial statements for the full year, and thus should be used together with the consolidated financial statements for the previous fiscal year.

(2) Basis of measurement

The Group’s condensed consolidated financial statements are prepared on historical cost, except for certain financial instruments and other assets to be measured on a fair value basis.

(3) Functional and Presentation Currency

The Group’s condensed consolidated financial statements are presented in Japanese yen and financial figures are rounded to the nearest thousand yen.

3. Significant accounting policies

Significant accounting policies applied to the preparation of these condensed consolidated financial statements are the same as the ones applied to the consolidated financial statements for the previous fiscal year, unless otherwise specified.

Income taxes for Q1 FY2022 have been calculated using the estimated average annual effective tax rate.

4. Use of significant accounting estimates and judgments

The preparation of condensed consolidated financial statements requires the management to make certain judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. These estimates and assumptions may differ from the actual results.

These estimates and underlying assumptions are reviewed by management on a continuous basis. Changes in these accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The management has applied the same estimates and judgments that materially affect the reported amounts in the condensed consolidated financial statements for Q1 FY2022 as it did for the consolidated financial statements for FY2021.

5. Segment information

The Group only has a single business segment “Make everyday cooking fun!” and thus the description of business results for each business field is omitted.

6. Subsequent events

The Company decided to issue share subscription warrants certificates (“Share Options”) in accordance with the resolution passed at the 18th General Meeting of Shareholders held on 25 March 2022 pursuant to Articles 236, 238 and 239 of Japan’s Companies Act as well as the decision made on 28 March 2022 by Chief Executive Officer, who had been granted the decision-making authority by the Board pursuant to Article 416 (4) of the said act, and allocated them after the details of issuance were confirmed on 13 May 2022.

(1) The number and class of shares to be acquired through the exercise of Share Options

353,000 ordinary shares of the Company’s stock

(2) The number of share options issued

3,530

The number of shares per unit is 100.

(3) The value of properties contributed with the exercise of one Share Option

30,200 yen per Share Option (302 yen per share)

(4) The number of eligible subscribers and breakdown of the allotment

Eligible subscribers	Number of persons	Number of Share Options allotted
Executive Officers of the Company	7	850
Employees of the Company	38	1,430
Directors of the Company’s subsidiaries	8	450
Employees of the Company’s subsidiaries	12	800
Total	65	3,530

(6) Notes on the Going Concern Assumption

Not applicable