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## Cookpad Inc.

### Consolidated Earnings Results for the Three Months ended March 31, 2017 [IFRS], unaudited

May 10, 2017

Stock listed: Tokyo Stock Exchange

Securities code: 2193

URL: <http://info.cookpad.com/en>

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Scheduled dates

Filing of the quarterly securities report: May 11, 2017

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, 2017 (January 1, 2017 - March 31, 2017)

##### (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, 2017	3,660	(10.7)	1,972	(4.9)	2,428	34.4	1,517	35.7	1,517	40.0	1,462	62.0
March 31, 2016	4,099	58.0	2,073	75.3	1,807	37.2	1,118	55.1	1,084	48.2	903	58.9

For the three months ended	EPS (Basic)	EPS (Diluted)
	Yen	Yen
March 31, 2017	14.16	14.11
March 31, 2016	10.13	9.95

Note: 1. During the third quarter of the fiscal year ended December 31, 2016, Cookpad Inc. (the "Company") sold all the shares in a consolidated subsidiary SELECTURE Inc., which was consequently excluded from the scope of consolidation. In line with this, the Cookpad Group ceased to operate EC business and reclassified it into discontinued operation for the first quarter of the fiscal year ended December 31, 2016 and earlier. The financial statements have been adjusted so that sales revenue, operating income and profit before tax do not include those from the discontinued EC business.

##### (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, 2017	23,534	21,340	21,342	90.7
As of December 31, 2016	24,419	20,939	20,941	85.8

#### 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, 2016	—	0.00	—	10.00	10.00
December 31, 2017	—	—	—	—	—
December 31, 2017 (Forecast)	—	—	—	—	—

Notes: 1. No changes were made to the latest release of dividend forecasts.

2. Dividends per share for the fiscal year ending December 31, 2017 has yet to be determined.

### 3. Full Year Forecast of Consolidated Earnings (January 1, 2017 – December 31, 2017)

To fulfill the corporate mission of “Make Everyday Cooking Fun,” the Cookpad Group is aggressively pursuing investment opportunities to provide recipe services to people worldwide. As the timing and scale of investment will be decided in an agile manner taking into consideration any changes in the business environment, it is difficult to reasonably estimate the consolidated earnings for the fiscal year ending December 31, 2017. Thus, the Company has omitted the consolidated earnings forecast for fiscal 2017.

#### \*Notes

- |   |                    |
|---|--------------------|
| (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in scope of consolidation): | Yes                |
| (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, 2017:   | 107,174,400 shares |
| As of December 31, 2016:  | 107,157,600 shares |
| 2) Number of treasury shares  |                    |
| As of March 31, 2017:   | 3,956 shares       |
| As of December 31, 2016:  | 3,956 shares       |
| 3) Number of average shares during the period   |                    |
| Three months ended March 31, 2017:  | 107,166,897 shares |
| Three months ended March 31, 2016:  | 107,018,004 shares |

\*This report is exempt from the quarterly review of accounts requirements of Japan’s Financial Instruments and Exchange Act.

#### \*Appropriate use of earnings results and other special notes

The above forecasts, which constitute forward-looking statements, are based on information available to the Company and the assumptions of management as of the release date of this document. Actual results may differ materially from the above forecasts due to a range of factors. For the assumptions underlying the forecasts herein, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance (3) Consolidated earnings forecasts and other forward-looking information” on page 4 in the Accompanying Materials.

## Accompanying Materials

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## 1. Analysis of Operating Results and Financial Position

### (1) Analysis of Operating Results

#### 1) Overview of operating results

The consolidated results for the three months ended March 31, 2017 are as follows:

	Three months ended March 31, 2016 (Jan. 1 - Mar. 31, 2016)	Three months ended March 31, 2017 (Jan. 1 - Mar. 31, 2017)	YoY change
Sales revenue (from continuing operations)	4,099	3,660	-10.7%
Operating income (from continuing operations)	2,073	1,972	-4.9%
Profit before tax (from continuing operations)	1,807	2,428	+34.4%
Profit attributable to shareholders of Cookpad Inc. (from all operations)	1,084	1,517	+40.0%

(Millions of yen)

Ever since its founding, the Cookpad Group has been addressing the challenge of deciding “what to cook today” faced by those preparing food throughout Japan. Last year, we held a series of discussions about our long-term growth as a business, what would be achievable for us in terms of corporate social responsibility, and the business fields that we should aim for as a company whose mission is to “make everyday cooking fun.” We concluded that we should go back to our origins by leveraging our outstanding strengths and know-how in the Cookpad Group’s “Cookpad” recipe service and making the most of our user base so that our business focuses even more on solving all kinds of “cooking” related problems faced by those who prepare food not only in Japan but also around the world. We believe that this strategy will enhance our corporate value over the long term. In line with this, we sold group companies, etc. that did not match the future policy of the Group, thereby building an environment where we can focus on the “cooking”-related business. Moreover, we set the current period as the investment phase, where we once again focus on building the business foundation to achieve strong growth, and decided to actively invest in service development, user base acquisition and brand building. We believe that it is the mission of Cookpad to bring about prosperity worthy of the coming era by using cooking as a means to identify, think of and solve the various issues faced by individuals, the society and the earth.

In the first quarter of fiscal 2017, the average number of monthly “Cookpad” users in Japan for declined by 2.82 million from the previous quarter (October – December 2016) to 61.34 million (monthly average of visitors, for the period from January to March 2017, calculated for each browser and device). The average number of monthly overseas users totaled 29.38 million (monthly average for the period from January to March 2017 calculated with Google Analytics), down 3.21 million from the previous quarter (October – December 2016). The proportion of monthly users to the population has been higher in Japan than in overseas, and we believe that factors such as the seasonality becoming more conspicuous and the changes in algorithms of major search engines have affected the monthly user numbers. The number of posted recipes has been steadily increasing, and now stands at 2.66 million, up 70,000 from the end of the previous fiscal year.

Like in Japan, we believe that the overseas business has also been affected by the seasonality of events in addition to the changes in the algorithms of major search engines. We will continue to actively pursue overseas expansion mainly with the initiatives by Cookpad International Ltd. in the U.K., which we have positioned as our second headquarters in 2016.

As a result, sales revenue from continuing operations was 3,660 million yen (down 10.7% year-on-year) for the three months ended March 31, 2017. This is mainly due to the sale of consolidated subsidiary Minnano Wedding Co., Ltd. and the Company’s initiative, in the Advertising business, to limit the advertising space on offer in order to give priority to service development. SG&A expenses from continuing operations were 1,578 million yen (down 14.3% year-on-year). Operating income from continuing operations for the first quarter was 1,972 million yen (down 4.9% year-on-year). On the other hand, financial income increased as the Company sold Minnano Wedding Co., Ltd. and

profit before tax from continuing operations came to 2,428 million yen (up 34.4% year-on-year) and profit attributable to shareholders of Cookpad Inc. from all operations including discontinued operations was 1,517 million yen (up 40.0% year-on-year).

During the third quarter of the fiscal year ended December 31, 2016, the Company sold all the shares in a consolidated subsidiary SELECTURE Inc., which was consequently excluded from the scope of consolidation. In line with this, the Cookpad Group ceased to operate EC business and reclassified it into discontinued operation for the first quarter of the fiscal year ended December 31, 2016. The financial statements have been adjusted so that sales revenue, operating income and profit before tax do not include those from the discontinued EC business.

## 2) Segment results

Sales revenue by reportable segment is as follows.

Reportable Segment		(Millions of yen)		
		Three months ended March 31, 2016 (Jan. 1 - Mar. 31, 2016)	Three months ended March 31, 2017 (Jan. 1 - Mar. 31, 2017)	YoY change
Internet/Media		4,051	3,590	-11.4%
Recipe services	Premium Services	2,038	2,339	+14.7%
	Advertising	1,306	1,121	-14.1%
	Shopping information	81	—	-100.0%
	Other	19	48	+151.0%
Other Internet/Media		604	81	-86.5%
Other businesses		48	70	+45.3%
Total		4,099	3,660	-10.7%

### Internet/Media

Sales revenue from the Internet/Media segment was 3,590 million yen (down 11.4% year-on-year), and segment profit was 1,989 million yen (down 5.2% year-on-year) for the three months ended March 31, 2017.

#### (Recipe Services)

This segment includes sales revenue from the Premium Services business of the “Cookpad” and other recipe services in Japan and overseas and the Advertising business.

Sales revenue from the Premium Services business was 2,339 million yen (up 14.7% year-on-year) for the three months ended March 31, 2017. Premium Membership continued to rise and sales revenue from telecom carriers (including revenue share) such as NTT DOCOMO’s “dgourmet” service contributed to the sales revenue growth.

Sales revenue of the Advertising business was 1,121 million yen (down 14.1% year-on-year) for the three months ended March 31, 2017. This is attributable primarily to the limited advertising space on offer to give priority to service development.

#### (Other Internet/Media)

Minnano Wedding Co., Ltd., which was a consolidated subsidiary, was excluded from the scope of consolidation as of the end of the previous fiscal year. This resulted in sales revenue of 81 million yen (down 86.5% year-on-year) for the three months ended March 31, 2017.

## **(2) Analysis of Financial Position**

### 1) Assets, Liabilities, and Equity

#### (Assets)

As of March 31, 2017, total assets were 23,534 million yen, down 884 million yen as compared with the previous fiscal year-end. Current assets were 20,541 million yen, down 523 million yen, and non-current assets were 2,993 million yen, down 361 million yen.

The main reason for the decrease in current assets is a 1,645 million yen decline in assets held for sales while cash and cash equivalents increased 1,299 million yen. Non-current assets decreased due to a 502 million yen decrease in other financial assets.

#### (Liabilities)

As of March 31, 2017, total liabilities were 2,193 million yen, down 1,285 million yen as compared with the previous fiscal year-end. Current liabilities were 1,882 million yen, down 1,349 million yen, and non-current liabilities were 310 million yen, up 63 million yen.

The main reason for the decrease in current liabilities was a decrease of 1,228 million yen in income tax payable.

#### (Equity)

As of March 31, 2017, total equity was 21,340 million yen, up 400 million yen as compared with the previous fiscal year-end. This was due primarily to an increase in retained earnings of 446 million yen as the Company recorded 446 million yen in profit attributable to shareholders of Cookpad Inc.

### 2) Cash Flows

As of March 31, 2017, the balance of cash and cash equivalents (“Funds”) was 17,842 million yen, up 1,299 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 0 million yen. While profit before tax was 2,428 million yen, there were income taxes paid of 2,009 million yen.

#### (Cash flows from investing activities)

Funds provided by investing activities totaled 2,452 million yen. This is primarily attributable to 2,047 million yen of proceeds from sales of affiliates’ shares.

#### (Cash flows from financing activities)

Funds used in financing activities totaled 1,082 million yen, mainly attributable to cash dividends paid totaling 1,071 million yen.

## **(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, 2017. Thus, the Company has not disclosed its consolidated earnings forecast for fiscal 2017.

**2. Condensed Consolidated Financial Statements and Notes**  
**(1) Condensed Consolidated Statements of Financial Position**

(Thousands of yen)

	As of December 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	16,543,220	17,842,759
Trade and other receivables	2,689,501	2,502,522
Other financial assets	14,921	21,918
Inventories	19,497	28,743
Other current assets	151,399	145,213
Assets held for sale	1,645,788	—
Total current assets	21,064,327	20,541,155
Non-current assets		
Property, plant and equipment	318,086	311,822
Goodwill	995,056	1,228,711
Intangible assets	74,114	114,176
Other financial assets	1,116,159	613,714
Deferred tax assets	821,519	692,656
Other non-current assets	29,999	32,384
Total non-current assets	3,354,934	2,993,464
Total assets	24,419,261	23,534,619

(Thousands of yen)

	As of December 31, 2016	As of March 31, 2017
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term debt	55,765	45,915
Trade and other payables	764,354	703,783
Other financial liabilities	44,663	80,446
Income tax payable	2,034,560	806,509
Other current liabilities	332,897	246,194
Total current liabilities	3,232,238	1,882,848
Non-current liabilities		
Long-term debt	44,219	36,481
Other non-current liabilities	—	17,135
Other financial liabilities	57,511	111,972
Provisions	145,317	145,389
Total non-current liabilities	247,047	310,977
Total liabilities	3,479,285	2,193,825
Equity		
Capital stock	5,267,483	5,271,994
Capital surplus	5,264,030	5,268,541
Retained earnings	10,466,781	10,913,042
Treasury stock	(2,006)	(2,006)
Other components of equity	(54,735)	(108,926)
Equity attributable to shareholders of Cookpad Inc.	20,941,554	21,342,645
Non-controlling interests	(1,577)	(1,851)
Total equity	20,939,977	21,340,794
Total equity and liabilities	24,419,261	23,534,619



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

### Condensed Consolidated Income Statements

(Thousands of yen)

	Three months ended March 31, 2016 (Jan. 1 - Mar. 31, 2016)	Three months ended March 31, 2017 (Jan. 1 - Mar. 31, 2017)
Continuing operations		
Sales revenue	4,099,324	3,660,788
Cost of sales	(190,814)	(108,670)
Gross profit	3,908,511	3,552,118
Selling, general and administrative expenses	(1,840,634)	(1,578,133)
Other income	10,158	732
Other expense	(4,813)	(2,619)
Operating income	2,073,221	1,972,098
Financial income	3,518	539,347
Financial expense	(267,535)	(82,455)
Share of income (loss) of affiliates accounted for using equity method	(2,123)	—
Profit before tax	1,807,081	2,428,990
Income tax expense	(684,672)	(911,467)
Profit from continuing operations	1,122,410	1,517,523
Discontinued operations		
Profit (loss) from discontinued operations	(4,183)	—
Net profit	1,118,227	1,517,523
Profit attributable to:		
Shareholders of Cookpad Inc.	1,084,105	1,517,797
Non-controlling interests	34,122	(274)
Net profit	1,118,227	1,517,523
Earnings per share		
Basic earnings (loss) per share (yen)		
Continuing operations	10.16	14.16
Discontinued operations	(0.03)	—
Total basic earnings per share	10.13	14.16
Diluted earnings (loss) per share (yen)		
Continuing operations	9.98	14.11
Discontinued operations	(0.03)	—
Total diluted earnings per share	9.95	14.11

## Condensed Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Three months ended March 31, 2016 (Jan. 1 - Mar. 31, 2016)	Three months ended March 31, 2017 (Jan. 1 - Mar. 31, 2017)
Net profit	1,118,227	1,517,523
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(215,197)	(54,897)
Total items that may be reclassified subsequently to profit or loss	(215,197)	(54,897)
Other comprehensive income, net of tax	(215,197)	(54,897)
Comprehensive income	<u>903,030</u>	<u>1,462,626</u>
Comprehensive income attributable to:		
Shareholders of Cookpad Inc.	868,908	1,462,900
Non-controlling interests	34,122	(274)
Comprehensive income	<u>903,030</u>	<u>1,462,626</u>

### (3) Condensed Consolidated Statements of Changes in Equity

First three months ended March 31, 2016 (January 1 - March 31, 2016)

(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, 2016	5,230,172	5,106,560	10,597,299	(2,006)	146,254	21,078,279	2,317,861	23,396,140
Net profit	—	—	1,084,105	—	—	1,084,105	34,122	1,118,227
Other comprehensive income	—	—	—	—	(215,197)	(215,197)	—	(215,197)
Total comprehensive income	—	—	1,084,105	—	(215,197)	868,908	34,122	903,030
Issuance of new shares	21,925	21,925	—	—	—	43,850	—	43,850
Share-based payment transaction	—	225	—	—	(14,206)	(13,981)	—	(13,981)
Dividends to shareholders	—	—	(1,069,028)	—	—	(1,069,028)	—	(1,069,028)
Changes in ownership interests in subsidiaries that do not result in loss of control	—	(21,988)	—	—	—	(21,988)	13,773	(8,215)
Total transactions with shareholders	21,925	162	(1,069,028)	—	(14,206)	(1,061,147)	13,773	(1,047,374)
Balance as of March 31, 2016	5,252,097	5,106,722	10,612,376	(2,006)	(83,149)	20,886,039	2,365,756	23,251,795

First three months ended March 31, 2017 (January 1 - March 31, 2017)

(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, 2017	5,267,483	5,264,030	10,466,781	(2,006)	(54,735)	20,941,554	(1,577)	20,939,977
Net profit	—	—	1,517,797	—	—	1,517,797	(274)	1,517,523
Other comprehensive income	—	—	—	—	(54,897)	(54,897)	—	(54,897)
Total comprehensive income	—	—	1,517,797	—	(54,897)	1,462,900	(274)	1,462,626
Issuance of new shares	4,511	4,511	—	—	—	9,022	—	9,022
Share-based payment transaction	—	—	—	—	706	706	—	706
Dividends to shareholders	—	—	(1,071,536)	—	—	(1,071,536)	—	(1,071,536)
Total transactions with shareholders	4,511	4,511	(1,071,536)	—	706	(1,061,809)	—	(1,061,809)
Balance as of March 31, 2017	5,271,994	5,268,541	10,913,042	(2,006)	(108,926)	21,342,645	(1,851)	21,340,794

#### (4) Condensed Consolidated Statements of Cash Flows

	(Thousands of yen)	
	Three months ended March 31, 2016 (Jan. 1 - Mar. 31, 2016)	Three months ended March 31, 2017 (Jan. 1 - Mar. 31, 2017)
Cash flows from operating activities		
Profit before tax	1,807,081	2,428,990
Profit before tax from discontinued operations	(2,176)	—
Depreciation and amortization	78,121	28,088
Financial (income) expense <sup>(Note)</sup>	266,876	(518,616)
Share of (income) loss of affiliates accounted for using equity method	2,123	—
Net (increase) decrease of trade and other receivables	298,693	199,442
Net increase (decrease) of trade and other payables	(281,074)	(60,073)
Other	51,967	(71,763)
Subtotal	2,221,611	2,006,068
Interest and dividend income received	3,540	3,449
Interest expenses paid	(928)	(411)
Income taxes paid	(1,799,599)	(2,009,025)
Cash flows from operating activities	424,625	81
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,671)	(18,069)
Purchase of intangible assets	(30,939)	(45,292)
Purchase of investments	(350,694)	—
Proceeds from sales of investments	2,163	622,377
Purchase of subsidiaries	—	(157,138)
Proceeds from sales of affiliates' shares <sup>(Note)</sup>	—	2,047,000
Other	66	3,530
Cash flows from investing activities	(392,075)	2,452,408

	(Thousands of yen)	
	Three months ended March 31, 2016 (Jan. 1 - Mar. 31, 2016)	Three months ended March 31, 2017 (Jan. 1 - Mar. 31, 2017)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	10,000	—
Repayments of long-term debt	(45,190)	(16,299)
Proceeds from issuance of new shares	34,718	6,938
Cash dividends paid	(1,069,028)	(1,071,536)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(27,552)	—
Proceeds from non-controlling shareholders	13,500	—
Other	(1,208)	(1,288)
Cash flows from financing activities	(1,084,760)	(1,082,186)
Net increase (decrease) in cash and cash equivalents	(1,052,210)	1,370,304
Cash and cash equivalents at beginning of period	13,048,498	16,543,220
Effect of exchange rate change on cash and cash equivalents	(116,772)	(70,765)
Cash and cash equivalents at end of period	11,879,516	17,842,759

Note: Gain on sales of assets held for sale and proceeds from the sales are included.