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Company: Cookpad Inc.
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Notice of Goodwill Impairment Loss

Cookpad Inc. (the “Company”) plans to recognize approximately 3.5 billion yen of impairment losses for goodwill and other, as other operating expenses in its consolidated financial statements (IFRS) for the fiscal year ended December 31, 2016.

1. Details of Goodwill Impairment Losses

(1) Consolidation of Overseas Recipe Service into UK Holding Company

The Company has been globally expanding its recipe service since its fiscal year ended April 30, 2014, by offering regional versions of the service, mainly through acquisitions.

To improve service development efficiency, the Company has developed a globally usable recipe service platform (the “Global Platform”) and successively migrating regional recipe services onto the Global Platform since the fiscal year ended December 31, 2015. In the fiscal year ended December 31, 2016, the Company designated its UK subsidiary Cookpad International Ltd. as a second corporate headquarters with oversight of all overseas businesses. The Company consolidated its intellectual property related to the recipe business into Cookpad International Ltd. and converted Cookpad International Ltd. into a holding company for overseas businesses.

By converting Cookpad International Ltd. into a holding company and consolidating the intellectual property portfolio into it, the Company has created a new earnings source. The Company considered that this new earnings source gives rise to excess earning power separate from the excess earning power derived from individual overseas subsidiaries continuing to grow as previously projected. The Company therefore decided that previously recognized goodwill corresponding to this separate excess earning power should be derecognized, largely because prospects of future use have essentially ceased to exist. The Company consequently plans to recognize goodwill impairment losses of approximately 2.7 billion yen, equal to the entire amount of goodwill recognized through the fiscal year ended December 31, 2015.

(2) Other Impairment Losses

The Company plans to recognize impairment losses totaling approximately 800 million yen on cookpad-baby Inc. and Cucumbertown, Inc. by reassessment of their future business plans and recoverable value.

2. Future Outlook

The Company plans to recognize approximately 3.5 billion yen of impairment losses, for goodwill and other, as other operating expenses in its consolidated financial statements (IFRS) for the fiscal year ended December 31, 2016.

In connection with the impairment losses, the Company plans to recognize valuation losses of

approximately 4.7 billion yen on investments in subsidiaries and associates in its non-consolidated financial statements (Japanese GAAP) for the fiscal year ended December 31, 2016.

Additionally, as a result of these losses and an approximately 1.2 billion yen remeasurement loss on newly deconsolidated equity-method affiliate Minnano Wedding Co., Ltd., disclosed in the Company's December 22, 2016, "Notice of Change in Subsidiary and Recording of Loss on Remeasurement upon Application of the Equity Method," the Company expects its profit before tax for the fiscal year ended December 31, 2016, to be lower than its profit before tax in the previous fiscal year.

3. Dividends

The Company's basic policy regarding distribution of retained earnings is to pay dividends linked to earnings and flexibly formulate appropriate shareholder-return measures aligned with its operating performance, financial condition and future prospects, while also taking into account the need to internally retain sufficient funds for long-term business expansion.

Considering that the impairment losses disclosed above are one-time, non-cash expenses, the Company expects its year-end dividend per share for the fiscal year ended December 31, 2016, to be unchanged from the previous fiscal year, irrespective of the previous fiscal year's target consolidated dividend payout ratio of 25% disclosed in the Company's February 5, 2016, "Notice Concerning Dividends."