

Consolidated Financial Results
for the First Half of the Fiscal Year Ending December 31, 2023
(under Japanese GAAP)

August 10, 2023

Name of the Listed Company: Snow Peak, Inc.

Listed Stock Exchanges: Tokyo Stock Exchange

Securities Code: 7816

URL: <http://www.snowpeak.co.jp>

Representative: Tohru Yamai, Chairman, President and Representative Director

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Scheduled date to submit quarterly report: August 14, 2023

Scheduled date to commence dividend payments: –

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded down)

1. Consolidated financial results for the first half of the fiscal year ending December 31, 2023

(from January 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
First half ended June 30, 2023	13,140	(16.3)	498	(80.5)	798	(69.1)	480	(72.0)
First half ended June 30, 2022	15,696	34.5	2,559	58.6	2,585	50.9	1,712	51.4

(Note) Comprehensive income

First half ended June 30, 2023:

1,908 million yen (-7.4%)

First half ended June 30, 2022:

2,060 million yen (28.1%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
First half ended June 30, 2023	12.69	–
First half ended June 30, 2022	45.22	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of June 30, 2023	33,820	16,808	48.8
As of December 31, 2022	30,733	15,257	48.8

(Reference) Shareholders' equity

As of June 30, 2023: 16,506 million yen

As of December 31, 2022: 15,002 million yen

2. Dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended December 31, 2022	–	0.00	–	12.00	12.00
Fiscal year ending December 31, 2023	–	0.00			
Fiscal year ending December 31, 2023 (forecast)			–	12.00	12.00

(Note) Revisions to the recently announced dividend forecast: No

3. Consolidated financial forecasts for the fiscal year ending December 31, 2023

(from January 1, 2023 to December 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	27,850	(9.5)	1,091	(70.3)	1,375	(61.9)	615	(68.4)	16.24

(Note) Revisions to the recently announced results forecast: Yes

* Notes

(1) Changes in significant subsidiaries during the first half of the fiscal year under review:	None
(2) Adoption of an accounting method specific to the preparation of quarterly financial statements:	None
(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement	
(i) Changes in accounting policies due to revisions to accounting standards and other regulations:	Yes
(ii) Changes in accounting policies other than (i):	None
(iii) Change in accounting estimates:	None
(iv) Restatement:	None
(4) Number of shares issued (common shares)	
(i) Total number of shares issued at the end of the period (including treasury shares)	
As of June 30, 2023:	38,140,000 shares
As of December 31, 2022:	38,140,000 shares
(ii) Number of treasury shares at the end of the period	
As of June 30, 2023:	272,455 shares
As of December 31, 2022:	331,565 shares
(iii) Average number of shares during the period	
First half ended June 30, 2023:	37,837,556 shares
First half ended June 30, 2022:	37,871,123 shares

* Quarterly financial results reports are exempt from the quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notes on forward-looking statements)

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may differ substantially from the forecasts due to various factors.

(Change of the monetary unit to be indicated)

Starting with the consolidated financial statements for the first quarter, the Company has decided to use the monetary unit of millions of yen for monetary amounts that are indicated as account items or in relation to other matters in its quarterly consolidated financial statements, instead of thousands of yen, which it used in its previous statements. Furthermore, for the sake of comparison with consolidated results for the previous fiscal year and the first half of the previous fiscal year, such amounts have been indicated in millions as well in the said consolidated financial statements.

1. Qualitative Information on the Quarterly Financial Results under Review

(1) Explanation on Operating Results

During the first half of the consolidated fiscal year under review (from January 1, 2023 to June 30, 2023), economic activity in Japan began returning to pre-pandemic levels, as people started going out shopping and socializing, travelling for pleasure or business and generally moving around more as a result of the downgrading of COVID-19 to a Class 5 Infectious Disease in May. The global economic situation remained uncertain amid challenges such as the continuing Russia-Ukraine war, the collapse of financial institutions in the United States, and global monetary policy tightening.

In the outdoor industry, in which Snow Peak, Inc. (the “Company”) and its subsidiaries (collectively, the “Group”) operate, the Company noticed a change in trends from the summer of last year associated with the lifting of COVID restrictions and a continuation of similar trends during Golden Week this year. However, the Company recognizes that its brand still enjoys a high level of recognition and a high level of demand, with the number of customers visiting the Company’s directly managed stores increasing year on year and the number of new members also rising from a year earlier. On the other hand, sports mass retailers and other wholesalers had large inventories of outdoor-related products and moves to deplete these inventories continued.

Under such circumstances, the Group’s financial results for the first half of the fiscal year under review showed year-on-year decline in net sales, mainly reflecting a lack of progress with deliveries via domestic wholesale channels, and a year-on-year drop in operating profit, which was significantly impacted by the sales decline despite lower than forecast SG&A expenses. Details are as follows.

Net sales: 13,140 million yen (down 16.3% year on year)

Operating profit: 498 million yen (down 80.5% year on year)

Ordinary profit: 798 million yen (down 69.1% year on year)

Profit attributable to owners of parent: 480 million yen (down 72.0% year on year)

In domestic businesses, the number of customers visiting directly managed stores continued rising in the second quarter, and sales also remained firm. Also during the Snow Peak Festival (Seppo Sai) held in June, many customers visited our stores. On the other hand, wholesalers still had excess inventories of rival brand products they had purchased last year, hampering progress with deliveries of the Company’s products (sell-in) and sales remained below the year-ago level on a monthly basis.

In overseas businesses, sales fell year on year in all regions, reflecting growing demand for travel and diverse leisure activities other than outdoor activities and camping in the post-COVID era, as well as underlying concern over the deterioration of economy in face of inflation from rising resource prices and interest rate increases.

The situation in each region is described below.

In South Korea, there were signs that the overheated market was starting to cool down in the wake of the dramatic growth seen during the COVID-19 pandemic. Although a breakdown by product confirms that sales of apparel products increased year on year, overall, sales were below the level a year earlier. In Taiwan as in South Korea, the dramatic growth seen during the COVID-19 pandemic seemed to subside and sales fell year on year because the level a year earlier was high. In China, business gradually started taking off under the leadership of the joint venture established last year, with the transfer of e-commerce accounts from South Korea and the opening of Shop in Shop in Beijing. Going forward, the Company plans to further increase brand recognition through the establishment of directly managed stores and directly managed camping fields. In the United States, sales decreased year on year, reflecting the ongoing correction of inventories at major wholesalers under the impact of concern about rising inflation and the collapse of financial institutions on the West Coast. However, outdoor activities are extremely popular in the United States and the outdoor market is huge. On this basis, the Company intends to implement measures to expand sales channels, including developing new wholesalers, in the United States, while at the same time advancing preparations for a directly managed camping field scheduled to open in the second half of the current fiscal year. In the United Kingdom as in the United States, there was concern about a recession caused by inflation and rising interest

rates; however, the Company is pursuing expansion in new business partners not only in the United Kingdom but in the wider EU market.

(2) Explanation of Financial Position

(i) Status of assets, liabilities and net assets

Assets at the end of the first half of the consolidated fiscal year under review increased 3,086 million yen from the end of the previous fiscal year, to 33,820 million yen. Current assets increased 1,430 million yen from the end of the previous fiscal year, to 18,099 million yen, mainly due to a rise of 3,342 million yen in merchandise and finished goods, partly offset by decreases of 724 million yen in cash and deposits, 1,160 million yen in notes, accounts receivable - trade and contract assets, among other factors. Non-current assets increased 1,656 million yen from the end of the previous fiscal year, to 15,721 million yen, chiefly reflecting an increase of 608 million yen in construction in progress linked mainly to the construction of the Snow Peak Campfield Long Beach, a campground of Snow Peak USA, Inc., and an increase of 997 million yen due to the market valuation of investment securities.

Liabilities at the end of the first half of the fiscal year under review increased 1,535 million yen from the end of the previous fiscal year, to 17,012 million yen. Current liabilities increased 2,149 million yen from the end of the previous fiscal year, to 11,298 million yen primarily due to rise of 2,200 million yen in short-term borrowings, offsetting a decrease of 119 million yen in income taxes payable. Non-current liabilities decreased 614 million yen from the end of the previous fiscal year, to 5,713 million yen, largely due to decreases of 408 million yen in long-term borrowings and 173 million yen in contract liabilities.

Net assets at the end of the first half of the fiscal year under review increased 1,551 million yen from the end of the previous fiscal year, to 16,808 million yen, mainly reflecting rises of 480 million yen in retained earnings due to the posting of profit attributable to owners of parent, 694 million yen in the valuation difference on available-for-sale securities, 429 million yen in foreign currency translation adjustment, and 257 million yen in deferred gains or losses on hedges, offsetting a decrease of 453 million yen in retained earnings due to the payment of dividends, among other factors.

(ii) Status of cash flows

Cash and cash equivalents at the end of the first half of the fiscal year under review were 4,643 million yen, an increase of 390 million yen from the end of the same period of the previous fiscal year. The status and primary contributing factors for each cash flows category were as follows.

(Cash flows from operating activities)

Net cash used in operating activities during the first half of the fiscal year under review was 804 million yen, an increase of 124 million yen compared to the same period of the previous fiscal year. This was mainly due to an increase in inventories of 3,129 million yen (an increase of 918 million yen) and income taxes paid of 470 million yen (a decrease of 562 million yen), offsetting profit before income taxes of 794 million yen (a decrease of 1,751 million yen), a decrease in trade receivables and contract assets of 1,214 million yen (a decrease of 2,461 million yen), depreciation of 596 million yen (an increase of 68 million yen), an increase in trade payables of 232 million yen (a decrease of 330 million yen), and an increase in other of 73 million (an increase of 439 million).

(Cash flows from investing activities)

Net cash used in investing activities during the first half of the fiscal year under review was 1,420 million yen, an increase of 212 million yen. Major factors included the purchase of property, plant and equipment of 1,114 million yen (a decrease of 267 million yen), the purchase of intangible assets of 210 million yen (an increase of 42 million yen), and payments of leasehold and guarantee deposits of 74 million yen (a decrease of 39 million yen).

(Cash flows from financing activities)

Net cash provided by financing activities during the first half of the fiscal year under review was 1,245 million yen

(a decrease of 1,478 million yen). This was chiefly attributable to repayments of long-term borrowings of 408 million yen (an increase of 228 million yen) and dividends paid of 452 million yen (an increase of 75 million yen), offset by an increase of 2,200 million yen in short-term borrowings (a decrease of 1,600 million yen).

(3) Explanation on Information on Future Forecasts such as Consolidated Financial Forecasts

For the fiscal year ending December 31, 2023, taking the recent earnings trend into consideration, the Group has decided to revise its forecasts for full-year consolidated results. For details, please refer to the “Notice Regarding Revisions to Consolidated Financial Results Forecasts for Fiscal Year Ending December 31, 2023” announced today.