

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

November 13, 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: November 13, 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 three quarters of the fiscal year ending December 31, 2023

(from January 1, 2023 to September 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	%
Nine months ended September 30, 2023	19,534	(14.8)	708	(77.2)	1,135	(64.1)	665	(68.0)
Nine months ended September 30, 2022	22,930	24.7	3,109	21.6	3,162	17.3	2,077	17.6

(Note) Comprehensive income
 Nine months ended September 30, 2023: 2,090 million yen (-17.7%)
 Nine months ended September 30, 2022: 2,541 million yen (15.3%)

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended September 30, 2023	17.58	–
Nine months ended September 30, 2022	54.90	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of September 30, 2023	36,567	16,990	45.6
As of December 31, 2022	30,733	15,257	48.8

(Reference) Shareholders' equity
 As of September 30, 2023: 16,663 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: No

* Notes

- (1) Changes in significant subsidiaries during the first three quarters 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 September 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 September 30, 2023: | 272,455 shares |
| As of December 31, 2022: | 331,565 shares |
| (iii) Average number of shares during the period | |
| Nine months ended September 30, 2023: | 37,847,662 shares |
| Nine months ended September 30, 2022: | 37,850,009 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

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 three quarters 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 three quarters of the consolidated fiscal year under review (from January 1, 2023 to September 30, 2023), economic activity in Japan was improving as people began travel and enjoy leisure activities as a result of the downgrading of COVID-19 to a Class 5 Infectious Disease in May. In contrast, the global economic situation remained uncertain due to the ongoing invasion of Ukraine by Russia, concerns about the economic slowdown in China, and ongoing inflation caused by rising raw material prices.

In the outdoor industry, in which Snow Peak, Inc. (the “Company”) and its subsidiaries (collectively, the “Group”) operate, the Company recognizes that the temporary rapid expansion under the pandemic has settled down and the growth has been returning to a more moderate pace. In addition, the Company recognizes that the entire outdoor industry was affected by the record-breaking heat wave this summer, as well as multiple typhoons that made landfall mainly in western Japan.

Under such circumstances, the Group’s financial results for the first three quarters 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: 19,534 million yen (down 14.8% year on year)

Operating profit: 708 million yen (down 77.2% year on year)

Ordinary profit: 1,135 million yen (down 64.1% year on year)

Profit attributable to owners of parent: 665 million yen (down 68.0% year on year)

In domestic businesses, the number of customers visiting directly managed stores and the number of customers at the cash registers continued rising thanks to close relationships built with customers, and sales also remained firm. Meanwhile, in wholesale, although the Company’s product inventory is approaching appropriate levels, the inventory of other companies’ brands continue to be less than appropriate, and as a result, the sell-in of the Company’s products has been affected, and sales remained below the year-ago level.

Overseas, while some countries are recovering, supported by firm outdoor demand, others are still experiencing inventory adjustments at wholesalers as the rapid market expansion under the pandemic settles down, and other differences can be seen from country to country.

The situation in each region is described below.

In South Korea, although the rapid growth under the pandemic has eased, the country’s outdoor activity is firmly rooted in the culture, and the level of sales remained unchanged year on year. In Taiwan, sales decreased year on year due to the situation of overstocked inventory at wholesalers as a result of the slowdown from rapid growth. In China, concrete progress has been made under the leadership of the joint venture established last year, such as promoting e-commerce and developing Shop in Shop in Beijing and other cities. Going forward, the Company will promote the opening of camping fields and flagship stores to further increase brand recognition in China. In the United States, inventory adjustment at major wholesalers had been continuing since the end of last year, but now signs of inventory adjustment recovery, albeit gradually, are beginning to emerge. In addition, although the Company is opening Shop in Shop at other wholesalers, sales decreased year on year. The Company also plans to open a directly managed camping field this winter to expand brand recognition in the United States as well. In the United Kingdom, the Company is gradually expanding its activities by holding camping events there, and is working to expand new business partners not only in the United Kingdom but in the EU market too.

(2) Explanation of Financial Position

(i) Status of assets, liabilities and net assets

Assets at the end of the first three quarters of the consolidated fiscal year under review increased 5,833 million yen from the end of the previous fiscal year, to 36,567 million yen. Current assets increased 4,037 million yen from the end of the previous fiscal year, to 20,706 million yen, mainly due to increases of 4,505 million yen in merchandise and finished goods and 292 million yen in cash and deposits, partly offset by a decrease of 805 million yen in notes, accounts receivable - trade and contract assets, among other factors. Non-current assets increased 1,796 million yen from the end of the previous fiscal year, to 15,861 million yen, chiefly reflecting an increase of 1,049 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 805 million yen due to the market valuation of investment securities.

Liabilities at the end of the first three quarters of the fiscal year under review increased 4,100 million yen from the end of the previous fiscal year, to 19,577 million yen. Current liabilities increased 4,944 million yen from the end of the previous fiscal year, to 14,093 million yen primarily due to rise of 4,700 million yen in short-term borrowings, offsetting a decrease of 450 million yen in income taxes payable. Non-current liabilities decreased 844 million yen from the end of the previous fiscal year, to 5,483 million yen, largely due to decreases of 612 million yen in long-term borrowings and 233 million yen in contract liabilities.

Net assets at the end of the first three quarters of the fiscal year under review increased 1,733 million yen from the end of the previous fiscal year, to 16,990 million yen, mainly reflecting rises of 665 million yen in retained earnings due to the posting of profit attributable to owners of parent, 568 million yen in the valuation difference on available-for-sale securities, 557 million yen in foreign currency translation adjustment, and 226 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.

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

The Group has decided not to revise the earnings forecasts for the fiscal year ending December 31, 2023 released on August 10, 2023.