

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (under Japanese GAAP)

February 13, 2024

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 of ordinary general meeting of shareholders: March 28, 2024

Scheduled date to commence dividend payments: March 29, 2024

Scheduled date to submit securities report: March 29, 2024

Preparation of supplementary materials on financial results: Yes

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

(Millions of yen with fractional amounts rounded down)

## 1. Consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2023	25,728	(16.4)	943	(74.3)	1,192	(66.9)	1	(99.9)
December 31, 2022	30,773	19.7	3,674	(3.8)	3,606	(10.6)	1,946	(28.6)

(Note) Comprehensive income Fiscal year ended December 31, 2023: 915 million yen (-59.7%)

Fiscal year ended December 31, 2022: 2,273 million yen (-33.0%)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	yen	yen	%	%	%
December 31, 2023	0.05	–	0.0	3.6	3.7
December 31, 2022	51.43	–	13.5	13.9	11.9

(Reference) Share of profit (loss) of entities accounting for using equity method

Fiscal year ended December 31, 2023: -11 million yen

Fiscal year ended December 31, 2022: -4 million yen

### (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2023	34,738	15,816	44.6	409.45
December 31, 2022	30,733	15,257	48.8	396.79

(Reference) Shareholders' equity As of December 31, 2023: 15,504 million yen

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

### (3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
December 31, 2023	(1,196)	(2,370)	3,673	6,068
December 31, 2022	(1,461)	(2,652)	5,424	5,368

## 2. Dividends

Fiscal year ended	Dividend per share					Total dividend payments (total)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2023	–	0.00	–	12.00	12.00	457	24,434.3	3.0
December 31, 2022	–	0.00	0.00	12.00	12.00	457	23.3	3.1
Fiscal year ending December 31, 2024 (forecast)	–	0.00	–	12.00	12.00		40.2	

## 3. Consolidated financial forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

Full year	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
	30,600	18.9	2,170	130.0	2,170	82.0	1,130	–	29.85

\* Notes

- (1) Changes in significant subsidiaries during the period (Transfer of specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) 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
- (3) Number of shares issued (common shares)
- (i) Total number of shares issued at the end of the period (including treasury shares)
- |                          |                   |                          |                   |
|--------------------------|-------------------|--------------------------|-------------------|
| As of December 31, 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 December 31, 2023: | 272,464 shares | As of December 31, 2022: | 331,565 shares |
|--------------------------|----------------|--------------------------|----------------|
- (iii) Average number of shares during the period
- |                                      |                   |                                      |                   |
|--------------------------------------|-------------------|--------------------------------------|-------------------|
| Fiscal year ended December 31, 2023: | 37,852,673 shares | Fiscal year ended December 31, 2022: | 37,839,535 shares |
|--------------------------------------|-------------------|--------------------------------------|-------------------|

(Reference) Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2023 (from January 1, 2023 to December 31, 2023)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2023	19,990	(24.7)	814	(73.0)	1,693	(41.0)	827	(32.7)
December 31, 2022	26,533	18.5	3,012	(1.1)	2,871	(8.6)	1,230	(41.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	yen	yen
December 31, 2023	21.86	—
December 31, 2022	32.52	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
December 31, 2023	29,458	13,783	46.8	363.99
December 31, 2022	25,257	12,794	50.7	338.41

(Reference) Shareholders' equity As of December 31, 2023: 13,783 million yen  
As of December 31, 2022: 12,794 million yen

<Reasons for differences between the non-consolidated financial results for the fiscal year ended December 31, 2023 and the actual results for the previous fiscal year>

In the previous fiscal year, expansion in demand for the Company's products was seen on the back of continued high demand for camping. As a result, net sales grew significantly. In the fiscal year under review, COVID-19 was downgraded to a Class 5 Infectious Disease under the Infectious Diseases Control Law and people increasingly tended to travel and enjoy other leisure activities besides outdoor pursuits. As a result, net sales fell year on year. The cost of sales stabilized as raw material prices and foreign exchange rates became less volatile. Selling, general and administrative expenses increased due to across-the-board wage increases in February, despite companywide cost-reduction efforts. As a result, operating profit and ordinary profit decreased year on year. Net profit was also down from the previous fiscal year due to the recording of an impairment loss. This gave rise to differences between the non-consolidated financial results for the fiscal year under review and the results for the previous fiscal year.

<Recording of an extraordinary loss (impairment loss)>

The Company recognized an impairment loss of 42.8 billion yen in relation to the fixed assets of its existing stores in Japan and its US subsidiary following careful consideration of future recoverability based on the Accounting Standard for Impairment of Fixed Assets.

A breakdown of the impairment loss is as follows:

- Impairment loss in relation to existing stores in Japan: 193 million yen
- Impairment loss in relation to US subsidiary: 235 million yen

\* Financial results reports are exempt from audit 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.

## 1. Overview of Operating Results, Etc.

### (1) Overview of Operating Results for the Fiscal Year under Review

During the consolidated fiscal year under review (from January 1, 2023 to December 31, 2023), economic activity in Japan seemed to take a turn for the better as people began to travel and enjoy diverse leisure activities, for the first time in three years, with the downgrading of COVID-19 to a Class 5 Infectious Disease under the infectious Disease Control Law, and as the government and economic organizations led moves to raise wages and an end to Japan's decades-long battle with deflation also came into sight.

However, the outlook for the world economy appears no less uncertain given the outbreak of conflict in Gaza in the Middle East in addition to Russia's ongoing invasion of Ukraine, concern over China's economic slowdown, and continued inflation, albeit slightly lower, in advanced economies.

In the outdoor industry, in which Snow Peak, Inc. (the "Company") and its subsidiaries (collectively, the "Group") operate, the Company recognizes that growth has been returning to a more moderate pace following temporary rapid expansion under the pandemic. However, the Company believes that demand for camping remains firm, with an increasing number of people going camping during the winter.

In this environment, the Group continued to focus on creating new customers and turning existing users into loyal customers both in Japan and overseas, aiming to restore humanity and make the value of a nature-oriented life available to more people all around the world.

In the Japanese market, the Group continued to focus on cultivating new customers, including opening new stores and establishing new campgrounds. It also worked on increasing experience-based spending (such as campgrounds and events) and continued initiatives to increase customer engagement. In overseas markets, the Group concentrated on strengthening sales channels and establishing new locations for experiencing camping, aiming to expand brand recognition at all locations.

The Group's sales fell year on year mainly because the outdoor market as a whole is in the process of returning to more modest growth and there was also a record-breaking heatwave. However, gross profit rose year on year, reflecting the implementation of product price increases in January and also stabilization in the cost of sales due to the cooling of raw material prices from the previous year's elevated levels and movement of the exchange rate in the 130-140 yen to the dollar range throughout the year. Selling, general and administrative expenses increased year on year, partly due to the implementation of across-the-board wage increases for all employees in Japan in February and higher rent due to the opening of new stores, despite groupwide cost reduction efforts. The Company also recognized an impairment loss based on a review of the profitability of existing stores and overseas subsidiaries. As a result, operating profit, ordinary profit and profit attributable to owners of parent all decreased year on year. Financial results for the fiscal year under review were as follows.

Net sales: 25,728 million yen (down 16.4% year on year)

Operating profit: 943 million yen (down 74.3% year on year)

Ordinary profit: 1,192 million yen (down 66.9% year on year)

Profit attributable to owners of parent: 1 million yen (down 99.9% 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 mainly thanks to close relationships built with users, the early launch of new products for 2024, and the opening of three new campgrounds. Meanwhile, wholesale sales fell year on year due to a lack of actual sales progress, hampered by weak demand for outdoor goods in general; however, the Company recognizes that its product inventory at wholesalers is approaching appropriate levels and that there are signs of recovery.

Overseas, the situation in each region varied, as described below.

In South Korea, the Group opened Snow Peak EVERLAND Campfield, which is its first directly operated campground in the country, in May, and continued to implement initiatives to increase customer satisfaction. Excluding cross-border e-commerce sales to China, which until this year were conducted from South Korea, net sales increased year on year.

In Taiwan, the Group opened its flagship store Snow Peak HQ LOUNGE, increasing points of contact with customers. However, sales fell from the previous year due to inventory adjustments at wholesalers.

In China, the joint venture established in October 2022 made progress expanding business, promoting e-commerce and developing Shop in Shop in major cities, and achieved sales growth. In December, the Group opened the Snow Peak Zhong Guan Cun Flagship Store, a large flagship store in Beijing.

In the United States, sales were lower than the level a year earlier, reflecting inventory adjustments at major wholesalers, despite progress with Shop in Shop openings across the States. In December, the Group announced that it will open its first directly operated campground in the United States in the spring of 2024, with a view to increasing brand recognition.

In the United Kingdom, the Group made progress developing new business partners both in the United Kingdom and the EU market, taking part in the EU's largest outdoor show to promote its products to buyers from all over Europe. However, sales fell year on year.

## (2) Overview of Financial Position for the Fiscal Year under Review

### (i) Status of assets, liabilities and net assets

Total assets increased 4,004 million yen from the end of the previous fiscal year, to 34,738 million yen. Current assets increased 3,098 million yen from the end of the previous fiscal year, to 19,768 million yen, mainly due to increases of 3,868 million yen in merchandise and finished goods and 700 million yen in cash and deposits, partly offset by a decrease of 1,042 million yen in notes, accounts receivable - trade and contract assets, among other factors. Non-current assets increased 905 million yen from the end of the previous fiscal year, to 14,970 million yen, chiefly reflecting an increase of 1,105 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 574 million yen due to the market valuation of investment securities.

Liabilities at the end of the fiscal year under review increased 3,445 million yen from the end of the previous fiscal year, to 18,921 million yen. Current liabilities increased 4,659 million yen from the end of the previous fiscal year, to 13,808 million yen primarily due to rise of 5,143 million yen in short-term borrowings, offsetting a decrease of 439 million yen in income taxes payable. Non-current liabilities decreased 1,214 million yen from the end of the previous fiscal year, to 5,113 million yen, largely due to decreases of 816 million yen in long-term borrowings and 186 million yen in contract liabilities.

Net assets at the end of the fiscal year under review increased 559 million yen from the end of the previous fiscal year, to 15,816 million yen, mainly reflecting rises of 1 million yen in retained earnings due to the posting of profit attributable to owners of parent, 409 million yen in the valuation difference on available-for-sale securities, 339 million yen in foreign currency translation adjustment, and 107 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) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review were 6,068 million yen, an increase of 700 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 fiscal year under review was 1,196 million yen, a decrease of 265 million yen from the end of the previous fiscal year. This was mainly due to a decrease in trade receivables and contract assets of 1,079 million yen (a decrease of 1,921 million yen from the end of the previous fiscal year), an increase in inventories of 3,736 million yen (an increase of 392 million yen), a decrease in trade payables of 226 million yen (a decrease of 115 million yen), income taxes paid of 1,059 million yen (a decrease of 652 million yen), and an increase of other of 658 million yen (an increase of 1,079 million yen), offsetting profit before income taxes of 790 million yen (a decrease of 2,033 million yen) and depreciation of 1,307 million yen (an increase of 126 million yen).

### (Cash flows from investing activities)

Net cash used in investing activities during the fiscal year under review was 2,370 million yen, a decrease of 281 million yen from the end of the previous fiscal year. Major factors included the purchase of property, plant and equipment of 1,912 million yen (a decrease of 494 million yen) primarily due to the construction of Snow Peak Campfield Long Beach at Snow Peak USA, Inc., and the purchase of intangible assets of 353 million yen (an increase of 71 million yen).

### (Cash flows from financing activities)

Net cash provided by financing activities during the fiscal year under review was 3,673 million yen, a decrease of 1,751 million yen from the end of the previous fiscal year. This was chiefly attributable to repayments of long-term borrowings of 816 million yen (an increase of 432 million yen) and dividends paid of 453 million yen (an increase of 75 million yen), offset by an increase of 5,143 million yen in short-term borrowings (an increase of 1,300 million yen).

#### (4) Future Outlook

(Forecast of operating results for the next fiscal year)

In the next fiscal year (ending December 31, 2024), there will still be many destabilizing factors such as Russia's protracted war in Ukraine and fears that high inflation could lead to recession especially in Europe and the United States, and the business environment is expected to remain uncertain. The surge in camping demand amid the COVID-19 pandemic has also eased and growth has returned to a more modest level. However, universal demand for camping that existed before COVID and stems from a desire to get back to nature is likely to continue growing in direct proportion to digitalization.

Under these conditions, the Company intends to strive to restore a sense of humanity to people all around the world through its "NOASOBI" outdoor gear. It will aim for further growth by pursuing growth strategies, focused on creating new campers in Japan and overseas and building customer loyalty, and a strong management base, hinging on the realization of a lean management structure, in parallel.

More specifically, in the fiscal year ending December 31, 2024, the Company anticipates sales growth through (i) an increase in the volume of sales to existing wholesalers as a result of improvement in excess inventories at existing wholesalers, (ii) increased store openings in large cities and other key locations overseas, with a focus on the United States and China, (iii) expansion of wholesalers in Japan and overseas in the wholesale business, and (iv) the acquisition of new customer groups through continuous strengthening of outdoor product development. The Company also expects to see a gradual reduction in expenses through the review of its store operations structure and its organizational structure.

Taking these factors into account, for the next fiscal year, the Group forecasts consolidated net sales of 30,600 million yen, up 18.9% year on year, operating profit of 2,170 million yen, up 130.0%, ordinary profit of 2,170 million yen, up 82.0%, and profit attributable to owners of parent of 1,130 million yen (an increase of 1,128 million yen).

## **2. Basic Stance on Selection of Accounting Standards**

Taking into account comparability of consolidated financial statements with other companies in the same industry in Japan, the Group prepares consolidated financial statements under Japanese GAAP. In the future, the Group will consider the application of the International Financial Reporting Standards (IFRS) in light of various circumstances, including trends in the application of the IFRS.