

Medium-Term Management Plan

Medium-Term Management Plan

Review of 2020-2022



Medium-Term Management Plan | Review of 2020-2022 | Japan

- Built a stronger business base during the COVID crisis by expanding the customer base through the acquisition of new customers and developing sales channels
- Stepped up provision of experiential value by opening experience-based facilities and introducing digital tools for promoting experience

Domain	Achievements
Customer base	<ul style="list-style-type: none"> • Increased point memberships (from approx. 430,000 at the beginning of 2020 to approx. 780,000 at the end of 2022/81% increase)
Business base	<ul style="list-style-type: none"> • Expanded sales network especially directly managed stores (opened 12 directly managed stores)
Experiential value	<ul style="list-style-type: none"> • Opened large-scale experience-based facilities for greater provision of experiential value → Land Station Hakuba, Field Suite Spa, etc. • Introduced life value points program for visualizing consumption through experience • Released community app to facilitate the creation of a community
Operations	<ul style="list-style-type: none"> • Raise manufacturing capacity → Developed supply network for generating net sales on the scale of 50 billion yen in 2022 • Shortened delivery routes → Realized direct delivery of all products to overseas stores from factories

Medium-Term Management Plan | Review of 2020-2022 | Overseas

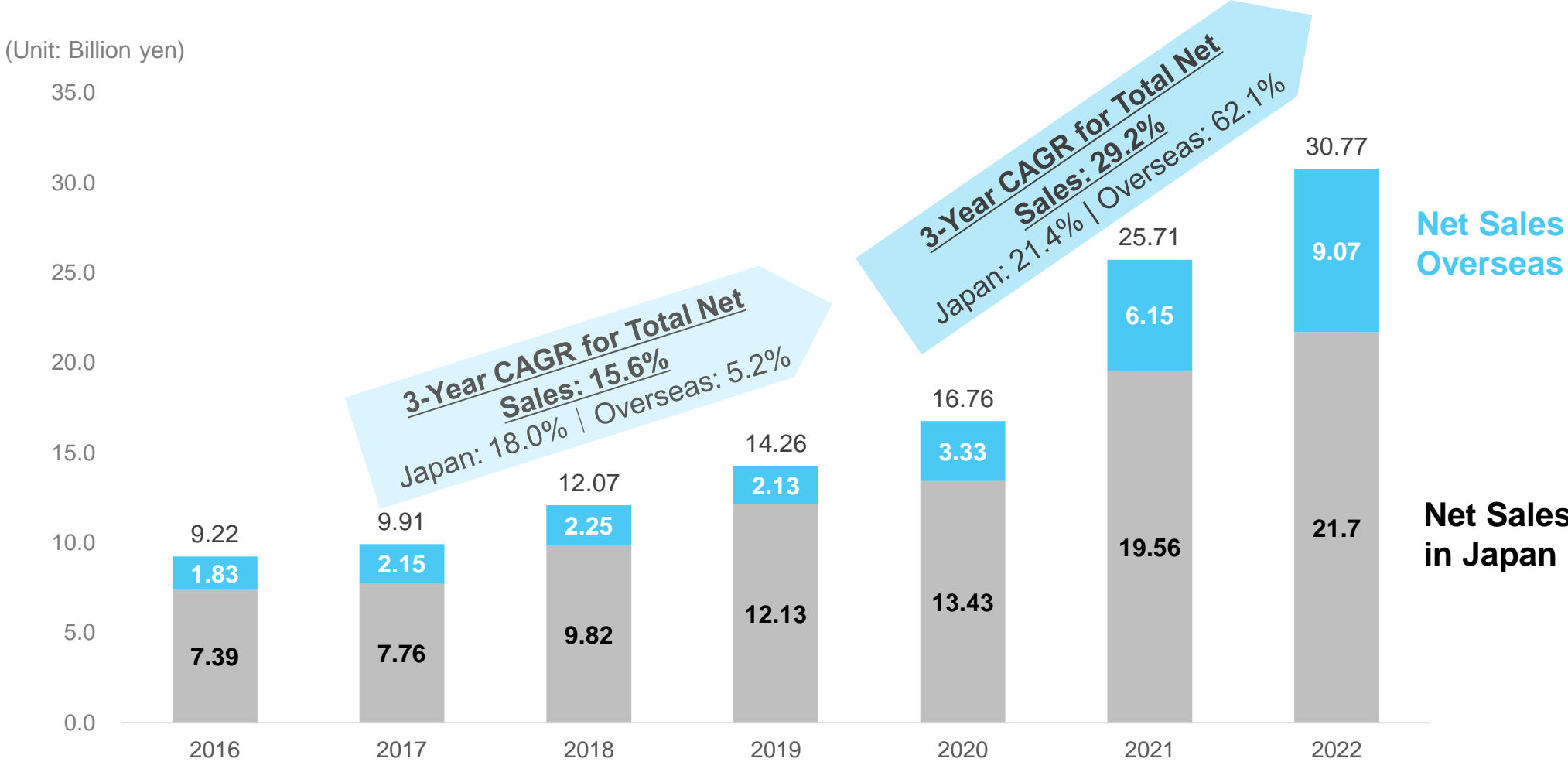
- Achieved business expansion in every country as a result of expansion and enhancement of sales network

Location	Actual net sales (2020→2022)		Achievements
South Korea	1.32 billion yen	▶ 3.83 billion yen	<ul style="list-style-type: none"> Expanded network of directly managed stores Initial development of the Chinese market via cross-border e-commerce services and wholesale <p>Net sales increased from around 200 million yen in 2020 to around 840 million yen in 2022</p>
United States	1.06 billion yen	▶ 2.74 billion yen	<ul style="list-style-type: none"> Succeeded in improving brand recognition and developing business partners through a review of sales strategy Contributed to growth in net sales through the development of major business partners
Taiwan	0.51 billion yen	▶ 1.12 billion yen	<ul style="list-style-type: none"> Expanded network of directly managed stores Developed framework in preparation for establishment of Taiwanese subsidiary
United Kingdom	0.13 billion yen	▶ 0.68 billion yen	<ul style="list-style-type: none"> Expanded wholesale business both in the United Kingdom and the EU
China	—		<ul style="list-style-type: none"> Establishing Chinese JV in 2022 Scheduled to be fully operational from 2023

Medium-Term Management Plan | Review of 2020-2022 | Net Sales

- The CAGR for net sales in Japan has been around 20% since before COVID, indicating steady business expansion.
- The CAGR for net sales overseas was low (5.2%) before COVID but rose to 62.1% over the 3 years of the COVID crisis, indicating sharp growth.

Net Sales and Sales CAGR in Japan and Overseas



Medium-Term Management Plan | Recognition of Recent Environmental Changes

- Over the past three years, universal demand to reconnect with nature coincided with growing interest in camping during the COVID crisis.
- Going forward, universal demand to reconnect with nature driven by the march of civilization will continue to grow but there has been a tide change in the environment recently.

Universal demand to reconnect with nature

With advances in digital technology leading to increased stress and threatening to erode the human spirit, there will be an ever-increasing desire to restore the human spirit by connecting with nature in the future.

Changes during the 2020-2022 COVID crisis

- Surge of interest in camping triggered by media exposure during COVID restrictions
- Camping more frequently chosen as leisure activity



Changes assumed from 2023

Society	Fears of global recession Increase in geopolitical risks Currency volatility, inflation
Customers	Greater choice of leisure activities after lifting of COVID restrictions ▶ Less interest in camping
Markets	Demand returns to pre-COVID levels ▶ Slow-moving inventories across industry

Medium-Term Management Plan

Basic Policy and Targets



Our goal at Snow Peak is to harness "the power of camping" and "the power of design" to create life values that span wear, food, life, work and camp in Snow Peak's own way.

Medium-Term Management Plan | Basic Policy

Pursue **growth strategies** and a **strong management base** in parallel, to move in a universal direction, while taking future environmental changes into consideration, and aim for **lean growth**.



Growth strategies

Create new campers and build customer loyalty

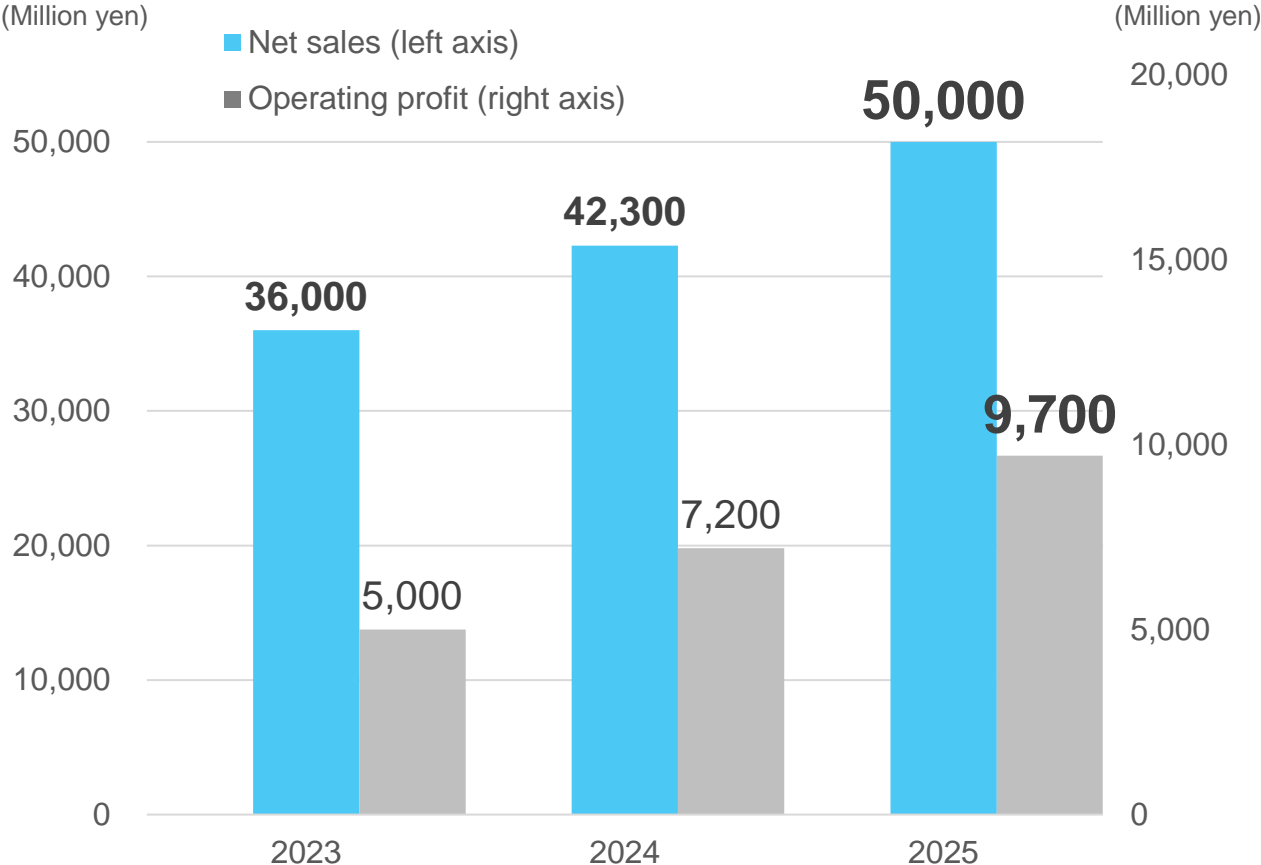


Strong management base

Realize a lean management structure

Medium-Term Management Plan | Numerical Targets

- The FY2023 Medium-term Management Plan targets net sales of 50.0 billion yen and operating profit of 9.7 billion yen by 2025.
- It targets a ratio of overseas sales to total sales of approx. 40% by 2025 by strengthening overseas strategy.
- Aims to maintain ROE of 16% or higher by raising the operating margin and working to increase and maintain the total asset turnover.



Overseas sales ratio

Approx. **40%** by 2025

Japan	29,600 million yen
Asia & Oceania	13,300 million yen
Europe and United States	7,100 million yen

ROE*

Maintain **16%** or higher

* ROE = profit for the fiscal period under review / shareholders' equity (net assets - share acquisition rights - non-controlling interests) for the fiscal period under review

* Current exchange rate (USD/JPY) assumptions: 130 in 2023, 125 in 2024 and 120 in 2025

Medium-Term Management Plan | Overview

Medium-Term Management Plan (2023-2025) Basic Policy

Pursue growth strategies and a strong management base in parallel, and aim for lean growth



Growth Strategies (Create new campers and build customer loyalty)

Japan

Creation of campers through stronger inducements to experience camping

United States

Visualization of Snow Peak's camping style

Development and enhancement of sales network

China

Visualization of Snow Peak's camping style

Development and extension of sales network

Other markets
(South Korea, Taiwan, United Kingdom, EU and other overseas markets)

Sales network expansion

(South Korea) Provision of more experiences

Strengthening management base (Realize a lean management structure)

Supply chain optimization

Enhancement of business management structure

Enhancement of human resource strategies

Review of sales network

Medium-Term Management Plan

Growth strategies



Medium-Term Management Plan | Business Phase by Region

- Introduce measures according to the maturity of business in each country and build a base for sustainable growth

		Establishment	Buildup of channels	Creation of customers and communities	Experiential value/Life value	
Key strategies	Business mix	Outdoor, apparel		Outdoor, apparel, restaurants, urban outdoor, business solutions, etc.		
	Channels	Wholesale	Start of wholesale transactions	Creation of brand sales floor model (in-store shop/SiS, etc.)	Development of store network	Inducement to experience camping and development of network of other business sites
		Direct sales	Consideration of direct sales	Establishment of directly managed stores and e-commerce services	Development of store networks and establishment of experience-based stores	Development of locations for experiencing camping
	Customer strategy	Establishment of sales floors	Visualization of brand	Missionary marketing, customer events	Cross-selling in each business	
Medium-term targets in each country/region	Japan			*	→	
	United States		*		→	
	China	*			→	
	South Korea and Taiwan			*	→	
	United Kingdom and EU		*		→	
	Overseas - others	Creation of markets in Oceania and Southeast Asia based on wholesale business				

Key Current * → FY2025 Target

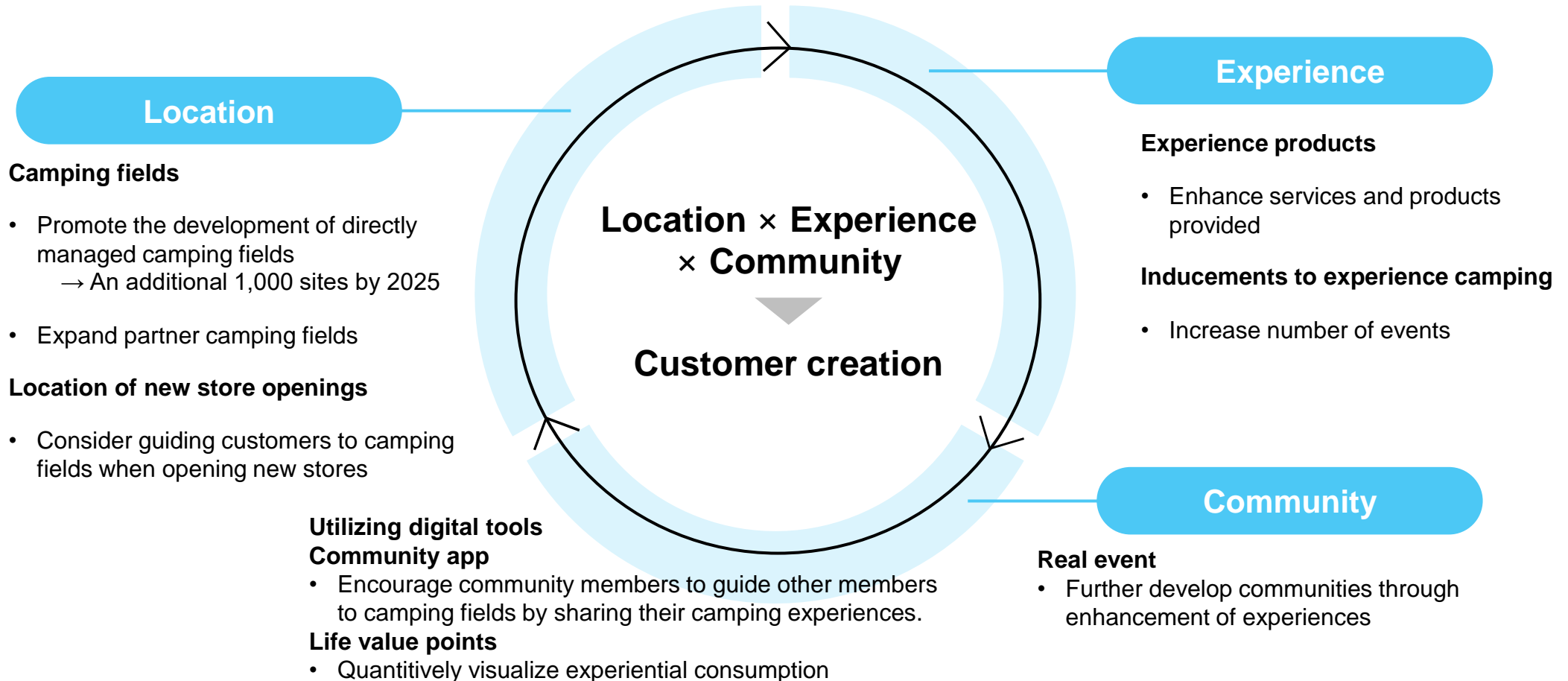
Medium-Term Management Plan | Summary of Regional Growth Strategies

Region	Main actions	Outline
Japan	Details provided below	<ul style="list-style-type: none"> Create new campers and build customer loyalty through stronger inducements to experience camping
United States		<ul style="list-style-type: none"> Raise recognition as a camping brand, to enrich time spent outdoors, which is fundamental to Snow Peak's camping style
China		<ul style="list-style-type: none"> Raise recognition as a camping brand to establish Snow Peak's camping style in the Chinese market where camping culture is in the development stage
South Korea	Step up provision of experiences	<ul style="list-style-type: none"> Open directly managed camping field (2024 Q2) Branch out into experience-based businesses (Cafe/Dining, Business Solutions)
United Kingdom and EU	United Kingdom: Expand wholesale business	<ul style="list-style-type: none"> Expand sales floors for visualization of Snow Peak's world view and camping brand
	EU: Expand business	<ul style="list-style-type: none"> Develop sales network centered on wholesale in Germany and Northern Europe Start selling direct to customers via e-commerce services first (2023)
Taiwan	Expand direct sales business	<ul style="list-style-type: none"> Open four new directly managed stores
Overseas - others	Expand the wholesale business	<ul style="list-style-type: none"> Expand sales floors for visualization of Snow Peak's world view and camping brand

Medium-Term Management Plan | Growth Strategies | Japan

Create new campers and build customer loyalty through stronger inducements to experience camping

Further develop community by guiding more customers from stores to camping experience locations and by enhancing experience products and create a virtuous cycle for customer creation



Medium-Term Management Plan | Growth Strategies | United States

Raise recognition as a camping brand, to enrich time spent outdoors, which is fundamental to Snow Peak's camping style

Establish brand positioning through visualization of Snow Peak's camping style and expansion and enhancement of sales network

Visualization of Snow Peak's camping style

Step up provision of experiences

- Open directly managed camping field (second half of 2023)
- Expand partner camping fields
- Increase inducement to experience camping field



Directly-managed camping field

Development and enhancement of sales network

Wholesale business

- Roll out shop-in-shop concept for visualization of Snow Peak's world view and camping brand

Direct sales business

- Open two new directly managed stores
- Provide training to sales staff to increase their understanding of Snow Peak's camping style

Medium-Term Management Plan | Growth Strategies | China

Raise recognition as a camping brand to establish Snow Peak's camping style in the Chinese market where camping culture is in the development stage



Establish brand positioning through visualization of Snow Peak's camping style and expansion and enhancement of sales network

Visualization of Snow Peak's camping style

Plan to start construction on two experience location development projects (2023)

- Establish flagship model in China in preparation for expansion of experience locations in the future

Expand development of experience locations

- Develop locations focusing on the suburbs of first tier cities and new first tier cities which are home to many middle-income and high-income earners
- Offer quality time in nature, targeting city dwellers

Development and enhancement of sales network

Establish and expand wholesale business

- Expand new accounts focusing on coastal regions
- Establish flagship store on cross-border e-commerce platform (T-mall, JD)
- Expand business focusing on inland China from 2024

Establish direct sales business

- Launch own e-commerce website
- Open flagship stores in first-tier cities (Beijing and Shanghai)

Medium-Term Management Plan

**Strong
management
base**



Medium-Term Management Plan | Summary of Measures for Strong Management Base by Region

Region	Main actions	Outline
Global measures	Optimization of supply chain	Optimize supply chain in line with global business expansion
	Enhancement of business management structure	Strengthen business management structure on a global basis
Japan	Strengthen human resource strategies	Develop human resource strategies that fit with Snow Peak based on "the power of camping"
	Review sales network	Improve profitability of directly managed stores and review channel strategies

Medium-Term Management Plan | Strong Management Base | Supply Chain Optimization

Optimize supply chain in line with global business expansion

Achieve stronger integrated end-to-end management on a global basis

Supply-related

Strengthen and optimize supply networks

- Strengthen supply capacity in anticipation of business expansion
- Develop supply structure taking geopolitical risks into consideration

Strengthen structure for monitoring and managing procurement plans

- Strengthen management of production status and delivery information
- Improve the speed and accuracy of procurement information through the use of digital technology

Logistics and operations-related

Develop a world class operational structure

- Strengthen the logistics network/management structure spanning countries of production and markets
- Improve productivity in delivery and logistics operations through the use of digital technology
- Improve sales efficiency by strengthening management of sales information globally



Medium-Term Management Plan | Strong Management Base | Enhancement of Business Management Structure

Strengthen business management structure on a global basis

Establish standard for management items which need strengthening and roll them out across the Group including overseas

Management items which need strengthening

Management of organizations and human resources

- Develop organizational structures consistent with strategies
- Establish standards for the assignment of the right people to the right positions

Financial management

- Strengthen the budget control structure
- Review investment standards based on an awareness of capital costs

Strategy management

- Manage progress of action taken in accordance with strategies
- Implement periodic review of content of strategies

IP and brand management

- Develop global IP management structure
- Clarify rules on brand use and thoroughly implement internally

Response to ESG

- Appropriately make the recommended disclosures
- Develop a framework for period reporting

Medium-Term Management Plan | Strong Management Base | Enhancement of Human Resource Strategies

Develop human resource strategies based on "the power of camping"

Realize improvements in the working environment through enhancement of human resource development programs and a review of working conditions, in order to deliver customer service and value provision worthy of Snow Peak.

Human resource development

Enhancement of recruitment activities

- Incorporate camping in recruitment activities
- Expand candidate group by drawing on user community

Systemization of training programs

- Enhance curriculum for new graduate hires and mid-career hires
- Enhance experience-based training (customer contact points)

Encouragement of career management

- Accelerate self-motivated growth through the implementation of career development questionnaire surveys
- Provide opportunities for the realization of potential through job rotation

Improvements in working environment

Review of working conditions

- Create an environment in which staff can focus on their work with peace of mind through across-the-board wage increases and the enhancement of allowances (implementing first round of measures in February 2023)
- Continue to consider improvements aiming for working conditions in keeping with the value we provide to customers

Medium-Term Management Plan | **Strong Management Base | Review of Sales Network**

Improve profitability of directly managed stores and review channel strategies



Improve earnings through review of unprofitable stores and change in format at existing stores
Create sustainable business model through a review of existing sales channel strategy

Improvement of earnings

Consideration of business continuity of unprofitable stores

- Select stores based on factors such as branding effectiveness in addition to profitability

Format changes in food service business

- Reduce fixed costs through change in format from restaurant to cafe

Sales channel strategy

Direct sales business

- Review ratio of new store openings with wholesale format
- Tighten standards for new store openings

Wholesale business

- Roll out shop-in-shop concept for visualization of Snow Peak's world view and camping brand