# PREMIUM WATER HOLDINGS

**Supplementary Materials for the Financial Results for the Fiscal Year Ended March 31, 2025** 

**Premium Water Holdings, Inc.** 

TSE: 2588



# PREMIUM WATER HOLDINGS

### **Contents**

- Aspirations, Competitive Advantages, and Future Outlook
- FY 03/25 Financial Results
- Appendix
  - (1) Company Outline, CorporatePhilosophy, and Business Overview
  - (2) FY 03/25 Key Highlights
  - (3) SDG-related Initiatives



Aspirations

Competitive Advantages

Future Outlook



# **PWHD Aspirations**



### Rise in water dispenser demand



Social landscape (external factors)

Preserving water resources for future generations and enhancing the value of Japan's natural mineral water

### **PWHD** (Premium Water Holdings)

No.1 in the water delivery industry\*1

Consistent user growth since founding



Premium Water

8 water sources
- industry leading

Purified water dispenser with safety & reliability

# Dominant sales capabilities

Create a foundation for supplying safe and reliable natural mineral water at low cost

# State-of-the-art plants

Keep manufacturing costs down and support nationwide supply of highquality water in bottles with less plastic

# Optimal delivery efficiency

Maintaining our own logistics network<sup>2</sup> for optimal delivery efficiency aids in curtailing logistics costs

<sup>\*1</sup> PWHD's customer numbers as of end-March 2025 (1.73 million) ÷ water delivery market projected customer numbers as of end-March 2025 (5.24 million), according to Japan Delivery Water & Server Association (JSDA) data

<sup>\*2</sup> Delivery partners participating in PWHD's delivery management system



# **Competitive Advantages**



The three key factors behind the company's competitive advantage and No. 1 share in the natural mineral water market, a category with limited differentiation

Industry No. 1 in customer acquisition capabilities

We are building an **even stronger sales network** by sharing our expertise in direct sales, where we have overwhelming sales capabilities, with our agents.



Industry leader with 8 water sources, including 3 at in-house plants

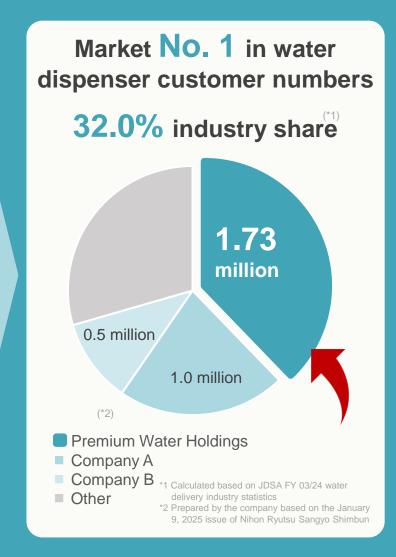
We have monthly production capacity of **approximately 5 million bottles** (enough to supply about 2.5 million customers), with the newly completed Gifu Kitagata plant further boosting production capacity and efficiency.



Efficient delivery using our own distribution network

By building an in-house logistics network independent of major logistics companies, we have raised the in-house distribution rate to **51.3%**, achieving **significant cost reductions**.



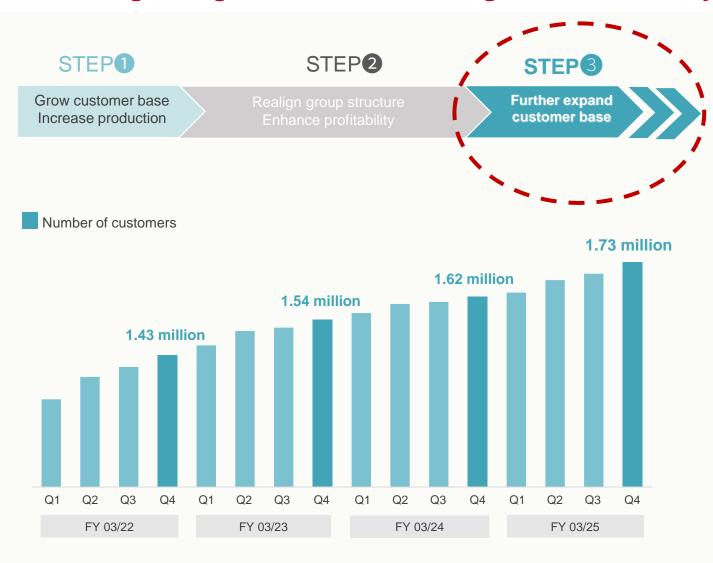


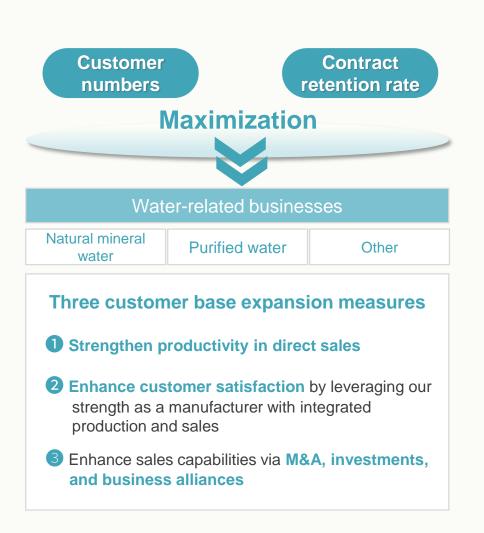


### **Medium-term Growth Outlook**



### Focus on growing customer base to largest in the industry



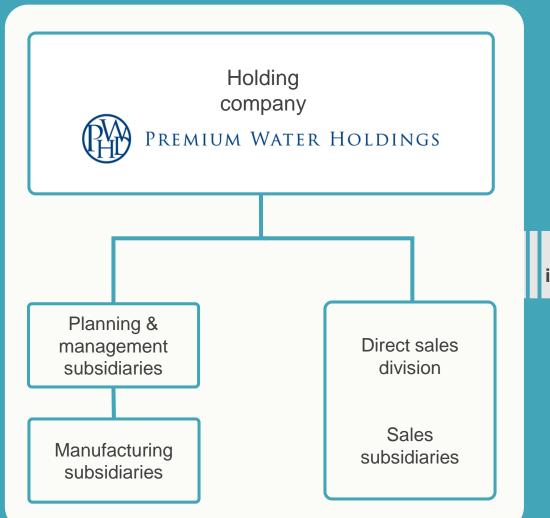




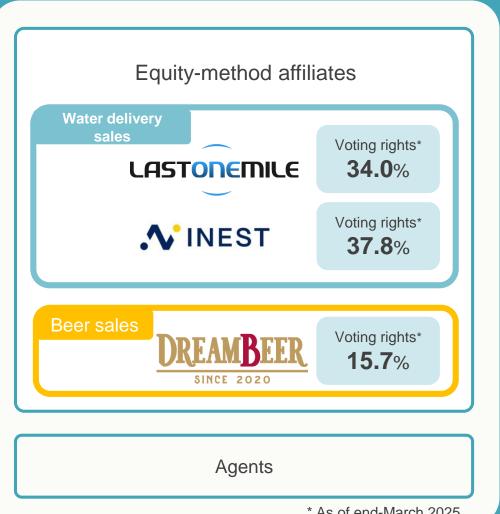
# **PWHD Group**



In addition to investing in stronger sales capabilities, we are working to build a more efficient manufacturing and distribution network



Alliances, investments, etc.





FY 03/25 Financial Results



# **Financial Results Highlights**



Operating profit rose to 121.7% YoY, driven by steady customer growth in the natural mineral water business Operating margin also improved, supported by group restructuring and ongoing cost-efficiency efforts

### FY 03/25 financial results





# FY 03/25 (April 2024 to March 2025) Financial Results Summary



### Operating profit rose to 121.7% YoY, driven by various cost-efficiency measures

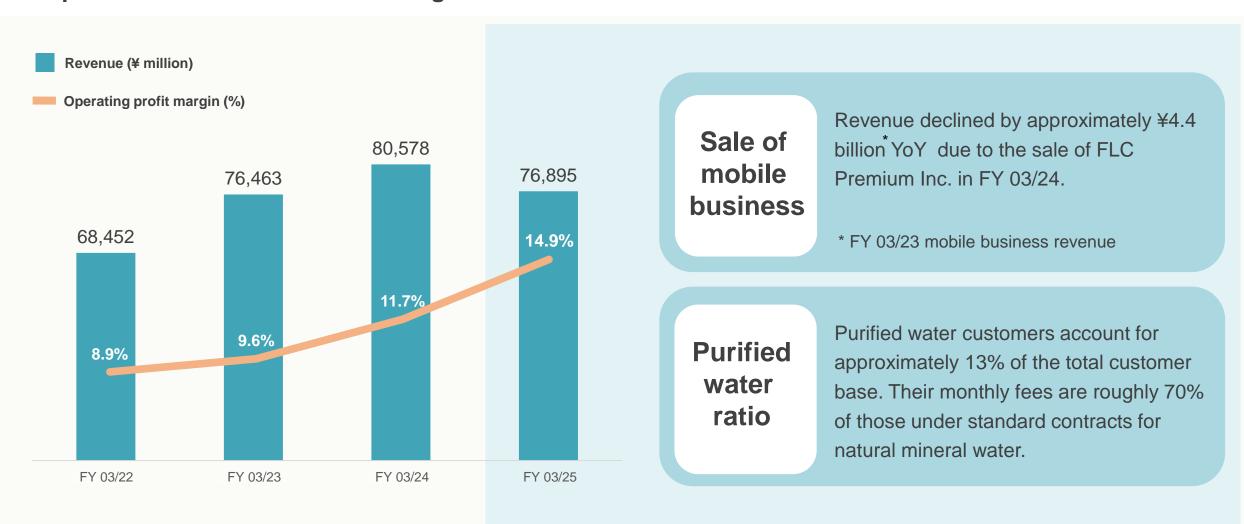
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	FY 03/24	FY 03/25	YoY
Revenue	80,578	76,895	95.4%
Gross profit	66,868	65,296	97.6%
Operating profit	9,436	11,482	121.7%
Profit attributable to owners of parent	5,777	5,631	97.5%
EBITDA (operating profit + depreciation)	20,230	23,907	118.2%





Revenue declined YoY due to the absence of the mobile business sold in FY 03/24, but the water dispenser business remained strong





# **Operating Profit**



Operating profit increased steadily, supported by growth in user numbers, the full-scale operation of the Gifu Kitagata plant, and the establishment of an in-house distribution network, which helped reduce logistics costs. As a result, the operating profit margin rose 3.2ppt YoY.



Increase in natural mineral water shipments

Natural mineral waters shipments grew due to increased customer stockpiling in preparation for natural disasters such as typhoons, heavy rain and massive earthquakes.

Shipments from company-owned plants rose roughly 28% YoY

Full-scale operation of Kitagata plant & in-house distribution network

At the Gifu Kitagata plant, which began full-scale operations in April 2024, manufacturing costs were **reduced by approximately 10% YoY** through higher operating rates.
Distribution cost increases were also controlled by maintaining an efficient **51.3%** operating rate for the in-house distribution network.

Reduction in customer acquisition costs

We reduced acquisition costs for each customer by reviewing our sales organization and raising its productivity, which in turn contributed to higher operating profit.



# Q4 FY 03/25 (January 2025 to March 2025) Financial Results Summary



### Operating profit was 113.2% YoY

(¥ million)

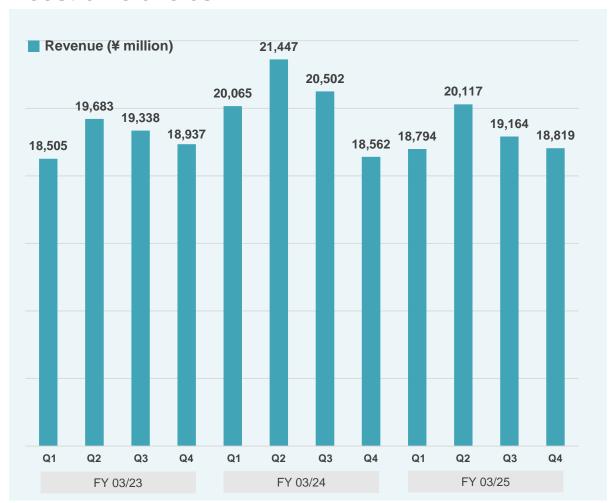
	Q4 FY 03/24	Q4 FY 03/25	YoY
Revenue	18,562	18,819	101.4%
Gross profit	15,586	15,672	100.6%
Operating profit	2,187	2,475	113.2%
Quarterly profit attributable to owners of parent	2,016	733	36.3%
EBITDA (operating profit + depreciation)	5,082	5,742	113.0%



# **Revenue and Operating Profit**



# The operating margin was stable at 13.2%, thanks to profit growth underpinned by higher sales and cost efficiencies





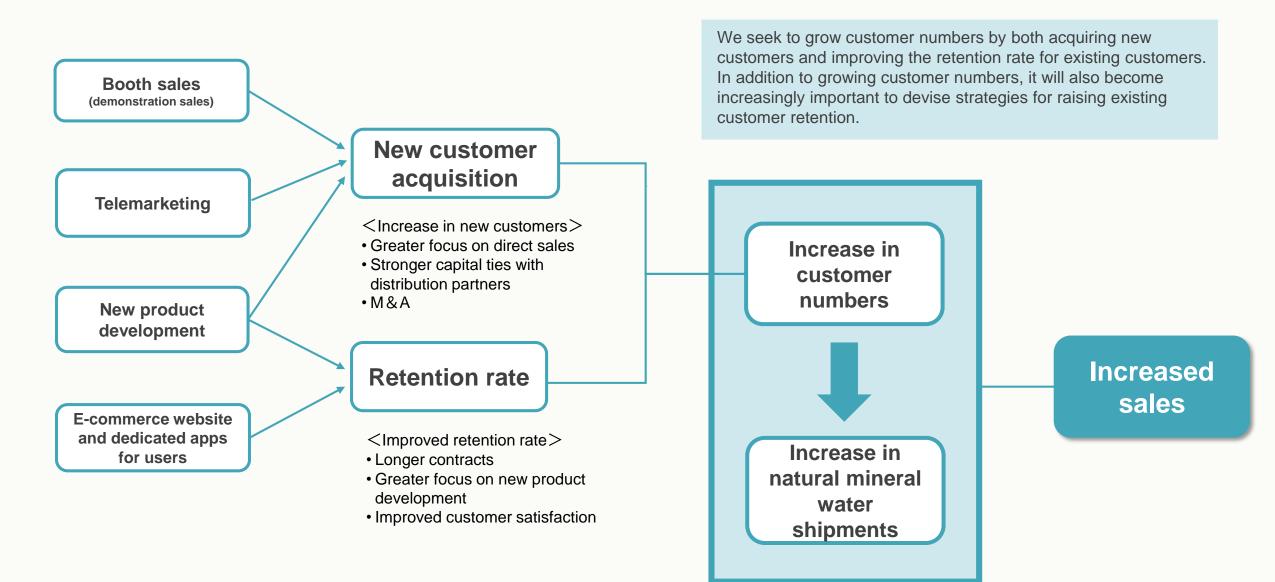
<sup>\*1</sup> Q4 operating profit and operating profit margin are always low relative to Q1–3, due to payment of agent commissions.

<sup>\*2</sup> Figures adjusted to exclude the ¥797mn gain from the sale of shares in sales subsidiary FLC Premium in FY03/24.



# Premium Water Holdings' Growth Drivers



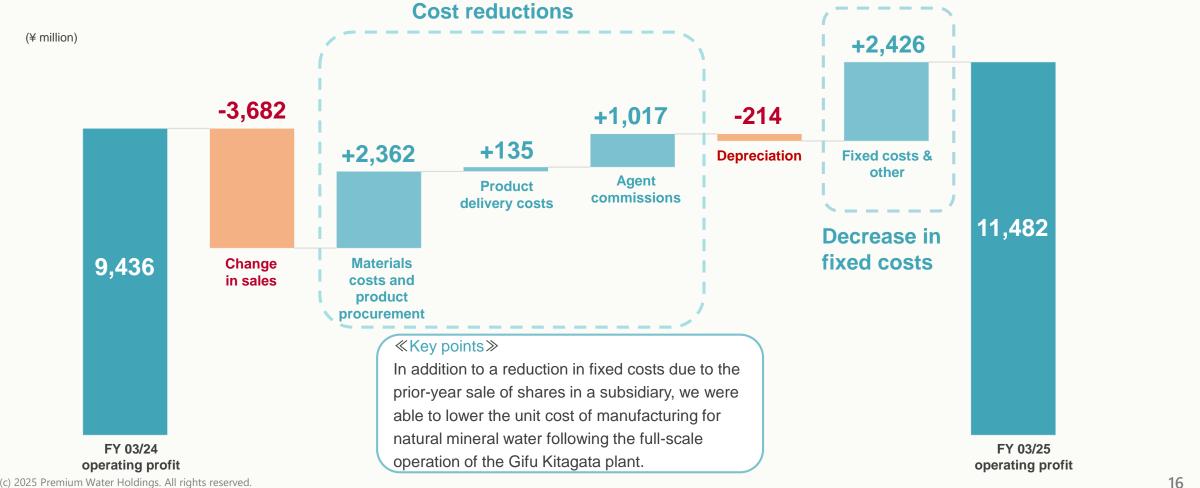




# Factors Contributing to Operating Profit



Operating profit rose significantly YoY, driven by improved customer-acquisition cost efficiency, lower manufacturing costs following the full-scale operation of Gifu Kitagata plant, and controlled increase in distribution costs.





## **Initiatives to Reduce Distribution Costs**



We contained distribution cost growth despite higher distribution volume driven by an increase in the number of customers. We kept the in-house distribution rate at an optimal level.





# Non-operating Income



Our share of profit (loss) of investments accounted for using the equity method was negative, due in part to elimination of unrealized gains on transactions with affiliates. We booked impairment losses on investments accounted for using the equity method, due to an increase in investment costs associated with growing an affiliate's subscription-based business.

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	FY 03/24	FY 03/25	Change	YoY
Operating profit	9,436	11,482	+2,046	121.7%
Finance income + finance costs	-871	-914	-43	_
Share of profit (loss) of investments accounted for using equity method	-536	-846	-309	_
Impairment loss on investments accounted for using equity method	_	-635	-635	_
Profit before tax	8,028	9,086	+1,058	113.2%
Income tax expense	-2,250	-3,456	-1,205	_
Non-controlling interests	-0	1	+1	_
Profit attributable to owners of parent	5,777	5,631	-146	97.5%



## **Consolidated Balance Sheet**



# Interest-bearing liabilities increased due to the booking of lease obligations related to water dispenser procurement accompanying new customer acquisition

(¥ million)

(¥ million)

	FY 03/24	FY 03/25	Change
Current assets	44,801	47,324	+2,523
Cash and cash equivalents	30,561	31,900	+1,338
Trade and other receivables	11,064	12,271	+1,206
Inventories	1,108	917	-191
Other current assets	2,065	2,235	+169
Non-current assets	54,605	64,751	+10,146
Property, plant and equipment	29,503	32,797	+3,294
Intangible assets	2,637	3,223	+586
Investments accounted for using equity method	4,180	4,218	+37
Other financial assets	4,924	10,103	+5,178
Contract costs	11,480	12,847	+1,367
Other non-current assets	1,879	1,561	-318
Total assets	99,406	112,076	+12,670

	FY 03/24	FY 03/25	Change
Liabilities	76,636	87,003	+10,366
Current liabilities	28,256	43,076	+14,819
Trade and other payables	14,545	15,459	+913
Interest-bearing liabilities	11,458	24,481	+13,023
Income taxes payable	1,438	2,447	+1,009
Other current liabilities	815	687	-127
Non-current liabilities	48,379	43,927	-4,452
Interest-bearing liabilities	48,036	43,289	-4,747
Other non-current liabilities	343	637	+294
Equity	22,770	25,073	+2,303
Shareholders' equity	22,753	25,057	+2,304
Others	16	15	-1
Total liabilities and equity	99,406	112,076	+12,670



# Consolidated Cash Flow Statement



(¥ million)

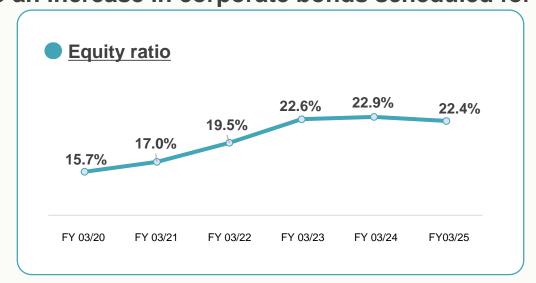
	FY 03/24	FY 03/25
Cash flows from operating activities	19,669	20,659
Cash flows from investing activities	-5,001	-12,774
Free cash flow	14,668	7,885
Cash flows from financing activities	-9,882	-6,541
Cash and cash equivalents at FY-end	30,561	31,900

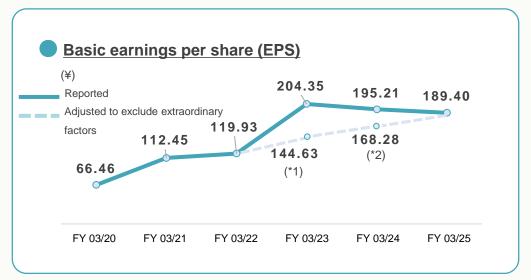


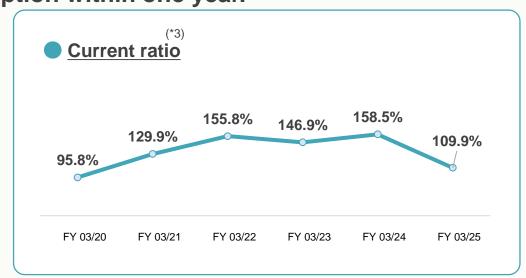
# **Capital Efficiency Indicators**



The equity ratio remained consistently above 20%. The decline in the current ratio was partly attributable to an increase in corporate bonds scheduled for redemption within one year.









ROA 5.0%

<sup>\*1</sup> In FY 03/23, profit attributable to owners of the parent was ¥6,057 million, but this included an extraordinary factor in the booking of ¥1,753 million in deferred tax assets, without which profit attributable to owners of the parent was ¥4,304 million.

<sup>\*2</sup> In FY 03/24, profit attributable to owners of the parent was ¥5,777 million, but this included an extraordinary factor in the booking of ¥797 million in gains on the sale of shares in a subsidiary, without which profit attributable to owners of the parent was ¥4,980 million.

<sup>\*3</sup> Current ratio = current assets ÷ current liabilities



# ♠ FY 03/26 Full-year Financial Results Forecast



We expect revenue to continue growing steadily on an increase in customer numbers accompanying a rise in new contracts.

We expect operating profit to continue rising amid manufacturing and distribution cost savings achieved by increasing the in-house production ratio and building an in-house distribution network.

(¥ million)

	FY 03/25	FY 03/26		
	Actual	Forecast	Change	% change
Revenue	76,895	80,000	+3,104	4.0%
Operating profit	11,482	12,000	+517	4.5%
Profit attributable to owners of parent	5,631	6,500	+868	15.4%
EPS (¥)	189.40	218.94	_	_



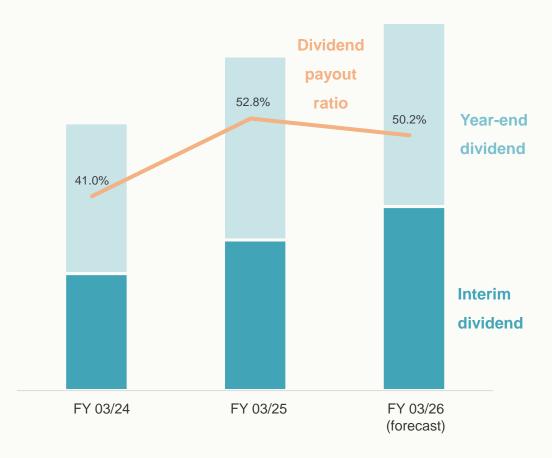
### **Shareholder Returns**



23

We decided to raise the FY 03/25 year-end dividend by ¥5 from the forecast of ¥50 to ¥55. We plan to continue steadily increasing the dividend in FY 03/26, in balance with internal reserves and growth investments, including equity stakes and share purchases.

			(¥)
	FY 03/24	FY 03/25	FY 03/26 (forecast)
Interim dividend (record date: 30 Sep)	35.00	45.00	55.00
Year-end dividend (record date: 31 Mar)	45.00	55.00	55.00
Total	80.00	100.00	110.00





# **Appendix**

(1) Company Outline, Corporate Philosophy, and Business Overview



# **▲** Company Outline



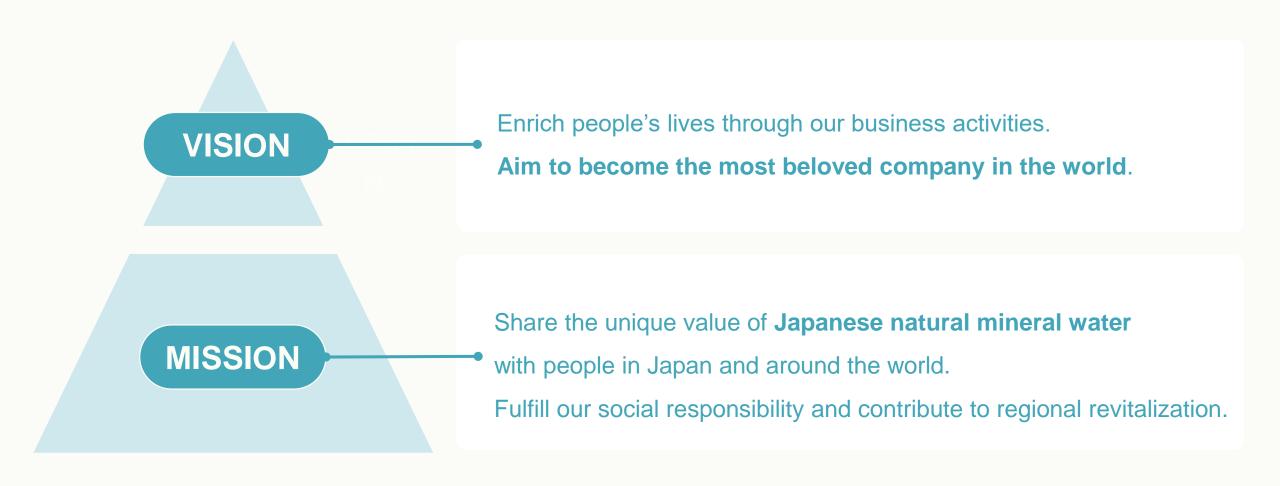
Company name	Premium Water Holdings, Inc.
Establishment	October 13, 2006
Address	<tokyo corporate="" office=""></tokyo>
	5F, Jingumae 123 Building, 1-23-26 Jingumae, Shibuya Ward, Tokyo
	<headquarters></headquarters>
	4597-1 Kamiyoshida, Fujiyoshida, Yamanashi Prefecture
Representative	Akihiko Kanemoto, President & CEO
Number of employees	882, as of March 31, 2025 (not including directors and part-time employees)
Capital	¥4,727 million, as of March 31, 2025
Business overview	Management of subsidiaries engaged in the water dispenser business, principally dispensing the company's own PREMIUM WATER brand, and other related operations
Main group companies	Premium Water, inc.
	Premium Water Products, Inc.
	LUXURY, Inc.
	PW resource, Inc.
	Life Select, Inc.
	SINGAPORE FLC PTE. LTD



# **Corporate Philosophy**



26





# **Business Overview and Business Model**



We operate a natural mineral water and purified water dispenser business centered on our own brand, PREMIUM WATER, with a highly stable business model that we expect will generate steady growth in revenue as customer numbers increase.



### **Natural mineral water (water delivery)**

Supplying customers with Japan's precious natural mineral water via regular deliveries











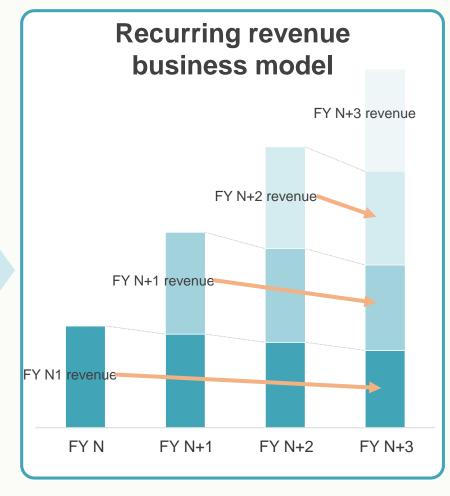


A model that drives revenue growth as long as the cost of acquiring each customer remains at a certain level



### **Purified water**

Charging a low flat rate for the supply of water dispensers enabling easy purification of household tap water





**Appendix** 

(2) FY 03/25 Key Highlights



# ♠ FY 03/25 Key Highlights (1)



### M&A

June 2024, we acquired the Bic Camera Group's water delivery business and purified water dispenser business.





### Launch of new brand

jointly announced a new water dispenser brand, Kabu & Water, with Kabu & Peace Inc. The service allows customers to choose the dispenser that best suits their needs while also receiving unlisted shares of Kabu & Peace Inc. in an amount commensurate with the service fee.



### Release of new products

We released the AURA Water Server in September 2024 and the Slim-R II purified water dispenser in January 2025.







# ♠ FY 03/25 Key Highlights (2)



### Gifu Kitagata plant (Phase 2) completion

We completed construction of the Gifu Kitagata plant second phase in April 2024, significantly expanding production capacity and reducing manufacturing costs.

Production capacity: At least 2.4 million bottles per month

\* up 1.9 million bottles from before Phase 2

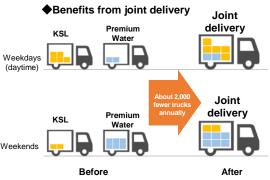


### **Joint deliveries**

We began joint deliveries with Kokuyo Supply Logistics Co., Ltd. With distribution costs surging, we aim to increase efficiency and reduce costs by undertaking joint deliveries with a partner company. We also seek to reduce our environmental footprint to help address societal issues such as the "2024 problem."











# **Appendix**

(3) SDG-Related Initiatives



### **SDG-related Initiatives**



### **Donating Rice to Kodomo Shokudo**



To help improve the diets of children facing poverty or who eat alone, we donated rice harvested at our Fujiyoshida property to *Kodomo Shokudo* (Children's Cafeteria), which provides meals to children from lowincome households and those who eat alone.

### **Outreach Program for Elementary School Students**



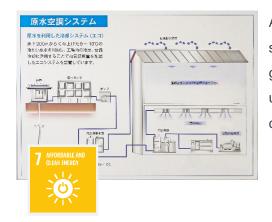
We provide an outreach program contributing to the career education that begins in elementary school. Leveraging our status as a company supplying natural mineral water, we encourage children to form their own ideas about the importance of water and nature, and what they can do to preserve Japan's valuable natural mineral water resource for future generations.

### **Disaster Relief and Reconstruction Support**



We have signed disaster relief agreements with Fujiyoshida City in Yamanashi Prefecture and Asago City in Hyogo Prefecture to supply drinking water in the event of an emergency. Under these agreements, we will provide free drinking water and loan water dispensers at no cost to affected residents. In addition, we have donated relief supplies to areas impacted by heavy rains in Western Japan, contributed relief funds following the Kumamoto Earthquake, and held events to support recovery efforts in the region. We also provided support to areas affected by the 2024 Noto Peninsula Earthquake.

#### **Groundwater Utilization**



At the Fujiyoshida plant, we have implemented a system that reduces electricity costs by using cold groundwater (9–10°C), pumped from 200 meters underground, for air conditioning and equipment cooling throughout the facility.



### **SDG-related Initiatives**



#### **Safe and Reliable Natural Mineral Water**



The Group's natural mineral water products are subject to proprietary quality standards that are more stringent than public regulations. Testing is conducted independently about a dozen times per day, including microbiological, physicochemical, and sensory evaluations, along with regular screening for radioactive substances. We also offer soft water that is gentle on babies' bodies.

### **Lightweighting PET Bottles**



We have been altering the structure of our PET bottles. By 2023, we had achieved a 20% reduction in weight (volume of plastics used), and in 2024 we succeeded in a further 3% weight reduction.

We have been gradually introducing PET bottles that are 23% lighter than previously, with the goal of achieving an 80% switch by FY 03/24.

#### **Fair Personnel System and Gender Equity Initiatives**



To ensure fairness in employee performance evaluations, we are revising our personnel policies and evaluation systems. In addition to providing maternity leave, childcare leave, related benefits, and social insurance premium exemptions during childcare leave, we are also working to raise awareness and provide information about these programs.

### Forest Maintenance Activities (Nishikatsura Area)



To support the sustainability of local water resources, we are engaged in forest maintenance activities—such as thinning—in Nishikatsura, Yamanashi Prefecture, where our Nishikatsura Plant is located. This initiative is based on the belief that forests with strong water retention capacity produce quality water sources, which in turn support a rich and healthy food culture.



### **SDG-related Initiatives**



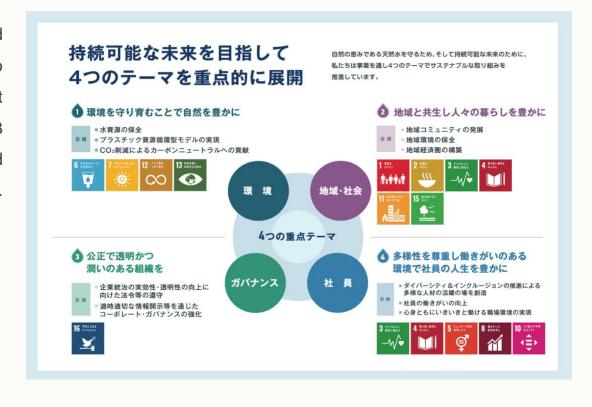
### Notice Regarding Publication of Sustainability Report

We have published "Sustainability Report 2024" (available only in Japanese) on our website, to help more stakeholders understand our Group's sustainability initiatives and activities.

Organized around the themes of ESG (Environment, Social, and Governance), the report focuses on the initiatives we have undertaken to date and specific actions aimed at contributing to a sustainable society. It features the latest information on topics such as "Calculation of Scope 3  $CO_2$  emissions," "Disaster preparedness initiatives for customers," and "Efforts to promote diversity." We invite you to read the report.

Sustainability Report 2024 (Japanese only) <a href="https://premiumwater-hd.co.jp/sdgs/img/report/ssr2024.pdf">https://premiumwater-hd.co.jp/sdgs/img/report/ssr2024.pdf</a>

Our website's sustainability page (Japanese only) <a href="https://premiumwater-hd.co.jp/sdgs/">https://premiumwater-hd.co.jp/sdgs/</a>







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