

PREMIUM WATER HOLDINGS

**Supplementary Materials for Financial
Results for the First Half of the Fiscal Year
Ending March 31, 2026**

Premium Water Holdings, Inc.

TSE: 2588

November 10, 2025



PREMIUM WATER HOLDINGS

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Aspirations
Competitive Advantages
Future Outlook

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



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 high-
quality water in bottles
with less plastic

**Optimal delivery
efficiency**

Maintaining our own
logistics network*2 for
optimal delivery efficiency
aids in curtailing logistics
costs

*1 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

*2 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

1 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.



2 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.



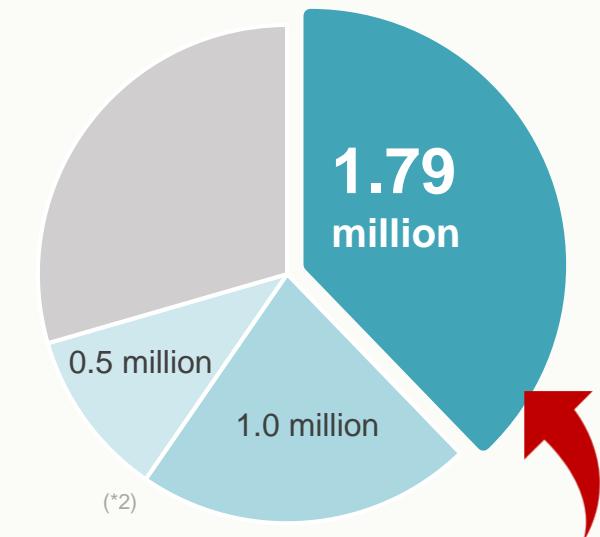
3 Efficient delivery using our own distribution network

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**.



Market No. 1 in water dispenser customer numbers

32.0% industry share (*1)

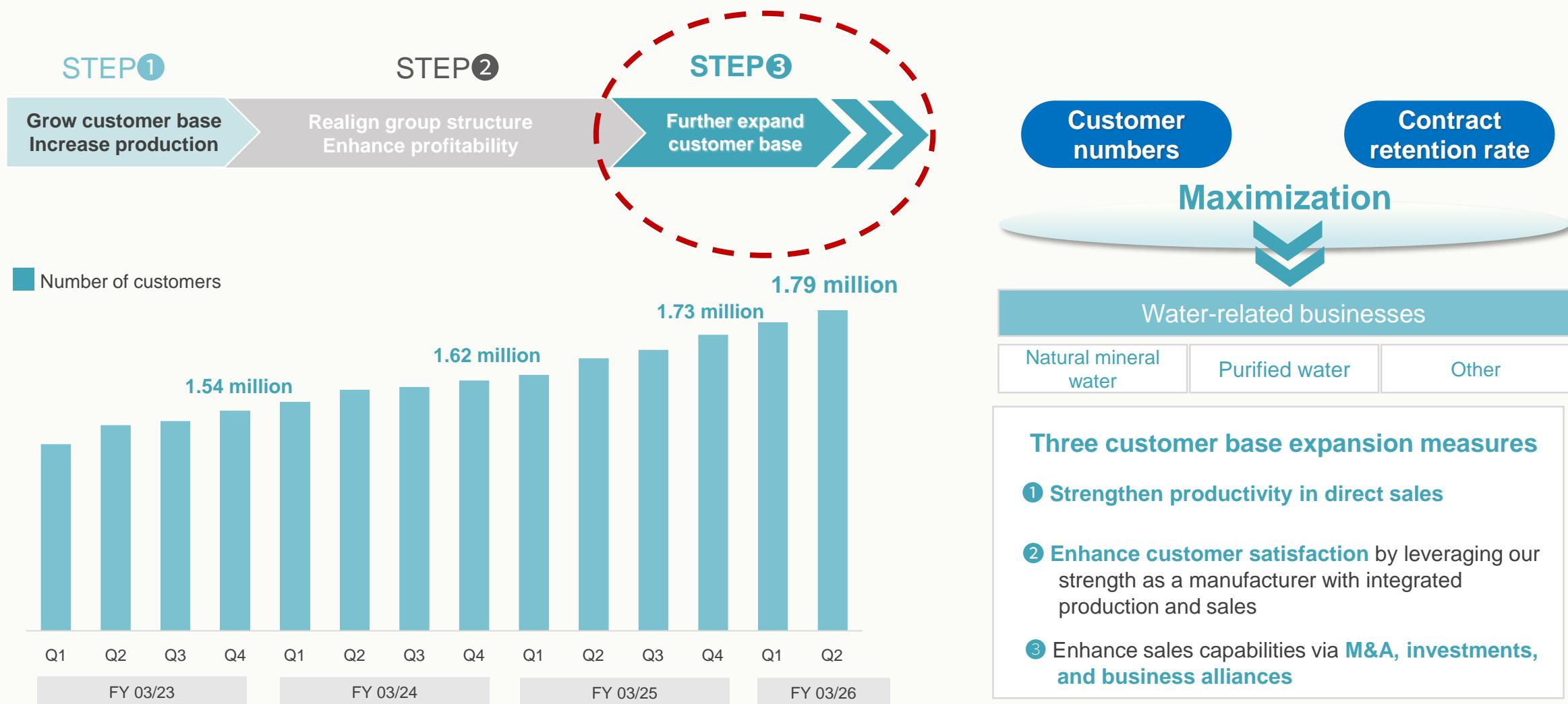


- Premium Water Holdings
- Company A
- Company B
- Other

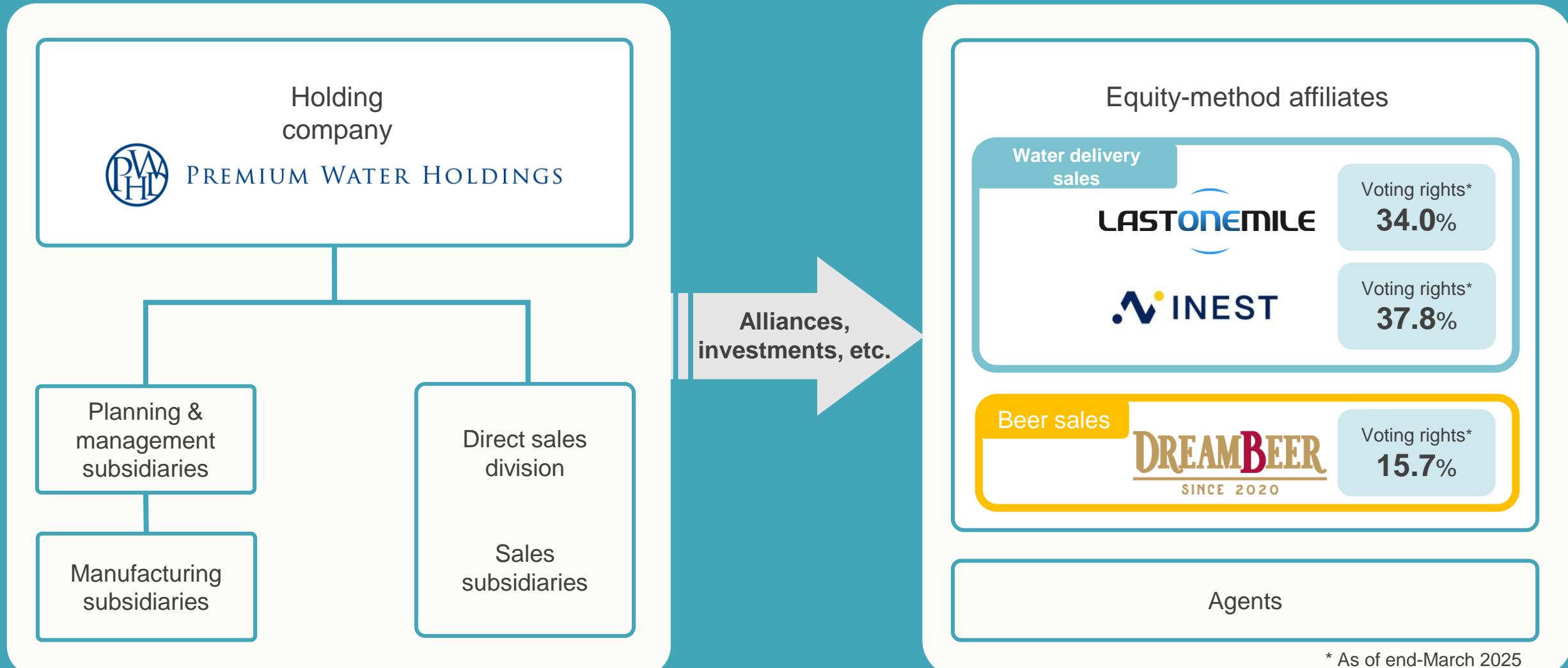
*1 Calculated based on JDSA FY 03/24 water delivery industry statistics

*2 Prepared by the company based on the January 9, 2025 issue of Nihon Ryutsu Sangyo Shimbun

Focus on growing customer base to largest in the industry



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





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**Financial Results for the First
Half of the Fiscal Year Ending
March 31, 2026**

Financial Results Highlights

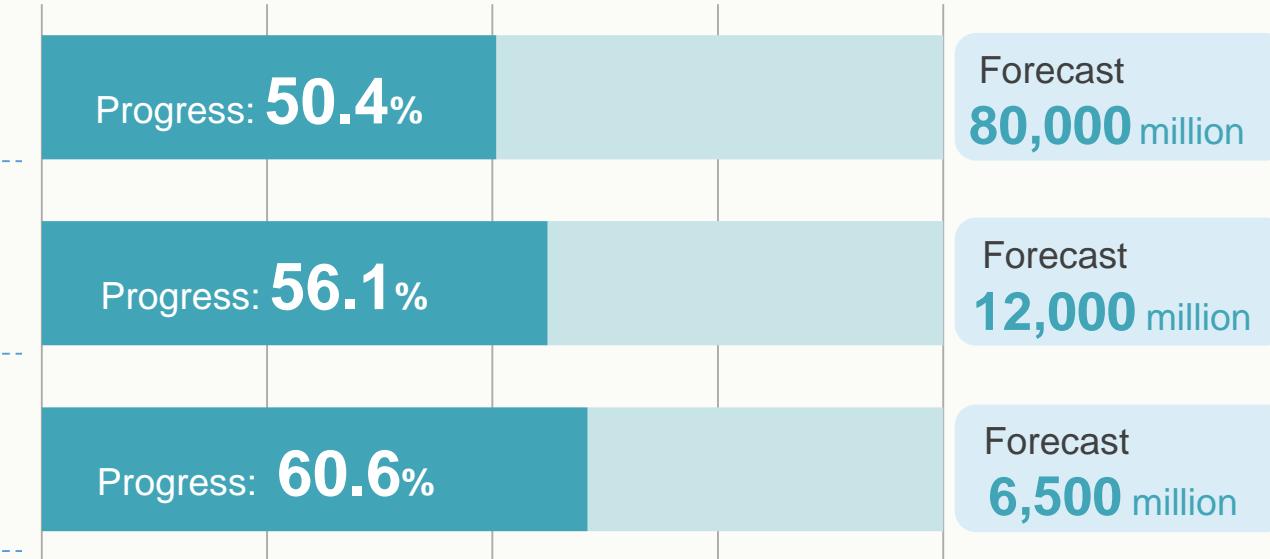


Both revenue and profit continued to increase YoY, underpinned by steady growth in the customer base and ongoing contributions to profit from the Gifu Kitagata plant's full-scale start-up in April 2024, which has stabilized production and generated gradual improvement in operating rates.

● 1H (Apr–Sep) financial results

Revenue	40,347 million	YoY 103.7%
Operating profit	6,737 million	YoY 112.3%
Profit attributable to owners of parent	3,936 million	YoY 125.8%
EBITDA	12,994 million	YoY 108.7%

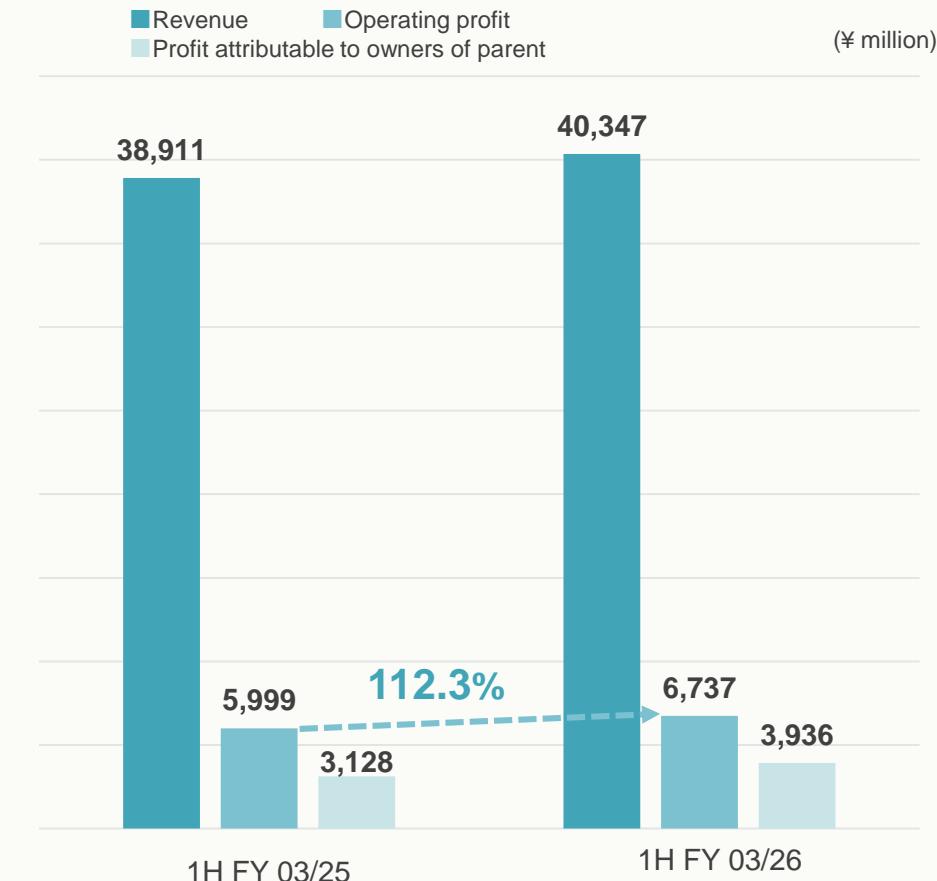
● Progress toward full-year forecast



Overview of 1H (Apr–Sep) Financial Results

Revenue rose to 103.7% of the prior-year level, amid steady expansion in the customer base. Operating profit registered brisk growth on the back of improved plant productivity, rising to 112.3% of the prior-year level.

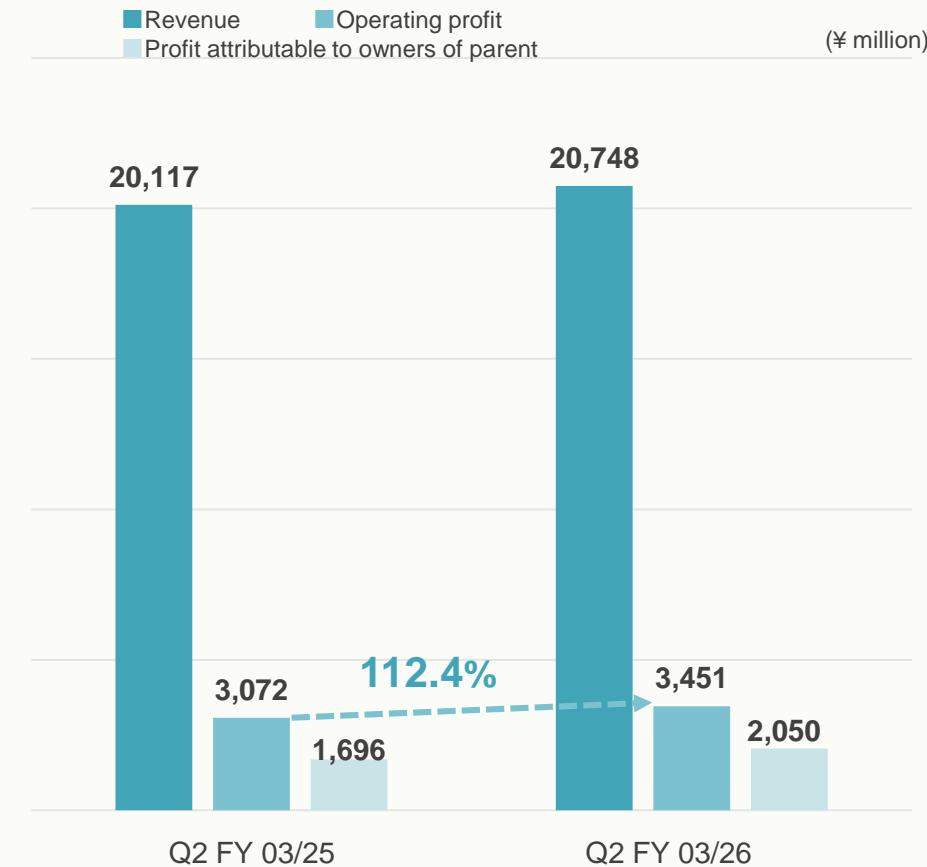
	1H FY 03/25	1H FY 03/26	YoY
Revenue	38,911	40,347	103.7%
Gross profit	33,042	34,640	104.8%
Operating profit	5,999	6,737	112.3%
Profit attributable to owners of parent	3,128	3,936	125.8%
EBITDA (operating profit + depreciation)	11,959	12,994	108.7%



Overview of Q2 (Jul–Sep) Financial Results

Revenue increased steadily and operating profit rose to **112.4%** of the prior-year level, thanks also to cost-efficiency measures. Both revenue and profit posted QoQ growth.

	Q2 FY 03/25	Q2 FY 03/26	(¥ million) YoY
Revenue	20,117	20,748	103.1%
Gross profit	17,126	17,747	103.6%
Operating profit	3,072	3,451	112.4%
Profit attributable to owners of parent	1,696	2,050	120.9%
EBITDA (operating profit + depreciation)	6,088	6,609	108.6%



Revenue and Operating Profit

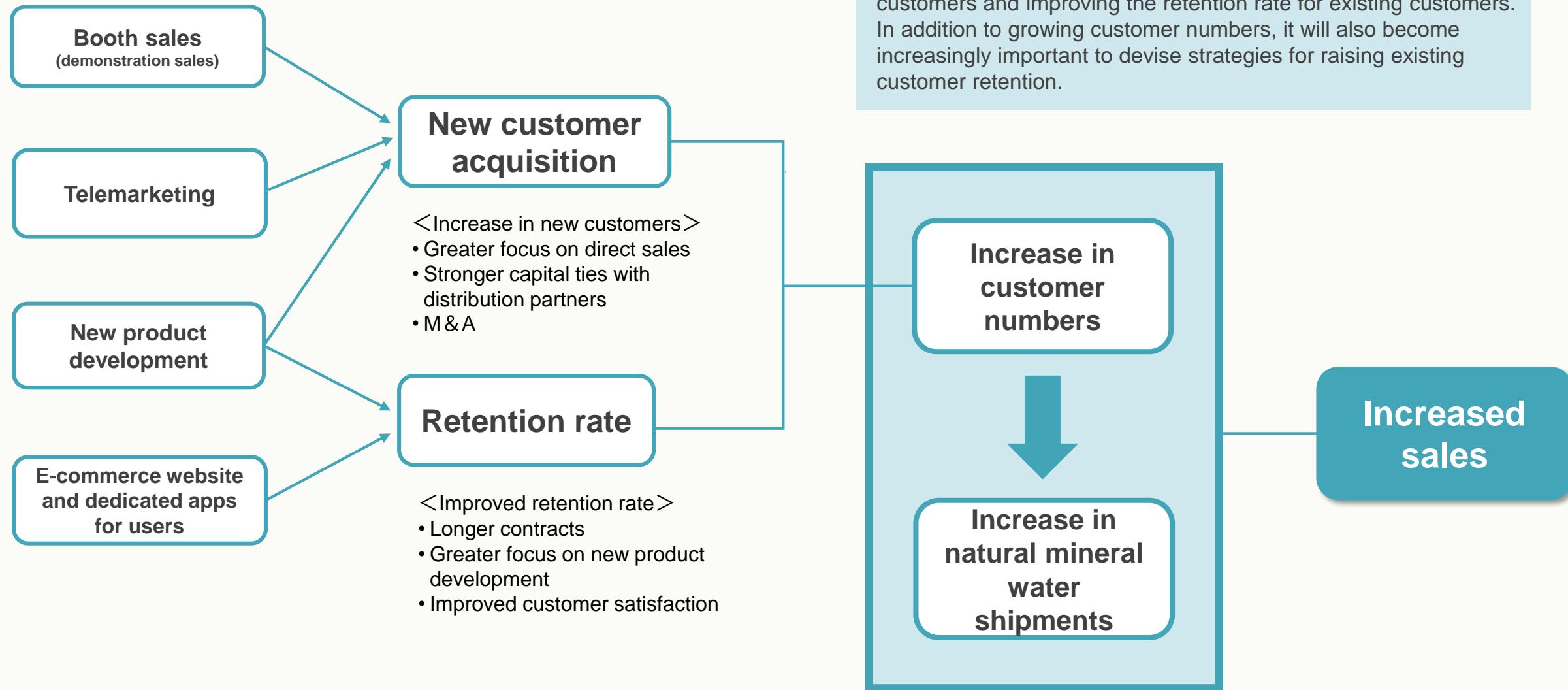
Revenue **rose 3.1% YoY** amid growth in the number of customers, and the operating profit margin **increased 1.3ppt YoY**.



*1 Adjusted to exclude extraordinary factor in the booking of ¥797mn gain from the sale of shares in sales subsidiary FLC Premium in FY 03/24.

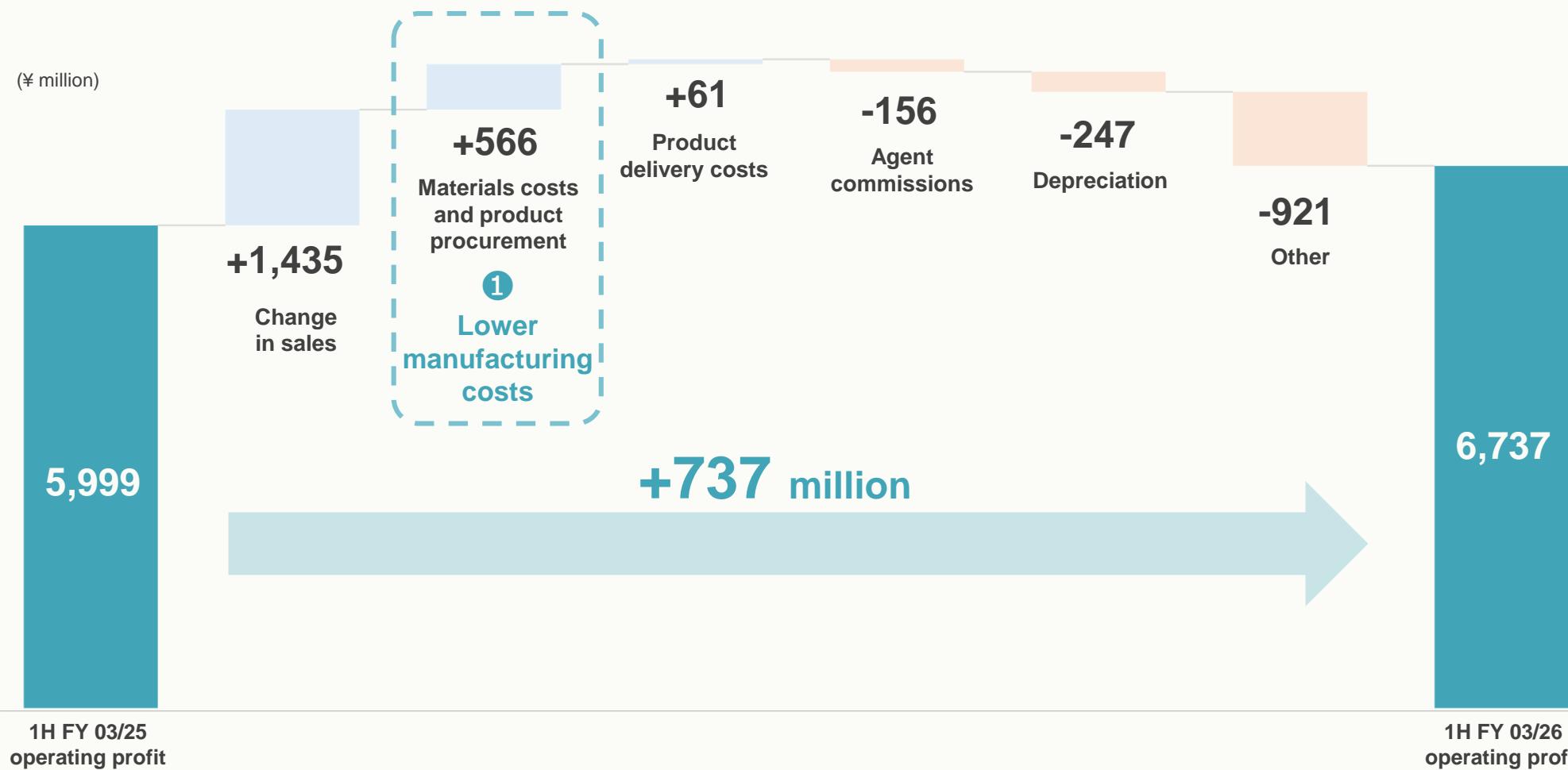
*2 Q4 operating profit and operating profit margin are always low relative to Q1–3, due to payment of agent commissions

Premium Water Holdings' Growth Drivers



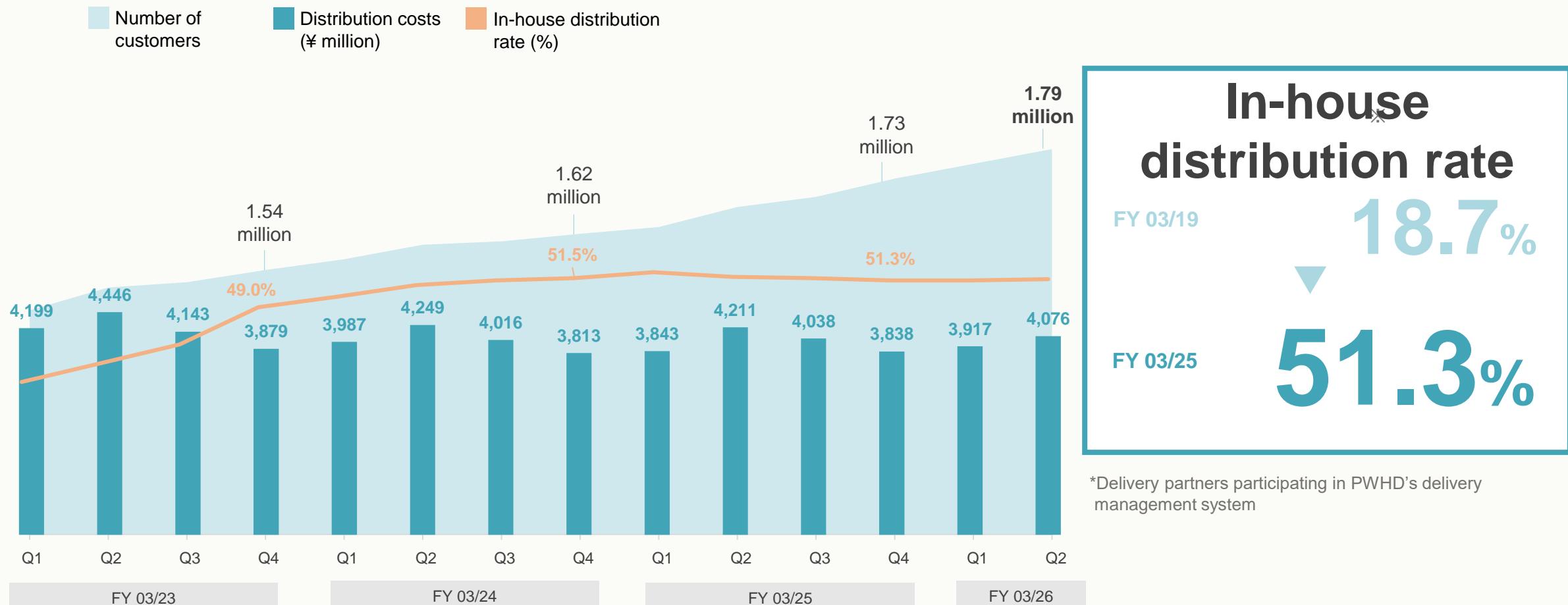
Factors Contributing to Operating Profit

Despite higher variable costs arising from sales investments, operating profit increased YoY on the back of sales growth accompanying growth in the number of customers, lower manufacturing costs thanks to improved operating rates at the Gifu Kitagata plant①, and cost-efficiency measures.



Initiatives to Reduce Distribution Costs

Despite upward pressure on costs from higher distribution volume driven by growth in the customer base combined with price inflation, we contained distribution cost growth by keeping the in-house distribution* rate at an optimal level.



1H FY 03/26 Non-operating Income



	1H FY 03/25	1H FY 03/26	Change	(¥ million) YoY
Operating profit	5,999	6,737	737	112.3%
Finance income + finance costs	-400	-384	15	—
Share of profit (loss) of investments accounted for using equity method	-560	-293	267	—
Profit before tax	5,038	6,059	1,020	120.3%
Income tax expense	-1,911	-2,123	-212	—
Non-controlling interests	1	0	-1	0.7%
Profit attributable to owners of parent	3,128	3,936	807	125.8%

1H FY 03/26 Consolidated Balance Sheet



Lease obligations and other interest-bearing liabilities increased due to financing for investments in water dispensers and related equipment.

	FY 03/25	1H FY 03/26	(¥ million) Change		FY 03/25	1H FY 03/26	(¥ million) Change
Current assets	47,324	49,201	1,876	Liabilities	87,003	94,910	7,906
Cash and cash equivalents	31,900	34,404	2,504	Current liabilities	43,076	45,124	2,047
Trade and other receivables	12,271	12,449	177	Trade and other payables	15,459	16,627	1,167
Inventories	917	890	-26	Interest-bearing liabilities	24,481	25,559	1,077
Other current assets	2,235	1,456	-778	Income taxes payable	2,447	2,180	-267
Non-current assets	64,751	73,604	8,852	Other current liabilities	687	757	69
Property, plant and equipment	32,797	34,318	1,521	Non-current liabilities	43,927	49,786	5,859
Intangible assets	3,223	3,424	200	Interest-bearing liabilities	43,289	49,142	5,853
Investments accounted for using equity method	4,218	4,320	102	Other non-current liabilities	637	643	5
Other financial assets	10,103	16,146	6,043	Equity	25,073	27,895	2,822
Contract costs	12,847	14,183	1,335	Shareholders' equity	25,057	27,880	2,822
Other non-current assets	1,561	1,209	-351	Others	15	15	0
Total assets	112,076	122,805	10,729	Total liabilities and equity	112,076	122,805	10,729

1H FY 03/26 Consolidated Cash Flow Statement



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(¥ million)

	1H FY 03/25	1H FY 03/26
Cash and cash equivalents at beginning of period	30,561	31,900
Cash flows from operating activities	10,265	11,086
Cash flows from investing activities	-6,457	-6,745
Cash flows from financing activities	-6,671	-1,845
Effect of exchange rate changes on cash and cash equivalents	-29	8
Cash and cash equivalents at end-1H	27,669	34,404

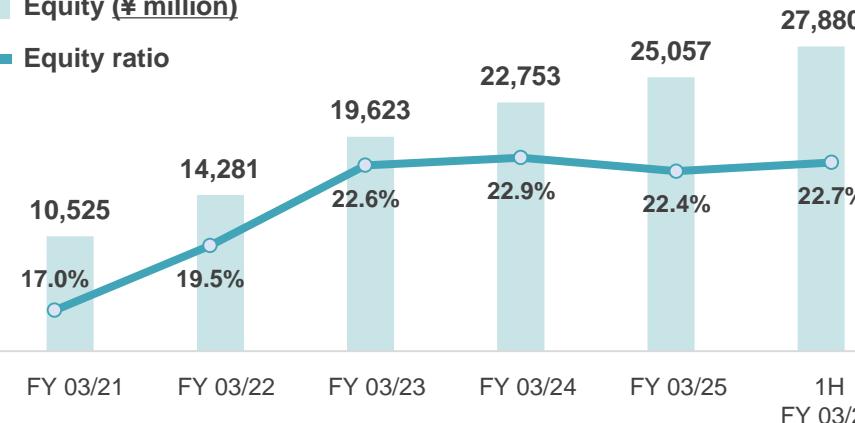
Financial Indicators

The target equity ratio is 30%. The decline in the current ratio is partly attributable to an increase in corporate bonds scheduled for redemption within one year.

Equity and equity ratio

Equity (¥ million)

Equity ratio

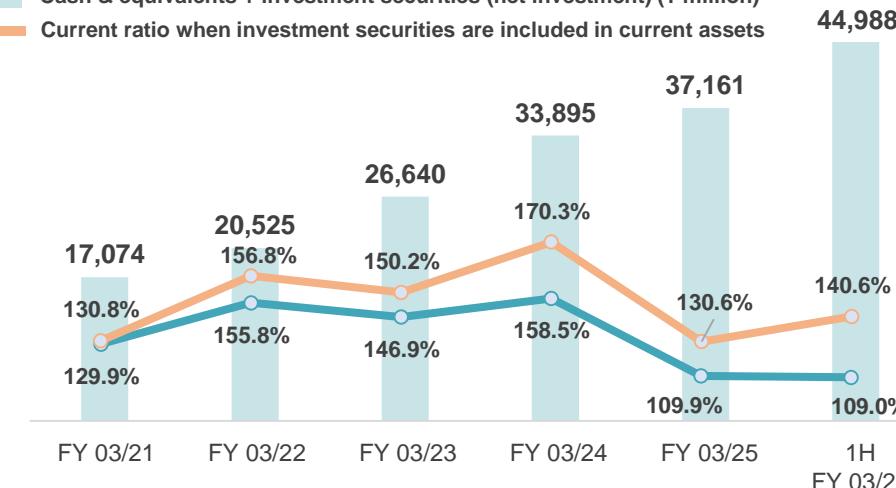


Current ratio and cash & equivalents + investment securities (net investment)

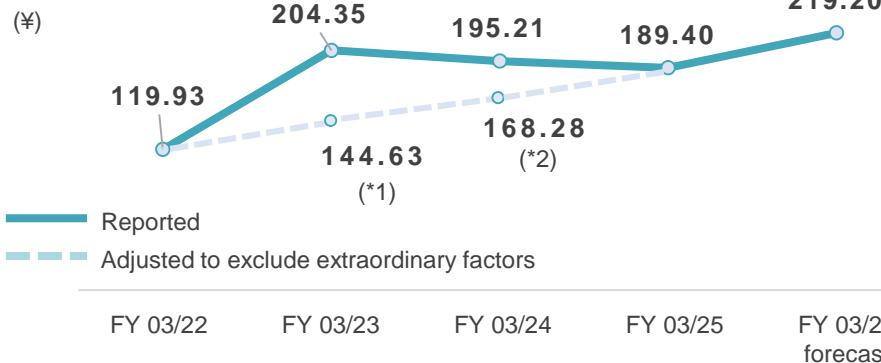
Current ratio

Cash & equivalents + investment securities (net investment) (¥ million)

Current ratio when investment securities are included in current assets



Basic earnings per share (EPS)



ROE 24.6% (end-FY 03/26 forecast)

ROA 5.3% (end-FY 03/26 forecast)

*1 In FY 03/23, profit attributable to owners of 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 parent was ¥4,304 million.

*2 In FY 03/24, profit attributable to owners of 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 parent was ¥4,980 million.

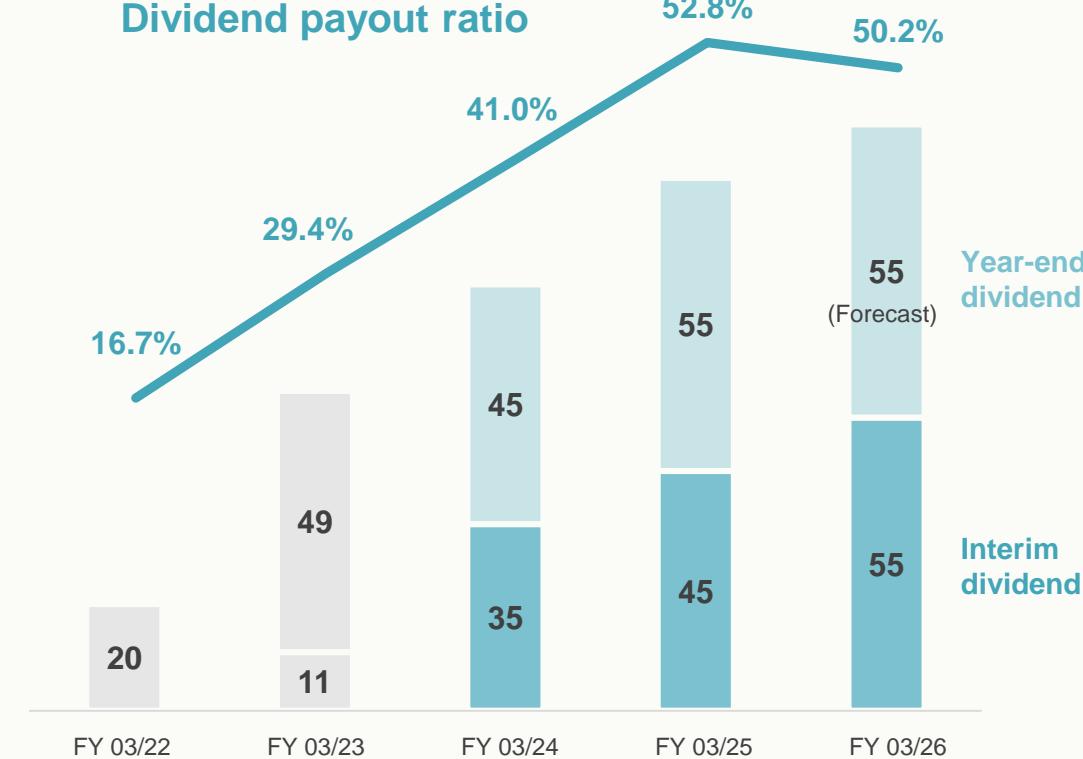
Shareholder Returns

The FY 03/26 interim dividend is **¥55**, unchanged from the FY 03/25 year-end dividend.

Also, the ¥500 million share buyback initiated in May 2025 was completed on October 15, 2025.

We plan to continue steadily increasing the dividend, in balance with internal reserves and growth investments.

	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)





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Appendix

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

Company name	Premium Water Holdings, Inc.
Establishment	October 13, 2006
Address	<Tokyo corporate office> 5F, Jingumae 123 Building, 1-23-26 Jingumae, Shibuya Ward, Tokyo <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

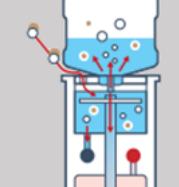


Year	Water Direct Corporation		FLC Inc.	
2004			Feb	FLC Inc. established Launched sales promotion business
2006	Oct	Water Direct Corporation established		
2007	Apr	Started operations at Plant No. 1		
2008			Jan	Launched water dispenser agency business
2010	Jul	Completed construction of the Fujiyoshida plant	Apr	Premium Water Inc. established
2011			Mar	FLC Inc. established through an incorporation-type company split
2013	Mar	Listed on the Mothers Section of the Tokyo Stock Exchange		
2014	Apr	Changed listing to the Second Section of the Tokyo Stock Exchange		
2015	Feb	Became a subsidiary of Hikari Tsushin as the result of a tender offer for the company's shares by Sogo Seikatsu Service Co., Ltd.		

2016	Jul	Premium Water Holdings, Inc. established
2020	Mar	Water delivery business customer base broke through one million mark
2022	Apr	Listed on the Tokyo Stock Exchange's Standard Market
2024	Apr	Completed construction of the Gifu Kitagata plant

One-way Delivery System (natural mineral water)

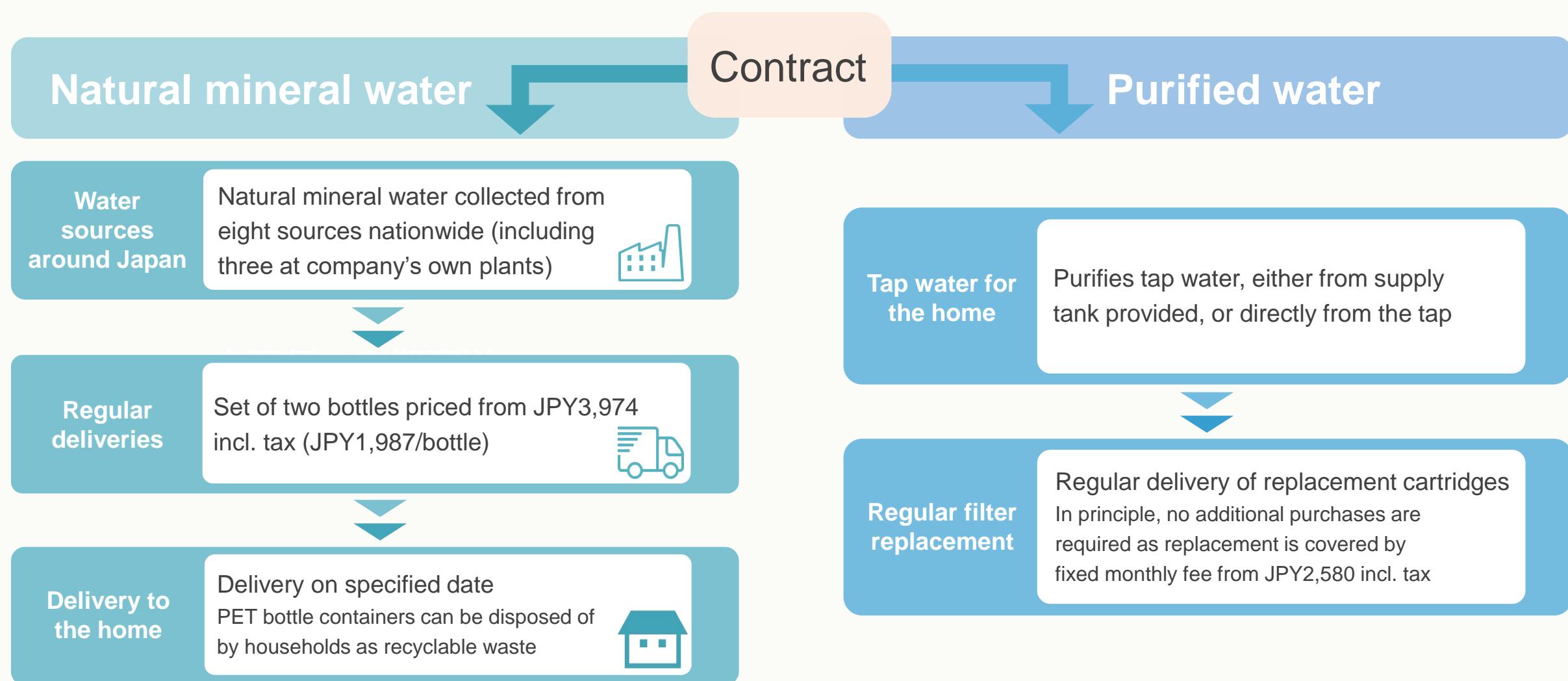
PWHD has opted for a **one-way delivery system** in the interests of hygiene and convenience

Delivery system	Reusable bottle (returnable system)	Single-use bottle (one-way system)	Advantages of one-way delivery system
Delivery flow	<p>Used bottles are collected, washed, and sterilized for reuse</p>  <p>Used bottles are collected upon the next delivery</p>	<p>One-way delivery of single-use bottles</p>  <p>Used bottles are discarded by the customer</p>	<p>For the customer</p> <ul style="list-style-type: none"> Eliminates hygiene concerns Hygienic single-use bottles prevent outside air from entering
Bottle features	<p>Collected and reused</p>  <p>Gallon bottles take up lots of room in the home...</p> 	<p>Outside air can enter gallon bottles</p> 	<p>Crushed and thrown in the recycling bin</p>  <p>Disposable bottles make it easy!</p>  <p>For the company</p> <ul style="list-style-type: none"> Uses regular PET bottles Smell is inoffensive and recyclable bottles are environmentally friendly
Delivery format	 <p>Shipped directly from the manufacturer, according to fixed route schedules</p>	 <p>Delivered by third-party logistics providers at customer-specified times</p>	<ul style="list-style-type: none"> Saves space No need for bottle delivery or collection, no need to clean or store empty bottles
Scope of delivery	<p>Primarily residents near distribution centers (with some regional exceptions)</p>	 <p>Enables nationwide delivery (excluding certain remote islands)</p>	<ul style="list-style-type: none"> Improved profitability Eliminates the need for additional logistics personnel or facilities, such as for storing empty bottles Removes distribution constraints No area restrictions; facilitates EC and other peripheral businesses Greater delivery convenience Time-specified delivery and redelivery both possible; no need for storing empty bottles

Through a business model allowing us to handle everything from development to after-sales service, we can directly address customers' needs and provide them with more attractive products and services



Natural mineral water and purified water dispenser business centered around the PREMIUM WATER brand



Customer Base

Water dispenser (water delivery) market share

32.0% *

End-September 2025
1.79 million customers

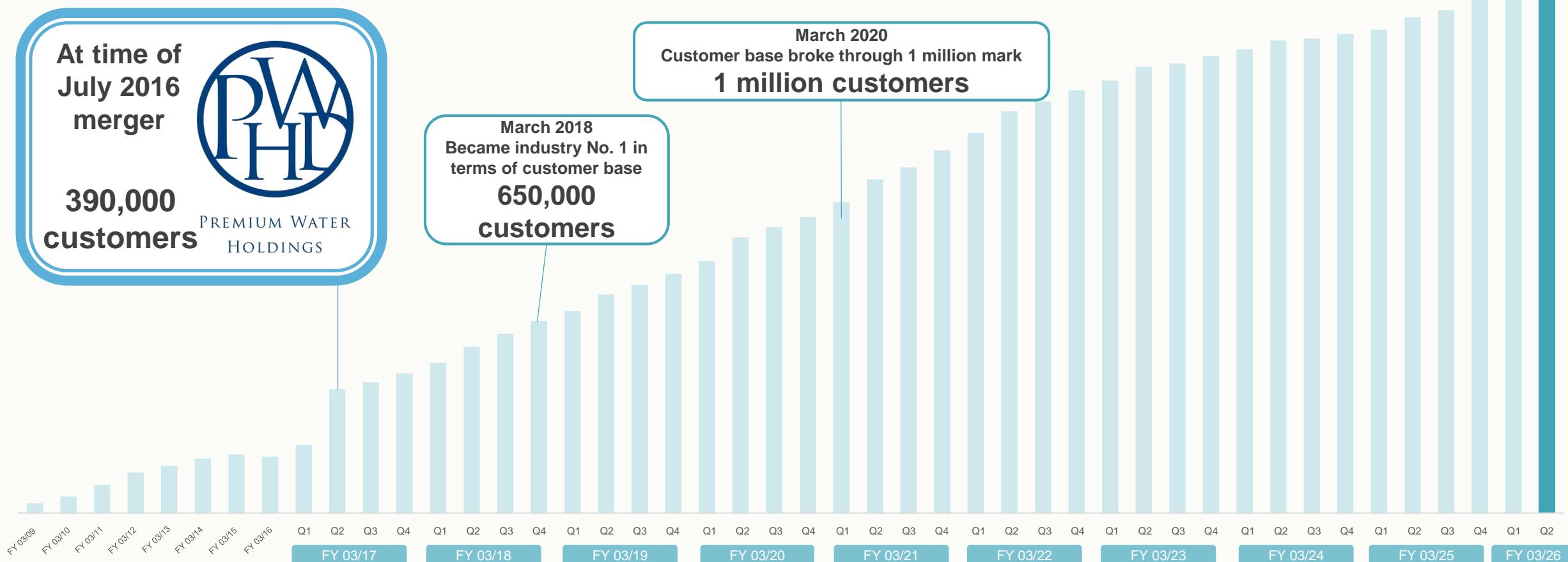
At time of
July 2016
merger



390,000
customers

March 2020
Customer base broke through 1 million mark
1 million customers

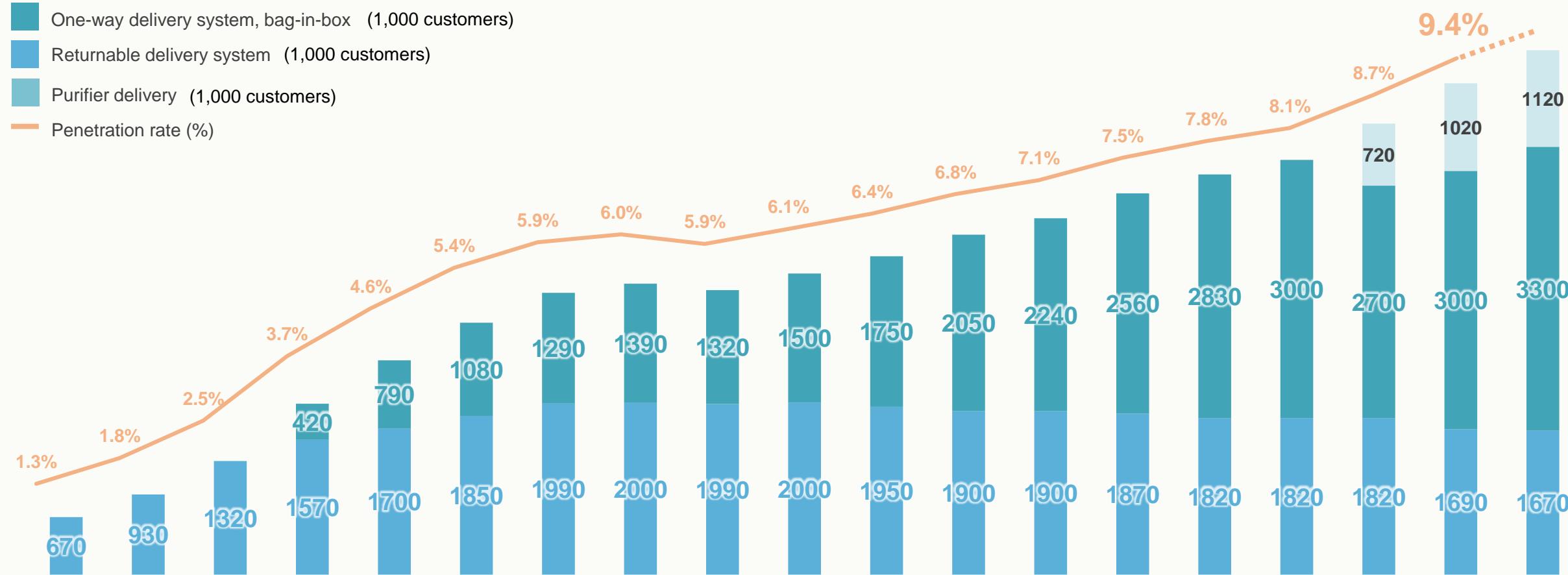
March 2018
Became industry No. 1 in
terms of customer base
**650,000
customers**



* PWHD's water delivery service customer numbers as of end-March 2025 ÷ water delivery market projected customer numbers as of end-March 2025, according to Japan Delivery Water & Server Association (JSDA) data



Household penetration rate in Japan is around 9.4%^{*}, leaving ample room for growth



- Company estimate based on Japan Delivery Water & Server Association (JDSA) data on customer numbers and Ministry of Internal Affairs and Communications (MIC) data on household numbers (JDSA figure of ¥5.71 million for water delivery market customer numbers ÷ MIC figure of 60,779,141 households according to "Population, Demographics and Number of Households Based on the Basic Resident Register")

Forecast

Water Direct Corporation

Among leading manufacturers in Japan in terms of both product quality and shipment volume for non-heat treated natural mineral water



CLYTIA

FLC, Inc.

Among Japan's leading sales promotion companies

PREMIUM WATER

HighQuality Water Delivery Service

Premium Water Holdings, Inc.

Created via integration of these two companies

Brand names also integrated under "Premium Water"



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Leading company in terms of creating and promoting new value to customers while remaining committed to the intrinsic value of Japan's high-quality natural mineral water

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

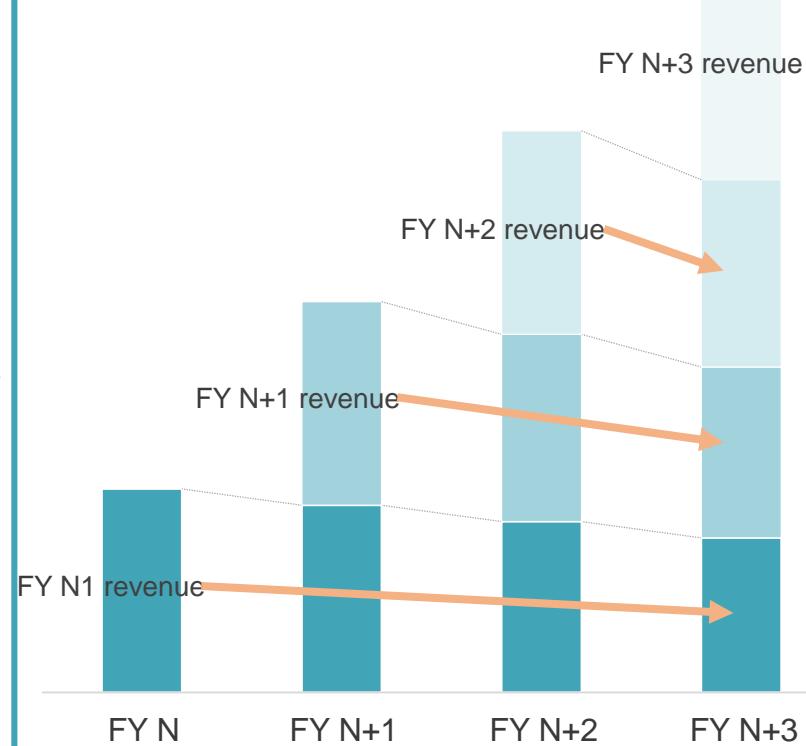


Purified water

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

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

Recurring revenue business model





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Appendix (2) 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 low-income households and those who eat alone.

Ongoing donations to WaterAid Japan



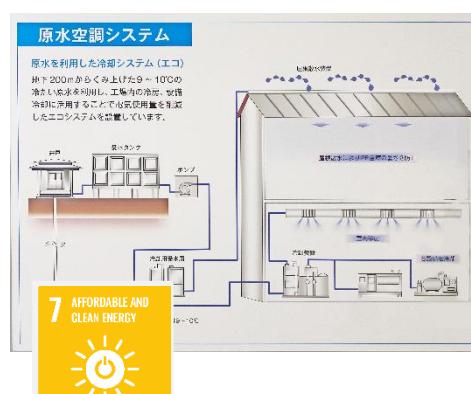
We launched "PREMIUM WATER FUTURE," a new SDGs-specialized water dispenser brand. By donating a portion of "PREMIUM WATER FUTURE" sales to WaterAid Japan, an organization dedicated to realizing a better future, we are helping to ensure that more people have access to clean water.

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.

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 progressively switching to bottles that are 23% lighter than conventional PET bottles, and by end-March 2025 we had made this switch for approximately 80% of all water sources, with a view to switching 100% over by end-FY25.

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.

Notice Regarding Publication of Sustainability Report

We have published "Sustainability Report 2025" (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 CO₂ emissions," "Disaster preparedness initiatives for customers," and "Efforts to promote diversity." We invite you to read the report.

Sustainability Report 2025 (Japanese only)
<https://premiumwater-hd.co.jp/sdgs/img/report/ssr2025.pdf>

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



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