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May 15, 2025

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| Company Name: | KEY COFFEE INC |
| Name of representative: | Yutaka Shibata President (Code number: 2594, Tokyo Stock Exchange Prime Market) |
| Inquiries: | Atsushi Fukuda Executive Officer and General Manager of the Corporate Planning Department Tel: +81-3-3433-3311 |

Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price

KEY COFFEE INC (the “Company”) hereby announces that today (May 15, 2025), it has formulated policies and initiatives to improve action to implement management that is conscious of cost of capital and stock price, based on an analysis and assessment of the current situation, in order to achieve the sustainable growth of the Group and enhance its medium- to long-term corporate value.

For details, please refer to the attachment, “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.”



Action to Implement Management that is Conscious of Cost of Capital and Stock Price

KEY COFFEE INC

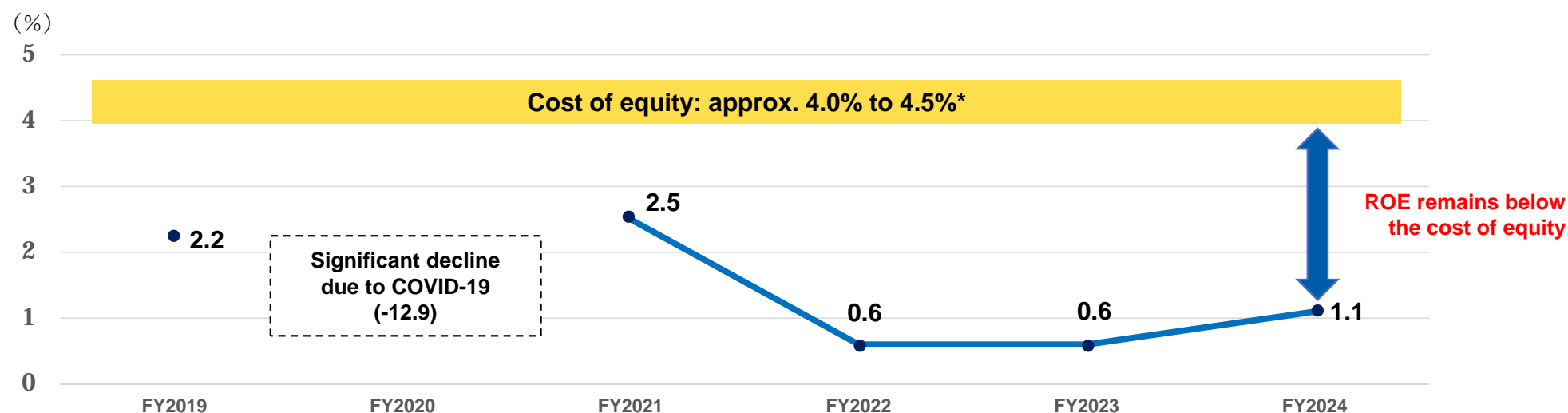
May 15, 2025

Current Recognition of Cost of Capital and Return on Equity



Return on equity (ROE) remains at a low level and underperforms cost of equity.

■ Trends in ROE and Cost of Equity



* Formula (based on CAPM): Cost of equity = Risk-free rate + β x Market risk premium
Our recognition of the cost of equity also reflects dialogues with institutional investors.

Current Recognition of Market Valuation

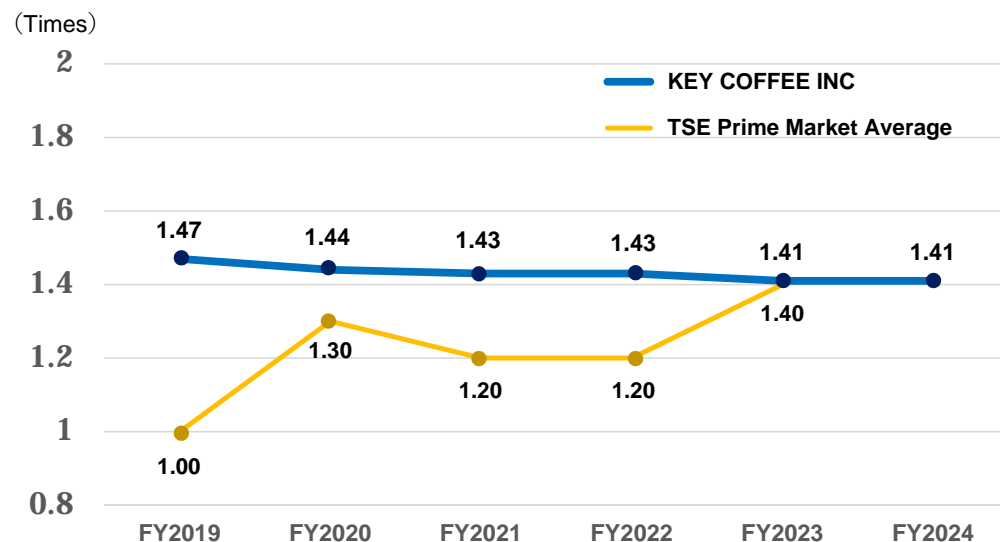


Price-to-book ratio (PBR) remains stably above the Tokyo Stock Exchange Prime Market average.

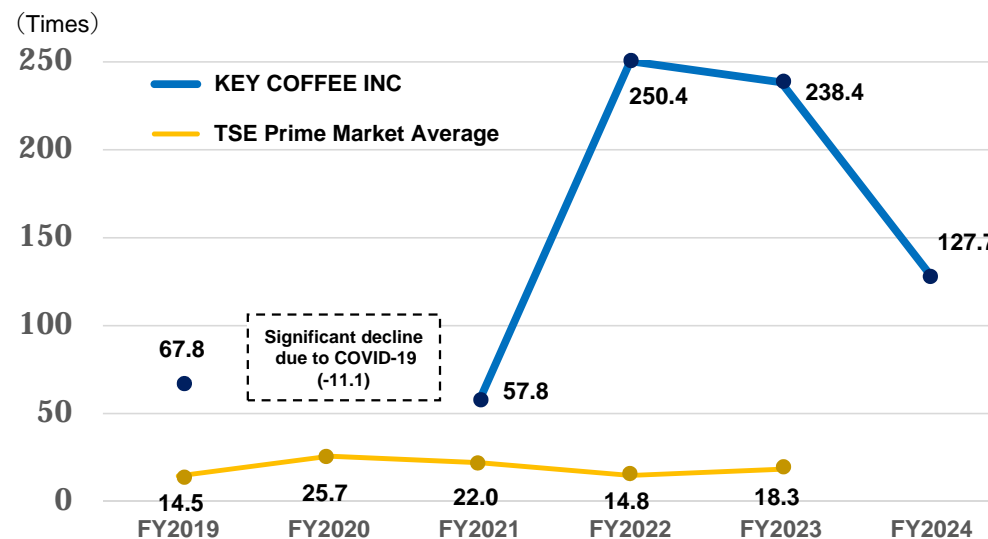
We recognize that despite our low ROE, our PBR exceeding 1.0 is due to a high Price Earnings Ratio (PER) reflecting growth expectations. This suggests that the market values our future growth potential and the social significance of our business, including sustainability.

Improving ROE is one of our priority issues.

■ Trends in PBR



■ Trends in PER

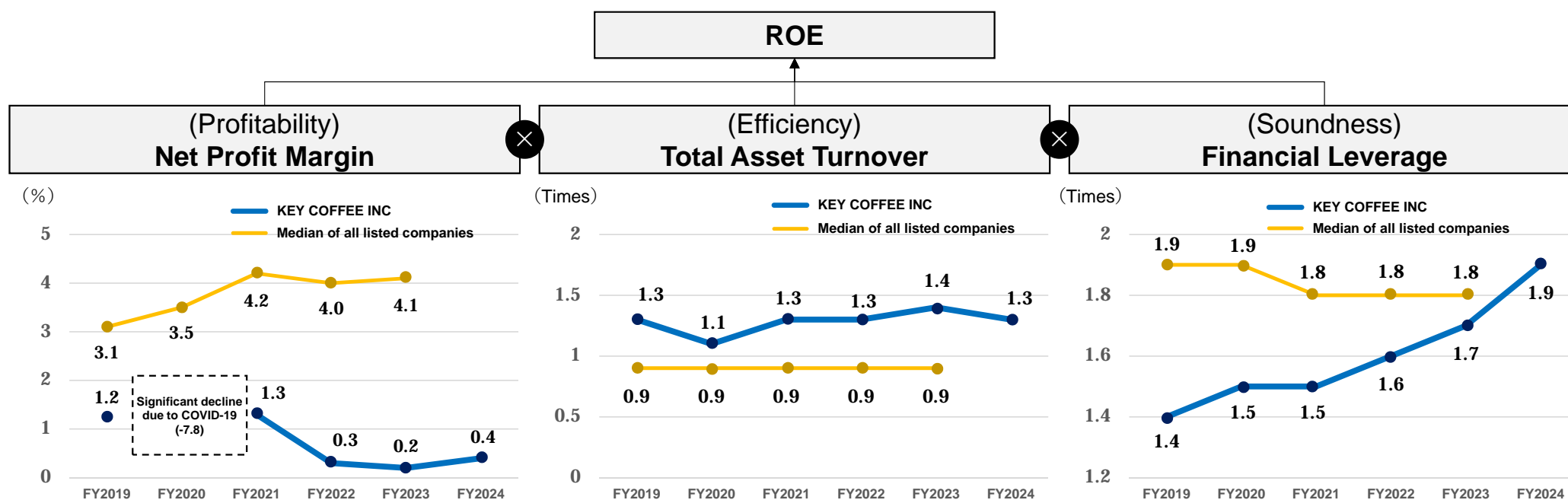


* Figures until FY2021 reflect the TSE First Section average.

Priority issues



While our total asset turnover and financial leverage are around the median for all listed companies, our net profit margin is well below market levels, which is a key factor behind our low ROE. Improving our net profit margin is our priority issue in raising ROE. While continuing to uphold the social significance of our business, we must take distinctive actions to enhance profitability.

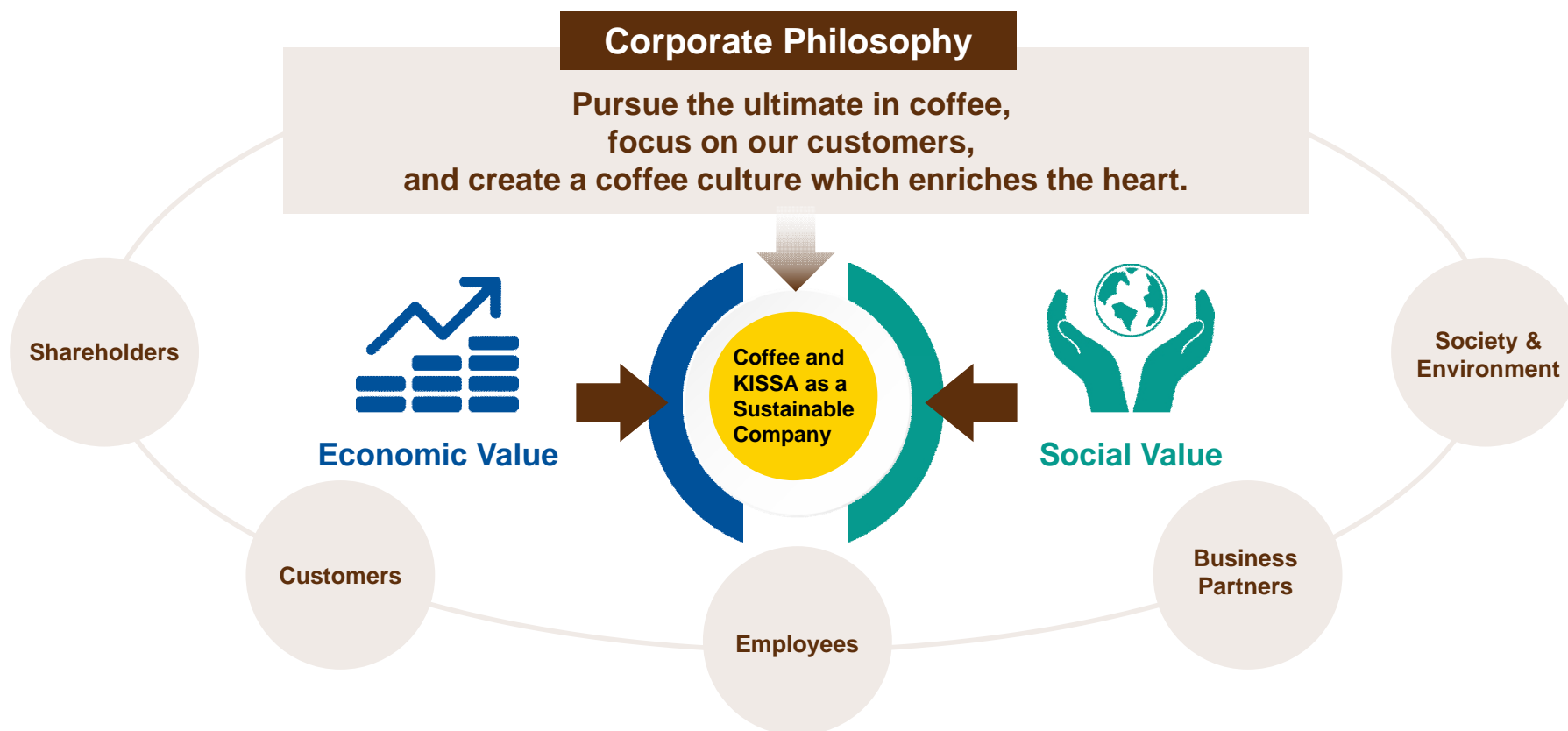


➡ It is essential to intensify efforts toward profit improvement.

Vision for 2030



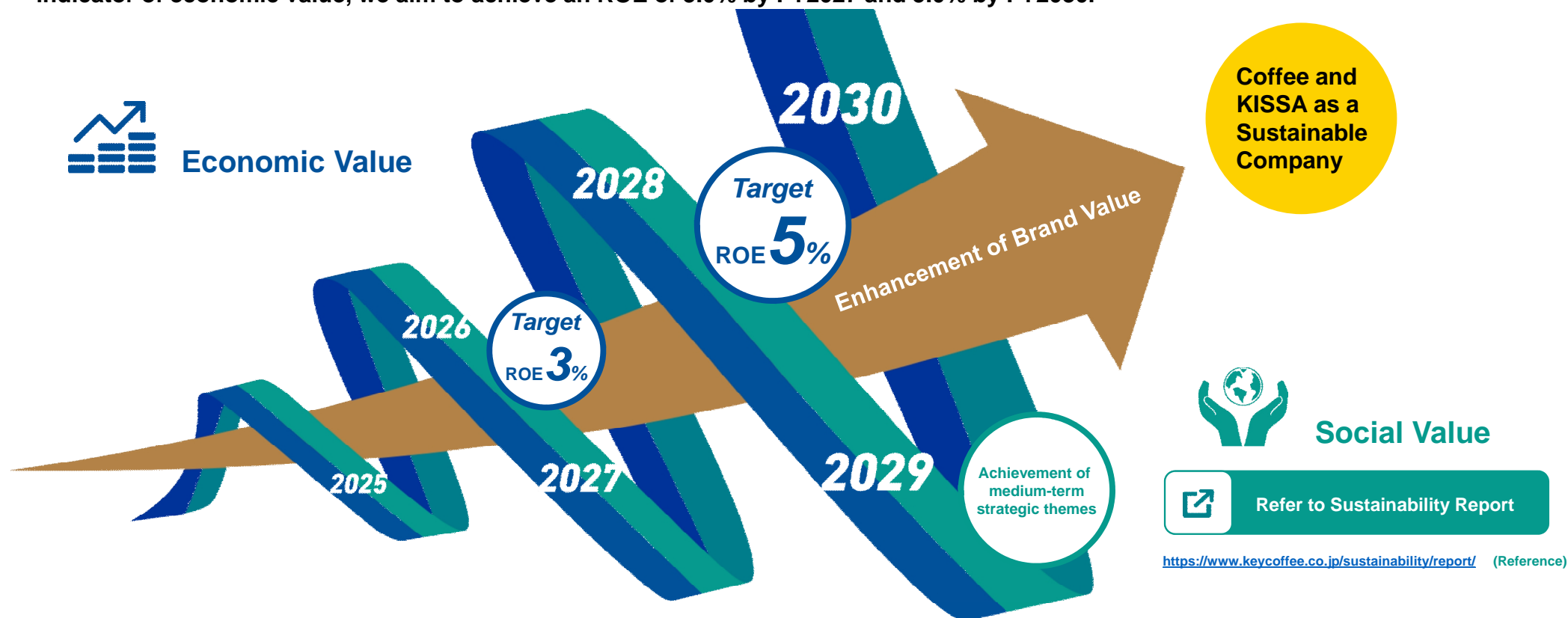
Based on our corporate philosophy, we aim to create both social and economic value and continue to provide value to all stakeholders as a “Coffee and KISSA as a Sustainable Company.”



Strategic Direction Toward 2030



Based on “quality-first principle,” we strive to maintain delicious flavors responsive to current needs, through management with a balanced focus on both social and economic value, we aim to enhance the KEY COFFEE brand and realize our vision for 2030. As an indicator of economic value, we aim to achieve an ROE of 3.0% by FY2027 and 5.0% by FY2030.



Initiatives for Improving ROE

We aim to improve ROE by strengthening profitability, enhancing our management foundation, and reinforcing the comprehensive strengths of the Group, thereby increasing both social and economic value.



Economic Value



Social Value

Strengthening Profitability



Offer of products and services that meet customer needs

Expansion into new businesses and business domains

Enhancing Our Management Foundation



Improvement of operational efficiency

Acceleration of human capital management

Reinforcing the Comprehensive Strengths of the Group



Selection and concentration of business portfolio

Strengthening collaboration across the Group



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