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May 15, 2026

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

KEY COFFEE INC (the “Company”) hereby announces an update regarding the progress and future initiatives for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," which was initially announced on May 15, 2025.

For further details, please refer to the attached document, “Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update).”



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

KEY COFFEE INC

May 15, 2026

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1. Transition of Key Management Indicators



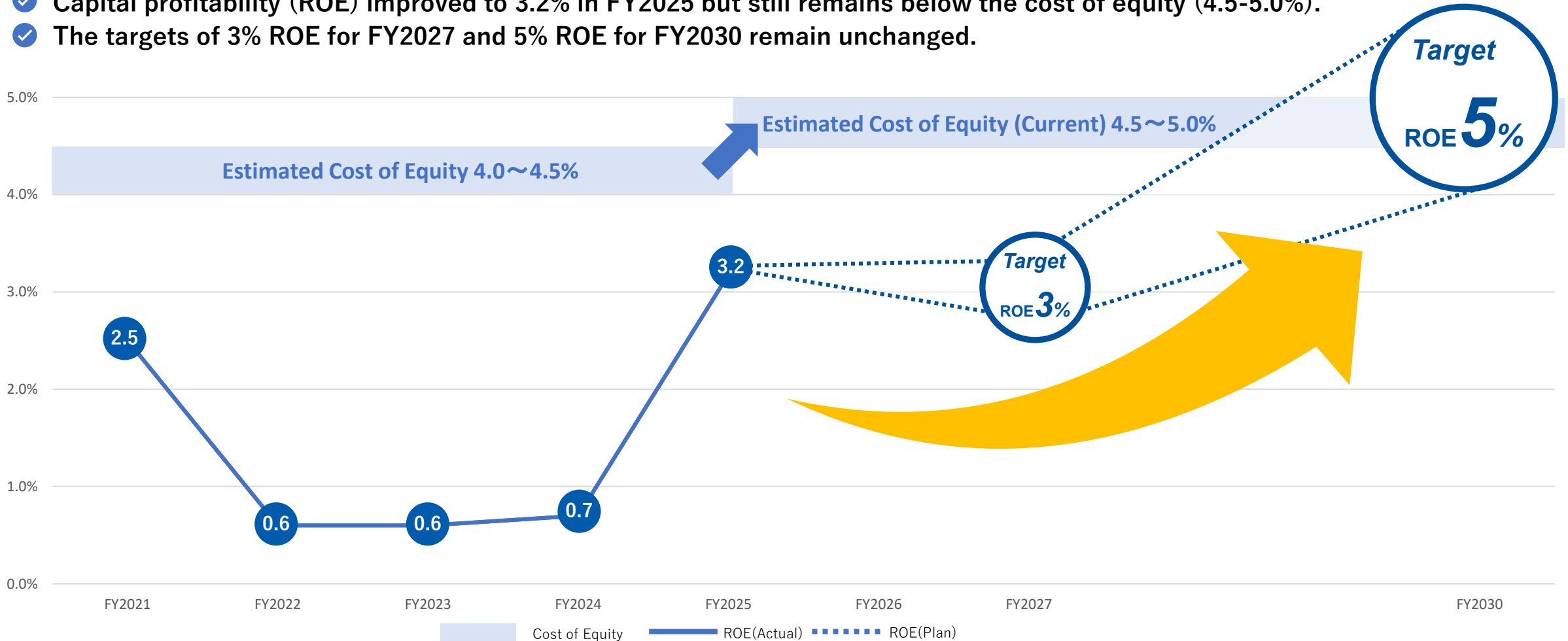
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- ✓ In FY2025, we achieved increased revenue and profit through strategies to strengthen profitability, enhance our management foundation, and reinforce the comprehensive strengths of the Group.
- ✓ Significant improvement in ROE was realized due to increased profitability.
- ✓ PBR maintained at 1x or higher.

| | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|--|--------|--------|--------|--------|---------------|
| Net Sales (million JPY) | 55,680 | 63,298 | 73,800 | 77,783 | 93,067 |
| Operating Income (million JPY) | 405 | 244 | 764 | 486 | 1,077 |
| Net Income Attributable to Owners of Parent (million JPY) | 742 | 173 | 180 | 214 | 988 |
| ROE (%) | 2.5 | 0.6 | 0.6 | 0.7 | 3.2 |
| PBR (times) | 1.44 | 1.43 | 1.43 | 1.41 | 1.35 |
| PER (times) | 57.8 | 250.4 | 238.4 | 204.2 | 42.9 |

2. Cost of Capital and Capital Profitability

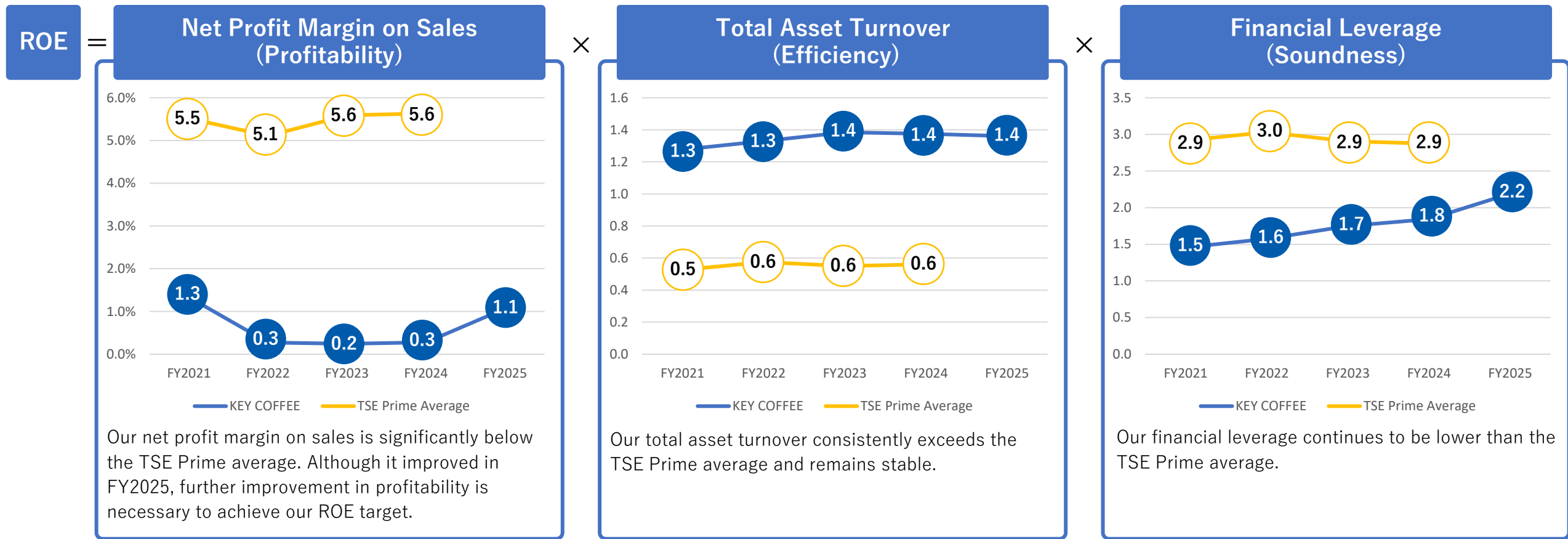
- ✔ While the cost of equity was previously estimated at around 4.0-4.5%, it is currently estimated at around 4.5-5.0%, considering the rise in long-term interest rates.
- ✔ Capital profitability (ROE) improved to 3.2% in FY2025 but still remains below the cost of equity (4.5-5.0%).
- ✔ The targets of 3% ROE for FY2027 and 5% ROE for FY2030 remain unchanged.



※Cost of equity is calculated using the CAPM (Cost of Equity = Risk-Free Rate + β × Market Risk Premium)
 Understanding of the cost of equity is also based on dialogues with institutional investors.

3. Challenges for Improving Capital Profitability

- ✓ Although our net profit margin on sales improved to 1.1% in FY2025, it remains significantly below the TSE Prime average, which is why our ROE is low.
To achieve our ROE target, improving profitability continues to be a key challenge.



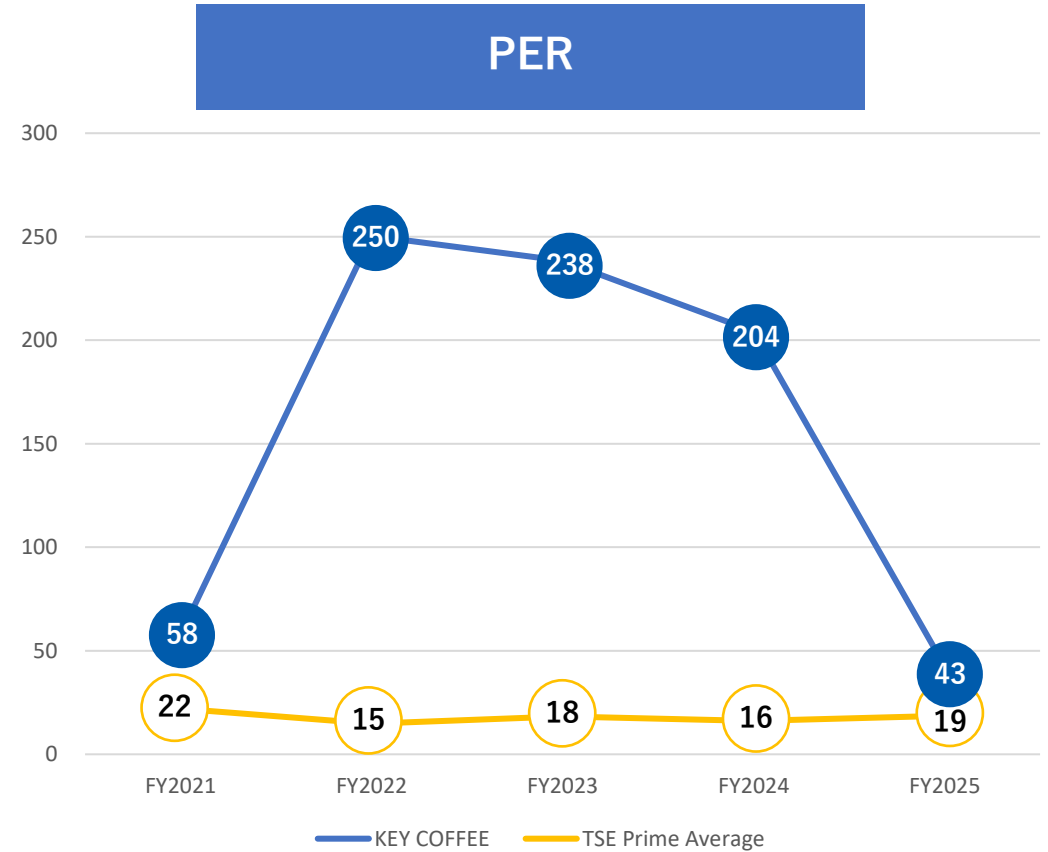
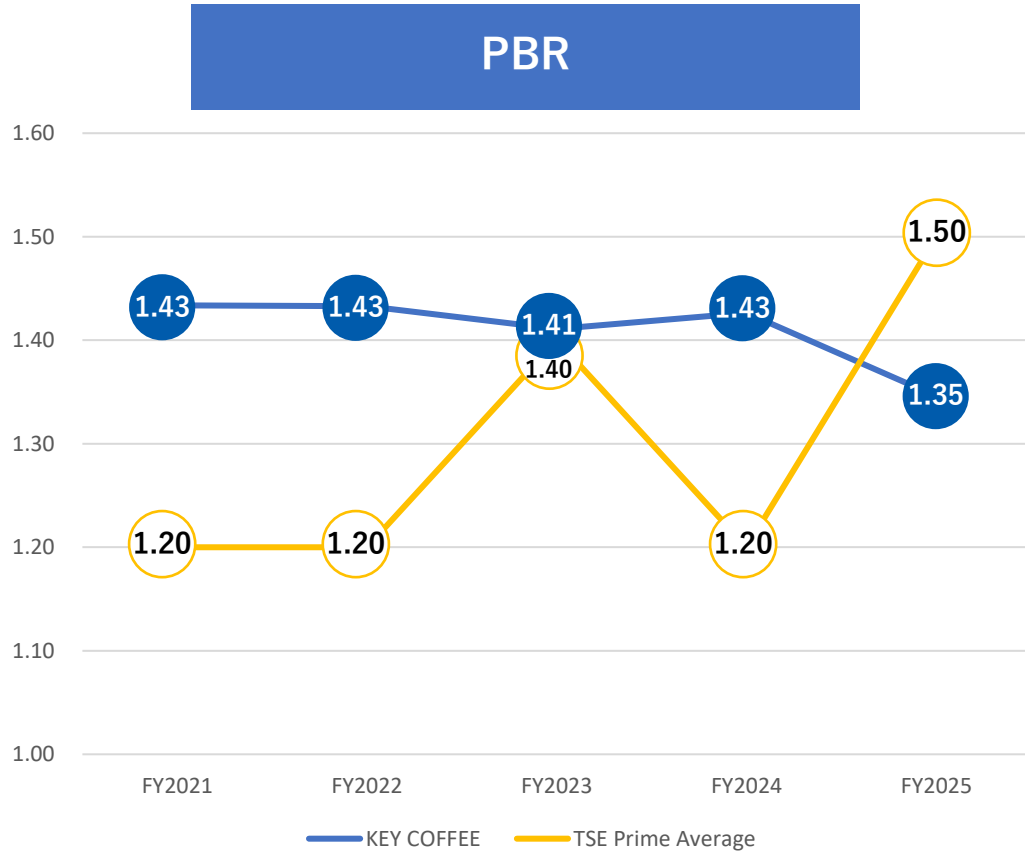
※TSE Prime average is a weighted average.
 ※FY2021 figures for TSE Prime average are based on the former TSE first selection.

4. PBR and PER Analysis



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- ✓ PBR consistently exceeds 1x.
- ✓ We continuously aim to maintain and improve PBR.



※TSE Prime average is a simple average.

※FY2021 figures for TSE Prime average are based on the former TSE first selection.

5. Medium-Term Management Plan



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- ✓ With the aim of improving ROE, we will focus on enhancing profitability.
- ✓ As a strategic upfront investment to achieve 5% ROE in FY2030, we will actively implement measures in FY2026 to enhance brand value and promote human capital management.

| | FY2025(Actual) | FY2026 | FY2027 |
|---|----------------|--------|--------|
| Net Sales(million JPY) | 93,067 | 95,000 | 99,000 |
| Operating Income (million JPY) | 1,077 | 900 | 1,200 |
| Ordinary Income(million JPY) | 1,318 | 1,000 | 1,300 |
| Net Income Attributable to Owners of Parent(million JPY) | 992 | 750 | 1,000 |
| ROE | 3.2% | 2.4% | 3.0% |

6. Initiatives for Improving ROE



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- ✔ We continue our efforts 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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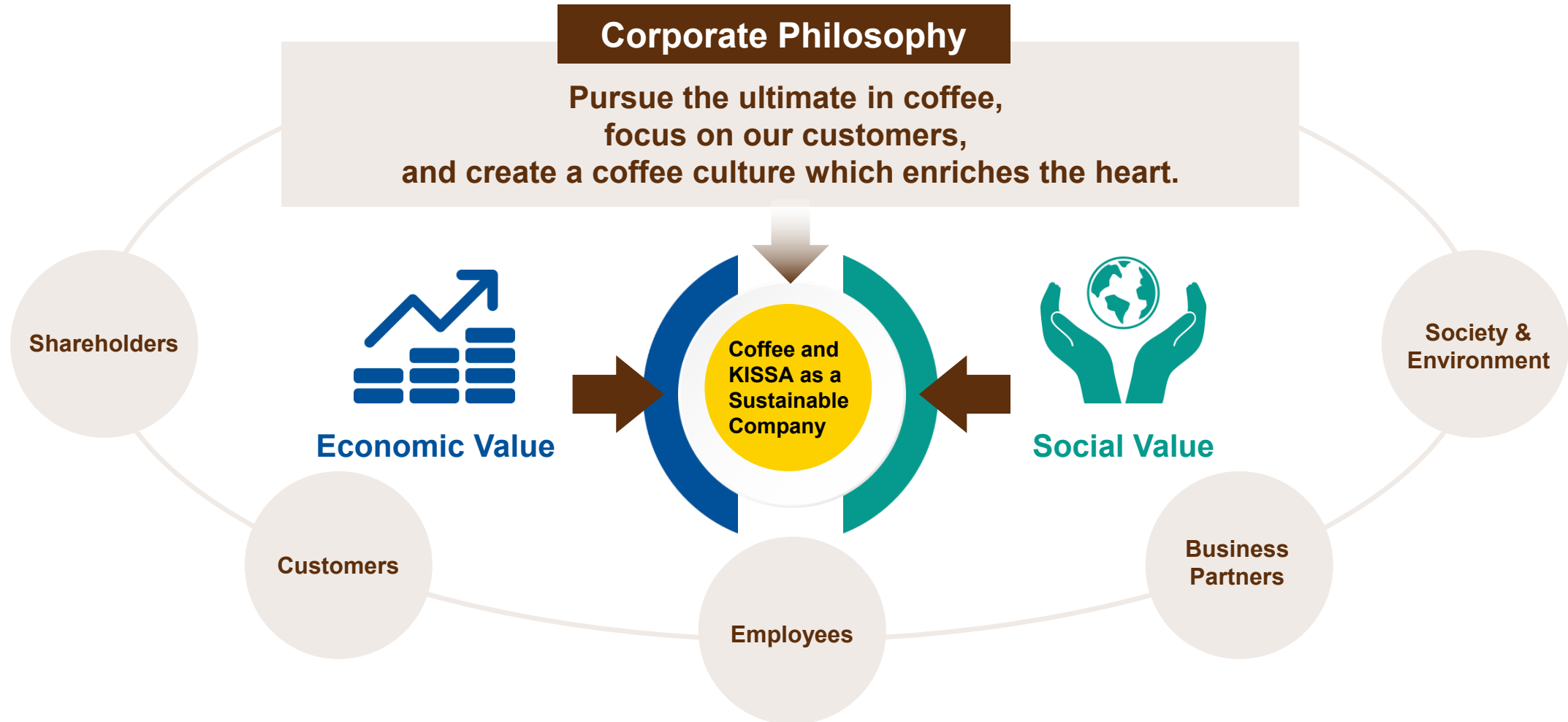
Appendix

7. Vision for 2030



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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.”



8. Strategic Direction Toward 2030

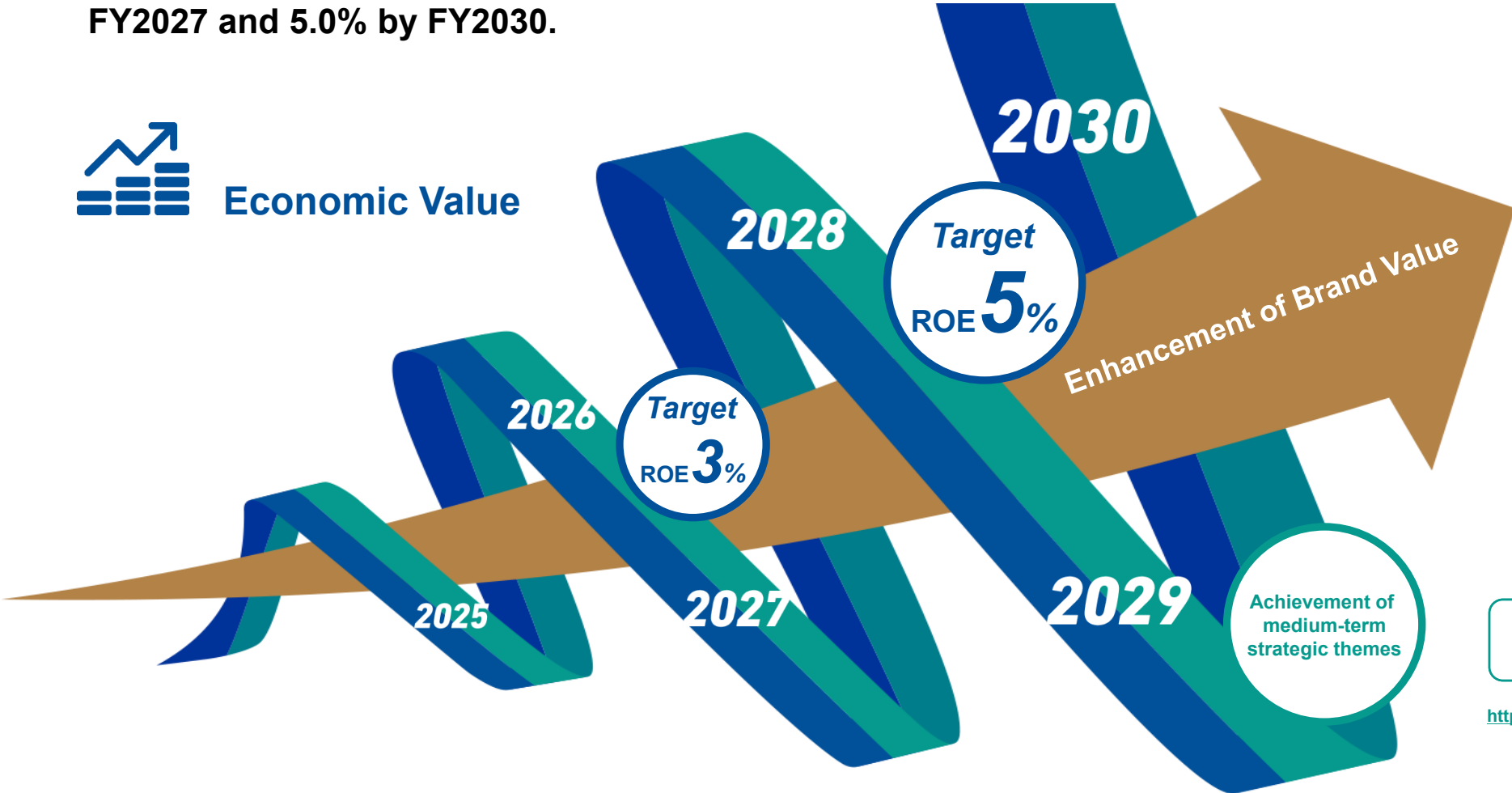


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Based on “quality-first principle,” we strive to maintain delicious flavors responsive to current needs, through management with a balanced focus on both social and economic value, we aim to enhance the KEY COFFEE brand and realize our vision for 2030.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



Economic Value



Social Value

 Refer to Sustainability Report

<https://www.keycoffee.co.jp/sustainability/report/> (Reference)



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