System to Ensure Proper Execution of Business and Status of Operation of the System

(1) System for Ensuring that Directors' Execution of their Duties is in Compliance with Laws and Regulations and the Articles of Incorporation

1) Directors of the Group shall execute their duties in accordance with laws and regulations, the Articles of Incorporation, the Board of Directors regulations, the decision-making rules, etc. They shall act in compliance with laws and regulations, as well as social norms, and shall adhere to the Kyoso Mirai Group Code of Ethics (the "Code of Ethics"), which establishes ethical standards and behavioral guidelines that must be observed and practiced. The Company shall appoint a Governance Officer to promote governance in the Group.

2) The Company shall set up a Compliance Committee to promote the establishment of a system of compliance with laws, regulations and social norms as well as corporate ethics in the Group.

3) The Company shall adopt a corporate officer system to strengthen the supervisory function of the Board of Directors and directors, separating the supervisory function of the Board of Directors and directors from the business operation function of the corporate officers.

4) To enable the Board of Directors to supervise the execution of duties by directors, directors shall accurately report the business operation status of the Company and its Group companies to the Board of Directors, and shall mutually monitor and supervise the execution of duties by other directors.

5) Based on the Financial Instruments and Exchange Act, directors are continuously engaged in preparing, managing, and evaluating a system for implementing effective and proper internal control related to the Group's financial reporting in order to ensure the reliability and appropriateness of the contents of the Group's financial reports.

6) The Group shall establish a whistleblowing system to prevent misconduct, detect it early, and correct it promptly. The Group shall set up contact points for whistleblowing both within and outside the company and prohibit any disadvantageous treatment of whistleblowers. Furthermore, to prevent the occurrence of harassment incidents and ensure prompt response to them, the Group shall set up contact points for consultation and whistleblowing both within and outside the company, thoroughly publicize them, and ensure appropriate handling.

7) The Company shall establish the committees as an advisory body to the Board of Directors as follows:

a. The Nomination and Compensation Committee (composed of three or more directors, with a majority of members and the chairperson selected from outside directors), whose objective is to conduct necessary deliberations regarding the appointment and dismissal of directors and the representative director, the determination of Directors' compensation and other matters, succession plans for the Representative Director and others, etc., and to contribute to the transparency of decision-making.

b. the Sustainability Promotion Committee, whose purpose is to recognize responses pertaining to sustainability as important issues in management and promote sustainability management.
c. the Investment Committee, whose purpose is to have discussions about the appropriateness of investment projects in making a decision on the investment projects.
d. the Management Strategy Committee, whose purpose is to consider important management and business strategies, etc., connected with the Company and the Group toward sustained enhancement of corporate value.
e. the Governance Enhancement Special Committee, whose purpose is to strengthen governance, including compliance and risk management, in order to achieve sustainable growth and increase the medium- to long-term value of the Group.

(2) System for Ensuring that Employees' Execution of their Duties is in Compliance with Laws and Regulations and the Articles of Incorporation
1) In order to ensure that employees execute their duties while always being conscious of compliance, the Group strives so that the Ethical Code will be practically and fully applied. In particular, the Company makes efforts for maintaining and strengthening the system to ensure compliance with laws and regulations related to pharmaceutical affairs, laws and regulations for securing fair competition such as the Antimonopoly Act, strict control of corporate information and personal information, etc., and for providing employees with education and enlightening employees about the system.
2) The Company fully ensures that business will be executed and managed through the office organization. If a problem arises, it must be dealt with properly and strictly according to the rules of employment, and measures must be promptly taken to prevent the recurrence of similar cases.
3) By conducting periodic internal audits, the Company confirms whether employees execute their duties in compliance with law and regulations, the Articles of Incorporation, and other rules, and ensures that the proper execution of their duties is maintained and reinforced properly.

(3) System for the Storage and Management of Information in Relation to the Execution of Duties by Directors
1) In accordance with the laws and regulations as well as the "Rules for the Management of Documents," the Company properly stores and manages documents related to the execution of duties by directors (including electromagnetic records), and other important information.
2) The Company ensures the appropriateness of the contents concerning the creation, storage, and management of information in relation to the execution of duties by directors by having them audited by the Audit and Supervisory Committee members.

(4) Regulations for Management of Risk of Loss and Other Systems

1) The Company shall establish a Risk Management Committee to advance the development of the Group's risk management system. The committee shall strive to identify and understand potential risks facing the Group at an early stage, thereby promoting risk management throughout the Group.
2) The Company shall establish a Kyoso Mirai Group Disaster Countermeasures Committee. The committee shall formulate disaster countermeasures and business continuity plans in preparation for the occurrence of a disaster or other emergency in the Group. In the event of a disaster, the committee shall strive to minimize damage to the organization, swiftly restore operations, and continue business.
3) In the event of an emergency within the Group, the Company shall establish a countermeasures headquarters at the Company or an operating company, directed by the Representative Director, President (or a person designated by the Representative Director, President). In accordance with the business continuity plan prescribed in the preceding item, the countermeasures headquarters shall take prompt action to maintain, restore or establish the pharmaceutical supply system.
4) The Company shall establish an Information Security Committee pursuant to the Basic Rules on Information Security, which stipulate the creation of a system for the protection of information assets, and shall build a company-wide management system for maintaining information security.
5) In order to maintain the normal operation of its computer processing system, the Company locates multiple data centers and launches a backup system to properly build up a robust framework for accidents.

(5) System for Ensuring that the Duties of Directors are Exercised Efficiently
1) The Board of Directors meeting is normally held on a monthly basis, and an extraordinary meeting is held when necessary. In these meetings, important matters concerning the management are deliberated and resolved, and the business execution by the directors is supervised.
2) The Company shall ensure a system to make prompt and appropriate decisions on important matters to be submitted to the Board of Directors by, for example, having the Group’s Management Committee fully examine them in advance.
3) In order to ensure that the duties of directors are exercised efficiently, the Company establishes the “Organization Regulations,” the “Regulation Concerning the Division of Duties,” and “Regulations for Authority of Duties,” designating a responsible party for each organization and duty and defining the details of responsibilities and execution procedures.
4) The Company holds the Board of Directors periodically to confirm the progress of business activities of the Group based on the Mid-term Management Plan and the Annual Management Plan.

(6) System to ensure the proper business execution of the Company group
1) System under which the Directors, etc., of subsidiaries report to the Company about matters related to the execution of their duties

The Company has established decision-making standards for business execution by subsidiaries. Any business execution that is considered important under the standards will be discussed at and reported to the Group Management Committee, and where necessary, discussed at and reported to the Board of Directors meeting. Subsidiaries are required to make reports pursuant to the "Affiliates Management Rules," for the purpose of subsidiary management.

2) Regulations and other systems with regard to managing the risk of loss for subsidiaries

In accordance with the provisions and other systems for managing the risk of loss set forth in (4), the Company shall identify and understand risks that may arise throughout the Group at an early stage and minimize their negative impact.

3) System for ensuring that the duties of directors of subsidiaries are exercised efficiently

Pursuant to the basic policies stipulated in the "Affiliates Management Rules," the Company has established the reporting system shall have the Company's Board of Directors deliberate and receive reports on important matters connected with subsidiaries' business and management.

4) System for ensuring that the duties of directors and employees of subsidiaries are executed in compliance with laws and regulations and the Articles of Incorporation.

a. The Company requires its subsidiaries to strictly follow the Code of Conduct based on the ethical standards defined in the Code of Ethics for ensuring the proper business operations.

b. Through internal audits periodically conducted by the Company, the Company audits the business of subsidiaries in order to ensure the proper business execution of subsidiaries.

(7) Matters Relating to an employee to support the duties of Audit and Supervisory Committee

1) The Company shall require the appointment of employees to assist the Audit and Supervisory Committee where no full-time Audit and Supervisory Committee member is appointed, and shall appoint such employees as otherwise necessary.

2) Matters related to the personnel changes and personnel evaluations and other personnel affairs of such employees assigned to assist with the duties of the Audit and Supervisory Committee will be determined through discussion with the Audit and Supervisory Committee and with the full-time Audit and Supervisory Committee member.

(8) Matters Relating to Reporting to Audit and Supervisory Committee

1) The Audit and Supervisory Committee members attend important decision-making meetings such as the Board of Directors or inspect meeting minutes when necessary to receive reports on important matters from directors and the Group's employees.

2) Directors and Corporate Officers shall immediately report to the Audit and Supervisory Committee or full-time Audit and Supervisory Committee members if they determine that a violation of laws, regulations, or the Articles of Incorporation, or any other material event causing substantial damage

to the Company has occurred or is highly likely to occur.
3) The decision-making documents approved by the representative director are submitted to the Audit and Supervisory Committee members immediately after approval.

(9) System for Ensuring that the Informants who Submit Reports to Audit and Supervisory Committee are Protected against Retaliatory Actions for Filing Such Reports
The Company prohibits the Group's officers and employees who submit reports to the Audit and Supervisory Committee or the full-time Audit and Supervisory Committee member from being treated unfairly for filing such reports, and the Company makes the Group's officers and employees fully aware of this.

(10) Matters Relating to the Policy for Settlement of Expenses or Debts Arising from the Execution of Audit and Supervisory Committee Members' Duties, such as the Advancement or Indemnification of Expenses Arising from the Execution of the Audit and Supervisory Committee Members' Duties
1) The Company shall bear the expenses of attorneys, certified public accountants, consultants, etc. utilized by the Audit and Supervisory Committee as necessary for the execution of its duties.
2) In addition to the measures mentioned above, the Company shall also bear the expenses needed by the Audit and Supervisory Committee members when executing their duties.

(11) Other Systems for Ensuring the Effective Execution of Audits by Audit and Supervisory Committee Members
1) The representative director regularly meets with the Audit and Supervisory Committee and exchanges opinions on issues to be tackled by the Company, the progress in developing an environment for the Audit and Supervisory Committee to conduct audits, and crucial auditing issues, in an effort to deepen mutual understanding.
2) The Audit and Supervisory Committee regularly receive reports on audit plans, methods, and results from the accounting auditor and exchange information to conduct efficient auditing.
3) The Internal Audit Division submits internal audit results and information and other necessary information to the Audit and Supervisory Committee to maintain close contact with the Committee. Besides, the Committee can ask for survey on audit matters to the Internal Audit Division if necessary.
4) The Company ensures that the Audit and Supervisory Committee concludes an advisory contract not with a corporate lawyer but with a lawyer working only for the Audit and Supervisory Committee, and uses the services of such lawyer.

(12) Basic concept and system for the elimination of antisocial forces
The Group stands firmly against antisocial forces and organizations that threaten the order and safety

of civil society. In order to prevent them from being involved in the Group’s management activities and from harming the Group, the Group has established a basic policy of thoroughly severing all ties with them in the Code of Ethics and other documents. The Group has also established organizational structures and is working to eliminate any connections with them through information gathering in cooperation with police authorities and other relevant bodies, as well as through awareness-raising activities for its officers and employees.

The following outlines the operational status of the internal control system, pursuant to the basic policies described above, during the fiscal year under review.

(1) Efforts to ensure the properness and efficiency of business execution

・ In principle, the Board of Directors meets once a month, and extraordinary meetings are also held as necessary to ensure appropriate business execution and prompt decision-making. In the fiscal year under review, the Board of Directors met 13 times.
・ The Group’s Management Committee, consisting of Directors, division managers, and others, has been established to discuss and review matters related to the Group's management strategies, business strategies, and important business execution. In principle, the Committee meets once a month to discuss and consider important matters to be submitted to the Board of Directors, progress reports on initiatives in each business, measures to address issues, etc. In the fiscal year under review, the Committee met 12 times.
・ five (5) of the Company's nine (9) Directors are Outside Directors, and all three are Audit and Supervisory Committee Members. These Outside Directors attend the aforementioned meetings and other important meetings to express their opinions as necessary from time to time. With regard to other important matters, the Company has established and is operating a system to appropriately communicate information necessary for auditing to Audit and Supervisory Committee Members through the confirmation of important approval documents, etc.

(2) Efforts to Promote Compliance and Manage Risks

・ In June 2025, we established the position of Chief Governance Officer (CGO), who serves as the person responsible for promoting governance reforms. By overseeing and implementing the Group-wide compliance and risk management frameworks, the CGO is driving the establishment of an effective governance structure.
・ In October 2025, following receipt of the final report from the Governance Enhancement Special Committee, which is composed of outside members, we formulated specific action plans to steadily implement the recommended measures and are proceeding with these initiatives under the supervision of the CGO.

- The Group requires all executives and employees to complete compliance training, and we also conduct specialized training sessions led by external experts on laws and regulations that we consider particularly important and technical, such as the Antimonopoly Act, anti-bribery laws, and procurement-related regulations.
- The entire Group is working to raise employee awareness and knowledge through education, training and enlightenment activities using the Code of Ethics, which serves as a guideline for the Company's conduct.
- In April 2025, we established a new Compliance Promotion Department to strengthen and enhance the internal whistleblowing system. The state of operation of the internal whistleblowing system is reported to the Compliance Committee and the Board of Directors.
- With regard to risk management, the Risk Management Committee identifies risks facing the Group, pinpoints major risks through risk mapping based on frequency and impact, formulates response policies, and comprehensively promotes and oversees risk management across the entire Group.
- To prepare for natural disasters and other emergencies, we regularly conduct safety confirmation drills and disaster prevention drills. Additionally, the Kyoso Mirai Group Disaster Countermeasures Committee reviews the criteria for establishing a disaster response headquarters, thereby ensuring that we have an organized response system in place and can maintain business operations appropriately in the event of an unforeseen emergency.
- With regard to information security, we are striving to protect information assets entrusted to us by our business partners and information assets we get hold of in the course of our business operations in accordance with the Basic Policy on Information Security and Basic Rules on Information Security. The Information Security Committee plans and promotes information security measures to ensure information security throughout the Group.

(3) Group management system

As for the management of Group companies, in addition to the management system mentioned above, we have developed a reporting system and manage subsidiaries appropriately in accordance with the Affiliated Company Management Rules. We have also established a system whereby the management status of major subsidiaries is monitored and important matters are discussed by the Group’s Management Committee. Furthermore, the Company's internal audit division, the Group Audit Office, conducts internal audits of Group companies based on auditing plans.

(4) Efforts to ensure the effectiveness of audits

Audit and Supervisory Committee Members attend meetings of the Board of Directors, meetings of the Group’s Management Committee, and other important meetings to obtain information about business execution and management as well as information on the effectiveness of internal controls. The Committee members also meet regularly with Representative Directors and managers of each department to exchange opinions, and receive reports from, and exchange information with, the Accounting Auditor, the Group Audit Office, and auditors of subsidiaries on a regular or ad-hoc basis. By working closely with the relevant departments through these efforts, Audit and Supervisory Committee Members ensure the effectiveness of audits.