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Overview of Results of the Evaluation as to the Effectiveness of the Board of Directors

CUBE SYSTEM INC. considers the enhancement of corporate governance to be an important management issue and has established “Cube System Group Corporate Governance Basic Policy*” with the aim of achieving sustainable growth and increasing corporate value over the medium to long term, and promoting management with high capital efficiency by enhancing the soundness and transparency. Based on this policy, we analyze and assess the effectiveness of the Board of Directors and the governance system each fiscal year.

We have evaluated their effectiveness in FY 2024, and we would like to provide an outline of the outcome as follows.

* Cube System Group Corporate Governance Basic Policy.

1. Valuation process

The Company's Sustainability and Governance Committee, a voluntary advisory body to the Board of Directors, reviews the evaluation process annually. To ensure the independence and objectivity of assessments, external organizations conduct assessments once every three years. In other years, assessments are conducted by the Sustainability and Governance Committee, followed by Board meeting.

Under the direction of the Committee and, its Secretariat took an inventory of the implementation of remedial measures in response to the FY 2023 evaluation results. At the same time, all Directors and Auditors (hereinafter referred to as executives) were interviewed about the effectiveness of the Board of Directors and governance system. The Sustainability and Governance Committee received reports on the status of Board meeting and the content of hearings in FY 2024 and made suggestions and proposed to the Board of Directors for future improvements.

In response, the Board of Directors shared the challenges to the governance system and had a thorough discussion of the remedial measures needed to enhance their own effectiveness.

2. Evaluation method

In making the assessment, individual interviews are conducted with all executives.

< Question details >

- (1) Board of Directors structure and operation
- (2) Management and business strategies
- (3) Corporate Ethics and Risk Management
- (4) Performance monitoring and management evaluation and compensation
- (5) Dialogue with shareholders, other stakeholders and the market

We also asked for free opinions on the governance system in general.

3. Evaluation Results

Through the aforementioned assessment process, we evaluated that the effectiveness of our Board of Directors is secured at a high-level and functions well against the roles as expected.

4. Status of Implementation of Improvement Measures in FY 2024

In FY 2024, the Executive Officer in charge explained the direction and issues of business, human resource, etc., and explained in the Board meeting. The Board members provided advice on issues after hearing and understanding the strategies in depth, to strengthen the oversight function regarding the promotion of the Second Medium-Term Management Plan of V2026. In addition, the Board members provided an opportunity where the Executive officer explained interim report of the progress and the achievement status, during the fiscal year. The results were used to supervise the status of execution, of challenge and to discuss strategies, as well in the following fiscal year.

When necessary, the Executive Officer explained issues in the areas of responsibility, in the Management Committee in advance before the Board meeting.

At the Board meeting, the Board members confirmed the appropriateness and feasibility of strategies for achieving the plan, in addition to providing advice on issues.

<Number of deliberations on business strategy and human resources strategy>

Management meeting: 6 times

Board of Directors Meeting: 8 times

5. Future Initiatives to Improve Effectiveness

The Board of Directors regards the promotion of human resource strategies as a top priority for enhancing corporate value for medium- to long-term growth. We have decided to strengthen monitoring of the progress of these strategies from the perspective of the quality, quantity, and motivation of our human resources. Specifically, considering changes in the internal and external environment, we will aim to create a target portfolio of human resources within five years, that will be set from the perspectives of job type, diversity and expertise. We plan to monitor the status of execution of enhancement strategies for personnel system and human resources, in order to eliminate the gap between the current human resources and planned ones.