

March 25, 2021

To All

Company Name	Frontier Management Inc.
Representative	Shoichiro Onishi Co-President (TSE First Section Code No. :7038)
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Notice of Allotment of Stock Compensation-type Stock Options (Stock Acquisition Rights)

Frontier Management Inc. (hereafter the “Company”) hereby announced that the Company has resolved at the meeting of the Board of Directors held today, the allotment of stock compensation-type stock options (hereinafter the "stock acquisition rights") to executive officers and employees in accordance with the provisions of Articles 236, 238 and 240 of the Companies Act.

The specific payment amount for the stock acquisition rights and other undetermined portions will be determined on April 13, 2021, the expected date of the allotment of stock acquisition rights.

I. Reasons

The objective is to further increase the motivation and morale to contribute the Company’s business performance and to further increase our corporate value.

II. Summary

Notes

1. Name of stock acquisition rights

12th Stock Acquisition Rights of Frontier Management Inc.

2. Number of stock acquisition rights

Executive Officers	5	240 pieces
Employees	10	109 pieces
Total	15	349 pieces

The above number is the estimated number. In case the total number decreases such as when no subscription is made, the total number shall be the total number of stock acquisition rights to be issued.

3. Class and number of shares to be acquired upon exercise of stock acquisition rights

The class shall be common stock of the Company. The number of shares to be acquired upon exercise of each stock acquisition right (the “Number of Shares Acquired”) shall be 100 shares; provided, however, that in the case that the Company conducts a stock split, an allotment without consideration of shares or share consolidation of common stock of the Company after the date of allocation of the stock acquisition rights, the Number of Shares Acquired shall be adjusted in accordance with the following formula, rounding down any fraction of less than a share resulting from such

adjustment.

Post-Adjustment Number of Shares Acquired
= Pre-Adjustment Number of Shares Acquired
x Ratio of stock split, allotment without consideration of shares, or share consolidation

Post-Adjustment Number of Shares Acquired shall apply from the next day of the record date of the stock split or allotment without consideration of shares in case of them, and from the effective date of share consolidation in case of it.

However, if the stock split or allotment without consideration of share shall be conducted on condition that a resolution of the general meeting of shareholders indicating that the amount of surplus is reduced and capital and/or capital reserve shall be increased accordingly is approved, and condition that the record date of such stock split or allotment without consideration of share is set prior to the date of completion of such general meeting of shareholders, Post-Adjustment Number of Shares Acquired apply retroactively from the next day of such record date, after the next day of completion of such general meeting of shareholders.

The Company shall adjust the Number of Shares Acquired to the extent reasonable in case there occurs any event that the Company conducts absorption merger or new merger and the stock acquisition rights are succeeded, or that the Company becomes a wholly owned subsidiary and conducts share exchange or share transfer and the stock acquisition rights are succeeded, that would require such adjustment after the date of allotment of the Stock Acquisition Rights.

Furthermore, the Company shall, in adjusting the Number of Shares Acquired, notify or report each holder of the Stock Acquisition Rights registered in the Stock Acquisition Rights Register (hereinafter referred to as the "Holders") of the relevant matters by no later than the day immediately preceding the date from which the Post-Adjustment Number of Shares Acquired is to be applied; provided, however, that, in the event the Company is unable to give such notice or report prior to such date, the Company shall promptly give such notice thereafter.

4. Value of assets contributed upon the exercise of stock acquisition rights

The value of assets to be invested upon exercise of each stock acquisition right shall be JPY1 per share to be acquired upon exercise of each stock acquisition right, to be multiplied by the Number of Shares Acquired.

5. Exercise period of stock acquisition rights

March 26, 2022 to March 25, 2026

6. Matters concerning capital and capital reserve to be increased due to issuance of shares upon the exercise of stock acquisition rights:

- (1) The amount of capital to be increased due to the issuance of shares upon the exercise of stock acquisition rights shall be a half of the maximum amount of the capital increase, calculated in accordance with Article 17, Paragraph 1 of the Ordinance on Company Accounting, and any fraction of less than one (1) yen arising there from shall be rounded up.
- (2) The amount of capital reserve to be increased due to the issuance of shares upon the exercise of stock acquisition rights shall be the amount of capital to be increased provided for in above from the maximum amount of capital increase, set forth in above.

7. Restrictions on acquisition of stock acquisition rights by transfer

The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors.

8. Provisions concerning acquisition of stock acquisition rights

- (1) If any of the proposals set forth below is approved at a general meeting of shareholders (or, if no resolution is required at the general meeting of shareholders, is approved by a resolution of the Board of Directors), the Company may acquire the stock acquisition rights without consideration on the date to be separately determined by the Board of Directors.
 - ① Proposal for approval of a merger agreement under the Company shall become a dissolving company;
 - ② Proposal for approval of split agreement or split plan under which the Company shall be split;
 - ③ Proposal for approval of a share exchange agreement or share transfer plan under which the Company shall be a wholly-owned subsidiary;
 - ④ Proposal for approval of an amendment to the articles of incorporation in order to establish the provision that an acquisition by way of transfer of any shares issued or to be issued by the Company shall require the approval of the Company; and
 - ⑤ Proposal for approval of an amendment to the articles of incorporation in order to establish the provision that an acquisition by way of transfer of a class of shares to be acquired upon exercise of the stock acquisition rights shall require the approval of the Company or that the Company may acquire all of such class of shares upon a resolution of a general meeting of shareholders.

- (2) In the event the holder of the stock acquisition rights fails to satisfy the conditions for the exercise of the stock acquisition rights stipulated in Paragraph 11 (1) below and is unable to exercise the stock acquisition rights (or the holder of the stock acquisition rights passes) prior to the exercise of the stock acquisition rights, the Company may acquire the stock acquisition rights without consideration.

9. Matters concerning the handling of stock acquisition rights in the case of merger, absorption-type demerger, incorporation-type demerger, share exchange or share transfer

If the Company conducts a merger (limited to the case where the Company is dissolved due to the merger), an absorption-type company split (limited to the case where the Company is split), incorporation-type company split, share exchange (limited to the case where the Company becomes a wholly-owned subsidiary) or share transfer (hereinafter collectively "Structural Reorganization"), the Company shall, in each of the above cases, allot stock acquisition rights of any of the relevant companies listed in "a" through "e" of Article 236, Paragraph 1, Item 8 of the Companies Law (hereafter the "Reorganized Company") to the holders of the stock acquisition rights remaining at the time immediately preceding the effective date of the relevant structural reorganization (hereafter the "Remaining Stock Acquisition rights") (the effective date of the relevant Structural Reorganization shall mean, in the case of a merger, the date on which the merger becomes effective; in the case of a consolidation, the date of establishment of a newly-incorporated company through consolidation; in the case of an absorption-type company split, the date on which such absorption-type company split becomes effective; in the case of an incorporation-type company split, the date of establishment of a newly-incorporated company through such incorporation-type company split; in the case of a share exchange, the date on which the share exchange becomes effective; and in the case of a share transfer, the date of establishment of a wholly-owning parent company through the share transfer). Provided, however, that the foregoing shall be on the condition that transfer of such stock acquisition rights by the Reorganized Company in accordance with each of the following items is stipulated in a merger agreement, a consolidation agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

- (1) Number of stock acquisition rights of the Reorganized Company to be allotted:

A number equal to the number of the Remaining Stock Acquisition Rights held by the Holder shall be transferred to such Holder.

- (2) Class of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights:

Common stock of the Reorganized Company.

(3) Number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights:

To be determined in accordance with “3” above, taking into consideration, among others, the conditions of Structural Reorganization.

(4) Value of assets to be contributed upon exercise of each stock acquisition right:

- ① The value of assets to be contributed upon exercise of stock acquisition right to be allotted shall be the amount obtained by multiplying the exercise price after reorganization set forth below ② by the number of shares of the Reorganized Company to be acquired upon exercise of the relevant stock acquisition rights as determined in accordance with above (3).
- ② The exercise price after reorganization shall be one (1) yen per share of the Reorganized Company to be acquired upon exercise of each of its stock acquisition rights.

(5) Exercise period of stock acquisition rights:

From and including whichever is the later of the commencement date of the period during which the stock acquisition rights may be exercised as provided for in Paragraph 5 above or the effective date of the Structural Reorganization, to and including the expiration date of the period during which the stock acquisition rights may be exercised as provided for in Paragraph 5 above.

(6) Matters concerning capital and capital reserve to be increased due to issuance of shares upon exercise of stock acquisition rights:

To be determined in accordance with Paragraph 6 above.

(7) Restrictions on acquisition of stock acquisition rights by transfer:

The stock acquisition rights cannot be acquired through transfer, unless such acquisition is expressly approved by a resolution of the Board of Directors of the Reorganized Company.

(8) Provisions concerning acquisition of stock acquisition rights:

To be determined in accordance with Paragraph 8 above.

(9) Conditions for exercise of stock acquisition rights:

To be determined in accordance with Paragraph 11 below.

10. Handling of fractions less than one (1) share resulting from exercise of stock acquisition rights:

In the case where the number of shares to be acquired by the Holders who have exercised the stock acquisition rights includes any fraction less than one (1) share, such fraction shall be disregarded.

11. Conditions for exercise of stock acquisition rights:

- (1) The Holder of the stock acquisition rights shall be required to be in the position of a director, auditor, executive officer or employee of the Company or subsidiary even during the period of the exercise of the rights. Provided, however, the rights may be exercised if the Board of Directors of the Company specifically approves justifiable reasons such as retirement age, retirement due to company circumstances, retirement or transfer due to work-related illness.
- (2) In cases the Holder of stock acquisition rights passes, the inheritance of stock acquisition rights shall not be permitted.

12. Method of calculation of amount to be paid for stock acquisition rights:

The amount to be paid for stock acquisition rights shall be the amount obtained by multiplying the option price per share

calculated by the Black-Scholes model (any fraction less than one (1) yen arising therefrom shall be rounded to the nearest one (1) yen) by the Number of Shares Acquired. The Payment shall be the fair value of the stock acquisition right, and shall not be corresponding to particularly favorable conditions. The person to be allotted the stock acquisition rights shall offset the same amount of the credit against the Company and the debt of the payment amount to be paid for stock acquisition rights.

13. Date on which stock acquisition rights shall be allotted:

April 13, 2021

14. Date on which payment shall be made in exchange for stock acquisition rights:

April 13, 2021

15. Handling of issuance of share option certificates

The Company shall not issue any share option certificates for the stock acquisition rights.