

February 14, 2024

To All

Company Name Frontier Management Inc.
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 President & Executive Officer
 (Stock code: 7038 The Prime Market of
 Tokyo Stock Exchange)
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Notice Regarding Issuance of New Shares as Restricted Stock Compensation

Frontier Management Inc. (the “Company”) announces that it has passed a resolution at the Board of Directors meeting held today to issue new shares as restricted stock compensation (the “Issuance of New Shares”) as provided below.

1. Overview of issuance

(1) Allotment date of offered shares	March 14, 2024
(2) Class and number of shares to be issued	11,930 shares of common stock of the Company
(3) Issue price	1,593 yen per share
(4) Total amount issued	19,004,490 yen
(5) Allotment recipients and the number of shares granted to them	Four Directors of the Company (excluding Outside Directors) 11,930 shares
(6) Other	For the Issuance of New Shares, the Company submitted the notice of the securities under the Financial Instruments and Exchange Act.

2. Purposes and reasons for the issuance

As described in the “Notice of Revisions to the Remuneration System for Directors and Introduction of a Restricted Stock Compensation Plan” dated February 9, 2021, the Company has decided to introduce a new remuneration system for directors, excluding outside directors (hereinafter referred to as “Eligible Directors”). In order to improve the linkage between the remuneration of Directors (excluding Outside Directors) and business performance and to make the remuneration system more conducive to the achievement of short-term performance targets, and the sustainable enhancement of corporate value, the Company has newly introduced a single-year performance-based remuneration (cash bonus and Stock Compensation A) that is linked to the achievement of performance targets for a single fiscal year, and a new system that is linked to the achievement of management targets for the medium-term management plan and the degree of improvement in corporate value (Stock Compensation B). Stock Compensation A and Stock Compensation B are intended to further promote value sharing with shareholders and strengthen incentives for achieving the management targets of the medium-term management plan and increasing corporate value. The Company has decided to provide both Stock Compensation A and Stock Compensation B in the form of restricted transferable shares (hereinafter referred to as the “Plan”).

The Company resolved at the 14th Ordinary General Meeting of Shareholders held on March 25, 2021, that the total

amount of the Company's common stock to be issued or disposed of as Stock Compensation A to be paid to the Eligible Directors under the Plan shall not exceed 100,000 thousand yen per year, and the total number of such shares shall not exceed 40,000 shares per year, and that the total amount of the Company's common stock to be issued or disposed of as Stock Compensation B shall not exceed 50,000 thousand yen per year, and the total number of such shares shall not exceed 20,000 shares per year. The Company's common stock shall be issued or disposed of and held without requiring payment in cash or delivery of assets contributed in kind have been approved.

This time, based on the deliberation and report of the non-statutory Nomination and Compensation Advisory Committee, the Board of Directors, at its meeting held today, resolved to grant 11,930 shares of common stock, totaling 19,004,490 yen, to four Eligible Directors as Stock Compensation A (performance-linked type of medium-term management plan) based on this Plan, in accordance with the compensation standard amount according to their positions.

In addition, upon the issuance of common stock of the Company under the Plan, the Company shall execute a restricted share allotment agreement between the Company and the Eligible Director. Details are as follows.

<Overview of Allocation Agreement>

(1) Transfer restriction period

From March 14, 2024 (allotment date) to March 13, 2027, the Eligible Director shall, during the transfer restriction period set forth above (the "Restriction Period"), the Eligible Director shall not transfer, grant a security interest in, or otherwise dispose of the allotted shares during the Restriction Period set forth above.

(2) Conditions for lifting the restrictions on transfer

In principle, the transfer restriction will be lifted upon expiration of the restriction period.

However, if the Eligible Director retires before the expiration of the Restriction Period due to the expiration of his/her term of office, death, or other justifiable reasons, the transfer restriction will be cancelled for all such shares granted to the Eligible Director, after making reasonable adjustments to the timing of cancellation of the restriction as necessary.

(3) Handling at the time of organizational restructuring, etc.

Notwithstanding the provisions of (1) above, if, during the Restriction Period, a merger agreement under which the Company becomes a dissolving company or a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary of another company (hereinafter referred to as "Organizational Restructuring Agreement, etc.") is approved at a general meeting of shareholders of the Company (or the Board of Directors if approval by the Company's general meeting of shareholders is not required with respect to such reorganization agreement, etc.), the transfer restriction shall be lifted with respect to all such shares granted to such Director, after making reasonable adjustments as necessary to the timing for lifting the restriction on transfers.

(4) Reason for acquisition without consideration

The Company shall automatically acquire without consideration the shares for which the transfer restrictions are not cancelled at the time the number of shares to be cancelled is determined, as set forth in (2) above.

(5) Acquisition of shares without consideration

The Company will establish clawback clauses to the effect that, in the event of certain events such as serious accounting irregularities or large losses, all or part of the stock-based compensation already paid will be returned without compensation, depending on the responsibility of each director and executive officer.

(6) Management of shares

Eligible Directors shall complete the procedure to open an account at Mizuho Securities Co., Ltd. to register or record the allocated shares as designated by the Company, and shall store and maintain the allocated shares in the account until the restrictions on transfer is released.

3. Basis and details of calculation of the amount to be paid

The Issuance of New Shares is an issuance of shares for such subscription as compensation for directors under the Plan, and does not require payment of money or delivery of assets in kind in exchange for the offered shares. To eliminate arbitrariness, the issue price of the new shares to be issued is set at 1,593 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the meeting of the Board of Directors (February 13, 2024).

