



February 14, 2024

To All

Company Name Frontier Management Inc.

Representative Shoichiro Onishi, Representative Director,

President & Executive Officer

(Stock code: 7038 The Prime Market of

Tokyo Stock Exchange)

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Notice of Granting Stock Compensation-Type Stock Options (15th Series of Share Acquisition Rights)

Frontier Management Inc. (the "Company") hereby announces that at a Board of Directors meeting held on February 14, 2024, the Company resolved to issue stock compensation-type stock options ("share acquisition rights") to employees of the Company under the provisions of Articles 236, 238 and 240 of the Companies Act. Details are as follows.

The specific amount to be paid for the share acquisition rights and other undetermined portions will be determined on April 1, 2024, which is the scheduled allotment date of such share acquisition rights.

I. Reason for issuing share acquisition rights

The Company will issue share acquisition rights as stock options to its employees for the purpose of further increasing their motivation and morale to contribute to the improvement of the Company's business performance to achieve the management targets of the Medium-Term Management Plan for the period from 2024 to 2026 and for improving corporate value by having them own shares of the Company's stock.

- II. Issuing guidelines of share acquisition rights
- 1. Name of share acquisition rights

Frontier Management Inc. 15th Series of Share Acquisition Rights

2. Persons to whom share acquisition rights are to be allotted, the number of persons to whom such rights are to be allotted, and the number of share acquisition rights to be allotted

The Company's employees

323 persons 646 units

The above total number of share acquisition rights is the number to be allotted. If it is reduced, such as when no subscriptions are made, the total number of share acquisition rights to be allotted shall be the total number of share acquisition rights issued.

3. Class and number of shares underlying share acquisition rights

The class of shares underlying share acquisition rights shall be shares of common stock of the Company, and the number of shares underlying each share acquisition right (the "Number of Shares to be Granted") will be one hundred (100). If, after the allotment date (defined in 13. below), the Company conducts a stock split, allots shares without contribution or conducts a reverse stock split of its common stock, the Company will adjust the Number of Shares to be Granted

applying the formula below. The resulting number of shares of stock less than one (1) share shall be rounded down to the nearest integer.

Adjusted Number of Shares to be Granted = Original Number of Shares to be Granted x Stock split, allotment of shares without contribution or reverse stock split ratio

The adjusted Number of Shares to be Granted shall be applicable starting from the day following the record date (or the effective date if no record date is specified) of a share split or allocation of shares without contribution, or from the effective date of a reverse stock split. However, if the stock split or allocation of shares without contribution is to be conducted subject to the approval of a Shareholders Meeting regarding a proposal submitted to increase the amount of capital or reserves through a decrease in surpluses, and any date before the closing date of the relevant Shareholders Meeting is set as a record date for the stock split or allocation of shares without contribution, the adjusted Number of Shares to be Granted shall be applicable starting from the day after the closing date of the Shareholders Meeting.

In addition, in the event of an absorption-type merger or incorporation-type merger in which share acquisition rights are succeeded, or in the event of a share exchange or share transfer in which the Company becomes a wholly owned subsidiary and share acquisition rights are succeeded, and in other events that it is necessary to adjust the Number of Shares to be Granted in accordance with these cases, the Company may appropriately adjust the Number of Shares to be Granted to a reasonable extent.

When the Number of Shares to be Granted is adjusted, the Company shall notify each person holding share acquisition rights listed in the original register of share acquisition rights ("Share Acquisition Right Holders") or publicly announce necessary information no later than the day prior to the day when the adjusted Number of Shares to be Granted becomes effective. Provided, however, that in cases where the Company is prevented from making such notification or public announcement by the day before the said application date, it will do so immediately on the application date or soon thereafter.

4. Value of assets to be contributed upon exercise of the share acquisition rights

The value of the property to be contributed when share acquisition rights are exercised shall be 1 yen for a share to be delivered at the time of exercise of the share acquisition rights multiplied by the Number of Shares to be Granted.

5. Exercise period of share acquisition rights

From February 15, 2027 to February 14, 2030

However, when the last day of the exercise period is a non-business day of the Company, the business day before that shall be the last day.

- 6. Matters concerning increase in capital and capital reserve upon issuance of shares through the exercise of share acquisition rights
 - (1) The amount of share capital to be increased due to the issuance of shares upon the exercise of the share acquisition rights shall be multiplied by 0.5 of the maximum amount of increase in share capital, etc., that is calculated pursuant to Article 17, Paragraph 1 of the Corporate Accounting Rules, and any fraction of less than one (1) yen resulting from the calculation shall be rounded up to the nearest one (1) yen.
 - (2) The amount by which the capital reserve increases through the issuance of shares upon the exercise of share acquisition rights shall be the upper limit of the increase in the amounts of capital and other items described in (1) above, less the increase in the amount of capital set out in (1) above.
- 7. Restriction on the transfer of share acquisition rights

Acquisition of share acquisition rights by transfer shall be subject to the approval of the Board of Directors.

8. Clause on the acquisition of share acquisition rights

- When any of the proposals described below are approved by a Shareholders Meeting of the Company (or resolved at a meeting of the Board of Directors of the Company when a resolution of a Shareholders Meeting is not required), the Company may acquire the share acquisition rights without consideration on a date to be determined separately by the Board of Directors of the Company.
- (i) Proposal for approval of a merger agreement under which the Company is to be dissolved
- (ii) Proposal for the approval of a company split agreement or incorporation-type company split plan under which the Company is to be split
- (iii) Proposal for the approval of a share exchange agreement or share transfer plan under which the Company is to become a wholly owned subsidiary
- (iv) Proposal for approval to change the Company's Articles of Incorporation to establish provisions concerning the requirement for the Company's approval with regard to the acquisition of all outstanding shares through a transfer
- (v) Proposal for the approval of a change to the Company's Articles of Incorporation to establish provisions concerning a requirement for the Company's approval regarding the acquisition through a transfer of shares issued upon the exercise of these share acquisition rights or concerning the acquisition by the Company of all shares issued upon the exercise of share acquisition rights by resolution of the Company's Shareholders Meeting.
- (2) If a Share Acquisition Right Holder is unable to exercise his/her share acquisition rights before exercising his/her rights because he/she does not satisfy the conditions for the exercise of share acquisition rights set forth in 11. (1) below (or when the Share Acquisition Right Holder dies), the Company may acquire such share acquisition rights without consideration on a date separately determined by the Board of Directors of the Company.
- 9. Handling of share acquisition rights in case of merger, absorption-type demerger, incorporation-type demerger, share exchange, and share transfer

If the Company engages in a merger (only if the Company ceases to exist after the merger), absorption-type company split (only if the Company is the split company), incorporation-type company split or a stock exchange (only if the Company becomes a wholly-owned subsidiary) or stock transfer (collectively, "Reorganization Actions"), the Company shall deliver to Share Acquisition Right Holders who hold any share acquisition rights remaining (the "Remaining Share Acquisition Rights") directly before the effective date of the Reorganization Actions (effective date of absorption-type merger in case of absorption type merger, date of incorporation of joint stock company established by consolidation-type merger in case of consolidation-type merger; effective date of absorption-type split in case of absorption-type split; date of incorporation of company established by incorporation-type split in case of incorporation-type split; effective date of stock exchange in case of stock exchange; or date of incorporation of parent company established by stock transfer in case of stock transfer; the same applies hereinafter) the share acquisition rights of the relevant stock companies listed in Article 236, paragraph 1, No.8 -(a) through (e) of the Companies Act (the "Reorganized Company"). Provided, however, that the foregoing shall be on the condition that the delivery of share acquisition rights by the Reorganized Company in accordance with each of the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement or a stock transfer plan.

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

 The number of share acquisition rights shall be the same as the number of remaining share acquisition rights held
 by the Share Acquisition Rights Holders
- (2) Class of shares of the Reorganized Company to be issued upon exercise of share acquisition rights Shares of common stock of the Reorganized Company
- (3) Number of shares of the Reorganized Company to be issued upon exercise of share acquisition rights

 The number of shares shall be determined in accordance with 3. above after taking into consideration factors such as the terms and conditions of the Reorganization Actions.
- (4) Value of assets to be contributed upon exercise of each share acquisition right
 - (i) The value of the property to be contributed when delivered share acquisition rights are exercised shall be calculated by multiplying the amount to be paid in after reorganization set out in (2) below by the number of shares

in the Reorganized Company underlying share acquisition rights that are determined in (3) above.

(ii) The amount to be paid in after reorganization shall be 1 yen per share in the Reorganized Company that can be delivered upon exercise of delivered share acquisition rights.

(5) Exercise period of share acquisition rights

The period shall commence on either the commencement date of the period during which the share acquisition rights may be exercised as provided for in 5. above or the effective date of the Reorganization Actions, whichever is later, and end on the expiration date of the period during which the share acquisition rights may be exercised as provided for in 5. above.

(6) Matters concerning share capital and legal capital surplus to be increased due to issuance of shares upon exercise of share acquisition rights

Provisions shall be determined in accordance with 6. above.

(7) Restriction on acquisition of share acquisition rights by transfer

Acquisition of share acquisition rights through transfer requires the approval of the Reorganized Company.

(8) Clause on the acquisition of share acquisition rights

Provisions shall be determined in accordance with 8. above.

(9) Conditions for the exercise of share acquisition rights

The conditions shall be determined in accordance with 11. below.

- 10. Arrangement for any fractional shares less than one (1) share arising from the exercise of share acquisition rights

 When there are any fractional shares in the number of shares to be delivered to Share Acquisition Right Holders who exercise share acquisition rights, such fractional shares shall be rounded down.
- 11. Conditions for exercise of share acquisition rights
 - (1) Share Acquisition Right Holders must hold the position of director, Audit & Supervisory Board Member, executive officer or employee of the Company or its subsidiary at the time of exercise, and must have at least five years of total service at the time of exercise of their share acquisition rights. However, the right may be exercised in cases where the Board of Directors of the Company specifically recognizes that there is a justifiable reason, such as mandatory retirement, retirement for the convenience of the Company, retirement due to illness in the course of employment, transfer or other reasons.
 - (2) Share acquisition rights will not be inherited upon the demise of a Share Acquisition Right Holder.
- 12. Method of calculating the amount to be paid in for share acquisition rights

The amount to be paid for each share acquisition right shall be the option price per share calculated by the Black-Scholes model on the allotment date of share acquisition rights (any fraction of less than one (1) yen shall be rounded up to the nearest one (1) yen) multiplied by the Number of Shares to be Granted. This is the fair value of the share acquisition rights and does not constitute a favorable issuance. The allottee of the share acquisition rights shall offset its monetary claim against the Company for the same amount against its obligation to pay the amount to be paid in for the share acquisition rights.

13. Allotment date of share acquisition rights

April 1, 2024

14. Date of payment of money in exchange for share acquisition rights

April 1, 2024

15. Treatment of issuance of share subscription right certificates

The Company shall not issue share acquisition right certificates for share acquisition rights.