

May 10, 2024

To whom it may concern:

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## **Notice Concerning Introduction of Performance-Based Stock Compensation Plan for Directors and Officers of JANOME Corporation**

JANOME Corporation (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to newly introduce a performance-based stock compensation plan (the “Plan”) for Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members), Corporate Officers and Professional Fellows (excluding non-residents of Japan; collectively, “Directors and Officers” unless otherwise specified) and has decided to submit a proposal on the Plan to the 98th Annual General Meeting of Shareholders (the “General Meeting”) to be held on June 21, 2024. Details are as follows.

### 1. Introduction of the Plan

- (1) The Company has decided to introduce the Plan, aiming to raise the motivation to contribute to improving performance and increasing corporate value over the medium-to-long term by further clarifying the link between the compensation of Directors and Officers and the performance and stock value of the Company and by having Directors and Officers share not only the benefit of higher stock prices but also the risk of lower stock prices with the Company’s shareholders.
- (2) Introduction of the Plan is subject to approval for determination on the amounts and details of the compensation under the Plan at the General Meeting.

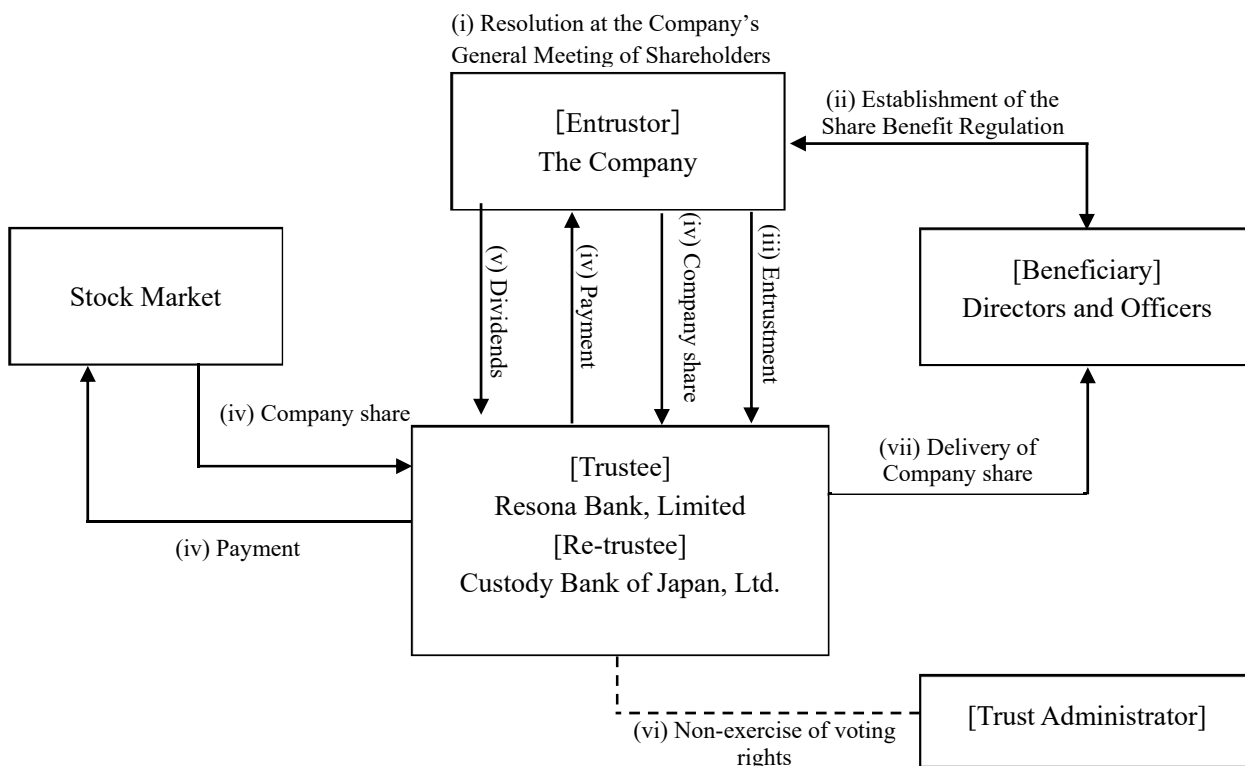
### 2. Compensation amounts and details under the Plan

#### (1) Outline of the Plan

Under the Plan, as compensation for Directors and Officers, a trust to be established by the Company through monetary contribution (the “Trust”; the trust agreement to be executed with Resona Bank, Limited for the establishment of the Trust is hereinafter referred to as the “Trust Agreement”) will acquire Company share. Company shares equivalent to the number of points granted to Directors and Officers, and money equivalent to the market value of Company share (the “Company share, etc.”) will be delivered to Directors and Officers through the Trust in accordance with a share benefit regulation (the “Share Benefit Regulation”) established by the Board of Directors of the Company.

In principle, Directors and Officers shall receive Company share, etc. upon their retirement (for details, please refer to (8) below).

<Structure of the Plan>



- (i) The Company obtains approval for compensation of Directors and Officers in relation to the introduction of the Plan at the General Meeting.
- (ii) The Company establishes the Share Benefit Regulation concerning delivery of Company share, etc. under the Plan at a meeting of the Board of Directors.
- (iii) The Company makes a monetary contribution within the scope approved at the General Meeting in (i) above and establishes a trust (the Trust) with persons eligible for the Plan as potential beneficiaries. The Company may make additional monetary contributions to the extent approved at the General Meeting in (i) above.
- (iv) The Trust acquires Company share from the Company (disposal of treasury shares) or from the stock market, using the money entrusted in (iii) above as the source of funds.
- (v) Dividends are paid to Company share in the Trust in the same manner as to the rest of the Company shares.
- (vi) Voting rights pertaining to Company share in the Trust shall not be exercised uniformly throughout the Trust period in order to ensure neutrality in management.
- (vii) During the Trust Period, Directors and Officers shall be granted points based on the Share Benefit Regulation described in (ii) above and in accordance with their positions and the degree of achievement of business performance. Company share, etc. in the number corresponding to the accumulated points granted shall be delivered to those eligible persons who satisfy certain beneficiary requirements stipulated in the Share Benefit Regulation at the time of retirement and other events.

(2) Eligible persons for the Plan

Directors and Officers

(3) Subject periods for the Plan

Subject periods for the Plan are the four fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2028 (the “Initial Subject Period”), and the individual three-year periods following the Initial Subject Period (different periods shall apply if the Board of Directors has resolved otherwise) (each of the Periods including the Initial Subject Period is referred to as the “Subject Period”).

(4) Trust period

The Trust Period shall be from August 2024 (planned) until the termination of the Trust. (No specific termination date will be set, and the Trust shall continue as long as the Plan continues.)

The Plan shall terminate upon delisting of Company share, abolition of the Share Benefit Regulation, etc.

(5) Maximum amount of trust money to be contributed to the Trust as funds for share acquisition

Subject to approval for the introduction of the Plan at the General Meeting, the Company shall contribute up to an amount equal to 49 million yen per fiscal year (including 35 million yen for Directors) multiplied by the number of fiscal years included in the Subject Period (196 million yen (including 140 million yen for Directors) for four fiscal years of the Initial Subject Period) to fund the acquisition of Company share to deliver Company share, etc. to Directors and Officers under the Plan for the Initial Subject Period (See “Note” below). During the Initial Subject Period, the Company may additionally entrust funds to acquire shares to the extent that the total amount of contributions, including the initial contribution amount, reaches the aforementioned amount.

In addition, after the Initial Subject Period ends, the Company shall, for each of the Subject Periods until the termination of the Plan, make additional contributions to the Trust up to the amount of 49 million yen per fiscal year (including 35 million yen for Directors) multiplied by the number of fiscal years included in the Subject Period (147 million yen (including 105 million yen for Directors) for three fiscal years of each Subject Period). However, if there are remaining Company share or money in the Trust assets at the end of the Subject Period immediately preceding the Subject Period for which such additional contribution is to be made (hereinafter collectively referred to as the “remaining shares, etc.”), the total amount of the remaining shares, etc. and the additional contribution shall be within the abovementioned amount. The remaining shares shall consist of Company shares equivalent to the number of points granted to Directors and Officers up to the end of each Subject Period (including the Initial Subject Period) prior to the Subject Period for which the additional contribution is to be made, excluding shares that have been granted but not yet been delivered to Directors and Officers.

Note: The amount of money actually entrusted to the Trust by the Company will be the total of the abovementioned funds for acquisition of Company share and the estimated amount of necessary expenses such as trust fees and trust administrator’s fees.

(6) Calculation method and maximum number of Company Shares to be granted to Directors and Officers

During each Subject Period, the Company will grant points to Directors and Officers, which are calculated based on the Share Benefit Regulation and in accordance with their positions in the Company and the degrees to which they have achieved business performance. The total number of points to be granted

during the Initial Subject Period shall be calculated by multiplying a maximum of 70,000 points per fiscal year (including 49,000 points for Directors) by the number of fiscal years included in the Subject Period (280,000 points (including 196,000 points for Directors) for the four fiscal years of the Initial Subject Period).

The maximum number of points for each Subject Period after the Initial Subject Period is 70,000 points per fiscal year (including 49,000 points for Directors) multiplied by the number of fiscal years included in the Subject Period (210,000 points (including 147,000 points for Directors) for the three fiscal years of the Subject Period).

The points granted will be converted into one share of the Company's stock per point when Company share are delivered to the Directors and Officers (any fraction of less than one (1) point shall be rounded down). However, in the event of a stock split, gratis allotment of shares, or reverse stock split of Company share after the Plan is approved at the General Meeting, the Company will make reasonable adjustments to the conversion ratio per point in accordance with such ratio, etc.

(7) Method of acquisition of Company share by the Trust and maximum number of shares to be acquired

The Trust will acquire Company share through the stock market or by subscribing to the Company's disposal of treasury shares, within the maximum amount of money to be contributed to the Trust as described in (5) above and the maximum number of shares (points) to be granted to Directors and Officers as described in (6) above. Details of the acquisition method will be determined and disclosed by the Company after the General Meeting.

For the Initial Subject Period, up to 280,000 shares (including 196,000 shares for Directors) shall be acquired without delay after the establishment of the Trust. For each period after the Initial Subject Period, up to 210,000 shares (including 147,000 shares for Directors) shall be acquired.

(8) Delivery of Company share, etc. to Directors and Officers

In principle, upon the retirement of a Directors and Officers and fulfillment of the beneficiary requirements stipulated in the Share Benefit Regulation, the Company shall pay out shares corresponding to the number of points granted to that Directors or Officers by executing the procedures for determining the beneficiary as stipulated in the Share Benefit Regulation.

However, for a certain percentage of those points, from the viewpoint of securing funds for tax payment, the Company will pay cash equivalent to the market value of Company share in lieu of the delivery of Company share. In the event that a Directors and Officers dies or becomes a non-resident of Japan due to such reasons as overseas assignment, a cash payment equivalent to the market value of Company share will be made in lieu of the delivery of all of Company share. Company share may be sold by the Trust in order to provide monetary benefits.

(9) Exercise of voting rights pertaining to Company share in the Trust

In order to ensure neutrality in management, voting rights pertaining to Company share held in the Trust (i.e., Company share prior to being delivered to Directors and Officers in accordance with (8) above) shall be uniformly non-exercisable during the Trust period.

(10) Handling of dividends pertaining to Company share in the Trust

Dividends on Company share in the Trust will be received by the Trust and will be used to fund the acquisition of Company share and to pay trust fees related to the Trust.

(11) Treatment at the time of termination of the Trust period

Of the residual assets of the Trust at the time of termination of the Trust, all of the Company share will

be acquired by the Company free of charge and then cancelled by a resolution of the Board of Directors. Of the residual assets of the Trust at the time of termination of the Trust, cash is planned to be delivered to the Directors and Officers in office at that time in accordance with the numbers of corresponding accumulated points, or to be donated to a public benefit corporation that has no interest in the Directors and Officers.

(12) Other details of the Plan

Other details of the Plan shall be determined by the Board of Directors when the Trust is established and each time the Trust Agreement is amended or additional contributions are made to the Trust.

[Outline of the Trust]

(i) Name	Board Benefit Trust-Restricted Stock
(ii) Entrustor	The Company
(iii) Trustee	Resona Bank, Limited. Resona Bank, Limited has entered into a specified comprehensive trust agreement with Custody Bank of Japan, Ltd., which will become the re-trustee.
(iv) Beneficiary	Directors and Officers who meet the certain requirements for beneficiaries set forth in the Share Benefit Regulation.
(v) Trust administrator	A third party who has no interest in the Company
(vi) Type of Trust	Trust of money other than money trust (third-party-benefit trust)
(vii) Date of Execution of the Trust Agreement	August 2024 (planned)
(viii) Date of Monetary Trust	August 2024 (planned)
(ix) Trust Period	From August 2024 (planned) until the termination of the Trust (No specific termination date will be set, and the Trust shall continue as long as the Plan continues.)