



May 23, 2024

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Code: 5713
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Notice Regarding the Disposal of Treasury Stock for Share Granting through the Employee Stock Ownership Association

Sumitomo Metal Mining Co., Ltd. (the "Company") hereby announces that, at the Board of Directors' meeting held today, it has resolved to grant common stock to employees of the Company or its group companies (collectively referred to as the "Group") who are the members of the Sumitomo Metal Mining Employee Stock Ownership Association and the Sumitomo Metal Mining Group Employee Stock Ownership Association (collectively referred to as the "Stock Ownership Associations"), and to dispose of treasury stock through third-party allotment to the Stock Ownership Associations (the "Disposal") as outlined below.

1. Outline of the Disposal

(1) Disposal date	December 2, 2024
(2) Type and number of shares to be disposed	406,000 shares of the Company's common stock (*)
(3) Disposal price	5,362 yen per share
(4) Total disposal value	2,176,972,000 yen (*)
(5) Method of disposal	Third-party allotment
(6) Scheduled allottee	Sumitomo Metal Mining Employee Stock Ownership Association: 267,000 shares Sumitomo Metal Mining Group Employee Stock Ownership Association: 139,000 shares
(7) Other	The Disposal is conditional upon the effectiveness of the securities registration statement filed in accordance with the Financial Instruments and Exchange Act.

(*) The number of shares to be disposed (406,000 shares) and the total disposal value (2,176,972,000 yen) are based on the maximum values as of today, assuming the maximum number of target employees, 6000, join the Stock Ownership Associations. The number of shares to be granted to each target employee is calculated by assuming (a) 50 shares plus (b) a number of shares corresponding to the number of regular contributions to the Stock Ownership Associations since April 1, 2002 of a member of the Stock Ownership Associations as of September 1, 2024, as listed in the table below (however, the maximum is 100 shares), with the total number of shares granted not to exceed 150 shares (including the aforementioned (a) 50 shares). The actual number of shares to be disposed and the total disposal value are expected to be finalized after the number of members of the Stock Ownership Associations as of September 30, 2024 and the number of regular contributions are fixed.

Number of Regular Contributions	Additional Shares Granted
12 to 23	10 shares
24 to 35	20 shares
36 to 47	30 shares
48 to 59	40 shares
60 to 71	50 shares
72 to 83	60 shares
84 to 95	70 shares
96 to 107	80 shares
108 to 119	90 shares
120 or more	100 shares

2. Purpose and Reasons for the Disposal

The main objectives of this measure are as follows:

- 1)Enhancing management consciousness:** By owning shares in their own company, employees deepen their involvement, thereby promoting a sense of responsibility and motivation for boosting medium- to long-term business performance.
- 2)Employee retention and appeal to the job market:** As a welfare benefit, the grant of shares aims to strengthen employees' sense of belonging to the Group, retain internal talent, and serve as an incentive to attract talent from outside.
- 3)Enhancing the intention for asset building:** By supporting employees' asset formation and promoting long-term wealth accumulation through the Stock Ownership Association, the measure aims to raise employees' financial literacy and awareness of investment.

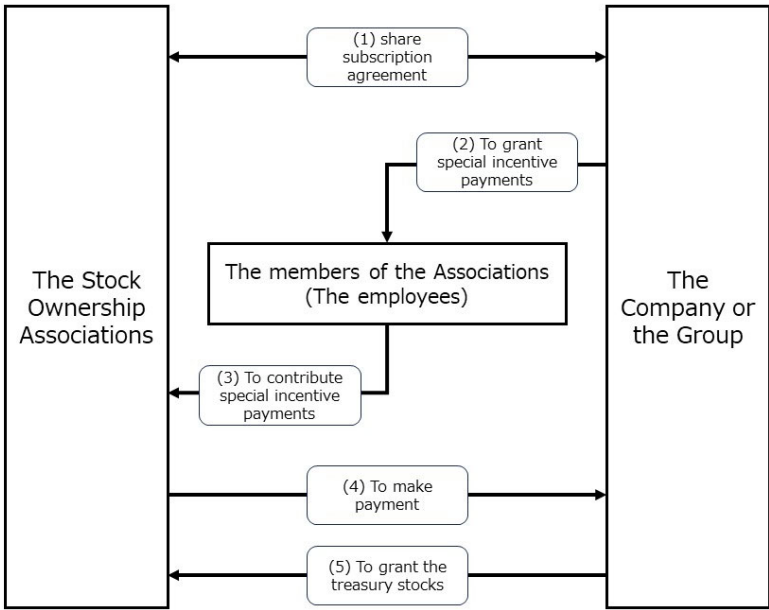
To achieve these three objectives, the Company has comprehensively considered the efficiency of procedures for granting shares to employees, including those of group companies, and the enhancement of welfare benefits, and has determined that granting its common stock to employees through the Stock Ownership Associations is the most effective method.

The maximum number of shares to be disposed (406,000 shares) through the Disposal is 0.14% of the total number of issued shares (rounded to the third decimal place, 0.15% of the total number of voting rights as of March 31, 2024), and the expected dilution is not considered to be significant.

<Scheme of the Disposal>

- (1) The Company and the Stock Ownership Associations will enter into a share subscription agreement for the disposal and subscription of treasury stock.
- (2) The Group will grant special incentive payments to the target employees who are the members of the Stock Ownership Associations.
- (3) The target employees will contribute the special incentive payments to the Stock Ownership Associations.
- (4) The Company will dispose of the treasury stocks through third-party allotment and allocate them to the Stock Ownership Associations, which will make payment for the Disposal with the special incentive payments contributed by the members.
- (5) The Company will grant the treasury stocks to the Stock Ownership Associations.

The actual payment related to (2) and (3) will be made directly by the Group to the designated deposit account of the Stock Ownership Associations. The allocated shares will be distributed and managed within the Stock Ownership Associations as members' shares.



* The target employees can withdraw the allocated shares in accordance with the rules of the Stock Ownership Associations.

3. Basis for Calculation of Disposal Price and Specific Details

The disposal price is set at 5,362 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the Board of Directors' resolution date for the Disposal (May 22, 2024). This represents the market price immediately prior to the resolution date, and in the absence of any special circumstances that prevent reliance on recent stock prices, it is considered a reasonable reflection of the Company's corporate value and does not offer any particular favor to the scheduled allottee.

The deviation rates of the disposal price from the average closing price of the Company's shares on the Tokyo Stock Exchange Prime Market for the following periods are as follows (with decimals rounded to the third decimal place):

Period Average	Closing Price (rounded down to the nearest yen)	Deviation Rate
1 month (April 23, 2024 – May 22, 2024)	5,200 yen	3.12%
3 months (February 23, 2024 – May 22, 2024)	4,776 yen	12.27%
6 months (November 23, 2023 – May 22, 2024)	4,464 yen	20.12%

Furthermore, the Company's Audit and Supervisory Board Members (four in total, two of whom are external members) have expressed their opinion that the disposal price is legitimate and reasonable as the basis for calculation, given that the Disposal is intended for the purpose of granting shares through the Stock Ownership Associations, and considering that the disposal price is the closing price on the business day prior to the Board of Directors' resolution date. They have stated that the process by which the Company has determined the disposal price to be reasonable and not particularly advantageous to the Stock Ownership Associations is rational and such decision is appropriate.

4. Procedures in Accordance with the Corporate Code of Conduct

The Disposal does not require procedures to obtain an independent third-party opinion or confirm the intentions of shareholders as prescribed in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, since (1) the dilution rate is less than 25% and (2) there are no changes in controlling shareholders.