

Explanatory report of the Board of Directors drafted pursuant to Article 73 of the Regulation adopted by Consob with resolution no. 11971/99, as subsequently supplemented and amended, in compliance with Schedule no. 4 of Annex 3A of the same regulation, on the fourth item on the agenda of the Ordinary Shareholders' Meeting called for 26 August 2021 and 27 August 2021, respectively on first and, if necessary, on second call:

4. Authorisation to purchase and dispose of ordinary treasury shares. Related and consequent resolutions.

Dear Shareholders,

You have been called to the Ordinary Shareholders' Meeting for the examination and approval of the proposal to authorise the purchase and sale of ordinary shares of Sesa S.p.A. ("Sesa" or the "Company") pursuant to the combined provisions of Articles 2357 and 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree 58/1998 (the "TUF") and related implementing provisions.

In this regard, we remind you that the Ordinary Shareholders' Meeting of 28 August 2020 authorised the purchase of ordinary treasury shares for a period starting from the aforementioned Shareholders' Meeting resolution until the date of approval of the financial statements for the year ending 30 April 2021 and, in any case, not beyond the period of eighteen months starting from the aforementioned Shareholders' Meeting resolution. It should also be noted that the authorisation to dispose of the ordinary treasury shares purchased was granted without time limits.

In view of the opportunity - for the reasons explained below - of granting the Company the power to proceed with the purchase of ordinary treasury shares even after the deadline indicated above, we therefore propose that you approve a new authorisation to purchase and dispose of ordinary treasury shares.

1. Reasons for requesting authorisation to carry out transactions on treasury shares

The request for new authorisation to purchase and dispose of ordinary treasury shares is aimed at allowing the Company to acquire treasury shares for the purposes contemplated by Article 5 of Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, where applicable, except as specified below, including for the purposes of implementing the Company's share-based incentive plans, approved or to be approved by the Shareholders' Meeting. It should be noted that, as of the date of this report, the request for a new authorisation to purchase treasury shares is not intended to be used to reduce share capital.

Any cancellation of treasury shares will not result in a reduction of the share capital.

2. Maximum number, category and nominal value of shares to which the authorisation relates

As at the date of this Report, Sesa's share capital amounts to € 37,126,927.50 and is divided into 15,494,590 ordinary shares, with no indication of nominal value. At the same date, Sesa held no. 61,160 ordinary treasury shares in portfolio, equal to 0.395% of the share capital. Sesa's subsidiaries do not hold shares in the Company. Sesa ordinary shares are admitted to trading on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. ("MTA").

The authorisation is requested for the purchase, also in several tranches, of a number of Sesa ordinary shares, without nominal value, not exceeding 10% of the share capital represented by ordinary shares, and in any case for a maximum countervalue of € 6,000,000.00.

It is therefore proposed to grant a mandate to the Board of Directors, and on its behalf to its Chairman and to the Managing Director, severally, to identify the amount of shares to be purchased for each of the purposes indicated in the preceding paragraph, prior to the start of each individual purchase programme, in compliance with the maximum limit referred to above; all this also in compliance with the market disclosure obligations provided for by current legislation.

3. Information useful for a full assessment of compliance with the provision of Article 2357, paragraph 3, of the Italian Civil Code.

The maximum number of treasury shares held by the Company will never exceed the maximum limit established by the legislation in force at the time. At the date of this Report, this limit is set, pursuant to Article 2357, paragraph 3, of the Italian Civil Code, at one-fifth of the share capital, taking into account, for this purpose, any shares held by subsidiaries.

The purchase of treasury shares must in any case take place within the limits of the distributable profits and available reserves resulting from the latest financial statements (including interim ones) approved at the time the transaction is carried out and, when purchasing and selling treasury shares, the necessary accounting entries will be made in compliance with the law and the applicable accounting principles.

4. Duration for which authorisation is required

The authorisation to purchase ordinary treasury shares is requested until the date of approval of the financial statements for the year ending 30 April 2022 and, in any case, not beyond a period of eighteen months, starting from the date of the resolution by which the Ordinary Shareholders' Meeting authorises the purchase, while the duration of the authorisation to dispose of ordinary treasury shares held in any case is requested without time limits.

The Board of Directors may proceed with the authorised transactions on one or more occasions and at any time, to an extent and at a time freely determined in compliance with the applicable rules, with the pace deemed appropriate in the interest of the Company.

5. Minimum and maximum consideration for the treasury shares to be acquired

The Board of Directors proposes that purchases of ordinary treasury shares be made in compliance with the trading conditions set out in Article 3 of Delegated Regulation (EU) no. 1052/2016, i.e. at a consideration that is not higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer on the trading venues where the purchase is made, it being understood that the unit consideration may in any case not be lower in the minimum of 20% and higher in the maximum of 10% than the arithmetic average of the official prices recorded by Sesa shares on the MTA during the ten trading days prior to each individual purchase transaction.

6. Methods by which purchases and disposals will be carried out

The Board of Directors proposes that purchases be made, with the pace considered appropriate in the interest of the Company, in compliance with art. 144-bis, paragraph 1, letter b) of Consob Regulation 11971/1999 (as subsequently amended) and with the legal and regulatory provisions, including European ones, applicable in any case, in such a way as to allow compliance with the equal treatment of shareholders as provided for by art. 132 of the TUF, and therefore on regulated markets or multilateral trading systems, in accordance with the operating procedures established in the regulations for the organisation and management of such markets, which do not allow the direct matching of buy orders with predetermined sell orders, taking into account, moreover, the conditions indicated in Article 5 of European Regulation no. 596/2014 and related implementing provisions.

The Board of Directors also proposes to authorise the use pursuant to Article 2357-ter of the Italian Civil Code, at any time, in whole or in part, on one or more occasions, of the ordinary treasury shares acquired on the basis of this proposal or in any case in the Company's portfolio by means of: (i) disposing of the same on the stock exchange or over the counter, possibly also by means of the transfer of real and/or personal rights, including, by way of example only, the loan of securities (ii) disposal and/or use of the same, all in accordance with the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of the Company, in compliance with the laws and regulations, including European ones, in force at the time, in order to pursue the purposes set forth in this proposed resolution, provided that (a) the unit sale price (or, in any case, the unit value established within the framework of the disposal transaction) cannot be lower in the minimum of 20% than the arithmetic average of the official prices recorded by Sesa shares on the MTA during the twenty trading days prior to each individual transaction; (b) the acts of disposal of treasury shares made available for any share option or share allocation programs to directors or employees of the Company may take place at the price determined by the competent corporate bodies in the context of said programs, or free of charge where so provided in the free share allocation plans approved by the competent corporate bodies.

It should be noted that the authorisation to dispose of treasury shares pursuant to this proposal shall be deemed to be granted also with reference to the treasury shares already held by Sesa at the date of the authorising shareholders' meeting resolution.

Disposals of treasury shares in portfolio shall be carried out in compliance with the laws and regulations in force on the execution of negotiations on listed securities and may take place in one or more stages, and with the pace deemed appropriate in the interest of the Company.

If you agree with this proposal, we invite you to adopt the following resolution:

“The Ordinary Shareholders’ Meeting, having seen and approved the Report of the Board of Directors,

resolves

- 1) *to authorise, pursuant to, for the purposes of, and within the limits of Article 2357 of the Italian Civil Code the purchase, on one or more occasions, up to the date of approval of the financial statements for the year ending 30 April 2022 and, in any case, not beyond the period of eighteen months from the date of this resolution, of a number of Sesa ordinary shares without indication of nominal value not exceeding 10% of the share capital represented by ordinary shares, and in any case for a maximum value of €6,000,000.00 giving a mandate to the Board of Directors, and on its behalf to its Chairman and the Managing Director, severally, to identify the amount of shares to be purchased in relation to each of the purposes contemplated by Article 5 of Regulation (EU) no. 596/2014 of 16 April 2014 and its implementing provisions, where applicable, excluding the reduction of the share capital, before the start of each individual purchase program, at a price that is not higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer on the trading venues where the purchase is made, it being understood that the unit price cannot in any case be lower in the minimum of 20% and higher in the maximum of 10% than the arithmetic average of the official prices recorded by Sesa S.p.A. shares on the MTA during the ten trading days prior to each individual purchase transaction; all in compliance with the market disclosure obligations provided for by the regulations in force;*
- 2) *to authorise the Board of Directors, and on its behalf the Chairman and the Managing Director, severally, to proceed with the purchase of ordinary shares under the conditions and for the purposes mentioned above, granting them, the broadest powers to execute the purchase transactions and any other formalities, with the power to appoint special proxies; the purchase transactions will be carried out as permitted by current legislation, in the manner provided for by art. 144-bis, paragraph 1, letter b) of Consob Regulation no. 11971/1999, and by the legal and regulatory provisions, including European ones, applicable in any case, also taking into account the conditions indicated in Article 5 of Regulation (EU) no. 596/2014;*
- 3) *to authorise the Board of Directors, and on its behalf its Chairman and the Managing Director, severally, so that, pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code, may dispose of, without time limits, in whole or*

in part, on one or more occasions, the ordinary treasury shares purchased on the basis of this resolution, or in any case in the Company's portfolio, by means of (i) selling them on the stock exchange or over the counter, possibly also through the transfer of real and/or personal rights; (ii) use of the same, in compliance with the current legislation, for the pursuit of the purposes set forth in this resolution, with the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the interest of the Company, attributing to the same, severally, all the widest powers for the execution of the disposal transactions, as well as any other formality related to the same, with the power to appoint special attorneys, it being understood that (a) the unit sale price (or in any case the unit value established within the framework of the disposal transaction) cannot be lower in the minimum of 20% than the arithmetic average of the official prices recorded by Sesa S.p.A. shares on the MTA during the twenty trading days prior to each individual transaction; (b) the acts of disposal of treasury shares made available for any share option or share allocation programs to directors or employees of the Company may take place at the price determined by the competent corporate bodies in the context of said programs, or free of charge where so provided in the free share allocation plans approved by the competent corporate bodies.

Empoli, 12 July 2021

for the Board of Directors

The Chairman Paolo Castellacci