

Explanatory report of the Board of Directors prepared pursuant to article 125-ter of Legislative Decree no. 58 of February 24, 1998 (Consolidated Law on Finance or “TUF”), of art. 72 and schedule no. 3 of annex 3A of Consob Regulation no. 11971 of May 14, 1999 (the “Issuers' Regulation”), as subsequently amended, on the first item on the agenda of the Extraordinary Shareholders' Meeting convened for August 28, 2023, on first call and, if necessary, for 29 August 2023, on second call:

1. Proposal for the amendment of Article 6 of the Articles of Association. Related and consequent resolutions.

Dear Shareholders,

the Extraordinary Shareholders' Meeting has been convened to resolve on the proposed amendment of Article 6 of the Company's Articles of Association, by adding a new fifth paragraph, envisaging, pursuant to Art. 2349, paragraph 1, of the Italian Civil Code, the power to assign profits (in this specific case, in the form of reserves of profits) to the employees of the Company or its subsidiaries through the issue of shares to be assigned to them free of charge.

The purpose of the proposed amendment is to equip the Company with a suitable instrument to incentivise and foster the loyalty of the employees of the Company and its subsidiaries and, particularly, the beneficiaries of the 2024-2026 Stock Grant Plan (“**Beneficiaries**”).

The Stock Grant Plan 2024-2026 (the details of which are described in the explanatory report and in the disclosure document prepared pursuant to art. 84-bis of the Issuers' Regulation, to which reference should be made for more information) is aimed at focusing the attention of the Beneficiaries on factors of strategic interest by fostering loyalty and providing incentives for retention within the Company and its Subsidiaries, through the awarding of instruments that represent the value of the Company if predetermined performance targets are met. In particular, the Stock Grant Plan 2024-2023 has the following main goals: *(i)* to align the remuneration of the Beneficiaries with the interests of the shareholders and the indications of the Corporate Governance Code; *(ii)* to constitute the prevailing incentivising remuneration of the executive directors necessary to achieve the Company's aims; *(iii)* to make management loyal to decisions that pursue the creation of value for the Sesa group in the medium to long term and to contribute to the growth of sustainable value.

In addition, it should be noted that the proposal to delegate the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital for free and divisible purposes, also in multiple tranches, pursuant to art. 2349 of the Italian Civil Code, will be submitted to the Shareholders' Meeting for examination and approval - as the second item on the extraordinary part of the agenda, for a maximum amount of Euro 491,400, by issuing a maximum of 204,750 new ordinary shares, through the allocation to the share capital of an equivalent amount taken from reserves of profits, to be assigned to the senior management of Sesa S.p.A. or its subsidiaries, as Beneficiaries of the “Stock Grant Plan 2024-2026”, with the consequent amendment of Article 6 of the Articles of Association.

This proposed mandate is illustrated in an explanatory report prepared specifically for this purpose by the Company's Board of Directors, to which reference should be made.

The following is the current wording of Article 6 of the Articles of Association compared with the wording in the version that the Board of Directors proposes you adopt, with the introduction of a new paragraph to Article 6 of the Articles of Association:

CURRENT WORDING	PROPOSED WORDING
<p data-bbox="320 275 635 309" style="text-align: center;"><i>Article 6) Share capital.</i></p> <p data-bbox="209 331 820 622">The share capital amounts to Euro 37,126,927.50 (thirty-seven million, one hundred and twenty-six thousand, nine hundred and twenty-seven euros and fifty cents) and is divided into 15,494,590 (fifteen million, four hundred and ninety-four thousand, five hundred and ninety) Ordinary Shares with no indication of par value.</p> <p data-bbox="209 645 820 936">The increase in share capital is resolved by the Extraordinary Shareholders' Meeting in the form and manner established by law; the rules and conditions relating to the issue of the new shares, the date and method of payments (where not bindingly within the competence of the Extraordinary Shareholders' Meeting) are determined by the Board of Directors.</p> <p data-bbox="209 958 820 1104">In the event of a capital increase, newly issued shares may be allocated in an amount that is not proportional to the contributions, subject to the consent of the shareholders concerned.</p> <p data-bbox="209 1126 820 1451">The resolution to increase the share capital, passed with the majorities pursuant to articles 2368 and 2369 of the Italian Civil Code, may exclude the pre-emption right within the limit of 10% (ten percent) of the pre-existing share capital, on condition that the issue price corresponds to the market value of the shares, and this is confirmed in a specific report by an independent auditor or auditing firm.</p> <p data-bbox="209 1798 820 1944">Ordinary shares are subject to the dematerialisation regime pursuant to art. 83-bis et seq. of Legislative Decree 58/1998, and subsequent amendments (“TUF”).</p>	<p data-bbox="911 275 1225 309" style="text-align: center;"><i>Article 6) Share capital.</i></p> <p data-bbox="820 331 1422 622">The share capital amounts to Euro 37,126,927.50 (thirty-seven million, one hundred and twenty-six thousand, nine hundred and twenty-seven euros and fifty cents) and is divided into 15,494,590 (fifteen million, four hundred and ninety-four thousand, five hundred and ninety) Ordinary Shares with no indication of par value.</p> <p data-bbox="820 645 1422 936">The increase in share capital is resolved by the Extraordinary Shareholders' Meeting in the form and manner established by law; the rules and conditions relating to the issue of the new shares, the date and method of payments (where not bindingly within the competence of the Extraordinary Shareholders' Meeting) are determined by the Board of Directors.</p> <p data-bbox="820 958 1422 1104">In the event of a capital increase, newly issued shares may be allocated in an amount that is not proportional to the contributions, subject to the consent of the shareholders concerned.</p> <p data-bbox="820 1126 1422 1451">The resolution to increase the share capital, passed with the majorities pursuant to article 2368 and 2369 of the Italian Civil Code, may exclude the pre-emption right within the limit of 10% (ten percent) of the pre-existing share capital, on condition that the issue price corresponds to the market value of the shares, and this is confirmed in a specific report by an independent auditor or auditing firm.</p> <p data-bbox="820 1518 1422 1765" style="text-align: center;">The allocation of reserves of profits to the employees of the Company or its subsidiaries is allowed, in the form and manner envisaged by law, through the issue of shares to be allocated to them free of charge, in accordance with the first paragraph of Art. 2349 of the Italian Civil Code.</p> <p data-bbox="820 1798 1422 1944">The Ordinary Shares are subject to the dematerialisation regime pursuant to art. 83-bis et seq. of Legislative Decree 58/1998, and subsequent amendments (“TUF”).</p>

Withdrawal right pursuant to Art. 2349 of the Italian Civil Code

It should be noted that this proposed amendment to the Articles of Association does not determine entitlement to withdrawal in accordance with the law.

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Proposed Resolutions

That said, we submit the following proposed resolution for your approval:

“The Extraordinary Shareholders' Meeting of Sesa S.p.A. having acknowledged the Explanatory Report of the Board of Directors prepared in accordance with the provisions of the laws and regulations in force,

resolves

1- to introduce into the Articles of Association the possibility to allocate reserves of profits to the employees of the company or its subsidiaries through the issue of shares in accordance with the first paragraph of Art. 2349 of the Italian Civil Code and, accordingly, to amend Article 6 of the Articles of Association as follows:

“Article 6.) Share Capital.

The share capital amounts to Euro 37,126,927.50 (thirty-seven million, one hundred and twenty-six thousand, nine hundred and twenty-seven euros and fifty cents) and is divided into 15,494,590 (fifteen million, four hundred and ninety-four thousand, five hundred and ninety) Ordinary Shares with no indication of par value.

The increase in share capital is resolved by the Extraordinary Shareholders' Meeting in the form and manner established by law; the rules and conditions relating to the issue of the new shares, the date and method of payments (where not bindingly within the competence of the Extraordinary Shareholders' Meeting) are determined by the Board of Directors.

In the event of a capital increase, newly issued shares may be allocated in an amount that is not proportional to the contributions, subject to the consent of the shareholders concerned. The resolution to increase the share capital, passed with the majorities pursuant to articles 2368 and 2369 of the Italian Civil Code, may exclude the pre-emption right within the limit of 10% (ten percent) of the pre-existing share capital, on condition that the issue price corresponds to the market value of the shares, and this is confirmed in a specific report by an independent auditor or auditing firm.

The allocation of reserves of profits to the employees of the Company or its subsidiaries is allowed, in the form and manner envisaged by law, through the issue of shares to be allocated to them free of charge, in accordance with the first paragraph of Art. 2349 of the Italian Civil Code.

The ordinary shares are subject to the dematerialisation regime pursuant to art. 83- bis et seq. of Legislative Decree 58/1998, and subsequent amendments (“TUF”);

2- to hereby grant the Board of Directors and, on its behalf, the Chairman and the Chief Executive Officer of the company as far as possible, jointly and severally, the broadest powers to carry out all the formalities necessary for the resolution adopted to be registered in the appropriate Register of Companies and to introduce into this resolution any amendments, changes or additions that may be necessary or otherwise required by the competent authorities.

Empoli, July 18, 2023

On behalf of the Board of Directors

The Chairman, Paolo Castellacci