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REPORT OF THE BOARD OF DIRECTORS
OF THE SOCIETE ANONYME
“PUBLIC POWER CORPORATION SOCIETE ANONYME”

TO ITS SHAREHOLDERS
IN ACCORDANCE WITH ARTICLE 61 OF L.4601/2019

WITH REGARD TO ITS DEMERGER THROUGH HIVE-DOWN OF BUSINESS SECTOR AND
ABSORPTION THEREOF BY THE SOCIETE ANONYME “HELLENIC ELECTRICITY
DISTRIBUTION NETWORK OPERATOR S.A.”

Dear Shareholders,

The management of the “Public Power Corporation Societe Anonyme” (hereinafter the “PPC” or the “Demerged Entity”) decided to initiate the process of demerger through hive-down of a Business Sector and absorption thereof by the societe anonyme under the trade name “Hellenic Electricity Distribution Network Operator S.A.” (the “Beneficiary” or “HEDNO”).

The Demerged Entity took the decision to proceed to the said demerger through hive-down by virtue of the decision of the Board of Directors dated 15.06.2021. PPC’ s decision to effect the demerger through hive-down is made in the context of the international tendering process launched by PPC for the disposal of 49% of its shareholdings in HEDNO to an interested investor that will emerge from this process. The completion of the demerger through hive-down is required for the completion of the tendering process, since it has been set as a condition precedent in the share purchase agreement.

Specifically, with regard to the Draft Demerger Deed, we highlight the following:

1. The demerger will be effected through hive-down of the Business Sector and absorption thereof, pursuant to articles 57, 59-73 and 83-87 of L. 4601/2019 in conjunction with the Law Decree 1297/1972 as applicable.
2. In particular, the demerger shall concern the hive-down of the electricity distribution network Sector of the Demerged Entity (the “Business Sector”) and its absorption by the Beneficiary. The Business Sector shall contain the overall activities of the independent operation of the Hellenic Electricity Distribution Network (HEDN) of the Demerged Entity which comprise the ownership of HEDN, including the immovable assets and other assets of the Business Sector and the Non-Interconnected Islands (as set out in L.4001/2011), the related obligations and other liabilities, with the exception of the High Voltage Network of Crete including the related fixed assets. The existing fiber optic network, the related assets and the related rights and liabilities as well as the right to deploy fiber optics or other types of electronic communication

networks on HEDN shall not be part of the Business Sector. PPC S.A. shall continue to be the Network Operator and to be liable to grant rights of access and rights of way to third parties, as specifically set out in L.4463/2017.

The assets of the hived-down Sector that will be transferred to the Beneficiary are reflected in the balance sheet of the transformation dated 31/3/2021 (“Transformation Balance Sheet”) and are valued for the purposes of the demerger according to the valuation report dated 29/6/2021 of the «Grant Thornton Chartered Accountants and Management Consultants Societe Anonyme” (“Valuation Report”).

3. On the date of registration with the General Electronic Commercial Registry (G.E.MI) of the resolutions of the general meetings of the Demerged Entity and the Beneficiary on the approval of the demerger, pursuant to article 66 of L. 4601/2019, of the final demerger deed by the societies anonymes taking part in the demerger, which shall be drawn up as a notarial deed, of the related approval decision by the competent authority under article 69 of L. 4601/2019 for the completion of the publicity formalities of article 68 of L.4601/2019 as well as of the rest of documents as prescribed by law for each of the companies taking part in the demerger (“Demerger Date”), the demerger shall be concluded with the followings results for the Demerged Entity and the Beneficiary:
 - a. The Beneficiary shall be substituted by the Demerged Entity ipso jure and without any other formalities as universal successor, pursuant to article 70 par. 2 of L. 4601/2019, in all property transferred to it (assets and liabilities of the hived-down Sector) and shall be the sole owner, occupier, possessor and holder of all assets, as reflected in the Transformation Balance Sheet and formed until the Demerger Date. In the context of the universal succession, the Beneficiary shall acquire all rights, obligations and in general all legal relationships of the hived-down Sector or those related thereto, including any administrative licenses issued in the name of the Demerged Entity by Public/independent Authorities and concerning the hived-down Sector. All other rights, obligations, intangible assets, claims and in general any other assets or liabilities relating to the hived-down Sector are transferred to the Beneficiary, without any specific reference in the Final Demerger Deed, to be drawn by means of a notarial deed, being required.

It is clarified that in the event of any assets, rights, obligations and in general assets or liabilities or legal relationships of the hived-down Sector or relating thereto that are governed by foreign law, which does not recognize the universal succession on sectors to be hived-down as provided for by the Greek law, the following shall apply: the Demerged Entity and the Beneficiary shall proceed to any necessary actions in order to conclude the transfer of the said assets, rights, obligations, and legal relationships to the Beneficiary pursuant to the provisions of the applicable law, as in force from time to time.

To the extent that it is not possible to transfer those mentioned hereinabove to the Beneficiary based on the above, on the one hand in relation to nontransferable obligations, the Beneficiary shall expressly and irrevocably undertake to fulfil such obligations, to remit to the Demerged Entity any amounts attributable to it without any undue delay and to compensate the Demerged Entity for any cost or damage that may result due to its failure to fulfill these obligations; on the other hand in relation to rights, the Demerged Entity shall expressly and

irrevocably undertake to collect or liquidate these amounts, in accordance with the Beneficiary's instructions, shall not have the right to re-invest the above amounts, and shall subsequently deliver the liquidation proceeds to the Beneficiary without any undue delay; however, there shall be no obligation to remit any amount to the Beneficiary before collecting it. Moreover, the Demerged Entity shall not dispose of any such assets in any other way than to secure their corresponding remittance to the Beneficiary and subject to the prior written consent of the Beneficiary.

- b. Any pending lawsuits of the Demerged Entity, which relate to the hived-down Sector, shall be continued ipso jure by the Beneficiary or against it, without any specific reference being required on the part of the Beneficiary for the continuation of the proceedings, and no legal interruption of the trial shall take place as a result of the Demerger.
4. Due to the hive-down of the Business Sector from the Demerged Entity and its contribution to the Beneficiary, and in accordance with the financial data of the Transformation Balance Sheet and the Valuation Report, the share capital of the Beneficiary shall increase by the amount of EUR 953,662,960.00 through issuance of 95,366,296 new common registered shares with a nominal value of EUR10 each, to be received in their totality by the Demerged Entity on the Demerger Date. Therefore, the total share capital of the Beneficiary shall be as follows: EUR 991,214,970 divided into 99,121,497 shares with a nominal value of EUR10 each.

For the said share capital increase, the Articles of Incorporation of the Beneficiary shall be amended. The Beneficiary upon completion of the Business Sector's contribution shall be obliged to deliver promptly to the Demerged Entity 95,366,296 shares issued by the Beneficiary with a nominal value of EUR10 each, on which the Demerged Entity shall have full ownership, occupation and possession, thus remaining the sole 100% shareholder of the Beneficiary and indirectly the asset holder of the hived-down Sector, and shall proceed to all necessary actions in order to register the Demerged Entity as the sole shareholder in the shareholder registry kept by the Beneficiary, pursuant to article 40 par. 2 L. 4548/2018.

Given that in return for the contribution of the hived-down Sector, the Demerged Entity shall receive all the new shares of the Beneficiary, while it is already the sole shareholder of the Beneficiary, thus remaining indirectly the asset holder of the hived-down Sector, the exchange ratio has no practical implications and the terms of the demerger shall only be deemed fair and reasonable. In order to confirm the above, the Board of Directors of the Demerged Entity assigned the auditing firm «Grant Thornton Chartered Accountants and Management Consultants Societe Anonyme» and in particular Certified Auditors Dimitrios Douvris (Ref. No. SOEL 33921) and Marilena Bouzoura (Ref. No. SOEL 30511) to provide an opinion, which in relation to the exchange ratio contains the following statement: "Pursuant to par. 2 of Article 57 L.4601/2019, there is no share exchange ratio, since the contribution of the Business Sector is effected from a Demerged Entity and is contributed to an existing beneficiary which is 100% subsidiary of the Demerged Entity, by disposing of all its new shares to the Demerged Entity. Therefore, there is no need to provide information on valuation methods for the determination of a proposed share exchange ratio. This hive-down is fair and reasonable since the Demerged Entity will receive all the Beneficiary's new shares in return for the contributed assets and will continue to hold 100% of the Beneficiary's shares."

The Beneficiary's shares to be acquired by the Demerged Entity will give the latter the right to participate in the profits in relation to any dividend distribution that may take place from the Demerger Date onwards.

5. All actions and transactions of the Demerged Entity pertaining to the Business Sector until the completion of the demerger, in terms of accounting, shall be deemed to have been conducted for its account and not for the account of the Beneficiary, while the financial results in the intervening period, that is from 31.03.2021 until the Demerger Date, will exclusively benefit or be borne by the Demerged Entity. If in the said intervening period the Demerged Entity generates profits, these will belong to the same, while if in this period it generates losses, these will be covered by the Demerged Entity through payment in cash of an amount equal to the loss.

6. No particular advantages are granted to the Demerged Entity, including the hived-down Sector, and more specifically to the members of the Board of Directors and the internal auditors of the Demerged Entity and to the experts designated by the Demerged Entity, under the Articles of Incorporation and the resolutions of the General Meeting of Shareholders of the Demerged Entity as well as under the present demerger deed.

Based on the above, we propose to the Shareholders of the Demerged Entity to approve the demerger through hive-down of the Business Sector and absorption thereof by the Beneficiary, as well as the relevant draft demerger deed and all relevant deeds, announcements and documents drawn up to this purpose.

Athens, 29.06.2021
THE BOARD OF DIRECTORS