

**REPORT OF THE BOARD OF DIRECTORS
OF THE SOCIETE ANONYME UNDER THE TRADENAME
"PUBLIC POWER CORPORATION S.A."
(with distinctive title "PPC S.A.")
TO ITS SHAREHOLDERS
(Article 61 of Law 4601/2019)**

Dear shareholders,

In accordance with article 61 of Law 4601/2019, the Board of Directors of the societe anonyme shall prepare a detailed report, explaining and justifying from a legal and business/financial point of view the draft demerger deed and, in the case of Business Sector hive-down, the number of shares in the beneficiary that are allocated to the demerged entity.

In this regard, in relation to the demerger by way of hive-down of the Business Sector of Post-Lignite Exploitation of the Core Lignite Phase-out Zones of Kozani, Florina and Megalopolis of PPC S.A., as set out in articles 27 and 28 of Law 4872/2021 and articles 1.1.25 and 3 including Annex 1 of the ratified by Law 4956/2022 "*Framework Programme Contract under par.4 of article 155 of Law 4759/2020 between the Hellenic Republic and the societes anonymes with distinctive title METAVASI S.A. and "PPC S.A."*" (hereinafter referred to as "**Business Sector**") and its contribution into a societe anonyme (hereinafter referred to as the "**Hive-down**"), the establishment of which will be effected simultaneously with the notarial deed of demerger, pursuant to the provisions of articles 57, par. 3 and 59-74 of Law 4601/2019, in conjunction with the provisions of Law 4872/2021, as in force from time to time, Law 4548/2018, Law 4172/2013, article 5, par. 4 of Law 2859/2000, article 61 of Law 4438/2016 and the ratified by law 4956/2022 "*Framework Programme Contract under par. 4 of article 155 Law 4759/2020 between the Hellenic Republic and the societes anonymes with distinctive title "METAVASI S.A." and "PPC S.A."*" (hereinafter referred to as the "**Framework Programme Contract**"), the Board of Directors of PPC S.A. wishes to inform the shareholders of the following:

I. The Board of Directors of PPC S.A. took its decision dated 4.10.2022 in order to initiate the process for the hive-down of the Business Sector and entrusted the

audit societe anonyme under the tradename "GRANT THORNTON CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS SOCIETE ANONYME" (with TIN No 094399329, having its registered seat in Athens, 58 Katehaki ave, GR-115 25) and more in particular the chartered auditors Mr. Dimitrios Douvris (SOEL Reg. No 33921) and Mr. Stergios Detsikas (SOEL Reg. No 41961) with the task of examining the terms of the draft demerger deed and preparing the relevant report in accordance with articles 62 and 10 of Law 4601/2019, as well as the task of preparing a valuation report of the assets and liabilities of the Business Sector (hereinafter referred to as the "**Valuation Report**") in order to determine the share capital of the Beneficiary pursuant to article 17 of Law 4548/2018.

II. The present demerger by way of hive-down of Business Sector constitutes implementation of the previous decisions of PPC S.A. Management and is part of the framework and drafting of the Framework Programme Contract which was ratified by Law 4956/2022, constituting a prerequisite for the execution and fulfilment of PPC S.A. obligations towards the company "METAVASI S.A.", under the abovementioned Framework Programme Contract.

III. At the meeting dated February 20th 2023 the Board of Directors of the Company has decided the following:

(a) the approval of the February 20th 2023 Draft Demerger Deed by way of hive-down of Business Sector and contribution thereof to the Beneficiary to be established simultaneously with the demerger notarial deed (hereinafter, the "**Draft Demerger Act**"), pursuant to articles 57 par. 3 and 59- 74 of Law 4601/2019, in conjunction with the provisions of Law 4872/2021, as applicable, Law 4548/2018, Law 4172/2013, article 5, par. 4 of Law 2859/2000, article 61 of Law 4438/2016 and the ratified by Law 4956/2022 "*Framework Programme Contract under par. 4 of article 155 Law 4759/2020 between the Hellenic Republic and the societes anonymes with distinctive title "METAVASI S.A." and "PPC S.A."*" and based on the assets of the Business Sector, as reflected in the Valuation Report. Completion of the Hive-down is subject to the legally required approvals by the General Meeting of the Company's shareholders and the receipt of all other necessary approvals.

(B) The Beneficiary shall be a wholly owned subsidiary of the Demerged Entity. The 31st of July 2022 was set as the reference date of the transformation and valuation balance sheet of the Business Sector (hereinafter referred to as the "**Transformation Balance Sheet**"). Transactions performed after the reference date of the Business Sector Transformation Balance Sheet and until the completion of this Demerger, which concern the aforementioned Business Sector to be transferred, shall be deemed to be carried out on behalf of the Demerged Entity. The accounting and tax result of the above transitional period shall be included in the accounting and tax result of the Demerged Entity. The Beneficiary shall transfer to its books by means of collective entries only the balances of the balance sheets of the Business Sector to be transferred, as they arise on the date of completion of this Demerger. Until completion of the latter, PPC S.A. shall not be subject to separate financial accounting of the Business Sector's assets to be transferred for tax purposes.

(c) As of the date of completion of the hive-down of the Business Sector and the establishment of the Beneficiary, all actions and transactions of the Demerged Entity pertaining to the Business Sector shall be deemed to be performed in the name and on behalf of the Beneficiary.

IV. Economic and business aspect of the hive-down.

1. As regards the Hive-down from a business and economic point of view, the specific decision of the Management falls within the framework of implementation of Law 4872/2021 and of the approved by the Board of Directors and ratified by Law 4956/2022, Framework Programme Contract between PPC S.A. and METAVASI S.A, a public interest societe anonyme, with the Hellenic Republic as the guarantor, the main parameters and goals of which concern the transfer to the Hellenic Republic of part of the land inside the Lignite phase-out zones of Kozani, Florina and Megalopolis where PPC has developed mining activities (Mine exploitation, operation of lignite-fired power plants) in return for consideration. More in particular, PPC shall transfer approximately 97.000 acres (above 40% of the land used in the above Lignite phase-out zones), by way of hive-down of the Business Sector, to its wholly owned subsidiary "METALIGNITIKI SINGLE MEMBER S.A" (to be established) and in turn through the

transfer of its shares to METAVASI S.A., the said land shall come into the possession of the Hellenic Republic. The remaining lands shall remain with PPC with the aim of using the greatest part of them for the development of photovoltaic parks and energy storage projects, and the rest for the continuation of the mining activity. This transaction is expected to have a positive cash effect on the Demerged Entity, to the extent that the cost of land rehabilitation will be covered directly, in the context of the above Framework Programme Contract, by the company METAVASI S.A. to the contractors of the Demerged Entity, releasing PPC from all expenses incurred. In view of the above, the Hive-down of the Business Sector and its contribution into a newly established company is substantiated from a business and economic point of view.

2. In the context of implementation of the Hive-down, the assets and liabilities of the Business Sector of PPC S.A. to be contributed, as they appear in the Transformation Balance Sheet dated 31.7.2022, a copy of which is attached to the Draft Demerger Act as Annex A, and as they will be formed until the completion of the Hive-down, shall be transferred as items of the balance sheet of the Beneficiary. This Hive-down shall not affect the financial results of PPC S.A. Group, given that the Beneficiary shall be fully consolidated, since PPC shall have full ownership thereof.

3. No special difficulties arose during the valuation process of the Business Sector's assets. The valuation of the Business Sector assets, as they appear in the Transformation Balance Sheet has been conducted by the audit company "GRANT THORNTON CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS SOCIETE ANONYME" (with TIN No 094399329 having its registered seat in Athens, 58 Katehaki st. GR-115 25) and in particular by the chartered auditors Mr. Dimitrios Douvris (SOEL Reg. No 33921) and Mr. Stergios Detsikas (SOEL Reg. No 41961), who were appointed by virtue of the decision dated 4.10.2022 of the Board of Directors of the Demerged Entity.

4. Pursuant to Article 30 of Law 4872/2021, as applicable, the transactions carried out following the reference date of the transformation balance sheet of the Business Sector and until the completion of this Demerger, which relate to the

above Business Sector to be transferred, shall be deemed to be carried out on behalf of the Demerged Entity.

5. The Beneficiary shall transfer to its books of account by means of collective entries only the balances of the balance sheet accounts of the Business Sector to be transferred, as they arise on the date of completion of this Demerger. Pending the completion of the latter, PPC S.A. shall not be liable to separate accounting of the Business Sector's assets to be transferred for tax purposes. The shares of the Demerged Entity in the Beneficiary will entitle the former to participate in the profits and in any general distribution of the Beneficiary to its shareholders, which will take place as of the date of completion of the Hive-down and henceforth, in accordance with the terms and conditions of the applicable legal framework.

6. The share capital of the Beneficiary shall be determined on the basis of the book value of the Business Sector, as reflected in the Valuation Report dated 31.10.2022 of the audit company "GRANT THORNTON CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS SOCIETE ANONYME", a copy of which is attached to the Draft Demerger Act as Annex B, in accordance with the provision of Article 17 of Law 4548/2018. On this basis, the share capital of the Beneficiary shall amount to one hundred sixty-two million, one hundred eighty-two thousand four hundred eighty-three (162,182,483) Euros, divided into one hundred sixty-two million, one hundred eighty-two thousand four hundred eighty-three (162,182,483) registered shares, with a nominal value of one (1) euro each.

7. The terms of the Hive-down can only be considered fair and reasonable, as, in accordance with the provisions of par. 3 Article 57 of Law 4601/2019, the Demerged Entity shall acquire all the shares of the Beneficiary in return for the assets to be transferred to the latter. In order to confirm the above, the Demerged Entity, by virtue of the decision of its Board of Directors dated 4.10.2022, has entrusted the audit company "GRANT THORNTON CHARTERED ACCOUNTANTS MANAGEMENT CONSULTANTS SOCIETE ANONYME" and more in particular the chartered auditors Mr. Dimitrios Douvris (SOEL Reg. No 33921) and Mr. Stergios Detsikas (SOEL Reg. No 41961), to express an opinion on the company's shareholding which is as follows: *"In accordance with the provisions set out in paragraph 3 of Article 57 of Law 4601/2019, there is no allocation of*

corporate shareholdings, since the contribution of the Business Sector is carried out in total by a Demerged Entity and is transferred to a beneficiary company, to be established, by allocating all of its new shares to the Demerged Entity. Therefore, it is not considered necessary to provide information on the valuation methods used to determine the proposed allocation of shareholdings. This hive-down act is fair and reasonable as the Demerged Entity shall acquire all of the new shares of the Beneficiary in exchange for the assets to be contributed and shall own all the shares of the Beneficiary."

V. The legal aspect of the Hive-down.

1. The Hive-down shall be effected in accordance with the provisions of articles 57, 59-73 and 83-87 of Law 4601/2019, articles 27 and 28 of Law 4872/2021, article 17 of Law 4548/2018, of the ratified by law 4956/2022 "*Framework Programme Contract under paragraph 4 article 155 of Law 4759/2020, between the Hellenic Republic and the societies anonymes with distinctive title METAVASI S.A. and PPC S.A.*", of par. 4 article 5 of Law 2859/2000, article 52 of Law 4172/2013 and article 61 of Law 4438/2016.

2. The Beneficiary, which will be established by virtue of the notarial deed of Hive-down will be effected by its registration with the General Electronic Commercial Registry (G.E.M.I.), in accordance with the terms and conditions of the applicable legal framework, shall be a Greek societe anonyme, under the tradename "METALIGNITIKI SINGLE MEMBER SOCIETE ANONYME", with distinctive title "METALIGNITIKI S.A.". The Beneficiary shall have its registered seat in the Municipality of Athens, having as its object the development of the Business Sector of Post-Lignite Exploitation of the Core Lignite phase-out Zones of PPC SA, which involves the overall activity of Post-Lignite Exploitation of the Core Lignite Phase-out of Kozani, Florina and Megalopolis of the Demerged Entity, as this (the Business Sector) is specifically set out in article 27 of Law 4872/2021 and articles 1.1.25 and 3, including Annex 1 of the ratified by law 4956/2022 "*Framework Programme Contract under par. 4 of article 155 Law 4759/2020 between the Hellenic Republic and the societies anonymes with distinctive title "METAVASI S.A." and "PPC S.A."*"

3. The Demerger process shall be completed on the date of registration of the final demerger deed in the General Electronic Commercial Registry (G.E.MI.), which shall be drawn up in the form of a notarial deed (hereinafter referred to as the "**Demerger Date**"), where the other documents provided by law will be submitted together with the relevant approval resolution of the General Meeting of shareholders of the Demerged Entity, while the following results shall occur ipso iure and simultaneously, both between the Demerged Entity and the Beneficiary, as well as vis-à-vis third parties:

(a) the Beneficiary shall be established according to the Articles of Incorporation to be approved by the General Meeting of shareholders of the Demerged Entity and shall be included in the final Hive-down deed which shall be drawn up in the form of a notarial deed.

(b) the Beneficiary shall be substituted as universal successor to all property (assets and liabilities) transferred to it, as reflected in the Transformation Balance Sheet and as formed until the Demerger Date. In the context of universal succession, the Beneficiary shall acquire all rights, obligations and generally all legal relationships of the Business Sector to be hived down from the Demerged Entity or relating to the Business Sector.

(c) by virtue of the present Hive-down, all rights, obligations and generally legal relations of or relating to the Business Sector to be hived down from the Demerged Entity shall be vested in the Beneficiary, except for the existing solid fossil fuel exploration and exploitation rights granted to the Demerged Entity, which shall remain with the Demerged Entity, as well as all kind of licenses and approvals related to the mining activity. The Beneficiary shall have full ownership, possession, occupation and shall be beneficiary of all movable and immovable assets of the Demerged Entity, of its claims against third parties for any reason whatsoever and of all assets in general relating to the Business Sector, unless otherwise stipulated by the Demerger deed and the law.

(d) in the context of the Hive-down, any other right, intangible asset, claim or other asset relating to the above Business Sector of the Demerged Entity even if not yet specifically referred to or precisely described herein, either

by omission or oversight, licenses of any kind granted by the authorities, as well as the rights or legal relationships arising from any other relevant contract or legal action, which, upon the legal completion of the Hive-down of the Business Sector and upon completion of the formalities and conditions required by the applicable provisions, shall be transferred to the Beneficiary which shall have full ownership thereon. The Beneficiary shall be the owner, occupier, possessor and holder of all movable and immovable assets of the Demerged Entity, of any claims of the latter against third parties for any reason whatsoever and of all assets in general relating to the Business Sector, unless otherwise stipulated by the Demerger deed and the law.

(e) any pending legal proceedings of the Demerged Entity to the extent that they relate to the Business Sector shall be continued ipso iure by or against the Beneficiary, with no further formality required on the part of the Beneficiary for their continuation and without any violent interruption of such proceedings as a result of the hive-down.

4. As a consequence of the hive-down of the Business Sector, the Demerged Entity shall become the sole shareholder of the Beneficiary, by acquiring all the shares to be issued by the latter upon its establishment, as a result of the contribution of the Business Sector. In particular, upon completion of the hive-down and contribution of the Business Sector, 162,182,483 registered or bearer shares, with a nominal value of one (1) euro each, representing 100% of the share capital of the Beneficiary, shall be issued by the Beneficiary, and the Demerged Entity shall acquire all Beneficiary's shares in accordance with the applicable law.

5. As of the Demerger Date, the Beneficiary shall proceed to all necessary actions to register the Demerged Entity as shareholder in the register of shareholders kept by the Beneficiary, pursuant to article 40 par. 2 of Law 4548/2018, the shares which will be delivered to the Demerged Entity, shall entitle the Demerged Entity to participate in the profits of the Beneficiary, in relation to any dividend distribution that will take place as of the Demerger Date and henceforth.

6. No other special conditions or special terms shall be provided related to the right of the Demerged Entity to participate in the profits of the Beneficiary and no special advantages shall be provided to experts, pursuant to article 62 of Law 4601/2019, as well as to members of the Board of Directors or internal auditors of the Demerged Entity.

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Dear Shareholders,

For all the above business/economic and legal reasons, the Board of Directors of the Company considers that the Hive-down of the Business Sector and the establishment of the Beneficiary are fully justified from an economic and legal point of view and serve the corporate interest, and as a consequence it has prepared and submits the present report and recommends to the General Meeting of Shareholders of the Company to approve the proposed Hive-down, as well as to approve the relevant Draft Demerger Act, the accompanying documents thereof and in general all related acts, announcements and documents to this purpose.

Athens, February 20th 2023
FOR PPC S.A. BOARD OF DIRECTORS

Georgios Stassis
Chairman of the Board of Directors and Chief Executive Officer