

**Clarifications on the 1<sup>st</sup> item on the Agenda of the Invitation  
to the Extraordinary General Meeting of Shareholders of PPC S.A.  
to be held on 4.11.2024**

Item 1<sup>st</sup>: "Spin-off of the Testing, Inspection & Certification Business Sector operating under the Laboratories, Inspection & Certification Department ("LICD") of PPC S.A. and contribution thereof to a new 100 % subsidiary of PPC S.A. to be established for this purpose".

Approval of:

- Draft Demerger Deed
- Valuation report of Laboratories, Certification & Inspection sector according to art. 17 of Law 4548/2018
- Transformation Balance Sheet as of 31.12.2023
- Explanatory Report of the Board of Directors of PPC to the General Meeting of its Shareholders (article 61 of L. 4601/2019)
- Draft Articles of Incorporation of the New Company

By its Decision No 86/17.09.2024, the Board of Directors approved the Draft Demerger Deed of the Testing, Inspection & Certification Business Sector operating under the Laboratories, Inspection & Certification Department ("LICD") of PPC S.A., along with the Transformation Balance Sheet of the Business Sector dated 31.12.2023. Moreover, it approved the Valuation Report for the determination of the fair value of the Business Sector, which was drawn up and signed on behalf of the independent valuator "Grant Thornton S.A. CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS" with Reg. No SOEL 127, by the chartered accountants, Mr. Dimitrios Douvris (Reg. No. SOEL 33921) and Mr. Stergios Ntetsikas (Reg. No. SOEL 41961). The Draft Demerger Deed was signed by the legal representative of the Demerged Entity (PPC) and published in the General Electronic Commercial Register (G.E.M.I.) along with the accompanying documents, pursuant to the provisions of Law 4601/2019 on corporate transformations, Law 4548/2018, as well as to the more specific provisions of the Legislative Decree 1297/1972.

### **1. Intended Corporate Transformation and justification thereof**

The Laboratories, Inspection & Certification Department (hereinafter referred to as the "LICD"), part of the former Innovation Hub which succeeded the Testing, Research & Standards Centre (TRSC) has been operating continuously since 1972, in Kantza Attica, providing testing services on materials and equipment to PPC units, as well as to third parties. It has been accredited by the Hellenic Accreditation System (ESYD) as a laboratory according to ISO 17025 and as an inspection body according to ISO 17020. It has laboratories for Engineering and Metallurgical Testing & Inspections, Electrical Testing & Measurements, Chemical Analyses, Quality Control of Civil Engineering Projects and Internet of Things. In addition, it has an Inspection section and a Certification section.

From 2022 onwards, in the context of the overall transformation and extroversion of PPC Group, as part of the former Innovation Hub, it has developed a more extroverted profile with an emphasis on providing high quality services through significant investments in equipment while expanding its accreditation field. With a view to harmonizing with the customer-centric orientation of PPC Group, it has completely reformed its internal processes. At the same time, it has submitted the necessary applications to the ESYD for its accreditation as a Certification Body.

The energy transition and the transformation of the energy market are driving the need for LICD to expand into new products and activities, as the lignite phase-out and the interconnection of the islands significantly reduce the market needs for part of the services currently provided by the LICD. At the same time, the increased penetration of RES and E-mobility, as well as the growing need to ensure the safety and compliance of products with the standards required by legislation, the increasingly more stringent environmental regulation, the growth of the global trade and the digitalisation of the production process and of many other processes, create high demand for testing, inspection and certification services and as a consequence new opportunities for the LICD. This demand has been observed in the industries of Shipping, Energy, Chemicals, Telecommunications & Networks, Construction, Retail Products, Defence & Aerospace, as well as Transport & Railway. Furthermore, the certification of Management Systems (e.g. ISO 9001, ISO 14001) or Personnel Skills is a well-established and growing good practice of the majority of companies, regardless of their sector of activity.

Although the restructuring of LICD, as part of the former Innovation Hub, has contributed to a significant improvement in its turnover, the growth of the TIC market at pan-European and global level, has led to the consideration of a possible spin-off and contribution of the LICD to a new company in order to expand its activities while operating independently.

In particular, the benefits resulting from the intended spin-off can be summarised as follows:

a. Facilitate the approval by the ESYD of LICD's request for accreditation as a Certification Body. Insofar as LICD is an internal Department of PPC, the ESYD raises objections to its impartiality and integrity and as a result the request for accreditation of the LICD is being rejected almost in its entirety. As the Certification market is growing rapidly, due to stricter regulatory frameworks, keeping the LICD within the internal organisational structure of the Company will result in the Department being able to serve only a very small percentage of its Serviceable Obtainable Market and, therefore, it will suffer a loss of possibly more than 75% of the revenue deriving from certification services, as reflected in the business plan 2024-2031.

b. The spin-off will lead to a more rapid expansion of the LICD's activities, which cannot be achieved through organic growth alone. Given the fact that the Greek TIC market is highly

fragmented, since the three largest companies (Bureau Veritas, DNV, TUV Hellas) hold a share of 30% cumulatively, while there are more than 350 smaller companies, LICD's competitors are using mergers and acquisitions as a standard practice to expand more rapidly in the market. The spin-off will allow the LICD to acquire and integrate other companies operating in sectors adjacent to those already served by it, as well as to expand its customer base.

c. The full integration of the LICD with the entities to be acquired is a necessary step to achieving a more effective market penetration, while taking advantage of all synergies to the maximum extent. In particular, the merger will allow full consolidation of the accreditation fields and will offer the possibility of issuing a single testing report/inspection certificate, which is also what all customers expect from TIC providers. Market research highlights as a key reason for choosing a TIC provider the ability of the latter to cover all services requested by customers (One Stop Shop). Moreover, this will lead to reduced costs (operating, consumables and investment costs as well). Finally, it will allow the LICD to expand geographically.

## **2. Legal framework of the spin-off of the Business Sector by establishment of a new company**

According to the study conducted by the consulting firm Grant Thornton CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS S.A., the Business Sector spin-off and its contribution to a new company was selected as the most appropriate and tax-neutral solution, which serves the creation of a shareholding relationship between PPC and the new company, a 100% subsidiary of PPC, to be established as a result of the corporate transformation. Based on a study conducted by the consultant, the application of the tax framework of the Legislative Decree 1297/1972 was selected as the most effective for the implementation of the spin-off.

Based on the above, the Consultant proposed that the forthcoming transformation be carried out by way of spin-off of the Business Sector of PPC (the "Demerged Entity") and its contribution to the Beneficiary in accordance with the provisions of Articles 4, 54 par. 3, 57 par. 3, 59-74 and 83-87 of Law 4601/2019, the provisions of Law 4548/2018, and the more specific provisions of the Legislative Decree 1297/1972 based on the financial data of the transformation balance sheet dated 31.12.2023 and the Valuation Report under Article 17 of Law 4548/2018, which served as a basis for the valuation of the assets of the Business Sector of the Demerged Entity to be spun off and contributed to the Beneficiary.

Upon completion of the Demerger, which will occur after the necessary corporate approvals have been obtained and publication thereof in the G.E.MI, the Beneficiary will proceed to the necessary actions in order to: a) be established according to the Articles of Incorporation included in the final demerger deed which shall be drawn up in the form of a notarial deed b) issue its share certificates, deliver them all to the Demerged Entity, and register the latter as the

sole shareholder in the shareholder register maintained by the Beneficiary pursuant to Article 40 par. 2 of Law 4548/2018. The shares of the Beneficiary which will be transferred to the Demerged Entity as the sole shareholder of the Beneficiary, as a result of the Demerger, shall entitle the Demerged Entity to participate in the profits and in any dividend distribution of the Beneficiary which shall take place as from the Demerger Completion date onwards.

### **3. Scope of the "Testing, Inspection & Certification" Business Sector and Valuation**

The assets and liabilities of the Business Sector to be spun off, which shall be transferred to the new company, are reflected in the Transformation Balance Sheet dated 31.12.2023 and are valued for the purposes of the spin-off by the independent expert "Grant Thornton S.A. CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS", with Reg No SOEL 127, which has prepared the relevant Valuation Report of the Business Sector, in the context of Article 17 of Law 4548/2018.

According to the Valuation Report dated 12.09.2024 for the determination of the fair value of the assets of the Business Sector to be spun off, using the Adjusted Book Value (ABV) method, the value of the total assets of the Business Sector is estimated at approximately €4 million, of which €3.3 million relates to the value of tangible assets (mechanical and testing equipment, vehicles, other equipment) and €68 thousand to the value of intangible assets (e.g. software programs, other intangible assets). The value of current assets is estimated at approximately €580k, consisting of account receivables amounting to approximately €425k and other receivables amounting to €155k. As far as Liabilities are concerned, their total value is estimated at €2.1 million, of which approximately €1.5 million is attributable to accounts payables. The aggregate result of the valuation is summarised as follows:

<b>Amounts in €</b>	<b>Adjusted Book Value (€)</b>
Fair value of assets	3,995,972.57
(-) Fair value of liabilities	2,081,434.88
Business Sector's adjusted net assets	1,914,537.69
(-) Revaluation reserves	2,764,788.81
<b>Total Share Capital</b>	<b>-850,251.12</b>
(+) Cash contribution	1,150,251.12
<b>Business Sector's Share Capital including cash contribution</b>	<b>300,000.00</b>

- The fair value of the transferred assets and liabilities of the Business Sector, as determined according to the ABV method, amounts to €1,914,537.69, of which the amount of €2,764,788.81 concerns reserves from the revaluation of tangible assets. This reserve

will be transferred in its entirety to the equity of the Beneficiary, will remain as a reserve, and will not be capitalized.

- The share capital of the Business Sector, excluding the tangible assets revaluation reserves, amounts to € -850,251.12.
- Given that upon completion of the Demerger and in accordance with the provisions of the Legislative Decree 1297/1972, the share capital of the Beneficiary should be equal to at least €300,000.00, the Demerged Entity intends to contribute €1,150,251.12 in cash to the Beneficiary.
- Therefore, the share capital of the Beneficiary will amount to €300,000.00, divided into 300,000 ordinary, registered shares, with a nominal value of one euro (€ 1.00) each,

Given that in exchange for the contribution of the Business Sector, the Demerged Entity shall acquire all shares of the Beneficiary, namely, 300,000 ordinary registered shares with a nominal value of one euro (€1.00) each and, therefore, the Demerged Entity will indirectly remain the beneficiary of the transferred assets of the Business Sector, the exchange ratio has no practical significance and the terms of the Demerger can only be considered fair and reasonable.

#### **4. General Meeting of Shareholders - Approvals**

The General Meeting of PPC's Shareholders is called upon to approve the demerger in question, pursuant to the provisions of Articles 4, 54 par. 3, 57 par. 3, 59-74 and 83-87 of Law 4601/2019, Law 4548/2018, and the more specific provisions of the Legislative Decree 1297/1972, including the approval of the Draft Demerger Deed along with its Annexes and the granting of relevant authorizations.

At the same time, the following documents have been made available to the Company's shareholders on its website

(<https://www.ppcgroup.com/en/investor-relations/corporate-events/spin-off-of-the-testing-inspection-certification-business-sector-of-ppc-sa-and-contribution-thereof-to-a-new-company-a-wholly-owned-subsi-dary-of-ppc-to-be-established-for-this-purpose/>), pursuant to the provisions of Article 63 of Law 4601/2019:

a. The Draft Demerger Deed along with its Annexes, namely, the Transformation Balance Sheet dated 31.12.2023

<https://www.ppcgroup.com/en/investor-relations/corporate-events/spin-off-of-the-testing-inspection-certification-business-sector-of-ppc-sa-and-contribution-thereof-to-a-new-company-a-wholly-owned-subsi-dary-of-ppc-to-be-established-for-this-purpose/>

b. The Valuation Report of the fair value of the PPC's "Testing, Inspection & Certification" Business Sector, dated 12.9.2024, which was prepared on behalf of the independent expert "Grant Thornton S.A. CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS", with Reg. No SOEL 127, by the chartered accountants Dimitrios Douvris (Reg. No SOEL 33921) and Stergios Ntetsikas (Reg. No SOEL 41961)

<https://www.ppcgroup.com/en/investor-relations/corporate-events/spin-off-of-the-testing-inspection-certification-business-sector-of-ppc-sa-and-contribution-thereof-to-a-new-company-a-wholly-owned-subsi-dary-of-ppc-to-be-established-for-this-purpose/>

c. The Report of the Board of Directors of PPC to the General Meeting of its Shareholders, dated 17.9.2024, which justifies from a financial and legal point of view the Draft Demerger Deed

<https://www.ppcgroup.com/en/investor-relations/corporate-events/spin-off-of-the-testing-inspection-certification-business-sector-of-ppc-sa-and-contribution-thereof-to-a-new-company-a-wholly-owned-subsi-dary-of-ppc-to-be-established-for-this-purpose/>

d. The experts Report on the Draft Demerger Deed, dated 17.9.2024

<https://www.ppcgroup.com/en/investor-relations/corporate-events/spin-off-of-the-testing-inspection-certification-business-sector-of-ppc-sa-and-contribution-thereof-to-a-new-company-a-wholly-owned-subsi-dary-of-ppc-to-be-established-for-this-purpose/>

e. The Draft Articles of Incorporation of the new company

<https://www.ppcgroup.com/en/investor-relations/corporate-events/spin-off-of-the-testing-inspection-certification-business-sector-of-ppc-sa-and-contribution-thereof-to-a-new-company-a-wholly-owned-subsi-dary-of-ppc-to-be-established-for-this-purpose/>

f. The annual Financial Statements and the annual Management Reports of the Board of Directors of PPC for the last three (3) years (2021-2023)

<https://www.ppcgroup.com/en/investor-relations/corporate-events/spin-off-of-the-testing-inspection-certification-business-sector-of-ppc-sa-and-contribution-thereof-to-a-new-company-a-wholly-owned-subsi-dary-of-ppc-to-be-established-for-this-purpose/>

g. The half-yearly Financial Statement and the half-yearly Management Report of the Board of Directors of PPC for the first half of 2024

<https://www.ppcgroup.com/en/investor-relations/corporate-events/spin-off-of-the-testing-inspection-certification-business-sector-of-ppc-sa-and-contribution-thereof-to-a-new-company-a-wholly-owned-subsi-dary-of-ppc-to-be-established-for-this-purpose/>

## **5. Proposals of the Company's Board of Directors to the General Meeting of Shareholders**

Following the above, the Board of Directors of the Company proposes to the General Meeting of the Company's shareholders:

A) To approve the demerger by way of spin-off of the Testing, Inspection & Certification Business Sector of PPC S.A. and its contribution to a new wholly owned subsidiary company of PPC to be established for this purpose, pursuant to the provisions of Articles 4, 54 par. 3, 57 par. 3, 59-74 and



83-87 of Law 4601/2019, Law 4548/2018, and the more specific provisions of the Legislative Decree 1297/1972.

B) To approve the Draft Demerger Deed, including the Business Sector's Transformation Balance Sheet dated 31.12.2023, as Annex, as approved by the Board of Directors of PPC.

C) To approve the Valuation Report of the fair value of PPC S.A. Testing, Inspection & Certification Business Sector, dated 12.9.2024, which was prepared on behalf of the independent expert "Grant Thornton S.A. CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS", with Reg. No SOEL 127, by the chartered accountants, Dimitrios Douvris (Reg. No SOEL 33921) and Stergios Ntetsikas (Reg. No SOEL 41961), as approved by the Board of Directors of PPC.

D) To approve the Draft Articles of Association of the new company to be established for the purposes of the spin-off, as approved by the Board of Directors of PPC.

E) To authorize the Chairman and Chief Executive Officer of the Company to sign on behalf of PPC S.A. the Notarial Deed of Demerger (Spin-off) of the Testing, Inspection & Certification Business Sector and any other document related to the completion of the demerger, and in parallel to grant him the right to sub-authorize executives of the Company to finalize and sign any relevant document for the completion of the demerger and to settle any pending issues regarding the Notarial Deed as well as the whole process of the Demerger (Spin-off) and its approval by the competent Authorities.