

EXPLANATORY REPORT

**OF THE BOARD OF DIRECTORS OF THE SOCIETE ANONYME UNDER THE TRADE NAME
"PUBLIC POWER CORPORATION SOCIETE ANONYME"
WITH THE GENERAL ELECTRONIC COMMERCIAL REGISTRY (G.E.MI.) 000786301000
ON THE DRAFT DEMERGER DEED BY WAY OF SPIN-OFF OF BUSINESS SECTOR AND
THE ESTABLISHMENT OF A NEW COMPANY**

IN ACCORDANCE WITH ARTICLE 61 OF LAW 4601/2019

TO

THE GENERAL MEETING OF ITS SHAREHOLDERS

Pursuant to Article 61 of Law 4601/2019, which applies, inter alia, to the demerger by way of spin-off of a business sector, the Board of Directors of the Demerged Entity shall be obliged to submit to the General Meeting of its shareholders, which will be convened for the approval of the proposed demerger, a detailed report explaining and justifying from a legal and financial point of view the draft demerger deed by way of spin-off of the business sector.

I. Introduction

The procedure of the proposed demerger by way of spin-off of business sector and its contribution to a new company, which shall be established as a wholly owned subsidiary of the Demerged Entity through the demerger by way of spin-off of the business sector (the "**Beneficiary**"), will be carried out in accordance with the provisions of Articles 4, 54 par. 3, 57 par. 3, 59-74 and 83-87 of Law 4601/2019, the Decree Law 1297/1972, and the provisions of Law 4548/2018, as in force (the "**Demerger**"). In the context of this demerger, all the actions provided for by the relevant legislation have been carried out so far.

The business sector to be spun off and transferred to the Beneficiary is the independent Testing, Inspection and Certification business sector of the Company (the "**Business Sector**" or "**TIC**").

In view of the above obligation arising from Article 61 of Law 4601/2019, the Board of Directors of the Company under the trade name "**Public Power Corporation Societe Anonyme**" (the "**Company**" or the "**Demerged Entity**") has prepared this Report, which is submitted to the Company's shareholders.

II. Evaluation of the Draft Demerger Deed from a business and financial point of view

The energy transition and the transformation of the energy market make it imperative to expand into new products and activities related to the Business Sector, also in light of the anticipated decrease in the related services offered, as a result of the planned lignite phase-out and the

interconnection of the islands. At the same time, the increased penetration of renewable energy sources ("RES") and e-mobility, the growing need to ensure the safety and compliance of products with the standards required by legislation, the increasingly stringent environmental regulation, the growth of the global trade and the digitalisation of the production process and many processes, create high demand and new opportunities for TIC services. This demand has been observed in the industries of Shipping, Energy, Chemicals, Telecommunications & Networks, Construction, Retail Products, Defence & Aerospace, as well as Transport & Railway. In addition, the certification of management systems or staff skills has been increasingly adopted as the best practice by the majority of companies regardless of their field of activity.

Taking into account the above, it is expected that the spin-off of the Business Sector and the establishment of a subsidiary shall create the following benefits:

1) It will finally pave the way for the accreditation of the subsidiary, which will result from the Business Sector spin-off, as a certification body by the Hellenic Accreditation System (ESYD). In particular, as long as the Business Sector operates under the management structure of the Company, the ESYD raises impartiality and integrity objections and as a result, to date, the relevant request for accreditation has not been accepted. Furthermore, as the certification market is experiencing strong growth due to the more stringent regulatory frameworks, operating the Business Sector under the management structure of the Company will result in the Company being allowed to serve a very small percentage of its serviceable addressable market and, thus, in losing very significant revenue from certification services.

2) The spin-off will lead to a faster expansion of the Business Sector's activities, which cannot be achieved through organic growth (alone). In particular, the subsidiary resulting from the Business Sector spin-off will be able to acquire and integrate other companies operating in sectors adjacent to those already served by the Business Sector since its establishment and to expand its customer base. In this way, it is expected that the subsidiary will create new revenue streams, enhancing the growth and diversification of its portfolio of activities. Despite the fact that the lignite phase-out and the interconnection of the islands are expected to negatively affect the activities of the Business Sector, the subsidiary, through the vast expansion of its scope of accreditation, the development of new activities and the overall implementation of an ambitious development plan along with the renewal of its equipment, will be in a position to take advantage of the Greek TIC market opportunities.

3) The full integration of the acquired companies is a necessary step to achieve a more effective market penetration and take advantage of all synergies to the maximum extent. In particular, this will allow full integration of the accreditation fields and will offer the possibility of issuing a single test report/inspection certificate, as the totality of customers expect from TIC providers. Market

research shows that the ability of a provider to cover all the services requested by customers is a key reason for choosing a provider ("One Stop Shop"). In addition, it will lead to reduced costs (indicatively, operating costs, etc.) and will also contribute to expanding the geographic coverage of the services provided.

In addition to the above, the fact that the Beneficiary will remain connected to the Demerged Entity by a shareholding relationship (the Demerged Entity shall be the sole shareholder of the Beneficiary), is expected to ensure the Beneficiary a clear and dynamic presence in the market, which at the same time will be characterized by stability and will inspire confidence among other market participants. Thus, with such a privileged position in the market, the Beneficiary will be able to expand its business activities by engaging in larger scale projects and partnerships, which will have a positive impact on its financial results and will act as vehicles for the growth and development of its activities as a whole.

Following the above, it is noted that the Demerger, which will be completed in accordance with the applicable law, will not affect the consolidated financial statements of PPC Group, given that the Beneficiary will be fully consolidated, since the Demerged Entity will directly own 100% of its share capital.

The preparation of the valuation report determining the value of the assets and liabilities of the Business Sector, in accordance with Article 17 of Law 4548/2018, (the "**Valuation Report**"), as they appear in the transformation balance sheet as of 31.12.2023 (the "**Transformation Balance Sheet**"), as well as the examination of the Draft Demerger Deed by way of spin-off of the Business Sector and the establishment of a new company (the "**Draft Demerger Deed**") and the preparation of the relevant report by an independent expert in accordance with Article 62 of Law 4601/2019, as in force, were carried out by the audit firm "**Grant Thornton S.A. CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS**" (Reg. No SOEL 127), having its registered seat at Katechaki Avenue, No. 58, GR-115 25, Athens, Greece, G.E.MI. No 121548701000 and VAT number 094399329 and in particular by the Chartered Accountants, Messrs. Dimitrios Douvris (Reg. No SOEL 33921) and Stergios Ntetsikas (Reg. No SOEL 41961).

The Company's Board of Directors declares that no particular difficulties arose during the valuation process of the assets of the Business Sector to be spun-off, in accordance with Article 17 of Law 4548/2018.

The equity of the Business Sector's assets and liabilities to be transferred, as determined in the Valuation Report, amounts to one million nine hundred and fourteen thousand five hundred and thirty-seven euros and sixty-nine cents (€1,914,537.69), of which an amount of two million seven hundred and sixty-four thousand seven hundred and eighty-eight euros and eighty-one cents

(€2,764,788.81) relates to differences resulting from the revaluation of fixed assets. Therefore, the equity of the Business Sector, as determined in the Valuation Report is negative and is estimated at the following negative number: minus eight hundred and fifty thousand two hundred and fifty-one point twelve (-850,251.12).

Given that, on the one hand, for the legal establishment of the Beneficiary its share capital after the completion of the Demerger is required to amount to at least twenty-five thousand euros (€25,000.00) (Article 83 par. 2 of Law 4601/2019, and Article 15, par. 2 of Law 4548/2018) and, on the other hand, for the purposes of application of the Decree Law 1297/1972 this share capital is required to amount to at least three hundred thousand euros (€300,000.00), and given that, as set out above, the contributed equity of the Business Sector is negative, the Demerged Entity will make a cash contribution in the amount of one million one hundred and fifty thousand two hundred and fifty-one euros and twelve cents (€1,150,251.12), which will be carried out in the context of the Demerger.

As per above, upon completion of the Demerger, the share capital of the Beneficiary will amount to three hundred thousand euros (€300,000.00), divided into three hundred thousand (300,000) ordinary registered shares, with a nominal value of one euro (€1.00) each, consisting of the contributed negative equity of the transferred assets and liabilities of the Business Sector and the amount contributed in cash by the Demerged Entity, equal to one million one hundred and fifty thousand two hundred and fifty-one euros and twelve cents (€1,150,251.12), for the purpose of fulfilling the requirements for the legal establishment of the Beneficiary pursuant to Law 4548/2018 (Article 83, par. 2 of Law 4601/2019, and Article 15, par. 2 of Law 4548/2018) and the conditions for the application of the Decree Law 1297/1972 to this Demerger (Article 4f(a) of the Decree Law 1297/1972).

Given that in exchange for the contribution of the Business Sector, the Demerged Entity shall acquire all shares of the Beneficiary, namely, three hundred thousand (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.

In order to confirm the above, the audit firm “**Grant Thornton S.A. CHARTERED ACCOUNTANTS AND MANAGEMENT CONSULTANTS**” (Reg. No SOEL: 127) and, in particular, the Chartered Accountants, Messrs. Dimitrios Douvris (Reg. No SOEL: 33921) and Stergios Ntetsikas (Reg. No SOEL: 41961) were assigned the task to examine the terms of this Draft Demerger Deed in

accordance with the provisions of Article 62 of Law 4601/2019 and formulate an opinion, as required by law.

As a result of the Demerger and upon its completion, the Demerged Entity shall receive all the shares of the Beneficiary and shall become its sole (100%) shareholder.

From that time, the Demerged Entity, as the sole (100%) shareholder of the Beneficiary, shall be entitled to participate in the profits of the Beneficiary.

The Beneficiary shall be substituted as universal successor to all the Business Sector's property to be transferred thereto.

Upon completion of the Demerger, the personnel employed by the Business Sector shall also be transferred to the Beneficiary, which shall be automatically substituted for the Demerged Entity as an employer.

III. Evaluation of the Draft Demerger Deed from a legal point of view.

As regards the rationale of the Draft Demerger Deed from a legal point of view, the following are noted:

1. The Demerger shall be carried out by way of spin-off and establishment of a new company in accordance with the provisions of Articles 57 par. 3 and 59-74 of Law 4601/2019, of Law 4548/2018 and the Decree Law 1297/1972.

2. On the date of registration of the final demerger deed, which shall be drawn up in the form of a notarial deed (hereinafter referred to as the "**Demerger Date**") in the General Electronic Commercial Registry (G.E.MI), all other documents provided for by the law shall be also submitted together with the relevant approval resolution of the General Meeting of Shareholders of the Demerged Entity, to be adopted pursuant to Article 74 of Law 4601/2019, the spin-off process shall be completed and the following results shall occur automatically and simultaneously, for both 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 included in the final demerger 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 to be transferred thereto (assets and liabilities of the Business Sector to be spun off) and shall become the sole owner, possessor, holder and beneficiary of all movable and immovable assets of the property to be transferred to it, as they are reflected in the Valuation Report and as formed until the Demerger Date.

(c) In the context of the universal succession, the Beneficiary shall acquire all rights, intangible assets, claims of the latter against third parties for any reason whatsoever, claims -whether disputed or not-, liabilities and generally legal relations of the Business Sector to be spun off from the Demerged Entity or relating to the Business Sector, even if not specifically referenced or

accurately described in the present report, the Draft Demerger Deed or the notarial deed, whether by omission or by oversight, licenses of any kind granted by the authorities, as well as the rights or legal relations arising from any other relevant contract or legal transaction, which, upon the legal completion of the Business Sector spin-off and upon completion of the formalities and conditions required by the standing provisions, shall be transferred to the Beneficiary which shall have full ownership thereon.

(d) In addition, all contracts, agreements, and legal transactions concluded between the Demerged Entity and any third natural or legal person and related to the Business Sector to be spun off shall be transferred to the Beneficiary and shall be continued by the latter under the same terms and agreements.

(e) Any assets, any kind of licenses, rights, claims, or legal relations of the Demerged Entity concerning the Business Sector to be spun off shall be transferred to the Beneficiary, even if not explicitly stated in the Valuation Report.

(f) Any pending legal proceedings of the Demerged Entity, related to the Business Sector, shall be continued ipso iure by or against the Beneficiary, with no further formality being required on its part for their continuation and without any violent interruption of such proceedings as a result of the demerger.

The Demerged Entity shall receive all of the Beneficiary's shares on the Demerger date and become its sole shareholder. Therefore, as of the Demerger Date, the Beneficiary shall proceed to all necessary actions to register the Demerged Entity as its sole shareholder in the shareholder register maintained by the Beneficiary, pursuant to Article 40 par. 2 of Law 4548/2018. The Beneficiary shall make sure, in addition to issuing the shares, to also deliver the share certificates to the Demerged Entity.

As from 01.01.2024, namely the day following the Transformation Balance Sheet date, on the basis of which the Demerger takes place and until the Demerger Date and the establishment of the Beneficiary, all acts and transactions carried out by the Demerged Entity and related to the Business Sector shall be considered from an accounting point of view to be carried out in its name and on its behalf, and not in the name and on behalf of the Beneficiary, and the financial results arising during this period shall benefit or be borne solely by the Demerged Entity. If, during the aforementioned interim period, the Demerged Entity makes a profit, such profit shall belong to the Demerged Entity, and in the event that the Demerged Entity makes a loss during this period, such loss shall be covered by the Demerged Entity, by payment in cash of an amount equal to the loss. Finally, it is noted that no additional information on the legal and financial position of affiliated companies of PPC Group is required, as the legal and financial position of these companies is not considered necessary for the explanation and justification of the Draft Demerger Deed.

The Board of Directors further informs the Shareholders that as at the date of this Report there has been no material change in the assets and liabilities of the Demerged Entity since the date of the Draft Demerger Deed.

Based on the above, the Board of Directors of the Demerged Entity believes that the demerger by way of spin-off of the business sector and establishment of a new company, which will be established as a wholly owned subsidiary of the Demerged Entity, is fully justified from a financial and legal point of view and serves the corporate interest of the Demerged Entity; and, therefore, submits this report to the General Meeting of Shareholders of the Demerged Entity and recommends the approval of the Draft Demerger Deed, all related acts, announcements, documents and the proposed demerger in general.

Athens, September 17th, 2024

On behalf of the Board of Directors of the Company
"PUBLIC POWER CORPORATION SOCIETE ANONYME"