

**REPORT BY THE BOARD OF DIRECTORS OF THE COMPANY UNDER THE NAME  
PUBLIC POWER CORPORATION SA TO ITS SHAREHOLDER GENERAL MEETING**

Dear Shareholders,

According to Law 4533/2018 (Government Gazette A 75 / 27.04.2018), as well as according to the provisions of Law 2166/1993 (in particular articles 1 to 5), and of codified law 2190/1920 (in particular articles 68 to 79), PPC SA is obliged to separate by creating a separate branch the assets, rights and obligations related to its lignite power generation activity in the region of Meliti Florina and in the wider area where there are located public lignite deposits, by the contribution of the lignite power generation capacity along with the research and exploitation rights of PPC SA over certain lignite deposits, including other related assets, liabilities and human resources, (hereinafter the "**Branch**") and contribute these to a societe anonyme established for this purpose. The societe anonyme to be established for this purpose will be called "MELITI ENERGY LIGNITE SOCIETE ANONYME", with registered offices in the Municipality of Athens (hereinafter referred to as the "**Company to be established**"). The assets, liabilities and human resources of the Branch to be contributed are identified under art. 1 par. 3 & 5, art. 2, 4 and 6 of law 4533/2018, in the Separation Accounting Statement of 31.03.2018 and in the Report issued by Certified Auditors-Accountants Konstantinos Evangelinos (SOEL reg. no. 13151) and Panagiotis Preventis (SOEL reg. no. 14501) of 23.5.2018, which we submit to your Meeting for approval.

This transfer does not affect the existence of PPC SA.

The Separation Accounting Statement of 31.03.2018 and the Report by Certified Auditors-Accountants Konstantinos Evangelinos (SOEL reg. no. 13151) and Panagiotis Preventis (SOEL reg. no. 14501) were prepared for this branch separation and contribution.

From the aforementioned Accounting Statement and Book Value Verification Report issued by the Certified Auditors - Accountants it is resulted that net equity of the Branch amounts to 52,800,000 euros.

The net book value of the Branch determines the amount of the share capital of the Company, which will consist of 52,800,000 euros, consisting of 13,200,000 common registered shares of a nominal value of 4,00 euros each, all held by PPC SA.

Over such shares, PPC SA will acquire full, exclusive and unquestionable ownership, possession and holding, with the right to participate in the profits of the Company to be established.

From the legal point of view, the legal status of law 2166/1993, as it stands, chosen for the separation, on the one hand, provides the maximum tax advantages allowed by the Greek legislation and on the other hand it is expressly indicated by law 4553/2018.

Following the above, Messrs. Shareholders, please approve the Accounting Statement of 31.03.2018 and the Report by Certified Auditors-Accountants Konstantinos Evangelinos (SOEL reg. no. 13151) and Panagiotis Preventis (SOEL reg. no. 14501) of 23.5.2018, for the accounting of the assets and liabilities of the above Branch and decide to separate the Branch and contribute it by to the 100% subsidiary of PPC SA that is going to be established.

Finally, the proposed terms of the Draft of Separation Terms are the usual in similar cases and those imposed under the law.

**THE PRESIDENT**

**THE MEMBERS**