ANNUAL REPORT 2017

MYTILINEOS

# Message from the Chairman

In 2017, the global economy experienced another year of fundamental changes with high levels of volatility. Unresolved political conflicts in Europe and the USA, destabilisation in many parts of the world and widespread economic uncertainty were some of the key drivers of global developments during the year. Against this complex and unpredictable international background, Greece continued its reconstruction efforts in order to find a way out of the burdens of the past once and for all.

For MYTILINEOS, 2017 was a milestone year, marking the successful completion of its corporate transformation. Through the merger of its subsidiaries Aluminium of Greece, Protergia and METKA, MYTILINEOS formed a consolidated and large-scale organization, with a robust, yet flexible structure and an enhanced financial standing, which fully shield MYTILINEOS and its operations from the turbulence and challenges of the domestic crisis and global uncertainty. At the same time, the new corporate structure has provided diverse opportunities for the optimisation of asset allocation in investments and the accomplishment of substantial business synergies. Apart from the corporate transformation, 2017 marked the successful completion of another strategic move pursued by MYTILINEOS. The issuance of a Corporate Bond of EUR 300 Mio –the biggest corporate bond loan to be issued in Greece in recent years– was received by markets and investors with unprecedented success, highlighting the investment community's trust in MYTILINEOS' strategy of creating value for its employees, its shareholders and the Greek economy.

The performance and prospects of MYTILINEOS' individual business activities were quite positive over the year:

Aluminium of Greece –the company's Metallurgy Business Unit– formed a pioneering partnership with General Electric and installed the first Digital Smelter in the world, an innovative digital solution with which Aluminium of Greece shall be able to further optimize the aluminium production process, thus contributing to the enhancement of its operational performance and productivity. Moreover, with an emphasis on production cost control, in 2017 Aluminium of Greece launched the two-year programme «The Best». In addition, the company announced its intention to increase the annual production of alumina to 1.8 million tons by starting the feasibility study for the construction of a new refinery at the Agios Nikolaos industrial premises, in an investment budgeted at about EUR 400 million.

In 2017, METKA –the Engineering, Procurement and Construction Business Unit– dynamically sustained the concession, development and completion of Renewable Energy Sources and thermal electrical power projects in Europe and in the northern and sub-Saharan Africa region. In the same year, focusing on the rapidly growing sector of off-grid applications, METKA became a strategic investor in International Power Supply, the manufacturer of the award-winning off-grid power supply system «Exeron».

In 2017, Protergia –the company's Electric Power and Gas Business Unit– continued to rank first among the independent electricity suppliers, emerging from the opening up of the electricity market. Protergia's enhanced performance during the year resulted from the increased participation of its units in the country's energy mix and from the expansion of the company's customer base in the retail electricity market by 22%.

Thanks to the company's positive performance in the three business sectors in which it operates and the overall strategic advantages stemming from its corporate transformation, MYTILINEOS had a strong profitability growth in 2017, with annualized net profits increasing by 352% and turnover also rising considerably by 22.5% year-over-year.

In parallel with its core business unit activities and invariably in line with its key corporate values of sustainable development and the constant provision of added value to its social partners, MYTILINEOS continued to pursue its dynamic Corporate Social Responsibility programme.

In 2017, MYTILINEOS attained a «Leadership (A-)» ranking in water resource management under the global sustainable development initiative CDP. Moreover, it was among «THE MOST SUSTAINABLE COMPANIES in Greece» and one of the six companies described as «Sustainability Leaders». The company undertook further initiatives to revise the environmental management systems in all fields of its business activities, pursuant to the specifications of ISO14001/2015.

Furthermore, with a view to once again maximising its positive social impact in 2017, the company engaged in several social actions . In contribution to solving the school dropout problem, the company carried out the innovative social program «EIMAI MESA» («I'm in») for the second consecutive year. Joining the efforts to combat unemployment among the youth and the «brain drain» phenomenon, the company carried out –for the third year in a row– the «ENGINEERS IN ACTION» program and participated in «ReGeneration», a paid job placement program which is an initiative of the World Economic Forum for the professional development of our country's youth.

MYTILINEOS upheld its long tradition in the institution of open Social Debate with the 3rd consecutive themed consultation with its social partners under the title «Translating Entrepreneurship to value for society», highlighting the value of the sector's social footprint on the local communities in which it operates.

These notable accomplishments demonstrate the effectiveness of the company's corporate governance and provide it with the momentum required for MYTILINEOS to consistently pursue its strategic moves and further growth for the benefit of its employees, its shareholders and the Greek economy. As an integral corporate entity with solid foundations and great potential, the company has fully upgraded its corporate governance framework in line with European and international best practices, enhancing its communication with its investors. We are firmly committed to implementing our new strategy on the basis of the highest international business standards. Through our new and optimised corporate structure and governance, we seek an even stronger commitment to our investors with a view to providing further value to our shareholders.

Today MYTILINEOS is ready to take a crucial step and decisively move into a new era. Having successfully set its course and demonstrated its ability to anticipate developments, responding flexibly and effectively to unprecedented challenges, the company is well-positioned to influence and drive the future that is already here.

Committed to the vision, mission and corporate values which govern its alliance with society, MYTILINEOS undertakes the role that is consistent with its competitive and extrovert character as a leading force in all sectors in which it operates, invariably adhering to the principles of sustainable development, responsible growth and unfailing corporate excellence. MYTILINEOS is ready to leave its mark on the future and is fully prepared for the new day that has already dawned.

Evangelos G. Mytilineos

Chairman & CEO
of MYTILINEOS SA

# 1

# Annual Financial Report for the period from the 1st of January to the 31st of December 2017

According to article 4 of L. 3556/2007

## Table of Contents

## Representation of the Members of the Board of Directors
(according to article 4 par. 2 of L.3556/2007)

The
1. Evangelos Mytilineos, Chairman of the Board of Directors and Chief Executive Officer
2. Ioannis Mytilineos, Vice - Chairman of the Board of Directors
3. George Kontouzoglou, Member of the Board of Directors

CERTIFY

**a.** the enclosed financial statements of “MYTILINEOS HOLDINGS S.A.” for the period of 1.1.2017 to 31.12.2017, drawn up in accordance with the applicable accounting standards, reflect in a true manner the assets and liabilities, equity and results of “MYTILINEOS HOLDINGS S.A.”, as well as of the businesses included in Group consolidation, taken as a whole

and

**b.** as far as we know, the enclosed report of the Board of Directors reflects in a true manner the development, performance and financial position of “MYTILINEOS HOLDINGS S.A.”, and of the businesses included in Group consolidation, taken as a whole, including the description of the principal risks and uncertainties.

**Maroussi, 27 March 2018**

**The designees**

| Evangelos Mytilineos | Ioannis Mytilineos | George - Fanourios Kontouzoglou |
|---|---|---|
| Chairman of the Board of Directors and Chief Executive Officer | Vice - Chairman of the Board of Directors | Member of the Board of Directors |

# 2

# Annual Board of Directors Management Report

### Board of Directors Annual Management Report

### BOARD OF DIRECTORS ANNUAL REPORT

The present Board of Directors Annual Report pertains to the 2017 fiscal period. The Report has been prepared so as to ensure harmonization with the relevant provisions of C.L. 2190/1920 as in effect, of law 3556/2007 (GGI 91A/30.4.2007) and the issued executive decisions of the HCMC, especially HCMC Board of Directors Decision number 7/448/11.10.2007.

The present report contains financial details on the entity titled «MYTILINEOS HOLDINGS S.A.» (hereinafter called the «Company») and its subsidiaries and associated companies (hereinafter called the «Group», jointly with the company) for fiscal year 2017. It describes major events that occurred in the same period and their influence on annual financial statements. It also describes the main hazards and risks that may be faced by the Group member companies in the forthcoming year; finally, it lists major transactions between the Company and the persons associated with it.

## I. BUSINESS MODEL

MYTILINEOS S.A. is one of Greece's leading industrial companies, active in the sectors of Metallurgy, Electric Power and Gas Trading. Its diverse business activities, which also include significant operations abroad, are a driving force for the Greek economy. Today, the Company stands out for its unique and modern employment model, its dedication to Sustainable Development, the innovative mechanisms which adopts for business growth, its strategic investments in innovative solutions for modernising operations and the successful consolidation of its increasing presence in global markets.

Based in Greece, MYTILINEOS is also present, through the activities of its three core Business Units, in 29 countries in Europe, Central America, Africa, the Middle East and Asia.

The Company's turnover in 2017 stood at € 1.526 million, with earnings before interest, tax, depreciation and amortisation (EBITDA) of €306 million. On 31.12.2017, the Company employed a total of 2,956 persons (2016: 2,817).

The Company's prospects for growth over the next five years are based on its efforts for expanding its portfolio of energy assets in the Greek power generation market currently under liberalisation, as well as for sustaining the current growth rates in its EPC and Metallurgy Business Units.

### Business Mission

The mission of MYTITILINEOS is: *"To operate in challenging local and international markets, with inventiveness, efficiency and respect for the environment and for society. To rely on the potential of our people and to create value for our customers, our shareholders, our employees and the Greek economy."*

The Company's primary goal is to strive for continuous and responsible growth and to maximise operational and financial synergies between its Business Units in order to further maintain and expand its strong market position in all the areas of its business activity.

This goal translates into the following strategic priorities:

### METALLURGY AND MINING SEGMENT

- Completion of new vertical integration projects and further development of the activities of the Metallurgy Business Unit.
- Increase of competitiveness through strategic investments and enhancing productivity.
- Maintaining a strong focus on exports.
- Continuous improvement of productivity and reduction of production costs.

### EPC AND INFRASTRACTURE SEGMENT

- Focusing on undertaking large-scale turn-key energy projects.
- Expansion to existing and new developing markets.
- Exploring new opportunities in the context of undertaking large-scale infrastructure projects in developing countries.

### ELECTRIC POWER & GAS TRADING SEGMENT

- Exploring new opportunities in the context of the liberalisation of the Greek market for energy.
- Increase of the Company's share of the retail market for electric power.
- Strengthening the Company's position as the largest independent producer and supplier of electric power in Greece.
- Continued investments in the sector of Renewable Energy Sources.
- Optimisation of the coverage under competitive terms of operational needs in natural gas and achievement of strategic synergies in natural gas trading.
- Pursuing the establishment of strategic alliances.

At the same time, the Company's dynamic business growth is inextricably linked to the principles of Corporate Social Responsibility and Sustainable Development. For MYTILINEOS, Sustainable Development is synonym to seeking business excellence with dedication to the corporate vision and with respect for society, the environment, its people and its shareholders. The Company's sustainability policy is founded on the harmonious coexistence of its business activities with the needs of the local communities where its operations are based.

From the early beginning of 2017, in the framework of the corporate transformation the Company has entered a new era of evolution which presents improved prospects for growth, to the benefit of all its Stakeholders. In moving forward to the next decade, the elements that define the framework for the achievement of the Company's objectives in the domain of Corporate Social Responsibility comprise continuous learning and self-improvement, response to Stakeholder concerns, and transparency and accountability in connection with Company policies, decisions and performance, together with the recently enacted legislation. With its renewed, strong system of corporate governance and a new operational structure in place, the Company will work systematically and with enhanced effectiveness in order to promote sustainable practices across its value creation chain, and develop partnerships that will promote the United Nations' 17 Sustainable Development Goals. In the upcoming years, the Company will focus on five (5) key objectives:

- to remain steadfast in its goal to ensure a work environment free from accidents and occupational diseases;
- to continue treating its people with responsibility and consistency and to remain their first choice of employer during their entire career paths;
- to promote the concept of Responsible Entrepreneurship to its key suppliers and business partners;
- to stabilise and reduce its environmental footprint;
- to continue implementing consistently its social policy, through actions and initiatives that enhance the harmonious coexistence with its local communities as well as with the broader society.

**Corporate Values**

The Company's corporate values are based on the principles and the vision of its Management. They are at the very heart of its culture and represent the foundations for its business activities and growth.

➢ **Efficiency with Priority on Safety**

The Company takes up difficult challenges and remains focused on achieving its objectives, yet always ensuring safety at the workplace.

➢ **Ceaseless Effort for Competitiveness by All Employees**

The Company's effort to be competitive is an ongoing one and relies on the know-how, skills and dedication of its people, as well as on continued modernisation investments.

➢ **Respect and Important Role for all Employees**

The Company respects employees, develops their abilities, provides them with communication and supplies them with everything they need, and empowers them in their role, in all jobs across the organisation.

➢ **Two Success Factors: Team Spirit and Excellence**

The Company achieves results which initially seem impossible by working as a team. However, it also recognises personal excellence and makes use of it.

➢ **Continuous Improvement by All in All Areas**

Continuous improvement is integral to the role of the Company, alongside the performance of the current work. Every employee knows his job well, develops ideas to improve it and is given credit when good ideas of his are implemented.

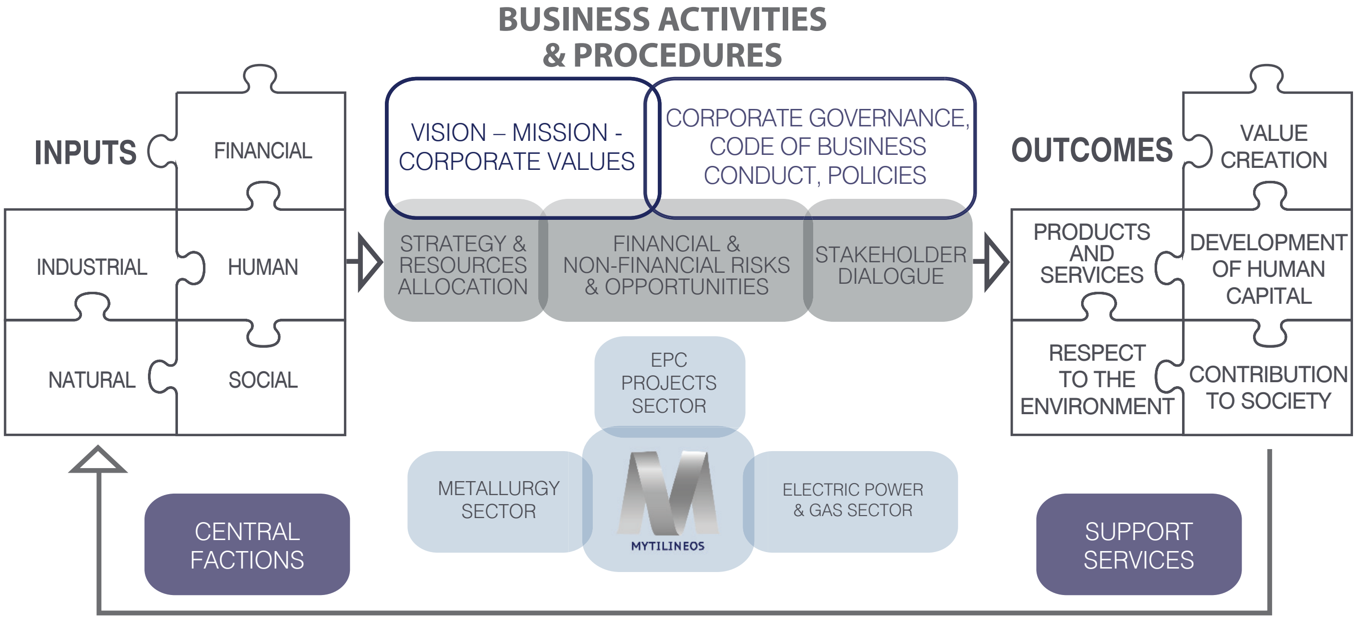
**Value creation process**

The manner in which the Company obtains, creates and offers value is a core element of its business model. The Company's Business Units represent the main activities required in order to create and provide value, approach the markets, establish and maintain relations with clients and generate income. The Company's value is created through:

- the production of primary cast Aluminium products, made form one of the most environment-friendly metals, thus ensuring a safe work environment and the application of responsible and sustainable practices in the extraction process;
- the construction of integrated power generation plants with the minimum possible environmental footprint, in countries with substantial needs in energy infrastructure, thus helping ensure access to energy for thousands of people;
- the generation and supply of electric power from highly efficiency RES and Natural Gas power plants.

Achieving all of the above requires the utilisation of key resources – financial, industrial, human, natural, social and intangible resources – and their interaction in the decision-making process, which affects the Company's capacity to create value on an annual basis.

A schematic depiction of the value creation process of MYTILINEOS is given below.




## INPUTS

**FINANCIAL CAPITAL**
- Cash flows from operating activities and investments
- Total Equity
- Loans

**INDUSTRIAL CAPITAL**
- 25 Industrial production & Renewable Energy Sources (RES) plants

**HUMAN CAPITAL**
- 2.956 employees (direct & indirect)
- Employees abilities and capabilities

**NATURAL CAPITAL**
- Raw & other materials
- Air
- Water
- Land use & Biodiversity

**SOCIAL CAPITAL**
- Social policy
- Social license to operate
- Disclosure Policy
- MYTILINEOS's Reputation

## OUTCOMES VALUE CREATION ON SUSTAINABLE DEVELOPMENT ISSUES

**FINANCIAL VALUE CREATION**
- Financial ratios of return ROCE, ROE & EVA
- Net Profit
- Financing capability and development of operations
- Dividends distribution to shareholders
- Payouts to capital providers
- Logistics expenditures

**PRODUCTS & SERVICES**
- Total exports
- Aluminum product sales
- EPC Projects backlog
- Energy produced from Renewable Energy Resources
- Retail Energy market share

**RESPECT OF NATURAL ENVIRONMENT**
- Fully compliance with environmental rules & regulations
- Stabilization of air emissions
- Responsible management of water resources
- Waste recycling
- Mining sites rehabilitation

**DEVELOPMENT OF HUMAN CAPITAL**
- Healthy & Safe working environment
- Low turnover ratio of specialized employees
- Stable workplace environment
- Productivity improvement
- Effective management
- Skills development
- Women in positions of responsibility

**SOCIAL CONTRIBUTION**
- Job creation & local employment growth
- Cooperation with local communities and regional administration
- Support of local communities infrastructure
- Taxes payments
- Support of local suppliers
- Responsible operation respecting employment and local communities rights.

**CENTRAL FACTIONS:** HUMAN RESOURCES MANAGEMENT – LEGAL & REGULATORY – FINANCE - TRESURY - MERGERS & ACCUISITIONS – CORPORATE COMMUNICATION & MARKETING

**SUPPORT SERVICES:** OCCUPATIONAL HELTH & SAFETY – ENVIRONMENTAL MANAGEMENT SYSTEM – SUPPLY CHAIN MANAGEMENT – CORPORATE SOCIAL RESPONSIBILITY – QUALITY STANDARDS & POLICY - SALES SYSTEMS & CUSTOMER MANAGEMENT – RECEARCH & DEVELOPMENT

The Company's Business Model relies on the use of key performance indicators, which can be consulted at the following address: http://scorecard.mytilineos.gr/index-en.html/.

## II. 2017 REVIEW - PERFORMANCE AND FINANCIAL POSITION

Year 2017, was marked by the Greek economy's return to growth, after the unprecedented – in terms of both duration and intensity – recession. More specifically, according to recent data the GDP growth rate for 2017 stood at 1.3%, the highest-ever for the last ten years. At the same time, since the summer of 2017 Greece has been gradually regaining access to the international capital markets, as the first issuance of a five-year government bond in July was followed in November by the successful exchange of €25.8 billion of bonds and the completion of the third review of the country's economic adjustment programme.

These developments confirm the progress that has been achieved through the extremely painful fiscal adjustment which has taken place during the previous years and pave the way for the completion of the country's third economic adjustment programme, which will also signal the end of the financial support from the European Stability Mechanism (ESM).

Yet despite the distinct improvement achieved on the macroeconomic front, which is also reflected in the positive forecasts of a pick-up in the growth rate, significant risks persist in the domestic as well as in the international environment, which might adversely affect economic prospects in the months to come.

In Greece, the tight fiscal policy continues to impact negatively on the market, while relatively little progress has been made in dealing with the problem of the resolution of non-performing loans. On the international front, the widespread political instability, the rise of Euroscepticism in the EU, the prospects of strengthened economic protectionism and a potential rekindling of inflation, are areas of great concern. Finally, the FED's increase of interest rates and the gradual withdrawal of the quantitative easing measures by the ECB may pose challenges to economies that are significantly dependent on the support measures of Central Banks.

MYTILINEOS, following the successful completion of its corporate transformation in 2017, has laid solid foundations in order to benefit the most from the anticipated recovery of the Greek economy. In parallel, it remains strongly extrovert and is planning new investments that will further increase and strengthen its competitiveness in its business activity sectors.

### Metallurgy and Mining Sector

After the lows of many years which had been observed in the first quarter of 2016, the prices for Aluminium followed an upward trend, which was continued during 2017 with a constant increasing trend per quarter.

More specifically, the average price for Aluminium in the LME stood at $1,979/tn in 2017, up by approximately 23% relative to the previous year, while the premia for Aluminium products remained at the same levels with those of 2016, but with an increasing trend during the 4$^{th}$ quarter of 2017. The performance of the USD against other currencies was strengthened, with the Euro/USD parity standing at 1.13 for 2017, compared to 1.11 of 2016.

The API index for Alumina recorded a historical high in the end of 2017 and the average for year 2017 was increased by 100 $/t in comparison to the average price of 2016. The API index effects alumina's sales price.

The sector's fundamentals remain strong, as demand in 2017 reached nearly 64 million tonnes, increasing in line with or little under the worldwide supply. On the production side, the progress of reforms in China remains a key driver of developments, through the limitation of aluminium production of aluminium without license as well as because of the environmental protection requirements.

In this environment, MYTILINEOS remains committed to the strict control of costs with the implementation of its third cost optimization programme under the name "The Best".

### EPC & Infrastructure Sector

Despite the continuing volatility of the external environment, the Business Unit EPC showed a positive performance during the year continuing the successful execution of the existing projects.

At the same time the dynamic entry in the energy market of the sub-Saharan Africa continued with the signature of another significant contract in Ghana, valued at USD 363 m. The contract, includes the engineering, procurement construction and commissioning of a new Combined Cycle Power Plant located in Tema, 16 miles east of Accra.

In September 2017, an agreement was signed to carry out the engineering, procurement and construction (EPC) contract for the new power plant of 650 MW in Tobruk, Libya. The contract value for MYTILINEOS amounts to $400 million.

It should be noted that the backlog of the existing projects amounts up to € 1,31 bil. for the Group.

### Electric power and gas trading sector

In the domestic energy market, demand for electricity remains at low levels, as it is negatively affected by the weak performance of the Greek economy. Demand for electricity grew by 1.6% in 2017 to reach 52 TWh, a development that was nevertheless also due to the climate conditions.

In terms of the generation mix, natural gas posted the strongest growth in the first half of 2017 (+23.1%), with its share in the generation mix rising to 30%, from 21% in the previous year. The production of electricity from lignite-fired plants also increased, (+10.0%), with the lignite's share in the generation mix standing at 31%. In contrast, net imports of electricity and generation from hydropower plants decreased by 29.1% and 28.6%, respectively, with the total generation from RES-based plants also decreasing by 3.6%.

As a consequence of the above trend, the average System Marginal Price (SMP) grew to €54.68, up by +27.6% in comparison to 2016.

In this environment, in 2017 MYTILINEOS continued to strengthen its presence in both the wholesale and retail electricity markets. More specifically, the Company ranks first among all private suppliers, with a market share of 3.36%, compared to 2.69% in 2016. At the same time, the generation of electricity by the Company's units grew by 17% to 4.9 TWh for 2017, corresponding to 10.7% of domestic production.

Specifically, the effect in Group's turnover and EBITDA during 2017 compared to 2016 is presented below:

## A.SALES

| *Amounts in mil. €* | Metallurgy and Mining Sector | EPC & Infrastructure Sector | Power & Gas Sector | Others | Discontinued Operations | Total |
|---|---|---|---|---|---|---|
| **Turnover 2016** | **447,9** | **438,4** | **363,8** | **0,0** | **(4,0)** | **1.246,1** |
| ***Effect from:*** | | | | | | |
| Premia & Prices | 25,4 | - | 55,0 | - | - | 80,4 |
| Organic $/€ eff. | 9,6 | - | - | - | - | 9,6 |
| LME | 20,9 | - | - | - | - | 20,9 |
| EPC Contrancts | - | 62,9 | - | - | - | 62,9 |
| Volumes | (13,0) | - | 99,3 | - | - | 86,4 |
| CACs [1] | - | - | (10,3) | - | - | (10,3) |
| Shut-Down income | - | - | (2,1) | - | - | (2,1) |
| LNG | 28,8 | - | - | - | - | 28,8 |
| Other - One offs | - | - | 1,7 | 1,0 | 1,3 | 4,0 |
| **Turnover 2017** | **519,6** | **501,4** | **507,4** | **1,0** | **(2,7)** | **1,526.7** |

## B. EBITDA

| *Amounts in mil. €* | Metallurgy and Mining Sector | EPC & Infrastruc-ture Sector | Power & Gas Sector | Others | Discontinued Operations | Total |
|---|---|---|---|---|---|---|
| **EBITDA 2016** | **84,3** | **81,8** | **65,3** | **(10,9)** | **1,8** | **222,4** |
| ***Effect from:*** | | | | | | |
| Premia & Prices | 25,4 | | (6,8) | | | 18,6 |
| Organic $/€ eff. | 16,8 | | | | | 16,8 |
| LME | 20,9 | | | | | 20,9 |
| Electricity | 4,4 | | | | | 4,4 |
| Opex & R/M | (16,9) | (6,9) | (9,0) | 4,8 | | (28,0) |
| EPC Contrancts | | 2,9 | | | | 2,9 |
| Volumes | 5,8 | | 9,7 | | | 15,5 |
| Fuel Oil + NG + Steam | 0,2 | | | | | 0,2 |
| Zn-Pb discontinued operation | 0,8 | | | | | 0,8 |
| CACs [1] | | | (10,3) | | | (10,3) |
| Clean spark spread (Price effect) | | | 26,8 | | | 26,8 |
| Shut-Down income | | | | | | |
| Energy cost / SMP[2] - NOME | | | (0,7) | | | (0,7) |
| LRUCRESSA[3] (Price effect) | | | (12,4) | | | (12,4) |
| RES | | | 6,9 | | | 6,9 |
| Trading | | | 4,5 | | | 4,5 |
| Other - One offs | (17,5) | 10,0 | 0,5 | 24,6 | (0,9) | 16,7 |
| **EBITDA 2017** | **124,1** | **87,8** | **74,7** | **18,5** | **0,9** | **306,0** |

## C. Net Profit after minorities

| *Amounts in mil. €* | Metallurgy and Mining Sector | EPC & Infrastructure Sector | Power & Gas Sector | Others | Discontinued Operations | Total |
|---|---|---|---|---|---|---|
| **Net Profit after Minorities 2016** | | | | | | **34,2** |
| ***Effect from:*** | | | | | | |
| Earnings before interest and income tax (EBIT) | 39,5 | 6,7 | 16,2 | 24,0 | (2,6) | 83,8 |
| Net financial results | | | | | | 12,5 |
| Minorities | | | | | | 23,9 |
| Discontinued Operations | | | | | 2,4 | 2,4 |
| Income tax expense | | | | | | (2,2) |
| **Net Profit after Minorities 2017** | | | | | | **154,6** |

The Group's policy is to monitor its performance on a month to month basis thus tracking on time and effectively the deviations from its goals and undertaking necessary actions. The group evaluates its financial performance using the following generally accepted Key Performance Indicators (KPI's).

**- EBITDA (Operating Earnings Before Interest, Taxes, Depreciation & Amortization):** The Group defines the «Group EBITDA» quantity as profits/losses before tax, itemized for financial and investment results; for total depreciation (of tangible and intangible fixed assets) as well as for the influence of specific factors, i.e. shares in the operational results of liaised bodies where these are engaged in business in any of the business sectors of the Group, as well as the influence of write-offs made in transactions with the above mentioned liaised bodies.

**- ROCE (Return on Capital Employed):** This index is derived by dividing profit before tax and financial results to the total capital employed by the Group, these being the sum of the Net Position; the sum of loans; and long - term forecasts.

**- ROE (Return on Equity):** This index is derived by dividing profit after tax by the Group's Net Position.

**- EVA (Economic Value Added):** This metric is derived by multiplying the total capital employed with the difference (ROCE – Capital Expenditure) and constitutes the amount by which the financial value if the company increases. To calculate the capital expenditure, the Group uses the WACC formula – « Weighted Cost of Capital».

The Weighted average cost of capital is calculated as, the quotient of Equity Capital to Total Capital Employed (Equity Capital and Debt) multiplied by the return on Equity* plus the quotient of Debt to Total Capital Employed (Equity Capital and Debt) multiplied by the return on Debt adjusted by the company tax rate (due to tax saving on interest paid).

$$WACC = \frac{E}{E+D} r_E + \frac{D}{E+D} r_D\,(1-Tc)$$

Where
E Equity Capital
D Debt
rE Return on equity
rD Return on debt
Tc Tax rate

*Return on Equity is calculated by utilizing the "Capital Asset Pricing Model" (CAPM) and is equal to risk-free rate of return plus a risk premium multiplied by beta coefficient that reveals the variability of the stock in relation to market fluctuations.

WACC for 2017 equals 5.45% and is based on Group's country exposure.

The above indicators for 2017 compared to 2016 are as follows:

EBITDA & EVA in thousands €

| | 2017 | 2016 |
|---|---|---|
| **EBITDA** | 305,978 | 222,363 |
| **ROCE** | 14.39% | 12.10% |
| **ROE** | 11.32% | 3.45% |
| **EVA** | 190,012 | 122,105 |

## III. Significant information

During the reporting period, the Group proceed to the following:

- On 21.07.2017, MYTILINEOS (under its identity as legal successor of METKA due to merger) announced that it has concluded an agreement with the General Authority for Electricity and Renewable Energy of Libya (GAEREL) to carry out the engineering, procurement and construction (EPC) contract for a new power plant in Tobruk, Libya. The project, with total output of more than 500MW, includes the supply and installation of 3 General Electric GT13E2 gas turbines in open cycle configuration, together with all associated balance of plant equipment and a 220/66kV substation. The contract value for MYTILINEOS amounts to $380 million. The contract is subject to final approval from the responsible state authorities in Libya, and will only become effective upon opening of an irrevocable letter of credit confirmed by 1st class international bank. The project will be carried out on a fasttrack schedule so that the first gas turbine will be ready to connect to the grid within 9 months from commencement, and the second and third gas turbines will be ready for connection within 10 and 11 months respectively. This is METKA's first major project in Libya and emphasizes the company's commitment towards supporting markets with critical needs for power. This is MYTILI-

NEOS' first major project in Libya and emphasizes the company's commitment towards supporting markets with critical needs for power.

- On 14.02.2017, MYTILINEOS (under its identity as legal successor of Aluminium of Greece due to merger) and General Electric signed a 10-year agreement, to implement global first-of-their-kind digital smelter solutions for AoG to enhance its aluminium smelting process and contribute to increased operational efficiency and productivity.

- Following the BoD decisions of 23.03.2017, the AGM decisions of MYTILINEOS S.A. and METKA S.A of 01.06.2017 and AGM decisions of ALUMINIUM OF GREECE, PROTERGIA and PROTERGIA AGIOS NIKOLAOS POWER S.A of 06.06.2017 as well as the as the BoD Report on the merger in line with article 69 paragraph 4 of Law 2190/1920 and the article 4.1.4.1.3 of the Athens Exchange Rulebook, all the aforementioned companies have approved the corporate restructuring by absorption of METKA, ALUMINIUM OF GREECE, PROTERGIA and PROTERGIA AGIOS NIKOLAOS POWER S.A by MYTILINEOS. It shall be noted that on 06.07.2017 , the merger was approved by the Ministry of Economy and Development. On 12.07.2017, trading commenced on the Athens Exchange of the 25,975,299 new common registered voting shares of the Company, of a nominal value of €0.97 each, which resulted from the increase of its share capital due to the merger.

Said corporate restructuring has no effect on the control of MYTILINEOS. On a Group level, the sole change is the conversion of METKA's non-controlling shareholders, to shareholders of the new entity.

- On 23.06.2017, the completion of the Public Offer of the bonds of MYTILINEOS was announced. A total of 300.000 common, bearer bonds of the Company with a nominal value of €1.000 each (the Bonds) have been allocated and as a result capital of an amount of €300.000.000 has been raised. The total demand from investors that participated in the Public Offer was €740,8 m. The final yield has been set at 3,10%, the Bonds interest rate at 3,10% and the offer price of the Bonds at €1.000 each, namely 100% of the nominal value.

- On 30.06.2017, MYTILINEOS (under its identity as legal successor of METKA due to merger) announced the signature of a new EPC contract with Early Power Limited (EPL), Consortium consisting of Endeavor Energy, a leading independent power development and generation company focused on Africa, Sage, a leading independent Ghanaian energy trading firm, and General Electric, for a new power plant in Ghana. The Bridge Power project (stage 1) will be executed through MYTILINEOS' 100% subsidiary Power Projects Limited, and its scope includes the engineering, procurement, construction and commissioning of a 200 MW power project being fueled by LPG, Natural Gas and Diesel. This is MYTILINEO's third major project in Ghana and the contract value is approximately 363$ million.

- On 29.08.2017, MYTILINEOS announced its justification to the International Arbitral Tribunal against Serbia. Following an international arbitration process lasting several years, the International Arbitral Tribunal to which MYTILINEOS had recourse against the Serbian company RTB Bor requesting compensation, issued an award of $ 40 million vindicating the Greek company. The award is an important landmark in the international annals of arbitration due to the uniqueness and complexity of the factual matrix, as well as the particular difficulty that exists when a private company has recourse to Arbitral Tribunals against a sovereign State (and in particular a European State).

- On 27.09.2017, further to the announcement dated 27/1/2017 related to the undertaking of the project for the construction of a power plant in Libya, MYTILINEOS signed the agreement with the General Electricity Company of Libya (GECOL) to carry out the engineering, procurement and construction (EPC) contract for the new power plant, in Tobruk, Libya. This new dual fuel (natural gas or distillate fuel oil) plant with total power output of more than 650MW, will be carried out on a fast-track schedule. The contract is subject to the final approval of the competent state authorities of Libya and will enter into force after the opening of the irrevocable letter of credit, certified by a first class international bank. The contract value for MYTILINEOS amounts to $400 million.

- The 22.12.2017 was set as the record date for beneficiaries of interest payment for the first Interest Payment Period, i.e. from 27.06.2017 to 27.12.2017, according to the terms of the dated 27.06.2017 common bond loan issued by MYTILINEOS HOLDINGS S.A. The gross interest amount for the first Interest Payment Period amounted to € 4.727.500,00, i.e. € 15.7583333333 per bond, which was calculated at an annual interest rate of 3.10% (before tax) and corresponded to 300,000 bonds that were being traded on the Athens Exchange on that date. The payment of the accrued interest to the bondholders took place through the "Hellenic Central Securities Depositary S.A." on 27.12.2017.

## IV. PROSPECTS – RISKS AND UNCERTAINTIES FOR THE YEAR AHEAD

### A. Prospects for 2017

#### Metallurgy and Mining Sector

In the Metallurgy and Mining sector, the growth rate of global aluminium demand is expected to remain strong during 2018, thus helping support aluminium prices.

The API index is expected to remain high, but decreasing in comparison to the historical highs of the fourth quarter of 2017.

Price pressures are expected for raw materials in comparison with 2017, while the euro already shows to strengthen against the USD in the future.

The developments regarding the performance of emerging economies and especially of the Chinese economy, the energy costs, the evolution of the Euro/USD parity as well as a potential strengthening of protectionist policies are expected to be the key factors that will determine the developments in the sector in the months ahead.

The strong fundamentals, as these are reflected in the upward trend of Aluminium prices, and the Company's steadfast focus on the strict control of production costs, create the conditions for achieving a strong financial performance 2018.

#### EPC & Infrastructure Sector

The Group adjusts its strategic planning by focusing on the development of its activities in markets with particular demands, where its prestige and know-how can generate significant added value.

Based on this strategy, the company will pursue the timely execution of existing projects and the signing of new contracts in targeted markets. Group will continue to implement its plan for the expansion and strengthening of its presence in the markets of Asia and Africa. Penetration in the market of Iran will remain an essential business objective for the company, with a view to exploiting the new opportunities in the energy infrastructure sector. At the same time, the Group will continue to implement photovoltaic projects, through its subsidiary METKA EGN.

### Energy Sector

In spite of the progress made during the last few years, the energy market is still in a transition stage and the achievement of the targets set for strengthening competition and for the effective opening up of the market will require the promotion of major regulatory changes.

With 1.3 GW of installed capacity currently in full operation, MYTILINEOS is firmly established as the largest independent energy producer and supplier in the country and has secured the critical size required in order to benefit the most from the expected full liberalisation of the domestic electricity market.

Moreover, in 2018 the Company enters the retail market of Natural Gas, while the Company will increase its market share in Renewable Energy Sources by operating in 2018 two new wind farms of installed capacity of 63.3 MW.

## V. Business Risk Management

### Financial risk management aims and policies

The Group's activities give rise to multiple financial risks, including the current and interest rate related risks; the volatility in market prices; credit risks; and liquidity risks. The Group's risk management program aims at containing potential negative influence to its financial results, as this may arise from the inability to predict financial markets and the volatility with respect to cost and sales variables.

The essential risk management policies are determined by the Group's Management. The risk management policy is applied by the Corporate Treasury Department. The latter acts as a service centre, operating under specific Management - approved lines.

### Credit Risk

The Group does not exhibit any considerable concentration of credit risk in any of the contracted parties. Credit risk originates from available cash and cash equivalents, derivative financial instruments and deposits at banks and financial institutions; also from exposure to client derived credit risk.

Regarding commercial and other claims, the Group is not theoretically exposed to significant credit risks; as of the multifaceted nature of the Group's activities, there is no significant concentration of credit risk with respect to its commercial requirements, as this is allocated over a high number of clients. However, the atypical conditions that dominate the Greek market and several other markets in Europe are forcing the Group to constantly monitor its business claims and also to adopt policies and practices to ensure that such claims are collected. By way of example, such policies and practices include insuring credits where possible; pre-collection of the value of product sold to a considerable degree; safeguarding claims by collateral loans on customer reserves; and receiving letters of guarantee.

To minimize credit risk on cash reserves and cash equivalents; in financial derivate contracts; as well as other short term financial products, the Group specifies certain limits to its exposure on each individual financial institution and only engages in transactions with creditworthy financial institutions of high credit rating.

The tables below summarize the maturity profile of the Group's financial assets as at 31.12.2017 and 31.12.2016 respectively:

**MYTILINEOS GROUP**

| | | Past due but not impaired | | | Non past due but not impaired | Total |
|---|---|---|---|---|---|---|
| *(Amounts in thousands €)* | 0-3 months | 3-6 months | 6-12 months | > 1 year | | |
| **Liquidity Risk Analysis - Trade Receivables** | | | | | | |
| 2017 | 58,253 | 14,129 | 16,599 | 20,115 | 636,760 | 745,856 |
| 2016 | 50,589 | 26,327 | 5,959 | 65,013 | 442,690 | 590,578 |

**MYTILINEOS S.A.**

| | | Past due but not impaired | | | Non past due but not impaired | Total |
|---|---|---|---|---|---|---|
| *(Amounts in thousands €)* | 0-3 months | 3-6 months | 6-12 months | > 1 year | | |
| **Liquidity Risk Analysis - Trade Receivables** | | | | | | |
| 2017 | 36,342 | 10,022 | 4,912 | 19,206 | 355,672 | 426,155 |
| 2016 | - | 205 | - | 59 | - | 264 |

### Liquidity Risk

Liquidity risk is related with the Group's need for the sufficient financing of its operations and development. The relevant liquidity requirements are the subject of management through the meticulous monitoring of debts of long term financial liabilities and also of payments made on a daily basis.

The Group ensures that there is sufficient available credit facilities to be able to cover its short-term business needs, after the calculation of cash flows arising from the operation as well as cash and cash equivalents which are held. The funds for long-term liquidity needs ensured by a sufficient amount of loanable funds and the ability to sell long-term financial assets.

The tables below summarize the maturity profile of the Group's liabilities as at 31.12.2017 and 31.12.2016 respectively:

**MYTILINEOS GROUP**

| Liquidity Risk Analysis - Liabilities (Amounts in thousands €) 2017 | up to 6 months | 6 to 12 months | 1 to 5 years | after 5 years | Total |
|---|---|---|---|---|---|
| Long Term Loans | - | - | 498,870 | 90,456 | 589,326 |
| Short Term Loans | 50,629 | 45,948 | - | - | 96,577 |
| Trade and other payables | 282,757 | 108,979 | 19,805 | - | 411,541 |
| Other payables | (230,131) | 257,459 | 975 | 55,556 | 83,859 |
| Current portion of non - current liabilities | 22,342 | 21,415 | - | - | 43,756 |
| **Total** | **125,597** | **433,801** | **519,650** | **146,012** | **1,225,060** |

**MYTILINEOS GROUP**

| Liquidity Risk Analysis - Liabilities (Amounts in thousands €) 2016 | up to 6 months | 6 to 12 months | 1 to 5 years | after 5 years | Total |
|---|---|---|---|---|---|
| Long Term Loans | - | - | 387,272 | 41,378 | 428,650 |
| Short Term Loans | 75,862 | 143,150 | - | - | 219,012 |
| Trade and other payables | 339,426 | 36,273 | 32,733 | - | 408,431 |
| Other payables | (195,017) | 248,174 | 568 | - | 53,725 |
| Current portion of non - current liabilities | 33,189 | 135,324 | - | - | 168,513 |
| **Total** | **253,460** | **562,921** | **420,573** | **41,378** | **1,278,332** |

**MYTILINEOS S.A.**

| Liquidity Risk Analysis - Liabilities (Amounts in thousands €) 2017 | up to 6 months | 6 to 12 months | 1 to 5 years | after 5 years | Total |
|---|---|---|---|---|---|
| Long Term Loans | - | - | 388,160 | - | 388,160 |
| Short Term Loans | 31,801 | 43,692 | - | - | 75,492 |
| Trade and other payables | 264,888 | 21,363 | 19,618 | - | 305,869 |
| Other payables | 46,524 | 6,055 | - | 14,909 | 67,488 |
| Current portion of non - current liabilities | 18,440 | 13,190 | - | - | 31,631 |
| **Total** | **361,653** | **84,300** | **407,778** | **14,909** | **868,640** |

**MYTILINEOS S.A.**

| Liquidity Risk Analysis - Liabilities (Amounts in thousands €) 2016 | up to 6 months | 6 to 12 months | 1 to 5 years | after 5 years | Total |
|---|---|---|---|---|---|
| Long Term Loans | - | - | 5,250 | - | 5,250 |
| Short Term Loans | - | 15,363 | - | - | 15,363 |
| Trade and other payables | 17,403 | 198 | - | - | 17,601 |
| Other payables | 123,223 | - | 568 | - | 123,791 |
| Current portion of non - current liabilities | 500 | 2,968 | - | - | 3,468 |
| **Total** | **141,126** | **18,529** | **5,818** | **-** | **165,473** |

It must be noted that the above table does not include liabilities to clients from the performance of construction projects, as the maturity of such values cannot be assessed.

Moreover, cash-advances from customers, construction contacts liabilities as well as the provisions and accrued expenses are not included.

### Capital Control imposition in Greece

The Group is constantly and vigorously monitoring capital controls, stemming from the Legislative Act (L.A.) of June 28th 2015 and any subsequent ones, taking every necessary measure to safeguard its going concern. Through the strength of its international profile and export orientation, the Group copes with existing difficulties, supports the liquidity of the Greek system and achieves a smooth and normal operation for all its sectors of activity.

### Market Risk

### Price Risk

Goods prices that are mainly determined by international markets and global offer and demand result in the Group's exposure to the relevant prices fluctuation risk.

Goods' prices are connected both to variables that determine revenues (e.g. metal prices at LME) and to the cost (e.g. natural gas prices) of the Group's companies. Due to its activity, the Group is exposed to price fluctuation of aluminium (AL), zinc (Zn), lead (Pb) as well as to price fluctuation of natural gas, as production cost.

As regards price fluctuation of metals, the Group's policy is to minimize risk by using financial derivative instruments.

### Exchange rate risk

The Group develops activity at international level and is therefore exposed to exchange rate risk that arises mainly from the US dollar. Such risk primarily stems from commercial transactions in foreign currency as well as from net investments in foreign financial entities. For the management of such risk, the Group's Financial Management Department establishes financial derivative and non-derivative instruments with financial organizations for the account and in the name of the Group's companies.

At the Group level, such financial instruments are considered to constitute compensation means for the exchange rate risk of specific assets, liabilities or future commercial transactions

### Interest rate risk

The Group's assets that are exposed to interest rate fluctuation primarily concern cash and cash equivalents. The Group's policy as regards financial assets is to invest its cash in floated interest rates so as to maintain the necessary liquidity while achieving satisfactory return for its shareholders. In addition, for the totality of its bank borrowing, the Group uses floating interest rate instruments. Depending on the level of liabilities in floating interest rate, the Group proceeds to the assessment of interest rate risk and when necessary examines the necessity to use interest bearing financial derivative instruments. The Group's policy consists in minimizing its exposure to interest bearing cash flow risk as regards long-term funding.

### Effect from risk factors and sensitivities analysis

The effect from the above mentioned factors to Group's operating results, equity and  net results as at 31.12.2017 and 31.12.2016 presented in the following table:

| LME AL (Aluminium) | $/t | + 50 | - 50 |
|---|---|---|---|
| EBITDA | m. € | 1,0 | (1,0) |
| Net Profit | m. € | 1,0 | (1,0) |
| Equity | m. € | 1,0 | (1,0) |

| Exchange Rate €/$ | €/$ | -5% | +5% |
|---|---|---|---|
| EBITDA | m. € | (5,6) | 5,6 |
| Net Profit | m. € | (5,6) | 5,6 |
| Equity | m. € | (5,2) | 5,2 |

| BRENT | $/t | - 50 | + 50 |
|---|---|---|---|
| EBITDA | m. € | 0,3 | (0,3) |
| Net Profit | m. € | 0,3 | (0,3) |
| Equity | m. € | 0,3 | (0,3) |

| NG Price | €/MWh | - 5 | + 5 |
|---|---|---|---|
| EBITDA | m. € | 12,5 | (12,5) |
| Net Profit | m. € | 12,5 | (12,5) |
| Equity | m. € | 12,5 | (12,5) |

The Group's exposure in price risk and therefore sensitivity may vary according to the transaction volume and the price level. However the above sensitivity analysis is representative for the Group exposure in 2017 and 2016.

## VI. PAYMENTS TO GOVERNMENTS REPORT

Mytilineos Group, according to article 6 of law 3557/2007, pasid to the Hellenic Government, for the year ended at 31st of December 2017, an amount of 401 thousand Euros, due to the mining activity of its subsidiary company.
The above mentioned amount is related to the Mining Rights of Delphi-Distomon SA subsidiary company.

## VII. NON FINANCIAL INFORMATION

### Materiality analysis of sustainability issues

The process for identifying and evaluating the Material sustainability issues is a key practice of the MYTILINEOS operation. Through this process, the Company ensures the alignment of its strategy with its objectives and its social and environmental initiatives, operating responsibly across the full range of its activities.

At the same time, the open dialogue with the Stakeholders, a practice embedded in the core of MYTILINEOS responsible operation, besides reinforcing its ability to understand the impact of its activities, also providing valuable feedback to the Materiality analysis process.

In line with the international best practices (GRI STANDARDS), in 2017, MYTILINEOS updated the evaluation process of the issues related to its business activity and sustainable development. The issues were examined in terms of their impact on the Company's operation as well as in terms of the significance attached to them by its key Stakeholder groups and the degree to which they can influence the latter's decision-making, based on a custom-designed opinion survey of 1,085 individuals.

The CSR central support function of the Company, having collected and analysed the results of the survey, found that for 2017 the Material issues for the Company remained the same as of 2016. The limited changes observed in the level of significance of some these issues for the Stakeholders did not affect the final result.

The present Non-Financial Information section contains, based on the results of the above process, the relevant reports on material issues, such as Environmental, Social and Labour issues, respect for human rights, anti-corruption and supply chain issues. The information presented refers to the three core Business Units of MYTLINEOS and of its principal subsidiaries in the Greek territory, including the construction sites that the Company operates abroad through its EPC Business Unit. Information for the Zinc/Lead Metallurgy and Gas Trading activities are not included.

A more detailed presentation of the Material issues and the corresponding non-financial Key Performance Indicators, together with their correspondence to the United Nations' 17 Sustainable Development Goals (Agenda 2030), is in the MYTILINEOS 2017 Sustainability Report (http://www.mytilineos.gr/en-us/csr-reports/publications).

### Environmental management & Climate Change

**Impacts:** The major environmental challenges that MYTILINEOS is facing in pursuing its business activity are the following: (1) the rational management of the reserves of mineral and natural resources, (2) energy consumption and control of emissions, (3) waste management, with emphasis on the utilisation of bauxite residues, (4) the control of air quality, and (5) the restoration of the natural landscape in usable land areas by the bauxite mining process and the development of RES projects.

**Major risks and relevant risk control practices:** Given the impacts of the activities of MYTLINEOS in the natural environment as these are mentioned above, the Company recognises a number of major risks which may affect its business goals and against which it has been carrying out for a number of years appropriately selected investments, in order to significantly reduce the likelihood of their occurrence. These risks are the following:

| Major risks | Risk control practices |
|---|---|
| • The management of bauxite residues is probably the most important environmental challenge for the Company's Metallurgy Business Unit. | • MYTILINEOS continues to invest consistently in research on the utilisation of bauxite residues, by participating in European programmes for energy-efficient "green" technologies in the aluminium industry and the development of technologies for the mining/extraction of rare earth elements. |
| • Like most high energy-intensive industries, MYTLINEOS produces air emissions that contribute to climate change. | • MYTILINEOS invests consistently in the improvement of production processes, in new technology installations and in the extensive use of Natural Gas to all its industrial plants, in order to improve energy efficiency, reduce emissions and optimise the management of waste. In parallel, it monitors emissions on a monthly basis and implements timely corrective actions in order to ensure that emissions are in line with its statutory allowance and, most importantly, are kept at the lowest possible level. |
| • Deviations from the legislation in force or from amendments thereto, related to the Environment or to Climate Change. | • MYTILINEOS is systematically following the relevant developments in the legislation and takes preventive measures in order to minimise any potential adverse effects. The Company might be obliged to undertake significant investments in the future, as a result of the requirement for compliance with the new, amended legislation and the new regulations. |

Furthermore, the systematic application of Best Available Techniques (BAT's) in the production process and in waste management in tandem with the use of more environment-friendly mineral fuels (primarily natural gas), especially in the Metallurgy and Electric Power Business Units, are significant factors that contribute to the Company's business growth and drive its commitment to the protection of the environment and the sustainable management of natural resources.

**Management:** The identification of environmental objectives, the adherence to the requirements of the laws as a minimum commitment, the continuous assessment and monitoring of all environmental parameters, the cultivation of the employees' environmental conscience and the harmonious collaboration with the local communities, are key elements of the Company's management of environmental issues.

Moreover, the Company's constant effort to stabilise and reduce its environmental footprint is not limited to the application of the rules and regulations in force and to the adoption of the appropriate measures specified each time. It is also expressed by its voluntary commitment to conducting regular inspections of its activities, in its industrial facilities as well as in its headquarters, in accordance with a specific Environmental Management System.

The goal of sustainable development is a core strategic priority for MYTILINEOS, not only as an indicator of its performance in the Corporate Social Responsibility domain, but also as a factor that brings a significant competitive advantage to its activities.

***Measures and Principles adopted by MYTILINEOS for the protection of the Environment:***

- Adherence to the agreements and commitments that the Company has undertaken over and above its statutory obligations.
- Assessment of the impacts of the Company's activities on the environment, identification and assessment of potential risks, adoption of the necessary preventive measures, conduct of regular inspections and drills in order to confirm the implementation of these measures and evaluate their efficiency.
- Control and continuous reduction of solid, liquid and gas waste.
- Improvement of the management of residues by promoting recycling, reuse or utilisation processes.
- Control of the consumption of raw materials and energy.
- Prevention of all risks of pollution, including by accident, or of other large-scale accidents (development, testing and application of emergency response procedures).
- Study, maintenance and evolution of appropriate prevention and suppression means, especially in cases where installations are modified.
- Correction of all deviations identified, by introducing and implementing corrective and preventive action plans and restoration actions.
- Personnel training and briefing, customized to the duties and needs of each employee.
- Encouraging associates (contractors, suppliers, clients) to respect the same environmental and industrial safety standards.
- Organisation of regular internal and external inspections to assess the performance of the Environmental Management System, the achievement of the targets set and the implementation of the regulations and principles.

**Environmental management system:** All Company Business Units apply ISO 14001 certified Environmental Management System, supported by specific environmental policies: - Metallurgy Business Unit Environmental Policy - EPC Business Unit Environmental Policy - Electric Power Business Unit Environmental Policy. In 2017 launched, in all Company Business Units, the revision of their environmental management systems in accordance with the new specifications as defined in **ISO 14001:2015** international standard. The process is scheduled to be completed by 2018.

**Non-financial KPIs**

Non-financial KPIs are listed below. The selection was based on their relevance to the Company's activities and the level of their materiality in relation to the environmental issues addressed. The KPIs have been defined in accordance with the Global Reporting Initiative (GRI-G4) Sustainability Reporting Guidelines.

| *Environmental Indicators* | 2016 | 2017 | % |
|---|---|---|---|
| **Basic Raw Materials** | | | |
| **Total consumption of bauxite (t)** | 1,875,509 | 1,855,677 | -1.1% |
| **Total consumption of Natural Gas (mio Nm3)[1]** | 900.38 | 1,063.14 | 18.1% |
| **Energy** | | | |
| **Total energy consumption (GWh)[2]** | 12,158.46 | 13,564.08 | 11.6% |
| **Consumption of electricity (GWh)** | 2,830.37 | 2,849.25 | 0.7% |
| **Emissions** | | | |
| **Direct emissions (tCO2eq/year)[3]** | 2,353,575.6 | 2,612,553.1 | 11.0% |
| **Indirect emissions (tCO2eq/year)[4]** | 2,321,041.2 | 2,327,665.3 | 0.3% |
| **Other significant emissions (tNOx/year)** | 1,226.3 | 1,356.7 | 10.6% |
| **Other significant emissions (tSOx/year)** | 3,276.9 | 710.8 | -78.3% |
| **Waste** | | | |
| **Total quantity of waste[5]** | 799,405.7 | 846.991 | 6.0% |
| **Reuse/Recycling/Recovery/Utilisation of solid waste (t)** | 36,137.1 | 82.027 | 127.0% |
| **Water** | | | |
| **Total consumption of water (million m3)** | 6.20 | 5.80 | -6.5% |
| **Water savings in the production process (mio m3)** | 5.59 | 5.14 | -8.1% |
| **Land management** | | | |
| **Rehabilitation percentage of usable land** | 80.04% | 80.04% | 0.0% |

[1]**Nm$^3$**:Normal cubic metres.
[2]**Total energy consumption** = Energy consumption from Non-renewable sources + Energy consumption from Renewable sources + Energy purchased for consumption + Energy produced – Energy sold.
[3]**Emissions** from sources (physical units or processes) belonging to or controlled by the Company.
[4]**Emissions** from the quantity of electricity that the Company purchased from other organisations for its own use.
[5]Hazardous and Non-hazardous waste (bauxite residues account for 90% of total waste).

**Policy results:**

**Basic raw materials:** As regards the use of natural resources, the quantity of bauxite used in the Metallurgy Business Unit to produce aluminium and alumina in 2017 increased marginally (by 1%) compared to 2016, while the total consumption of natural gas, which is not recyclable nor a renewable source, increased by 18%, primarily due to the increase in the generation of electric power. The use of alternative raw materials, i.e. by-products or waste from other industries, which can reduce the consumption of raw materials, is not applicable to the aluminium production process. The EPC Business Unit does not manage primary natural resources, but instead uses semi-finished or finished products, according to the detailed plans and procedures for each project, which accurately specifies each material to be used, its manufacturing method and its exact position and operation. These plans and procedures of the Company conform to the latest developments in the respective fields of expertise.

**Energy:** The total consumption of energy at the industrial plants of MYTILINEOS Business Units in 2017 at 13,564.08 GWh, up by 11.6% compared to 2016. This increase was due to the growing participation of the thermal power plants of the Electric Power Business Unit in the wholesale electricity market. The consumption of electric power recorded a marginal increase, while the consumption of energy generated from natural gas grew by 13.5%. Despite this increase in total consumption, improvements in energy efficiency were achieved, as demonstrated by the lower levels of specific consumptions recorded in the production departments of the Metallurgy Business Unit, such as in the alumina and aluminium production departments, where specific consumptions dropped by 2.9% and 5.2%, respectively. These improvements are the result of the controls carried out regarding work quality, improvements in equipment and methods, the optimisation of parameters and raising personell awareness, through custom-developed action plans.

**Emissions:** The Metallurgy and Electric Power Business Units of MYTILINEOS generate 99% of the Company's total carbon dioxide ($CO_2$) emissions. Direct (Scope 1) emissions result primarily from the alumina and aluminium production process (consumption of fuels and chemical processing as part of the production process) and from the generation of electricity (consumption of natural gas), while indirect (Scope 2) emissions correspond primarily to the consumption of electricity. In 2017, indirect emissions remained as of 2016 levels, while the increase in electricity production drove a corresponding rise in the Company's direct emissions, as well as an increase by 11% of its nitrogen oxide (NOx) emissions. As a result, total (Scope 1 and 2) emissions for 2017 totaled 4.94 million tonnes of $CO_2$, up by 5.7% compared to the previous year. In order to reduce its air emissions, MYTLINEOS is carrying out significant investments in new technological equipment for its Metallurgy Business Unit and is also consistently implementing initiatives aimed at optimising the production process. In this respect, the full operation of the new, modern alumina calcination plant for the first year resulted in a reduction of the individual indirect emissions of the Metallurgy Business Unit by 13,946 tonnes, reduction of sulphur oxide (SOx) emissions by 78.5% (i.e. 2,555 tonnes) and a reduction of the quantity of dust emissions by 18.8 tonnes, compared to the corresponding quantities in 2016. On top of the aforementioned reductions, account should also be taken of the reduction of Perfluorocarbons (PFC) emissions by 6,125 tonnes, which resulted from controlling the frequency and duration of the anode effect causing these specific emissions during the electrolysis process.

**Waste:** 2017 recorded an increase by 6% in the Company's total waste quantity. Against this, the quantity of waste collected and recycled, reused and/or utilised in various ways by the Company's Business Units (excluding bauxite residues), reached 80.2% of total waste, posting a significant increase by 127% (i.e. extra 45,887 tonnes) from the corresponding quantity in 2016. In parallel, MYTILINEOS continues to invest in research and development in the utilisation of bauxite residues, which represents its major environmental challenge, through scientific collaborations and the active participation of the Metallurgy Business Unit in European research programmes.

**Water:** The total consumption of water in the Company's activities in 2017 reached at 5.8 million $m^3$, decrease by 6.4% compared to 2016. This reduction is primarily due to the special projects for monitoring the usage and ensuring the responsible management of water, which were implemented in the alumina and aluminium production processes. Overall, 164.4 million $m^3$ of water were withdrawn and 158.6 million $m^3$ were discharged. Furthermore, in recognition of its long-term commitment to the responsible management of water resources, in 2017 MYTILINEOS was included in the **Leadership (A-)** level of the **CDP-WATER** global initiative for sustainable development. Membership in the Leadership level is granted to companies that acknowledge the risks associated with water usage and apply best practices for the rational management of water, both within and outside the boundaries of their activities.

**Environmental restoration & biodiversity:** MYTILINEOS has ensured that its operation does not affect legally protected areas and areas of a high value in terms of biodiversity. Therefore, there are no significant impacts which might directly or indirectly affect the integrity of the geographical area or region where the Company's Business Units are located. More specifically: In the Metallurgy Business Unit, the area of the aluminium production plant does not fall under any category of legally protected regions, while the mining activity, executed by DELPH-DISTOMON company, a subsidiary of MYTILINEOS, that focuses mostly to underground mines in the region of Fokida, respects the area's biodiversity through the development of Environmental Impact assessments and the establishment of restoration plans for usable land areas. Environmental restoration is persued with the systematic planting of approximately 20-25,000 trees per year. To this day, DELPHI-DISTOMON has planted approximately **1,124,000 trees** across a total reforestation area that exceeds **1.8 million m²**. In addition, 72.5 km of fencing has been installed (for protecting the planted areas), together with a network of irrigation pipes and watering hoses for the trees, with a total length of 678 km. It is also worth pointing out that in the last six years, an annual average of 250,000 tonnes of waste rock from limestone was produced during the mining process. This quantity has been disposed of into pre-existing cavities in ground-level and underground sites. As a result, not a single square meter of land had to be reserved for the disposal of this type of waste. At the end of 2017, the total area used for exploitation in the mining process was **12.6 acres** (down by 3.1 % compared to 2016), the area under restoration stands at **24.1 acres** (up by 1.7% compared to 2016), and the percentage of restored land since the start of the Company's mining activity over the total usable land area stood at **80.04%.**

In the Electric Power Business Unit and with respect to the activities which concern the construction of wind farms located near or inside areas designated as Special Protection Areas, a key prerequisite is the development of the respective environmental impact studies foreseen, which will either confirm that there are no impacts or, in cases where there are impacts, they will describe the measures which may be adopted in order for to avoid such impacts. In line with the above, the impacts in the locations of the Company's activities are negligible in terms of pollution (gaseous or liquid waste), the movement of animals is not obstructed as there is no fencing, and the disturbance to the local population of birds is negligible (where necessary, technical systems for the protection of birds are installed). Regarding the restoration of the environment, the Company applies and promotes systematically the engagement to reforest areas destroyed by fire (areas under reforestation), in accordance with the applicable laws and the instructions of the corresponding Forest Departments. Over the next two years, it is estimated that the Company will reforest more than **370,000 sq.m.** of such areas in total.

### Environmental legislation

Compliance with the environmental legislation is a core element of the business activity of MYTILINEOS and a major issue of equal importance with the other issues that the Company is managing in the context of its continuous and responsible development. This view, which is the basic element of the Company's environmental policy, is based, first and foremost, on the principle of adherence to the provisions of the law, as well as to the agreements concluded and the voluntary commitments made by its Business Units. To this end, the strict adherence to the applicable laws, the implementation of a regular environmental legislation reviews and update process and the application of the environmental rules and regulations pertaining to the activity of MYTILINEOS during 2017, have resulted in the absence of any incidents involving a deterioration in the quality of the environment.

Additionally, monitoring compliance with the approved environmental licenses for the Company's operational units (Approved Environmental Permits), is a process conducted internally, on a regular basis, in each Business Sector by qualified personnel, as well as annually, by a recognised independent organisation, which undertakes to audit and certify the Company's environmental management system. According to the results of the recent relevant audit for 2017, no deviations from the current environmental licenses were observed, which would necessitate the planning of investments for their rectification, while no cases of non-compliance with environmental rules and regulations were recorded. (The list of the Company's Approved Environmental Permits is accessible at http://www.mytilineos.gr/Uploads/Adeies_Egkrishs_Perivallontikon_Oron.pdf)

### Occupational Health & Safety

**Impacts:** Occupational Health and Safety at work has always been fundamental to the operation of MYTILINEOS and a primary business goal for the Company. As a responsible organisation, MYTILINEOS acknowledges its responsibility to ensure the best possible Health & Safety conditions in all its work areas, as well as the right of its direct and indirect employees to work without exposing themselves to any risk of injury or illness.

**Major risks and relevant risk control practices:** The Company has recognised the risks stemming from the exposure of employees to factors in their work environment which may be harmful to their health and safety.

| Major risks | Risk control practices |
|---|---|
| • Direct or Indirect Accident Risks: Indirect Accident Risks create the conditions which lead to accidents and include the physical layout, functionality, access-evacuation routes, lighting and temperature of work areas. Direct Accident Risks lead to accidents and include natural, chemical and biological factors. | • Responsibility for Occupational Health and Safety at the workplace extends from the Company's Management and the General Management of the Business Units to all stages production process. In order to address these risks, the Company has put in place and is strictly applying safety systems and measurements, in order to assess their impact on the human body and to identify the needs for corrective measures in its work areas. At the same time, continuous progress and self-improvement are a function of the experiences that the Company gains from every individual incident and near misses, while personnel training and development at all levels of the Company's hierarchy is crucial for maintaining and further developing the employees' accident prevention mentality. |
| • Non-Accident Risks: Are organisational, psychological and ergonomic factors that do not lead to accidents but affect in the short or long term the physical and mental health of employees. | |

**Management:** Occupational Health & Safety is a fundamental element of the Code of Business Conduct and of the corporate values of MYTILINEOS. The Company adheres fully to the applicable Greek and European laws force and with the local regulatory provisions on Occupational Health & Safety. In many cases, the compliance of the Company's Business Units with the relevant legislation is achieved by the Company itself imposing much stricter limits and targets through the relevant Management programmes and systems in place.
The systematic and continuous efforts to foster and promote a Health and Safety culture that encourages all personnel to act responsibly for their own personal safety as well as for the safety of those around them, is a long-standing commitment in daily operations.

Moreover, scheduled or ad hoc safety inspections/audits are carried out by internal inspectors and by independent external safety auditors, and their results are taken into account in the formulation of action plans for further improvements in Safety.

In terms of the organisation of the Occupational Health & Safety function in the Company, relevant Departments are in operation in each Company Business Unit, together with committees on special Health & Safety issues in the Metallurgy and EPC Business Units covering all employees.

**Health & Safety Management System:** MYTILINEOS applies an **OHSAS 18001** certified Occupational Health & Safety Management System in all work areas. This system is designed to minimise risk, by allowing the continuous adoption of measures to prevent and minimise accidents and occupational diseases, providing for ongoing employee training and strengthening a safe work culture. The System is characterised by the following specific fundamental practices, which are applied in all Company Business Units:

- Constant recognition and assessment of occupational risks to which the precautionary principle applies, and implementation of the necessary measures to prevent them.
- Use of advanced prevention tools and in depth analysis of all accidents, *near misses* and safety incidents.
- Constant provision of information to personnel and systematic participation of personnel in special training programmes on Occupational Health & Safety.
- Implementation of targeted communication initiatives to raise employee awareness.
- Systematic inspection of the organisation and the applied processes, to ensure full adherence to safe work rules across all Company activities and to protect the safety of employees, clients, associates and visitors to the Company's facilities.

Additionally, the existence of individual relevant policies in each Business Unit promotes improvements in Health and Safety performance through the application of best practices, as a primary business goal and a commitment of the Company's Management.

## Non-financial KPIs

The non-financial KPIs presented below have been defined in accordance with the Global Reporting Initiative (GRI-G4) Sustainability Reporting Guidelines.

| *Health & Safety Indicators* | 2016 | 2017 |
|---|---|---|
| **Number of fatalities (direct employees)** | - | - |
| **Lost-time injury incidents (direct employees)** | 5 | 3 |
| **Lost-time injury rate / 200,000 hours worked (direct employees)** | 0.21 | 0.15 |
| **Lost days due to accidents / 200,000 hours worked (direct employees)** | 5.9 | 2.00 |
| **Number of fatalities (indirect employees)** | 1 | - |
| **Lost-time injury incidents (indirect employees)** | 7 | 5 |
| **Lost-time injury rate / 200,000 hours worked) (indirect employees)** | 0.49 | 0.19 |
| **Occupational disease incidents** | - | - |
| **Rate of occupational disease incidents / 200,000 hours worked** | - | - |

### Policy results:

MYTILINEOS takes constant care to ensure the achievement of the only acceptable target of "ZERO ACCIDENTS AND ZERO OCCUPATIONAL DISEASES", that is the major challenge for the industrial and construction sector. The Company's key concern is to sustain the high level of its Health & Safety indicators in all its facilities (offices, industrial plants and construction sites), by implementing action plans and specific programmes to protect and improve the employees' quality of life. The contribution of the company's Management, through its unwavering commitment, as this is expressed by its formal policy on Health & Safety at the workplace and its high sensitisation to matters concerning decent work, guarantees the achievement of these goals.

2017 was a year during which significant progress was made in nearly all Occupational Health and Safety indicators, for both direct and indirect personnel.

More specifically:

**Direct employees**: The target of zero workforce fatalities was achieved, while three (3) accidents resulting in work time loss were recorded. The number and rate of accidents declined by 40% and 28.6% respectively, compared to the previous year. The rate of workdays lost (due to accidents) stood at 2.9 per 200,000 hours worked, down by 51% from the corresponding figure for 2016. In the Metallurgy Business Unit, the awareness-raising campaign for the promotion of the Health & Safety culture, which focuses on the behaviour of personnel, was continued for the third consecutive year. In addition, a total of 18,937 training hours on Health & Safety were implemented in all Business Units, were 60% of the personnel participated. Furthermore, through the procedure in place for recording and investigating serious and non-serious safety incidents which under certain conditions could lead to accidents, a total of 67 safety incidents were reported in the Metallurgy and EPC Business Units. These findings are used to improve the safe work rules and procedures, the equipment and the training provided.

**Indirect employees:** With regard to Company's indirect employees (employees of independent contractors), no accidents occurred during 2017, while five (5) lost-time injury incidents were recorded, representing a reduction by 28.5% compared to the previous year. Similarly, the lost-time injury rate declined to 0.19 incidents per 200,000 hours worked, recording an improvement by 61,2% compared to 2016.

### Labour issues & Human rights

**Impacts:** MYTILINEOS has entered a new era in its evolution, moving forward with increased prospects for growth and aiming to achieve even more ambitious goals and higher performance levels. The Company acknowledges that its success is strongly connected to the skills, experience and decision-making empowerment of each and every one of its employees. In line with the above, attracting and retaining a variety of talented employees, investing in the development of their skills and capabilities, and encouraging them to function to the maximum of their capabilities, are the key requisite elements for the achievement of the Company's strategic business vision. In parallel, the protection of Human Rights and the establishment of labour relations that foster mutual trust, collaboration, two-way communication and recognition, drive personal improvement and strengthen the satisfaction of the Company's employees regarding their personal as well as their professional development.

**Major risks and relevant risk control practices:** Through the operation of its Business Units, which to a significant degree are labour and HR-quality intensive, the Company may face the following major risks:

| Major risks | Risk control practices |
|---|---|
| • In the framework of the completion of its transformation, the Company may face risks due to the employees' lack of adaptability to changes in corporate organisation and in processes and, consequently, to their difficulty in assimilating the new shared corporate culture. | • Adoption and application of international best practices concerning: (a) the timely and continuous provision to employees of information about changes in structures and processes due to the corporate transformation, and (b) the development of programmes for formulating the new uniform corporate culture that is based on the employees' shared values and their behaviours. |
| • Expenses and loss of intangible resources which may arise due to any voluntary departures of high-potential employees, loss of valuable knowledge and expertise gained through their employment and training by the Company, and loss of the financial investment and of the investment in time and human resources (man-hours) required for their training. | • The Company's system for the administration of its human resources aims first of all to select and retain employees whose knowledge and skills meet the requirements of the Company, for which they represent a competitive advantage. The Company promotes appropriate organisational arrangements and incentives, together with practices that focus on training, the development of skills and the mobilisation of human resources and is constantly improving work conditions. In parallel, the provision of equal opportunities in staffing procedures, remunerations, reward systems, benefits and facilitations to employees and their families, which are offered over and above the statutory ones, promote employee satisfaction by creating an ideal work environment. |

**Management:** The integrated approach that MYTILINEOS follows in the management of its human capital is a long-standing and is consistently aligned with the corporate values and with specific principles and standards. MYTILINEOS has made health and safety at the workplace, the prosperity of its employees and the protection of human rights its utmost priority. In this respect, employment in all Company activities is characterised by the existence of long-standing and stable relations with employees. The MYTILINEOS Code of Business Conduct underlines the Company's commitment to adhere to the UN Universal Declaration of Human Rights (UNDHR) and to the Conventions of the International Labour Organisation (ILO) on labour rights and work conditions.

The holistic HR Management approach adopted by the Company is based on the following key themes:

- Full compliance with the labour legislation in force. The Company's labour practices comply as a minimum with all the provisions of the legislation in force and respect the fundamental principles set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.
- Attraction and retention of talented individuals with principles and values such as integrity, consistency, loyalty, creative thinking, professional diligence and responsibility.
- Development of talent management systems and succession plans.
- Implementation of up-to-date systems for evaluating employee performance.
- Implementation of training programmes and, where appropriate, of lifelong training and skills development programmes, that enable employees to reach their professional goals in a constantly changing economic and social environment. These programmes are established through processes that identify the areas for the provision to employees of training in subjects that are consistent with the Company's strategic goals for business growth.
- Familiarisation with and understanding of the Code of Business Conduct by all personnel.
- Continuous improvement of work conditions and of health and safety at the workplace for all personnel and associates.
- Creation of a work environment in which the proper elements are in place to encourage creativity, personal development and the full utilisation of the capabilities of each employee.

- Self-assessment reviews and protection of Human Rights and especially of labour rights.
- Ensuring timely communication and the proper flow of information about organisational changes, through the appropriate communication channels.

- Protection of the personal data of employees, allowing access by authorised persons and only in cases where it is required by law for purposes related to the functioning of labour relations and to the Company's business activity.

The Human Resources Central Support Function of MYTILINEOS is responsible for establishing and implementing the management and development framework for the relevant policies and practices, as well as for providing to the Business Units professional support for dealing with issues related to human resources.

### Non-financial KPIs

Non-financial KPIs are listed below. Their selection was based on relevance to the Company's activities and the level of materiality in relation to the labour issues addressed. The reported KPIs have been defined in accordance with the Global Reporting Initiative (GRI-G4 Sustainability Reporting Guidelines).

| *Labour indicators* | 2016 | 2017 |
|---|---|---|
| **Employment** | | |
| **Retention rate for full-time employees** | 95.6% | 92.5% |
| **Turnover rate** | 14.0% | 11.2% |
| **Training & Development** | | |
| **Training man-hours** | 50 | 46 |
| **Total training cost** | 334 | 315 |
| **Percentage of employees who received formal performance evaluation reviews[1]** | 91.1% | 80.1% |
| **Human Rights** | | |
| **Incidents of discrimination** | - | - |
| **Incidents of forced labour** | - | - |
| **Percentage of women in direct employment** | 13.4% | 15.4% |
| **Percentage of women in positions of extended responsibility[2]** | 16.3% | 22.7% |
| **Percentage of young employees (<30 years old) in direct employment** | 11.9% | 11.2% |

[1]The evaluation percentage does not include newly-hired employees, as they are not evaluated during their first year of employment.
[2]Percentage of the total number of Executives in the Company

### Policy results:

**Employment:** As a major corporate citizen, MYTILINEOS aims, among other things, to truly fullfill its social role. The Company seeks to ensure the prosperity of its employees, as it considers them the most important factor contributing to its growth. Therefore, employees are considered to be "integrated" into the Company, beyond the mere employment-compensation relationship that are formally connected in the sense of the constant improvement of their capabilities and of the outcome of their work.

In all geographical regions where MYTILINEOS operates, the compensation and benefit plans offered to its employees are as a minimum in full compliance with the labour legislation and with the collective bargaining agreements, where applicable. Any compensations over and above the statutory ones are based on the employees' individual performance, which is reviewed and assessed annually. In 2017, direct employment as a percentage of total employment increased by 7%, employee turnover declined substantially by 20%, and the retention rate for full-time employees remained at very high levels. The low percentages of employees working under fixed-term employment contracts (11.9%), as well as of part-time employees (0.7%), confirm the Company's intention to build long-term collaboration relationships with its people.

**Training & development:** The Company' activities in various sectors, such as in the processing of metals, in specialised construction projects and in the energy sector, results in differing training needs. At the same time, however, it offers to its personnel access to a broad range of knowledge and skills, providing them with opportunities to develop managerial and problem-solving skills, as they face new challenges every day. In 2017, approximately €315,000 were invested in the implementation of 45,83 training man-hours for direct employees, a figure down by 9% from the corresponding one for 2016. The Company's training programme, which was attended by 69% of its employees, focused on the three main areas, which accounted for nearly 84% of the total number of training hours: (a) Health & Safety at the workplace, (b) on-the-job training, and (c) development of soft skills and personal abilities. Moreover, in the framework of the annual employee performance review process, which covered the largest part of the employees, a total of 15 internal promotion proposals were submitted.

**Human rights:** The commitment of MYTILINEOS to the first six Principles of the UN Global Compact, and the Company's Code of Business Conduct, promote the protection of and respect of Human Rights and ensure the absence of any related incidents in the Company's work environment. Labour rights are of major significance for all employees. The Company's s direct employees are covered by collective agreements, where applicable, and participate through their representatives in health and safety committees, presenting to the Management their proposals regarding continuous improvement. In addition employees' unions operate in the Metallurgy and EPC Business Units. MYTILINEOS follows the internationally accepted practices in all the regions and countries where it operates, ensuring that decisions on matters such as recruitment, compensations, promotions, professional training and retirement, as well as the termination of employment contracts, are based exclusively on impartial criteria and are not connected to any form of discrimination. As most of the Company's activities are in the heavy industries sector, the participation of women in employment and the advancement of young employees (proportionately and always in accordance with the requirements in each activity sector), are key issues in promoting equal opportunities in the Company's work environment. In this respect, in 2017 the percentage of women in total employment recorded an increase by 15% and the percentage of their participation in positions of responsibility grew by 40%, while the percentage of young employees under the age of 30 posted a marginal decline.

### Anti-Corruption

**Impacts:** The business ethics of MYTILINEOS are expressed by its steadfast opposition to all practices which invalidate competition, give rise to procedures lacking in transparency and compromise the very essence of entrepreneurship. The Company acknowledges that corruption and bribery undermine the moral environment of businesses and have a broad range of negative effects that include violations of Human Rights, adverse impacts on the environment, distortion of the competition, and impediments to the distribution of wealth and economic development. These effects represent a major hindrance to sustainable development, have a disproportionate impact on poor communities, and corrode the very fabric of society.

**Major risks and relevant risk control practices:** MYTILINEOS may face the following major risks:

| Major risks | Risk control practices |
|---|---|
| • By undertaking turn-key energy projects in developing countries with high energy needs, which according to the Corruption Perception Index published by Transparency International are countries with a high risk of corruption and bribery, MYTILINEOS is exposed to the corresponding risks. | • Adherence to market rules and compliance with the laws against corruption and bribery, in addition to being mandatory, are also core principles that govern the Company's operation.<br>• MYTILINEOS subscribes to and voluntarily complies with Principle 10 of the UN Global Compact, which is based on strengthening transparency, as defined in the United Nations Convention against Corruption.<br>• The relevant guidelines against corruption and bribery, which have been incorporated in the Company's new Code of Business Conduct as well as in its Code of Conduct for Suppliers and Business Partners, strengthen the prevention of the occurrence of these risks in the Company's personnel and supply chain. |
| • Any deviation from the Company's principles and ethical practices compromises its good reputation and credibility and, by extension, its financial results. | • The Business Administration & International Operations Department of the EPC Business Unit functions as a safety control mechanism with regard to the Company's exposure to corruption in the countries where it undertakes projects, by systematically monitoring local market specificities and the respective public policies, so that the measures required in order to address these risks effectively are adopted. |

**Management:** The Company's policy on the prevention of incidents of corruption and bribery is organised in three key stages:

- The first stage involves the analysis of prevailing conditions and potential risks or threats which may encourage the occurrence of incidents of corruption or bribery in the corporate environment. These are implemented through self-evaluations and internal audits that take place every two or three years. This particular practice covers sensitive corporate activities with a significant risk of such incidents occurring (according to international studies), such as charity contributions, sponsorships, facilitation payments, gifts and hospitality, with a view to establishing respective prevention procedures, where these are not in place.
- The second stage refers to ensuring that all transactions carried out on behalf of the Company by its shareholders, employees, Business Units and major business partners and suppliers, are characterised by a high level of integrity. Through established procedures, applying primarily in the Purchases-Procurement Units in connection with the selection of suppliers and other business partners, controls are carried out annually of the conditions under which every single transaction takes place, in order to identify and eliminate those which may give rise to incidents of corruption.

- The third stage refers to the Company's operation as a "Responsible Corporate Citizen", reflected in a number of voluntary initiatives such as: adherence to market rules; participation in international standards to strengthen transparency; establishing transparency as an important item on the agenda of the ongoing dialogue with its key Stakeholder groups; the provision of education and training on anti-corruption policies and procedures to its employees of all levels; and, in general, its commitment to ethical business practices and sound corporate governance.

### Non-financial KPIs

The non-financial KPIs presented below have been defined in accordance with the Global Reporting Initiative (GRI-G4) Sustainability Reporting Guidelines.

| *Anti-Corruption* | 2016 | 2017 |
|---|---|---|
| **Total incidents of corruption & bribery** | - | - |
| **Political contributions (€)** | - | - |

### Policy results:

The control mechanisms applied in the Company's Purchases-Procurement Units, where the selection of business partners and all types of transactions were examined, did not identify any incidents of corruption and bribery in the Company. Furthermore, in 2018 the Company will implement the relevant formal due diligence process whose development was completed during 2017, so as to safeguard the precautionary policy it applies regarding these matters.

### Social issues

**Impacts:** From its establishment to this day, the history of MYTILINEOS has been connected with the economic growth of Greece and especially of the Greek region. This has been a constant evolving effort which takes various forms, all of which hinge on the Company's undertaking to understand and respond to the concerns of local communities, by means of the open social dialogue processes it applies. Furthermore, MYTILINEOS, fully aware of the modern socio-economic environment, supports where possible the work of Local Government, offering its know-how and experience, while through collective efforts, it builds associations that yield multiple benefits, create added value and strengthen social cohesion.

**Major risks and relevant risk control practices:** MYTILINEOS may face the following major risks:

| Major risks | Risk control practices |
|---|---|
| • Failure to specify and manage the concerns of local communities may give rise to unforeseen non-financial risks with a severe negative impact on the Company's operation. Relations with local communities and the respective Stakeholder groups affect the Company's reputation, its social license to operate and, by extension, its future growth. | • The General Management of each Company Business Unit is responsible for managing relationships with the local communities where that Business Unit operates. The main objective is to identify any negative impacts from the Company's business activity and to minimise them, through the Company's responsible operation.<br>• Moreover, a Corporate Social Responsibility (CSR) team has been appointed and is operating in each Business Unit. This team is managing the implementation of the Company's social policy, the annual Stakeholder engagement process, the use of local social media and the organisation of visits of members of the local community to the Company's facilities, when this is requested.<br>• The Company communicates with relavant local communities in a clear and transparent manner, through formal and informal channels which include the organisation of annual thematic or general-purpose open consultations with representatives of the local communities for following up and discussing special issues of local concern. |

**Management:** With the aim of developing and maintaining social cohesion, the Company's commitment focuses on the following:

- Bolstering local employment: As the core activities of MYTILINEOS are primarily located in the Greek region, the Company acknowledges and accepts its important role in the development and preservation of the prosperity of the local communities. In all the geographical regions where the Company operates, its human workforce derives mainly from the local population. In addition, the Company's practice to include in the management teams of its Business Units senior executives coming from the local communities, enhances its ability to understand the particular needs specific to each area.

- Supporting the development of the local economy: All Company Business Units adhere to the principle of giving priority to selecting local suppliers, provided that these meet their needs and particular requirements.

- Making a substantial contribution through the Company's annual Sponsorships & Donations plan: Taking concerted financial and technical assistance actions to support the implementation of local infrastructure works and to address immediate local needs, is a key pillar of the Company's social policy.

- Implementing programmes and initiatives that help tackle unemployment, promote balanced and multi-faceted improvements in the quality of life at the local level, support consciously and actively the local cultural, social and sporting life, and strengthen social inclusion and the protection of the environment in the broader sense, while in parallel raising each community's awareness on the local problems and strengthening its engagement in solving them.

### Non-financial KPIs

The non-financial KPIs presented below have been defined in accordance with the Global Reporting Initiative (GRI-G4) Sustainability Reporting Guidelines.

| *Social indicators* | 2016 | 2017 |
|---|---|---|
| **Social investments (mio €)** | 1.45 | 2 |
| **Percentage of employees from local communities** | 87% | 88% |
| **Response rate to Stakeholder requests** | 54% | 55% |

### Policy results:

- **Communication and dialogue with Stakeholders:** For the last eight years, MYTILINEOS has been consistently holding its established Open Social Dialogue events with its Stakeholder groups. The Company is one of the pioneers in the Greek sector as this approach establishes the conditions for defining new attitudes and practices in its relationships with Stakeholders, taking as its starting point the particular characteristics of its Business Units. In line with the above, the Company's Metallurgy Business Unit held its 3rd consecutive thematic consultation with its Stakeholders, entitled **"Translating Entrepreneurship to value for society".** The event was held in October 2017 in Aspra Spitia community Viotia region, the event was attended by 60 Stakeholders, invited by the General Management of the Metallurgy Business Unit and comprising representatives from Local Government, local authorities, the key suppliers of the Company, local associations and organisations, local Media and the local school community, as well as representatives of the Company's employees. The main objective of this initiative was to highlight, and hold a consultation on, the social footprint in financial terms and the value created over the short, medium and long term by the Metallurgy Business Unit as well as by the overall business activity of MYTILINEOS at the local and national level, respectively.

- **Social Policy:** In 2017, MYTLINEOS continued to implement its Social policy through its three-year Social Contribution Programme "IN PRACTICE" (2016-2019), contributing financial, human, material and technical resources to the development of services and the implementation of projects to support the growth of its local communities as well as of the society at large. The process that the Company followed for aligning its strategy with the **UN Sustainable Development Goals** resulted in a corresponding adjustment to its social agenda, which presented it with the opportunity to strengthen its collaborative activities and enhance the value it creates at the local and national level. In 2017, MYTILINEOS increased its social expenditure by 38.6% compared to 2016, supporting the following social policy areas:

11 SUSTAINABLE CITIES AND COMMUNITIES

Wishing to contribute to the sustainability of the local communities where it operates and in order to improve the everyday life of local residents, the Company invested €387,876 to cover the cost of infrastructures with a direct social benefit, such as: construction of playgrounds, upgrades to school buildings, provision of the equipment of a Municipal library, offer of materials for municipal works etc. In parallel, the added value created by the Company's business operation, with the development of projects utilising Renewable Energy Sources (RES) by its Electric Power Business Unit, refers not only to its contribution to the achievement of the national environmental goals but also to the significant benefits offered to the local communities. Thus, in 2017 the Company's total investment in infrastructure works in Municipalities where RES plants are in operation or new ones are to be deployed stood at €522,475. Finally, the Company's expenditure in support of major Greek cultural events, that promote the dissemination of cultural values and acquaint the Greek public with them, as well as in support of local sports clubs and of national federations of sports with a dynamic growth, stood at €590,154.

1 NO POVERTY

2 ZERO HUNGER

Always by the side of socially vulnerable groups of the population, MYTILINEOS provided financial assistance to the families supported by the«Arogi» Foundation of the Holy Diocese of Thiva and Levadia and to the Social Grocery of the Municipality of Karystos. At the same time, in order to alleviate the children's food insecurity, the Company, through its participation in the Crowdfunding programme of the act4Greece initiative for Society and the Economy, donated the funds for the provision of 20,000 nutritious warm meals to primary school students in Western Attica and in the Municipality of Trikala.

3 GOOD HEALTH AND WELL-BEING

Ensuring healthy living conditions, access to health structures, and promoting wellness for all people of all ages, are fundamental to sustainable development. Recognising the importance of having access to quality health services for all, MYTILINEOS launched since the beginning of 2017 its partnership with the "Pediatric Trauma Care" association. The goal of this partnership is the contribution of MYTILINEOS to the creation and upgrading of Emergency Departments (EDs) at Health Centres and Pediatric Hospitals in Greece, primarily in the areas of the local communities where the Company operates, as well as the broader provision of information to parents and teachers about the issue of child injuries. The launch of the partnership involved the Company's financial assistance for the upgrading of the Emergency Department of the Larisa General Hospital with diagnostic and interventional medical equipment. In parallel, the Company also supported other significant initiatives: (a) it made a substantial contribution to the re-opening of the Creative Activity Centre for Children with Disabilities (KDAP-MEA) in Maroussi, which hosts children with autism and mental disabilities, (b) assisted financially the health services of the SOS Children's Villages, and (c) supported the work of MDA Hellas, a charity association providing care services to people with muscular dystrophy disorders.

MYTILINEOS recognises that access to quality education is the foundation for the improvement of human life and for sustainable development. During 2017, the Company continued for yet another year the implementation of a number of initiatives of a high social value in this area. These included:

1. The implementation of the 3rd cycle of the programme "I'M IN" against the school drop-out phenomenon, in partnership with the Association "Together for Children". The programme ensures the educational progress of students until they complete their basic education, by developing a strong social solidarity network against educational and social exclusion.

2. The completion of the programme "YOUNG GENERATION IN ACTION" and of the 2nd cycle of the programme "ENGINEERS IN ACTION II", two programmes that offer a way out to unemployed young people through 12-month salaried internships and open up career prospects for them, also providing them with a strong incentive to stay in the country.

3. Support, for the 10th consecutive year, of the Scholarships Programme of the University of Piraeus, whose aim is to upgrade the level of studies, showcase excellence and offer a better future for young people, especially those coming from financially disadvantaged families, by offering to them equal access to the best possible education.

4. Strengthening youth innovation, by supporting two major initiatives: (a) the "CanSat in Greece" pan-Hellenic space technology competition forming part of the European competition "Cansats in Europe", which is organised by the European Space Agency (ESA) and aims to familiarise students with technologies similar to those used in satellites; and (b) the team that represented Greece in the "F1 in Schools" World Championship finals, held in Malaysia. The "F1 in Schools" competition has been taking place for the last 12 years under the auspices of the Formula One organisation and is one of the most comprehensive STEM (Science, Technology, Engineering, Mathematics) Education programmes that stimulate the students' interest in the Natural Sciences, New Technologies, Engineering and Mathematics.

**Supply chain**

**Impacts:** Suppliers play a decisive role in the efficient operation of MYTILINEOS, as they supply a broad range of products and services for use in the mining process and the production and maintenance of the aluminium industry, in the manufacturing and purchase of equipment for the delivery EPC projects, in the operation and maintenance of Energy Complexes, and in the development, construction and maintenance of RES-based plants. Given that the demand for new products with longer lifecycle spans and reduced environmental impacts is steadily increasing, MYTILINEOS invests in Research and Development, looking for solutions that will satisfy the varying needs of its clients, in order to offer a comprehensive service with the lowest possible burden on the environment. In this direction, the Company's key business partners and suppliers can act as catalysts, as they are an integral part of its efforts. The Company's policy in this area has made possible the production/manufacture in Greece of a broad range of specialised materials and of simple and custom-made products that meet the needs of all its Business Units.

**Major risks and relevant risk control practices:** MYTILINEOS acknowledges that its supply chain affects the attainment of its Sustainable Development objectives. In this respect, the Company faces the following risks:

| Major risks | Risk control practices |
|---|---|
| • The Company's responsible operation may be affected by potential non-responsible practices (business, environmental and social) of its suppliers and business partners, which impact directly its reputation and operation. | • In order to optimise the selection of suppliers, the Company follows procedures that are characterised by meritocracy and transparency and include specific criteria which, in addition to the requirements for quality, compliance with technical specifications, reliability, sustainability and geographical location, take also into account health and safety at work and adherence to the environmental legislation.<br><br>• In all geographical regions in which the Company is active though its EPC Business Unit and which may present risks of non-responsible practices by supply chain actors, all contracts and agreements that the Company concludes with its business partners (Suppliers – Subcontractors) contain clauses on the latter's mandatory compliance with the applicable national laws, legal provisions, rules and regulations, in order to rule out all likelihood of incidents involving any form of forced labour. Where a Code of Conduct is part of the contract, specific reference is made to the respect for human rights, to the prohibition of child or forced labour, and to the Company's right to request the audit of its Suppliers or Subcontractors by recognised International Organisations for ensuring compliance with the requirements regarding the protection of Human Rights. |

**Management:** Developing and maintaining good relationships with supply chain actors is a commitment in which MYTILINEOS has invested and is continuing to invest at the local, national and international level. The Company develops long-term collaborations with a number of suppliers, while it manages others on a short-term horizon, as a function of the competition in the market. As a result, the overall management of the Company's supply chain, which takes into account the particular characteristics of its Business Units, is governed by specific basic rules such as the following:

- Depending on the scope and nature of a specific purchase, priority is given to local suppliers, who are selected on the basis of their solvency, reliability in terms of quality and punctuality in terms of delivery, cost of products or services, available capacity to ensure the quantities required, and capability to meet the requirements of the particular purchase in accordance with the specifications set by the Company Business Units.

- Efforts are also being made, by applying practices and procedures characterised by transparency and meritocracy, to strengthen the Company's collaboration and communication with local suppliers. This effort is also in line with its stated priority to support local development, where possible, as specific projects may require specialised suppliers from industrially developed countries. Additionally, in many cases the Company provides to the suppliers of major significance for its operation, the know-how and methods required to process the materials needed for its activities and encourages investment initiatives involving more environment-friendly production processes.

- Additionally, the **"Code of Conduct of Suppliers & Business Partners"** of MYTILINEOS sets out the Company's minimum requirements/expectations from its supply chain actors regarding CSR-related issues, as a key precondition for entering into any commercial association with them. The sections of this Code address issues such as the Protection of the Environment, the Safeguarding of Health & Safety, Work Conditions, Ethics & Integrity. In developing the Code, the Company aims to obtain its suppliers' commitment to sustainable development best practices, which will lead to mutual benefits. In addition, the Company believes that this effort will elicit considerable positive responses, mainly because of the large size of the companies concerned and their extensive exposure to challenges in the external environment.

## Non-financial KPIs

The non-financial KPIs presented below have been defined in accordance with the Global Reporting Initiative (GRI-G4) Sustainability Reporting Guidelines.

| *Supply chain indicators* | 2016 | 2017 |
|---|---|---|
| **Number of suppliers assessed for environmental and social impacts** | 12 | 5 |

## Policy results:

In 2017, the Company had nearly 5.800 active suppliers, of which more than 80% is based in Greece. The Company's outlays to domestic and local suppliers benefit significantly the local communities, contributing indirectly to both maintaining jobs and generating income. Although, the term "local supplier" slightly varies between the Company's Business Units it generally refers to the providers of materials, products or services, both industrial and otherwise, who are located within the geographical region where the Company's industrial units are located.

MYTILINEOS acknowledges the significance of developing synergies with its supply chain actors for promoting Responsible Entrepreneurship. To this end, in 2018 the Company aims to enhance these synergies by developing a formal systematic process for promoting the "Code of Conduct of Suppliers and Business Partners" to both its major and new suppliers, and to also develop a mechanism for the assessment of suppliers in terms of their social and environmental performance, with the ultimate aim of better understanding the impacts involved and of ensuring the mutual harmonisation of goals and expectations.

## VIII. Other Information for the Group and the Company
## Group Structure

Companies included in the consolidated financial statements and the method of consolidation are presented in the following table:

| | NAME OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES | COUNTRY OF INCORPORATION | PERCENTAGE | CONSOLIDATION METHOD |
|---|---|---|---|---|
| 1 | **MYTILINEOS S.A.** | **Greece** | **Parent** | |
| 2 | SERVISTEEL | Greece | 99.98% | Full |
| 3 | RODAX ROMANIA SRL | Romania | 100.00% | Full |
| 4 | ELEMKA S.A. | Greece | 83.50% | Full |
| 5 | DROSCO HOLDINGS LIMITED | Cyprus | 83.50% | Full |
| 6 | BRIDGE ACCESSORIES & CONSTRUCTION SYSTEMS S.A. | Greece | 62.63% | Full |
| 7 | METKA BRAZI SRL | Romania | 100.00% | Full |
| 8 | POWER PROJECT SANAYI INSAAT TICARET LIMITED SIRKETI | Turkey | 100.00% | Full |
| 9 | DELFI DISTOMON A.M.E. | Greece | 100.00% | Full |
| 10 | DESFINA SHIPPING COMPANY | Greece | 100.00% | Full |
| 11 | ST. NIKOLAOS SINGLE MEMBER P.C. | Greece | 100.00% | Full |
| 12 | RENEWABLE SOURCES OF KARYSTIA S.A. | Greece | 100.00% | Full |
| 13 | SOMETRA S.A. | Romania | 92.79% | Full |
| 14 | STANMED TRADING LTD | Cyprus | 100.00% | Full |
| 15 | MYTILINEOS FINANCE S.A. | Luxembourg | 100.00% | Full |
| 16 | RDA TRADING | Guernsey Islands | 100.00% | Full |
| 17 | MYTILINEOS BELGRADE D.O.O. | Serbia | 92.79% | Full |
| 18 | MYVEKT INTERNATIONAL SKOPJE | FYROM | 100.00% | Full |
| 19 | MYTILINEOS FINANCIAL PARTNERS S.A. | Luxembourg | 100.00% | Full |
| 20 | MYTILINEOS INTERNATIONAL COMPANY AG “MIT Co” | Switzerland | 100.00% | Full |
| 21 | GENIKI VIOMICHANIKI S.A. | Greece | Joint Management | Full |
| 22 | DELTA PROJECT CONSTRUCT SRL | Romania | 95.01% | Full |
| 23 | DELTA ENERGY S.A. | Greece | 90.03% | Full |
| 24 | FOIVOS ENERGY S.A. | Greece | 90.03% | Full |
| 25 | HYDROHOOS S.A. | Greece | 90.03% | Full |
| 26 | HYDRIA ENERGY S.A. | Greece | 90.03% | Full |
| 27 | EN.DY. S.A. | Greece | 90.03% | Full |
| 28 | THESSALIKI ENERGY S.A. | Greece | 90.03% | Full |
| 29 | NORTH AEGEAN RENEWABLES | Greece | 100.00% | Full |
| 30 | MYTILINEOS HELLENIC WIND POWER S.A. | Greece | 80.00% | Full |
| 31 | AIOLIKI ANDROU TSIROVLIDI S.A. | Greece | 80.20% | Full |
| 32 | MYTILINEOS AIOLIKI NEAPOLEOS S.A. | Greece | 80.20% | Full |
| 33 | AIOLIKI EVOIAS PIRGOS S.A. | Greece | 80.20% | Full |
| 34 | AIOLIKI EVOIAS POUNTA S.A. | Greece | 80.20% | Full |
| 35 | AIOLIKI EVOIAS HELONA S.A. | Greece | 80.20% | Full |
| 36 | AIOLIKI ANDROU RAHI XIROKABI S.A. | Greece | 80.20% | Full |
| 37 | METKA AIOLIKA PLATANOU S.A. | Greece | 80.20% | Full |
| 38 | AIOLIKI SAMOTHRAKIS S.A. | Greece | 100.00% | Full |
| 39 | AIOLIKI EVOIAS DIAKOFTIS S.A. | Greece | 80.20% | Full |
| 40 | AIOLIKI SIDIROKASTROU S.A. | Greece | 80.20% | Full |
| 41 | HELLENIC SOLAR S.A. | Greece | 100.00% | Full |
| 42 | SPIDER S.A. | Greece | 100.00% | Full |
| 43 | GREEN ENERGY A.E. | Bulgaria | 80.00% | Full |
| 44 | MOVAL S.A. | Greece | 100.00% | Full |
| 45 | PROTERGIA AGIOS NIKOLAOS POWER SOCIETE ANONYME OF GENERATION AND SUPPLY OF ELECTRICITY” (ex ANEMOSKALA RENEWABLE ENERGY SOURCES) | Greece | 100.00% | Full |
| 46 | ANEMODRASI RENEWABLE ENERGY SOURCES S.A. | Greece | 100.00% | Full |
| 47 | ANEMORAHI RENEWABLE ENERGY SOURCES S.A. | Greece | 100.00% | Full |
| 48 | METKA INDUSTRIAL - CONSTRUCTION S.A. (ex ANEMOSTRATA RENEWABLE ENERGY SOURCES S.A.) | Greece | 100.00% | Full |

| | NAME OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES | COUNTRY OF INCORPORATION | PERCENTAGE | CONSOLIDATION METHOD |
|---|---|---|---|---|
| 49 | HORTEROU S.A. | Greece | 100.00% | Full |
| 50 | KISSAVOS DROSERI RAHI S.A. | Greece | 100.00% | Full |
| 51 | KISSAVOS PLAKA TRANI S.A. | Greece | 100.00% | Full |
| 52 | KISSAVOS FOTINI S.A. | Greece | 100.00% | Full |
| 53 | AETOVOUNI S.A. | Greece | 100.00% | Full |
| 54 | LOGGARIA S.A. | Greece | 100.00% | Full |
| 55 | IKAROS ANEMOS SA | Greece | 100.00% | Full |
| 56 | KERASOUDA SA | Greece | 100.00% | Full |
| 57 | AIOLIKH ARGOSTYLIAS A.E. | Greece | 100.00% | Full |
| 58 | M & M GAS Co S.A. | Greece | 50.00% | Full |
| 59 | J/V METKA – TERNA | Greece | 10.00% | Equity |
| 60 | KORINTHOS POWER S.A. | Greece | 65.00% | Full |
| 61 | KILKIS PALEON TRIETHNES S.A. | Greece | 100.00% | Full |
| 62 | ANEMOROE S.A. | Greece | 100.00% | Full |
| 63 | PROTERGIA ENERGY S.A. | Greece | 100.00% | Full |
| 64 | SOLIEN ENERGY S.A. | Greece | 100.00% | Full |
| 65 | ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME (EX OSTENITIS S.A.) | Greece | 100.00% | Full |
| 66 | THERMOREMA S.A. | Greece | 40.00% | Equity |
| 67 | FTHIOTIKI ENERGY S.A. | Greece | 35.00% | Equity |
| 68 | METKA RENEWABLES LIMITED | Cyprus | 100.00% | Full |
| 69 | IONIA ENERGY S.A. | Greece | 49.00% | Equity |
| 70 | AIOLIKH TRIKORFON S.A. | Greece | 100.00% | Full |
| 71 | MAKRYNOROS ENERGEIAKH S.A. | Greece | 100.00% | Full |
| 72 | RIVERA DEL RIO | Panama | 50.00% | Full |
| 73 | METKA-EGN LTD | Cyprus | 50.10% | Full |
| 74 | METKA-EGN LTD | England | 50.10% | Full |
| 75 | METKA-EGN SpA | Chile | 50.10% | Full |
| 76 | METKA-EGN USA LLC | Puerto Rico | 50.10% | Full |
| 77 | METKA EGN KZ LLP | Kazakhstan | 50.05% | Full |
| 78 | METKA EGN MEXICO S. DE.R.L. C.V | Mexico | 50.09% | Full |
| 79 | METKA POWER WEST AFRICA LIMITED | Nigeria | 100.00% | Full |
| 80 | METKA INTERNATIONAL LTD | United Arab Emirates | 100.00% | Full |
| 81 | METKA POWER INVESTMENTS | Cyprus | 100.00% | Full |
| 82 | METKA IPS LTD | Dubai | 50.00% | Equity |
| 83 | INTERNATIONAL POWER SUPPLY AD | Bulgaria | 10.00% | Equity |
| 84 | AURORA VENTURES | Marshal Islands | 100.00% | Full |
| 85 | SYMBOL HOLDING LTD | Marshal Islands | 100.00% | Full |
| 86 | ESPRIT SHIP MANAGEMENT CO. | Marshal Islands | 100.00% | Full |
| 87 | PLEASURE FINANCE COMPANY | Marshal Islands | 100.00% | Full |
| 88 | CHARM SHIPTRADE CORP. | Marshal Islands | 100.00% | Full |
| 89 | EXPEDITION ENTREPRISES LTD | Marshal Islands | 100.00% | Full |
| 90 | SEALAND MARINE CORP. | Marshal Islands | 100.00% | Full |
| 91 | UNIQUE SHIPTRADE S.A. | Marshal Islands | 100.00% | Full |
| 92 | MELODIA VENTURES S.A. | Marshal Islands | 100.00% | Full |
| 93 | REGION CONSULTING S.A. | Marshal Islands | 100.00% | Full |
| 94 | VERA SHIPTRADE CORP. | Marshal Islands | 100.00% | Full |
| 95 | NAVARA MARITIME INC | Marshal Islands | 100.00% | Full |
| 96 | STALLENT NAVIGATION LTD | Marshal Islands | 100.00% | Full |
| 97 | MIMOSA MARINE CO | Marshal Islands | 100.00% | Full |
| 98 | INSIGHT MARITIME LIMITED | Marshal Islands | 100.00% | Full |
| 99 | PICADO MARINE INC | Marshal Islands | 100.00% | Full |
| 100 | DOMENICO MARINE CORP | Marshal Islands | 100.00% | Full |
| 101 | PROTERGIA THERMOELEKTRIKI S.A. | Greece | 100.00% | Full |

*Changes on Group's structure are being stated in detail on note 1.3.*

## Related Party transactions

The related party transactions mentioned below are on a pure commercial basis. The Group or any of its related parties has not entered in any transactions that were not in an arm's length basis, and do not intent to participate in such transactions in the future. No transaction had any special terms and there were no guarantees given or received.

In the tables below presented the intercompany transactions and balances between the Company, its subsidiaries and the BoD members for the fiscal year 2017 and 2016 and the intercompany balances at 31.12.2017 and 31.12.2016 accordingly:

Benefits to executives at Group and Parent level

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Short term employee benefits | | | | |
| - Wages of Key Management and BOD Fees | 15,280 | 15,476 | 13,490 | 2,291 |
| - Insurance service cost | 1,602 | 712 | 1,256 | 288 |
| - Other remunerations | 266 | - | 209 | - |
| | **17,148** | **16,188** | **14,954** | **2,579** |
| Pension Benefits: | | | | |
| - Defined contribution scheme | 9 | 54 | - | - |
| **Total** | **17,157** | **16,242** | **14,954** | **2,579** |

Transactions with related parties

| | | MYTILINEOS GROUP | MYTILINEOS S.A. |
|---|---|---|---|
| *(Amounts in thousands €)* | | 31/12/2017 | 31/12/2017 |
| Stock Sales | SERVISTEEL | - | 68 |
| Stock Sales | ELEMKA S.A. | - | 2 |
| Stock Sales | DELFI DISTOMON A.M.E | - | 689 |
| Stock Sales | RENEWABLE SOURCES KARYSTIA S.A. | - | 24 |
| Stock Sales | KORINTHOS POWER S.A. | - | 81,897 |
| Stock Sales | POWER PROJECT SANAYI INSAAT TICARET LIMITED SIRKETI | - | 2,435 |
| Stock Sales | AIOLIKI ANDROU TSIROVLIDI S.A. | - | 37 |
| Stock Sales | AIOLIKI SIDIROKASTROU S.A. | - | 48 |
| Stock Sales | HELLENIC SOLAR S.A. | - | 26 |
| Stock Sales | YDROXOOS .S.A. | - | 3 |
| Stock Sales | AIOLIKI TRIKORFA S.A. | - | 8 |
| Stock Sales | M&M GAS Co S.A. | - | 8,997 |
| Stock Sales | METKA-EGN Ltd UK | - | 55 |
| Stock Purchases | DELFI DISTOMON A.M.E | - | 18,948 |
| Stock Purchases | PROTERGIA THERMOILEKTRIKI S.A. | - | 86 |
| Services Sales | ELEMKA S.A. | - | 4 |
| Services Sales | ANEMODRASI RENEWABLE ENERGY SOURCES S.A. | - | 3 |
| Services Sales | ANENEMORAHI RENEWABLE ENERGY SOURCES S.A. | - | 3 |
| Services Sales | ANEMOSKALA RENEWABLE ENERGY SOURCES S.A. | - | 3 |
| Services Sales | ANEMOSTRATA RENEWABLE ENERGY SOURCES S.A. | - | 3 |
| Services Sales | DELFI DISTOMON A.M.E | - | 19 |
| Services Sales | RENEWABLE SOURCES KARYSTIA S.A. | - | 171 |
| Services Sales | MOVAL S.A. | - | 16 |
| Services Sales | PROTERGIA THERMOILEKTRIKI S.A. | - | 5 |
| Services Sales | GENERAL INDUSTRY S.A. DEFENCE MATERIAL | - | 3 |
| Services Sales | CHORTEROU S.A. | - | 3 |
| Services Sales | KISSAVOS DROSERI RAHI S.A. | - | 3 |
| Services Sales | AETOVOUNI S.A. | - | 3 |
| Services Sales | KISSAVOS PLAKA TRANI S.A. | - | 3 |

| (Amounts in thousands €) | | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS S.A. 31/12/2017 |
|---|---|---|---|
| Services Sales | KISSAVOS FOTINI S.A. | - | 3 |
| Services Sales | LOGGARIA S.A. | - | 3 |
| Services Sales | KORINTHOS POWER S.A | - | 1,230 |
| Services Sales | OSTENITIS S.A. | - | 3 |
| Services Sales | PROTERGIA ENERGY S.A. | - | 5 |
| Services Sales | ANEMOROI S.A. | - | 3 |
| Services Sales | KILKIS PALIAON TRIETHNES S.A. | - | 3 |
| Services Sales | KERASOUDA S.A. | - | 3 |
| Services Sales | IKAROS ANEMOS .S.A | - | 3 |
| Services Sales | AIOLIKI ARGOSTYLIA S.A. | - | 3 |
| Services Sales | NORTH AEGEAN RENEWABLES S.A. | - | 3 |
| Services Sales | MYTILINEOS HELLENIC WIND POWER S.A. | - | 16 |
| Services Sales | AIOLIKI ANDROU TSIROVLIDI S.A. | - | 51 |
| Services Sales | MYTILINEOS AIOLIKI NEAPOLEOS S.A. | - | 3 |
| Services Sales | AIOLIKI EVOIAS PIRGOS S.A. | - | 3 |
| Services Sales | AIOLIKI EVOIAS POUNTA S.A. | - | 3 |
| Services Sales | AIOLIKI EVOIAS HELONA S.A. | - | 3 |
| Services Sales | AIOLIKI ANDROU RAHI XIROKABI S.A. | - | 3 |
| Services Sales | METKA AIOLIKI PLATANOU S.A. | - | 3 |
| Services Sales | AIOLIKI SAMOTHRAKIS S.A. | - | 3 |
| Services Sales | AIOLIKI EVOIAS DIAKOFTIS S.A. | - | 3 |
| Services Sales | AIOLIKI SIDIROKASTROU S.A. | - | 107 |
| Services Sales | HELLENIC SOLAR S.A. | - | 206 |
| Services Sales | SPIDER ENERGY S.A. | - | 16 |
| Services Sales | DELTA RENEWABLE ENERGY SOURCES S.A. | - | 16 |
| Services Sales | EN. DY. S.A. | - | 3 |
| Services Sales | THESSALIKI ENERGY S.A. | - | 3 |
| Services Sales | YDRIA ENERGY S.A. | - | 3 |
| Services Sales | YDROXOOS S.A. | - | 3 |
| Services Sales | FOIVOS ENERGY S.A. | - | 3 |
| Services Sales | AIOLIKI TRIKORFA S.A. | - | 123 |
| Services Sales | MAKRINOROS S.A. | - | 13 |
| Services Sales | M&M GAS S.A. | - | 3 |
| Services Sales | DESFINA S.A. | - | 3 |
| Services Sales | MYTILINEOS FINANCIAL PARTNERS S.A. | - | 7,679 |
| Services Sales | SOLIEN S.A. | - | 12 |
| Services Sales | St. Nikolaos S.A. | - | 52 |
| Services Sales | ELIA S.A. | 3,888 | 3,888 |
| Services Sales | TATOI CLUB | 674 | 364 |
| Services Purchases | SERVISTEEL | - | 850 |
| Services Purchases | ELEMKA S.A. | - | 4,611 |
| Services Purchases | STANMED TRADING LTD | - | 389 |
| Services Purchases | DELFI DISTOMON A.M.E | - | 24 |
| Services Purchases | ΚΟΡΙΝΘΟΣ POWER A.E. | - | 24 |
| Services Purchases | M&M GAS S.A. | - | 15,308 |
| Services Purchases | MYTILINEOS FINANCIAL PARTNERS S.A. | - | 5,993 |
| Services Purchases | ELIA S.A. | 4,155 | 3,896 |
| Services Purchases | TATOI CLUB | 180 | 180 |
| Services Purchases | M-MARITIME Corporation | 3,289 | 3,289 |

| (Amounts in thousands €) | | MYTILINEOS GROUP<br>31/12/2017 | MYTILINEOS S.A.<br>31/12/2017 |
|---|---|---|---|
| Balance from sales of stock/services receivable | SERVISTEEL | - | 10 |
| Balance from sales of stock/services receivable | ELEMKA S.A. | - | 683 |
| Balance from sales of stock/services receivable | STANMED TRADING LTD | - | 259 |
| Balance from sales of stock/services receivable | ANEMODRASI RENEWABLE ENERGY SOURCES S.A. | - | 2 |
| Balance from sales of stock/services receivable | ENEMORAHI RENEWABLE ENERGY SOURCES S.A. | - | 2 |
| Balance from sales of stock/services receivable | ANEMOSKALA RENEWABLE ENERGY SOURCES S.A. | - | 6 |
| Balance from sales of stock/services receivable | ANEMOSTRATA RENEWABLE ENERGY SOURCES S.A. | - | 3 |
| Balance from sales of stock/services receivable | DELFI DISTOMON A.M.E | - | 140 |
| Balance from sales of stock/services receivable | RENEWABLE SOURCES KARYSTIA S.A. | - | 364 |
| Balance from sales of stock/services receivable | MOVAL S.A. | - | 16,192 |
| Balance from sales of stock/services receivable | PROTERGIA THERMOILEKTRIKI S.A. | - | 516 |
| Balance from sales of stock/services receivable | GENERAL INDUSTRY S.A. DEFENCE MATERIAL | - | 47 |
| Balance from sales of stock/services receivable | CHORTEROU S.A. | - | 2 |
| Balance from sales of stock/services receivable | KISSAVOS DROSERI RAHI S.A. | - | 2 |
| Balance from sales of stock/services receivable | AETOVOUNI S.A. | - | 2 |
| Balance from sales of stock/services receivable | KISSAVOS PLAKA TRANI S.A. | - | 2 |
| Balance from sales of stock/services receivable | KISSAVOS FOTINI S.A. | - | 2 |
| Balance from sales of stock/services receivable | LOGGARIA S.A. | - | 2 |
| Balance from sales of stock/services receivable | KORINTHOS POWER S.A | - | 21,950 |
| Balance from sales of stock/services receivable | OSTENITIS S.A. | - | 567 |
| Balance from sales of stock/services receivable | PROTERGIA ENERGY S.A. | - | 3 |
| Balance from sales of stock/services receivable | ANEMOROI S.A. | - | 2 |
| Balance from sales of stock/services receivable | KILKIS PALIAON TRIETHNES S.A. | - | 2 |
| Balance from sales of stock/services receivable | KERASOUDA S.A. | - | 2 |
| Balance from sales of stock/services receivable | IKAROS ANEMOS .S.A | - | 2 |
| Balance from sales of stock/services receivable | POWER PROJECT | - | 8,441 |
| Balance from sales of stock/services receivable | AIOLIKI ARGOSTYLIA S.A. | - | 2 |
| Balance from sales of stock/services receivable | NORTH AEGEAN RENEWABLES S.A. | - | 54 |
| Balance from sales of stock/services receivable | MYTILINEOS HELLENIC WIND POWER S.A. | - | 20,509 |
| Balance from sales of stock/services receivable | AIOLIKI ANDROU TSIROVLIDI S.A. | - | 167 |
| Balance from sales of stock/services receivable | MYTILINEOS AIOLIKI NEAPOLEOS S.A. | - | 2 |
| Balance from sales of stock/services receivable | AIOLIKI EVOIAS PIRGOS S.A. | - | 2 |

| (Amounts in thousands €) | | MYTILINEOS GROUP<br>31/12/2017 | MYTILINEOS S.A.<br>31/12/2017 |
|---|---|---|---|
| Balance from sales of stock/services receivable | AIOLIKI EVOIAS POUNTA S.A. | - | 2 |
| Balance from sales of stock/services receivable | AIOLIKI EVOIAS HELONA S.A. | - | 11 |
| Balance from sales of stock/services receivable | AIOLIKI ANDROU RAHI XIROKABI S.A. | - | 3 |
| Balance from sales of stock/services receivable | METKA AIOLIKI PLATANOU S.A. | - | 2 |
| Balance from sales of stock/services receivable | AIOLIKI SAMOTHRAKIS S.A. | - | 2 |
| Balance from sales of stock/services receivable | AIOLIKI EVOIAS DIAKOFTIS S.A. | - | 2 |
| Balance from sales of stock/services receivable | AIOLIKI SIDIROKASTROU S.A. | - | 159 |
| Balance from sales of stock/services receivable | HELLENIC SOLAR S.A. | - | 2,870 |
| Balance from sales of stock/services receivable | SPIDER ENERGY S.A. | - | 16,221 |
| Balance from sales of stock/services receivable | DELTA RENEWABLE ENERGY SOURCES S.A. | - | 1,526 |
| Balance from sales of stock/services receivable | EN. DY. S.A. | - | 2 |
| Balance from sales of stock/services receivable | THESSALIKI ENERGY S.A. | - | 2 |
| Balance from sales of stock/services receivable | YDRIA ENERGY S.A. | - | 2 |
| Balance from sales of stock/services receivable | YDROXOOS S.A. | - | 3 |
| Balance from sales of stock/services receivable | FOIVOS ENERGY S.A. | - | 2 |
| Balance from sales of stock/services receivable | GREEN ENERGY S.A. | - | 182 |
| Balance from sales of stock/services receivable | AIOLIKI TRIKORFA S.A. | - | 300 |
| Balance from sales of stock/services receivable | MAKRINOROS S.A. | - | 5 |
| Balance from sales of stock/services receivable | M&M GAS Co S.A. | - | 1,023 |
| Balance from sales of stock/services receivable | DESFINA S.A. | - | 29 |
| Balance from sales of stock/services receivable | MYTILINEOS FINANCIAL PARTNERS S.A. | - | 107,613 |
| Balance from sales of stock/services receivable | Mytilineos International Trading Company AG (MIT Co) | - | 204 |
| Balance from sales of stock/services receivable | SOLIEN S.A. | - | 4 |
| Balance from sales of stock/services receivable | St. Nikolaos S.A. | - | 5 |
| Balance from sales of stock/services receivable | METKA-EGN Ltd Cyprus | - | 207 |
| Balance from sales of stock/services receivable | METKA-EGN Ltd UK | - | 683 |
| Balance from sales of stock/services receivable | METKA-EGN USA LLC | - | 1,801 |
| Balance from sales of stock/services receivable | METKA POWER WEST AFRICA LIMITED | - | 632 |
| Balance from sales of stock/services receivable | METKA RENEWABLE LTD CYPRUS | - | 212 |
| Balance from sales of stock/services receivable | ELIA S.A. | 5,861 | 5,812 |
| Balance from sales of stock/services receivable | TATOI CLUB | 66 | 66 |
| Balance from sales/purchases of stock/ services payable | SERVISTEEL | - | 985 |

| (Amounts in thousands €) | | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS S.A. 31/12/2017 |
|---|---|---|---|
| Balance from sales/purchases of stock/services payable | ELEMKA S.A. | - | 3,432 |
| Balance from sales/purchases of stock/services payable | STANMED TRADING LTD | - | 14,042 |
| Balance from sales/purchases of stock/services payable | RDA TRADING | - | 3 |
| Balance from sales/purchases of stock/services payable | METKA BRAZI SRL | - | (335) |
| Balance from sales/purchases of stock/services payable | DELFI DISTOMON A.M.E | - | 4,071 |
| Balance from sales/purchases of stock/services payable | PROTERGIA THERMOILEKTRIKI S.A. | - | 268 |
| Balance from sales/purchases of stock/services payable | KORINTHOS POWER S.A. | - | 25 |
| Balance from sales/purchases of stock/services payable | POWER PROJECT SANAYI INSAAT TICARET LIMITED SIRKETI | - | 3,372 |
| Balance from sales/purchases of stock/services payable | AIOLIKI TRIKORFA S.A. | - | 500 |
| Balance from sales/purchases of stock/services payable | M&M GAS Co S.A. | - | 8,850 |
| Balance from sales/purchases of stock/services payable | MYTILINEOS FINANCIAL PARTNERS S.A. | - | 1,102 |
| Balance from sales/purchases of stock/services payable | Mytilineos International Trading Company AG (MIT Co) | - | 155 |
| Balance from sales/purchases of stock/services payable | METKA POWER WEST AFRICA LIMITED | - | 4 |
| Balance from sales/purchases of stock/services payable | ELIA S.A. | 336 | 336 |
| Balance from sales/purchases of stock/services payable | TATOI CLUB | 8 | 8 |
| Balance from sales/purchases of stock/services payable | M-MARITIME Corporation | 146 | 146 |

## Dividend Policy

The BOD will propose to the General Assembly of the Shareholders (GA) the distribution of dividend of amount 0,3200 / share, while in 2016 the BOD had not proposed distribution of dividend.

## Post Balance Sheet events

- During January 2018, the tax audit by the greek tax administration for the following companies and financial years:

1) Korinthos Power – Tax audit for financial year 2012
2) Protergia A.E. – Tax audit for financial year 2012
3) Protergia A.E. – Temporary tax audit for financial year 2013 for income tax.

Tax audits are paused due to the fact that a decision for expiry is expected.

- On 06.02.2018, the final settlement of the $40 million compensation that derived from the issued award by the International Arbitral Tribunal on RTB-BOR, was signed by a representative of MYTILINEOS and the Serbian government.

The compensation is to be paid in four quarterly installments interest free, the latter in December 2018.

- On 07.03.2018 MYTILINEOS announced that its subsidiary METKA EGN has signed an agreement with HC ESS3 Ltd, a company set up by its long-term client Corylus Capital LLP (previously known as Hazel Capital ) for the EPC of a new 20 MW hybrid energy storage system (ESS) project in the United Kingdom, which will provide Fast Frequency Response (FFR) and other ancillary services to National Grid.

- On 20.03.2018, the General Court of the European Union rejected MYTILINEOS' appeal against the European Commission's decision concerning the price of the electricity tariffs charged by PPC to Aluminium of Greece during the period 2007-2008. The amount declared as state aid amounts to € 17.4 million plus interest. The Company changed the results of the individual and consolidated financial statements for the year 2017. This amount has already been paid to PPC, and in the event that the General Court's decision is annulled, the amount will benefit the results and cash flows in a subsequent year.

**Evangelos Mytilineos**

**Chairman & Chief Executive Officer**
**MYTILINEOS S.A.**

# 3

# *Explanatory report*

## Explanatory report
## Information regarding the issues of article 4 paragraph 7-8 of L.3556/2007 of MYTILINEOS Holdings S.A.

This explanatory report of the Board of Directors is submitted to the Ordinary General Shareholders' Meeting and contains detailed information regarding the issues of paragraph 7 and 8 of article 4 L.3556/2007, as in force.

### I. Company's Share Capital Structure

The share capital of Mytilineos Holding S.A amounts to one hundred thirty-eight millions six hundred four thousand four hundred twenty-six euros and seventeen cents (€138.604.426,17), divided into one hundred forty-two millions eight hundred ninety-one thousand one hundred sixty-one (142.891.161) registered shares with a nominal value of €0,97 each.

The shares of Mytilineos Holding S.A are all listed on the Securities Market of the Athens Exchange [Sector "Basic Resources"].

The rights of the Company's shareholders with respect to their shares are proportional to the share capital stake to which the paid-in share value corresponds. Each share incorporates all the rights and obligations that are stipulated by the Law and Company's Articles of Association, and more specifically:

- The right to dividends from the annual profits or liquidation profits of the Company. A percentage of 35% of the net profits following deduction only of the statutory reserves is distributed from the profits of each year to the shareholders as an initial dividend while the distribution of an additional dividend is resolved upon by the General Meeting. The General Meeting determines the added dividend. Dividends are entitled to each shareholder who is registered in the Shareholders' Register held on behalf of the Company by the "Hellenic Exchanges – Athens Stock Exchange" on the date of approval of the financial statements by the Ordinary General Shareholders' Meeting. The payment date and the payment method of the dividend are available through the media appointed by L. 3556/07. The right to receive payment of the dividend is subject to a time limitation and the respective unclaimed amount goes to the State upon the lapse of five (5) years from the end of the year during which the General Meeting approved the distribution of the said dividend.

- The right to reclaim the amount of one's contribution during the liquidation or, similarly, the writing off of the capital representing the share, provided that this is resolved upon by the General Meeting,

- The right of pre-emption according to their participation in the existing share capital at every share capital increase of the Company (including increase in kind) or issuance of convertible bonds into shares or cash and at undertaking new shares, including increases in kind or issuance of convertible bonds into shares.

- Each shareholder is entitled to request the annual financial statements along with the relevant reports of the Board of Directors and the Auditors of the Company.

- Shareholders participate in the Company's General Meeting which constitute the following rights: in person presence or by delegate, vote, participation in discussions, submission of proposals on the items of the agenda, entry of one's opinion on the minutes of the Meeting and finally the right to vote.

- The General Meeting of Company's Shareholders retain all its rights and obligations during the winding up (according to paragraph 4 of article 33 of the Articles of Association).

The shareholders' responsibility is limited to the nominal value of the shares held.

### II. Restrictions for transferring Company shares

The transfer of Company shares takes place based on procedures stipulated by the law under which the Company is liable, while there are no restrictions set by the Articles of Association for transfer of shares.

### III. Important Indirect/Direct participations according to articles 9-11 of L.3556/07

On 31.12.2017 the following shareholders held more than 5% of the Company's voting rights:

Mr. Ioannis Mytilineos held indirectly, through "FREZIA LTD" and "NIOVAL LTD" (chain of controlled undertakings), 19.201.219 common registered voting shares issued by the Company and the respective voting rights, i.e. 13,44% of the voting rights of the Company.

Mr. Evangelos Mytilineos held indirectly, through "KILTEO LTD" and "ROCALDO LTD" (chain of controlled undertakings), 18.718.330 common registered voting shares issued by the Company and the respective voting rights, i.e. 13,10% of the voting rights of the Company.

On publication date 27.3.2018, the shareholders that hold more than 5% of the total voting rights of the Company are the same as above.

### IV. Shares with special control rights

There are no Company shares that provide special control rights to their holders.

### V. Restrictions on voting rights

No restrictions on voting rights emanate from the Company shares according to the Articles of Association.

### VI. Agreements between Company shareholders

The Company is not aware of any agreements among its shareholders, which would result in restrictions on the assignment of its shares or exercise of the voting rights stemming from such shares.

### VII. Regulations regarding the assignment and replacement of BoD members and amendments of the Articles of Association

The Company's Articles of Association (article 22), within the powers vested by C.L. 2190/1920 as it is now in force, provide the following regarding the appointment and substitution of its members of the BoD:

1. The Board of Directors may elect members in substitution of members who resigned, died or forfeited their office in any other manner; this election is done provided such substitution cannot feasibly be done from substitute members, if any, elected by the General Meeting. Such election by the Board of Directors is effected by means of a decision of the remaining members, provided they are at least three (3), and is valid for the remainder of the term of the substituted member. The election decision is submitted to the publication formalities referred to in art. 7b of Codified Law 2190/20 and is announced by the Board of Directors to the immediately following General Meeting session; the General Meeting may replace the elected members, even if no such item is included in the General Meeting agenda.

2. In case of resignation, death or forfeiture, in any other manner, of director status, the remaining directors (BoD members) may continue to run and represent the company even without substituting the members in question as per the preceding paragraph, provided their number exceeds one half of the number of members as it stood prior to the occurrence of the said events. In all cases, such members may not be less than three (3).

3. In all cases, the remaining BoD members, irrespective of the number thereof, may call the General Meeting for the sole purpose of electing a new Board of Directors.

The provisions of the Company's Articles of Association regarding the amendment of the provisions thereof do not deviate from the provisions of the C.L. 2190/1920.

### VIII. Responsibility of the BoD for the issuance of new shares or acquisition of own shares according to C.L. 2190/1920

According to the provisions of article 13 par. 1 item b) and c) of C.L. 2190/1920 and the article 5 par. 2 of the Articles of Association, the Company's Board of Directors has the right, following a relevant decision by the General Shareholder's Meeting to increase the Company's share capital with the issuance of new shares, through a decision by the Board of Directors that is made with a majority of at least two thirds (2/3) of its total members.

In this case, Company's share capital may be increased by no more than the share capital amount paid up on the date when the Board of Directors was granted such power by the General Meeting. This power of the Board of Directors may be renewed by the General Meeting for a period that may not exceed five years per instance of renewal.

### IX. Significant agreements put in force, amended or terminated in case of a change in the Company's control following a public offer

There are no significant agreements of the Company that become effective, are amended or terminated in the event of change in the control of the Company following a public offer.

There are however loan and other agreements, which provide, as it is common in such agreements, the right of the lending banks or bondholders or the Company's counterparty, to request under certain conditions the early repayment of the loans/bonds or the termination of the respective agreements in the event of change in the control of the Company, though such right is not granted specifically in case the change of control in the Company results from a public offer.

### X. Agreement between the Company and BoD members or employees regarding the termination of their terms / employment

There is no agreement between the Company and the BoD members or staff providing for the payment of any compensation specifically in the event of resignation or dismissal without cause, or termination of their mandate or employment as a result of a Public Acquisition Offer.

**Evangelos Mytilineos**

**Chairman & Managing Director**
**MYTILINEOS S.A.**

# 4

# *Statement of Corporate Governance*

## Statement of Corporate Governance

This Statement of Corporate Governance (the "Statement") forms a special section of the Annual Board of Directors Management Report, as stipulated by the provision of article 43bb of Law 2190/1920, as in force, and concerns the following:

### 1. Compliance of the Company with the Corporate Governance Code

MYTILINEOS S.A. (the "Company") subscribes voluntarily to the "Hellenic Corporate Governance Code for Listed Companies" (hereinafter the Code). The Code was drafted at the initiative of the Hellenic Federation of Enterprises (SEV) and was subsequently amended in the context of its review by the Hellenic Corporate Governance Council (HCG Council) in October 2013. The Code has been posted on the website of Hellenic Exchanges: www.helex.com/web/guest/esed as well as on our website: www.mytilineos.gr/en-us/codes-and-policies/of-mytilineos-group#tab-corporate-governance-code.

### 2. Deviations from the special practices of the Code

The Company's practices deviate from the special practices of the Code in the cases which are reported below together with relevant explanations and estimates of the time by which the Company intends to ensure alignment with the Code.

#### i) Nomination of Board members

**Deviation (Articles: 5.3, 5.4, 5.5, 5.6, 5,7 & 5.8):** Concerns specific practices of the "Nomination of Board members" section.

**Explanation:** Until today, there is no nomination committee for members of the Board of Directors. Nevertheless, the procedure in place for selecting Board members is characterised by strict selection criteria that include, among other qualifications, the necessary expertise, the scientific and professional background and the requirement for candidates to be persons of recognised experience and authority, so that their participation may contribute to the Board's more effective functioning. The Company intends to correct these deviations by July 2018.

#### ii) Internal Audit System

**Partial deviation (Article 1.5):** Concerns the lack of procedures to allow Company personnel to express their concerns, with due observance of confidentiality, about potential unlawful acts and irregularities in financial reporting or about other matters pertaining to the Company's operation. The Audit Committee should ensure the availability of procedures that will allow such matters to be investigated effectively and independently, as well as to be dealt with as appropriate.

#### iii) Level and structure of remunerations

**Deviation (Articles 1.3, 1.5, 1.6, 1.8, 1.9 & 1.11):** Related to the composition and functioning of the Remunerations Committee.

**Explanation:** As the Remunerations Committee in place has not functioned until today, no information is available on the frequency of its meetings and on other matters regarding its functioning. The fees of the Chairman and of the Executive Members of the Board of Directors are approved by the General Meeting of the Shareholders and are disclosed in the Financial Statements on an aggregate basis. The Company intends to comply with the Code in the context of the election of its new Board of Directors and of the Board Committees, by July 2018.

#### iv) General Meeting of Shareholders

**Deviation (Article 2.2):** The Company should provide for an efficient and inexpensive way to cast votes, including electronic voting when available, and postal voting.

**Explanation:** The Company's Articles of Association provide for a procedure for electronic voting or for the use of correspondence vote by the shareholders in the General Meeting (Section II. Article 1.2.). However, the Company is waiting for the issuance of the relevant ministerial decisions in order to introduce a relevant procedure dealing with the technical standards providing security to the electronic voting.

### 3. Board of Directors and Committees

#### i) Role and responsibilities of the Board

1. The Board of Directors, acting collectively, exercises the management of the Company. It is responsible for managing (administering and disposing of) the Company's assets as well as for representing it, with the aim of strengthening its economic value and profitability and of safeguarding the Company's interests. The Board of Directors holds regular meetings at least once per month, and extraordinary meetings whenever important issues arise or decisions need to be made. The regular meetings of the Board of Directors are usually attended by all Board members. Thus far, the Board of Directors has never postponed making a decision because of lack of quorum.

2. According to the Articles of Association and the Company's Internal Regulations of Operation, the Board of Directors has the following basic competences:

- Setting the strategic directions, including the sale or other disposal of the Company's shares, the acquisition of any enterprise or the proposal for the of the Company with another enterprise, which will then be submitted for final approval by the General Meeting of the Company's shareholders.
- Adopting and implementing the general policy on the basis of the recommendations and suggestions made by the General Managers and Directors heading the Company's Business Units and Central Support Functions.
- Managing and disposing of the Company's assets as well as representing the Company judicially or extra-judicially.
- Drafting the Company's annual budget and business plan, defining and meeting its efficiency objectives, monitoring the Company's progress and controlling major capital expenditure.
- Performing a full and effective internal audit of all the Company's activities.
- Monitoring the effectiveness of the corporate governance principles, based on which the Company operates, and making the necessary changes when needed.

- Defining the strategy and the risk management policy of the Company.
- Selecting, managing and developing the Company's senior executives and defining the policy for their remuneration.
- Appointing an internal auditor and defining his/her remuneration.
- Defining the accounting principle that the Company follows.
- Making a brief presentation of the proceedings to the General Meeting of the Company's shareholders.
- Preparing annual reports which state in detail all the transactions between the Company and its associated companies in accordance with the applicable laws.
- Formulating, promoting and implementing the core values and principles of the Company, which govern its relations with all parties whose interests are linked to those of the Company.

The rules regarding the representation of the Company and the persons authorised to bind it are defined by special resolutions of the Board of Directors.

**ii) Size and composition of the Board**

According to the Company's Articles of Association, the Board of Directors should be composed of no fewer than seven (7) and no more than fifteen (15) members. The current Board of Directors was elected by the General Meeting on 01.06.2017 and its term ends on 01.06.2021. It is composed of two (2) executive and five (5) non-executive members, with two (2) of the latter being characterised by the Board as "independent members".

The current composition of the Board of Directors, as elected by the General Meeting and having taken its final composition on 1 June 2017, and following the election by the Board, on 18 September 2017, of Mr George Chryssikos as non-executive member, in replacement of the resigned non-executive member Mr. Wade Burton, in accordance with article 22 par. 1 of the Company's Articles of Association, is as follows:

**BOARD OF DIRECTORS**

| Name | Status | Term of office and date of expiry |
|---|---|---|
| Evangelos Mytilineos | Chairman and CEO – Executive Member | 01.06.2017-01.06.2021 |
| Ioannis Mytilineos | Vice-Chairman – Non-Executive Member | 01.06.2017-01.06.2021 |
| Georgios-Fanourios Kontouzoglou | Executive Director – Executive Member | 01.06.2017-01.06.2021 |
| Sofia Daskalaki | Non-Executive Member | 01.06.2017-01.06.2021 |
| George Chryssikos | Non-Executive Member | 18.09.2017-01.06.2021 |
| Apostolos Georgiades | Independent Non-Executive Member | 01.06.2017-01.06.2021 |
| Christos Zerefos | Independent Non-Executive Member | 01.06.2017-01.06.2021 |

The Board Members – with the exception of the executive ones, who deal exclusively with the Company's activities – are professionally active in their fields of specialisation, as also evidenced by their CVs.

**CHAIRMAN and CHIEF EXECUTIVE OFFICER (CEO)**
**Evangelos Mytilineos, son of George** – Executive Member

Born in Athens in 1954. He is a graduate of the Department of Economic Sciences of the University of Athens, and also holds a postgraduate degree in Economics from the London School of Economics. He is Chairman of the Board and Chief Executive Officer (CEO) of MYTILINEOS S.A. He has received numerous distinctions and awards for his entrepreneurial activities, including the "Businessman of the Year" award in 1998 from the established business magazine KEFALAIO, and the KOUROS award for Innovation and Development in 1998 from the Hellenic Entrepreneurship Association.

**VICE-CHAIRMAN**
**Ioannis Mytilineos** – Executive Member

Born in 1955. He is a graduate of the Faculty of Engineering of the Aristotle University of Thessaloniki (School of Civil Engineering). He is a co-founder of MYTILINEOS S.A. and has been serving as the Company's Vice-Chairman since its establishment.

**EXECUTIVE DIRECTOR**
**Georgios-Fanourios Kontouzoglou** – Executive Member

Born in 1946. He is a graduate of the Athens University of Economics and Business. He is Executive Director and Board member of MYTILINEOS S.A.

**MEMBER**
**Sofia Daskalaki** – Non-Executive Member

Born in Buenos Aires in 1952. She studied Business Administration (BSc, Deree College) and Economics (MSc Econ., London School of Economics). She worked as a financial analyst for two years in the Short-Term Economic Forecasting Department of the Ministry of Coordination and for five years in the Research Department of the Bank of Greece, before joining MYTILINEOS in 1985, where she developed the Company's Corporate Affairs and Corporate Social Responsibility functions. She served as a member of the Board of Directors of the Hellenic Federation of Enterprises (SEV) and, since June 2013, is a member of the Board of Directors of the American-Hellenic Chamber of Commerce. From 2000 to 2010 she served as elected Municipal Councillor and Deputy Mayor of the Municipality of Athens. She is also a founding member of the NGO "Friends of Children with Cancer" ("ELPIDA") and of the "Transparency International - Hellas" Network.

**MEMBER**
**George Chryssikos -** Non-Executive Member

Born in Athens in 1972. He holds an MBA in Corporate Finance & Strategy from Columbia Business School (NY), an MSc in Engineering & Construction Management from UC Berkeley (CA) and a MEng in Civil Engineering from the National Technical University of Athens. He is also a Member of the Royal Institute of Chartered Surveyors (MRICS). In the past, he has held senior positions in international organisations. Today, he is CEO of Grivalia Group and serves on the Board of Directors of Grivalia, Eurobank and Praktiker.

**MEMBER**
**Apostolos Georgiades** – Independent Non-Executive Member

Born in 1935. He is a graduate of the Faculty of Law of the University of Athens and holds a PhD from the University of Munich, where he served as Professor in the Faculty of Law. he served as Professor in the Faculty of Law of the University of Athens from 1972 until his retirement in 2002, as Professor Emeritus. In parallel with his teaching and research activities, he also practised the legal profession, providing his services as lawyer and legal advisor to banks, organizations and large companies. He served as Governor of the National Mortgage Bank of Greece from 1989 to 1993. He has been conferred Honorary Doctorate degrees by the Aristotle University of Thessaloniki and the Democritus University of Thrace, and is a Member of the Academy of Athens since 2000.

**MEMBER**
**Christos Zerefos** – Independent Non-Executive Member

Born in Cairo, Egypt, in 1943. He is a graduate of the Department of Physics and Meteorology of the University of Athens. He has carried out post-doctoral studies and research in the US National Centre for Atmospheric Research (NCAR) and in other research centres in Greece and abroad. He was a Professor of Atmospheric Physics in the Universities of Thessaloniki and Athens (1979-2010), and Visiting Professor in the Universities of Boston, Minnesota and Oslo. He is a Member of the Academy of Athens, the Norwegian Academy of Sciences and Letters, Academia Europaea and other international scientific institutions. He is also a Fellow of the Institute of Physics (UK) and a Lifelong Member of the American Geophysical Union. Over the last 30 years, he has founded or co-founded numerous Research and other Centres. He has also been a contributor to, among others, the Assessment Reports of the Intergovernmental Panel on Climate Change, which was awarded the Nobel Prize in 2007. He has served as President of the National Observatory of Athens and the International Ozone Commission.

**COMPANY SECRETARY**
**Panagiotis Psarreas**

Born in 1981. He studied Architecture in the University of Florence and then journalism in Athens. He worked in various Media as a journalist until 2010, when he assumed the position of associate at the MYTILINEOS Chairman's Office. Since 2012, he is Secretary to the Board of Directors and in 2013 he also assumed the position of the Company's Digital Media Officer.

### iii) Executive, Non-Executive and Independent Members of the Board

The executive members of the Board deal with the daily issues of the Company's management and the supervision of the execution of the decisions made by the Board of Directors, whereas the non-executive members are charged with supervising the execution of the Board's resolutions as well as with other issues or areas of activity of the Company that have been specifically assigned to them by a decision of the Board of Directors.

The independent non-executive members are the members that have no business transaction or other commercial relation with the Company which could influence their independent judgement. In this sense, it is not possible to consider as an independent member of the Board of Directors any person that: (a) has a business or other professional relation with the Company or with one of its associated companies within the meaning of article 42e par.5 of C.L. 2190/1920, as applicable in each case, which influences its business activity and especially when such person is an important supplier of goods or services or a key customer of the Company, (b) is Chairman or General Manager of the Company or if he/she is Chairman or General Manager or an executive member of the Board of one of its associated companies within the meaning of article 42e par. 5 of C.L. 2190/1920, as applicable in each case, or has a relation of dependent or paid employment with the Company or with one of its associated companies, (c) has a second degree kindred relationship with or is the spouse of an executive member of the Board or senior executive or a shareholder holding the majority of the share capital of the Company or one of its associated companies within the meaning of article 42e par. 5 of C.L. 2190/1920, as applicable in each case, (d) has been appointed in accordance with article 18 par. 3 of C.L. 2190/1920.The independent non-executive members may submit separate reports to the General Meeting.

### iv) Conflict of interests

Each member of the Board has a duty of loyalty to the Company. Board members act with integrity and in the Company's interests and safeguard the confidentiality of information that is not publicly available. They must not have a relationship of competition with the Company and should avoid any position or activity that creates or appears to create a conflict between their personal interests and those of the Company, including holding positions on the board of directors or the management of competitor companies, without permission from the General Meeting of the Company's shareholders. Board members must contribute their experience and devote to their duties the necessary time and attention. Prior to their appointment, they should notify the Board of Directors of their other professional commitments, including significant non-executive commitments, to companies and non-profit institutions, and should report to the Board any changes in such commitments as soon as these arise.

Finally, the Internal Audit Department reports to the Audit Committee any cases of conflict of the private interests of Board members with the interests of the Company, which (cases) it ascertains in the performance of their duties.

### v) Committees of the Board and other Committees

The Board of Directors is assisted in its work by the following Committees, which, in order to ensure the best possible performance of their tasks, may retain the services of financial, legal and other specialist consultants.

## 1. AUDIT COMMITTEE

The Audit Committee, in accordance with the Company's Internal Regulations of Operation and with the Committee's own Regulation Code, which was approved and put into effect by the Committee's Decision dated 3.11.2009 and subsequently amended by the resolution of the Company's Board of Directors of 11.05.2017, following a relevant proposal submitted by the Committee, reports through its Chairman to the Board of Directors by means of drawing up and submitting regular or ad hoc reports and works closely with the Company's Internal Audit Department.

The Audit Committee consists of at least three members, who in their majority must be independent within the meaning of the provisions of Law 3016/2012, as in force, and is either an independent committee or a committee of the Board of Directors. In particular, the Committee is composed of Non-Executive Members of the Board of Directors and of members who are elected by the General Meeting of the shareholders. The Committee's Chairman is appointed by its members or elected by the General Meeting of the Company's shareholders and is independent of the Company. At least one member of the Committee must be a certified auditor-accountant in suspension or retirement or have sufficient knowledge of auditing and accounting. In accordance with the Committee's Regulation Code, the term of office of its members is commensurate with that of the Board Directors, unless otherwise decided by resolution of the General Meeting or of the Board of Directors acting under the latter's authority, and the Committee may elect a secretary responsible for keeping the minutes of its meetings. The members of the Committee and its secretary are prohibited from undertaking activities external to the Company which might hinder independent decision-making and give rise to conflicts of interest. Every member of the Committee is provided with appropriate information and training and is appropriately remunerated in relation to the time devoted to the Committee's work.

The members of the Committee were elected during the regular Annual General Meeting of the Company's shareholders, held on 18.06.2014. The Committee is today composed of three members, of which two are independent non-executive members of the Board of Directors and one is not a Board member and, according to the statement made by the Company, meets the requirements of article 44 of Law 4449/2017 and the provisions on independence of Law 3016/ 2002. In particular, the current composition of the Committee, as established following the resolution of the General Meeting of the Company's shareholders regarding the replacement of one of its members with a new one and the Committee's decision of 01.06.2017 regarding the taking up of its composition, is the following:

| Composition of the Audit Committee | |
|---|---|
| **Chairman** | |
| Apostolos Georgiades | Independent Non-Executive member of the Board |
| **Members** | |
| Konstantinos Kotsilinis | Independent Non-Executive member |
| Christos Zerefos | Independent Non-Executive member of the Board |

The Committee meets at regular intervals, at least four (4) times per year, and also holds extraordinary meetings when required. Its key responsibilities are to monitor the statutory audit of the Company's individual and consolidated financial statements, the financial reporting process and the effectiveness of the internal control systems, including the provision to the Internal Audit Department of general guidelines on the audit framework and the activities to be audited, to examine the activities of the Internal Audit Department with a view to assessing its effectiveness, to receive regular updates on the progress of the activities of the Internal Audit Department and to confirm that significant problems and weaknesses identified, as well as the related recommendations, have been notified to and discussed in a timely manner with the Management, which has taken the necessary corrective actions. Additionally, the Audit Committee has the right, when it considers this to be necessary, to request from the Internal Audit Department or from third parties any information it deems necessary in order to properly carry out its work.

The duties and responsibilities of the Audit Committee and its Regulation Code have been posted on the Company's website, www.mytilineos.gr at: http://www.mytilineos.gr/en-us/committees/and-external-auditors

The topics discussed by the Audit Committee during 2017 are presented in the following table:

| DATE OF MEETING | AGENDA |
|---|---|
| 23.01.2017 | Briefing on the findings of the audit of the management of human resources (sector B) in the energy companies of the MYTILINEOS Group. |
| 06.02.2017 | Briefing on the result of the audit regarding “Bauxites”. |
| 20.03.2017 | 1. Briefing on the main findings of the audits carried out by the Internal Audit Department during 2016.<br>2. Approval of the Internal Audit Department’s audit plan for 2017. |
| 27.03.2017 | Briefing by the Independent Auditors on the accounting period ended on 31.12.2016. |
| 10.05.2017 | Harmonisation of the Committee’s Regulation Code with the provisions of Law 4449/2017. |
| 01.06.2017 | Appointment of Chairman and establishment of the Committee into a body. |
| 04.07.2017 | Approval of the Committee’s work programme for 2017. |
| 08.08.2017 | 1. Briefing by the Independent Auditors on their review of the MYTILINEOS Group financial statements of 30.06.2017.<br>2. Submission to the Board of Directors of the Report of the Committee’s activities and actions during the period 01.01.2017-08.08.2017. |

## 2. REMUNERATIONS COMMITTEE

The key responsibilities of the Remunerations Committee include dealing exclusively with matters concerning staffing, remunerations and incentives at the level of senior executives of the Company and of its subsidiaries, and the submission of recommendations on the remunerations of these executives, so that the Board of Directors may make informed decisions in granting its approval. In addition, the Remunerations Committee submits to the Board of Directors recommendations on the application of remunerations and benefits systems, on organisational changes involving the aforementioned executives, on the replacement of Board members when this is judged necessary on the basis of reasoned recommendations, and on the remunerations of the Board members.

Furthermore, the Committee proposes to the Board of Directors possible changes of executives in the Company’s organisational chart, Performance Review Systems for senior executives and measures to support the professional advancement of executives, and is also supervising the procedure for filling key Company positions. The Remunerations Committee is also charged with proposing to the Board of Directors the principles to govern the Company’s policy on human resources development. Finally, it draws up an annual report of its activities, which is addressed to the Annual General Meeting of the Shareholders, in line with the requirement for obtaining approvals as per the provisions of articles 23(a) and 24 of C.L. 2190/1920.

## 3. Other Committees in which Board members participate

In addition to the two Board Committees mentioned above, the Company has also established the following Committee, composed of non-executive members of the Board and of Company executives.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The purpose of the Committee is to further strengthen the long-term commitment of the Company to Responsible Sustainable Development, which is integral to its strategy and operation. The CSR Committee is responsible to the Board of Directors for monitoring the correct implementation of Corporate Social Responsibility in the Company in terms of the policies, targets, actions and results in connection with environmental, social and ethical issues. It examines and approves the non-financial information contained in the Company’s Annual Report and Sustainability Report, ensuring that all aspects of material significance for its sustainability have been covered. The Committee may also act in the role of advisor to the Company’s executive management team and to the relevant Board Committees on the above issues.

| Composition of the CSR Committee | STATUS |
|---|---|
| **Chairman** | |
| Christos Zerefos | Independent Non-Executive member of the Board |
| **Members** | |
| Evangelos Mytilineos | Chairman of the Board & CEO |
| Sofia Daskalaki | Independent Non-Executive member of the Board |
| Fotis Spyrakos | General Manager, CEO’s Office |
| Spyros Kasdas | Chairman of the Board, DELPHI-DISTOMON S.A. |
| Vivian Bouzali | Director, Communications and Marketing Strategy |

From January to June 2017, when the Company's corporate transformation was announced, the CSR Committee held three (3) meetings. The topics discussed in these meetings are presented in the following table:

| DATE OF MEETING | AGENDA |
|---|---|
| 27.03.2017 | Discussion and adoption of decisions in connection with the new institutional framework for CSR. Presentation of the key standards adopted and applied by MYTILINEOS and of the Company's obligations under Law 4403/2016 regarding the disclosure of Non-Financial Information. |
| 29.03.2017 | |
| 10.04.2017 | Presentation and approval of the results of the internal review of the materiality analysis process in connection with the definition of the aspects of material significance for the sustainability of MYTILINEOS S.A. |

The table below shows the attendance of the CSR Committee meetings by the Committee's members.

| CSR Committee members | 3 MEETINGS OF THE CSR COMMITTEE |
|---|---|
| **Christos Zerefos**, Chairman | 3/3 |
| **Evangelos Mytilineos**, Member | 0/3 |
| **Sofia Daskalaki**, Member | 3/3 |
| **Fotis Spyrakos**, Member | 3/3 |
| **Spyros Kasdas**, Member | 3/3 |
| **Vivian Bouzali**, Member | 3/3 |

### vi) Meetings of the Board of Directors and of the Board Committees

During 2017, the Board of Directors of the Company held 91 meetings. The table below shows the Board members' attendance of the meetings of the Board of Directors and of the Board Committees:

| Members of the Board | 91 MEETINGS OF THE BOARD OF DIRECTORS | 8 MEETINGS OF THE AUDIT COMMITTEE |
|---|---|---|
| **Evangelos Mytilineos** Chairman | 91/91 | |
| **Ioannis Mytilineos** Vice-Chairman | 90/91 | |
| **Georgios-Fanourios Kontouzoglou** Executive Member | 91/91 | |
| **Sofia Daskalaki** Member | 91/91 | |
| **Wade Burton** Member | 59/63 | |
| **George Chryssikos** Member | 28/28 | |
| **Apostolos Georgiades** Member | 88/91 | 8/8 |
| **Christos Zerefos** Member | 91/91 | 8/8 |
| **Michael Chandris** Member | 24/24 | |

Concerning the number of Board meetings, we note that pursuant to the Greek Law, the Articles of Association of the Company and the relevant resolutions of the General Meetings of the shareholders regarding the delegation of authorities within the Board of Directors, collective action by the Board is required for a number of matters, such as for providing a corporate guarantee in favour of any third party, including companies associated with MYTILINEOS. Taking also into consideration the Company's extensive activities in Greece and abroad via its EPC, Metallurgy, Electric Power and Gas Trading Business Units, the Board of Directors must often act collectively, in the sense that there is a requirement for a relevant resolution which must be reflected in the minutes of the respective Board's meeting. However, it should be noted that no administrative or other costs incur for the Company as a result of these resolutions. The relevant minutes of the Board's resolutions are drafted and are signed by circulation by all members of the Board, without a prior meeting of the Board taking place, pursuant to art. 21, par. 5 of C.L. 2190/1920. More specifically, out of the total number of 91 minutes of the Board's meetings during 2017, 57 of them were drafted and were signed by all members of the Board without a prior meeting of the Board taking place, pursuant to art. 21, para. 5 of C.L. 2190/1920 (as stated at the end of each such minute).

**vii) Evaluation of the Board of Directors and its Committees**

As stated in the Internal Regulation of the Board of Directors, the procedure for evaluating the effectiveness of the Board members and Committees takes place at least once every two years. The Chairman of the Board presides over this procedure and the relevant results are discussed by the Board in a special meeting held for this purpose. Based on the evaluation results, the Chairman takes measures in order to deal with any weaknesses identified. The Board also evaluates the Chairman's performance in a separate meeting chaired by the independent Vice-Chairman or, where the Vice-Chairman is not an independent Board member by another non-executive member.

Until today, the evaluation of the Board of Directors is mainly based on the latter's Management Report and is performed by the General Meeting of the shareholders. Furthermore, the evaluation of the effectiveness of the Board and of its Committees focuses on the examination and analysis of the Board's work against the Company's business targets as well as against the degree to which the Company's overall strategy was achieved and the progress made in this respect.

## 4. General Meeting of the shareholders and shareholders' rights

**i) Functioning and key powers of the General Meeting**

1. The General Meeting of the Company's shareholders is its supreme body and is entitled to take decisions on all cases related to the Company. More specifically, the General Meeting is the sole body with the authority to decide on the following:

a) extension of the Company's duration, merger, split-up, conversion, revival or dissolution;

b) amendment of the Articles of Association;

c) increase or decrease of the share capital, with the exception of the case of para 2, case a, article 5 of the Articles of Association, the provisions imposed by the law and the capitalization of the reserves;

d) issuance of a debenture loan with convertible loans and a debenture loan with participation right in the profits, without prejudice to the terms of para 2, case b, article 5 of the Articles of Association;

e) election of the Board members, apart from the cases of article 22 of the Articles of Association;

f) election of auditors

g) election of liquidators

h) approval of annual accounts (annual financial statements)

i) appropriation of annual profits

The above competencies do not include:

a) increases decided in application of paragraphs 1 and 14 of article 13, C.L. 2190/1920, as each time in force, and increases imposed by provisions of other laws;

b) the amendments of the Articles of Association decided by the Board of Directors in application of para 5, article 11, para 2, article 13a, para 13, article 13 and para 4, article 17b of C.L. 2190/1920 as each time in force;

c) the absorption of a public limited company (SA) under article 78 by another public limited company (SA) possessing 100% of its shares; and

d) the possibility of profit or optional reserve appropriation in the current fiscal year with the decision of the Board of Directors provided that there is no relevant authorisation of the ordinary general meeting.

2. Its legal decisions also bind the shareholders who are absent or disagree.

3. The shareholders' General Meeting is convened by the Board of Directors and is held at the Company's seat or in the region of another municipality within the prefecture where the Company has its seat or in another municipality neighbouring the one where the Company has its seat, at least once a year, always in the first semester from the expiry of each fiscal year. The General Meeting, also, can be held in the municipality where the seat of the Stock Market where the Company's shares are listed. The Board of Directors can convene an extraordinary shareholders' General Meeting, when deemed necessary. The General Meeting can be held via a teleconference, according to the technical security specifications stipulated in the decisions of the Minister of Development, following an opinion of the Capital Market Commission.

4. The General Meeting, with the exception of repeat meetings and the similar ones, should convene at least within twenty (20) full days before the one set for its convocation. It is clarified that non-working days are taken into account in calculating the time limit of 20 days. The publication day of the invitation to the General Meeting and the day of the meeting are not taken into account. The invitation to the General Meeting includes the place of the meeting with its exact address, the date and the time, the items on the agenda, the shareholders with participation right and exact instructions about the way the shareholders will be able to participate in the meeting and exercise their rights in person or by proxy or even from a distance. No invitation is required if shareholders representing the total of the share capital are presented or represented and no one objects to its convocation and decision taking.

5. The General Meeting is in quorum and validly meets on the items on the agenda when a percentage of at least twenty per cent (20%) of the paid-up share capital. If such a quorum is not achieved in the first Assembly, a repeat one is convened within twenty (20) days from the date of the postponed meeting by invitation of the Board of Directors sent at least ten (10) days before. The repeat meeting is in quorum and validly meets on the items on the agenda whatever the part of the paid-up share capital represented.

6. The decisions of the General Meeting are taken with the absolute majority of the votes represented in the meeting. The General Meeting is exceptionally considered to be in quorum and validly meets on the items on the agenda if at least two thirds (2/3) of the paid-up share capital are represented, in the case of decisions pertaining to: a. extension of the Company's duration, merger, split-up, conversion, revival or dissolution; b. change of the national status of the Company; c. change of the scope of the Company's

activities; d. increase and decrease in the share capital; e. change in the profit appropriation (Law 876/1976); f. increase in the shareholders' obligations; g. provision or renewal of the power of the Board of Directors for an increase in the share capital under para 1, article 13, C.L. 2190/1920, and in any case defined by the law or the Articles of Association that for the General Meeting to take a specific decision, the above quorum is required.

7. The General Meeting is provisionally chaired by the Chairman of the Board of Directors or, the if the Chairman is unable to attend, by his Deputy, appointed by the Board of Directors by special decision to this purpose. Secretarial duties are performed by the secretary appointed by the Chairman. After the list of the shareholders with a right to vote is approved, the meeting continues with the election of its Chair and a secretary who also acts as a teller.

8. The discussions and decisions of the General Meeting are restricted to the items on the agenda. The agenda is prepared by the Board of Directors and includes the proposals of the Board to the General Meeting and possible proposals made by the auditors or shareholders representing one twentieth (1/20) of the paid-up share capital. For the items discussed for which decisions are taken, minutes are kept signed by the Chair and the Secretary. The list of the shareholders present or represented in the General Meeting is recorded at the beginning of the minutes. If only one (1) shareholder is present in the General Meeting, the presence of a Notary Public is compulsory to co-sign the minutes of the meeting.

**ii) Rights of shareholders and their way of exercise**

1. The shareholders exercise the rights relevant to the Company's administration only with their participation in the General Meeting. Each share provides the right of one vote in the General Meeting without prejudice to article 16, C.L. 2190/1920, as currently in force.

2. Any person appearing as a shareholder in the registry of the Dematerialized Securities System managed by HELLENIC EXCHANGES SA (HELEX), in which the shares of the Company are recorded, is entitled to participate in the General Meeting. Proof of shareholder status should be made by presenting relevant written certification from HELEX or alternatively with direct electronic link-up of the Company with the records of the Dematerialized Securities System. Shareholder proof status should exist in the beginning of the fifth (5th) day prior to the general meeting (record date) and the relevant written certification in proof of the shareholder status issued by HELEX must have been received by the Company by the third (3rd) day before the date of the General Meeting.

3. The Company considers that only a party having the shareholder's capacity on the record day of the list has the right to participate and vote. Shareholders who do not comply with the provisions of article 28a of the Codified Law 2190/1920 may participate in the General Meeting only after the Meeting has authorized them to do so.

4. It is noted that in order to exercise said rights (participation and voting), it is not necessary to block the shares or follow any other similar procedure that may restrict the ability to sell and transfer shares in the period between the Record Date and the date of the General Meeting.

5. The shareholder may participate in the General Meeting and may vote either in person or by proxy. Each shareholder may appoint up to three (3) proxy holders. Legal entities may participate in the General Meeting by appointing up to three (3) persons as proxy holders. The appointment and revocation of appointment of a proxy holder shall be made in writing and shall be notified to the Company in writing at least three (3) days prior to the date of the General Meeting. Prior to the commencement of the General Meeting proceedings, the proxy holder must disclose to the Company any particular facts that may be of relevance for shareholders in assessing the risk that the proxy holder may pursue interests other than those of the shareholder. Within the meaning intended in this paragraph, a conflict of interest may arise in particular when the proxy holder: (a) is a controlling shareholder of the Company or is another entity controlled by such shareholder; (b) is a member of the board of directors or the broader management of the Company, or of a controlling shareholder or an entity controlled by such shareholder; (c) is an employee or an auditor of the Company, or a controlling shareholder or an entity controlled by such shareholder; (d) is a spouse or close relative (1st degree) of a natural person referred to in cases (a) to (c) above.

6. Participation from a distance in the voting during the shareholders' general meeting is possible either by using electronic means or voting by mail by sending the items of the agenda to the shareholders along with the relevant vote forms on these items. The agenda and the vote forms may be made available, and the latter may also be completed electronically, over the Internet. The exercise of voting rights in this way may take place prior to or also during the General Meeting.

**iii) Other rights of the shareholders**

1. Ten (10) days before the ordinary General Meeting, each shareholder may obtain from the Company the annual financial statements and the relevant reports of the Board of Directors and of the auditors. These documents should have been timely submitted by the Board of Directors to the Company's office.

2. Following a request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, the Board of Directors is obliged to call an Extraordinary General Meeting setting a date which is not more than forty-five (45) days from the day the application was served on the Chairman of the Board of Directors. The application should accurately determine the item on the agenda. If a General Meeting is not called by the Board of Directors within twenty (20) days from serving the relevant application, the meeting is convened by the applicant shareholders at the Company's expenses with the decision issued by the Single-Member First Instance Court of the Company's seat according to the interim measures procedure. This decision sets the location and the time of the meeting and the agenda.

3. Following a request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, the Board of Directors is obliged to include additional items in the agenda of a general meeting, already called, if the said request is communicated to the Board of Directors at least fifteen (15) days prior to the general meeting. The additional items should be published or made public with the responsibility of the Board of Directors, under article 26, Codified Law 2190/1920, at least seven (7) days before the general meeting. If these items are not published, the applicant shareholders are entitled to

ask the postponement of the general meeting under paragraph 3, article 39 of C.L. 2190/1920 and proceed with the publication according to the previous section, at the Company's expenses.

4. Following a request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, the Board of Directors puts at the disposal of the shareholders, under article 27, para 3 of C.L. 2190/1920, at least six (6) days before the date of the general meeting, draft resolutions on items included in the initial or possible revised agenda, if the relevant request is communicated to the Board of Directors at least seven (7) days prior to the date of the general meeting.

5. Following a request of any shareholder and provided that said request is filed with the Company at least five (5) full days prior to the General Meeting, the Board of Directors is obliged to provide the General Meeting with the specific requested information regarding the affairs of the Company, insofar as such information is relevant to a proper assessment of the items on the daily agenda.

6. Following a request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, the Chair of the General Meeting is obliged to postpone once taking decisions in the Ordinary or Extraordinary General Meeting for all or specific items, setting as a date of a decision-making meeting the one on the shareholders' application, which, though, cannot be more than thirty (30) days away from the postponement day. The general meeting following a postponement is the continuation of the previous one and there is no need to repeat the publication formalities of the shareholders' invitation. New shareholders can also participate, by observing the provisions of articles 27, para 2 and 28a of C.L. 2190/1920.

7. Following a request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, the Board of Directors is obliged to announce to the Ordinary General Meeting the amounts paid in the last two years to each member of the Board of Directors or the Company's directors/ managers and any benefit given to these parties for any reason or as a result of an agreement made with the Company. Furthermore, following an application of any shareholder submitted to the Company at least five (5) full days before the General Meeting, the Board of Directors is obliged to give the General Meeting the applied-for specific information to the degree this information is useful for the real assessment of the items on the agenda.

The Board of Directors may decline to provide such information citing sufficient material grounds, and this should be recorded in the minutes. Such a reason could be, depending on the specific cases, the representation of the applicant shareholders in the board of directors pursuant to paragraphs 3 or 6 of article 18 of C.L. 2190/1920, as currently in force. The Board of Directors may provide a single answer to shareholders' requests that are of similar content. The obligation to provide information does not apply in the event that such information is already available from the Company's website, particularly in the case of frequently asked questions.

8. Following a request of shareholders representing one fifth (1/5) of the paid-up capital of the Company, and provided that the said request is given to the Company at least five (5) full days prior to the General Meeting, the Board of Directors is obliged to provide the General Meeting with information on the course of the business affairs and financial status of the Company. The Board of Directors may decline to provide such information citing sufficient material grounds, and this should be recorded in the minutes. Such a reason could be, depending on the specific cases, the representation of the applicant shareholders in the board of directors pursuant to paragraphs 3 or 6 of article 18 of C.L. 2190/1920, as currently in force, provided the members of the Board of Directors have received the relevant information in an adequate way.

9. Following a request of shareholders representing at least one twentieth (1/20) of the paid-up share capital, a decision on any item on the agenda of the General Meeting is taken by a roll-call vote.

10. Shareholders of the Company representing at least one twentieth (1/20) of the paid-up share capital have the right to ask the Single-Member First Instance Court of the region where the Company has its seat, for an audit of the Company, and the Court applies the voluntary jurisdiction procedure. The audit is ordered if there is the possibility of actions that violate the provisions of the law or the Company's Articles of Association or the decisions of the General Meeting.

11. Company shareholders representing at least one fifth (1/5) of the paid-up share capital have the right to ask the court of the previous paragraph for an audit of the Company, provided that it is believed that the management of corporate affairs is not exercised in accordance with the principle of prudent and sound management. This provision is not applied in the cases the minority asking for the audit is represented in the Company's Board of Directors.

## 5. Description of the main characteristics of the internal audit systems and of the risk management function of the Company in relation to the preparation of the financial statements

### i) Risk Factors

With operations in four core Business Units, namely Metallurgy, Electric Power, Gas Trading and EPC, MYTILINEOS is faced with a number of different risk factors. Consequently, its exposure to these risk factors may potentially affect its operation, its financial status or its operational results.

In addition to the risk factors that may be presented in other sections of the Annual Management Report of the Company, the following are the main risk factors which could significantly affect the Company's results and its financial status.

**1. Market Risk**
The global financial conditions continue to present fluctuations. The Company is faced with risks from fluctuations in the LME prices, from the EUR/USD parity, the broader economic and financial environment, and the market for final aluminium products.
In this context, the Company is taking a number of steps to hedge its exposure to market risk, improve its cost structure and ensure its liquidity. These include:

- Hedging the risk stemming from the fluctuation of the price of aluminium using various financing tools.
- Hedging the risk stemming from its exposure to the fluctuations of the EUR/USD parity using derivatives.
- Restructuring energy cost items.
- Implementing programmes for the optimal utilisation of assets and cost reduction programmes.
- Developing plans for the improvement of the production process.
- Re-evaluating the Company's credit policy as well as the procedures used for assessing the creditworthiness of customers.

**2. Rising cost of raw materials or unfavourable conjuncture**

The Company's operational results are affected by the rising cost of raw materials such as metallurgical coke, caustic soda and other basic materials, as well as by the freight costs for the transportation of these materials.

To address these rises in costs, the Company seeks to negotiate and "lock" the main freight contracts with competitive terms. At the same time, it has implemented a new system for assessing supply prices for raw materials and is also carrying out a continuous cost optimisation and reduction programme.

Moreover, the Company's operational results may be affected by unfavourable conjuncture, when the drop in the price of cost items that are linked to the LME price or the EUR/USD parity is not enough to offset the respective reduction in the LME prices or in the value of the US Dollar during the same period.

**3. Availability of Greek bauxites and Market Concentration**

To meet the needs of its Metallurgy Business Unit and, in particular, of the alumina production process, the Company is significantly dependent on the availability of Greek bauxites. With the operation of its own mines, through its wholly-owned (100%) subsidiary "DELPHI-DISTOMON S.A.", the Company meets 38%-40% of its needs for Greek bauxites. However, in the coming years there may be difficulties in terms of licensing or drilling (exploration) for new bauxite deposits in Greece. Moreover, the Greek bauxite market is already concentrated in a small number of suppliers. On top of that, the possibility of further market concentration could have a negative impact on the cost that the Company would incur in connection with its purchases of Greek bauxite in the future. For these reasons, the Company seeks to negotiate multi-annual bauxite contracts and strategic alliances with the Greek producers.

**4. Health & Safety, environmental laws and regulations**

The Company's activities are subject to the laws and regulations governing health and safety at the workplace and environmental protection. The costs for compliance with such regulations involve either investments or significant spending for actions that concern the safe management of industrial waste and environmental rehabilitation.

Environmental issues for which the Company may be responsible might arise in the future in connection with its current facilities and/or with facilities owned or operated by the Company in the past, even if up to this day the Management is not or could not be aware of such issues or such issues have not yet arisen.

**5. Climate change, relevant laws and regulations and greenhouse effects**

The consumption of the energy that is generated by fossil fuels is one of the main factors contributing to global warming. An ever-increasing number of governments, governmental bodies and committees have initiated or intend to proceed to legislative and regulatory changes in order to deal with the potential risks associated with this phenomenon.

Energy is a key raw material for the Company's activities and is also expected to also become a key source of income in the near future. Moreover, the Company is active in the wider energy sector through its EPC Business Unit, undertaking the construction of integrated energy projects. As a result of amendments to the EU regulatory framework, the Company's operating margins might be affected by changes which may have to be made to Company production facilities with increased greenhouse gas emissions and/or Company facilities with high energy needs.

Given the wide-ranging scope of such changes, the likely impact of the future legislation and of the regulatory framework on climate change, as well as of the European and international conventions and agreements, cannot be assessed with any certainty. The Company might be obliged to undertake significant investments in the future, as a result of the requirement for compliance with the new, amended legislation and the new regulations. Finally, as a result of an eventual deficit or surplus in terms of CO2 emission rights management, and also due to its high energy consumptions, mainly in the Metallurgy Business Unit, the Company might in the future recognise significant costs or revenues, respectively. On the other hand, due to any one of the aforementioned changes in the legislation on climate change, the Company might be presented with opportunities in the EPC sector.

**6. Failure of achieving the expected long-term benefits from productivity and cost reduction initiatives**

The Company has taken and may continue to take initiatives regarding productivity and cost reduction in order to improve performance and reduce the overall production cost. It may be that all such initiatives cannot be implemented or the estimated savings resulting from them cannot be fully achieved, for various reasons beyond the Company's control.

**7. Political, legal and regulatory issues**

The Company's activities in Greece relating to electric power and natural gas remain regulated, to a significant degree, by the State and depend on political decisions or on legal and regulatory framework matters. Developments within this environment, which could translate into delays in the substantial liberalisation of the energy market, might impact the activities of the Company and on its future results, as well as on the value of its energy assets or of its other assets whose operation requires the significant consumption of energy products.

Moreover, the Company may also be affected by adverse political developments or developments relating to the regulatory framework in connection with the activity of its EPC Business Unit abroad, especially so in countries characterised by political instability.

**8. IT safety**

The Company's business operations are supported by various software applications and data processing systems. However, the likelihood of such systems becoming unavailable or of a breach of the Company's data can never be completely ruled out. The Company mitigates these risks by applying high security standards and taking measures in order to establish and ensure the availability, reliability, confidentiality and traceability of systems and data. Additionally, and in order to control potential security risks, the Company invests regularly in the upgrading of software, hardware and equipment, has internal and external audits conducted by international consulting groups, and applies continuous improvement procedures.

#### 9. Risks relevant to the EPC Business Unit

Through the activities of its EPC Business Sector, the Company is exposed, in terms of contracts, to risks associated with the engineering and electrical design, supply, manufacturing and delivery of turn-key energy facilities for a determined price. The aforementioned risks involve mainly cost overruns and/or delays in implementation, due to:

- Unforeseen increases of the cost of raw materials and/or equipment.
- Mechanical failures or failures of equipment.
- Unforeseen conditions during manufacturing.
- Delays due to adverse weather conditions.
- Performance failures or problems relating to suppliers and subcontractors.
- Additional works performed at the request of the customers or due to the customers' delaying to produce in time the information for the design or the engineering of the project.
- Unforeseen or unexpected changes relating to socio-political conditions, mainly in countries with political and governmental instability.

In cases where additional time is required or the Company incurs additional costs for which the customer is at fault, the Company negotiates with the latter the payment of compensation.

The Company's key asset are its people. Its success in the EPC Projects sector depends on its ability to recruit, train and retain an adequate number of employees, including executives, engineers and technicians with the requisite abilities and specialisations. Therefore, the Company's failure to retain suitably qualified personnel in order to sustain and further develop its know-how might affect its current or future performance.

#### 10. Force majeure

Unforeseen events, including natural disasters, acts of war or terrorist attacks, non-scheduled interruption of production operations / power outages, interruption of supply or failure of equipment and/or processes to meet the specifications, may increase costs and affect the Company's financial results. Moreover, the Company's insurance terms in force may not provide sufficient coverage for the entire damage which may be caused by such events.

#### 11. Pendency of proceedings

The Company is involved in a number of cases against third parties, either as complainant or as respondent. The outcome of such cases may involve expenses or income that may significantly affect its results and its financial position.

### ii) Organisation and implementation of risk management

MYTILINEOS has defined risk as a set of uncertain and unpredictable situations that may affect all its activities, its business operation and its financial performance, as well as the implementation of its strategy and the achievement of its goals. For this reason, it has established a specific risk management approach in all its areas of activity where certain risks have been recognised. This approach consists of the following steps:

- Identification and assessment of risk factors.
- Planning of the risk management policy.
- Implementation and evaluation of the risk management policy.

The Company has established specific and comprehensive Enterprise Risk Assessment and Management (ERM) processes. All senior executives are involved in the identification and initial assessment of risks, so as to facilitate the work of the Executive Committees of each Business Unit, as well as of the Board of Directors of each legal person, in the planning and approval of specific actions in the context of the approved ERM processes.

With regard to Non-Financial Information, since 2010 the Company has introduced a specific Stakeholder engagement process for evaluating the materiality of the sustainability issues which are related to its activity sectors. This process, combined with the corresponding prioritisation of these issues by the Company's Business Units, is at the core of the accountability policy applied by the Company.

The process for determining the material sustainability issues is an ongoing exercise that is constantly developed and improved. The purpose of this process is to highlight the issues that reflect the Company's significant environmental and social impacts and influence substantially the decisions of its Stakeholders.

By identifying and understanding the material sustainability issues, the Company formulates and develops its uniform business strategy and its aims, targets and social and environmental initiatives (relevant details are given in the Company's Sustainability Report 2017).

Last but not least, the Company conducts regular internal audits to ensure the appropriate and effective implementation of the risk identification and assessment procedures and of the management policies for such risks.

### iii) Internal Audit System

1. In addition to everything mentioned herein and everything described above in connection with the competences of the Audit Committee, the Company's Internal Audit Department is an independent organisational unit which reports to the Board of Directors. Its competences include, among others, the assessment and improvement of the risk management and internal audit systems as well as the monitoring of the compliance with the established policies and procedures as these are determined by the Internal Regulations of Operation, the legislation in force and the regulatory provisions.

Moreover, the following are examined and analysed on a continuous basis:

- The efficiency of the Company's accounting and financial systems, audit mechanisms, quality control systems, health & safety and environmental systems, and business risk management systems.
- The drafting of the financial statements and of other important data and information for notification
- The reliability, the qualifications and the independence of the chartered auditors.
- Cases of conflict between the private interests of the members of the Board or executives of the Company and the latter's interests.

- Relations and transactions of the Company with affiliated companies as well as relations of the Company with companies in whose share capital members of the Company's Board of Directors participate with a percentage of at least 10% or shareholders of the Company participate with a percentage of at least 10%.

- The legality of the fees and any kind of bonuses to the members of the management with regard to the decisions of the competent bodies of the Company.

2. The Board of Directors re-examines continuously and consistently the corporate strategy and the principal business risks, especially in a constantly changing financial and business environment. Moreover, the Board receives at regular intervals from the Audit Committee reports on the activities of the audits carried out, on the basis of the annual schedule of audits planned by the Company's Internal Audit Department. The above allow the Board to form a detailed opinion of the effectiveness of the Company's systems, processes and regulations.

3. The certified chartered auditors do not offer non-audit services to the Company.

## 6. Board of Directors remunerations

In accordance with the company's Articles of Association, the terms of the Board members' remuneration are set by the Board and submitted to the Annual General Meeting of the shareholders for approval.

With the exception of the CEO, none of the current members of the Board have a salaried employment relation with the Company.

The Board members do not receive any other compensation or benefit. For the period from 01.01.2017 to 31.12.2017, no share options were granted and no share benefit plans were in force.

The Company has adopted a specific policy for the remuneration of the members of the Board, with the aim of enhancing its corporate values and its long-term interests. The remuneration policy conforms to the Company's business strategy, which ensures that the organisation's business objectives remain aligned with those of its stakeholders – its employees, its management and its shareholders.

The remuneration policy is based on the following principles:

- Maximisation of performance.
- Alignment of remunerations and rewards with profitability, risk and capital adequacy.
- Internal transparency.

The alignment of the Board members' remuneration policy with the strategy of each core business activity of the Company is a continuous commitment. The procedures used in determining the remuneration amounts are clear, documented and transparent. The remuneration policy is designed by the Human Resources Central Support Function, with the support of the Finance and the Legal & Regulatory Central Support Functions, and is submitted to the Remunerations Committee. In addition to a fixed part, the structure of these remunerations may also include a variable part, ensuring that remunerations are linked to the short and long-term business profitability and efficiency.

With regard to the fixed remunerations of Board members, these must be competitive, in order to allow the Company to attract and retain individuals with the capabilities, skills, experiences and behaviours it requires. The aim is for the remuneration amounts to be commensurate with the time that the members devote to the Board meetings, to reflect the actual performance of the duties assigned to them and to be close to the market average established by the relevant salary surveys. Higher remunerations are foreseen for Board members who are assigned special roles of increased significance or in cases of outstanding experience and performance.

With regard to variable remunerations, these are linked to the performance of the Board member and of the Company in general. The achievement of the objectives at the aforementioned levels is a core element of the corporate culture of MYTILINEOS. The level of the variable remunerations paid depends on the actual performance according to a number of quantitative criteria. These include the medium and long-term Company strategy, ensure the alignment of the objectives with the said strategy and secure the interests of the organisation and of its shareholders, and are related to the following indicative Key Performance Indicators (KPIs):

- Sustaining and/or increasing turnover.
- Sustaining and/or increasing the operating margin.
- Realising positive cash flows from operations.
- Sustaining and/or increase of net profits.

KPIs are defined annually on the basis of the Company's business plan and the level of the Board members' variable remunerations is calculated on the back of the evaluation process for those KPIs, always considering the general economic environment.

It is noted that the non-executive members of the Board receive fixed remunerations only.

## 7. Diversity policy applied by the Company in relation to the composition of its Board and the percentage representation of each gender in the composition of the Board and of the Senior Executive Team

The Company acknowledges the significance of promoting the principle of diversity in the composition of its governance bodies as well as in its executives and administrative personnel.

Managing and capitalising on diversity represents a major organisational challenge for MYTILINEOS, which the Company, as a modern-day business, will have to address in the next two years, following the completion of its corporate transformation and in line with its responsible operation. In 2017, the Company paved the way in this direction by introducing a specific Diversity Policy with clearly defined vision and objectives.

**Diversity Policy**

1. Introduction - Purpose

1.1 MYTILINEOS S.A. (the "Company"), remaining engaged in its commitment to the implementation of best Corporate Governance practices and in compliance with the provisions of article 2 of Law 4403/2016, aims to apply the principle of diversity (based, among other basic parameters, on gender, age, experience, skills and knowledge) to the composition of its Board of Directors, of its senior executive team and of all direct employees in all its activities, where this is feasible. To this end, the Company hereby adopts the present Diversity Policy (hereinafter the "Policy").

2. Vision

2.1 The Company acknowledges that in an era in which flexibility and creativity are the keys to competitiveness, promoting diversity in its administrative, management and supervisory bodies is particularly significant for its further business growth.

2.2 The Company also acknowledges that diversity at the workplace in the broader sense may increase the potential for accessing a greater range of solutions to issues of business strategy, thus increasing its competitive advantage.

3. Basic Principles

3.1 The procedure of searching for and selecting candidates for Board membership for other senior executive positions should take place using merit-based and objective criteria, taking account of the benefits that result from the application of the principle of diversity, including the representation of both genders, in the said procedure.

3.2 A precondition for the appointment of a member of the Board or other senior executive is primarily the existence of the necessary qualifications and the fulfilment of other criteria, as these are specified by the Company. However, the procedure should ensure that women and men will have equal opportunities of being selected as candidates.

3.3 If the Company, through its competent bodies (e.g. the Committee for the evaluation of candidate members of the Board or the Human Resources Central Support Function), employs the services of third parties, such as independent consultants, in connection with searching for candidates for Board membership or for senior executive positions, explicit mention should be made of the fact that both women and men are to be proposed.

3.4 In the framework of the annual evaluation of the Board of Directors and of its Committees, the members of the Board and of the Committees should take into consideration the balance of all diversity parameters applicable to the Board of Directors, as these are mentioned in the present Policy.

3.5 Despite the fact that most of its business activities are in the heavy industries sector, the Company aims to facilitate the broadest possible participation of women and young people in its workforce, where feasible, always in accordance with the requirements and opportunities of each one of its Business Units.

3.6 Managing and capitalising on diversity represents a major organisational business challenge for the Company. Investing in the development of managerial skills, so that senior executives can correctly manage a potentially multicultural work environment, is considered necessary.

4. Measurable targets

4.1 At the time of adoption of the present Policy, the Company sets as its objective the achievement of the following target percentages concerning the representation of women by 2020:

- Up to 27% of the composition of the Board.
- Up to 50% of the total number of the independent members of the Board.
- 20% of the senior executives (Directors and General Managers).
- 15% of direct employees.

5. Scope of application

5.1 The Policy is applied to the procedure for the selection of members of the Board of the Company and is taken into account in the procedures for searching for and selecting senior executives as well as personnel at all other levels of the Company's hierarchy.

6. Revision procedure

6.1 The Committee for the nomination of candidate Board members is charged with the revision of the present Policy. The Committee may examine any revisions which may be required and propose them to the Board of Directors for approval.

7. Policy disclosure

7.1 The Policy is posted on the Company's website (www.mytilineos.gr) for the purpose of informing its Stakeholders and the public at large.

7.2 In the "Statement of Corporate Governance" section of its Annual Report, the Company reports its performance against the targets set, together with the percentages – by gender and age – of the members of the Board and of its senior executive team.

| *MYTILINEOS S.A. Diversity Indicators*<br><br>*Board of Directors, Executives and Administrative employees* | **2017** |
|---|---|
| **Board of Directors** | |
| **Men** | 85.7% |
| **Women** | 14.3% |
| **<30 years old** | 0% |
| **30-50 years old** | 0% |
| **>50 years old** | 100% |
| **Executives** | |
| **Men** | 77.5% |
| **Women** | 22.5% |
| **<30 years old** | 4% |
| **30-50 years old** | 76.6% |
| **>50 years old** | 19.4% |
| **Administrative employees** | |
| **Men** | 68.5% |
| **Women** | 31.5% |
| **<30 years old** | 9.8% |
| **30-50 years old** | 66.2% |
| **>50 years old** | 23.8% |

## 8. Related party transactions

Each related company follows the rules on transparency, independent financial management and the accuracy and correctness of its transactions, as stipulated by the law. The Company's transactions with related parties take place for a price or consideration which is equivalent to the one that would apply if the transaction were to take place with some other natural or legal person, under the conditions that prevail in the market at the time when the transaction takes place and, in particular, equivalent to the price or consideration agreed to by the Company when entering into a transaction with any third party. The Company complies fully with all relevant provisions of the laws. In the framework of the application of the International Accounting Standards and of the International Financial Reporting Standards and, in particular, in accordance with IAS 24 "Related Party Disclosures", the Company is obliged to disclose, primarily via periodic financial statements, the transactions between related parties. According to the provisions of IAS 24, related parties – other than the companies (subsidiaries and related) which are members of the Company's business group – are the members of the Company's management, its executives and their closest family members, as well as third companies in which the aforementioned persons hold a significant stake (>20%) and, by the nature of their transactions, affect or impact significantly the decisions and the strategic or financial activities of the Company. Information on related party transactions is updated every quarter (in the case of remunerations and of liabilities and accounts receivable) and every six months (in the case of the participation in third companies by members of the Company's Management and by its executives or their closest family members), at which time the Company's Finance Central Support Function sends a relevant form to the related parties, which the latter complete and return no later than 20 days from its dispatch. At the end of each quarter, a relevant form is send to the liable parties by the Company's Finance Central Support Function, which is responsible for monitoring related party transactions, which the latter complete and return no later than 20 days after the expiry of that quarter. Under the responsibility of the Finance General Support Function, the information on the transactions between related companies is included in the report that accompanies the financial statements of the Company, for the shareholders' information. The Board of Directors is responsible for submitting to the General Meeting of the shareholders for approval the contracts falling within the scope of application of article 23 of C.L. 2190/1920.

## 9. Information required in accordance with article 10 par. 1 of Directive 2004/25/EC of the European Parliament and of the Council

The information required in accordance with article 10 par. 1 of Directive 2004/25/EC of the European Parliament and of the Council is contained, as per the stipulations of article 4 par. 7 of Law 3556/2007, in the Explanatory Report, which is presented above.

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# Report on the Allocation of Raised Capital

## Report on the Allocation of Raised Capital from the issuance of an Ordinary Bond Loan with payment in cash for the period 27.06.2017 to 31.12.2017

Under the provisions of par. 4.1.2 of the Athens Exchange (hereinafter "Athex") Regulation, the decision, No. 25/17.07.2008, of the BoD of the Athex and the decision, No. 8/754/14.04.2016, of the BoD of the Hellenic Capital Market Commission (hereinafter "HCMC"), it became known that a capital of EUR three hundred million (€300,000,000) was raised from the issuance of an Ordinary Bond Loan of EUR three hundred million (€300,000,000), of a duration of five (5) years, divided into 300,000 dematerialized, common, bearer bonds with a nominal value of €1,000 each, carried out according to the decision of the Board of Directors of MYTILINEOS S.A., dated 08.06.2017, and the decision approving the content of the Prospectus of HCMC dated 15.06.2017. The issuance costs came up to €5,096,986, reduced the overall raised capital.

The issuance of the Ordinary Bond Loan was fully covered and the payment of the raised capital was certified by the Company's Board of Directors on 27.06.2017.

Furthermore, the issued three thousand (300,000) dematerialized, common, bearer bonds were listed to be traded in the fixed-income securities of the regulated market of the Athens Exchange on 28.06.2017.
According to the commitments set out in the relevant Prospectus approved by the Hellenic Capital Market Commission and the decision, dated 08.06.2017, of the Company's BoD, it is known that the raised capital of EUR three hundred million (€300,000,000), minus an amount of EUR five million ninety-six thousand nine hundred eighty-six (€5,096,986), relating to the issuance costs, were allocated on 31.12.2017 as follows:

| USE OF RAISED CAPITAL | APPROVED PROSPECTUS SCHEDULE | | | BALANCE TO BE ALLOCATED |
|---|---|---|---|---|
| | TOTAL AMOUNT | PERIOD OF CAPITAL USE | | |
| | (in thousand €) | 1st HALF 2017 | 2nd HALF 2017 | 31.12.2017 |
| Issuance Costs of Ordinary Bond Loan | -5,097 | -71 | -5,026 | - |
| a) Refinancing of existing debt with collateral | 235,922 | 235,000 | 922 | - |
| b) Refinancing of short-term debt | 29,490 | 6,906 | 22,584 | - |
| c) Financing of Working Capital | 29,490 | 23,881 | 5,610 | - |
| **Total raised capital after the issuance costs** | **294,903** | **265,787** | **29,116** | **-** |

Maroussi, 27 March 2018

The designess

| Evangelos Mytilineos | Ioannis Mytilineos | Ioannis Kalafatas |
|---|---|---|
| Id.C. No. AN094179/2017 | Id.C.No. AE044243/2007 | Id.C.No. AZ556040/2008 |
| **BoD Chair and CEO** | **Vice-Chair of the Board of Directors** | **Chief Financial Officer** |

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# Report on Actual Findings of Agreed-upon-Procedures on "Report on Appropriation of Funds"

## Report on Actual Findings of Agreed-upon-Procedures on "Report on Appropriation of Funds"

To the Board of Directors of the Company MYTILINEOS HOLDINGS S.A.

In compliance with the Engagement Letter we received from the Board of Directors of MYTILINEOS HOLDINGS S.A.(the Company), dated as at 4 October 2017, we have conducted the below agreed upon procedures regarding the "Report on the Allocation of Raised Capital from the issuance of an Ordinary Bond Loan of 300.000.000" (the "Report") in 2017. The Company's Management is responsible for the preparation of the aforementioned Report in compliance with the effective regulations of ATHEX and the Hellenic Capital Market Commission, as well as the provisions of the Prospectus issued as at July 15th, 2017 regarding the field of the Summary Note Item E2b.
We have performed our engagement according to the International Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information". Our responsibility is to perform the following agreed-upon procedures and disclose our findings to you.

### Procedures

The procedures we have performed can be summarized as follows:

1) We have examined the content of the Report in respect of the records presented in the Summary Note Item E2b of the Prospectus issued by the Company on July 15th, 2017.

2) We have compared the amounts recorded as appropriated funds in the Report with the corresponding amounts recognized in the Company's books and records from the funds appropriation date to September 30th, 2017 inclusively.

3) We have examined whether the funds arising from the Common Bond Loan have been appropriated from the funds appropriation date to September 30th, 2017 inclusively in compliance with their intended use, based on the provisions of the Prospectus regarding the field of the Summary Note Item E2b, through sample examination of the supporting documents in respect of the accounting entries.

### Findings

The following issues have been established arising from the performance of the aforementioned procedures:

1) We have established that the content of the Report complies with the aforementioned Summary Note Item E2b of the Prospectus.

2) The amounts per intended use recorded as appropriated funds in the accompanying "Report on the Allocation of Raised Capital from the issuance of an Ordinary Bond Loan of €300.000.000 "arise from the Company's books and records as of September 30th, 2017.

3) Through sample examination of the relative supporting documents, we have verified that the funds, arising from the issue of the Common Bond Loan, have been appropriated in compliance with their intended use, according to the provisions of the Prospectus issued as at July 15th, 2017 regarding the filed of the Summary Note Item E2b.

Since the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any further assurance apart from that reported above.

Had we performed additional procedures or had we performed an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

### Restrictions on the Use of the Report

Our report is addressed exclusively to the Company's Board of Directors within the framework prescribed by the Regulatory Framework of ATHEX. Therefore, the current report is not to be used for any other purpose since it relates only to the amounts above and does not extend to the financial statements prepared by the Company for the period ended as at September 30th, 2017.

Athens, March 27th 2018

The Chartered Accountants

Manolis Michalios
SOEL Reg. No. 25131

Thanasis Xynas
SOEL Reg. No. 34081

Grant Thornton
An instinct for growth™

Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

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# Independent Auditor's Report

# Independent Auditor's Report

To the Shareholders of "MYTILINEOS S.A."

**Report on the audit of the separate and consolidated financial statements**

***Opinion***

We have audited the accompanying separate and consolidated financial statements of the company "MYTILINEOS S.A." (the Company), which comprise the separate and consolidated statement of financial position as at December 31, 2017, and the separate and consolidated statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries (the Group) as of December 31, 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

***Basis for opinion***

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as they have been transposed in Greek Legislation. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the separate and consolidated financial statements" section of our report. During our audit, we remained independent of the Company and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as transposed in Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece. We have fulfilled our responsibilities in accordance with the provisions of the currently enacted law and the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Emphasis of Matter***

We would like to draw your attention to note 2.1 of the financial statements, making reference to the fact that the financial statements of the Company following the 6/7/2017 approval by the Ministry of Economy and Development of the merger of the companies "MYTILINEOS S.A. - GROUP OF COMPANIES", "METKA S.A.", "ALUMINUM OF GREECE S.A.","PROTERGIA S.A." and "PROTERGIA THERMOELEKTRIKI AGIOU NIKOLAOU S.A." by absorption of the second, third, fourth and fifth companies from the first, incorporate the assets and the liabilities of the merged companies, as well as to the accounting policy of incorporating these assets and liabilities.

Our opinion is not qualified in respect of that matter.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition** | |
| Group and Company's revenues arose from differentiated operating segments. Given the complexity of the volume of transactions, the use of IT systems as well as management's judgements and estimates, which include an uncertainty, revenue recognition has been considered as a key audit matter.<br><br>More specifically, Group revenues arose from electricity retailing are determined though IT systems and include judgments and computations in areas as unbilled revenue from customers. Moreover, Group's construction revenues are determined based on their percentage completion, as the fraction of actual cost to total estimated cost until the completion of each construction.<br><br>Group and Company's disclosures for the accounting policy, judgements and estimates used for revenues are included in explanatory notes 2.20, 2.27 and 3.1 of the financial statements. | Our audit approach included, among others, the following procedures:<br><br>• We assessed the IT systems environment which supports the main sources of revenues, including related internal procedures and controls.<br><br>• We assessed the correct data transfer from the individual IT systems to the general ledger.<br><br>• We assessed the judgements for the recognition of unbilled revenue at the end the year ended 31 December 2017.<br><br>• We assessed the judgements for the recognition of construction revenue as well as the calculation of the percentage of completion at the end of the year ended 31 December 2017.<br><br>• For the above procedures, where this was deemed appropriate, we used our firm's specialist.<br><br>• We assessed the adequacy of the related disclosures included in explanatory notes 2.20, 2.27 and 3.1 of the financial statements. |

## Assessment of whether non-current assets may be impaired

As at December 31, 2017, the Group has recognized goodwill of €209 mil. (Company: €0), intangible assets of €236 mil. (Company: €89 mil.) and tangible assets of €1.137 mil. (Company: €803 mil.). In addition, as at December 31, 2017 the Company holds investments in subsidiaries of €239 mil. and investments in associates of to €17 mil. (Group: €23 mil.).

Goodwill and intangible assets not yet available for use are tested for impairment annually, while intangible assets with definite useful life, tangible assets and investments in subsidiaries and associates are tested for impairment whenever there are related indications.

Taking into consideration the significant amounts of the non-current assets mentioned above and the use of management's assumptions and estimates for the determination of the relative recoverable amounts, we consider this area as a key audit matter.

Impairment testing requires the determination of recoverable amounts based on the value in use of the assets. Value in use is derived from the discounted cash flow method, based on business plans which incorporate key management's assumptions and estimates.

Management's assumptions and estimates are mainly related to the future prices of LME, petroleum products, gas and electricity. They are also related to the estimation of future exchange rates and discount rates. Furthermore, macroeconomic environment's volatility, competition as well as regulatory developments could affect the operating performance of the Group's cash generating units.

As at December 31, 2017, an impairment loss of €3,8 mil. for the Group has been recognized (Company: €0) in relation to the above categories of non-current assets.

Group and Company's disclosures for the accounting policy, assumption and estimates used for the analysis of the above non-current assets are included in explanatory notes 2.4, 2.7, 2.8, 2.9, 2.27, 3.2, 3.3, 3.4, 3.5 and 3.6 of the financial statements.

Our audit approach included, among others, the following procedures:

- We assessed management's procedures for the identification of impairment indications relating to non-current assets.
- We assessed management's procedure relating to the preparation of reliable business plans.
- We assessed the reasonableness of management's assumptions and estimates.
- We assessed the mathematical accuracy of discounted cash flow models.
- For the above procedures, where this was deemed appropriate, we used our firm's specialist.
- We assessed the adequacy of the related disclosures included in explanatory notes 2.4, 2.7, 2.8, 2.9, 2.27, 3.2, 3.3, 3.4, 3.5 and 3.6 of the financial statements.

## Provisions and contingent liabilities

As at December 31, 2017, the Group and the Company are engaged (as defendant or claimant) in numerous and complex litigation claims and arbitration procedures in the course of their operation.

The determination of provisions or disclosures of contingent liabilities and contingent assets which relate to litigation claims and arbitration procedures has been considered as a key audit matter as it includes significant management judgments based on legal advisors' estimations. The estimations relate both to the outcome of each claim and the potential economic impact for the Group and the Company.

Group and Company's disclosures relating to provisions and contingent liabilities are included in explanatory notes 2.19, 2.27, 3.17 and 3.37 of the financial statements.

Our audit approach included, among others, the following procedures:

- We assessed management's procedures regarding the collection, monitoring and evaluation of the outcome of pending litigation claims.
- We reviewed and assessed legal advisors' responses and discussed them with the management and the legal advisors, where this was deemed appropriate.
- We assessed management's conclusions regarding the effect of pending litigation claims on Group's and Company's financial position.
- We assessed the adequacy of the related disclosures included in explanatory notes 2.19, 2.27, 3.17 and 3.37 of the financial statements.

***Other Information***

Management is responsible for the other information. The other information is included in the Board of Directors' Report, as referred to the "Report on other Legal and Regulatory Requirements" section, in the Declaration of the Board of Directors Representatives and in any other information which is either required by Law or the Company optionally incorporated, in the required by Law 3556/2007, Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the procedures performed, we conclude that there is a material misstatement therein; we are required to communicate that matter. We have nothing to report in this respect.

***Responsibilities of Management and Those Charged with Governance for the separate and consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the separate and consolidated financial statements in accordance with International Financial Reporting Standards, as endorsed by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.
The Audit Committee (art. 44 of Law 4449/2017) of the Company is responsible for overseeing the Company's and the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs, as they have been transposed in Greek Legislation, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs as they have been transposed in Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

***Report on Other Legal and Regulatory Requirements***

**1. Board of Directors' Report**

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report which also includes the Corporate Governance Statement, according to the provisions of paragraph 5 of article 2 (part B) of L. 4336/2015, we note the following:

a. The Board of Directors' Report includes the Corporate Governance Statement which provides the information required by Article 43bb of Greek Codified Law 2190/1920.

b. In our opinion the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of articles 43a and 107A and of paragraph 1 (cases c' and d') of article 43bb of Greek Codified Law 2190/1920 and its content is consistent with the accompanying separate and consolidated financial statements for the year ended 31/12/2017.

c. Based on the knowledge we obtained during our audit about the MYTILINEOS S.A. and its environment, we have not identified any material inconsistencies in the Board of Directors' Report.

**2. Separated Financial Statements**

Taking into account that management is responsible for preparation of the separated financial statements, which include the separated per activity statement of financial position of the Company and the Group as at December 31, 2017 and the separated per activity income statement before tax of the Company and the Group for the period January 1,2017 to December 31,2017 in accordance with the provision of L.4001/2011 and the decision No.204/2013 of Regulatory Authority of Energy (RAE) we note that in our opinion the separated financial statements, as presented in the annex I of the notes of the financial statements of the Company and Group, have been prepared in accordance with the provisions of L.4001/2011 and the decision No.204/2013 of RAE.

**3. Additional Report to the Audit Committee**

Our audit opinion on the separate and the consolidated financial statements is consistent with the additional report to the Audit Committee referred to in article 11 of EU Regulation 537/2014.

**4. Non Audit Services**

We have not provided to the Company and its subsidiaries any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014. We have not provided to the Company and the Group any prohibited non-audit services referred to in article 5 of EU Regulation No 537/2014. The allowed services provided to the Company and the Group, in addition to the statutory audit, during the year ended 31 December 2017 have been disclosed in Note 7 to the accompanying separate and consolidated financial statements.

**5. Appointment**

We were appointed as statutory auditors for the first time by the General Assembly of shareholders of the Company on 28 June 1996. Our appointment has been, since then, uninterrupted renewed by the Annual General Assembly of shareholders of the Company for 26 consecutive years.

Athens, 27 March 2018

The Certified Public Accountants

Manolis Michalios
I.C.P.A. Reg. No. 25131

Thanasis Xynas
I.C.P.A. Reg. No. 34081

Grant Thornton
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Chartered Accountants Management Consultants
56, Zefirou str., 175 64 Palaio Faliro, Greece
Registry Number SOEL 127

# 8

# Annual Financial Statements

## Annual Financial Statements

We confirm that the attached Financial Statements are those approved by the Board of Directors of "MYTILINEOS S.A." at 27.03.2018 and have been published to the website www.mytilineos.gr.

### Income Statement

| | | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|---|
| *(Amounts in thousands €)* | | 1/1-31/12/2017 | 1/1-31/12/2016 | 1/1-31/12/2017 | 1/1-31/12/2016 |
| **Sales** | | 1,526,721 | 1,246,086 | 1,161,628 | 6,887 |
| Cost of sales | | (1,209,113) | (1,045,684) | (933,979) | (6,876) |
| **Gross profit** | | **317,608** | **200,402** | **227,649** | **11** |
| | | | | | |
| Other operating income | | 58,650 | 41,060 | 46,463 | 16,985 |
| Distribution expenses | | (9,171) | (10,982) | (8,225) | - |
| Administrative expenses | | (76,710) | (64,732) | (59,914) | (12,343) |
| Research & Development expenses | | (139) | (137) | - | - |
| Other operating expenses | | (58,111) | (17,317) | (44,422) | (1,036) |
| **Earnings before interest and income tax** | | **232,126** | **148,294** | **161,551** | **3,617** |
| | | | | | |
| Financial income | | 16,095 | 2,968 | 13,932 | 341 |
| Financial expenses | | (59,347) | (59,860) | (45,579) | (7,954) |
| Other financial results | | (7,442) | (6,509) | 1,944 | 4,536 |
| Share of profit of associates | | 176 | 383 | - | - |
| **Profit before income tax** | | **181,609** | **85,276** | **131,847** | **539** |
| | | | | | |
| Income tax expense | | (23,602) | (21,407) | (4,354) | (553) |
| | | | | | |
| **Profit for the period** | | **158,007** | **63,869** | **127,493** | **(14)** |
| Result from discontinuing operations | 3.27 | (262) | (2,630) | (285) | - |
| **Profit for the period** | | **157,745** | **61,240** | **127,208** | **(14)** |
| **Attributable to:** | | | | | |
| *Equity holders of the parent* | 3.25 | *154,583* | *34,166* | *127,208* | *(14)* |
| *Non controlling Interests* | | *3,161* | *27,074* | *-* | *-* |
| *Basic earnings per share* | | *1.0818* | *0.2922* | *0.8902* | *(0.0001)* |
| *Earnings per share* | | *1.0818* | *0.2922* | *0.8902* | *(0.0001)* |
| **Summury of Results from continuing operations** | | | | | |
| **Oper.Earnings before income tax,financial results,depreciation and amortization** | | **305,978** | **222,363** | **215,395** | **3,970** |
| Earnings before interest and income tax | | 232,126 | 148,294 | 161,551 | 3,617 |
| Profit before income tax | | 181,609 | 85,276 | 131,847 | 539 |
| Profit for the period | 3.26 | 158,007 | 63,869 | 127,493 | (14) |
| | | | | | |
| **Definition of line item: OperEarnings before income tax,financ. res,depr&amort. (EBITDA)** | | | | | |
| Profit before income tax | | 181,609 | 85,276 | **131,847** | 539 |
| Plus: Financial results | | 50,693 | 63,400 | **29,704** | 3,077 |
| Plus: Capital results | | (176) | (383) | **-** | - |
| Plus: Depreciation | | 72,904 | 73,326 | **53,844** | 354 |
| **Subtotal** | | **305,030** | **221,620** | **215,395** | 3,970 |
| Plus: Other operating results (II) | | 949 | 743 | **-** | - |
| **Oper.Earnings before income tax,financial results,depreciation and amortization (EBITDA)** | | **305,978** | **222,363** | **215,395** | 3,970 |

*The notes on pages 76 to 153 are an integral part of these financial statements.*

## Statement of Comprehensive Income

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 1/1-31/12/2017 | 1/1-31/12/2016 | 1/1-31/12/2017 | 1/1-31/12/2016 |
| **Other Comprehensive Income:** | | | | |
| Net Profit/(Loss) For The Period | 157,745 | 61,240 | 127,208 | (14) |
| **Items that will not be reclassified to profit or loss:** | | | | |
| Actuarial Gain / (Losses) | 1,081 | (424) | 1,083 | (6) |
| Deferred tax from actuarial gain/(losses) | (15) | 155 | (16) | 2 |
| **Items that may be reclassified subsequently to profit or loss:** | | | | |
| Exchange Differences On Translation Of Foreign Operations | 4,370 | (538) | 3,003 | - |
| Cash Flow Hedging Reserve | (38,194) | (6,004) | (40,295) | - |
| Deferred Tax From Cash Flow Hedging Reserve | 11,076 | 1.741 | 11,686 | - |
| **Other Comprehensive Income:** | **(21,681)** | **(5,069)** | **(24,539)** | **(4)** |
| **Exchange Differences On Translation Of Foreign Operations** | **136,064** | **56,170** | **102,670** | **(18)** |
| | | | | |
| **Total comprehensive income for the period attributable to:** | | | | |
| Equity attributable to parent's shareholders | 133,186 | 24,165 | 102,670 | (18) |
| Non controlling Interests | 2,877 | 32,006 | - | - |

*The notes on pages 76 to 153 are an integral part of these financial statements.*

## Statement of Financial Position

| (Amounts in thousands €) | Note | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS GROUP 31/12/2016 | MYTILINEOS S.A. 31/12/2017 | MYTILINEOS S.A. 31/12/2016 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non current assets** | | | | | |
| Tangible Assets | | 1,136,779 | 1,073,255 | 802,834 | 9,529 |
| Goodwill | | 209,313 | 209,313 | - | - |
| Intangible Assets | | 235,517 | 243,034 | 89,117 | 159 |
| Investments in Subsidiary Companies | | - | - | 238,935 | 638,057 |
| Investments in Associates | | 23,372 | 23,242 | 17,212 | - |
| Other Investments | | - | 100 | - | 100 |
| Deferred Tax Receivables | | 124,179 | 102,012 | 62,097 | 11,600 |
| Financial Assets Available for Sale | | 163 | 169 | 37 | 37 |
| Other Long-term Receivables | 3.10.4 | 134,603 | 200,268 | 52,074 | 178 |
| | | **1,863,927** | **1,851,395** | **1,262,305** | **659,659** |
| **Current assets** | | | | | |
| Total Stock | 3.8 | 158,890 | 257,409 | 140,084 | - |
| Trade and other receivables | 3.11 | 745,856 | 590,578 | 426,155 | 264 |
| Other receivables | | 272,625 | 209,706 | 328,430 | 47,482 |
| Financial assets at fair value through profit or loss | | 814 | 959 | 814 | 69 |
| Derivatives | | 15,168 | 491 | 15,168 | - |
| Cash and cash equivalents | 3.12 | 160,940 | 197,884 | 88,995 | 336 |
| | | **1,354,292** | **1,257,025** | **999,645** | **48,150** |
| **Assets** | | **3,218,219** | **3,108,420** | **2,261,950** | **707,809** |
| **Liabilities & Equity** | | | | | |
| **Equity** | | | | | |
| Share capital | | 138,839 | 113,643 | 138,604 | 113,408 |
| Share premium | | 193,311 | 210,195 | 124,701 | 141,585 |
| Fair value reserves | | (32,692) | (4,073) | (33,387) | - |
| Other reserves | | 109,767 | 104,627 | (154,606) | 3,492 |
| Translation reserves | | (10,414) | (15,040) | 3,003 | - |
| Retained earnings | | 978,058 | 580,029 | 848,768 | 225,821 |
| **Equity attributable to parent's shareholders** | | **1,376,871** | **989,382** | **927,085** | **484,306** |
| Non controlling Interests | | 54,122 | 294,869 | - | - |
| **Equity** | | **1,430,992** | **1,284,251** | **927,085** | **484,306** |
| **Non-Current Liabilities** | | | | | |
| Long-term debt | 3.10.5 | 598,755 | 428,650 | 397,589 | 5,250 |
| Derivatives | | 4,227 | 2,948 | 4,227 | - |
| Deferred Tax Liability | | 181,096 | 191,141 | 140,525 | 28,982 |
| Liabilities for pension plans | | 17,283 | 18,583 | 14,994 | 710 |
| Other long-term liabilities | | 82,273 | 133,895 | 63,901 | 27,585 |
| Provisions | 3.17 | 13,564 | 13,913 | 12,352 | 268 |
| **Non-Current Liabilities** | | **897,198** | **789,130** | **633,588** | **62,795** |
| **Current Liabilities** | | | | | |
| Trade and other payables | 3.13 | 575,331 | 571,263 | 444,610 | 17,601 |
| Tax payable | | 43,510 | 19,524 | 34,210 | 485 |
| Short-term debt | 3.10.5 | 95,998 | 219,012 | 75,492 | 15,363 |
| Current portion of non-current liabilities | 3.10.5 | 34,327 | 168,513 | 22,202 | 3,468 |
| Derivatives | | 58,530 | 6,930 | 57,964 | - |
| Other payables | | 82,331 | 49,778 | 66,800 | 123,791 |
| Current portion of non-current provisions | | - | 18 | - | - |
| **Current Liabilities** | | **890,028** | **1,035,039** | **701,278** | **160,708** |
| **Liabilities** | | **1,787,226** | **1,824,169** | **1,334,865** | **223,503** |
| **Liabilities & Equity** | | **3,218,219** | **3,108,420** | **2,261,950** | **707,809** |

*The notes on pages 76 to 153 are an integral part of these financial statements.*

## Statement of changes in Equity (Group)

| | MYTILINEOS GROUP | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (Amounts in thousands €) | Share capital | Share premium | Fair value reserves | Other reserves | Translation reserves | Retained earnings | Total | Non controlling Interests | Total |
| **Adjusted Opening Balance 1st January 2016, accoarding to IFRS - as published-** | **113,643** | **210,195** | **557** | **103,557** | **(9,360)** | **545,765** | **964,358** | **265,980** | **1,230,339** |
| ***Change In Equity*** | | | | | | | | | |
| Dividends Paid | - | - | - | - | - | (150) | (150) | (3,117) | (3,267) |
| Transfer To Reserves | - | - | - | 856 | - | 62 | 918 | - | 918 |
| Impact From Transfer Of Subsidiary | - | - | - | - | - | 91 | 92 | - | 92 |
| ***Transactions With Owners*** | **-** | **-** | **-** | **857** | **-** | **3** | **859** | **(3,117)** | **(2,258)** |
| Net Profit/(Loss) For The Period | - | - | - | - | - | 34,166 | 34,166 | 27,074 | 61,240 |
| ***Other Comprehensive Income:*** | | | | | | | | | |
| Exchange Differences On Translation Of Foreign Operations | - | - | - | 229 | (5,680) | 95 | (5,356) | 4,818 | (538) |
| Cash Flow Hedging Reserve | - | - | (6,521) | 352 | - | - | (6,169) | 166 | (6,004) |
| Deferred Tax From Actuarial Gain / (Losses) | - | - | - | 154 | - | - | 154 | 1 | 155 |
| Actuarial Gain / (Losses) | - | - | - | (419) | - | - | (419) | (5) | (424) |
| Dererred Tax From Cash Flow Hedging Reserve | - | - | 1,891 | (102) | - | - | 1,790 | (49) | 1,741 |
| ***Total Comprehensive Income For The Period*** | **-** | **-** | **(4,630)** | **214** | **(5,680)** | **34,261** | **24,165** | **32,006** | **56,170** |
| **Adjusted Closing Balance 31/12/2016** | **113,643** | **210,195** | **(4,073)** | **104,627** | **(15,040)** | **580,029** | **989,382** | **294,869** | **1,284,252** |

MYTILINEOS GROUP

| (Amounts in thousands €) | Share capital | Share premium | Fair value reserves | Other reserves | Translation reserves | Retained earnings | Total | Non controlling Interests | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Opening Balance 1st January 2017, according to IFRS - as published-** | **113,643** | **210,195** | **(4,073)** | **104,627** | **(15,040)** | **580,029** | **989,382** | **294,869** | **1,284,252** |
| ***Change In Equity*** | | | | | | | | | |
| Dividends Paid | - | - | - | - | - | (4,418) | (4,418) | - | (4,418) |
| Transfer To Reserves | - | - | - | (1,058) | - | 1,058 | - | - | - |
| Impact From Acquisition Of Share In Subsidiaries | - | - | - | - | - | 48 | 48 | - | 48 |
| Impact From Transfer Of Subsidiary | - | - | - | - | - | 2,796 | 2,796 | 311 | 3,107 |
| Impact From Merge Through Acquisition Of Subsidiary | 25,196 | (16,884) | - | 3,628 | - | 243,936 | 255,877 | (243,936) | 11,941 |
| ***Transactions With Owners*** | **25,196** | **(16,884)** | **-** | **2,571** | **-** | **243,420** | **254,302** | **(243,625)** | **10,677** |
| Net Profit/(Loss) For The Period | - | - | - | - | - | 154,583 | 154,583 | 3,161 | 157,745 |
| ***Other Comprehensive Income:*** | | | | | | | | | |
| Exchange Differences On Translation Of Foreign Operations | - | - | - | 2 | 4,626 | 26 | 4,654 | (284) | 4,370 |
| Cash Flow Hedging Reserve | - | - | (40,309) | 2,115 | - | - | (38,194) | - | (38,194) |
| Deferred Tax From Actuarial Gain / (Losses) | - | - | - | (15) | - | - | (15) | - | (15) |
| Actuarial Gain / (Losses) | - | - | - | 1,081 | - | - | 1,081 | - | 1,081 |
| Dererred Tax From Cash Flow Hedging Reserve | - | - | 11,689 | (613) | - | - | 11,076 | - | 11,076 |
| ***Total Comprehensive Income For The Period*** | **-** | **-** | **(28,619)** | **2,569** | **4,626** | **154,609** | **133,186** | **2,877** | **136,064** |
| **Closing Balance 31/12/2017** | **138,839** | **193,311** | **(32,692)** | **109,767** | **(10,414)** | **978,058** | **1,376,871** | **54,122** | **1,430,992** |

*The notes on pages 76 to 153 are an integral part of these financial statements.*

## Statement of changes in Equity (Company)

| | MYTILINEOS S.A. | | | | | | |
|---|---|---|---|---|---|---|---|
| *(Amounts in thousands €)* | **Share capital** | **Share premium** | **Fair value reserves** | **Other reserves** | **Translation reserves** | **Retained earnings** | **Total** |
| **Opening Balance 1st January 2016, according to IFRS -as published-** | **113,408** | **141,585** | **-** | **3,496** | **-** | **225,835** | **484,324** |
| **Transactions With Owners** | - | - | - | - | - | - | - |
| Net Profit/(Loss) For The Period | - | - | - | - | - | (14) | (14) |
| ***Other Comprehensive Income:*** | | | | | | | |
| Deferred Tax From Actuarial Gain / (Losses) | - | - | - | 2 | - | - | 2 |
| Actuarial Gain / (Losses) | - | - | - | (6) | - | - | (6) |
| **Total Comprehensive Income For The Period** | **-** | **-** | **-** | **(4)** | **-** | **(14)** | **(18)** |
| **Closing Balance 31/12/2016** | **113,408** | **141,585** | **-** | **3,492** | **-** | **225,821** | **484,306** |
| | | | | | | | |
| **Opening Balance 1st January 2017, according to IFRS -as published-** | **113,408** | **141,585** | **-** | **3,492** | **-** | **225,821** | **484,306** |
| ***Change In Equity*** | | | | | | | |
| Dividends Paid | - | - | - | - | - | (3,896) | (3,896) |
| Transfer To Reserves | - | - | - | 130 | - | 3,293 | 3,423 |
| Impact From Merge Through Acquisition Of Subsidiary | 25,196 | (16,884) | (4,767) | (159,304) | - | 496,342 | 340,582 |
| ***Transactions With Owners*** | **25,196** | **(16,884)** | **(4,767)** | **(159,175)** | **-** | **495,739** | **340,109** |
| Net Profit/(Loss) For The Period | - | - | - | - | - | 127,208 | 127,208 |
| ***Other Comprehensive Income:*** | | | | | | | |
| Exchange Differences On Translation Of Foreign Operations | - | - | - | - | 3,003 | - | 3,003 |
| Available For Sale Financial Assets | - | - | - | - | - | - | - |
| Cash Flow Hedging Reserve | - | - | (40,309) | 13 | - | - | (40,295) |
| Deferred Tax From Actuarial Gain / (Losses) | - | - | - | (16) | - | - | (16) |
| Actuarial Gain / (Losses) | - | - | - | 1,083 | - | - | 1,083 |
| Deferred Tax From Cash Flow Hedging Reserve | - | - | 11,689 | (4) | - | - | 11,686 |
| **Total Comprehensive Income For The Period** | **-** | **-** | **(28,619)** | **1,077** | **3,003** | **127,208** | **102,670** |
| **Closing Balance 31/12/2017** | **138,604** | **124,701** | **(33,387)** | **(154,606)** | **3,003** | **848,768** | **927,085** |

*The notes on pages 76 to 153 are an integral part of these financial statements.*

## Cash flow statement

| *(Amounts in thousands €)* | | MYTILINEOS GROUP 1/1-31/12/2017 | MYTILINEOS GROUP 1/1-31/12/2016 | MYTILINEOS S.A. 1/1-31/12/2017 | MYTILINEOS S.A. 1/1-31/12/2016 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash flows from operating activities | 3.26 | 252,515 | 112,443 | 152,980 | (6,781) |
| Interest paid | | (31,880) | (48,314) | (36,271) | (4,231) |
| Taxes paid | | (6,126) | (14,281) | (4,260) | (3) |
| **Net Cash flows continuing operating activities** | | **214,509** | **49,847** | **112,449** | **(11,015)** |
| **Net Cash flows discontinuing operating activities** | | **(337)** | **(1,870)** | **(285)** | **-** |
| **Net Cash flows from continuing and discontinuing operating activities** | | **214,172** | **47,977** | **112,165** | **(11,015)** |
| | | | | | |
| **Net Cash flow from continuing and discontinuing investing activities** | | | | | |
| Purchases of tangible assets | | (121,147) | (82,609) | (30,588) | (104) |
| Purchases of intangible assets | | (6,349) | (8,146) | (2,623) | (136) |
| Sale of tangible assets | | 519 | 1,326 | 309 | 13 |
| Dividends received | | 498 | 18 | 2,478 | 5,928 |
| Purchase of financial assets at fair value through profit and loss | | - | (2,000) | - | - |
| Acquisition of associates | | - | (10,000) | - | - |
| Acquisition /Sale of subsidiaries (less cash) | | 700 | (358) | - | - |
| Sale of financial assets held-for-sale | | - | 5 | - | - |
| Interest received | | 4,026 | 1,608 | 597 | 1 |
| Grants received/(returns) | | 4,526 | 3,383 | (1,251) | - |
| Other cash flows from investing activities | | 24 | 9 | 49 | - |
| **Net Cash flow from continuing investing activities** | | **(117,203)** | **(96,764)** | **(31,029)** | **5,702** |
| **Net Cash flow from discontinuing investing activities** | | **-** | **-** | **-** | **-** |
| **Net Cash flow from continuing and discontinuing investing activities** | | **(117,203)** | **(96,764)** | **(31,029)** | **5,702** |
| | | | | | |
| **Net Cash flow continuing and discontinuing financing activities** | | | | | |
| Tax payments | | (2) | (3) | - | - |
| Dividends payed to shareholders | | (5,112) | (3,109) | (3,902) | - |
| Proceeds from borrowings | | 584,932 | 292,471 | 515,116 | 12,900 |
| Repayments of borrowings | | (665,977) | (205,344) | (591,853) | (8,500) |
| Other cash flows from financing activities | | (46,801) | (41,073) | (46,810) | - |
| **Net Cash flow continuing financing activities** | | **(132,960)** | **42,942** | **(127,449)** | **4,400** |
| **Net Cash flow from discontinuing financing activities** | | **-** | **-** | **-** | **-** |
| **Net Cash flow continuing and discontinuing financing activities** | | **(132,960)** | **42,942** | **(127,449)** | **4,400** |
| | | | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | **(35,991)** | **(5,845)** | **(46,313)** | **(913)** |
| Cash and cash equivalents at beginning of period | | 197,884 | 200,859 | 336 | 1,249 |
| Cash and cash equivalents at beginning of period (merged companies) | | | | 134,979 | |
| Exchange differences in cash and cash equivalents | | (953) | 2,869 | (7) | - |
| **Net cash at the end of the period** | | **160,940** | **197,884** | **88,995** | **336** |
| | | | | | |
| **Cash and cash equivalent** | | **160,940** | **197,884** | **88,995** | **336** |
| **Net cash at the end of the period** | | **160,940** | **197,884** | **88,995** | **336** |

*The notes on pages 76 to 153 are an integral part of these financial statements.*

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## Notes on the Financial Statements

## 1. Information about MYTILINEOS HOLDINGS S.A.

### 1.1 General Information

Mytilineos Holdings S.A. is today one of the biggest industrial Groups internationally, activated in the sectors of Metallurgy, EPC, Energy, and Defence. The Company, which was founded in 1990 as a metallurgical company of international trade and participations, is an evolution of an old metallurgical family business which began its activity in 1908. During the last decade the Company's has gradually expenses its operations from traditional sectors of international metal's trading to metallurgy in the domains of Integrated Projects and Infrastructure and Electricity and Natural Gas. The Group's objective is to develop synergies between three different operation segments by assigning the role of management and strategy to Mytilineos Holdings S.A.

During FY 2017, corporate restructuring was completed through absorption of the subsidiary companies ALUMINUM OF GREECE, METKA, Protergia and Protergia THERMOELECTRIC AGIOS NIKOLAOS by Mytilineos Holdings S.A. The only change arising following the Corporate Restructuring is conversion of the non-controlling shareholders of METKA into shareholders of the new entity.

Devoted to continuous growth and progress and aiming to be a leader in all its activities, the Group promotes through its long presence its vision to be a powerful and competitive European Group of "Heavy Industry".

The group's headquarters is located in Athens – Maroussi (5-7 Patroklou Str., P.C. 151 25) and its shares were listed in the Athens Stock Exchange in 1995.

The financial statements for the year ended 31.12.2017 (along with the respective comparative information for the previous year 2016), were approved by the Board of directors on 27.03.2018 and the approval of the Annual Gneeral Meeting of hareholders is pending.

### 1.2 Nature of activities

During the last ten years the Group's activities have expanded from the traditional sector of international metal's trading to those of construction and energy. The group aims in the development of synergies between the three different areas of activities, by delegating the role of management and strategy formation in Mytilineos Holdings S.A.

Following the decision of the Regular General Meeting of the Company's shareholders as of 01-06-2017, its corporate objective has been amended as follows:

a. Participation in other entities capital, b. Production and manufacture in Greece of alumina and aluminum and their marketing in any country, c. Industrial production of metal structures of various kinds, d. Design, construction, operation, maintenance, management and operation of power plants from every source; e. Production, marketing, supply, transportation and distribution of electricity, f. Performance of all types of construction, repair and dissolution works regarding vessels and defense material in general, g. Production, extraction, acquisition, storage, gasification, transmission, distribution and transfer (including sale/supply) of natural gas, h. Conduct of studies, construction of public and private technical works of any kind, assembly and installation of manufactured constructions and products produced by the Company in Greece and abroad, i. Construction, operation and exploitation of plumbing, sewerage and other related facilities that will serve the purposes of the Company and/or third parties that cooperate with it; j. Production and sale of steam, water (demineralized, for extinguishing etc) k. Rendering various services to third parties cooperating with the Company, such as a) anti-pollution services, b) fire fighting, c) monitoring and recording of air quality, d) collection, transportation, disposal and management of solid and liquid wastes and storm sewage, l. Preparation of feasibility studies, production processes, operation of power stations and thermal production of all kinds, m. Acquisition, construction, sale and resale of real estate and all types of rental leases, installation, construction and exploitation of mines and quarries, factories and industrial departments, n. Rendering consultancy services in the domains of organization, administration and business management, risk management, IT systems, financial management, o. Rendering services in respect of market research, analyzing investment plans, performing studies and projects, commissioning, supervising and managing related projects, risk management and strategic planning, development and organization, and p. Performing all types of business transactions and undertaking all types of operations either directly or indirectly related to the above corporate objective.

The group monitors its performance on Metallurgy & Mining Sector through the subsidiaries "Aluminium S.A." (Alumina–Aluminium) and "Sometra S.A." (Zinc–Lead). Zinc – Lead Sector was the first which effected from the negative economic environment mainly due to the decrease on demand, the increasing prices of coke and the difficulty to find appropriate Raw Materials. All the above mentioned reasons lead the General Assembly of the company on 26.01.2009 to suspend temporary the production activity (note 4.27).

The Group through its subsidiary METKA is the leading and most specialized EPC Constructor in Greece and expanded in competitive markets abroad with value of pending construction contracts amounting to €1,04 bil.

With a portfolio of 1.2 GW of installed capacity from thermal plants operating since 2012 and over 1,000 MW RES in different stages of development , the Group is established as the as the country's largest independent energy producer.

## 1.3 Group Structure

The Group Structure as at 31.12.2017 is presented on the following table:

| | NAME OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES | COUNTRY OF INCORPORATION | PERCENTAGE | CONSOLIDATION METHOD |
|---|---|---|---|---|
| 1 | **MYTILINEOS S.A.** | **Greece** | **Parent** | |
| 2 | SERVISTEEL | Greece | 99.98% | Full |
| 3 | RODAX ROMANIA SRL | Romania | 100.00% | Full |
| 4 | ELEMKA S.A. | Greece | 83.50% | Full |
| 5 | DROSCO HOLDINGS LIMITED | Cyprus | 83.50% | Full |
| 6 | BRIDGE ACCESSORIES & CONSTRUCTION SYSTEMS S.A. | Greece | 62.63% | Full |
| 7 | METKA BRAZI SRL | Romania | 100.00% | Full |
| 8 | POWER PROJECT SANAYI INSAAT TICARET LIMITED SIRKETI | Turkey | 100.00% | Full |
| 9 | DELFI DISTOMON A.M.E. | Greece | 100.00% | Full |
| 10 | DESFINA SHIPPING COMPANY | Greece | 100.00% | Full |
| 11 | ST. NIKOLAOS SINGLE MEMBER P.C. | Greece | 100.00% | Full |
| 12 | RENEWABLE SOURCES OF KARYSTIA S.A. | Greece | 100.00% | Full |
| 13 | SOMETRA S.A. | Romania | 92.79% | Full |
| 14 | STANMED TRADING LTD | Cyprus | 100.00% | Full |
| 15 | MYTILINEOS FINANCE S.A. | Luxembourg | 100.00% | Full |
| 16 | RDA TRADING | Guernsey Islands | 100.00% | Full |
| 17 | MYTILINEOS BELGRADE D.O.O. | Serbia | 92.79% | Full |
| 18 | MYVEKT INTERNATIONAL SKOPJE | FYROM | 100.00% | Full |
| 19 | MYTILINEOS FINANCIAL PARTNERS S.A. | Luxembourg | 100.00% | Full |
| 20 | MYTILINEOS INTERNATIONAL COMPANY AG “MIT Co” | Switzerland | 100.00% | Full |
| 21 | GENIKI VIOMICHANIKI S.A. | Greece | Joint Management | Full |
| 22 | DELTA PROJECT CONSTRUCT SRL | Romania | 95.01% | Full |
| 23 | DELTA ENERGY S.A. | Greece | 90.03% | Full |
| 24 | FOIVOS ENERGY S.A. | Greece | 90.03% | Full |
| 25 | HYDROHOOS S.A. | Greece | 90.03% | Full |
| 26 | HYDRIA ENERGY S.A. | Greece | 90.03% | Full |
| 27 | EN.DY. S.A. | Greece | 90.03% | Full |
| 28 | THESSALIKI ENERGY S.A. | Greece | 90.03% | Full |
| 29 | NORTH AEGEAN RENEWABLES | Greece | 100.00% | Full |
| 30 | MYTILINEOS HELLENIC WIND POWER S.A. | Greece | 80.00% | Full |
| 31 | AIOLIKI ANDROU TSIROVLIDI S.A. | Greece | 80.20% | Full |
| 32 | MYTILINEOS AIOLIKI NEAPOLEOS S.A. | Greece | 80.20% | Full |
| 33 | AIOLIKI EVOIAS PIRGOS S.A. | Greece | 80.20% | Full |
| 34 | AIOLIKI EVOIAS POUNTA S.A. | Greece | 80.20% | Full |
| 35 | AIOLIKI EVOIAS HELONA S.A. | Greece | 80.20% | Full |
| 36 | AIOLIKI ANDROU RAHI XIROKABI S.A. | Greece | 80.20% | Full |
| 37 | METKA AIOLIKA PLATANOU S.A. | Greece | 80.20% | Full |
| 38 | AIOLIKI SAMOTHRAKIS S.A. | Greece | 100.00% | Full |
| 39 | AIOLIKI EVOIAS DIAKOFTIS S.A. | Greece | 80.20% | Full |
| 40 | AIOLIKI SIDIROKASTROU S.A. | Greece | 80.20% | Full |
| 41 | HELLENIC SOLAR S.A. | Greece | 100.00% | Full |
| 42 | SPIDER S.A. | Greece | 100.00% | Full |
| 43 | GREEN ENERGY A.E. | Bulgaria | 80.00% | Full |
| 44 | MOVAL S.A. | Greece | 100.00% | Full |
| 45 | PROTERGIA THERMOELEKTRIKI S.A. (ex ANEMOSKALA RENEWABLE ENERGY SOURCES S.A.) | Greece | 100.00% | Full |
| 46 | ANEMODRASI RENEWABLE ENERGY SOURCES S.A. | Greece | 100.00% | Full |
| 47 | ANEMORAHI RENEWABLE ENERGY SOURCES S.A. | Greece | 100.00% | Full |
| 48 | METKA INDUSTRIAL - CONSTRUCTION S.A. (ex ANEMOSTRATA RENEWABLE ENERGY SOURCES S.A.) | Greece | 100.00% | Full |
| 49 | HORTEROU S.A. | Greece | 100.00% | Full |
| 50 | KISSAVOS DROSERI RAHI S.A. | Greece | 100.00% | Full |
| 51 | KISSAVOS PLAKA TRANI S.A. | Greece | 100.00% | Full |
| 52 | KISSAVOS FOTINI S.A. | Greece | 100.00% | Full |

| | NAME OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES | COUNTRY OF INCORPORATION | PERCENTAGE | CONSOLIDATION METHOD |
|---|---|---|---|---|
| 53 | AETOVOUNI S.A. | Greece | 100.00% | Full |
| 54 | LOGGARIA S.A. | Greece | 100.00% | Full |
| 55 | IKAROS ANEMOS SA | Greece | 100.00% | Full |
| 56 | KERASOUDA SA | Greece | 100.00% | Full |
| 57 | AIOLIKH ARGOSTYLIAS A.E. | Greece | 100.00% | Full |
| 58 | M & M GAS Co S.A. | Greece | 50.00% | Full |
| 59 | J/V METKA – TERNA | Greece | 10.00% | Equity |
| 60 | KORINTHOS POWER S.A. | Greece | 65.00% | Full |
| 61 | KILKIS PALEON TRIETHNES S.A. | Greece | 100.00% | Full |
| 62 | ANEMOROE S.A. | Greece | 100.00% | Full |
| 63 | PROTERGIA ENERGY S.A. | Greece | 100.00% | Full |
| 64 | SOLIEN ENERGY S.A. | Greece | 100.00% | Full |
| 65 | ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME (EX OSTENITIS S.A.) | Greece | 100.00% | Full |
| 66 | THERMOREMA S.A. | Greece | 40.00% | Equity |
| 67 | FTHIOTIKI ENERGY S.A. | Greece | 35.00% | Equity |
| 68 | METKA RENEWABLES LIMITED | Cyprus | 100.00% | Full |
| 69 | IONIA ENERGY S.A. | Greece | 49.00% | Equity |
| 70 | AIOLIKH TRIKORFON S.A. | Greece | 100.00% | Full |
| 71 | MAKRYNOROS ENERGEIAKH S.A. | Greece | 100.00% | Full |
| 72 | RIVERA DEL RIO | Panama | 50.00% | Full |
| 73 | METKA-EGN LTD | Cyprus | 50.10% | Full |
| 74 | METKA-EGN LTD | England | 50.10% | Full |
| 75 | METKA-EGN SpA | Chile | 50.10% | Full |
| 76 | METKA-EGN USA LLC | Puerto Rico | 50.10% | Full |
| 77 | METKA EGN KZ LLP | Kazakhstan | 50.05% | Full |
| 78 | METKA EGN MEXICO S. DE.R.L. C.V | Mexico | 50.09% | Full |
| 79 | METKA POWER WEST AFRICA LIMITED | Nigeria | 100.00% | Full |
| 80 | METKA INTERNATIONAL LTD | United Arab Emirates | 100.00% | Full |
| 81 | METKA POWER INVESTMENTS | Cyprus | 100.00% | Full |
| 82 | METKA IPS LTD | Dubai | 50.00% | Equity |
| 83 | INTERNATIONAL POWER SUPPLY AD | Bulgaria | 10.00% | Equity |
| 84 | AURORA VENTURES | Marshal Islands | 100.00% | Full |
| 85 | SYMBOL HOLDING LTD | Marshal Islands | 100.00% | Full |
| 86 | ESPRIT SHIP MANAGEMENT CO. | Marshal Islands | 100.00% | Full |
| 87 | PLEASURE FINANCE COMPANY | Marshal Islands | 100.00% | Full |
| 88 | CHARM SHIPTRADE CORP. | Marshal Islands | 100.00% | Full |
| 89 | EXPEDITION ENTREPRISES LTD | Marshal Islands | 100.00% | Full |
| 90 | SEALAND MARINE CORP. | Marshal Islands | 100.00% | Full |
| 91 | UNIQUE SHIPTRADE S.A. | Marshal Islands | 100.00% | Full |
| 92 | MELODIA VENTURES S.A. | Marshal Islands | 100.00% | Full |
| 93 | REGION CONSULTING S.A. | Marshal Islands | 100.00% | Full |
| 94 | VERA SHIPTRADE CORP. | Marshal Islands | 100.00% | Full |
| 95 | NAVARA MARITIME INC | Marshal Islands | 100.00% | Full |
| 96 | STALLENT NAVIGATION LTD | Marshal Islands | 100.00% | Full |
| 97 | MIMOSA MARINE CO | Marshal Islands | 100.00% | Full |
| 98 | INSIGHT MARITIME LIMITED | Marshal Islands | 100.00% | Full |
| 99 | PICADO MARINE INC | Marshal Islands | 100.00% | Full |
| 100 | DOMENICO MARINE CORP | Marshal Islands | 100.00% | Full |
| 101 | PROTERGIA THERMOELEKTRIKI S.A. | Greece | 100.00% | Full |

### 1.3.1 Establishment & Acquisition

During FY 2017, there was established 100% subsidiary of the Group, Power Projects LTD, AURORA VENTURES LTD, domiciked in in the Marshall Islands.

- AURORA VENTURES LTD, in turn, established the companies VICTORY HOLDING, LIONS VENTURES, SYMBOL HOLDING LTD, PLEASURE FINANCE COMPANY, EXPEDITION ENTERPRISES LTD, UNIQUE SHIPTRADE S.A., REGION CONSULTING S.A., NAVARA MARITIME INC, MIMOSA MARINE CO and PICADO MARINE INC, in which it holds investment of 100%, incorporated in Marshall Islands.
- VICTORY HOLDING, established THAYER MARITIME LTD in which it holds investment of 100%, in the Marshall Islands.
- LION VENTURES COMPANY, established SPLENDOR MARINE S.A., in which it holds investment of 100%, incorporated in the Marshall Islands.
- SYMBOL HOLDING LTD, established ESPRIT SHIP MANAGEMENT CO., in which it holds investment of 100%, incorporated in the Marshall Islands.
- PLEASURE FINANCE COMPANY, established CHARM SHIPTRADE CORP., in which it holds investment of 100%, incorporated in the Marshall Islands.
- EXPEDITION ENTREPRISES LTD, established SEALAND MARINE CORP., in which it holds investment of 100%, incorporated in the Marshall Islands.
- UNIQUE SHIPTRADE S.A., established MELODIA VENTURES S.A, in which it holds investment of 100%, incorporated in the Marshall Islands.
- REGION CONSULTING S.A., established VERA SHIPTRADE CORP., in which it holds investment of 100%, incorporated in the Marshall Islands.
- NAVARA MARITIME INC, established STALLENT NAVIGATION LTD, in which it holds investment of 100%, incorporated in the Marshall Islands.
- MIMOSA MARINE CO, established INSIGHT MARITIME LIMITED, in which it holds investment of 100%, incorporated in the Marshall Islands.
- PICADO MARINE INC, established DOMENICO MARINE CORP., in which it holds investment of 100%, incorporated in the Marshall Islands.

The following entities were also established within the reporting period (FY 2017):

- 50,1% subsidiary of MYTILINEOS S.A. METKA EGN LIMITED UK, established METKA EGN KZ LLP incorporated in Kazakhstan. METKA EGN LIMITED UK holds investment of 99,9%. in the newly established company.
- 50,1% subsidiary of MYTILINEOS S.A., METKA EGN LIMITED UK, established METKA EGN MEXICO S. DE.R.L. C.V., incorporated in Mexico. H METKA EGN LIMITED UK holds investment of 99,98%. in the newly established company.
- MYTILINEOS S.A. (investment of 50%) and INTERNATIONAL POWER SUPPLY AD (investment of 50%), established METKA IPS LTD, domiciled in Dubai.

The newly established entities will be incorporated into the consolidated financial statements of the Group under full consolidation method, except for the incorporation of METKA IPS LTD, which will be incorporated under equity method.

### 1.3.2 Disposals and other changes

- On 09.06.2017, 90,03% subsidiary DELTA ENERGY HOLDINGS S.A. of the Group, signed a Private Agreement for the Transfer of total shares of 100% subsidiary of SMALL HYDROELECTRIC STATIONS OF PELOPONNESE S.A.
- On 20.06.2017, a subsidiary ELECTRON WATT was disposed.
- BUSINESS ENERGY TRIZINIA S.A. was written off from the Group structure chart since it is incorporated under Full Consolidation method by an associate IONIA ENERGY S.A.
- In June 2017, 100% subsidiary of Power Projects group disposed the subsidiary THAYER MARITIME LTD and its parent company VICTORY HOLDING.
- In July 2017, 100% subsidiary of Power Projects group disposed the subsidiary SPLENDOR MARINE S.A. and its parent company LION VENTURES COMPANY.
- Within 2017, the company OSTENITIS S.A. was renamed into ALUMINIUM OF GREECE S.A. , the company ANEMOSTRATA S.A. was renamed into METKA S.A. and the company ANEMOSKALA S.A. was renamed into PROTERGIA AGIOS NIKOLAOS POWER SOCIETE ANONYME OF GENERATION AND SUPPLY OF ELECTRICITY.

## 2. Basis for preparation of the financial statements and basic accounting principles

The consolidated financial statements of MYTILINEOS S.A. as of December 31st 2017 covering the entire 2017 fiscal year, have been compiled based on the historic cost principle as amended by the readjustment of specific asset and liability items into market values, the going concern principle and are in accordance with the International Financial Reporting Standards (IFRS) that have been issued by the International Accounting Standards Board (IASB) and their interpretations that have been issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. The accompanying standalone financial statements are compiled by demand of the statutory law 2190/1920.

According to the IFRS, the preparation of the Financial Statements requires estimations during the application of the Group's accounting principles. Important admissions are presented wherever it has been judged appropriate.

The reporting currency is Euro (currency of the country of the domicile of the parent Company) and all amounts are reported in thousands unless stated otherwise.

## 2.1 Business Combinations

Following the decisions of the Boards of Directors as of 23.03.2017, as of 01.06.2017 decisions of the General Meetings of the companies "MYTILINEOS S.A." and :METKA S.A." and as of 06.06.2017 decisions of the General Meetings of the companies "ALUMINIUM OF GREECE ", "PROTERGIA" and "PROTERGIA THERMO AGIOS NIKOLAOS" as well as the BoD Reports of the Company and METKA on the above merger pursuant to article 69 par. 4, Law 2190/1920 and 4.1.4.1.3 of the ATHEX Regulation, the aforementioned companies approved the Draft Merger Agreement through absorption by the Company of METKA, ALUMINUM OF GREECE, PROTERGIA and PROTERGIA THERMO AGIOS NIKOLAOS. On 06.07.2017 the Ministry of Economy and Development approved the merger of MYTILINEOS, METKA, ALUMINUM OF GREECE, PROTERGIA and PROTERGIA THERMO AGIOS NIKOLAOS with the absorption of the second, third, fourth and fifth companies by the first Company.

Business combination of the companies MYTILINEOS, METKA, ALUMINUM OF GREECE, PROTERGIA and PROTERGIA THERMO AGIOS NIKOLAOS with the absorption of the second, third, fourth and fifth companies by the first Company did not result in change in the companies control, since the controlling company - (MYTILINEOS S.A. - Parent Company of Mytilineos Group) is the same before and after the business combination (par. B1 IFRS 3). Therefore, corporate transformation (Merger of companies) is accounted for as a transaction between entities under common control and is excluded from the scope of IFRS 3.

The Management applied the provisions of paragraphs 10 to 12 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" which inter alia indicate that "In the absence of an IFRS that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy that results in information that is relevant to the economic decision-making needs of users and reliable".

The company has selected the merger accounting method or pooling of interests method. Based on this treatment, the Statements of Financial Position of the merging companies are combined using the book values of the assets and liabilities without further calculation of fair values.

More specifically, the following is to be noted regarding the pooling of interests method:

- Assets and liabilities of the absorbed companies are recognized in the carrying amounts with appropriate adjustments to achieve uniform accounting policies. The accounting values used are derived from the separate financial statements of the absorbed companies.
- Goodwill is not recognized. The balance between the acquisition cost of the investment and the net position of the absorbed company is recognized as a separate reserve in equity.
- Intangible assets and contingent liabilities are recognized only to the extent they are recognized in the financial statements of the absorbed company.
- Transaction costs are recognized directly as expenses in the Income Statement
- The transformation balance sheets of the absorbed companies were dated 31.12.2016 and therefore their data have been incorporated into the Company since 01.01.2017

The Company has not readjusted the comparative figures presented.

## 2.2 Discontinued Operations

The Company Mytilineos S.A. which resulted from the merger of its subsidiaries METKA, ALUMINUM OF GREECE, PROTERGIA and PROTERGIA THERMO AGIOS NIKOLAOS presents separately the result from discontinued operations as described below.

In 2009, applying IFRS 5 "Non-current assets held for sale & discontinued operations", the assets and liabilities of the subsidiary company SOMETRA S.A. were presented separately, regarding which a decision was made on January 26, 2009 on temporary suspension of the production activity of the Zinc-Lead production plant in Romania, and presents also the amounts recognized in the income statement separately from continuing operations. Given the global economic recession, there were no feasible scenarios for the alternative utilization of the aforementioned financial assets.

Consequently, since 2011, by applying par. 13 of IFRS 5 "Non-current assets Held for Sale" Zinc-Lead («SOMETRA S.A.») production ceases to be an asset held for sale and is considered as an asset to be abandoned. The assets of its operations returned to continuing operations while at the same time, it continued to show separately the result of the discontinued operation in the income statement.

On 31/12/2015, SOMETRA S.A., contributed the Zinc-Lead activity, through a spin – off process, to its newly established subsidiary Reycom Recycling S.A. (REYCOM). The said spin - off is part of the "Mytilineos Group" restructuring process, regarding the Zinc-Lead discontinued operation, targeting on the production of Zn & Pb oxides through the development of a recycling operation of metallurgical residues.

Within the same frame, on 29/11/2016 the cross-border merger of the subsidiary REYCOM and the subsidiary company ALUMINUM OF GREECE (ATE) was completed.

The accounting policies and methods according to which the financial statements were prepared are consistent with those used under the preparation of the annual financial statements for FY 2016 adjusted in respect of the new Standards and revisions to IFRS-based Standards and are analysed below.

## 2.3 New and amended accounting standards and interpretations of IFRIC

**New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union**

The following amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), are adopted by the European Union, and their application is mandatory from or after 01/01/2017

**Amendments to IAS 7: "Disclosure Initiative" (effective for annual periods starting on or after 01/01/2017)**

In January 2016, the IASB published narrow scope amendments to IAS 7. The objective of the amendments is to enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The Group provides the necessary disclosures in Note 3.10.6.

**Amendments to IAS 12: " Recognition of Deferred Tax Assets for Unrealized Losses" (effective for annual periods starting on or after 01/01/2017)**

The amendments do not affect the consolidated Financial Statements.

**Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01/01/2017)**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle are the following: IFRS 12: Clarification of the scope of the Standard, IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12, and 1 January 2018 for IFRS 1 and IAS 28. The amendment does not have a significant effect on the consolidated Financial Statements. The other amendments included in this Cycle, effective for annual periods starting on or after 1 January 2018 are analyzed in the following section.

**New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union**

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), but their application has not started yet or they have not been adopted by the European Union.

**IFRS 9 "Financial Instruments" (effective for annual periods starting on or after 01/01/2018)**

In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The above have been adopted by the European Union with effective date of 01/01/2018 and initial estimates indicate that under its first implementation, it is not going to materially affect the Company and the Group. The Group is examining the effects on the above on its Financial Statements.

**IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)**

In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The above have been adopted by the European Union with effective date of 01/01/2018 and initial estimates indicate that under its first implementation, it is not going to materially affect the Company and the Group. The Group is examining the effects on the above on its Financial Statements.

**Clarification to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01/01/2018)**

In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The above have been adopted by the European Union with effective date of 01/01/2018 and initial estimates indicate that it is not going to materially affect the Financial Statements.

**Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods starting on or after 01/01/2018)**

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption") and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the "overlay approach"). The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2018.

**IFRS 16 "Leases" (effective for annual periods starting on or after 01/01/2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognise assets and liabilities arising from a lease. The Group will examine the effect of changes to IFRS 16 on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2019.

**Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01/01/2017 and 01/01/2018)**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle are the following: IFRS 12: Clarification of the scope of the Standard, IFRS 1: Deletion of short-term exemptions for first-time adopters, IAS 28: Measuring an associate or joint venture at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017 for IFRS 12, and 1 January 2018 for IFRS 1 and IAS 28. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

**Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods starting on or after 01/01/2018)**

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

**Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The Group will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01/01/2018.

**IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods starting on or after 01/01/2018)**

In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

**Amendments to IAS 28: "Long-term Interests in Associates and Joint Ventures" (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture – to which the equity method is not applied – using IFRS 9. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any.

**Amendments to IFRS 9: "Prepayment Features with Negative Compensation" (effective for annual periods starting on or after 01/01/2019)**

In October 2017, the IASB published narrow-scope amendments to IFRS 9. Under the existing requirements of IFRS 9, an entity would have measured a financial asset with negative compensation at fair value through profit or loss as the "negative compensation" feature would have been viewed as introducing potential cash flows that were not solely payments of principal and interest. Under the amendments, companies are allowed to measure particular prepayable financial assets with so-called negative compensation at amortized cost or at fair value through other comprehensive income if a specified condition is met. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01/01/2019.

**Annual Improvements to IFRSs – 2015-2017 Cycle (effective for annual periods starting on or after 01/01/2019)**

In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: IFRS 3 - IFRS 11: Previously held interest in a joint operation, IAS 12: Income tax consequences of payments on financial instruments classified as equity, IAS 23: Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

**IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods starting on or after 01/01/2019)**

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 "Income Taxes" specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

**Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement"( effective for annual periods starting on or after 01/01/2019)**

In February 2018, the IASB issued amendments to the guidance in IAS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The impact on the asset ceiling is recognized in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

**IFRS 17 "Insurance Contracts" (effective for annual periods starting on or after 01/01/2021)**

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

## 2.4 Consolidation

**(a) Subsidiaries:** Subsidiaries are entities (including special purpose entities) in which the Group holds more than half of the voting rights or has the ability to direct the financial and operating principles followed. All the companies that are managed or controlled, directly or indirectly, by another company (parent) either through the majority of voting rights or through its dependence on the know-how provided from the Group. Therefore, subsidiaries are companies in which control is exercised by the parent. Mytilineos S.A. acquires and exercises control through voting rights.

The existence of potential voting rights that are exercisable at the time the financial statements are prepared, is taken into account in order to determine whether the parent exercises control over the subsidiaries.

Subsidiaries are consolidated completely (full consolidation) using the purchase method from the date that control over them is acquired and cease to be consolidated from the date that control no longer exists. The acquisition of a subsidiary by the Group is accounted for using the purchase method. The paragraph "2.6 Intangible Assets - Goodwill" presents the accounting treatment of goodwill. The acquisition cost of a subsidiary is the fair value of the assets given as consideration, the shares issued and the liabilities undertaken on the date of the acquisition plus any costs directly associated with the transaction. The individual assets, liabilities and contingent liabilities that are acquired during a business combination are valued during the acquisition at their fair values regardless of the participation percentage. The acquisition cost over and above the fair value of the individual assets acquired is booked as goodwill. If the total cost of the acquisition is lower than the fair value of the individual assets acquired, the difference is immediately transferred to the income statement.

Inter-company transactions, balances and unrealized profits from transactions between Group companies are eliminated in consolidation. Unrealized losses are also eliminated except if the transaction provides indication of impairment of the transferred asset. The accounting principles of the subsidiaries have been amended so as to be in conformity to the ones adopted by the Group.

**Transactions with minorities:** For the accounting of transactions with minority, the Group applies the accounting principle based on which such transactions are handled as transactions with third parties beyond the Group. The sales towards the minority create profit and losses for the Group, which are booked in the results. The purchases by the minority create goodwill, which is the difference between the price paid and the percentage of the book value of the equity of the subsidiary acquired.

**(b) Associates:** Associates are companies on which the Group can exercise significant influence but not "control" and which do not fulfill the conditions to be classified as subsidiaries or joint ventures. The assumptions used by the group imply that holding a percentage between 20% and 50% of a company's voting rights suggests significant influence on the company. . Investments in associates are initially recognized at cost and are subsequently valued using the Equity method. At the end of each period, the cost of acquisition is increased by the Group's share in the associates' net assets change and is decreased by the dividends received from the associates.

Any goodwill arising from acquiring associates is contained in the cost of acquisition. Whether any impairment of this goodwill occurs, this impairment decreases the cost of acquisition by equal charge in the income statement of the period.

After the acquisition, the Group's share in the profits or losses of associates is recognized in the income statement, while the share of changes in reserves is recognized in Equity. The cumulated changes affect the book value of the investments in associated companies. . When the Group's share in the losses of an associate is equal or larger than the carrying amount of the investment, including any other doubtful debts, the Group does not recognize any further losses, unless it has guaranteed for liabilities or made payments on behalf of the associate or those that emerge from ownership.

Unrealized profits from transactions between the Group and its associates are eliminated according to the Group's percentage ownership in the associates. Unrealized losses are eliminated, except if the transaction provides indications of impairment of the transferred asset. The accounting principles of the associates have been adjusted to be in conformity to the ones adopted by the Group.

**(c)** Investments in joint ventures: Investments in joint ventures are classified according to IFRS 11" Joint Arrangements", or "Joint Operation", or "Joint Venture". The classification is based upon each participating parties' rights and obligations arising from the joint arrangement. The Group by assessing the nature and the special characteristics of the investments, classifies, as at 31/12/2017, an investment in joint venture recognized based on the equity method.

Investments in joint ventures according to the equity method are initially recognized at cost and are then adjusted to the Group's share of profits or losses and other comprehensive income of the joint ventures. When the Group's share of losses of a joint venture is equal to or exceeds its interest in that joint venture, the Group does not recognize any further losses unless it has entered into commitments or has made payments on behalf of the joint venture.

Unrealized gains on transactions between the Group and joint ventures are eliminated by the Group's participation in the joint ventures. Unrealized losses are also eliminated unless there is evidence of the transaction for impairment of the asset transferred.

## 2.5 Segment reporting

MYTILINEOS Group consists of three main operating business segments: a) Metallurgy, b) EPC and c) Energy. According to IFRS 8 - Operating Segments, the management monitors the operating result of each business segment individually for decision making regarding resources allocation and performance appraisal.

## 2.6 Foreign currency translation

(a) Functional currency and presentation currency
The measurement of the items in the financial statements of the Group's companies is based on the currency of the primary economic environment in which the Group operates (operating currency). The consolidated financial statements are reported in euros, which is the operating currency and the reporting currency of the parent Company and all its subsidiaries.

(b) Transactions and balances
Transactions in foreign currencies are converted to the operating currency using the rates in effect at the date of the transactions.

Profits and losses from foreign exchange differences that result from the settlement of such transactions during the period and from the conversion of monetary items denominated in foreign currency using the rate in effect at the balance sheet date are posted to the results. Foreign exchange differences from non-monetary items that are valued at their fair value are considered as part of their fair value and are thus treated similarly to fair value differences.

The Group's foreign activities in foreign currency (which constitute an inseparable part of the parent's activities), are converted to the operating currency using the rates in effect at the date of the transaction, while the asset and liability items of foreign activities, including surplus value and fair value adjustments, that arise during the consolidation, are converted to euro using the exchange rates that are in effect as at the balance sheet date.

(c) The Group's companies
Operating results and equity of all Group's companies (excluding those opening in hyperinflationary economies), that their operating currency is not the same as Group's, are translated to Group's presentation currency as follows:

(i) Assets and liabilities are presented and translated according to the exchange rate at the balance sheet date.

(ii) Sales and expenses of the Profit and Loss statement are translated according to the average exchange rate of the balance sheet period.

(iii) Foreign exchange differences arising from the above are registered at equity account "Translation Reserve".

Goodwill and fair value revaluation arising from subsidiary acquisition, operating abroad, are registered as assets/liabilities at subsidiary accounts and are converted according to fixing rate at each time.

## 2.7 Tangible assets

Fixed assets are reported in the financial statements at acquisition cost or deemed cost, as determined based on fair values as at the transition dates, less accumulated depreciations and any impairment suffered by the assets. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent expenditure is added to the carrying value of the tangible fixed assets or is booked as a separate fixed asset only if it is probable that future economic benefits will flow to the Group and their cost can be accurately and reliably measured. The repair and maintenance cost is booked in the results when such is realized.

Depreciation of tangible fixed assets (other than Land which are not depreciated) is calculated using the straight line method over their useful life, as follows:

| | |
|---|---|
| Buildings | 25-35 years |
| Mechanical equipment | 4-30 years |
| Vehicles | 4-10 years |
| Other equipment | 4-7 years |

The residual values and useful economic life of tangible fixed assets are subject to reassessment at each balance sheet date. When the book value of tangible fixed assets exceeds their recoverable amount, the difference (impairment) is immediately booked as an expense in the income statement.

Upon sale of the tangible fixed assets, any difference between the proceeds and the book value are booked as profit or loss to the results. Expenditure on repairs and maintenance is booked as an expense in the period they occur.

Self-constructed tangible fixed assets constitute an addition to the acquisition cost of tangible assets at a value that includes the direct cost of employee's salaries (including the relevant employer's contributions), the cost of materials used and other general costs.

## 2.8 Intangible assets - Goodwill

The intangible assets include Goodwill, the rights of use of Property, plant and equipment, software licenses, licenses for the production, installation and operation of renewable energy assets and thermal energy assets, the environment rehabilitation expenditure and borrowing costs.

**Software** Software licenses are valued in cost of acquisition less accumulated depreciation. Costs that improve or prolong the performance of software programs beyond the original technical specifications or software conversion costs are included in the cost of acquiring intangible assets with a prerequisite that they can be measured reliably. Maintenance of software programs is recognized as an expense when the expense is incurred. Software licenses are valued in cost of acquisition less accumulated depreciation. Depreciation is calculated using the straight line method during the assets' useful life that range from 1 to 3 years.

**Production, Installation and Operation Licenses of Renewable Energy Assets and Thermal Energy Assets:** The different types of licenses entitles the group either with the right to construct an energy asset or the right to produce and sell energy. Current market conditions provide adequate evidence about the recoverable amount of such licenses.

The Group, upon acquisition, recognized these permits as intangible assets at their fair value and then measured them using the cost model, according to which the asset is measured at cost (which is the acquisition cost of the asset value as described above) less depreciation and any impairment provision. Therefore the Group has recognized licenses as intangible assets at fair value less depreciation and less any provision for impairment. Depreciation is carried out using the straight-line method over the useful life of those items, which is 30 years for gas-fired power plants and 20 years for renewable electricity. The Group runs impairment tests on a yearly basis using the following methodology:

i) Attach possibility factors according to management estimation regarding the construction of assets under license.

ii) Runs Discounted Cash Flows (DCF) methodology using assumptions prevailing at the energy market. The period regarded by the management for provisions exceeds the five years encouraged by IAS 36 as, especially for the renewable energy assets, there is satisfactory visibility for a substantially longer period.

iii) The final recoverable amount is calculated for a total portfolio of either renewable or thermal energy assets by multiplying the overall possibility factor with the outcome of the DCF valuation.

iv) Finally, the Group compares the recoverable value calculated to be the value-in-use of the assets with their carrying amounts.

When the recoverable value is less than the carrying amount an equal impairment provision is charged to the income statement.

**Legal rights to explore mines:** The legal rights to explore mines concern rights that the group has acquired mining mineral reserves in several geographical areas. In cost of the mining rights, apart from nominal value of the rights, any cost that relates to the initial evaluation of the rehabilitation cost of the area where work has been done, the commitment of the Group either during the acquirement of the right or as a result of its use for a certain time period. The depreciation time period that is adopted by the Group does not exceed 10 years.

**Right of Use of Tangible Assets:**. Rights of exploitation of tangible assets that are granted in the frames of conventions of manufacture of work (compensative profits) are valued in cost of acquisition, which equals their fair value at the date of their concession, less accumulated depreciation. Depreciation is calculated using the "production units method".

**Research and Development Expenses:** Research and Development expenditures are recognized as expenses when they are realized. The expenses which arise from the developing programs (related to the design and the test of new or improved products) are capitalized if it is possible to produced future economic benefit. The other development expenditures are booked as an expense in the results when they are realized. Previous years' development expenditures recognized as expenses, can not be capitalized in the future fiscal years. The capitalized development expenses are depreciated from the beginning of the product's economic life using the straight line method during the period of the product's future economic benefits. The Group's depreciation period doesn't exceed the 5 years.

**Land Stripping & Restoration expenses:** Land Stripping & Restoration expenses are capitalized and amortized using the unit of production method.

**Goodwill on Acquisition:** is the difference between the asset's acquisition cost and fair value and the net assets of the subsidiary / associate company as at the acquisition date.During the acquisition date, the company recognizes this surplus value, emerged from acquisition, as an asset and presents it in cost. This cost is equal to the amount by which the acquisition cost exceeds the company's share in the net assets of the acquired company.

After the initial recognition, the surplus value is valued at cost less any accumulated impairment losses. The surplus value is not depreciated, but is reviewed on an annual basis for possible decrease in its value (impairment), if there are events that indicate such a loss according to IAS 36.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. A cash generated unit is the smallest identifiable group of assets generating cash inflows independently and represents the level used by the Group to organise and present each activities and results in its internal reporting. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount (typically the value in use) of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at 31 December.

In the case where acquisition cost is less than the company's stake in the acquired company's net assets, the former recalculates the acquisition cost and valuates the assets, liabilities and contingent liabilities of the acquired company. Any difference prevailing after the recalculation is recognized directly in the income statement as a profit.

## 2.9 Impairment of Assets

Assets with an indefinite useful life are not depreciated and are subject to an impairment review annually and when some events suggest that the book value may not be recoverable any resulting difference is charged to the period's results. Assets that are depreciated are subject to an impairment review when there is evidence that their value will not be recoverable. The recoverable value is the greater between the net sales value and the value in use. An impairment loss is recognized by the company when the book value of these assets (or cash generating unit- CGU) is greater than its recoverable amount.

Net sales value is the amount received from the sale of an asset at an arm's length transaction in which participating parties have full knowledge and participate voluntarily, after deducting any additional direct cost for the sale of the asset, while value in use is the present value of estimated future cash flows that are expected to flow into the company from the use of the asset and from its disposal at the end of its estimated useful life.

## 2.10 Financial instruments

Financial instrument is any contract that creates a financial asset in an enterprise and a financial liability or Equity instrument in another.

The financial instruments of the Group are classified in the following categories according to the substance of the contract and the purpose for which they were purchased.

**i) Financial instruments valued at fair value through the income statement**

These comprise assets that satisfy any of the following conditions:

- Financial assets that are held for trading purposes (including derivatives, except those that are designated and effective hedging instruments, those that are acquired or incurred for the purpose of sale or repurchase and, finally, those that are part of a portfolio of designated financial instruments).

- Upon initial recognition it is designated by the company as an instrument valued at fair value, with any changes recognized through the Income Statement. In the Balance-sheet of the Group the exchanges and the assessment at fair value of derivatives they are portrayed in separate items of Asset and Liabilities with titled « Derivatives Financial Assets ». The changes at fair value of derivatives are registered in income statement.

**ii) Loans and receivables**

They include non-derivative financial assets with fixed or predefined payments which are not traded in active markets. The following are not included in this category (loans and receivables):

a) Receivables from down payments for the purchase of goods or services,

b) Receivables relating to tax transactions, which have been legislatively imposed by the state,

c) Any receivable not covered by a contract which gives the company the right to receive cash or other financial fixed assets.

Loans and receivables are included in current assets, except those with a maturity date exceeding 12 months from the balance sheet date. The latter are included in the non-current assets.

**iii) Investments held to maturity**

These include non-derivative financial assets with fixed or defined payments and specific maturity and which the Group intends to hold until their maturity.
The Group did not hold investments of this category.

**iv) Financial assets available for sale**

These include non-derivative financial assets that are either designated as such or cannot be included in any of the previous categories.

Financial assets available for sale are valued at fair value and the relevant profit or loss is booked in Equity reserves until such assets are sold or characterized as impaired.

During the sale, or when they are characterized as impaired, the profit or loss is transferred to the results. Impairment losses that have been booked to the results are not reversed through the results.

Purchases and sales of investments are recognized at the date of the transaction, which is the date when the Group commits to purchase or sell the item. Investments are initially recognized at their fair value plus directly attributable transaction costs, except for directly attributable transaction costs, for those items measured at fair value through changes in profit or loss. Investments are derecognized when the right to cash flows from investments expires or is transferred and the Group has transferred substantially all the risks and rewards of ownership.

The loans and receivables are recognized in amortized cost using the effective interest method .The realized and unrealized profits or losses arising from changes in the fair value of financial assets valued at fair value through the income statement, are recognized in the profit and loss of the period they occur.

The fair values of financial assets that are traded in active markets, are defined by their prices. For non-traded assets, fair values are defined with the use of valuation techniques such as analysis of recent transactions, comparative items that are traded and discounted cash flows. The securities that are not traded in an active market that have been classified in the category financial assets available for sale, and whose fair value cannot be determined in an accurate and reliable way, are valued at their acquisition cost.

At each balance sheet date the Group assess whether there are objective indications that lead to the conclusion that financial assets have been impaired. For company shares that have been classified as financial assets available for sale, such an indication consists of a significant or extended decline in the fair value compared to the acquisition cost. If impairment is established, any accumulated loss in Equity, which is the difference between acquisition cost and fair value, is transferred to the results.

## 2.11 Inventory

Inventories are valued at the lower of acquisition cost and net realizable value. The cost of finished and semi-unfinished products includes all the costs incurred to locate them at their current storage and processing point and consists of raw materials, labor, general industrial costs and packaging costs. The cost of inventories is determined by operating segment and by their nature, using acceptable measurement methods that are consistent with the financial statements preparation framework. The cost of inventories does not include financial expenses.

Net realizable value is the estimated sales price during the normal course of the company's business less any relevant sales expenses. Provision for slow moving or depreciated stocks is made when deemed necessary.

## 2.12 Trade receivables

Receivables from customers are initially booked at their fair value and are subsequently valued at their amortized cost using the method of the effective interest rate, less the provision for impairment. In the event that the amortized cost or the cost of a financial asset exceeds the present value, then this asset is valued at its recoverable amount, i.e. at the present value of the future cash flows of the asset, which is calculated using the real initial interest rate.

The relevant loss is immediately transferred to the period's profit and loss. The impairment losses, i.e. when there is objective evidence that the Group is unable to collect all the amounts owed based on the contractual terms, are recognized in the income statement.

## 2.13 Cash and cash equivalents

Cash and cash equivalents include cash in the bank and in hand as well as short term highly liquid investments such as money market products and bank deposits and overdrafts, as well as other high liquidity investments that are directly convertible to specific amounts of cash that are subject to a non-significant risk of change in value.

For the purpose of preparing the consolidated statements of cash flows, cash available include cash and balances with banks as well as cash as stated above.

## 2.14 Long-term assets held for sale and discontinued operations

The Group classifies a long-term asset or a group of assets and liabilities as held for sale if their value is expected to be recovered principally through the disposal of the items and not through their use.

The key prerequisites for the classification of a long-term asset or a group of assets (assets and liabilities) as held for sale are the asset or the group available for direct sale in their current state and the completion of the sale depends only on from normal and formal conditions for sales of such items and the sale should be highly probable.

Immediately prior to the initial classification of the asset or group of assets and liabilities as held for sale, the asset (or all of the assets and liabilities included in the group) are measured using the IFRS applicable in each case.

Long-term assets (or groups of assets and liabilities) classified as held for sale are valued (after initial classification as above) at the lower of their value in the financial statements and their fair value less direct costs disposal, and the resulting impairment losses are recognized in the income statement. Potential increase in fair value in a subsequent measurement is recognized in the income statement but not in excess of the impairment loss initially recognized.

From the date when a long-term asset (or long-term assets included in a group of assets and liabilities) is classified as held for sale, no depreciation is accounted for on such long-term assets.

## 2.15 Share capital

Expenses incurred for the issuance of shares reduce, after deducting the relevant income tax, the proceeds from the issue. Expenses related to the issuance of shares for the purchase of companies are included in the acquisition cost of the company acquired. Where any Group company purchases the Company's equity share capital (Treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders. Treasury stock does not hold any voting rights.

## 2.16 Income tax & deferred tax

The tax for the period comprises current income tax and deferred tax, i.e. the tax charges or tax credits that are associated with economic benefits accruing in the period but have been assessed by the tax authorities in different periods. Income tax is recognized in the income statement of the period, except for the tax relating to transactions that have been booked directly to Equity. In such case the related tax is, accordingly, booked directly to Equity.

Current income taxes include the short-term liabilities or receivables from the fiscal authorities that relate to taxes payable on the taxable income of the period and any additional income taxes from previous periods (tax audit differences).

Current taxes are measured according to the tax rates and tax laws prevailing during the financial years to which they relate, based on the taxable profit for the year. All changes to the short-term tax assets or liabilities are recognized as part of the tax expense in the income statement.

Deferred income tax is determined according to the liability method which results from the temporary differences between the book value and the tax base of assets or liabilities. Deferred tax is not booked if it results from the initial recognition of an asset or liability in a transaction, except for a business combination, which when it occurred did not affect neither the accounting nor the tax profit or loss.

Deferred tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax laws) that have been put into effect or are essentially in effect up until the balance sheet date. In the event where it is impossible to identify the timing of the reversal of the temporary differences, the tax rate in effect on the day after the balance sheet date is used.

Deferred tax assets are recognized to the extent that there will be a future tax profit to be set against the temporary difference that creates the deferred tax asset.

Deferred income tax is recognized for the temporary differences that result from investments in subsidiaries and associates, except for the case where the reversal of the temporary differences is controlled by the Group and it is possible that the temporary differences will not be reversed in the foreseeable future.

Most changes in the deferred tax assets or liabilities are recognized as part of the tax expense in the income statement. Only changes in assets or liabilities that affect the temporary differences are recognized directly in the Equity of the Group, such as the revaluation of property value,that results in the relevant change in deferred tax assets or liabilities being charged against the relevant Equity account.

## 2.17 Employee benefits

### Short-term benefits

Short-term employee benefits (except post-employment benefits) monetary and in kind are recognized as an expense when they accrued. Any unpaid amount is booked as a liability, while in the case where the amount paid exceeds the amount of services rendered, the company recognizes the excess amount as an asset (prepaid expense) only to the extent that the prepayment will lead to a reduction of future payments or to reimbursement.

### Benefits for employment termination

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group's liabilities for retirement benefits concern both defined contribution plans and defined benefit plans. The accrued cost of defined contribution plans is recognized as an expense in the period in question. Retirement plans adopted by the Group are funded partly through payments to insurance companies or state social insurance funds.

### Defined contribution plan

According to the defined contributions scheme, the (legal or implied) obligation of the company is limited to the amount that it has been agreed that it will contribute to the entity (i.e. pension fund) that manages the contributions and provides the benefits. Thus the amount of benefits the employee will receive depends on the amount the company will pay (or even the employee) and from the paid investments of such contributions. The payable contribution from the company to a defined contribution scheme, is either recognized as a liability after the deduction of the paid contribution, or as an expense.

### Defined benefits plan

According to laws 2112/20 and 4093/2012 the Company pays to their personnel benefits for employment termination or retirement. The benefits are related to, employment years, remuneration amount and whether the employment was terminated or due to retirement. The maturity of the right to participate to these schemes, usually depends upon service years of the employee till retirement.

The liability that is reported in the balance sheet with respect to this scheme is the present value of the liability for the defined benefit less the fair value of the scheme's assets (if there are such) and the changes that arise from any actuarial profit or loss and the service cost. The commitment of the defined benefit is calculated annually by an independent actuary with the use of the projected unit credit method. For discounting 2016 the selected interest rate is related to the tendency of iBoxx AA Corporate Overall 10+ EUR indices, consistent to IAS19 guidelines and suitable for long term provisions that consists of bonds corresponding to the currency and the duration relative to employees' benefits.

A defined contribution scheme, defines based on several parameters such as age, service years, remuneration amount, certain obligations for defined benefits. The provisions relating to the period are included in personnel cost at company and Group P&L statements and consist of current and past employment cost, the pertinent financial cost, the actuarial gain or loss as well as any additional charges. Regarding not recognized actuarial gain or loss, amended IAS19R is adopted, that includes a series of amendments regarding accounting treatment of defined benefits scheme, amongst other:

- recognition of actuarial profit/(loss) in other comprehensive income statement
- non-recognition of annual return on benefits scheme in profit and loss accounts
- recognition of interest rate in liability account based on discount rate used in employee compensation program.

## 2.18 Grants

The Group recognizes Government Grants that cumulatively satisfy the following criteria: a) There is reasonable certainty that the company has complied or will comply to the conditions of the grant and b) it is probable that the amount of the grant will be received. Government Grants are booked at fair value and are systematically recognized as revenues according to the principle of matching the grants with the corresponding costs that they are subsidizing.

Government Grants that relate to assets are included in long-term liabilities as deferred income and are recognized systematically and rationally as revenues over the useful life of the fixed asset.

## 2.19 Provisions

Provisions are recognized when the Group has present obligations (legal or constructive) as a result of past events, their settlement through an outflow of resources is probable and the exact amount of the obligation can be reliably estimated. Provisions are reviewed during the date when each balance sheet is compiled so that they may reflect the present value of the outflow that is expected to be required for the settlement of the obligation. Contingent liabilities are not recognized in the financial statements but are disclosed, except if the probability that there will be an outflow of resources that embody economic benefits is very small. Contingent claims are not recognized in the financial statements but are disclosed provided that the inflow of economic benefits is probable.

## 2.20 Recognition of income and expenses

**Income:** Income includes the fair value of goods and services sold, net of Value Added Tax, discounts and returns. Intercompany revenue within the Group is eliminated completely. The recognition of revenue is done as follows:

- **Construction Projects Contracts:** Construction contracts refer to the construction of assets or a group of affiliated assets specifically for customers according to the terms provided for in the relevant contracts and whose execution usually lasts for a period of over one fiscal year.

The expenses that refer to the contract are recognized when occur. Revenue from construction contracts is recognized based on the stage of completion of the project on the reporting date of the Statement of Financial Position.

The completion stage is measured based on the contractual cost that has been realized up to the balance sheet date compared to the total estimated construction cost of each project. When it is likely for the total contract cost to exceed the total income, then the expected loss is directly recognized in the period's results as an expense.

For the calculation of the cost realized until the end of the period, any expenses related to future activities regarding the contract are excluded and appear as a project under construction. The total cost that was realized and the profit/loss that was recognized for each contract is compared with the progressive invoices until the end of the period.

When the realized expenses plus the net profit (less the losses) that have been recognized, exceed the progressive invoices, the difference appears as a receivable from construction contract customers in the account "Customers and other receivables". When the progressive invoices exceed the realized expenses plus the net profit (less the losses) that have been recognized, the balance appears as a liability towards construction contract customers in the account "Suppliers and other liabilities".

In cases where initial estimates may change, revenue, costs and / or completion rates are revised. These revisions may lead to increases or decreases in estimated earnings or costs and are presented in the results of the period in which the reasons for the revision are disclosed by the Management.

**- Sale of goods:** Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of the Group's operations, net of discounts, VAT and other taxes related to sales. The Group recognizes in the income statement the sale of the goods at the moment when the benefits and risks associated with the ownership of those goods are transferred to the client.

**- Provision of services**: Income from the provision of services is accounted for in the period during which the services are rendered, based on the stage of completion of the service in relation to the total services to be rendered.

**- Electric energy:**
**Revenue from electricity generation:** Electricity sales are recognized on the date when the relevant risks are transferred to the buyer, namely, according to the monthly electricity production provided to the Greek network and confirmed by the LAGIE (Operator of the Electricity Market) and ADMIE (Independent Power Transmission Operator). Revenue also includes ancillary services received from ADMIE.

**Revenue from cross-border trade:** Revenues from the sale of electricity to the domestic and foreign markets are based on the monthly measurements of the System Operators, LAGIE (Greece) and the managers of other countries, which are announced to the Group. These monthly measurements include the total of imported and exported quantities sold to domestic and foreign markets. For these quantities sold, the Group issues the corresponding invoices every month.

**Revenue from retail electricity sales:** Revenues from electricity sales in the retail market are recognized during the period in which electricity is provided to customers and is measured on a monthly basis, according to the ADMIE measurements for medium voltage customers and with estimates based on the historical consumption that HELLENIC ELECTRICITY DISTRIBUTION NETWORK OPERATOR S.A. (HEDNO) announces for low voltage customers. Based on these measurements provided by LAGIE and HEDNO projections containing unit consumption and in conjunction with the contractual terms, each customer receives a monthly bill per meter. For low-voltage customers, the bills are up to HEDNO to send the actual consumption of the period, and then a clearing account is issued.

- **Income Interest**: Interest income is recognized on a time proportion basis using the effective interest rate. When there is impairment of assets, their book value is reduced to their recoverable amount which is the present value of the expected future cash flows discounted using the initial real interest rate. Interest is then booked using the same interest rate calculated on the impaired (new book) value.

- **Dividends**: Dividends are accounted for as revenue when the right to receive payment is established.

**Expenses:** Expenses are recognized in the results on an accrued basis. The payments made for operating leases are transferred to the results as an expense, during the time the lease is used. Interest expenses are recognized on an accrued basis.

## 2.21 Leases

**Group company as Lessee:** Leases of fixed assets with which all the risks and benefits related with ownership of an asset are transferred to the Group, regardless of whether the title of ownership of the asset is eventually transferred or not, are finance leases.

These leases are capitalized at the inception of the lease at the lower of the fair value of the asset and the present value of the minimum lease payments. Each lease payment is apportioned between the reduction of the liability and the finance charge so that a fixed interest rate on the remaining financial liability is achieved. The relevant liabilities from leases, net of financial expenses, are reported as liabilities. The part of the financial expense that relates to finance leases is recognized in the income statement during the term of the lease. Fixed assets acquired through finance leases are depreciated over the shorter of their useful life and the lease term.

Lease agreements where the lessor transfers the right of use of an asset for an agreed period of time, without transferring, however, the risks and rewards of ownership of the fixed asset are classified as operating leases. Payments made with respect to operating leases (net of any incentives offered by the lessor) are recognised in the income statement proportionately throughout the term of the lease.

**Group Company as lessor:** When fixed assets are leased through financial leasing, the present value of the lease is recognized as a receivable. The difference between the gross amount of the receivable and its present value is registered as a deferred financial income. The income from the lease is recognized in the period's results during the lease using the net investment method, which represents a constant periodic return.

Fixed assets that are leased through operating leases are included in the balance sheet's tangible assets. They are depreciated during their expected useful life on a basis consistent with similar self-owned tangible assets. The income from the lease (net of possible incentives given to the lessees) is recognized using the constant method during the period of the lease.

## 2.22 Dividend distribution

The distribution of dividends to the shareholders of the parent company is recognized as a liability in the consolidated financial statements at the date on which the distribution is approved by the General Meeting of the shareholders.

## 2.23 Proforma figure "Operating Earnings before Financial & Investment results, Tax, Depreciation & Amortization" (Group EBITDA)

Pro forma figures (EBITDA, EBITDA margin, free cash flow, net debt) are not governed by the International Financial Reporting Standards (IFRS). Thus, these figures are calculated and presented by the Group in a way that provides a more fair view of the financial performance of its Business Sectors. The Group defines "Group EBITDA" as the Operating Earnings before any interest income and expenses, investment results, depreciation, amortization and before the effects of any special factors. "Group EBITDA" is an important indicator used by Mytilineos Group to manage the Group's operating activities and to measure the performance of the individual segments.

The special factors that affect the Group's net profit / (losses) and EBITDA are the following:

a)The Group's share in the EBITDA of associates when these are active in one of its reported Business Segments.

b)The Group's share on the profit from the construction of fixed assets on account of subsidiaries and associates when these are active in one of its reported Business Segments.

It is noted that the Group financial statements, prepared according to IAS 1 and IAS 28, include:

The Group's profit realized in connection with the construction of fixed assets on account of subsidiaries and associates, when these are active in one of its reported Business Segments. Such profits are deducted from the Group's equity and fixed assets and released in the Group accounts over the same period as depreciation is charged. Consequently, for the calculation of EBITDA (operational results before depreciation), the Group does not eliminate the profit from the construction of fixed assets as its recovery through their use will effect only the profit after depreciation.

The Group states that the calculation of "Group EBITDA" may differ from the calculation method used by other companies/groups. However, "Group EBITDA" is calculated with consistency in each financial reporting period and any other financial analysis presented by the Group. Specifically financial results contain interest income/expense, while investment results contain gains/loss of financial assets at fair value through profit and loss, share of results in associates companies and gains/losses from the disposal of financial assets (such as subsidiaries and associates).

## 2.24 $CO_2$ emission Liability

$CO_2$ emissions are recognized according to the net liability approach through which, the Group recognizes liabilities from $CO_2$ emissions when the actual emissions exceed the distributed emission rights from E.U. The liability is measured at fair value to the extent that the Group has the obligation of covering the deficit through the market. Emission rights acquired over the required quantities for covering the deficit are recognized as intangible assets at cost.

## 2.25 Hedging Accounting

The Group uses Derivative financial instruments such as Commodity Futures and Currency Forwards in order to mitigate the risk related to its business activities along with the risk related to the funding of such activities.

At inception of the hedging transaction, the Group validates the hedging relationship between the underlying and the hedging instrument as far as its risk management strategy is concerned. The Group also verifies the hedging efficiency from the beginning of the hedging relationship and on a continuing basis. All derivative financial instruments are initially recognized at fair value as at the date of settlement and are valued on a mark - to - market basis on each balance sheet date. The result of this valuation is recognized as an asset when positive and as a liability when negative.

When a derivative financial instrument is no longer regarded as hedging instrument any difference in its fair value is recognized in profit and loss.

**There are three kinds of hedges:**

**A. Fair Value Hedging**

Fair value hedging is regarded when hedging the exposure in the fluctuations of the fair value of a recognized asset, liability, contingent liability or part of them that could have a negative impact on results.

When hedging accounting, concerning fair value hedge, is followed then any profit or loss from revaluation is recognized in profit and loss. For non-derivative hedging instruments used to hedge foreign currency risk, only the foreign currency item in its book value will be recognized in profit or loss - the entire instrument needs to be re-measured. The gain or loss on the hedged item attributable to the hedged risk should be recognized directly in the income statement to offset the change in the carrying amount of the hedging instrument. This applies to items recognized at cost and available-for-sale financial assets. Any compensation ineffectiveness is recognized directly in the income statement.

**B. Cash Flow Hedging**

The Group enters into Cash Flow Hedging transactions in order to cover the risks that cause fluctuations in its cash flows and arise either from an asset or a liability or a forecasted transaction and the change will affect the results. Examples of Group cash flow hedges include future foreign currency transactions subject to exchange rate changes as well as future sales of aluminum subject to changes in selling prices. Changes in the carrying amount of the effective part of the hedging instrument are recognized in Equity as “Reserve” while the ineffective portion is recognized in the Income Statement. The amounts accrued in equity are transferred to the income statement in the periods in which the hedged items are recognized in the income statement as in a prospective sale. When a hedging instrument has expired, sold, settled or does not qualify for hedging accounting all accumulated profit or loss recognized in Equity, stays in Equity until the final settlement of the underlying. If the underlying is not expected to be settled then any profit or loss recognized in Equity is transferred to profit and loss account.

#### C. Hedging of a Net Investment

Hedging of a foreign investment is regarded for accounting purposes in a way similar to cash flow hedging.

The effective part of the hedging result is recognized directly in Equity while any ineffective part is recognized in profit and loss. Accumulated profit or loss recognized in Equity is transferred in profit and loss account at the time of disposal of the investment.

#### Determination of Fair Value

The fair value of financial instruments trading in an active market is defined by the published prices as of the date of the financial statements.

The fair value of financial instruments not traded in active market is defined through the use of valuation techniques and assumptions based on relevant market information as of the date of the financial statements.

### 2.26 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders of the parent with the weighted average number of ordinary shares outstanding during each accounting period, excluding the average of ordinary shares acquired as treasury shares.

The weighted average number of ordinary shares outstanding during the accounting period and for all the periods presented is adjusted for events that have altered the number of ordinary shares in circulation without a corresponding change in resources.

### 2.27 Important accounting decisions, estimations and assumptions

The compilation of financial statements according to IFRS requires the management to make decisions, perform estimations and use assumptions that affect the amounts presented in the financial statements, the assets, liabilities, income and expenses. The actual results may differ due to such estimations. Estimations are continuously enhanced and are based on historical data and other factors, such as expectations for future events expected to realize under current conditions.

### 2.27.1 Accounting decisions

During the implementation procedure for accounting policies, decisions are made by the management, which relate to the following:

- **Classification of investments**

Management classifies Financial assets in the scope of IAS 39 based on their nature and their characteristics at the following four categories:

- financial assets at fair value through profit and loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale investments.

Financial assets are recognized initially at cost, which represents their fair value (plus, in certain cases, directly attributable transaction costs). The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Financial assets at fair value through profit and loss: Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in income.

(ii) Loans and receivables: Loans and receivables which are generated form the Group’s operations (and are beyond the Group’s normal credit terms) are carried at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortization process.

(iii) Held-to-maturity investments: Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are carried at amortized cost using the effective interest method. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

- **Recoverability of receivables accounts**

Short term receivables are presented in their nominal value, net of provisions for potential non collectible accounts, while long-term receivables (balances that deviate from the normal credit terms) are measured at amortized cost based on the effective interest rate method. At each balance sheet date all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate allowance for doubtful accounts. The balance of such allowance for doubtful accounts is appropriately adjusted at each balance sheet date in order to reflect the possible risks. Any amount written-off with respect to customer account balances is charged against the existing allowance for doubtful accounts. Any amount provided for in respect to customer account balances is charged in the profit and loss statement.

- **Impairment of inventories**

Provision for slow moving, damaged or obsolete inventories is made when necessary. The impairments at the net realizable value of inventories are charged in the profit and loss statement in the period the occur.

- **Classification of a lease as operating or financial.**

Leases where all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

## 2.27.2 Assumptions and estimations

The presentation of the value of specific assets and liabilities in the financial statements requires the use of estimations that are based on assumptions relating to the values and conditions not known with certainty during the compilation date of the financial statements. The Group continuously evaluates the estimations it makes based on historical data, the research of specialized consultants, the trends and methods considered appropriate for the estimation of specific conditions as well as estimations regarding how the assumptions made may change in the future.

The accounting principles, applied by the Group for the reporting period are consistent with the accounting principles applied for fiscal year 2016. In addition to the abovementioned and more specifically for the Annual Financial Statements of 2017 the following is to be noted:

- **Estimation of goodwill impairment**

The Group test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of a reporting unit. Determining whether an impairment has occurred requires valuation of the respective reporting unit, which we estimate using a discounted cash flow method. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. In applying this methodology, we rely on a number of factors, including actual operating results, future business plans, economic projections and market data.

If this analysis indicates goodwill impaired, measuring the impairment requires a fair value estimate of each identified tangible and intangible asset. In this case we supplement the cash flow approach discussed above with independent appraisals, as appropriate.

We test other identified intangible assets with defined useful lives and subject to amortization by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows.

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 3.3. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, these calculation require the use of accounting estimates.

- **Budget of construction contracts**

The treatment for income and expenses of a construction contract, depends on whether the final result of the contract can be reliably estimated. When the result of a construction contract can be estimated reliably then all income and expenses related to the contract are recognized as such during the time period of the contract. The Group uses the percentage of completion method to determine the appropriate amount of income and expense to be recognized in each period. The percentage of completion is calculated as the contracted cost realized over the total budgeted cost of construction for each project. Therefore, significant management estimates are required with regard to the gross result regarding the completed construction (estimated cost of execution).

- **Income Tax**

Group and company is subject to income taxes in numerous jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Group and company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Provisions**

Doubtful accounts are reported at the amounts likely to be recoverable based on historical experience of customer default. As soon as it is learned that a particular account is subject to a risk over and above the normal credit risk (e.g., low creditworthiness of customer, dispute as to the existence or the amount of the claim, etc.), the account is analyzed and written down if circumstances indicate the receivable is uncollectible.

- **Contingencies**

The Group is involved in litigation and claims in the normal course of operations. Management is of the opinion that any resulting settlements would not materially affect the financial position of the Group as at December 31, 2017. However, the determination of contingent liabilities relating to the litigation and claims is a complex process that involves judgments as to the outcomes and interpretation of laws and regulations.

## 3. Notes on the financial Statements

### 3.1 Segment reporting

MYTILINEOS Group is active in three main operating business segments: Metallurgy, EPC & Infrastructure and Power & Gas. In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group. Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches. The adoption of IFRS 8 has not affected the identified operating segments for the Group compared to the recent annual financial statement.

The Group's activities, which do not meet the criteria and the quantitative thresholds of IFRS 8, in order to form a reportable operating segment, are aggregated and reported under the category "Others".

The Group has applied IFRS 5 "Non Current Assets Available for Sale & Discontinued Operations" and present separately the results of the discontinued operations of the subsidiary company SOMETRA S.A.

The totals that are presented in the following tables, reconcile to the related accounts of the consolidated financial statements.

Segment's results are as follows:

| *(Amounts in thousands €)*<br>*1/1-31/12/2017* | **Metallurgy** | **EPC & Infra-structure** | **Power & Gas** | **Others** | **Discontinuing Operations** | **Total** |
|---|---|---|---|---|---|---|
| Total Gross Sales | 672,768 | 518,061 | 524,580 | 5,497 | (2,719) | 1,718,187 |
| Intercompany sales | (18,948) | (16,690) | (17,145) | (4,462) | - | (57,245) |
| Inter-segment sales | (134,221) | - | - | - | - | (134,221) |
| **Net Sales** | **519,599** | **501,371** | **507,435** | **1,035** | **(2,719)** | **1,526,721** |
| | | | | | | |
| **Earnings before interest and income tax** | **92,782** | **83,755** | **37,386** | **18,190** | **13** | **232,126** |
| Financial results | - | - | - | - | - | (50,693) |
| Investment Results | - | - | - | - | - | 176 |
| **Profit before income tax** | **-** | **-** | **-** | **-** | **-** | **181,609** |
| Assets depreciation | 31,290 | 4,057 | 37,271 | 346 | (61) | 72,903 |
| Other operating included in EBITDA | - | 949 | - | - | - | 949 |
| **Oper.Earnings before income tax,financial results,depreciation and amortization** | **124,072** | **88,761** | **74,657** | **18,536** | **(48)** | **305,978** |

| *(Amounts in thousands €)*<br>*1/1-31/12/2016* | **Metallurgy** | **EPC & Infra-structure** | **Power & Gas** | **Others** | **Discontinuing Operations** | **Total** |
|---|---|---|---|---|---|---|
| Total Gross Sales | 588,788 | 445,098 | 369,324 | 8,758 | (4,042) | 1,407,926 |
| Intercompany sales | (140,913) | (24) | (5,518) | (8,758) | - | (155,213) |
| Inter-segment sales | - | (6,626) | - | - | - | (6,626) |
| **Net Sales** | **447,875** | **438,448** | **363,806** | **-** | **(4,042)** | **1,246,087** |
| | | | | | | |
| **Earnings before interest and income tax** | **53,310** | **77,092** | **21,146** | **(5,838)** | **2,584** | **148,294** |
| Financial results | - | - | - | - | - | (63,400) |
| Investment Results | - | - | - | - | - | 383 |
| **Profit before income tax** | **32,616** | **69,392** | **(7,914)** | **(11,447)** | **2,629** | **85,277** |
| Assets depreciation | 31,007 | 3,981 | 44,198 | (5,099) | (761) | 73,326 |
| Other operating included in EBITDA | - | 743 | - | - | - | 743 |
| **Oper.Earnings before income tax,financial results,depreciation and amortization** | **84,317** | **81,816** | **65,344** | **(10,937)** | **1,823** | **222,363** |

Segment's assets and liabilities are as follows:

| *(Amounts in thousands €)* | Metallurgy | Constructions | Energy | Others | Total |
|---|---|---|---|---|---|
| **31/12/2017** | | | | | |
| Assets | 1,050,888 | 1,275,812 | 1,056,565 | (165,046) | 3,218,219 |
| Consolidated assets | 1,050,888 | 1,275,812 | 1,056,565 | (165,046) | 3,218,219 |
| Liabilities | 755,532 | 559,885 | 599,051 | (127,242) | 1,787,226 |
| Consolidated liabilities | 755,532 | 559,885 | 599,051 | (127,242) | 1,787,226 |

| *(Amounts in thousands €)* | Metallurgy | Constructions | Energy | Others | Total |
|---|---|---|---|---|---|
| **31/12/2016** | | | | | |
| Assets | 1,172,182 | 1,288,219 | 1,043,223 | (395,204) | 3,108,420 |
| Consolidated assets | 1,172,182 | 1,288,219 | 1,043,223 | (395,204) | 3,108,420 |
| Liabilities | 942,490 | 656,047 | 626,202 | (400,570) | 1,824,169 |
| Consolidated liabilities | 942,490 | 656,047 | 626,202 | (400,570) | 1,824,169 |

**Regional Information**

Revenues from external customers in the Group's domicile, Greece, as well as its major market European Union, have been identified on the basis of the customer's geographical location. The Group's Sales and its non-current assets (other than financial instruments, investments, deferred tax assets and post-employment benefit assets) are divided into the following geographical areas:

**MYTILINEOS GROUP**

| | Sales | Sales | Non current assets | Non current assets |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Hellas | 823,985 | 608,221 | 1,512,526 | 1,503,282 |
| European Union | 374,923 | 306,462 | 23,198 | 20,227 |
| Other Countries | 327,813 | 331,403 | 45,885 | 2,094 |
| **Regional Analysis** | **1,526,721** | **1,246,086** | **1,581,609** | **1,525,603** |

### 3.2 Tangible assets

MYTILINEOS GROUP

| *(Amounts in thousands €)* | Land & Buildings | Vehicles & mechanical equipment | Furniture and other equipment | Tangible assets under construction | Total |
|---|---|---|---|---|---|
| Gross Book Value | 398,105 | 1,417,786 | 33,839 | 56,646 | 1,906,376 |
| Accumulated depreciation and/or impairment | (86,814) | (723,259) | (25,928) | - | (836,002) |
| **Net Book Value as at 1/1/2016** | **311,291** | **694,527** | **7,911** | **56,646** | **1,070,375** |
| Gross Book Value | 406,756 | 1,493,965 | 35,222 | 35,352 | 1,971,295 |
| Accumulated depreciation and/or impairment | (94,249) | (772,864) | (27,368) | (3,559) | (898,039) |
| **Net Book Value as at 31/12/2016** | **312,507** | **721,101** | **7,854** | **31,793** | **1,073,255** |
| Gross Book Value | 411,872 | 1,519,595 | 39,578 | 97,849 | 2,068,895 |
| Accumulated depreciation and/or impairment | (99,141) | (802,387) | (28,776) | (1,812) | (932,115) |
| **Net Book Value as at 31/12/2017** | **312,732** | **717,209** | **10,802** | **96,037** | **1,136,779** |

| *(Amounts in thousands €)* | Land & Buildings | Vehicles & mechanical equipment | Furniture and other equipment | Tangible assets under construction | Total |
|---|---|---|---|---|---|
| **Net Book Value as at 1/1/2016** | **311,291** | **694,527** | **7,911** | **56,647** | **1,070,375** |
| Additions | 4,723 | 48,209 | 530 | 20,881 | 74,343 |
| Sales - Reductions | (29) | (114) | (17) | (1,282) | (1,441) |
| Depreciation | (7,434) | (56,022) | (1,491) | (3,559) | (68,505) |
| Reclassifications | 3,411 | 34,501 | 930 | (40,895) | (2,053) |
| Net Foreign Exchange Differences | 544 | - | (9) | - | 535 |
| **Net Book Value as at 31/12/2016** | **312,507** | **721,101** | **7,854** | **31,793** | **1,073,255** |
| Additions | 804 | 38,104 | 4,085 | 91,204 | 134,197 |
| Sales - Reductions | 4,432 | 1,544 | (34) | (5,337) | 606 |
| Depreciation | (7,681) | (59,914) | (1,499) | - | (69,094) |
| Reclassifications | 4,740 | 16,374 | 401 | (21,629) | (114) |
| Net Foreign Exchange Differences | (2,070) | (1) | (5) | - | (2,076) |
| **Net Book Value as at 31/12/2017** | **312,732** | **717,209** | **10,802** | **96,037** | **1,136,779** |

**MYTILINEOS S.A.**

| *(Amounts in thousands €)* | Land & Buildings | Vehicles & mechanical equipment | Furniture and other equipment | Tangible assets under construction | Total |
|---|---|---|---|---|---|
| Gross Book Value | 13,354 | 479 | 2,128 | - | 15,960 |
| Accumulated depreciation and/or impairment | (4,047) | (390) | (1,777) | - | (6,214) |
| **Net Book Value as at 1/1/2016** | **9,307** | **88** | **351** | **-** | **9,746** |
| Gross Book Value | 13,354 | 473 | 2,199 | - | 16,027 |
| Accumulated depreciation and/or impairment | (4,254) | (393) | (1,851) | - | (6,498) |
| **Net Book Value as at 31/12/2016** | **9,100** | **81** | **348** | **-** | **9,529** |
| Gross Book Value | 303,381 | 1,199,591 | 36,170 | 15,869 | 1,555,012 |
| Accumulated depreciation and/or impairment | (59,206) | (666,679) | (26,292) | - | (752,178) |
| **Net Book Value as at 31/12/2017** | **244,175** | **532,912** | **9,878** | **15,869** | **802,834** |

| *(Amounts in thousands €)* | Land & Buildings | Vehicles & mechanical equipment | Furniture and other equipment | Tangible assets under construction | Total |
|---|---|---|---|---|---|
| **Net Book Value as at 1/1/2016** | **9,307** | **88** | **351** | **-** | **9,746** |
| Additions | - | 31 | 73 | - | 104 |
| Sales - Reductions | - | (13) | - | - | (13) |
| Depreciation | (207) | (25) | (75) | - | (308) |
| **Net Book Value as at 31/12/2016** | **9,100** | **81** | **348** | **-** | **9,529** |
| Additions | 536 | 14,277 | 3,697 | 13,282 | 31,791 |
| Sales - Reductions | (1,667) | (1,056) | (32) | (4,023) | (6,777) |
| Depreciation | (5,658) | (43,569) | (1,367) | - | (50,594) |
| Reclassifications | 4,740 | 16,374 | 401 | (21,629) | (114) |
| Net Foreign Exchange Differences | - | - | 1 | - | 1 |
| Merge Through Acquisition Of Subsidiary | 237,125 | 546,805 | 6,829 | 28,239 | 818,998 |
| **Net Book Value as at 31/12/2017** | **244,175** | **532,912** | **9,878** | **15,869** | **802,834** |

Depreciation charged in profit and loss is analyzed in notes 3.19 and 3.20.

During 2017, the amount of 9.1 mio € of borrowing costs has been capitalised in the category “Tangible assets under construction”.

## 3.3 Goodwill

### 3.3.1 Changes in goodwill

Goodwill is allocated to the group's cash-generating units identified according to business segment for 2016 and 2017.

| *(Amounts in thousands €)* | Metallurgy | Constructions | Energy | Continuing Operations (Total) | Total Segment |
|---|---|---|---|---|---|
| Gross Book Value | 12,889 | 142,166 | 54,258 | 209,313 | 209,313 |
| Impairment | - | - | - | - | - |
| **Net Book Value as at 1/1/2016** | **12,889** | **142,166** | **54,258** | **209,313** | **209,313** |
| Gross Book Value | 12,889 | 142,166 | 54,258 | 209,313 | 209,313 |
| Impairment | - | - | - | - | - |
| **Net Book Value as at 31/12/2016** | **12,889** | **142,166** | **54,258** | **209,313** | **209,313** |
| Gross Book Value | 12,889 | 142.166 | 54,258 | 209,313 | 209,313 |
| Impairment | - | - | - | - | - |
| **Net Book Value as at 31/12/2017** | **12,889** | **142,166** | **54,258** | **209,313** | **209,313** |

| *(Amounts in thousands €)* | Metallurgy | Constructions | Energy | Continuing Operations (Total) | Total Segment |
|---|---|---|---|---|---|
| **Net Book Value as at 1/1/2016** | **12,889** | **142,166** | **54,258** | **209,313** | **209,313** |
| Additions | - | - | - | - | - |
| **Net Book Value as at 31/12/2016** | **12,889** | **142,166** | **54,258** | **209,313** | **209,313** |
| Additions | - | - | - | - | - |
| **Net Book Value as at 31/12/2017** | **12,889** | **142,166** | **54,258** | **209,313** | **209,313** |

### 3.3.2 Impairment test on goodwill

Goodwill arising from acquisition, has been allocated in the following Cash Generating Units (CGU) per business operating sector:

| **Goodwill allocated per segment** | **31/12/2017** | **31/12/2016** |
|---|---|---|
| Metallurgy and mining | 12,889,000 | 12,889,000 |
| EPC and Infrastructure | 142,166,000 | 142,166,000 |
| Electric power and gas trading | 54,258,000 | 54,258,000 |
| **Total** | **209,313,000** | **209,313,000** |

For the annual impairment test on goodwill, the recoverable amount of each segment is as follows:

| **Recoverable amount per segment** | **31/12/2017** |
|---|---|
| Metallurgy and mining | 546,572,222 |
| EPC and Infrastructure | 801,513,558 |
| Electric power and gas trading | 567,783,229 |
| **Total** | **1,915,869,009** |

The Group performs annually impairment tests for goodwill.

The recoverable amount of the recognized goodwill, related with the separate CGU's, was assessed using value in use and calculated using the DCF method. The "value in use" was determined based on management's assumptions, which management deems reasonable and are based on estimates from international rating agencies on Financial Statement's issue date. No need for impairment arose from impairment tests.

### 3.3.3 Assumptions used in calculation of Value in Use

The recoverable amount of each CGU is determined according to the calculation of the value in use. The calculations for the CGU's recoverable amount were based on the present value of the expected future cash flows. The basic estimates the Group uses to determine the value in use divide in:

- **Market prices estimations**:
  - Metal/Mineral prices at LME for the metallurgy sector
  - Exchange rate between $/€ for the metallurgy/constructions/energy sectors
  - CO2 prices for the metallurgy and energy sector
  - Gas and BRENT prices for the metallurgy/energy sectors

- **Operating estimations**:
  - Raw material prices and equipment for the metallurgy/constructions sectors
  - Technical KPI's for the production plants of metallurgy and energy sectors
  - Project milestones and completion percentage of construction sector
  - Cost and time of major inspections for the metallurgy/energy sectors
  - Capacity rate and total demand of energy system for the energy sector

- **Business plan per CGU:**
  - Business plans are drawn up over a maximum of 5 years. Cash flows over 5 years are deduced using the estimates of growth rates listed below.
  - Business plans are based on recently prepared budgets and estimates.
  - Business plans use operating profit margins and EBITDA, as well as future estimates using reasonable assumptions.
  - Concerning projects in the electricity and natural gas sector, these projects extend over a period equal to the duration of the relevant licences (20 years).
  - Concerning projects in the field of integrated projects and infrastructures, these projects extend over a period of 9-10 years. The reasons are related to the characteristics of EPC thermal constructions, which (together with metal constructions) are the core business of the business sector.
  - In particular, future projects are mainly located in African countries, regional countries of the former Soviet Union and Middle East countries. Management estimates that the market for EPC projects in these countries is changing, boosting interest in projects where the manufacturer takes a Partner role by participating in financing the construction and recovering the liquidity provided through the project's future operational cash flows. The total completion and repayment cycle of the projects has been set at 9-10 years.

Calculations to determine the recoverable amount of operating segments were based on business plans approved by the Management, which included the necessary revisions to capture the current economic situation and reflect past experience, sectoral projections and other available information from external sources.

- **Weighted Average Cost of Capital (WACC):**

The WACC method reflects the discount rate of future cash flows for each CGU, according to which the cost of equity and the cost of long-term debt and any grants are weighted, in order to calculate the cost of capital of the company. Since all cash flows of the business plans are denominated in euro, the yield of ten-year German government bond was used as the risk-free rate. Assumptions of independent sources were taken into account for the calculation of the risk premium.

Betas are evaluated annually based on published market data. The Company's WACC was estimated at 7.89%.

Apart from the above considerations concerning the determination of the value in use of CGUs, no other changes that may affect the rest of the assumptions have come to the Management's attention.

The Group analyzed the sensitivity of the recoverable amounts per CGU through change in a percentage point in the discount rate. From the relevant analysis it arises that an amount of impairment of € 2,8 m may result and which concerns the operating segment of Electric power and Gas trading.

## 3.4 Intangible Assets

| | MYTILINEOS GROUP | | | | |
|---|---|---|---|---|---|
| *(Amounts in thousands €)* | **Software** | **Land Restoration** | **Licenses** | **Other Intangible Assets** | **Total** |
| Gross Book Value | 9,900 | 59,777 | 232,277 | 38,392 | 340,347 |
| Accumulated depreciation and/or impairment | (9,104) | (46,916) | (21,144) | (23,677) | (100,840) |
| **Net Book Value as at 1/1/2016** | **796** | **12,861** | **211,133** | **14,716** | **239,506** |
| Gross Book Value | 10,471 | 63,138 | 235,427 | 41,841 | 350,878 |
| Accumulated depreciation and/or impairment | (9,451) | (48,326) | (25,547) | (24,521) | (107,844) |
| **Net Book Value as at 31/12/2016** | **1,021** | **14,813** | **209,880** | **17,321** | **243,034** |
| Gross Book Value | 10,691 | 66,485 | 229,036 | 49,386 | 355,598 |
| Accumulated depreciation and/or impairment | (9,752) | (50,205) | (30,325) | (29,800) | (120,082) |
| **Net Book Value as at 31/12/2017** | **939** | **16,280** | **198,711** | **19,586** | **235,517** |

| | MYTILINEOS GROUP | | | | |
|---|---|---|---|---|---|
| *(Amounts in thousands €)* | **Software** | **Land Restoration** | **Licenses** | **Other Intangible Assets** | **Total** |
| **Net Book Value as at 1/1/2016** | **796** | **12,861** | **211,133** | **14,716** | **239,506** |
| Additions | 574 | 3,398 | 66 | 1,965 | 6,003 |
| Additions From Acquisition/Consolidation Of Subsidiaries | - | - | 2,858 | - | 2,858 |
| Sales - Reductions | - | (14) | (16) | (310) | (341) |
| Depreciation | (349) | (1,433) | (4,421) | (844) | (7,046) |
| Reclassifications | - | - | 259 | 1,793 | 2,053 |
| Net Foreign Exchange Differences | - | - | - | (1) | - |
| **Net Book Value as at 31/12/2016** | **1,021** | **14,813** | **209,880** | **17,321** | **243,034** |
| Additions | 180 | 3,347 | 63 | 3,384 | 6,974 |
| Additions From Acquisition/Consolidation Of Subsidiaries | - | - | (2,858) | - | (2,858) |
| Sales - Reductions | 11 | - | (5,032) | - | (5,021) |
| Depreciation | (272) | (1,879) | (3,347) | (1,226) | (6,725) |
| Reclassifications | - | - | 5 | 109 | 114 |
| Net Foreign Exchange Differences | - | - | - | (2) | (2) |
| **Net Book Value as at 31/12/2017** | **939** | **16,280** | **198,711** | **19,586** | **235,517** |

As at December 31, 2017, an impairment loss of €3,8 mil. for the Group has been recognized.

| MYTILINEOS S.A. | | | | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **Software** | **Licenses** | **Other Intangible Assets** | **Total** |
| Gross Book Value | 1,120 | - | - | 1,120 |
| Accumulated depreciation and/or impairment | (1,052) | - | - | (1,052) |
| **Net Book Value as at 1/1/2016** | **68** | **-** | **-** | **68** |
| Gross Book Value | 1,256 | - | - | 1,256 |
| Accumulated depreciation and/or impairment | (1,097) | - | - | (1,097) |
| **Net Book Value as at 31/12/2016** | **159** | **-** | **-** | **159** |
| Gross Book Value | 10,208 | 101,746 | 15,665 | 127,619 |
| Accumulated depreciation and/or impairment | (9,343) | (22,572) | (6,587) | (38,502) |
| **Net Book Value as at 31/12/2017** | **865** | **79,174** | **9,078** | **89.117** |

| MYTILINEOS S.A. | | | | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **Software** | **Licenses** | **Other Intangible Assets** | **Total** |
| **Net Book Value as at 1/1/2016** | **68** | **-** | **-** | **68** |
| Additions | 136 | - | - | 136 |
| Depreciation | (46) | - | - | (46) |
| **Net Book Value as at 31/12/2016** | **159** | **-** | **-** | **159** |
| Additions | 138 | - | 2,485 | 2,623 |
| Sales - Reductions | 11 | - | - | 11 |
| Depreciation | (242) | (3,258) | (893) | (4,394) |
| Reclassifications | - | - | 109 | 114 |
| Merge Through Acquisition Of Subsidiary | 800 | 82,428 | 7,377 | 90,605 |
| **Net Book Value as at 31/12/2017** | **865** | **79,174** | **9,078** | **89,117** |

Amortization charged in profit and loss is analyzed in notes 3.19 and 3.20.

## 3.5 Investments on subsidiaries

| | MYTILINEOS S.A. | |
|---|---|---|
| *(Amounts in thousands €)* | **31/12/2017** | **31/12/2016** |
| **Total Opening** | **638,057** | **638,057** |
| Additions | 1,549 | - |
| Merge Through Acquisition Of Subsidiary | (400,671) | - |
| **Total** | **238,935** | **638,057** |

Below the investments of MYTILINEOS S.A. per subsidiary as at 31/12/2017:

| *(amounts in thousands €)* | *31/12/2017* |
|---|---|
| EPC AND INFRASTRUCTURE SECTOR SUBSIDIARIES | 6,797 |
| ELECTRIC POWER SECTOR SUBSIDIARIES | 205,942 |
| METALLURGY AND MINING SECTOR SUBSIDIARIES | 17,509 |
| METKA INDUSTRIAL - CONSTRUCTION S.A. (ex ANEMOSTRATA RENEWABLE ENERGY SOURCES S.A.) | 165 |
| PROTERGIA AGIOS NIKOLAOS POWER SOCIETE ANONYME OF GENERATION AND SUPPLY OF ELECTRICITY" (ex ANEMOSKALA RENEWABLE ENERGY SOURCES) | 165 |
| ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME (EX OSTENITIS S.A.) | 60 |
| M & M GAS Co S.A. | 1,000 |
| MYTILINEOS FINANCIAL PARTNERS S.A. | 2,000 |
| GENIKI VIOMICHANIKI S.A. | 145 |
| MYTILINEOS FINANCE S.A. | 405 |
| SOMETRA S.A. | 4,747 |
| *Total* | *238,934* |

In parent's financial statements, investments in subsidiaries are valued in accordance with IAS 27, at acquisition cost less any accumulated losses from impairment.

The decrease in the investment on subsidiaries in 2017 is related to the merger by absorption of the companies METKA, ALUMINIUM OF GREECE, Protergia and Protergia THERMO from Mytilineos. The aforementioned merger has no effect on the companies' control as well as the final controlling company (Mytilineos SA – Mother Company) is the same company as before (par.B1 IFRS 3). Because of this the companies' transformation (merger) is considered to be a transaction among entities under the same control and for this it constitutes an exception of the application of IFRS 3.

The Company has applied the merger accounting method or pooling of interests method and comparative period's figures haven't been restated ( see Note 2).

### 3.5.1 Important non-controlling interests

On the table below, the analysis of the non-controlling interests in Group's Subsidiaries:

| SUBSIDIARY | % of NCI | | Total comprehensive income allocated to NCI | | Accumulated NCI | |
|---|---|---|---|---|---|---|
| | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| METKA-EGN Ltd Cyprus | 49.9% | 49.9% | 807 | 387 | 1,148 | 341 |
| METKA-EGN Ltd UK | 49.9% | 49.9% | 1,858 | 1,346 | 3,803 | 1,946 |
| METKA-EGN USA LLC | 49.9% | 49.9% | (1,157) | 662 | (548) | 609 |
| ΚΟΡΙΝΘΟΣ POWER A.E. | 35% | 35% | 1,783 | (1,032) | 39,540 | 37,757 |
| M & M GAS Co S.A. | 50% | 50% | 203 | 62 | 1,247 | 1,046 |

During the years 2017 and 2016 dividends were paid by the Group's subsidiary METKA SA .

The summarized financial statements of the Group's subsidiary companies before intragroup eliminations:

| | METKA-EGN Ltd Cyprus | | METKA-EGN Ltd UK | | METKA-EGN USA LLC | |
|---|---|---|---|---|---|---|
| ***(Amounts in thousands €)*** | ***31/12/2017*** | ***31/12/2016*** | ***31/12/2017*** | ***31/12/2016*** | ***31/12/2017*** | ***31/12/2016*** |
| Non-current assets | 316 | 46 | 68 | 22 | 101 | - |
| Current assets | 27,712 | 18,079 | 30,955 | 12,870 | 2,650 | 10,028 |
| **Total assets** | **28,027** | **18,125** | **31,023** | **12,892** | **2,750** | **10,028** |
| | | | | | | |
| Non-current liabilities | - | 105 | - | - | 252 | - |
| Current liabilities | 25,727 | 17,336 | 23,402 | 8,993 | 3,596 | 8,808 |
| **Total liabilities** | **25,727** | **17,441** | **23,402** | **8,993** | **3,848** | **8,808** |
| | | | | | | |
| Equity attibutable to owners of the parent | 1,153 | 343 | 3,818 | 1,953 | (550) | 611 |
| Non-controlling interests | 1,148 | 341 | 3,803 | 1,946 | (548) | 609 |

| ***(Amounts in thousands €)*** | ***31/12/2017*** | ***31/12/2016*** | ***31/12/2017*** | ***31/12/2016*** | ***31/12/2017*** | ***31/12/2016*** |
|---|---|---|---|---|---|---|
| Sales | 34,000 | 12,200 | 52,140 | 31,318 | 4,794 | 81,940 |
| | | | | | | |
| Profit of the year attributable to owners of the parent | 828 | 389 | 1,956 | 1,502 | (1,154) | 635 |
| Profit for the year attibutable to NCI | 824 | 387 | 1,949 | 1,496 | (1,150) | 632 |
| **Profit for the year** | **1,652** | **776** | **3,905** | **2,998** | **(2,304)** | **1,267** |
| | | | | | | |
| Other comprehensive income for the year | (35) | - | (183) | (300) | (14) | 59 |
| | | | | | | |
| Total comprehensive income for the year attributable to owners of the parent | 810 | 389 | 1,865 | 1,352 | (1,161) | 665 |
| Total comprehensive income for the year attributable to NCI | 807 | 387 | 1,858 | 1,346 | (1,157) | 662 |
| **Total comprehensive income for the year** | **1,617** | **776** | **3,722** | **2,698** | **(2,318)** | **1,326** |

| ***(Amounts in thousands €)*** | ***31/12/2017*** | ***31/12/2016*** | ***31/12/2017*** | ***31/12/2016*** | ***31/12/2017*** | ***31/12/2016*** |
|---|---|---|---|---|---|---|
| Net cash from operating activities | 4,019 | (9,583) | 2,205 | 2,316 | 737 | (2,150) |
| Net cash used in investins activities | (5,983) | (408) | 468 | (17) | (3) | - |
| Net cash from financing activities | 6,001 | 12,000 | 6,033 | - | (546) | - |
| | | | | | | |
| **Net (decrease)/increase in cash and cash equivalents** | **4,037** | **2,009** | **8,706** | **2,299** | **188** | **(2,150)** |

| (Amounts in thousands €) | KORINTHOS POWER 31/12/2017 | KORINTHOS POWER 31/12/2016 | M & M 31/12/2017 | M & M 31/12/2016 |
|---|---|---|---|---|
| Non-current assets | 266,417 | 273,709 | 213 | 328 |
| Current assets | 23,901 | 43,582 | 13,937 | 3,434 |
| **Total assets** | **290,317** | **317,291** | **14,151** | **3,762** |
| | | | | |
| Non-current liabilities | 144,828 | 135,731 | 41 | 35 |
| Current liabilities | 32,517 | 73,682 | 11,616 | 1,635 |
| **Total liabilities** | **177,345** | **209,413** | **11,657** | **1,670** |
| | | | | |
| Equity attibutable to owners of the parent | 73,432 | 70,121 | 1,247 | 1,046 |
| Non-controlling interests | 39,540 | 37,757 | 1,247 | 1,046 |

| *(Amounts in thousands €)* | *31/12/2017* | *31/12/2016* | *31/12/2017* | *31/12/2016* |
|---|---|---|---|---|
| Sales | 123,096 | 96,032 | 29,208 | 12,541 |
| | | | | |
| Profit of the year attributable to owners of the parent | 2,461 | (2,124) | 203 | 63 |
| Profit for the year attibutable to NCI | 1,325 | (1,143) | 203 | 63 |
| **Profit for the year** | **3,786** | **(3,267)** | **405** | **126** |
| | | | | |
| Other comprehensive income for the year | 1,308 | 318 | (3) | (2) |
| | | | | |
| Total comprehensive income for the year attributable to owners of the parent | 3,311 | (1,917) | 199 | 62 |
| Total comprehensive income for the year attributable to NCI | 1,783 | (1,032) | 203 | 62 |
| **Total comprehensive income for the year** | **5,094** | **(2,949)** | **402** | **124** |

| *(Amounts in thousands €)* | *31/12/2017* | *31/12/2016* | *31/12/2017* | *31/12/2016* |
|---|---|---|---|---|
| Net cash from operating activities | 7,915 | 10,872 | 165 | - |
| Net cash used in investins activities | (5,832) | (743) | (1) | - |
| Net cash from financing activities | (3,501) | (10,321) | 1 | - |
| | | | | |
| **Net (decrease)/increase in cash and cash equivalents** | **(1,418)** | **(192)** | **165** | **-** |

## 3.6 Investments in associate companies

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| **Total Opening** | **23,242** | **13,201** | **-** | **-** |
| Share Of Profit/Loss (After Taxation & Minority Interest) | 130 | 440 | - | - |
| Additions | 500 | 10,000 | (1,001) | - |
| Reversal Of Received Dividends | - | (398) | - | - |
| Merge Through Acquisition Of Subsidiary | (500) | - | 18,213 | - |
| **Investments In Associates** | **23,372** | **23,242** | **17,212** | **-** |

The Group participates in associate companies, which due to significant influence are classified as associates and consolidated by equity method in the consolidated financial statements (the activity and percentage of participation are presented in note 3.6.1). These associate companies are not listed in any Stock Exchange market and therefore there are no market values.

### 3.6.1 Interests in Associates

Group's Financial Statements include, with the equity method, the following companies incorporated in Hellas, THERMOREMA S.A. 40% (31.12.2016: 40%), FTHIOTIKI ENERGY S.A. 35,0% (31.12.2016: 35,0%), IONIA ENERGY S.A. (BUSINESS ENERGY TRIZINIA S.A. is included) 49% (31.12.2016: 49%), IPS S.A. 10% (31.12.2016: 10%). The Group based on the immaterial contribution of the above mentioned associate companies at earnings before taxes notifies below a summarized Income Statement:

| ***(Amounts in thousands €)*** | | | | |
|---|---|---|---|---|
| **ASSOCIATE** | **% Participation** | **Sales** | **Profit / (Loss) Of The Period** | **Share Of Profit / (Loss) For The Period** |
| THERMOREMA S.A. | 40% | 1,493 | (883) | (353) |
| FTHIOTIKI ENERGY S.A. | 35% | 689 | (37) | (12) |
| IONIA ENERGY S.A. | 49% | 2,302 | (32) | (16) |
| INTERNATIONAL POWER SUPPLY AD | 10% | 1,462 | 2,043 | 204 |
| | | **5,946** | **1,091** | **(176)** |

## 3.7 Deferred tax

| | MYTILINEOS GROUP | | | | | |
|---|---|---|---|---|---|---|
| | 1/1/2017 | | | 31/12/2017 | | |
| *(Amounts in thousands €)* | At 1st January | Recognised In Profit Or Loss | Recognised In Other Comprehensive Income | As At 31 December | Deferred Tax Asset | Deferred Tax Liability |
| **Non - Current Assets** | | | | | | |
| Intangible Assets | (24,975) | (6,271) | - | (31,246) | - | (31,246) |
| Tangible Assets | (45,118) | (6,873) | - | (51,991) | - | (51,991) |
| Financial Assets Available for Sale | (3) | - | - | (3) | - | (3) |
| Long-Term Receivables | (14,852) | 9,081 | - | (5,771) | - | (5,771) |
| Investment to subsidiaries | (36,563) | (3,225) | 27,738 | (12,050) | - | (12,050) |
| **Current Assets** | | | | | | |
| Inventories | (29) | - | - | (29) | - | (29) |
| Construction Contracts | 35,770 | 4,667 | - | 40,437 | 40,437 | - |
| Receivables | 6,045 | 542 | (8,800) | (2,213) | - | (2,213) |
| Financial Assets at fair value | 62 | 1 | - | 63 | 63 | - |
| **Reserves** | | | | | | |
| Reserves' defer tax liability | (58,760) | - | - | (58,760) | - | (58,760) |
| Actuarial Gain/Losses | 25 | 1 | 1 | 27 | 27 | - |
| **Long-term Liabilities** | | | | | | |
| Employee Benefits | 3,832 | (689) | 26 | 3,169 | 3,169 | - |
| Subsidies | 69 | - | - | 69 | 69 | - |
| Long-Term Loans | (1,517) | 1,256 | (545) | (806) | - | (806) |
| Other Long-Term Liabilities | (7,181) | (3,681) | - | (10,862) | - | (10,862) |
| **Short-Term Liabilities** | | | | | | |
| Provisions | (3,331) | (1,050) | (11) | (4,392) | - | (4,392) |
| Contingent Liabilities | 7,220 | - | - | 7,220 | 7,220 | - |
| Employee Benefits | (66) | 414 | - | 348 | 348 | - |
| Liabilities From Derivatives | 2,141 | - | 11,627 | 13,768 | 13,768 | - |
| Liabilities From Financing Leases | (57) | - | - | (57) | - | (57) |
| Other Short-Term Liabilities | 925 | (13,941) | (2) | (13,018) | - | (13,018) |
| Other Contingent Defer Taxes | 12,868 | (1,010) | 19 | 11,877 | 11,877 | - |
| **Total** | **19,700** | **(15,587)** | **11,633** | **15,746** | **33,213** | **(17,467)** |
| **Offsetting** | **-** | **-** | **-** | **-** | **(10,103)** | **10,103** |
| **Deferred Tax From Tax Losses** | **34,367** | **22,937** | **-** | **57,304** | **57,304** | **-** |
| **Deferred Tax (Liability)/Receivables** | **(89,128)** | **2,159** | **30,053** | **(56,916)** | **124,179** | **(181,095)** |

**MYTILINEOS GROUP**

| (Amounts in thousands €) | 1/1/2016 At 1st January | 31/12/2016 Recognised In Profit Or Loss | Recognised In Other Comprehensive Income | As At 31 December | Deferred Tax Asset | Deferred Tax Liability |
|---|---|---|---|---|---|---|
| **Non - Current Assets** | | | | | | |
| Intangible Assets | (25,395) | 419 | - | (24,975) | 3,167 | (28,142) |
| Tangible Assets | (36,023) | (9,095) | - | (45,118) | 24,175 | (69,294) |
| Financial Assets Available for Sale | (3) | - | - | (3) | - | (3) |
| Long-Term Receivables | (13,488) | (1,364) | - | (14,852) | 121 | (14,973) |
| Investment to subsidiaries | (38,348) | 1,785 | - | (36,563) | - | (36,563) |
| **Current Assets** | | | | | | |
| Inventories | (54) | 25 | - | (29) | 49 | (78) |
| Construction Contracts | 44,129 | (8,359) | - | 35,770 | 35,770 | - |
| Receivables | 11,508 | (5,463) | - | 6,045 | 6,301 | (256) |
| Financial Assets at fair value | 38 | 24 | - | 62 | 62 | - |
| **Reserves** | | | | | | |
| Reserves' defer tax liability | (58,760) | - | - | (58,760) | - | (58,760) |
| Actuarial Gain/Losses | 19 | - | 6 | 25 | 25 | - |
| **Long-term Liabilities** | | | | | | |
| Employee Benefits | 3,641 | 64 | 127 | 3,832 | 3,832 | - |
| Subsidies | 69 | - | - | 69 | 69 | - |
| Long-Term Loans | (1,748) | 356 | (124) | (1,517) | 578 | (2,094) |
| Other Long-Term Liabilities | (6,383) | (798) | - | (7,181) | 1,182 | (8,363) |
| **Short-Term Liabilities** | | | | | | |
| Provisions | (3,068) | (283) | 20 | (3,331) | 998 | (4,329) |
| Contingent Liabilities | 7,220 | - | - | 7,220 | 7,220 | - |
| Employee Benefits | (257) | 190 | - | (66) | - | (66) |
| Liabilities From Derivatives | 282 | - | 1,859 | 2,141 | 2,141 | - |
| Liabilities From Financing Leases | (57) | - | - | (57) | - | (57) |
| Other Short-Term Liabilities | 2,216 | (1,296) | 6 | 925 | 925 | - |
| Other Contingent Defer Taxes | 12,868 | - | - | 12,868 | 12,868 | - |
| **Total** | **(101,592)** | **(23,796)** | **1,894** | **(123,496)** | **99,483** | **(222,979)** |
| **Offsetting** | **-** | **-** | **-** | **-** | **(31,838)** | **31,838** |
| **Deferred Tax From Tax Losses** | **14,881** | **19,486** | **-** | **34,367** | **34,367** | **-** |
| **Deferred Tax (Liability)/Receivables** | **(86,712)** | **(4,309)** | **1,893** | **(89,128)** | **102,012** | **(191,141)** |

MYTILINEOS S.A.

| (Amounts in thousands €) | 1/1/2017<br>At 1st January | Recognised In Profit Or Loss | Recognised In Other Comprehensive Income | Deferred Tax Impact From Disposal Of Subsidiary | 31/12/2017<br>As At 31 December | Deferred Tax Asset | Deferred Tax Liability |
|---|---|---|---|---|---|---|---|
| **Non - Current Assets** | | | | | | | |
| Intangible Assets | 626 | (5,988) | - | (23,982) | (29,344) | 635 | (29,978) |
| Tangible Assets | (1,228) | (1,394) | - | (58,309) | (60,931) | 29 | (60,960) |
| Long-Term Receivables | - | 9,202 | - | (9,202) | - | - | - |
| Investment to subsidiaries | (27,738) | (3,225) | 27,738 | 3,225 | - | - | - |
| **Current Assets** | | | | | | | |
| Inventories | - | - | - | - | - | - | - |
| Construction Contracts | - | 4,117 | - | 31,329 | 35,446 | - | 35,446 |
| Receivables | 8,800 | 540 | (8,800) | (4,527) | (3,987) | - | (3,987) |
| Financial Assets at fair value | 66 | 1 | - | - | 67 | 67 | - |
| **Reserves** | | | | | | | |
| Reserves' defer tax liability | - | - | - | (62,156) | (62,156) | - | (62,156) |
| Actuarial Gain/Losses | 16 | - | - | - | 16 | 16 | - |
| **Long-term Liabilities** | | | | | | | |
| Employee Benefits | - | (700) | 26 | 4,190 | 3,516 | 3,516 | - |
| Long-Term Loans | (16) | 865 | - | (816) | 33 | 36 | (4) |
| Other Long-Term Liabilities | - | (3,632) | - | 864 | (2,768) | 31 | (2,799) |
| **Short-Term Liabilities** | | | | | | | |
| Provisions | 1,903 | (1,051) | (10) | 128 | 970 | 1,113 | (143) |
| Employee Benefits | 190 | 414 | - | 181 | 785 | 785 | - |
| Liabilities From Derivatives | - | - | 11,689 | 1,947 | 13,636 | 13,637 | - |
| Other Short-Term Liabilities | - | (13,926) | - | 1,583 | (12,343) | 3,600 | (15,942) |
| Other Contingent Defer Taxes | - | (12) | - | 12 | - | - | - |
| **Total** | **2,093** | **(14,576)** | **11,679** | **3,851** | **3,048** | **19,135** | **(16,085)** |
| **Deferred Tax From Tax Losses** | **-** | **30,881** | **-** | **7,752** | **38,633** | **38,633** | **-** |
| **Deferred Tax (Liability)/ Receivables** | **(17,381)** | **16,091** | **30,643** | **(107,781)** | **(78,427)** | **62,098** | **(140,523)** |

| | MYTILINEOS S.A. | | | | | |
|---|---|---|---|---|---|---|
| | 1/1/2016 | | | 31/12/2016 | | |
| *(Amounts in thousands €)* | **At 1st January** | **Recognised In Profit Or Loss** | **Recognised In Other Comprehensive Income** | **As At 31 December** | **Deferred Tax Asset** | **Deferred Tax Liability** |
| **Non - Current Assets** | | | | | | |
| Intangible Assets | 720 | (94) | - | 626 | 626 | - |
| Tangible Assets | (1,226) | (2) | - | (1,228) | - | (1,228) |
| Investment to subsidiaries | (29,524) | 1,786 | - | (27,738) | - | (27,738) |
| **Current Assets** | | | | | | |
| Receivables | 10,800 | (2,000) | - | 8,800 | 8,800 | - |
| Financial Assets at fair value | 42 | 24 | - | 66 | 66 | - |
| **Reserves** | | | | | | |
| Actuarial Gain/Losses | 15 | - | 2 | 16 | 16 | - |
| **Long-term Liabilities** | | | | | | |
| Employee Benefits | 49 | (49) | - | - | - | - |
| Long-Term Loans | (30) | 15 | - | (16) | - | (16) |
| **Short-Term Liabilities** | | | | | | |
| Provisions | 2,325 | (423) | - | 1,903 | 1,903 | - |
| Employee Benefits | - | 190 | - | 190 | 190 | - |
| **Total** | **2,325** | **(233)** | **-** | **2,093** | **2,093** | **-** |
| **Deferred Tax From Tax Losses** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Deferred Tax (Liability)/Receivables** | **(16,830)** | **(553)** | **2** | **(17,382)** | **11,601** | **(28,981)** |

### 3.8 Inventories

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Raw materials | 60,691 | 164,838 | 59,122 | - |
| Semi-finished products | 844 | 898 | 522 | - |
| Finished products | 18,060 | 20,451 | 18,059 | - |
| Work in Progress | 32,552 | 30,008 | 32,228 | - |
| Merchandise | 5,064 | 490 | - | - |
| Others | 44,110 | 43,155 | 32,455 | - |
| **Total** | **161,322** | **259,841** | **142,387** | **-** |
| (Less)Provisions for scrap, slow moving and/or destroyed inventories: | (2,432) | (2,432) | (2,303) | - |
| **Total Stock** | **158,890** | **257,409** | **140,084** | **-** |

On 31/12/2016 Group raw materials related to EPC equipment had not been consumed. Said equipment was consumed during 2017.

### 3.9 Other receivables

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Other Debtors | 199,361 | 114,401 | 106,690 | 626 |
| Receivables from the State | 31,149 | 48,885 | 15,191 | 1,851 |
| Receivables from Subsidiaries | - | 2,488 | 168,891 | 45,000 |
| Accrued income - Prepaid expenses | 43,007 | 44,826 | 38,551 | - |
| Prepaid expenses for construction contracts | 6 | 6 | 5 | 5 |
| Less: Provision for Bad Debts | 899 | 899 | 899 | - |
| **Total** | **272,625** | **209,706** | **328,430** | **47,482** |

As at 31/12/2017, the category "Other Debtors" includes mainly amounts of:

39,35 mio € as collateral for letters of guarantee, claims from Serbian government of 32,5 mio € which be settled in 4 installments in 2018, 33 mio € related to margin call accounts and 8,5 mio € from Operator of Electricity Market .

"Other receivables" do not include overdue and non-impaired receivables.

### 3.10 Financial assets & liabilities

The Group's financial instruments consist mainly of deposits with banks, bank overdrafts, FX spot and forwards, trade accounts receivable and payable, loans to and from subsidiaries, associates, joint ventures, investments in bonds, dividends payable and lease obligations.

The financial instruments presented in the financial statements are categorized in the tables below:

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| (Amounts in thousands €) | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Non current assets** | | | | |
| Financial Assets Available for Sale | 163 | 169 | 37 | 37 |
| Other Long-term Receivables | 134,603 | 200,268 | 52,074 | 178 |
| **Total** | **134,766** | **200,438** | **52,111** | **215** |
| **Current assets** | | | | |
| Derivatives | 15,168 | 491 | 15,168 | - |
| Financial assets at fair value through profit or loss | 814 | 959 | 814 | 69 |
| Trade and other receivables | 1,018,481 | 800,283 | 754,584 | 47,746 |
| Cash and cash equivalents | 160,940 | 197,884 | 88,995 | 336 |
| **Total** | **1,195,402** | **999,616** | **859,561** | **48,150** |
| **Non-Current Liabilities** | | | | |
| Long-term debt | 598,755 | 428,650 | 397,589 | 5,250 |
| Derivatives | 4,227 | 2,948 | 4,227 | - |
| Other long-term liabilities | 82,273 | 133,895 | 63,901 | 27,585 |
| **Total** | **685,255** | **565,493** | **465,717** | **32,835** |
| **Current Liabilities** | | | | |
| Short-term debt | 95,998 | 219,012 | 75,492 | 15,363 |
| Current portion of non-current liabilities | 34,327 | 168,513 | 22,202 | 3,468 |
| Derivatives | 58,530 | 6,930 | 57,964 | - |
| Trade and other payables | 657,663 | 621,041 | 511,410 | 141,392 |
| **Total** | **846,518** | **1,015,497** | **667,068** | **160,223** |

A description of the Group's financial instruments risks, is given in Note 3.31.

### 3.10.1 Financial Assets available for sale

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| (Amounts in thousands €) | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Total Opening** | **169** | **2,253** | **37** | **112** |
| Valuation Of Treasury Shares At Fair Value | 9 | (2,079) | - | - |
| Other Changes | - | (75) | - | (75) |
| Exchange Rate Differences | (15) | 70 | - | - |
| **Closing Balance** | **163** | **169** | **37** | **37** |

Regarding highly liquid assets, namely shares, bank bonds and mutual funds with long-term investment horizon that are traded in an active market.

### 3.10.2 Financial assets at fair value through profit or loss

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Total Opening** | 959 | 1,077 | 69 | 150 |
| Additions | - | 2,000 | - | - |
| Fair Value Adjustments | (144) | (2,118) | (144) | (82) |
| Merge Through Acquisition Of Subsidiary | - | - | 890 | - |
| **Closing Balance** | 814 | 959 | 814 | 69 |

### 3.10.3 Derivatives financial instruments

| | MYTILINEOS GROUP | | | | MYTILINEOS S.A. | | | |
|---|---|---|---|---|---|---|---|---|
| | 31/12/2017 | | 31/12/2016 | | 31/12/2017 | | 31/12/2016 | |
| *(Amounts in thousands €)* | Asset | Liability | Asset | Liability | Asset | Liability | Asset | Liability |
| **Derivatives** | 15,168 | 62,757 | 491 | 9,878 | 15,168 | 62,191 | - | - |

All derivatives open positions have been marked to market. Fair values of the "interest rate swaps", are confirmed by the financial institutions that the Group has as counterparties.

The Group manages the exposure to currency risk through the use of currency forwards and options and thus by "locking" at exchange rates that provide sufficient cash flows and profit margins. Furthermore, the Group manages the exposure to commodity risk through the use of: a) commodity futures that hedge the risk from the change at fair value of commodities and b) commodity swaps that hedge fluctuations in cash flows from the volatility in aluminum prices.

### 3.10.4 Other long-term receivables

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Customers - Withholding quarantess falling due after one year | 122,964 | 187,964 | 44,524 | - |
| Given guarantees | 1,788 | 1,732 | 1,291 | 178 |
| Other long term receivables | 9,851 | 10,572 | 6,258 | - |
| **Other long term receivables** | 134,603 | 200,268 | 52,074 | 178 |

Mytilineos' Group "other long term receivables" refer to advances to suppliers of the Parent company as well as receivables of subsidiary POWER PROJECTS from Turkish tax authorities.

### 3.10.5 Loan liabilities

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Long-term debt** | | | | |
| Bank loans | 14,759 | 1,465 | - | - |
| Bonds | 583,996 | 427,186 | 397,589 | 5,250 |
| **Total** | **598,755** | **428,650** | **397,589** | **5,250** |
| **Short-term debt** | | | | |
| Overdraft | 54,562 | 65,319 | 52,462 | 15,363 |
| Bank loans | 41,437 | 70,715 | 23,031 | - |
| Bonds | - | 82,979 | - | - |
| **Total** | **95,998** | **219,012** | **75,492** | **15,363** |
| Current portion of non-current liabilities | 34,327 | 168,513 | 22,202 | 3,468 |
| **Total** | **729,080** | **816,175** | **495,283** | **24,081** |

The effective weighted average borrowing rate for the group, as at the balance sheet date is 3.75%.

### 3.10.6 Loan liabilities movement

| | MYTILINEOS GROUP | | | MYTILINEOS S.A. | | |
|---|---|---|---|---|---|---|
| | 31/12/2017 | | | 31/12/2017 | | |
| *(Amounts in thousands €)* | Short term Loan liabilities | Long term Loan liabilities | Total | Short term Loan liabilities | Long term Loan liabilities | Total |
| **Total Opening** | **387,526** | **428,650** | **816,176** | **18,831** | **5,250** | **24,081** |
| Impact From Merge of Subsidiaries | - | - | - | 295,818 | 261,551 | 557,369 |
| Repayments | (437,676) | (228,301) | (665,977) | (371,605) | (220,248) | (591,853) |
| Proceeds | 155,140 | 429,792 | 584,932 | 140,116 | 375,000 | 515,116 |
| Foreign Exchange Rates | 255 | - | 255 | - | - | - |
| Other | 2,673 | (1,000) | 1,673 | 323 | (1,763) | (1,440) |
| Reclassification | 22,407 | (30,386) | (7,979) | 14,211 | (22,202) | (7,991) |
| **Total** | **130,325** | **598,755** | **729,080** | **97,694** | **397,589** | **495,283** |

### 3.10.7. Other Long - Term Liabilities

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Received guarantees - Grants-Leasing** | | | | |
| **Total Opening** | **49,418** | **33,523** | **-** | **-** |
| Additions | 39 | 17,787 | 39 | - |
| Transfer At Profits/Loss | (147) | (108) | (147) | - |
| Transfer From / (To) Short - Term | (2,531) | (1,785) | (1,112) | - |
| **Closing Balance** | **46,779** | **49,418** | **29,250** | **-** |
| | | | | |
| **Advances of customers** | | | | |
| **Total Opening** | **45,837** | **7,830** | **-** | **-** |
| Additions | (34,858) | 63,561 | (34,858) | - |
| Transfer From / (To) Short - Term | (3,949) | (25,555) | (3,949) | - |
| **Closing Balance** | **7,029** | **45,837** | **7,029** | **-** |
| | | | | |
| **Other** | | | | |
| **Total Opening** | **5,908** | **165** | **27,585** | **28,493** |
| Additions | 2,080 | 6,476 | 2,262 | - |
| Transfer From / (To) Short - Term | 861 | (734) | (27,585) | (908) |
| Exchange Rate Differences | (2) | - | - | - |
| **Closing Balance** | **8,847** | **5,908** | **8,004** | **27,585** |
| | | | | |
| **Suppliers holdings for good performance** | | | | |
| **Total Opening** | **32,733** | **49,026** | **-** | **-** |
| Additions | (19,847) | 1,929 | (19,847) | - |
| Transfer From / (To) Short - Term | 9,110 | (18,223) | 19,618 | - |
| Exchange Rate Differences | (2,379) | - | - | - |
| **Closing Balance** | **19,618** | **32,733** | **19,618** | **-** |
| | | | | |
| **Total** | **82,273** | **133,895** | **63,901** | **27,585** |

### 3.11 Customers and other trade receivables

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Customers | 696,385 | 522,602 | 384,486 | 1,795 |
| Notes receivable | 300 | - | - | - |
| Checks receivable | 4,282 | 4,383 | 2,463 | 1,917 |
| Less: Impairment Provisions | (6,766) | (5,923) | (4,603) | (3,603) |
| **Net trade Receivables** | **694,202** | **521,063** | **382,347** | **109** |
| Advances for inventory purchases | 157 | 131 | - | - |
| Advances to trade creditors | 51,497 | 69,384 | 43,808 | 155 |
| **Total** | **745,856** | **590,578** | **426,155** | **264** |

| Construction Contracts | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS GROUP 31/12/2016 |
|---|---|---|
| Realised Contractual Cost & Profits (minus realised losses) | 3,211,142 | 3,458,460 |
| Less: Progress Billings | (3,126,994) | (3,523,113) |
| | 84,148 | (64,653) |
| Receivables for construction contracts according to the percentage of completion | 217,309 | 93,465 |
| Liabilities related to construction contracts according to percent. of completion | (133,161) | (158,118) |
| | | |
| Advances received | 60,246 | 56,198 |
| Clients holdings for good performance | 75,349 | 126,479 |

## 3.12 Cash and cash equivalents

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Cash | 17,980 | 859 | 915 | 9 |
| Bank deposits | 87,805 | 170,353 | 34,309 | 327 |
| Time deposits & Repos | 55,155 | 26,672 | 53,770 | - |
| **Total** | **160,940** | **197,884** | **88,995** | **336** |

| The weighted average interest rate is as: | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Deposits in Euro | 0.24% | 0.15% |

Cash and cash equivalent do not include blocked deposits.

## 3.13 Suppliers and other liabilities

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Suppliers | 331,536 | 315,518 | 225,220 | 17,441 |
| Cheques Payable | - | 6 | - | - |
| Customers' Advances | 111,073 | 98,469 | 86,887 | 160 |
| Liabilities to customers for project implementation | 132,722 | 157,270 | 132,504 | - |
| **Total** | **575,331** | **571,263** | **444,610** | **17,601** |

## 3.14 Other short-term liabilities

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Liabilities to Related Parties | - | 101 | 16,208 | 118,649 |
| Accrued expense | 31,371 | 19,574 | 24,032 | 208 |
| Social security insurance | 4,048 | 3,536 | 3,460 | 202 |
| Dividends payable | 195 | 1,040 | 195 | 2,095 |
| Deferred income-Grants | 16 | 92 | - | - |
| Others Liabilities | 46,701 | 25,435 | 22,906 | 2,637 |
| **Total** | **82,331** | **49,778** | **66,800** | **123,791** |

## 3.15 Total Equity

### 3.15.1 Share capital

MYTILINEOS HOLDINGS S.A.'s shares are freely traded on the Athens Exchange. The Company's share capital is fully paid–up and the shares have been fully paid. Upon the completion of the merger by absorption of "METKA INDUSTRIAL – CONSTRUCTION SOCIETE ANONYME" , "ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME", "PROTERGIA POWER GENERATION AND SUPPLIES SOCIETE ANONYME" and "PROTERGIA AGIOS NIKOLAOS POWER SOCIETE ANONYME OF GENERATION AND SUPPLY OF ELECTRICITY" by "MYTILINEOS HOLDINGS S.A.", the Company proceeded with all the necessary actions in order to ensure that the new shares that METKA's beneficiary shareholders were entitled to as a result of the Merger were credited to their SAT (Dematerialized Securities System-DSS) accounts. No new shares were issued for the balance of the Absorbed Companies, given that the Absorbing Company owned the entirety (100%) of their shares either directly or indirectly. Therefore, their total contributed assets (assets and liabilities) did not result in an increase of the Absorbing Company's share capital, but the amount relating to the value of the Absorbing Company's participation in the aforementioned Absorbed Companies has been deleted from the Absorbing Company's "Participating Interests" account, and any differences have been registered under equity accounts as differences resulting from the Merger. As of the date of the completion of the Merger, the new shares that are attributable to the beneficiaries of METKA's shares confer to them the right to participate in the Absorbing Company's profits and the right to receive dividends. The share capital and the alterations to the Absorbing Company's share capital before and after the Merger are shown in the following table:

| | Acquiring company's equity before & post merger |
|---|---|
| **I. Mytilineos' Equity before merger** | **113,408,386** |
| Share's nominal value | 0.97 |
| Number of shares before merger | 116,915,862 |
| | |
| **II. Change in Equity due to merger** | |
| | |
| Equity increase equal to METKA's contributed equity (Acquired Company A), amount of €8.312.096,32, which remains after the elimination due to merger of the acquiring company's interest in the acquired. | 8,312,096 |
| Above par reserve capitalization of the acquiring | 16,883,944 |
| **Total Equity Increase** | **25,196,040** |
| | |
| **New Company's Equity post merger (I+II)** | **138,604,426** |
| Share's nominal value | 0.97 |
| Number of common shares post merger | 142,891,161 |

## 3.15.2 Reserves

Reserves in the financial statements are analysed as follows:

**MYTILINEOS GROUP**

| *(Amounts in thousands €)* | Regular Reserve | Special & Extraordinary Reserves | Tax-free and Specially taxed Reserves | Revaluation reserves | Financial instruments valuation reserve | Stock Option Plan Reserve | Merged Reserves | Actuarial Gain/Losses Reserve | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Opening Balance 1st January 2016, according to IFRS -as published-** | **19,763** | **8,540** | **75,186** | **271** | **309** | **1,225** | **-** | **(1,737)** | **103,557** |
| Transfer To Reserves | 157 | 4 | 2,360 | (51) | (1,615) | - | - | - | 856 |
| Exchange Differences On Translation Of Foreign Operations | - | 218 | - | - | - | - | - | 11 | 229 |
| Cash Flow Hedging Reserve | - | - | - | - | 352 | - | - | - | 352 |
| Deferred Tax From Actuarial Gain / (Losses) | - | - | - | - | - | - | - | 154 | 154 |
| Actuarial Gain / (Losses) | - | - | - | - | - | - | - | (419) | (419) |
| Deferred Tax From Cash Flow Hedging Reserve | - | - | - | - | (102) | - | - | - | (102) |
| **Closing Balance 31/12/2016** | **19,920** | **8,762** | **77,546** | **221** | **(1,056)** | **1,225** | **-** | **(1,991)** | **104,627** |
| | | | | | | | | | |
| **Opening Balance 1st January 2017, according to IFRS -as published-** | **19,920** | **8,762** | **77,546** | **221** | **(1,056)** | **1,225** | **-** | **(1,991)** | **104,627** |
| Transfer To Reserves | 659 | (5) | (1,916) | - | - | - | - | 204 | (1,058) |
| Impact From Merge Through Acquisition Of Subsidiary | - | - | - | - | - | - | 3,628 | - | 3,628 |
| Exchange Differences On Translation Of Foreign Operations | - | - | - | - | - | - | - | 2 | 2 |
| Cash Flow Hedging Reserve | - | - | - | - | 2,115 | - | - | - | 2,115 |
| Deferred Tax From Actuarial Gain / (Losses) | - | - | - | - | - | - | - | (15) | (15) |
| Actuarial Gain / (Losses) | - | - | - | - | - | - | - | 1,081 | 1,081 |
| Deferred Tax From Cash Flow Hedging Reserve | - | - | - | - | (613) | - | - | - | (613) |
| **Closing Balance 31/12/2017** | **20,579** | **8,757** | **75,630** | **221** | **446** | **1,225** | **3,628** | **(719)** | **109,767** |

MYTILINEOS S.A.

| *(Amounts in thousands €)* | Regular Reserve | Special & Extraordinary Reserves | Tax-free and Specially taxed Reserves | Revaluation reserves | Financial instruments valuation reserve | Stock Option Plan Reserve | Merged Reserves | Actuarial Gain/Losses Reserve | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Opening Balance 1st January 2016, according to IFRS -as published-** | **55,572** | **16,989** | **(70,446)** | **172** | **-** | **1,298** | **-** | **(89)** | **3,496** |
| Deferred Tax From Actuarial Gain / (Losses) | - | - | - | - | - | - | - | 2 | 2 |
| Actuarial Gain / (Losses) | - | - | - | - | - | - | - | (6) | (6) |
| **Closing Balance 31/12/2016** | **55,572** | **16,989** | **(70,446)** | **172** | **-** | **1,298** | **-** | **(93)** | **3,492** |
| | | | | | | | | | |
| **Opening Balance 1st January 2017, according to IFRS -as published-** | **55,572** | **16,989** | **(70,446)** | **172** | **-** | **1,298** | **-** | **(93)** | **3,492** |
| Transfer To Reserves | 545 | - | (2,483) | - | - | - | 1.815 | 253 | 130 |
| Impact From Merge Through Acquisition Of Subsidiary | 7,080 | 58,105 | 106,924 | 2 | (11) | 317 | (326,021) | (5,699) | (159,304) |
| Cash Flow Hedging Reserve | - | - | - | - | 13 | - | - | - | 13 |
| Deferred Tax From Actuarial Gain / (Losses) | - | - | - | - | - | - | - | (16) | (16) |
| Actuarial Gain / (Losses) | - | - | - | - | - | - | - | 1,083 | 1,083 |
| Deferred Tax From Cash Flow Hedging Reserve | - | - | - | - | (4) | - | - | - | (4) |
| **Closing Balance 31/12/2017** | **63,197** | **75,093** | **33,994** | **174** | **(2)** | **1,615** | **(324,206)** | **(4,471)** | **(154,606)** |

The majority of the above reserves relates to Parent Company and Greek subsidiaries. Under Greek corporate law, corporations are required to transfer a minimum of 5% of their annual net profit as reflected in their statutory books to a legal reserve, until such reserve equals one-third of the outstanding share capital. The above reserve cannot be distributed throughout the life of the company.

Tax free reserves represent non distributed profits that are exempt from income tax based on special provisions of development laws (under the condition that adequate profits exist for their allowance). These reserves mainly relate to investments and are not distributed.

Specially taxed reserves represent interest income and income from disposal of listed in the Stock Exchange and non listed companies and are tax free or tax has been withheld at source. Except for any tax prepayments, these reserves are exempted from taxes, provided they are not distributed to shareholders.

### 3.16 Employee benefit liabilities

**MYTILINEOS GROUP**

| *(Amounts in thousands €)* | 31/12/2017 Defined Contri-butions Plans | 31/12/2017 Defined Benefits Plans | 31/12/2017 Total | 31/12/2016 Defined Contri-butions Plans | 31/12/2016 Defined Benefits Plans | 31/12/2016 Total |
|---|---|---|---|---|---|---|
| Current employment cost | 344 | - | 344 | 322 | - | 322 |
| Financial cost | 321 | 108 | 429 | 336 | 142 | 478 |
| Anticipated return on as-sets | - | (95) | (95) | - | (103) | (103) |
| Net actuarialy (profits)/losses realised for the period | 99 | - | 99 | (31) | - | (31) |
| Settlement Cost | 396 | 41 | 437 | 383 | 18 | 401 |
| **Amount to Income State-ment** | **1,160** | **55** | **1,214** | **1,011** | **56** | **1,067** |
| Actuarial (Gain)/Losses im-mediate recognise in profit and loss statement | (605) | (476) | (1,082) | 501 | (77) | 424 |
| **Amount through Other Comprehensive Income** | **(605)** | **(476)** | **(1,082)** | **501** | **(77)** | **424** |
| Expected return of plan assets | - | 95 | 95 | - | 103 | 103 |
| Actuarial gains on plan assets | - | 170 | 170 | - | 142 | 142 |
| **Return of plan assets** | **-** | **265** | **265** | **-** | **245** | **245** |

**MYTILINEOS S.A.**

| *(Amounts in thousands €)* | 31/12/2017 Defined Contri-butions Plans | 31/12/2017 Defined Benefits Plans | 31/12/2017 Total | 31/12/2016 Defined Contri-butions Plans | 31/12/2016 Defined Benefits Plans | 31/12/2016 Total |
|---|---|---|---|---|---|---|
| Current employment cost | 289 | - | 289 | 34 | - | 34 |
| Financial cost | 281 | 108 | 389 | 13 | - | 13 |
| Anticipated return on as-sets | - | (95) | (95) | - | - | - |
| Net actuarialy (profits)/losses realised for the period | 101 | - | 101 | - | - | - |
| Settlement Cost | 340 | 41 | 381 | - | - | - |
| **Amount to Income State-ment** | **1,009** | **55** | **1,064** | **47** | **-** | **47** |
| Actuarial (Gain)/Losses im-mediate recognise in profit and loss statement | (607) | (476) | (1,083) | 6 | - | 6 |
| **Amount through Other Comprehensive Income** | **(607)** | **(476)** | **(1,083)** | **6** | **-** | **6** |

The Group's present value of the liability at year end 2017 is € 17.283 k and accordingly for 2016 is € 17.815 k:

**MYTILINEOS GROUP**

| (Amounts in thousands €) | 31/12/2017 Defined Contributions Plans | 31/12/2017 Defined Benefits Plans | 31/12/2017 Total | 31/12/2016 Defined Contributions Plans | 31/12/2016 Defined Benefits Plans | 31/12/2016 Total |
|---|---|---|---|---|---|---|
| **Total Opening** | **17,815** | **768** | **18,583** | **16,819** | **1,915** | **18,734** |
| Current Employment Cost | 343 | - | 343 | 322 | - | 322 |
| Financial Cost | 321 | 108 | 429 | 336 | 142 | 478 |
| Employer Contributions | - | (1,145) | (1,145) | - | (1,126) | (1,126) |
| Settlements | - | - | - | 3 | - | 3 |
| Actuarialy (Profits)/ Losses | (841) | (430) | (1,270) | 500 | (77) | 423 |
| Losses From Abridgement | 77 | 41 | 118 | - | - | - |
| Settlement Cost | 324 | 778 | 1,102 | 383 | 18 | 401 |
| Anticipated Return On Assets | - | (95) | (95) | - | (103) | (103) |
| Contributions Paid | (875) | - | (875) | (548) | - | (548) |
| Merge Through Acquisition Of Subsidiary | 119 | (26) | 93 | - | - | - |
| Exchange Rate Differences | - | - | - | (1) | - | (1) |
| **Closing Balance** | **17,283** | **-** | **17,283** | **17,815** | **768** | **18,583** |

**MYTILINEOS S.A.**

| (Amounts in thousands €) | 31/12/2017 Defined Contributions Plans | 31/12/2017 Defined Benefits Plans | 31/12/2017 Total | 31/12/2016 Defined Contributions Plans | 31/12/2016 Defined Benefits Plans | 31/12/2016 Total |
|---|---|---|---|---|---|---|
| **Total Opening** | **710** | **-** | **710** | **657** | **-** | **657** |
| Current Employment Cost | 289 | - | 289 | 34 | - | 34 |
| Financial Cost | 281 | 108 | 389 | 13 | - | 13 |
| Employer Contributions | - | (1,145) | (1,145) | - | - | - |
| Actuarialy (Profits)/ Losses | (844) | (430) | (1,274) | 6 | - | 6 |
| Losses From Abridgement | 77 | 41 | 118 | - | - | - |
| Settlement Cost | 262 | 778 | 1,041 | - | - | - |
| Anticipated Return On Assets | - | (95) | (95) | - | - | - |
| Contributions Paid | (777) | - | (777) | - | - | - |
| Merge Through Acquisition Of Subsidiary | 14,997 | 742 | 15,739 | - | - | - |
| **Closing Balance** | **14,994** | **-** | **14,994** | **710** | **-** | **710** |

The Entity's present value of the liability at year end 2017 is € 14.994 k and accordingly for 2016 is € 710 k.

The assumptions used, are presented in the following table:

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Discount Rate | 1.7% | 1.8% |
| Future Salary increases | 2.0% | 2.0% |
| Inflation | 2.0% | 2.0% |

## 3.17 Provisions

Provisions referring to Group and Company are recognized if the following are met: (a) legal or implied liabilities exist as a consequence of past events, (b) there is a possibility of settlement that will require the outflow if economic benefits and (c) the amount of the liability can be measured reliably. More specifically, the Group recognizes provisions for environmental restorations as a result of exploitation of mineral resources processed mainly for the production of Alumina and Aluminum. All provisions are reviewed at each balance-sheet date and are adjusted accordingly so that they reflect the present value of expenses that will be required for the restoration of the environment. Contingent receivables are not recognized in the financial statements but are disclosed if there is a possibility of an inflow of economic benefits.

**Environmental Restoration.** This provision represents the present value of the estimated costs to reclaim quarry sites and other similar post-closure obligations.

**Tax Liabilities.** This provision relates to future obligations that may result from tax audits.

**Other provisions.** Comprise other provisions relating to other risks none of which are individually material to the Group and to contingent liabilities arising from current commitments.

**MYTILINEOS GROUP**

| *(Amounts in thousands €)* | Environmental Restoration | Tax liabilities | Other | Total |
|---|---|---|---|---|
| **1/1/2016** | **1,269** | **1,315** | **12,909** | **15,492** |
| Additional Provisions For The Period | - | - | 1,029 | 1,029 |
| Exchange Rate Differences | - | - | 1 | 1 |
| Realised Provisions For The Period | (170) | - | (2,422) | (2,592) |
| **31/12/2016** | **1,099** | **1,315** | **11,517** | **13,930** |
| Long -Term | 1,099 | 1,315 | 11,499 | 13,913 |
| Short - Term | - | - | 18 | 18 |
| | | | | |
| Additional Provisions For The Period | 1,000 | 372 | 1,080 | 2,452 |
| Unrealised Reversed Provisions | - | (346) | - | (346) |
| Exchange Rate Differences | - | - | (2) | (2) |
| Realised Provisions For The Period | (168) | (444) | (1,858) | (2,471) |
| **31/12/2017** | **1,930** | **897** | **10,737** | **13,564** |
| Long -Term | 1,930 | 897 | 10,737 | 13,564 |

**MYTILINEOS S.A.**

| *(Amounts in thousands €)* | Environmental Restoration | Tax liabilities | Other | Total |
|---|---|---|---|---|
| **1/1/2016** | **-** | **2** | **949** | **951** |
| Realised Provisions For The Period | - | - | (683) | (683) |
| **31/12/2016** | **-** | **2** | **266** | **268** |
| Long -Term | - | 2 | 266 | 268 |
| | | | | |
| Merge Through Acquisition Of Subsidiary | - | 1,395 | 11,233 | 12,628 |
| Additional Provisions For The Period | 1,000 | - | 1,093 | 2,093 |
| Unrealised Reversed Provisions | - | (346) | - | (346) |
| Exchange Rate Differences | - | - | - | - |
| Realised Provisions For The Period | - | (437) | (1,855) | (2,291) |
| **31/12/2017** | **1,000** | **615** | **10,737** | **12,352** |
| Long -Term | 1,000 | 615 | 10,737 | 12,352 |
| Short - Term | - | - | - | - |

## 3.18 Current tax liabilities

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Tax expense for the period | 23,009 | 629 | 18,483 | - |
| Tax audit differences | (7) | (7) | - | - |
| Tax liabilities | 20,508 | 18,901 | 15,727 | 485 |
| **Total** | **43,510** | **19,524** | **34,210** | **485** |

## 3.19 Cost of goods sold

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Retirement benefits | 1 | 530 | - | - |
| Other employee benefits | 56,991 | 57,807 | 50,001 | - |
| Cost of materials & inventories | 599,512 | 382,287 | 461,644 | 6,876 |
| Third party expenses | 133,043 | 131,618 | 51,244 | - |
| Third party benefits | 283,554 | 347,093 | 282,490 | - |
| Assets repair and maintenance cost | 13,723 | 3,756 | 10,256 | - |
| Operating leases rent | 2,501 | 3,886 | 1,536 | - |
| Taxes & Duties | 9,724 | 21,721 | 5,400 | - |
| Advertisement | 289 | 375 | 289 | - |
| Other expenses | 36,647 | 28,653 | 18,384 | - |
| Depreciation - Tangible Assets | 68,109 | 63,974 | 49,842 | - |
| Depreciation - Intangible Assets | 5,543 | 5,033 | 3,416 | - |
| Grants amortization incorporated to cost | (523) | (1,049) | (523) | - |
| **Total** | **1,209,113** | **1,045,684** | **933,979** | **6,876** |

## 3.20 Administrative & Distribution Expenses

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| **Distribution expenses** | | | | |
| Other emploee benefits | 873 | 830 | 818 | - |
| Inventory cost | - | 1 | - | - |
| Third party expenses | 2,323 | 4,316 | 2,264 | - |
| Third party benefits | 637 | 516 | 636 | - |
| Assets repair and maintenance cost | 1 | 6 | - | - |
| Operating leases rent | 45 | 32 | 43 | - |
| Taxes & Duties | 922 | 867 | 105 | - |
| Advertisement | 3,338 | 3,182 | 3,338 | - |
| Other expenses | 1,017 | 1,210 | 1,005 | - |
| Depreciation - Tangible Assets | 10 | 11 | 10 | - |
| Depreciation - Intangible Assets | 5 | 12 | 5 | - |
| **Total** | **9,171** | **10,982** | **8,225** | **-** |

| (Amounts in thousands €) | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS GROUP 31/12/2016 | MYTILINEOS S.A. 31/12/2017 | MYTILINEOS S.A. 31/12/2016 |
|---|---|---|---|---|
| **Administrative expenses** | | | | |
| Retirement benefits | - | 11 | - | - |
| Other emploee benefits | 21,186 | 15,550 | 17,520 | 5,031 |
| Inventory cost | 59 | - | 59 | - |
| Third party expenses | 34,892 | 24,750 | 25,640 | 4,176 |
| Third party benefits | 5,476 | 4,312 | 5,381 | 360 |
| Assets repair and maintenance cost | 597 | 652 | 575 | 147 |
| Operating leases rent | 2,944 | 2,484 | 2,190 | 375 |
| Taxes & Duties | 501 | 607 | 381 | 130 |
| Advertisement | 1,261 | 841 | 1,032 | 465 |
| Other expenses | 8,566 | 9,035 | 5,993 | 1,306 |
| Depreciation - Tangible Assets | 1,093 | 4,685 | 1,018 | 308 |
| Depreciation - Intangible Assets | 135 | 1,805 | 125 | 46 |
| **Total** | **76,710** | **64,732** | **59,914** | **12,343** |

For 2017, the figure for Administrative expenses includes amount of € 0,2 mio, regarding auditor fees for the provision of services other than statutory audits.

## 3.21 Other operating income / expenses

| (Amounts in thousands €) | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS GROUP 31/12/2016 | MYTILINEOS S.A. 31/12/2017 | MYTILINEOS S.A. 31/12/2016 |
|---|---|---|---|---|
| **Other operating income** | | | | |
| Grants amortization | 1,468 | 1,146 | 49 | - |
| Income from Subsidies | 47 | 246 | 26 | 8 |
| Compensations | 25,093 | 3,169 | 15,306 | - |
| Profit from foreign exchange differences | 25,761 | 31,573 | 24,987 | - |
| Rent income | 250 | 675 | 372 | 78 |
| Operating income from services | 3,922 | 2,358 | 4,319 | 16,341 |
| Income from reversal of unrealized provisions | - | 2 | - | - |
| Profit from sale of fixed assets | 56 | 93 | 9 | 6 |
| Other | 2,053 | 1,796 | 1,395 | 552 |
| **Total** | **58,650** | **41,060** | **46,463** | **16,985** |
| | | | | |
| **Other operating expenses** | | | | |
| Losses from foreign exchange differences | 34,165 | 15,141 | 21,893 | 529 |
| Provision for bad debts | 986 | 267 | 1,000 | - |
| Loss from sale of fixed assets | 7 | 38 | 4 | 3 |
| Operating expenses from services | 1,497 | 510 | 317 | 43 |
| Other taxes | 667 | 902 | 426 | 11 |
| Compensations | 19,789 | 457 | 19,781 | 450 |
| Other provisions | 1,000 | - | 1,000 | - |
| **Total** | **58,111** | **17,317** | **44,422** | **1,036** |

The fluctuations of the foreign exchange currency rates in 2017 and 2016 and the respective effect in the financial statements are analysed in detail in the Annual Report of the B.o.D. and in “Business Risk Management”.

On 29.08.2017, MYTILINEOS announced its justification to the International Arbitral Tribunal against Serbia. Following an international arbitration process lasting several years, the International Arbitral Tribunal to which MYTILINEOS had recourse against the Serbian company RTB Bor requesting compensation, vindicated the Greek company. The award amount of 24.6 € mio has been included in other operating incomes.

## 3.22 Financial income / expenses

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Financial income** | | | | |
| Bank deposits | 111 | 252 | 84 | 1 |
| Customers | 709 | 1,356 | 507 | - |
| Loans to related parties | - | - | 5,833 | 340 |
| Other | 9,721 | 100 | 6,873 | - |
| Transactions with related parties | - | - | 634 | - |
| Receivables' discount interest | 5,554 | 1,260 | - | - |
| **Total** | **16,095** | **2,968** | **13,932** | **341** |
| | | | | |
| **Financial expenses** | | | | |
| Discounts of Employees' benefits liability due to service termination | 12 | 22 | 13 | - |
| Bank Loans | 36,443 | 43,369 | 24,508 | 1,278 |
| Interest charges due to customer downpayments | 120 | 189 | 120 | - |
| Loans to related parties | - | - | 6,327 | 6,584 |
| Letter of Credit commissions | 6,481 | 8,088 | 3,798 | - |
| Interest rate swaps | 1,712 | 1,171 | - | - |
| Factoring | 855 | 3,057 | 783 | - |
| Other Banking Expenses | 4,035 | 1,997 | 2,699 | 92 |
| Interest from operating/trading activities | 8,059 | 1,366 | 7,331 | - |
| Liabilities' discount interest | 1,629 | 601 | - | - |
| **Total** | **59,347** | **59,860** | **45,579** | **7,954** |

## 3.23 Other financial results

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Other financial results** | | | | |
| Non-hedging derivatives | (310) | (188) | (310) | - |
| Profit / (loss) from fair value of other financial instrument through profit/loss | (4,131) | (6,445) | (144) | (82) |
| Gain from disposal | 20 | - | 20 | - |
| Profit / (loss) from the sale of financial instruments | (100) | - | (100) | - |
| Income from dividends | 498 | - | 2,478 | 4,617 |
| Other Income | - | 124 | - | - |
| Profit / (loss) from the sale of subsidiary | (3,419) | - | - | - |
| **Total** | **(7,442)** | **(6,509)** | **1,944** | **4,536** |

## 3.24 Income tax

Income tax for the Group and Company differs from the theoretical amount that would result using the nominal tax rate prevailing at year end over the accounting profits. The reconciliation of this difference is analysed as follows:

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **31/12/2017** | **31/12/2016** | **31/12/2017** | **31/12/2016** |
| Income Tax | 23,698 | 391 | 18,485 | - |
| Income Tax provision | (781) | 30 | (780) | - |
| Tax Audit differences | 434 | - | 434 | - |
| Deferred taxation | (2,160) | 4,309 | (16,091) | 553 |
| Extraordinary Income Tax | 52 | 52 | - | - |
| Other Taxes | 2,358 | 16,624 | 2,306 | - |
| **Total** | **23,602** | **21,407** | **4,354** | **553** |
| | | | | |
| **Earnings before tax** | **181,609** | **85,276** | **131,847** | **539** |
| Nominal Tax rate | 0.29 | 0.29 | 0.29 | 0.29 |
| Tax calculated at the statutory tax rate | 52,667 | 24,730 | 38,236 | 156 |
| | | | | |
| Nominal Tax Rate Adjustments - Change in Greek Tax Rate | - | 3 | - | - |
| Nominal Tax Rate Difference in foreign Subsidiary Companies | (5,504) | (3,201) | - | - |
| Non taxable income | (29,172) | (11,377) | (22,395) | - |
| Dividends Tax | 180 | - | - | - |
| Non tax deductible expenses | 4,261 | 11,681 | 4,145 | - |
| Income tax from land - plot & buildings | 49 | 1,025 | - | - |
| Other taxes | - | 93 | - | - |
| Income tax coming from previous years | 770 | (8,474) | 434 | - |
| Extraordinary Income Tax | 52 | 52 | - | - |
| Non recognition of deferred tax assets on tax loss carryforwards | - | 1,370 | - | - |
| Other | 298 | 5,504 | (16,066) | 397 |
| **Effective Tax Charge** | **23,602** | **21,407** | **4,354** | **553** |

See comments on income tax in Note 3.37.1.

## 3.25 Earnings per share and dividends

### Earnings per share

Basic earnings per share are calculated by  the weighted average number of ordinary shares.

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **1/1-31/12/2017** | **1/1-31/12/2016** | **1/1-31/12/2017** | **1/1-31/12/2016** |
| Equity holders of the parent | 154,583 | 34,166 | 127,208 | (14) |
| Weighted average number of shares | 142,891 | 116,916 | 142,891 | 116,916 |
| **Basic earnings per share** | **1.0818** | **0.2922** | **0.8902** | **(0.0001)** |
| | | | | |
| **Continuing Operations (Total)** | | | | |
| Equity holders of the parent | 154,845 | 36,795 | 127,493 | (14) |
| Weighted average number of shares | 142,891 | 116,916 | 142,891 | 116,916 |
| **Basic earnings per share** | **1.0837** | **0.3147** | **0.8922** | **(0.0001)** |
| | | | | |
| **Discontinuing Operations (Total)** | | | | |
| Equity holders of the parent | (262) | (2,630) | (284) | - |
| Weighted average number of shares | 142,891 | 116,916 | 142,891 | - |
| **Basic earnings per share** | **(0.0018)** | **(0.0225)** | **(0.0020)** | **-** |

### Dividends

During 2017, the Group paid dividends of € 4.1 mio (2016: € 0) to its equity shareholders.

Also during 2017, the directors proposed the payment of a dividend of € 0.32 per share). As the distribution of dividends requires approval at the shareholders' meeting, no liability in this respect is recognised in the 2017 consolidated financial statements. No income tax consequences are expected to arise as a result of this transaction at the level of Illustrative Corporation.

### 3.26 Cash flows from operating activities

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **1/1-31/12/2017** | **1/1-31/12/2016** | **1/1-31/12/2017** | **1/1-31/12/2016** |
| **Cash flows from operating activities** | | | | |
| ***Profit for the period*** | **158,007** | **63,869** | **127,493** | **(14)** |
| ***Adjustments for:*** | | | | |
| Tax | 23,602 | 21,407 | 4,354 | 553 |
| Depreciation of property,plant and equipment | 68,918 | 68,506 | 50,532 | 308 |
| Depreciation of intangible assets | 6,710 | 7,046 | 4,380 | 46 |
| Impairments | 3,991 | 279 | - | 75 |
| Provisions | (170) | (619) | 143 | - |
| Income from reversal of prior year's provisions | (795) | (84) | (780) | - |
| Profit/Loss from sale of tangible assets | (52) | (55) | (4) | (3) |
| Profit/Loss from sale of subsidiary | 1,254 | 43 | - | - |
| Profit/Loss from fair value valuation of financial assets at fair value through PnL | 141 | 4,596 | 144 | 82 |
| Profit/Loss from sale of financial assets at fair value | 100 | - | 100 | - |
| Interest income | (16,049) | (2,968) | (13,932) | (341) |
| Interest expenses | 58,477 | 51,422 | 45,502 | 7,954 |
| Dividends | (498) | - | (2,478) | (4,617) |
| Grants amortization | (1,990) | (2,195) | (572) | - |
| Parent company's portion to the profit of associates | - | (383) | - | - |
| Exchange differences | (10,136) | (8,628) | (15,981) | 529 |
| Other differences | (701) | - | (691) | - |
| | **132,802** | **138,366** | **70,717** | **4,585** |
| ***Changes in Working Capital*** | | | | |
| (Increase)/Decrease in stocks | 98,519 | (33,761) | 12,064 | 11 |
| (Increase)/Decrease in trade receivables | (259,171) | (105,538) | 5,318 | (4,230) |
| (Increase)/Decrease in other receivables | (1,334) | 4,284 | (1,893) | - |
| Increase / (Decrease) in liabilities | 123,326 | 46,435 | (61,004) | (6,450) |
| Provisions | - | (683) | - | (683) |
| Pension plans | 350 | (529) | 283 | - |
| Other | 18 | - | - | - |
| | **(38,293)** | **(89,792)** | **(45,231)** | **(11,352)** |
| **Cash flows from operating activities** | **252,515** | **112,443** | **152,980** | **(6,781)** |

### 3.27 Discontinued Operations

The Group, since 2009, applies IFRS 5 "Non-current assets held for sale & discontinued operations", and presents separately the assets and liabilities of the subsidiary company SOMETRA S.A., following the suspension of the production activity of the Zinc-Lead production plant in Romania, and presents also the amounts recognized in the income statement separately from continuing operations. Given the global economic recession, there were no feasible scenarios for the alternative utilization of the aforementioned financial assets.

Consequently, from 2011 and on, by applying par. 13 of IFRS 5 "Non-current assets Held for Sale", the Zinc-Lead production ceases to be an asset held for sale and is considered as an asset to be abandoned. The assets of the disposal group to be abandoned are presented within the continuing operations while the results as discontinued operations.

In December 2015, SOMETRA S.A., contributed the Zinc-Lead activity, through a spin – off process, to its newly established subsidiary Reycom Recycling S.A. (REYCOM). The said spin - off is part of the "Mytilineos Group" restructuring process, regarding the Zinc-Lead discontinued operation, targeting on the production of Zn & Pb oxides through the development of a recycling operation of metallurgical residues.

Following the analysis of the profit and loss of the discontinued operations:

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 1/1-31/12/2017 | 1/1-31/12/2016 | 1/1-31/12/2017 | 1/1-31/12/2016 |
| **Sales** | **2,719** | **4,042** | **13** | **-** |
| Cost of sales | 1,098 | (4,920) | 144 | - |
| **Gross profit** | **1,621** | **(878)** | **(131)** | **-** |
| | | | | |
| Other operating income | 429 | 294 | 138 | - |
| Distribution expenses | (120) | (211) | - | - |
| Administrative expenses | (1,723) | (1,681) | - | - |
| Other operating expenses | (220) | (109) | (214) | - |
| **Earnings before interest and income tax** | **(13)** | **(2,584)** | **(208)** | **-** |
| | | | | |
| Financial expenses | (249) | (45) | (77) | - |
| **Profit before income tax** | **(262)** | **(2,630)** | **(285)** | **-** |
| | | | | |
| Income tax expense | - | - | - | - |
| **Profit for the period** | **(262)** | **(2,630)** | **(285)** | **-** |

### 3.28 Encumbrances

Group's assets pledges and other encumbrances amount to 231 € for 31.12.2017.

### 3.29 Commitments

Group's commitments due to construction contracts and finance lease are as follows:

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Commitments from construction contracts** | | | | |
| Value of pending construction contracts | 1,311,341 | 1,040,347 | 634,777 | - |
| Granted guarantees of good performance | 243,112 | 336,364 | 235,701 | - |
| **Total** | **1,554,453** | **1,376,711** | **870,478** | **-** |

## 3.30 Operating Leases

| (Amounts in thousands €) | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS GROUP 31/12/2016 | MYTILINEOS S.A. 31/12/2017 | MYTILINEOS S.A. 31/12/2016 |
|---|---|---|---|---|
| Until 1 year | 4,188 | 4,396 | 3,188 | 315 |
| 1 to 5 years | 15,441 | 15,821 | 10,800 | 1,131 |
| > 5 years | 11,504 | 9,211 | 3,665 | 29 |
| **Total Operating Lease** | **31,133** | **29,427** | **17,654** | **1,475** |

## 3.31 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk, cash flow risk and fair value interest-rate risk. The Group's overall risk management program focuses on the unpredictability of commodity and financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge the exposure to certain financial risks.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury operates as a cost and service centre and provides services to all business units within the Group, co-ordinates access to both domestic and international financial markets and manages the financial risks relating to the Group's operations. This includes identifying, evaluating and if necessary, hedging financial risks in close co-operation with the various business units within the Group.

### 3.31.1 Market Risk

**(i) Foreign Exchange Risk**

The Group is activated in a global level and consequently is exposed to foreign exchange risk emanating mainly from the US dollar. This kind of risk mainly results from commercial transactions in foreign currency as well as net investments in foreign entities. For managing this type of risk, the Group Treasury Department enters into derivative or non derivative financial instruments with financial institutions on behalf and in the name of group companies.

In Group level these financial instruments are characterized as exchange rate risk hedges for certain assets, liabilities or foreseen commercial transactions.

**(ii) Price Risk**

The Group's earnings are exposed to movements in the prices of the commodities it produces, which are determined by the international markets and the global demand and supply.

The Group is price risk from fluctuations in the prices of variables that determine either the sales and/or the cost of sales of the group entities (i.e. products' prices (LME), raw materials, other cost elements etc.). The Group's activities expose it to the fluctuations of the prices of Aluminium (AL), Zinc (Zn), Lead (Pb) as well as to Fuel Oil as a production cost.

Commodity price risk can be reduced through the negotiation of long term contracts or through the use of financial derivatives.

**(iii) Interest rate risk.**

Group's interest bearing assets comprises only of cash and cash equivalents. Additionally, the Group maintains its total bank debt in products of floating interest rate. In respect of its exposure to floating interest payments, the Group evaluates the respective risks and where deemed necessary considers the use of appropriate interest rate derivatives. The policy of the Group is to minimize interest rate cash flow risk exposures on long-term financing.

### Effect from risk factors and sensitivities analysis

The effect from the above mentioned factors to Group's operating results, equity and net results as at 31.12.2017 and 31.12.2016 presented in the following table:

| LME AL (Aluminium) | $/t | + 50 | - 50 |
|---|---|---|---|
| EBITDA | m. € | 1,0 | (1,0) |
| Net Profit | m. € | 1,0 | (1,0) |
| Equity | m. € | 1,0 | (1,0) |

| Exchange Rate €/$ | €/$ | -5% | +5% |
|---|---|---|---|
| EBITDA | m. € | (5,6) | 5,6 |
| Net Profit | m. € | (5,6) | 5,6 |
| Equity | m. € | (5,2) | 5,2 |

| BRENT | $/t | - 50 | + 50 |
|---|---|---|---|
| EBITDA | m. € | 0,3 | (0,3) |
| Net Profit | m. € | 0,3 | (0,3) |
| Equity | m. € | 0,3 | (0,3) |

| NG Price | €/MWh | - 5 | + 5 |
|---|---|---|---|
| EBITDA | m. € | 12,5 | (12,5) |
| Net Profit | m. € | 12,5 | (12,5) |
| Equity | m. € | 12,5 | (12,5) |

The Group's exposure in price risk and therefore sensitivity may vary according to the transaction volume and the price level. However, the above sensitivity analysis is representative for the Group exposure in 2017 and 2016.

## 3.31.2 Credit Risk

The Group has no significant concentrations of credit risk with any single counter party. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale customers.

Concerning trade accounts receivables, the Group is not exposed to significant credit risks as they mainly consist of a large, widespread customer base. However, the atypical conditions that dominate the Greek market and several other markets in Europe are forcing the Group to constantly monitor its business claims and also to adopt policies and practices to ensure that such claims are collected. By way of example, such policies and practices include insuring credits where possible; pre-collection of the value of product sold to a considerable degree; safeguarding claims by collateral loans on customer reserves; and receiving letters of guarantee.

To minimize credit risk on cash reserves and cash equivalents; in financial derivate contracts; as well as other short term financial products, the Group specifies certain limits to its exposure on each individual financial institution and only engages in transactions with creditworthy financial institutions of high credit rating.

The tables below summarize the maturity profile of the Group's financial assets as at 31.12.2017 and 31.12.2016 respectively:

**MYTILINEOS GROUP**

| | | Past due but not impaired | | | | |
|---|---|---|---|---|---|---|
| *(Amounts in thousands €)* | 0-3 months | 3-6 months | 6-12 months | > 1 year | Non past due but not impaired | Total |
| **Liquidity Risk Analysis - Trade Receivables** | | | | | | |
| 2017 | 58,253 | 14,129 | 16,599 | 20,115 | 636,760 | 745,856 |
| 2016 | 50,589 | 26,327 | 5,959 | 65,013 | 442,690 | 590,578 |

**MYTILINEOS S.A.**

| | | Past due but not impaired | | | | |
|---|---|---|---|---|---|---|
| *(Amounts in thousands €)* | 0-3 months | 3-6 months | 6-12 months | > 1 year | Non past due but not impaired | Total |
| **Liquidity Risk Analysis - Trade Receivables** | | | | | | |
| 2017 | 36,342 | 10,022 | 4,912 | 19,206 | 355,672 | 426,155 |
| 2016 | - | 205 | - | 59 | - | 264 |

### 3.31.3 Liquidity Risk

Liquidity risk is related with the Group's need for the sufficient financing of its operations and development. The relevant liquidity requirements are the subject of management through the meticulous monitoring of debts of long term financial liabilities and also of payments made on a daily basis.

The Group ensures that there is sufficient available credit facilities to be able to cover its short-term business needs, after the calculation of cash flows arising from the operation as well as cash and cash equivalents which are held. The funds for long-term liquidity needs ensured by a sufficient amount of loanable funds and the ability to sell long-term financial assets.

The tables below summarize the maturity profile of the Group's financial liabilities as at 31.12.2017 and 31.12.2016 respectively:

| Liquidity Risk Analysis - Liabilities (Amounts in thousands €) 2017 | up to 6 months | 6 to 12 months | 1 to 5 years | after 5 years | Total |
|---|---|---|---|---|---|
| | | | MYTILINEOS GROUP | | |
| Long Term Loans | - | - | 498,870 | 90,456 | 589,326 |
| Short Term Loans | 50,629 | 45,948 | - | - | 96,577 |
| Trade and other payables | 282,757 | 108,979 | 19,805 | - | 411,541 |
| Other payables | (230,131) | 257,459 | 975 | 55,556 | 83,859 |
| Current portion of non - current liabilities | 22,342 | 21,415 | - | - | 43,756 |
| **Total** | **125,597** | **433,801** | **519,650** | **146,012** | **1,225,060** |

| Liquidity Risk Analysis - Liabilities (Amounts in thousands €) 2016 | up to 6 months | 6 to 12 months | 1 to 5 years | after 5 years | Total |
|---|---|---|---|---|---|
| | | | MYTILINEOS GROUP | | |
| Long Term Loans | - | - | 387,272 | 41,378 | 428,650 |
| Short Term Loans | 75,862 | 143,150 | - | - | 219,012 |
| Trade and other payables | 339,426 | 36,273 | 32,733 | - | 408,431 |
| Other payables | (195,017) | 248,174 | 568 | - | 53,725 |
| Current portion of non - current liabilities | 33,189 | 135,324 | - | - | 168,513 |
| **Total** | **253,460** | **562,921** | **420,573** | **41,378** | **1,278,332** |

| Liquidity Risk Analysis - Liabilities (Amounts in thousands €) 2017 | up to 6 months | 6 to 12 months | 1 to 5 years | after 5 years | Total |
|---|---|---|---|---|---|
| | | | MYTILINEOS S.A. | | |
| Long Term Loans | - | - | 388,160 | - | 388,160 |
| Short Term Loans | 31,801 | 43,692 | - | - | 75,492 |
| Trade and other payables | 264,888 | 21,363 | 19,618 | - | 305,869 |
| Other payables | 46,524 | 6,055 | - | 14,909 | 67,488 |
| Current portion of non - current liabilities | 18,440 | 13,190 | - | - | 31,631 |
| **Total** | **361,653** | **84,300** | **407,778** | **14,909** | **868,640** |

| Liquidity Risk Analysis - Liabilities (Amounts in thousands €) 2016 | up to 6 months | 6 to 12 months | 1 to 5 years | after 5 years | Total |
|---|---|---|---|---|---|
| | | | MYTILINEOS S.A. | | |
| Long Term Loans | - | - | 5,250 | - | 5,250 |
| Short Term Loans | - | 15,363 | - | - | 15,363 |
| Trade and other payables | 17,403 | 198 | - | - | 17,601 |
| Other payables | 123,223 | - | 568 | - | 123,791 |
| Current portion of non - current liabilities | 500 | 2,968 | - | - | 3,468 |
| **Total** | **141,126** | **18,529** | **5,818** | **-** | **165,473** |

It must be noted that the above table does not include liabilities to clients from the performance of construction projects, as the maturity of such values cannot be assessed.

Moreover, cash-advances from customers, construction contacts liabilities as well as the provisions and accrued expenses are not included.

**Capital Control imposition in Greece**

The Group is constantly and vigorously monitoring capital controls, stemming from the Legislative Act (L.A.) of June 28th 2015 and any subsequent ones, taking every necessary measure to safeguard its going concern. Through the strength of its international profile and export orientation, the Group copes with existing difficulties, supports the liquidity of the Greek system and achieves a smooth and normal operation for all its sectors of activity.

## 3.32 Fair Value Measurements

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The Group's financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy for 31/12/2017 and 31/12/2016 as follows:

| | MYTILINEOS GROUP | | | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **31/12/2017** | **Level 1** | **Level 2** | **Level 3** |
| **Financial Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Stock Shares | 761 | 761 | - | - |
| Bank Bonds | 53 | 53 | - | - |
| Financial Assets Available For Sale | 163 | 117 | 8 | 37 |
| Foreign Exchange Contracts (Forward) | 15,168 | - | 15,168 | - |
| **Financial Assets** | **16,145** | **932** | **15,176** | **37** |
| **Financial Liabilities** | | | | |
| Foreign Exchange Swap Contracts (Swaps) | 566 | - | 566 | - |
| Commodity Futures | 61,843 | - | 61,843 | - |
| Commodity Options | 348 | - | 348 | - |
| **Financial Liabilities** | **62,757** | **-** | **62,757** | **-** |

| | MYTILINEOS GROUP | | | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | **31/12/2016** | **Level 1** | **Level 2** | **Level 3** |
| **Financial Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Stock Shares | 900 | 900 | - | - |
| Bank Bonds | 59 | 59 | - | - |
| Financial Assets Available For Sale | 169 | 124 | 8 | 37 |
| Foreign Exchange Contracts For Cash Flow Hedging (Forward) | 491 | - | 491 | - |
| **Financial Assets** | **1,618** | **1,082** | **499** | **37** |
| **Financial Liabilities** | | | | |
| Foreign Exchange Swap Contracts (Swaps) | 2,660 | - | 2,660 | - |
| Foreign Exchange Contracts For Cash Flow Hedging (Forward) | 13 | - | 13 | - |
| Commodity Futures | 3,111 | - | 3,111 | - |
| Commodity Options | 4,094 | - | 4,094 | - |
| **Financial Liabilities** | **9,878** | **-** | **9,878** | **-** |

| (Amounts in thousands €) | MYTILINEOS S.A.<br>31/12/2017 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Stock Shares | 761 | 761 | - | - |
| Bank Bonds | 53 | 53 | - | - |
| Financial Assets Available For Sale | 37 | - | - | 37 |
| Foreign Exchange Contracts (Forward) | 15,168 | - | 15,168 | - |
| **Financial Assets** | **16,019** | **814** | **15,168** | **37** |
| **Options** | | | | |
| Commodity Futures | 61,843 | - | 61,843 | - |
| Commodity Options | 348 | - | 348 | - |
| **Financial Liabilities** | **62,191** | **-** | **62,191** | **-** |

| (Amounts in thousands €) | MYTILINEOS S.A.<br>31/12/2016 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Stock Shares | 10 | 10 | - | - |
| Bank Bonds | 59 | 59 | - | - |
| Financial Assets Available For Sale | 37 | - | - | 37 |
| **Financial Assets** | **105** | **69** | **-** | **37** |

In the financial year 2017 no transfer existed between levels 1 and 2.

## 3.33 Capital Management

The primary objective of the Group's capital management is to ensure the continuous smooth operation of its business activities and the achievement of its growth plans combined with an acceptable credit rating. For the purpose of capital management, the Group monitors the ratios "Net Debt to EBITDA" and "Net Debt to Equity". As net debt, the Group defines interest bearing borrowings minus cash and cash equivalents. The ratios are managed in such a way in order to ensure the Group a credit rating compatible with its strategic growth.

The table below presents ratio results for the years December 31, 2017 and 2016 respectively:

| | MYTILINEOS GROUP | |
|---|---|---|
| (Amounts in thousands €) | 31/12/2017 | 31/12/2016 |
| Long-term debt | 598,755 | 428,650 |
| Short-term debt | 95,998 | 219,012 |
| Current portion of non-current liabilities | 34,327 | 168,513 |
| Cash and cash equivalents | (160,940) | (197,884) |
| **Group Net debt** | **568,141** | **618,293** |
| **Oper.Earnings before income tax, financial results, depreciation and amortization** | **305,978** | **222,363** |
| **Equity** | **1,430,992** | **1,284,251** |
| **Group Net debt / Oper.Earnings before income tax, financial results, depreciation and amortization** | **1.86** | **2.78** |
| **Group Net debt / Equity** | **0.40** | **0.48** |

The Company  manage its funds on a Group level and not on a Company level.

Due to bank financing, the Group holds an obligation and restriction to maintain the ratio of "Net Debt to Equity" below one.

## 3.34 Dividend Proposed and Payable

The BOD will propose to the General Assembly of the Shareholders (GA) the distribution of dividend of gross amount € 0.3200/ share. In 2016 the BOD had not proposed the distribution of dividend.

## 3.35 Number of employees

The number of employees at 31/12/2017 amounts to 2.071 for the Group and to 1.778 for the Entity. Accordingly, at 31/12/2016, the number of employees amounted to 2.009 and 79.

## 3.36 Related Party transactions

The above mentioned related party transactions are on a pure commercial basis. The Group or any of its related parties has not entered in any transactions that were not in an arm's length basis, and do not intent to participate in such transactions in the future. No transaction from the above mentioned had any special terms and there were no guarantees given or received.

| | MYTILINEOS GROUP | | MYTILINEOS S.A. | |
|---|---|---|---|---|
| *(Amounts in thousands €)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **Stock Sales** | | | | |
| Subsidiaries | - | - | 94,291 | 6,887 |
| **Total** | **-** | **-** | **94,291** | **6,887** |
| **Stock Purchases** | | | | |
| Subsidiaries | - | - | 19,035 | 6,876 |
| **Total** | **-** | **-** | **19,035** | **6,876** |
| **Services Sales** | | | | |
| Subsidiaries | - | - | 9,842 | 16,750 |
| Other Related parties | 4,563 | - | 4,253 | - |
| **Total** | **4,563** | **-** | **14,095** | **16,750** |
| **Services Purchases** | | | | |
| Subsidiaries | - | - | 27,200 | 6,691 |
| Management remuneration and fringes | 17,157 | 16,242 | 14,954 | 2,579 |
| Other Related parties | 7,624 | 4,816 | 7,365 | 478 |
| **Total** | **24,781** | **21,058** | **49,519** | **9,748** |

| (Amounts in thousands €) | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS GROUP 31/12/2016 | MYTILINEOS S.A. 31/12/2017 | MYTILINEOS S.A. 31/12/2016 |
|---|---|---|---|---|
| **Loans given to Related Parties** | | | | |
| Subsidiaries | - | - | - | - |
| Other Related parties | - | - | - | - |
| **Total** | **-** | **-** | **-** | **-** |
| **Loans received from Related Parties** | | | | |
| Subsidiaries | - | - | - | 148,530 |
| **Total** | **-** | **-** | **-** | **148,530** |
| **Balance from sales of stock/services receivable** | | | | |
| Subsidiaries | - | - | 203,645 | 45,054 |
| Other Related parties | 5,926 | 2,488 | 5,878 | - |
| **Total** | **5,926** | **2,488** | **209,523** | **45,054** |
| **Guarantees granted to related parties** | | | | |
| Subsidiaries | - | - | - | 1,541,063 |
| **Total** | **-** | **-** | **-** | **1,541,063** |
| **Balance from sales/purchases of stock/services payable** | | | | |
| Subsidiaries | - | - | 36,473 | 17,188 |
| Management remuneration and fringes | 37 | 47 | 37 | 47 |
| Other Related parties | 491 | 54 | 490 | 46 |
| **Total** | **528** | **101** | **37,000** | **17,282** |

Out of the above mentioned parent company guarantees:

- € 403.24 mio are parent company guarantees for bank loans of the Group and
- € 456.67 mio are parent company guarantees on behalf of customers and suppliers of the Group.

It is noted that the above amount of guarantees issued by the parent on behalf of customers and suppliers of its subsidiaries, refers to the maximum amount of the guarantee and the respective risk undertaken by the parent regardless of the probability of realization of said risk.

The parent company assesses the price that shall be invoiced to its subsidiaries for guarantees issued by the parent on behalf of them based on generally accepted pricing methods. In cases where such pricing exceeds the amount of the already agreed and charged management fees, there will be an incremental charge to cover the difference.

The above mentioned related party transactions are on a pure commercial basis. The Group or any of its related parties has not entered in any transactions that were not in an arm's length basis, and do not intent to participate in such transactions in the future. No transaction from the above mentioned was under any special terms.

| (Amounts in thousands €) | MYTILINEOS GROUP 31/12/2017 | MYTILINEOS GROUP 31/12/2016 | MYTILINEOS S.A. 31/12/2017 | MYTILINEOS S.A. 31/12/2016 |
|---|---|---|---|---|
| Short term employee benefits | | | | |
| - Wages of Key Management and BOD Fees | 15,280 | 15,476 | 13,490 | 2,291 |
| - Insurance service cost | 1,602 | 712 | 1,256 | 288 |
| - Other remunerations | 266 | - | 209 | - |
| | **17,148** | **16,188** | **14,954** | **2,579** |
| Pension Benefits: | | | | |
| - Defined contribution scheme | 9 | 54 | - | - |
| **Total** | **17,157** | **16,242** | **14,954** | **2,579** |

No loans have been given to members of the Board of Directors or other management members of the Group (and their families).

## 3.37 Contingent Assets & Contingent Liabilities

### 3.37.1 Unaudited tax years

For the fiscal years from 2011 up to 2016, the Group's Companies operating in Greece fulfilling relevant criteria to be subject to tax audit by the statutory auditors, have received Tax Compliance Report, according to article 65A par. 1 of law 4174/2013, having no significant differentiations. According to the circular CL. 1006/2016, companies that have been subject to foresaid tax audit, are not exempt from the regular tax audit held by the competent tax authorities.

For fiscal year 2017, the tax Compliance audit is already being performed by the Statutory auditors and is not expected to bring any significant differentiation on the tax liabilities incorporated in the Financial Statements.

**Unaudited tax years – Group's resident (Greek) subsidiaries**

Taking into consideration the above regarding the Tax Compliance Report (where applicable), the following table shows the Company's and resident (Greek) subsidiaries' financial years whose tax liabilities are not definitive:

| | COMPANY | YEARS NOT INSPECTED BY TAX AUTHORITIES |
|---|---|---|
| 1 | MYTILINEOS S.A. | - |
| 2 | METKA INDUSTRIAL - CONSTRUCTION S.A. (absorption by MYTILINEOS in 2017) | - |
| 3 | ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME (absorption by MYTILINEOS in 2017) | 2010 |
| 4 | PROTERGIA S.A. (absorption by MYTILINEOS in 2017) | 2010 |
| 5 | PROTERGIA THERMOELEKTRIKI S.A. (absorption by MYTILINEOS in 2017) | 2010 |
| 6 | SERVISTEEL | 2010 |
| 7 | ELEMKA S.A. | 2010 |
| 8 | BRIDGE ACCESSORIES & CONSTRUCTION SYSTEMS S.A. | 2010 & 2014-2017* |
| 9 | DELFI DISTOMON A.M.E. | 2006-2010 |
| 10 | DESFINA SHIPPING COMPANY | 2010-2017 |
| 11 | ST. NIKOLAOS SINGLE MEMBER P.C. | 2014-2017 |
| 12 | RENEWABLE SOURCES OF KARYSTIA S.A. | 2010 |
| 13 | GENIKI VIOMICHANIKI S.A. | 2014-2017 |
| 14 | DELTA ENERGY S.A. | 2010 & 2014-2017* |
| 15 | FOIVOS ENERGY S.A. | 2010 & 2014-2017* |
| 16 | HYDROHOOS S.A. | 2010 & 2016-2017 |
| 17 | HYDRIA ENERGY S.A. | 2010 & 2014-2017* |
| 18 | EN.DY. S.A. | 2010 & 2014-2017* |
| 19 | THESSALIKI ENERGY S.A. | 2010 & 2014-2017* |
| 20 | NORTH AEGEAN RENEWABLES | 2010 & 2014-2017* |
| 21 | MYTILINEOS HELLENIC WIND POWER S.A. | 2010 |
| 22 | AIOLIKI ANDROU TSIROVLIDI S.A. | 2010 & 2014-2015* |
| 23 | MYTILINEOS AIOLIKI NEAPOLEOS S.A. | 2010 & 2014-2017* |
| 24 | AIOLIKI EVOIAS PIRGOS S.A. | 2010 & 2014-2017* |
| 25 | AIOLIKI EVOIAS POUNTA S.A. | 2010 & 2014-2017* |
| 26 | AIOLIKI EVOIAS HELONA S.A. | 2010 & 2014-2017* |
| 27 | AIOLIKI ANDROU RAHI XIROKABI S.A. | 2010 & 2014-2017* |
| 28 | METKA AIOLIKA PLATANOU S.A. | 2010 & 2014-2017* |
| 29 | AIOLIKI SAMOTHRAKIS S.A. | 2010 & 2014-2017* |
| 30 | AIOLIKI EVOIAS DIAKOFTIS S.A. | 2010 & 2014-2017* |
| 31 | AIOLIKI SIDIROKASTROU S.A. | 2010 |
| 32 | HELLENIC SOLAR S.A. | 2010 |
| 33 | SPIDER S.A. | 2010 & 2014-2017* |
| 34 | MOVAL S.A. | 1/7/2009-30/6/2010 & 2014-2017* |
| 35 | PROTERGIA THERMOELEKTRIKI S.A. | 1/7/2009-30/6/2010 & 2014-2017* |

| | COMPANY | YEARS NOT INSPECTED BY TAX AUTHORITIES |
|---|---|---|
| 36 | METKA INDUSTRIAL - CONSTRUCTION S.A. (ex ANEMOSTRATA RENEWABLE ENERGY SOURCES S.A.) | 2009 - 2010 & 2014-2017* |
| 37 | ANEMODRASI RENEWABLE ENERGY SOURCES S.A. | 2009 - 2010 & 2014-2017& |
| 38 | ANEMORAHI RENEWABLE ENERGY SOURCES S.A. | 2009 - 2010 & 2014-2017* |
| 39 | PROTERGIA AGIOS NIKOLAOS POWER SOCIETE ANONYME OF GENERATION AND SUPPLY OF ELECTRICITY (ex. ANEMOSKALA RENEWABLE ENERGY SOURCES S.A.) | 2009 - 2010 & 2014-2017* |
| 40 | HORTEROU S.A. | 2010 & 2014-2017* |
| 41 | KISSAVOS DROSERI RAHI S.A. | 2010 & 2014-2017* |
| 42 | KISSAVOS PLAKA TRANI S.A. | 2010 & 2014-2017* |
| 43 | KISSAVOS FOTINI S.A. | 2010 & 2014-2017* |
| 44 | AETOVOUNI S.A. | 2010 & 2014-2017* |
| 45 | LOGGARIA S.A. | 2010 & 2014-2017* |
| 46 | IKAROS ANEMOS SA | 2014-2017* |
| 47 | KERASOUDA SA | 2014-2017* |
| 48 | AIOLIKH ARGOSTYLIAS A.E. | 2014-2017* |
| 49 | J/V METKA – TERNA | 2009-2017* |
| 50 | KORINTHOS POWER S.A. | 2010 |
| 51 | KILKIS PALEON TRIETHNES S.A. | 2010 & 2014-2017* |
| 52 | ANEMOROE S.A. | 2010 & 2014-2017* |
| 53 | PROTERGIA ENERGY S.A. | 2010 & 2014-2017* |
| 54 | SOLIEN ENERGY S.A. | 2007-2011 & 2014-2017* |
| 55 | ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME (EX OSTENITIS S.A.) | 2010 & 2014 |
| 56 | THERMOREMA S.A. | 2007-2017 |
| 57 | FTHIOTIKI ENERGY S.A. | 2003-2017 |
| 58 | IONIA ENERGY S.A. | 2010-2011, 2013-2017 |
| 59 | AIOLIKH TRIKORFON S.A. | 2008-2014 |
| 60 | MAKRYNOROS ENERGEIAKH S.A. | 2008-2017 |
| 61 | M & M GAS Co S.A. | - |
| 62 | BUSINESS ENERGY TRIZINIA S.A. | 2008-2015 |

*said companies have received a Tax Compliance Report for the fiscal years 2011-2013 while from 2014 onwards, following the amendment of the provisions of Law 4174 par. 1, they no longer meet the control criteria.

It shall be noted that on 31/12/2017, the years up to 31/12/2011 have become time-barred in accordance with the provisions of paragraph 1 of article 36 of Law 4171/2013.

### Unaudited tax years – Group's foreign subsidiaries

The years of the Group's foreign subsidiaries whose tax liabilities are not definitive, are stated on following table:

| | COMPANY | YEARS NOT INSPECTED BY TAX AUTHORITIES |
|---|---|---|
| 1 | RODAX ROMANIA SRL, Romania | 2009-2017 |
| 2 | DROSCO HOLDINGS LIMITED, Cyprus | 2003-2017 |
| 3 | METKA BRAZI SRL, Romania | 2008-2017 |
| 4 | POWER PROJECTS, Turkey | 2010-2017 |
| 5 | GREEN ENERGY S.A. | 2007-2017 |
| 6 | METKA RENEWABLES LIMITED | 2015-2017 |
| 7 | SOMETRA S.A., Romania | 2003-2017 |
| 8 | STANMED TRADING LTD, Κύπρος | 2011-2017 |
| 9 | MYTILINEOS FINANCE S.A., Luxemburg | 2007-2017 |
| 10 | RDA TRADING, Guernsey Islands | 2007-2017 |
| 11 | MYTILINEOS BELGRADE D.O.O., Serbia | 1999-2017 |
| 12 | MYVEKT INTERNATIONAL SKOPJE | 1999-2017 |
| 13 | MYTILINEOS FINANCIAL PARTNERS S.A. | 2011-2017 |
| 14 | MYTILINEOS INTERNATIONAL COMPANY A.G. "MIT Co" | 2013-2017 |
| 15 | DELTA PROJECT CONSTRUCT SRL, Romania | 2005-2017 |
| 16 | RIVERA DEL RIO | 2015-2017 |
| 17 | METKA-EGN LTD (CYPRUS) | 2015-2017 |
| 18 | METKA-EGN LTD (ENGLAND) | 2015-2017 |
| 19 | METKA -EGN SpA | 2015-2017 |
| 20 | METKA-EGN USA LLC | 2015-2017 |
| 21 | METKA POWER WEST AFRICA LIMITED | 2015-2017 |
| 22 | METKA-EGN KZ | 2017 |
| 23 | METKA-EGN MEXICO | 2017 |
| 24 | METKA INTERNATIONAL LTD | 2016-2017 |
| 25 | METKA  POWER INVESTMENTS | 2016-2017 |
| 26 | INTERNATIONAL POWER SUPPLY AD | 2016-2017 |

### 3.37.2 Other Contingent Assets & Liabilities

***Notes of Independent Power Transmission Operator S.A. (ADMIE)***

On 17.12.2014, Independent Power Transmission Operator S.A. (IPTO or ADMIE) sent briefing notes to MYTILINEOS (henceforth the "Company") as universal successor of ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME due to merger, requesting the issuance of a credit invoice for the amount of €17.4m relating to the Excise Tax (ET) on Gas consumed at the Combined Heat and Power (CHP) Plant for the period of 28/11/2012 until 31/10/2013 (henceforth the "Reference Period"). Said ET was invoiced to ADMIE during the aforementioned period, pursuant to its related debit notes.

In relation to the above, we note the following:
- The CHP station is a dispatchable cogeneration unit, part of which qualifies as highly efficient (High-Efficiency Combined Heat and Power/ HE-CHP) under the Code's provisions, but also under the specific operational terms which were approved by way of RAE's Decision No. 700/2012 (as amended by Decision 341/2013).

- According to Article 197(2) of Law 4001/2011, from 1/9/2011 onwards, all HE-CHP stations, regardless of their installed capacity, gain priority for the allocation of their loads. In particular, in accordance with Article 197(3) of the above Law, HE-CHP stations with an installed capacity over 35MW are to be compensated with the tariff which derives from the table displayed in Law 3468/2006, plus the Natural Gas Clause Coefficient (CC), which is calculated using the following formula: CC = 1+(AGP-26)/(100 x nel)

Where:
- o AGP: the monthly mean average unitary selling price of natural gas to NG users in Greece who are also electricity customers, in /MWh using the gross calorific value (GCV). This value is determined by the Ministry of Environment, Energy and Climate Change's Petroleum Policy Directorate and is communicated to Hellenic Transmission System Operator S.A. (HTSO or DESMIE) on a monthly basis.
- o nel: the electrical efficiency of the provision for High-Efficiency CHP based on the gross calorific value (GCV) of natural gas, which is defined in accordance with the station's technical information, as reported by the relevant Operator.

The CC value cannot be lower than one (1) and is determined on a case-by-case basis by way of a decision made by the Minister of Environment, Energy and Climate Change (henceforth the "Ministerial Decision") following consultation by RAE. RAE's opinion must also take the plant's installed capacity into account, in a way so that the determined value generally decreases as the capacity increases.

Moreover, the AGP is displayed in €/MWh and includes the ET, as specified in the letter sent by the Ministry of Environment, Energy and Climate Change's Petroleum Policy Directorate on 2/11/2011.

The High-Efficiency CHP station owned by the Company has an installed capacity of 334MW, of which 134.6MW has priority in entering the system (HE-CHP) in accordance with the aforementioned decisions which approved the Specific Operational Terms. From 1/9/2011 until 31/10/2013 (which ADMIE set as the final date for settling the ET), the CC value, as defined above, had not been established because the relevant decision had not been issued by the Minister of Environment, Energy and Climate Change, despite the fact that the Regulatory Authority for Energy had issued two relevant opinions in accordance with the provisions of Article 197(2) of Law 4001/2011 (RAE 3/2012 and RAE 5/2013). Consequently, the Subsidiary's HE-CHP neither issued invoices nor received a tariff in accordance with the provisions of Law 4001/2011. Instead, following the signing of a Private Agreement between the Company and the Operator of Electricity Market (LAGIE) on 26.4.2013, HE-CHP issued temporary invoices, for the entire aforementioned period, at the minimum price which could have resulted from the application of the mathematical formula established by Law 4001/2011 (if the CC value was set at the unit price, i.e., if the AGP amounted to 26€/MWh). According to the Private Agreement, the final settlement was to take place following the establishment of the CC by way of the issuance of the relevant Ministerial Decision, so that dispatched HE-CHP energy would be compensated in accordance with the provisions of the "Supplementary Agreement for Transactions relating to Electricity from the Dispatchable High-Efficiency CHP Station" (Government Gazette B' 3108/23.11.2012) which was concluded between the Company and LAGIE on 28.11.2012.

The aforementioned provisions of Law 4001/2011, in conjunction with the provisions specified in the letter sent by the Ministry of Environment, Energy and Climate Change's Petroleum Policy Directorate, as well as the provisions of both the Company's Private Agreement with LAGIE and the "Supplementary Agreement for Transactions relating to Electricity from the Dispatchable High-Efficiency CHP Station" between the two parties, require that the Natural Gas ET is recovered to the extent that the natural gas was consumed in generating electricity. Therefore, the Company also recognized the part of the Natural Gas ET which corresponded to consumptions made in generating useful heat (steam for the Alumina production process) as a liability (deducted from ADMIE's receivables balance), the total value of which amounted to €9.1m.

Regarding the remaining balance of ADMIE's relevant briefing note, which amounts to €8.3m and relates to the Natural Gas ET which corresponded to consumptions for electricity generation (HE- CHP), it is noted that this does not constitute a liability for the Company. Specifically, in accordance with IAS 37, "a liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits". Based on the above and given that the Company has not received a final compensatory price for the Period (by way of the CC, see above), while, based on the Private Agreement between the Company and LAGIE, the final settlement will take place following the issuance of the relevant Ministerial Decision regarding the establishment of the CC (which has not been issued), the Company believes that it has no commitment which would legally constitute an obligation to return the amount of €8.3m. A relevant liability may arise once the aforementioned Ministerial Decision regarding the establishment of the CC is issued, in which case the Company estimates that the final compensation that it will receive for electricity dispatched to the system as High-Efficiency CHP will exceed the amount of €8.3m. Therefore, it is not expected that a loss will result for the Company .

Finally, in respect of the final settlement of the CHP pricing for 2013 it is noted that, on the 4th of June 2015 the Company, sent a letter to the Operator of the Electricity Market (LAGHE) asking the convene of the Dispute Settlement Committee as provided in the article 16 p. 2 of the "Supplementary Agreement for Transactions relating to Electricity from the Dispatchable High-Efficiency CHP Station" signed between the parties. The dispute in consideration concerns the imposition of a 10% special tax plus an extra 10% of one-off discount on tariffs, both regarding the financial year 2013.

Following negotiations, the parties have reached a mutually acceptable draft arbitration agreement, so as to jointly apply for the resolution of the dispute by the special arbitration of the Regulatory Authority for Energy (RAE), in accordance with article 37 of L.4001/2011. At 07.02.2018 the two parties signed an agreement to continue the dispute with the help of the arbitration of the Regulatory Authority for Energy .

According to IAS 37.14: A provision shall be recognised when:

(a) an entity has a present obligation (legal or constructive) as a result of a past event;
(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognised.
No provision has been made for this matter, since according to the relevant opinions of the Company's legal advisers and the management of the Company: (a) the existence of a commitment has not yet been finalized; and (b) there is no probability that there will be an outflow of financial resources.

***State aid against MYTILINEOS (as universal successor of ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME due to merger), Decision of the European Commission***

According to the information provided in previous Financial Statements, the General Court of the European Union has turned down the Company's appeal with the decision dated 13.03.2018. The Company Is going to institute proceedings against the above stated decision, before the competent courts of European Union which have the final judgment on the nature of the difference in the selling price of electricity as illegal or non-State aid. As a result, the Company has recognized the amount of 17.4 € mio plus 4.2 € mio of interest expenses in the profit and loss statement.

***DEPA claim against the Company (as universal successor of ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME and Protergia Thermoilektriki Agiou Nikolaou Power Generation and Supply S.A. due to merger) and Korinthos Power S.A.***

DEPA S.A. demands:

Regarding charges that arose from the retrospective revision of the contract price due to the revision of the prices charged by DEPA's supplier, the Turkish company "BOTAS PETROLEUM PIPELINE CORPORATION":

- the amount of €6,256,309.53 plus interest €867,441 by the Company (as universal successor of Protergia Thermoilektriki Agiou Nikolaou Power Generation and Supply S.A.);

- the amount of €7,245,689.86 plus interest €1,580,818 by the Company (as universal successor of ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME) and

- the amount of €4,653,532.99 plus interest €618,601 by Korinthos Power S.A.

The Company and Korinthos Power S.A. contested the existence of the said amounts. More specifically:

The Company (as universal successor of Protergia Thermoilektriki Agiou Nikolaou Power Generation and Supply S.A. due to merger) and Korinthos Power S.A. filed arbitration lawsuits against DEPA S.A. in order to resolve the aforementioned disputes.

Moreover the Company (as universal successor of ALUMINIUM OF GREECE INDUSTRIAL AND COMMERCIAL SOCIETE ANONYME) intends to file for arbitration against DEPA S.A.

The above arbitration proceedings of Company and Korinthos Power S.A. has been completed the arbitration award is pending. In any case, it is expected that a relevant arbitration award will be taken into account, which was issued in order to resolve a related dispute between the opposing party DEPA S.A. and another electricity producer, according to which it was held that the relevant retrospective charging of said electricity producer due to revisions to the price of natural gas in DEPA S.A.'s relation with its supplier BOTAS PETROLEUM PIPELINE CORPORATION cannot concern a period of time longer than thirty (30) months prior to the date of issuance and notification of the invoice for the retroactive revision of the contract price, and that said charge would not be burdened retroactively for the period prior to its imposition with default interest, and on this basis it is expected that there is an even greater probability of success of the claims that were respectively raised by the aforementioned companies in relation to this dispute.

Following the aforementioned, the Group has recognized a provision of possible liability of 3,9mio€, which has been taken into account for the year 2016 results.

***Other Contingent Assets & Liabilities***
***Legal claim of the Company (as universal successor of METKA S.A. due to merger) from its supplier***

According to the information provided in previous Financial Statements, there is no pending claim. The parties have both withdrawn their claims and counterclaims and the Company received 10 € mio as a result of a settlement. This amount has favored the results of 2017.

***Litigation with UBAF***

After the termination of the agreement between the Company (as universal successor of METKA S.A. due to merger) with UBAF (Bank) to keep cash of the Company amounting initially to € 59,7 mil. within a term deposit account, followed the refusal of UBAF to transfer the aforementioned balance it maintained to the Company's current account. During 2017 the amount of 32 € mio has been released and the two parties discuss currently to reach a solution for the remaining amount.

***Arbitration with ENTREPOSE ALGERIE SPA***

ENTREPOSE ALGERIE SPA as a subcontractor of the Company (in its capacity as a universal successor of METKA S.A. as a result of merger) on the basis of a relevant contract (No A-7449) entered into on 1 June 2014, concerning the execution of part of the works relating to the construction of Hassi R'mel II power plant in Algeria, referred to arbitration against the Company before the Court of Arbitration of the International Chamber of Commerce (ICC), claiming payment of the amount of EUR 6,968,496.39 plus interest, as compensation for damage suffered on the basis of that contract. The Company (as a universal successor of METKA SA due to merger) intends to respond to the above-mentioned application for arbitration by submitting a claim against ENTREPOSE ALGERIE SPA for the payment of damages and penalties amounting to approximately EUR 8,650,000 due to non- compliance of the contractor with its contractual obligations under the same contract. The arbitration proceedings are currently ongoing. The Arbitration Tribunal has been established and the case will be discussed on 19.03.2019 according to the agreed timeschedule.

***Company's other Contingent Assets & Liabilities***

There are other potential third party claims of € 3.97 million against the Company for which no provision has been made.

According to IAS 37.14: A provision shall be recognised when:
(a) an entity has a present obligation (legal or constructive) as a result of a past event;
(b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
(c) a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognised.

No provision has been made for this matter, since according to the relevant opinions of the Company's legal advisers and the management of the Company: (a) the existence of a commitment has not yet been finalized; and (b) there is no probability that there will be an outflow of financial resources.

Moreover, there are claims of the Company against third parties, which totally amount to €21.85m.

## 3.38 Post Balance Sheet events

- During January 2018, the tax audit by the greek tax administration for the following companies and financial years:
  1) Korinthos Power – Tax audit for financial year 2012
  2) Protergia A.E. – Tax audit for financial year 2012
  3) Protergia A.E. – Temporary tax audit for financial year 2013 for income tax.

  Tax audits are paused due to the fact that a decision for expiry is expected.

- On 06.02.2018, the final settlement of the $40 million compensation that derived from the issued award by the International Arbitral Tribunal on RTB-BOR, was signed by a representative of MYTILINEOS and the Serbian government.

  The compensation is to be paid in four quarterly installments interest free, the latter in December 2018.

- On 07.03.2018 MYTILINEOS announced that its subsidiary METKA EGN has signed an agreement with HC ESS3 Ltd, a company set up by its long-term client Corylus Capital LLP (previously known as Hazel Capital ) for the EPC of a new 20 MW hybrid energy storage system (ESS) project in the United Kingdom, which will provide Fast Frequency Response (FFR) and other ancillary services to National Grid.

- On 20.03.2018, the General Court of the European Union rejected MYTILINEOS' appeal against the European Commission's decision concerning the price of the electricity tariffs charged by PPC to Aluminium of Greece during the period 2007-2008.

- The amount declared as state aid amounts to € 17.4 million plus interest. The Company changed the results of the individual and consolidated financial statements for the year 2017. This amount has already been paid to PPC, and in the event that the General Court's decision is annulled, the amount will benefit the results and cash flows in a subsequent year.

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# Availability of Financial Statements

## Availability of Financial Statements

The Annual Financial Statements of the Group and the Company as well as the financial statements of the companies that are consolidated, the auditor's report and the report of the Board of Directors for the year ending December 31st 2017 have been posted on the web site of the company. Finally, the present Annual Financial Report, the prior years' Annual Reports and other significant information can be found on the web site of the company (www.mytilineos.gr).

| THE PRESIDENT OF THE BOARD & CHIEF EXECUTIVE OFFICER | THE VICE-PRESIDENT OF THE BOARD |
|---|---|
| **EVANGELOS MYTILINEOS**<br>I.D. No AN094179/2017 | **IOANNIS MYTILINEOS**<br>I.D. No AE044243/2007 |
| **THE CHIEF FINANCE OFFICER** | **THE FINANCIAL DIRECTOR** |
| **IOANNIS KALAFATAS**<br>I.D. No AZ556040/2008 | **SPYRIDON PETRATOS**<br>I.D. No AB263393/2006 |

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# APPENDIX I

## APPENDIX I – SEPARATED FINANCIAL STATEMENTS OF ENERGY SEGMENT MYTILINEOS S.A. - GROUP OF COMPANIES

| ENERGY SEGMENT MYTILINEOS S.A. - GROUP OF COMPANIES<br>SEPARATED STATEMENT OF PROFIT AND LOSS OF THE FULLY INTEGRATED COMPANY<br>31/12/2017<br>AMOUNTS IN THOUSANDS € | | | | | OTHER OPERATIONS | MYTILINEOS GROUP |
|---|---|---|---|---|---|---|
| **TURNOVER** | **ENERGY PRODUCTION** | **ENERGY SUPPLY** | **RES** | **OTHER** | | |
| **SALES TO THIRD PARTIES** | | | | | | |
| Sales of electricity in LAGHE | 295,960 | 12,552 | 24,454 | | | 332,966 |
| Sales in ADMHE | 46,085 | 216 | | | | 46,301 |
| Sales of electricity to retail consumers | | 189,274 | | | | 189,274 |
| Exports of electricity | | 6,264 | | | | 6,264 |
| Other Sales | 96 | 708 | 418 | 9 | | 1,231 |
| **INTERCOMPANY SALES** | | | | | | - |
| Supply of Electricity | | | | | | - |
| Other services | 38,046 | | | 2,851 | | 40,897 |
| **INCOME OF OTHER GROUP OPERATIONS** | | | | | 968,439 | 968,439 |
| **TOTAL TURNOVER** | **380,186** | **209,013** | **24,872** | **2,861** | **968,439** | **1,585,371** |
| **EXPENSES & PURCHASES** | | | | | | |
| Imports of electricity | | (12,262) | | | | (12,262) |
| Purchase of electricity from LAGHE | | (93,977) | | | | (93,977) |
| Purchase of electricity by third parties | | (436) | | | | (436) |
| Services from ADMHE | | (63,761) | | | | (63,761) |
| Services from DEDDIE | | (27,349) | | | | (27,349) |
| Payroll | (5,112) | (2,671) | (313) | (2,182) | | (10,277) |
| Third party fees | (1,813) | (3,307) | (2,289) | (251) | | (7,660) |
| CO2 rights | (10,181) | | | | | (10,181) |
| Natural Gas & LNG | (74,475) | | | | | (74,475) |
| Third Party Maintenance and Benefits | (3,712) | (117) | (2,438) | - | | (6,267) |
| Other third party benefits | (3,587) | (1,163) | (994) | (718) | | (6,463) |
| Taxes - Duties | (1,701) | (3) | (979) | (1) | | (2,684) |
| Other expenses | (12,512) | (3,662) | (1,466) | (111) | (24) | (17,775) |
| Depreciation | (44,331) | (777) | (5,940) | (20) | | (51,069) |
| Provisions | | (1,000) | 16 | | | (984) |
| Financial results | (13,844) | 57 | (6,293) | (299) | | (20,379) |
| Impairment | | | (391) | | | (391) |
| Losses / (gains) on exchange differences | 125 | | | | | 125 |
| Extraordinary income / expenses | 34 | (140) | (193) | (4) | | (303) |
| **INTERCOMPANY EXPENSES & PURCHASES** | | | | | | |
| Supply of Electricity | | | | | | - |
| Other services | (3,581) | (3,565) | (18) | | | (7,165) |
| Natural Gas & LNG | (175,429) | | | | | (175,429) |
| Financial results | (1,053) | | 1,881 | (494) | | 334 |
| **EXPENSES OF OTHER GROUP OPERATIONS** | | | | | (815,195) | (815,195) |
| **PROFITS/ (LOSS) BEFORE TAXES FROM CONTINUING OPERATIONS** | **29,012** | **(5,120)** | **5,456** | **(1,219)** | **153,220** | **181,347** |
| **RESULT FROM DISCONTINUING OPERATIONS** | | | | | | 262 |
| **PROFITS/ (LOSS) BEFORE TAXES** | **29,012** | **(5,120)** | **5,456** | **(1,219)** | **153,220** | **181,609** |

| ENERGY SEGMENT MYTILINEOS' GROUP<br>SEPARATED BALANCE SHEET OF THE FULLY INTEGRATED COMPANY<br>31/12/2017<br>AMOUNTS IN THOUSANDS € | | | | | OTHER OPERATIONS & ELIMINATIONS | MYTILINEOS GROUP |
|---|---|---|---|---|---|---|
| | ENERGY PRODUCTION | ENERGY SUPPLY | RES | OTHER | | |
| **Assets** | | | | | | |
| **Non Current Assets** | | | | | | |
| Tangible Assets | 424,429 | 140 | 164,336 | 553 | 547,317 | 1,136,779 |
| Goodwill | | | 14,212 | | 195,101 | 209,313 |
| Intangible Assets | 85,324 | 1,820 | 18,853 | 67 | 129,452 | 235,516 |
| Investments in Subsidiary Companies | | | 139,934 | 206,136 | (346,071) | - |
| Investments in Associate Companies | | | 604 | 7,212 | 15,555 | 23,371 |
| Deferred Tax Receivables | 26,151 | | 800 | 74 | 97,154 | 124,179 |
| Financial Assets Available for Sale | | | | | 162 | 162 |
| Other Long Term Receivables | 254 | 204 | 13 | 92 | 134,040 | 134,603 |
| **Total Non Current Assets** | **536,158** | **2,164** | **338,752** | **214,134** | **772,710** | **1,863,927** |
| **Current Assets** | | | | | | |
| Total Stock | 18,445 | | 278 | | 140,167 | 158,890 |
| Construction Contracts | | | | | | - |
| Trade and Other Receivables | 24,900 | 23,268 | 14,403 | 1,586 | 681,699 | 745,856 |
| Other Receivables | 119,338 | 24,166 | 37,224 | 59,329 | 32,567 | 272,625 |
| Financial Assets at fair value through profit or loss | | | | | 814 | 814 |
| Derivatives | | | | | 15,168 | 15,168 |
| Cash and Cash equivalents | 856 | 50,287 | 14,642 | 11,607 | 83,549 | 160,940 |
| **Total Current Assets** | **163,539** | **97,721** | **66,547** | **72.522** | **953,964** | **1,354,290** |
| **Total Assets** | **699,697** | **99,885** | **405,299** | **286,657** | **1,726,674** | **3,218,219** |
| **Liabilities** | | | | | | |
| **Equity & Liabilities** | | | | | | |
| **Equity** | | | | | | |
| Components of Equity | 299,950 | (23) | 208,646 | 279,439 | (389,204) | 398,808 |
| Retained Earnings | (4,912) | 7,402 | (38,255) | (22,245) | 1,036,067 | 978.058 |
| **Equity attributable to parent's shareholders** | 295,038 | 7,379 | 170,392 | 257,194 | 646,863 | 1,376,866 |
| Non Controlling Interests | - | - | - | - | 54,122 | 54,122 |
| **Total Equity** | **295,038** | **7,379** | **170,392** | **257,194** | **700,985** | **1,430,992** |
| **Capital Allocation to business units** | 40,247 | 3,312 | 22,927 | (12,735) | (53,751) | - |
| **Non-Current Liabilities** | | | | | | - |
| Long Term Debt | 193,439 | | 67,583 | | 337,733 | 598,755 |
| Derivatives | | | | | 4,227 | 4,227 |
| Defferred Tax Liability | 62,084 | | 4,888 | 9,016 | 105,108 | 181,096 |
| Liabilities for Pension Plans | 373 | | 26 | 118 | 16,765 | 17,283 |
| Other Long Term Liabilities | | 8,004 | 18,931 | | 55,337 | 82,272 |
| Provisions | | | | | 13,564 | 13,564 |
| **Total Non-Current Liabilities** | **255,896** | **8,004** | **91,428** | **9,135** | **532,734** | **897,196** |
| **Current Liabilities** | | | | | | |
| Trade and Other Payables | 2,429 | 9,997 | 598 | 96 | 562,213 | 575,332 |
| Tax payable | 980 | 12,511 | 1,560 | 89 | 28,372 | 43,513 |
| Short Term Debt | 14,008 | | 20,179 | 4,975 | 56,835 | 95,998 |
| Current Portion of non current Liabilities | 5,000 | | 7,125 | | 22,203 | 34,328 |
| Derivatives | | | 566 | | 57,965 | 58,531 |
| Other current liabilities | 86,098 | 58,683 | 90,524 | 27,902 | (180,884) | 82,324 |
| **Total Current Liabilities** | **108,515** | **81,192** | **120,552** | **33,062** | **546,704** | **890,025** |
| **Total Liabilities** | **364,412** | **89,195** | **211,980** | **42,197** | **1,079,438** | **1,787,222** |
| **Total Equity & Liabilities** | **699,697** | **99,885** | **405,299** | **286,657** | **1,726,672** | **3,218,219** |

**PROTERGIA POWER GENERATION AND SUPPLIES SOCIETE ANONYME SEPARATED STATEMENT OF PROFIT AND LOSS OF THE FULLY INTEGRATED COMPANY AND GROUP OF PROTERGIA**
**31/12/2016**
**AMOUNTS IN THOUSANDS €**

| TURNOVER | ENERGY PRODUCTION | ENERGY SUPPLY | OTHER | ADMINISTRATION | TOTAL OF PROTERGIA POWER GENERATION AND SUPPLIES SOCIETE ANONYME FULLY INTEGRATED COMPANY | OTHER GROUP COMPANIES | ELIMINATIONS | TOTAL PROTERGIA GROUP |
|---|---|---|---|---|---|---|---|---|
| **SALES TO THIRD PARTIES** | | | | | | | | |
| Sales of electricity in LAGHE | | 144 | | | 144 | 180,414 | | 180,558 |
| Sales in ADMHE | | 7 | | | 7 | 44,813 | | 44,820 |
| Sales of electricity to retail consumers | | | | | | 123,750 | | 123,750 |
| Exports of electricity | | 29 | | | 29 | 3,866 | | 3,895 |
| Other Sales | | | 60 | 2 | 62 | 383 | | 445 |
| **INTERCOMPANY SALES** | | | | | | | | |
| Supply of Electricity | | | | | | 2,299 | (104) | 2,196 |
| Other services | | | | 4,561 | 4,561 | 1,180 | (4,622) | 1,119 |
| **TOTAL TURNOVER** | **-** | **180** | **60** | **4,563** | **4,803** | **356,705** | **(4,726)** | **356,782** |
| **EXPENSES & PURCHASES** | | | | | | | | |
| Imports of electricity | | (133) | | | (133) | (21,771) | | (21,903) |
| Purchase of electricity from LAGHE | | | | | | (50,940) | | (50,940) |
| Purchase of electricity by third parties | | | | | | (142) | | (142) |
| Services from ADMHE | | | | 3 | 3 | (44,677) | | (44,674) |
| Services from DEDDIE | | | | | | (14,694) | | (14,694) |
| Payroll | | (2) | (1) | (2,682) | (2,685) | (6,112) | | (8,797) |
| Third party fees | | (38) | (93) | (205) | (336) | (8,864) | | (9,199) |
| CO2 rights | | | | | | (6,377) | | (6,377) |
| Natural Gas & LNG | | | | | | (908) | | (908) |
| Third Party Maintenance and Benefits | | | | | | (5,505) | | (5,505) |
| Other third party benefits | | | (35) | (670) | (705) | (3,425) | | (4,130) |
| Taxes - Duties | | | | (138) | (138) | (1,619) | | (1,757) |
| Other expenses | | (6) | (14) | (113) | (132) | (5,298) | | (5,430) |
| Depreciation | | | (1) | (32) | (34) | (42,825) | (1,337) | (44,196) |
| Financial results | | (12) | (1) | (232) | (246) | (22,289) | 164 | (22,371) |
| Impairment | | | | (17,930) | (17,930) | (12,234) | 22,821 | (7,343) |
| Losses / (gains) on exchange differences | | | | | | 129 | | 129 |
| Extraordinary income / expenses | | | (2) | (20) | (23) | 244 | | 221 |
| **INTERCOMPANY EXPENSES & PURCHASES** | | | | | | | | - |
| Supply of Electricity | | | | | | (104) | 104 | - |
| Other services | | | (18) | (5) | (23) | (4,764) | 4,621 | (165) |
| Natural Gas & LNG | | | | | | (117,678) | | (117,678) |
| Financial results | | | | (1,134) | (1,134) | (777) | 2,293 | 383 |
| **PROFITS/ (LOSS) BEFORE TAXES** | - | (11) | (106) | (18,594) | (18,711) | (13,927) | 23,940 | (8,698) |

| PROTERGIA POWER GENERATION AND SUPPLIES SOCIETE ANONYME SEPARATED BALANCE SHEET OF THE FULLY INTEGRATED COMPANY AND GROUP PROTERGIA 31/12/2016 AMOUNTS IN THOUSANDS € | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | ENERGY PRODUCTION | ENERGY SUPPLY | OTHER | ADMINISTRATION | TOTAL OF PROTERGIA POWER GENERATION AND SUPPLIES SOCIETE ANONYME FULLY INTEGRATED COMPANY | OTHER GROUP COMPANIES | ELIMINATIONS | TOTAL PROTERGIA GROUP |
| **Assets** | | | | | | | | |
| **Non Current Assets** | | | | | | | | |
| Tangible Assets | | | 13,336 | 553 | 13,889 | 555,409 | | 569,297 |
| Goodwill | | | | | | 14,212 | 36,573 | 50,785 |
| Intangible Assets | | | 9,065 | 47 | 9,112 | 98,029 | 80,907 | 188,048 |
| Investments in Subsidiary Companies | | | | 295,040 | 295,040 | 135,731 | (430,771) | |
| Investments in Associate Companies | | | | 7,712 | 7,712 | 697 | 1,130 | 9,540 |
| Deferred Tax Receivables | | | | 77 | 77 | 23,957 | | 24,034 |
| Other Long Term Receivables | | 100 | | 89 | 189 | 358 | 1 | 548 |
| **Total Non Current Assets** | **-** | **100** | **22,400** | **303,519** | **326,020** | **828,394** | **(312,161)** | **842,253** |
| **Current Assets** | | | | | | | | |
| Total Stock | | | | | | 15,565 | | 15,565 |
| Trade and Other Receivables | | 852 | 2 | 2,054 | 2,908 | 95,399 | (1,990) | 96,317 |
| Other Receivables | | 68 | 327 | 41,051 | 41,445 | 52,131 | (43,655) | 49,923 |
| Cash and Cash equivalents | | 747 | | 513 | 1,260 | 15,645 | (75) | 16,830 |
| **Total Current Assets** | **-** | **1,667** | **329** | **43,618** | **45,614** | **178,739** | **(45,719)** | **178,635** |
| **Total Assets** | - | 1,767 | 22,729 | 347,137 | 371,634 | 1,007,133 | (357,880) | 1,020,887 |
| **Liabilities** | | | | | | | | |
| **Equity & Liabilities** | | | | | | | | |
| **Equity** | | | | | | | | |
| Share Capital | | | | 5,487 | 5,487 | 73,413 | (73,413) | 5,487 |
| Share Premium | | | | 333,262 | 333,261 | 274,762 | (344,045) | 263,979 |
| Other Reserves | | | 286 | (301) | (14) | 68,296 | 16 | 68,297 |
| Retained Earnings | | 497 | (176) | (22,641) | (22,321) | (53,124) | 53,487 | (21,956) |
| **Equity attributable to parent's shareholders** | - | 497 | 111 | 315,807 | 316,415 | 363,348 | (363,956) | 315,807 |
| **Non Controlling Interest** | | | | | | | 46,413 | 46,413 |
| **Total Equity** | **-** | **497** | **111** | **315,807** | **316,415** | **363,348** | **(317,542)** | **362,220** |
| **Capital Allocation to business units** | - | 945 | 19,365 | (20,310) | | | | |
| **Non Current Liabilities** | | | | | | | | |
| Long Term Debt | | | | | | 160,384 | | 160,384 |
| Defferred Tax Liability | | | (286) | 9,016 | 8,730 | 62,718 | 4,888 | 76,337 |
| Liabilities for Pension Plans | | | | 251 | 251 | 334 | | 585 |
| Other Long Term Liabilities | | | | | | 24,867 | (178) | 24,689 |
| **Total Non Current Liabilities** | **-** | **-** | **(286)** | **9,267** | **8,981** | **248,304** | **4,710** | **261,995** |
| **Current Liabilities** | | | | | | | | |
| Trade and Other Payables | | 309 | 144 | 216 | 669 | 133,591 | (3) | 134,256 |
| Tax payable | | 16 | (438) | 595 | 174 | 8,552 | | 8,725 |
| Short Term Debt | | | 3,628 | 11,975 | 15,603 | 52,771 | | 68,373 |
| Current Portion of non-current Liabilities | | | | | | 89,787 | | 89,787 |
| Derivatives | | | | | | 2,673 | | 2,673 |
| Other current liabilities | | | 207 | 29,586 | 29,793 | 108,109 | (45,045) | 92,857 |
| **Total Current Liabilities** | **-** | **325** | **3,540** | **42,373** | **46,238** | **395,482** | **(45,048)** | **396,672** |
| **Total Liabilities** | **-** | **325** | **3,254** | **51,640** | **55,219** | **643,785** | **(40,338)** | **658,667** |
| **Total Equity & Liabilities** | **-** | **1,767** | **22,730** | **347,137** | **371,634** | **1,007,133** | **(357,880)** | **1,020,887** |

### General Principles

The Company Mytilineos S.A., as an integrated company operating as producer and supplier of electricity (the universal successor of "Protergia Agios Nikolaos Power Société Anonyme of Generation and Supply of Electricity" and "Aluminium of Greece S.A." due to the merger by absorption of the aforementioned companies by the Company in question, (GEMI decision 75634/ 06.07.2017), taking into account provisions of Law 4001/2011 (Government Gazette A '179) and Directive 2009/72/EC, Article 31, on specific rules on unbundling of accounts of integrated electricity companies, maintains separate accounts, Balance Sheet and Income Statement, for Electricity Production and Supply activities, as referred to in article 141 of Law 4001/2011 and the No. 43/2014 of the Regulatory Authority for Energy.

The Company also operates in non-electrical industries, for example through "Metallurgy and Mining" and "EPC and Infrastructure" sectors.

At the end of the financial year, the Company publishes according to the IFRS its separate profit and loss statements and balance sheet per electrical energy business area (Balance Sheet and Income Statement before tax), in accordance with the relevant provisions of Law 2190/1920. Income, Expenses, Assets and Liabilities relating to non-electricity sectors are allocated to the Separate Consolidated Balance Sheet and Income Statement in the "Other Operations" category. The aforementioned statements are included in the Notes to the Company's annual financial statements, which are approved and contain a certificate issued by Chartered Accountants. The certificate makes reference in the regulations approved by the RAE, in accordance with Article 141, paragraph 4, Law 4001/2011. It is mentioned, that the Company did not reform the comparative separate financial statements of the previous year (Note 2.1)

### Allocation Methods and Rules

Methods and Accounting Rules

The methods and accounting rules followed by the Company are dictated by the general accounting principles and the articles of the International Accounting Standards (IFRSs), which must be mandatorily kept.

The Accounting Department of the Company is fully computerized with a valid and properly configured accounting plan and software (SAP), which ensure that separate accounts are kept and that separate profit and loss statements and balance sheet are drawn up for each activity.

In particular, the mandatory registration of all accounting records per business area (in SAP) is currently applied, as designated by the Company in accordance with the above General Principles, as follows:

(a) Business Areas / Activities
- Production of electricity.
- Supply of electricity.
- Renewable Energy Sources.
- Central Function-Other.

(b) Business Areas apart from the electricity
- Other

Allocation Rules of Expenses and Revenue (Results)

During every document or transaction entry, as well as any other record pertaining to electricity industry, the amounts are classified per business area and, subsequently, automatically update the corresponding accounts referring to expenses, revenues, assets and liabilities. The software has a security key on the basis of which no registration is allowed without the above classification.

This way, documents and transaction entries that concern only one of the Company's business areas or indicate a discrete amount per business area, immediately update the separate accounts of every Business Area (a).

Thereafter, the Company prepares the annual profit and loss statements of each financial year per business area.

Allocation Rules of Assets and Liabilities

The entries updating the Assets and Liabilities Accounts, such as fixed assets, reserves, customers, other receivables, suppliers, liabilities and loans are allocated based on the business area to which they relate.

At the end of each financial year, the total Equity is allocated based on the difference of Assets and Liabilities of each business area, which is designated as "capital allocation to business units".

### Content of Activities' Annual Income and Expenses

The annual separate Profit and Loss Account for each activity include the Company's transactions with third parties.

In particular, each business area includes the following:

a) Production of electricity
This business area includes Income, Expenses, Assets and Liabilities, which are derived solely from the business area of power plants.

Specifically,

- Income from the operation of the plant in Agios Nikolaos, Boeotia, of Mytilineos S.A company., with a nominal power of 444,48 MW, with combustible natural gas.
- Income from the operation of the plant in Agioi Theodoroi Korinthias of Korinthos Power S.A., with a nominal power of 436,6 MW, with combustible natural gas.
- Income from the operation of the CHP plant in Agios Nikolaos, Boeotia, Mytilineos S.A. company with a nominal power of 334 MW, with combustible natural gas.
- Expenses relating to the above income, the main ones being the following: Supply of natural gas, pollutant markets, third party fees and expenses, maintenance and operational costs, consumption of spare parts, other production expenses and depreciations, as well as finance costs.

b) Supply of electricity (Trading & Retail)
This activity includes Income, Expenditure and Assets and Liabilities, which are derived from the trading and retail of electricity.

Specifically,

Income from Trading is mainly originating from billings to Operator of Electricity Market (LAGHE) and to domestic and foreign companies, while retail sales from Domestic and Professional electricity consumers.

Purchases concern the supply of Electricity from Operator of Electricity Market (LAGHE) and domestic and foreign companies, the rights of Electricity import and export, and the other services from Independent Power Transmission Operator(ADMHE), the network usage (DEDDHE), the cost of purchase of electricity future products (NOME).

Expenses mainly relate to personnel remunerations and costs, third party fees, finance and miscellaneous expenses.

c) Renewable Energy Sources
This activity includes Income, Expenses and Assets and Liabilities arising from Renewable Energy Sources in operation, rated at 130 MW.

d) Central Function-Other
This activity includes Income and Expenses of the Company's Central Function.

e) Other activities apart from Electricity Sector
Other activities include Income and Expenses from Other Sectors, where Mytilineos S.A. operates, such as "Metallurgy and Integrated Projects" and "Infrastructure (EPC)".

**THE PRESIDENT OF THE BOARD & CHIEF EXECUTIVE OFFICER**

**EVANGELOS MYTILINEOS**
I.D. No AN094179/2017

**THE VICE-PRESIDENT OF THE BOARD**

**IOANNIS MYTILINEOS**
I.D. No AE044243/2007

**THE CHIEF FINANCE OFFICER**

**IOANNIS KALAFATAS**
I.D. No AZ556040/2008

**THE FINANCIAL DIRECTOR**

**SPYRIDON PETRATOS**
I.D. No AB263393/2006

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