



gorenjegroup

**Unaudited
Consolidated
Financial Statements**

January-December 2016

Gorenje Group and the parent company Gorenje, d.d., prepared pursuant to International Financial Reporting Standards (IFRSs)

Management Board of Gorenje, d. d.
Velenje, March 2017

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PERFORMANCE HIGHLIGHTS OF THE GORENJE GROUP

CORE FINANCIAL INDICATORS FOR Q4 2016

- **Sound business operations** from the first three quarters of 2016 continued also in the last quarter of 2016.
- **EUR 357.2m of revenue** was generated, which is **2.1% more** than in the Q4 2015 balance and **5.3% more than planned**.
- Revenue generated by the Core activity **Home** was recorded at **EUR 309.5m**, showing an increase of 3.2% over the Q4 2015 balance and **4.6% more revenue than planned**.
- **EBITDA was EUR 26.7m** and indicates a 9.5% increase over the comparable¹ previous year's result. EBITDA margin of 7.5% grew by 0.5 p.p. if compared to the Q4 2015 comparable EBITDA margin.
- **EBIT was recorded at EUR 15.0m** showing an increase of 13.2% over the same period in 2015 comparable EBIT. EBIT margin grew to 4.2%, which is 0.4 p.p. more than in the comparable period in 2015.
- **Operations in the last quarter of 2016 were marked by successful operations of the Core activity Home as a result of:**
 - **3.2 percent growth in sales; sales volume of large household appliances increased by 1.9% and of small household appliances by 25.4%.**
 - achieved **favourable geographical sales structure**; higher sales in markets of **Benelux and East Europe (including Russia and Ukraine)**,
 - achieved **favourable sales structure of brands**; higher sales recorded by brands **Asko** (+13.0% growth in the fourth quarter) and **Atag brands, Pelgrim and Etna** (+3.1% growth in the last quarter of 2016),
 - achieved **favourable product sales structure; maintaining the achieved level of sales of premium appliances**; growth in sales of **innovative appliances (9.7 percent growth** in terms of quantity), **dishwashers (33.8 percent growth** in terms of quantity), **cooking appliances (3.6 percent growth** in terms of quantity),
 - **well-managed costs of material and raw materials, logistics, and good management of currency risks.**
 - **adjusting the total costs of overall business operations** in compliance with the **strategic goals**.
- We have continued with **increasing investments in development**. **Development-related investments** amounted in the last quarter of 2016 to **EUR 8.4m** or a **2.4 percent share in Group's revenue** (increase of 0.17 p.p. over the Q4 2015 balance).
- **Investments in the marketing amounted to EUR 8.2m** or **2.3 percent share of revenue** generated by the Group (representing an increase of 0.6 p.p. relative to the same period in 2015). Larger investments in development and marketing are supported by the already mentioned improvement of the sales structure.
- The negative result in financing activities recorded at EUR 9.8m **improved** by **EUR 5.3m** if compared to the previous year's same period. This positive development is primarily attributable to **interest expenses that**

¹ The business operations in Q4 2015 were impacted by certain single positive events. Thus, the comparison of operations between the last quarter of 2015 and 2016 is thereby compiled and based on the elimination of these single positive events in Q4 2015.

declined by **21.2%** over the Q4 2015 balance and to significantly improved result in exchange differences. We accordingly recorded a negative result in **exchange losses in the amount of EUR 1.6m** at the Group level, which shows an improvement of EUR 4.9m if compared to Q4 2015 balance.

- Group generated a **profit of EUR 4.3m** in the fourth quarter, showing an improvement over the last quarter in 2015, when we incurred a profit of EUR 1.4m. **The Core activity Home as well as Non-core activities recorded profit.** The Group generates and records profit for the past five consecutive quarters.
- **If compared to the fourth quarter in 2015, we have improved the rate between the net financial debt and EBITDA by 0.2 i.e. from 4.1 to 3.9.**

CORE FINANCIAL INDICATORS FOR 2016

- We have generated **EUR 1,258.1m of revenue** or **2.7%** more than in 2015.
- Revenue generated account for **104.8% of revenue planned on an annual level**. With respect to the fact that the sales process of certain Ecology-related companies was not yet completed, the planned revenue was generated at 100.0%.
- Revenue generated by the **core activity Home** was recorded at **EUR 1,091.7m (3.4%** more than in the same period in 2015).
- Without the impact of exchange rate fluctuations, the **Home's organic growth in revenue** amounted to **4.7%**.
- **EBITDA was EUR 87.2m** and shows an **8.9% growth** over the 2015 balance. **EBITDA margin at 6.9%** was **higher by 0.4 p.p.** We have generated **102.8% of the planned EBITDA**. With respect to the fact that the sales process of certain Ecology-related companies was not yet completed, the planned EBITDA was generated at 98.0%.
- **EBIT was recorded at EUR 40.2m** indicating a **16.7 percent growth**, while **EBIT margin increased to 3.2%, which is 0.4 p.p. more** than in 2015. We achieved **106.8% of the planned EBIT** in 2016. With respect to the fact that the sales process of certain Ecology-related companies was not yet completed this year, the planned EBIT was generated at 100.9%.
- **EUR 32.3m was invested in development** and equals a **2.6 percent share** in Group's revenue (increase by 0.18 p.p. if compared to 2015).
- **Investments in the marketing amounted to EUR 26.4m** or **2.1 percent share of revenue** generated by the Group (indicating an increase of 0.27 p.p. relative to the previous year).
- The result in negative financing activities recorded at EUR 27.0m improved by **EUR 11.8m** if compared to the previous year. This result is primarily attributable to **interest expenses that declined by 16.5%** over 2015. On the Group level, we significantly improved the result arising from exchange differences if compared to 2015.
- **Group generated a profit of EUR 8.4m** in comparison to the previous year, when it recorded a loss of EUR 8.0m.
- **The net financial debt amounted to EUR 341.6m** showing an **increase over 2015** in the amount of **EUR 11.2m**. We have improved the rate between the net financial debt and EBITDA by 0.2 and thus **improved the relative borrowing rate**. The aforesaid is mostly the result of the improved profitability and the management of net working capital, which is reflected in the improved structure of turnover days of all core items (e.g. inventories, receivables, trade payables) and a higher volume of investments that support the further growth in Group's sales and profitability.

Unaudited Consolidated Financial Statements
January-December 2016

| EURm | Q4 2015 | Q4 2016 | Index | 2015 | 2016 | Index | Plan 2016* | 2016/ Plan 2016 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|
| Revenue | 349.8 | 357.2 | 102.1 | 1,225.0 | 1,258.1 | 102.7 | 1,201.0 | 104.8 |
| EBITDA | 29.3 | 26.7 | 91.2 | 80.1 | 87.2 | 108.9 | 84.9 | 102.8 |
| <i>EBITDA margin (%)</i> | 8.4% | 7.5% | / | 6.5% | 6.9% | / | 7.1% | / |
| EBIT | 18.1 | 15.0 | 82.6 | 34.4 | 40.2 | 116.7 | 37.6 | 106.8 |
| <i>EBIT margin (%)</i> | 5.2% | 4.2% | / | 2.8% | 3.2% | / | 3.1% | / |
| Profit or loss before tax | 3.3 | 5.2 | 158.5 | -4.0 | 13.2 | / | 11.2 | 117.8 |
| Profit or loss for the period | 1.4 | 4.3 | 307.5 | -8.0 | 8.4 | / | 7.6 | 110.6 |
| <i>ROS (%)</i> | 0.4% | 1.2% | / | -0.7% | 0.7% | / | 0.6% | / |
| Net financial debt² | 330.4 | 341.6 | 103.4 | 330.4 | 341.6 | 103.4 | 319.0 | 107.1 |
| Net financial debt / EBITDA | 4.1 | 3.9 | / | 4.1 | 3.9 | / | 3.8 | / |

* Business Plan 2016 is exclusive of the companies of the Ecology segment, which were during the preparation of the 2016 Business Plan subject to divestment (Gorenje Surovina d. o. o., Maribor, Kemis-BH, d.o.o., BiH, Kemis Valjevo d. o. o., Serbia, Cleaning System S, d. o. o., Serbia, PUBLICUS, d. o. o., Ljubljana, EKOGOR, d. o. o., Jesenice).

² Financial debt - cash

MANAGEMENT REPORT

OPERATING PERFORMANCE OF THE GORENJE GROUP

| EURm | Q4 2015 | Q4 2016 | Index | 2015 | 2016 | Index |
|----------------------------------|---------|---------|-------|---------|---------|-------|
| Revenue | 349.8 | 357.2 | 102.1 | 1,225.0 | 1,258.1 | 102.7 |
| Contribution margin ³ | 137.8 | 144.6 | 104.9 | 510.6 | 537.1 | 105.2 |
| Contribution margin (%) | 39.4% | 40.5% | / | 41.7% | 42.7% | / |
| EBIT | 18.1 | 15.0 | 82.6 | 34.4 | 40.2 | 116.7 |
| EBIT margin (%) | 5.2% | 4.2% | / | 2.8% | 3.2% | / |
| Profit or loss for the period | 1.4 | 4.3 | 307.5 | -8.0 | 8.4 | / |
| ROS (%) | 0.4% | 1.2% | / | -0.7% | 0.7% | / |

The Group generated EUR 1,258.1m of **revenue**, indicating an increase of 2.7% over the 2015 balance. The Core activity Home recorded a 3.4 percent growth in revenue. **Without the impact of exchange rate fluctuations, the Core activity Home would record a 4.7 percent organic growth in revenue.**

The generated contribution margin in the amount of EUR 537.1m was improved based on:

- **higher sales by the Core activity Home (sale of large and small household appliances),**
- favourable **geographical sales structure** of the Core activity Home; the largest sales growth was recorded on the markets of:
 - **Eastern Europe (6.4 percent growth, 9.0 percent organic growth),**
 - Western Europe, primarily in **Benelux (4.0 percent growth),****where higher contribution margins are achieved,**
- favourable **sales structure of brands**, where we have increased primarily the sale of brands: **Asko (9.0 percent growth) and Atag brands, Pelgrim and Etna (4.0 percent growth); growth was also recorded by the sale of Gorenje brand,**
- favourable **product sales structure**; enhancing the sales of **premium appliances (4.3 percent growth** in terms of quantity: premium appliances account in the revenue structure a **27.3 percent share), innovative appliances (14.5 percent growth** in terms of quantity; innovative appliances account in the revenue structure a **17.4 percent share), cooking appliances (4.6 percent growth** in terms of quantity), **dishwashers (19.7 percent growth** in terms of quantity); the sale of **small household appliances generated a 32.4 percent growth** in revenue; and
- **successful curbing of input prices of material and raw materials,**
- **successful management of product complexity,**
- **process optimisation through the entire supply chain,**
- **adjustment of total costs to the scope of business operations pursuant to strategic goals, and**
- **increasing profitability of the Non-core activities.**

³ Contribution margin at the level of difference between revenue and cost of goods and material.

Foreign currency fluctuations significantly affected revenue mostly in Eastern Europe. Without considering other categories (i.e. exchange rate hedging, adjusting prices to markets, product structure, etc.), the impact of foreign currency fluctuations on the Group's organic growth in revenue of the Core activity Home on key markets was as follows:

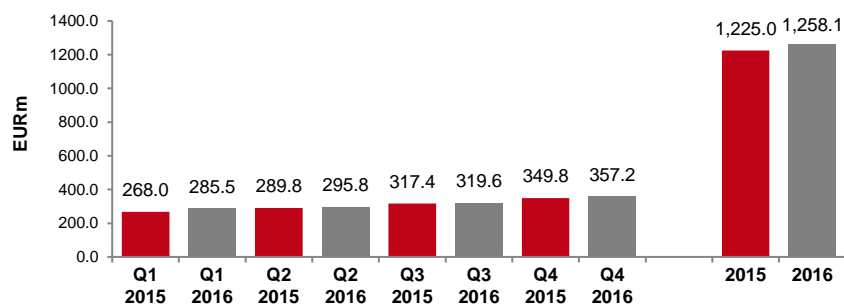
Foreign currency fluctuations and impact on organic growth of revenue generated by the Core activity Home

| Home | Actual revenue 2015 | Actual revenue 2016 | Actual revenue 2016 valued at exchange rate 2015 | Impact of currency on revenue | Actual growth (%) | Organic growth (%) |
|--------------|---------------------|---------------------|--|-------------------------------|-------------------|--------------------|
| EURm | | | | | | |
| West | 452.7 | 455.8 | 456.8 | -1.0 | +0.7% | +0.9% |
| East | 492.8 | 524.3 | 537.2 | -12.9 | +6.4% | +9.0% |
| Other | 110.5 | 111.6 | 112.0 | -0.4 | +1.0% | +1.3% |
| TOTAL | 1.056.0 | 1.091.7 | 1.106.0 | -14.3 | +3.4% | +4.7% |

The Group applies a centralised policy of exchange rate hedging within the policy of its **currency risk management**. The Group is exposed to changes in local currencies against the euro, which is the Group's main functional currency. This exposure is measured and managed in connection with cash flows planned in the annual period, and the revaluation of balance sheet items expressed in local currencies. The fundamental goal of currency risk management lies in hedging against the business plan's exposure by minimising the adverse impact of exchange rate fluctuations on the Group's net profit or loss and cash flows. In order to hedge against currency risks, we primarily apply the balancing of cash flows and the balance sheet items and entering into derivatives (particularly forward exchange contracts) for the currencies to which the Group is exposed.

SALES

Revenue of the Gorenje Group



- In 2016, the **Group achieved growth in revenue on all geographical areas** with respect to the 2015 results. The total growth was recorded at 2.7%, the revenue growth by the Core activity Home was 3.4%.

Revenue by geographical segment

| EURm | Q4 2015 | % | Q4 2016 | % | Change (%) | 2015 | % | 2016 | % | Change (%) |
|--------------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|----------------|--------------|--------------|
| Western Europe | 126.2 | 36.1 | 123.8 | 34.7 | -1.9% | 464.3 | 37.9 | 469.7 | 37.3 | +1.2% |
| Eastern Europe | 196.2 | 56.1 | 201.3 | 56.3 | +2.6% | 650.2 | 53.1 | 676.6 | 53.8 | +4.1% |
| Other | 27.4 | 7.8 | 32.1 | 9.0 | +17.1% | 110.5 | 9.0 | 111.8 | 8.9 | +1.2% |
| Total Group | 349.8 | 100.0 | 357.2 | 100.0 | +2.1% | 1,225.0 | 100.0 | 1,258.1 | 100.0 | +2.7% |
| Western Europe | 122.6 | 40.9 | 120.2 | 38.8 | -1.9% | 452.7 | 42.9 | 455.8 | 41.8 | +0.7% |
| Eastern Europe | 149.9 | 50.0 | 157.2 | 50.8 | +4.9% | 492.8 | 46.7 | 524.3 | 48.0 | +6.4% |
| Other | 27.4 | 9.1 | 32.1 | 10.4 | +17.1% | 110.5 | 10.4 | 111.6 | 10.2 | +1.0% |
| Total Home | 299.9 | 100.0 | 309.5 | 100.0 | +3.2% | 1,056.0 | 100.0 | 1,091.7 | 100.0 | +3.4% |

- **Western Europe** includes Austria, Germany, Italy, France, Denmark, Sweden, Belgium, Finland, Great Britain, Greece, Norway, the Netherlands, Spain, Switzerland, Ireland, Luxembourg, Malta, Portugal;
- **Eastern Europe** includes Ukraine, Russia, Macedonia, Croatia, Serbia, Montenegro, Albania, Bosnia and Herzegovina, Belarus, Kosovo, Moldova, Latvia, Lithuania, Estonia, Slovenia, Czech Republic, Hungary, Poland, Bulgaria, Romania, Slovakia;
- **Other** refers to all other countries outside of Europe.

DEVELOPMENT AND NEW PRODUCTS

- Pursuant to the Group's strategic goal, we have **increased investments in product development to 2.6% in the Group's revenue structure** (0.18 p.p. more than in 2015).
- Key innovations that were launched in 2016:
 - the upgraded **built-in undercounter refrigerators (600 mm)**,
 - **the 10 kg washing machine** for the strategic industrial partner,
 - **Asko Craft premium built-in ovens** programme,
 - the new **programme of mid-price range dishwashers**.

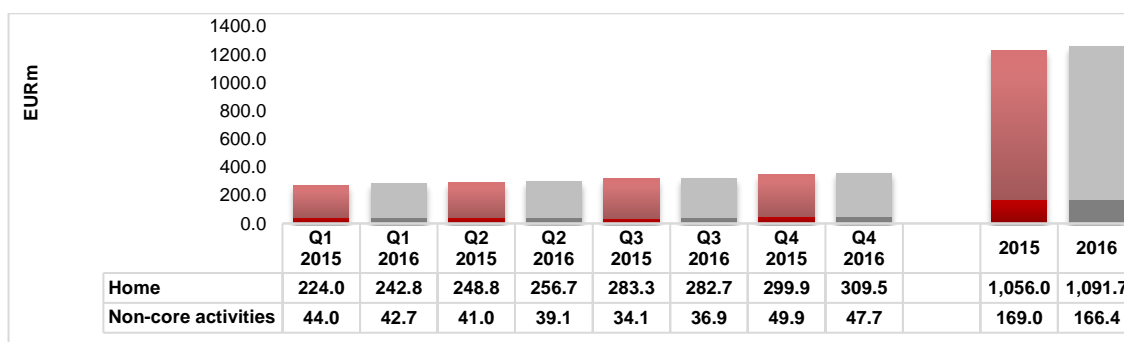
MARKETS OF THE CORE ACTIVITY HOME

- In view of sales generated in 2015, the Core activity Home recorded **higher sales** in all geographical regions in 2016.
- Sales growth was recorded on individual markets of **Eastern Europe i.e. the Czech Republic, Slovenia, Hungary, Slovakia, Poland, Romania, Bulgaria, Croatia, Albania, Montenegro and Macedonia**.
- A significant growth was achieved also on the markets of **Russia (by 7%) and Ukraine (by more than 40%)** and thereby strengthened the market position.
- As for **Western Europe**, sales growth was recorded on the **markets of Benelux**, mostly in **the Netherlands** where our market share is growing. If compared to the same period in 2015, we have succeeded in increasing the sales in **Germany**. Lower sales are still recorded in **France** and Scandinavia (sales of the Gorenje brand).
- Sales on the markets outside of Europe (Other) recorded a 1.0 percent growth in sales, which was impacted by the decline in the **off-take of industrial partners** (new growth is planned in 2017) and **lower sales on the markets of Near and Far East** (primarily in Saudi Arabia). Essential growth was recorded in **Northern America, Caucasus and Asia**. A **higher volume of sales** was achieved also in **Australia**. The share of this segment in the Core activity Home was **10.2%** (0.2 p.p. less than in 2015).

- Higher revenue from sales of **Asko brand appliances increases the overall sales of the premium segment. Sales of Asko brand appliances** accounted within the Home's sales structure a **10.1 percent share (+0.5 p.p. over the 2015 balance)**. Higher sales of the Asko brand was achieved on the markets of Scandinavia, France, America, Russia, Asia and Australia.
- As for sales of **small household appliances⁴**, the sales recorded a **32.4 percent growth in revenue**. The sale of small household appliances accounted within the Home's sales structure a **share of 3.3% (+0.7 p.p. over the 2015 balance)**. Growth was recorded on markets of **Poland, Russia, Ukraine, Slovenia, Slovakia, Hungary, Croatia, Bosnia and Herzegovina, Macedonia, Bulgaria, Serbia, Romania and the Netherlands**.
- Sales of innovative⁵ appliances increased by 14.5%**; consequently, the share of these appliances within the total sales structure rose to **10.7% (+1.1 p.p. with respect to the same period in 2015)**. **Innovative appliances** account within the Home's revenue structure a **17.4 percent share**. Growth of 4.3% was achieved also within the sale of **premium⁶ appliances** whose share within the Home's sales structure is recorded at 16.9%. The premium appliances account within the Home's revenue structure a share of **27.3%**.

SALES BY GORENJE GROUP'S ACTIVITIES

Revenue by activities



EUR 1,091.7m of revenue was generated by the **Core activity Home**, which indicates a 3.4 percent growth over the 2015 balance.

If the impact of exchange rate fluctuations is not taken into account, the Home activity would generate an organic growth in revenue of 4.7%.

EUR 166.4m of revenue was generated by the **Non-core activities**, which is 1.5% or EUR 2.6m less if compared to 2015. The decline in revenue is the **result of divesting or eliminating two companies from the Ecology segment (Publicus, d.o.o., Ljubljana and Ekogor, d.o.o., Jesenice)** of the Group at the end of the first half-year of 2016. If effects of the sale of these companies would be eliminated, the Non-core activities would achieve a 1.0 percent growth in revenue.

By means of expanding the activities, we generated revenue growth in the **field of catering**, whereby growth is also recorded in the field of **ceramics**

⁴ Since 1 January 2016, free-standing microwaves are classified among large household appliances. Consequently, the sales share of small household appliances within the total structure is lower than in previous years.

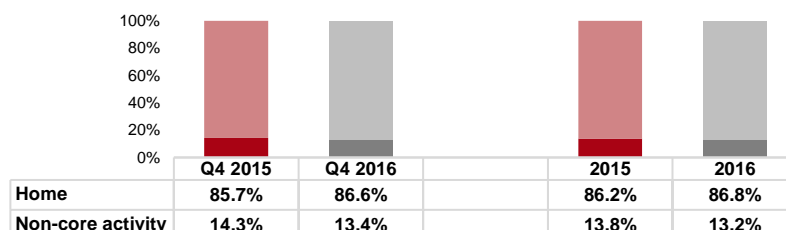
⁵ Innovative appliances: appliances within individual group of products with the so-called »innovative functionalities« are more energy efficient (efficient storage, lower energy and water consumption).

⁶ Premium appliances: Atag and Asko brands, appliances from the Gorenje Design lines (Gorenje Simplicity, Gorenje Ora Ito, Gorenje Pininfarina, Gorenje Classico, Gorenje One, Gorenje Karim Rashid, Gorenje Color edition, Gorenje +, Gorenje Retro, and Gorenje by Starck).

production, sales of medical equipment and in the field of tool manufacture. Although the field of **machine manufacture** recorded lower revenue, the **related production capacities were significantly more utilised** than in the same period in 2015, which is attributable to **orders made in connection with new projects of the Core activity Home.**

Due to **lower prices of secondary (waste) raw materials on the market,** revenue in the **Ecology segment** slightly declined if compared to the same period in 2015.

Structure of Group's revenue by activity



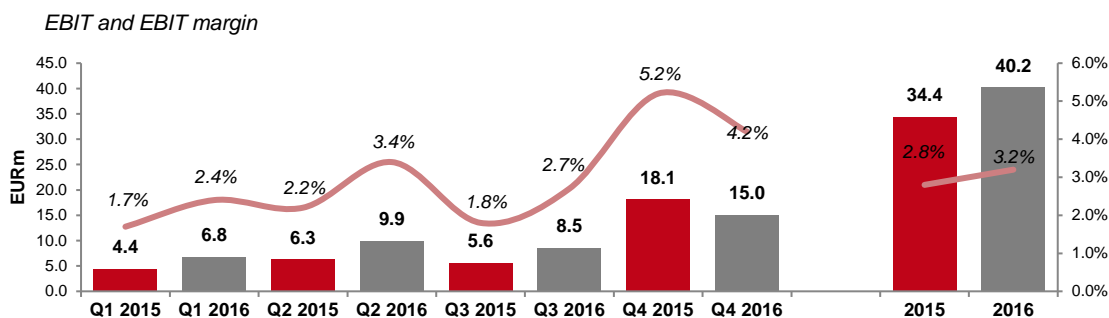
The achieved **revenue structure by activity** indicates that the Core activity Home generated 86.8% of Group's total revenue (+0.6 p.p.). The change in the share is the result of a faster growth in revenue generated by the Home activity, as well as through Non-core activities.

PROFITABILITY OF THE GORENJE GROUP

Movement of Group's profitability at the EBIT level

| EURm | Development |
|--|-------------|
| EBIT 2015 | 34.4 |
| Contribution margin at the level of cost of goods and material | 26.6 |
| Cost of services | -6.5 |
| Employee benefits expense | -4.0 |
| Amortisation and depreciation expense | -1.4 |
| Other operating expenses | 1.1 |
| Other operating income | -10.0 |
| EBIT 2016 | 40.2 |

- **Earnings before interest and taxes (EBIT):** we achieved an EBIT of EUR 40.2m. With respect to the previous year, the EBIT was higher by EUR 5.8m or 16.7%, which is primarily attributable to the **higher contribution margin at the level of cost of goods and material** as a result of:
 - higher **sales volume,**
 - **favourable geographical sales structure,**
 - **favourable sales structure of brands and product groups,**
 - **lower input prices of material and raw materials** achieved within the Core activity Home and
 - higher profitability in the segment of Non-core activities.



COST MANAGEMENT

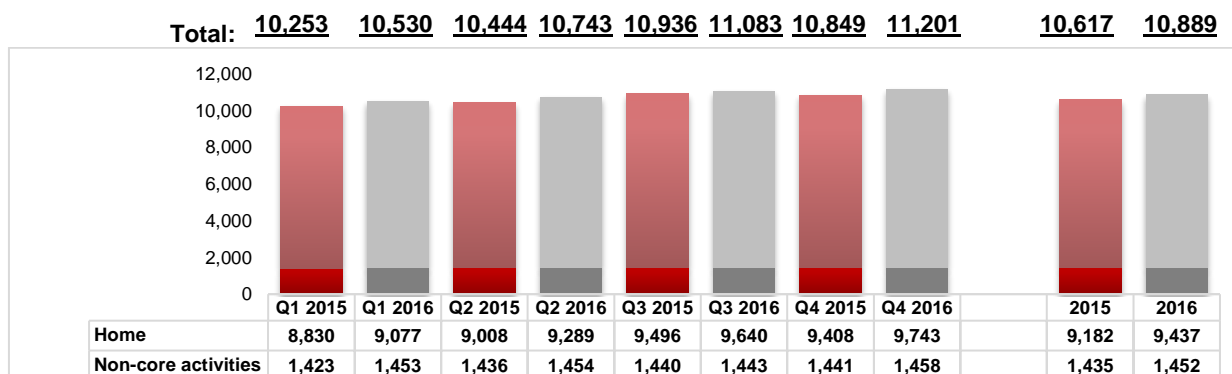
- **Group's costs are managed in accordance with measures aimed at achieving long-term cost efficiency and performance.**
- Particular attention is drawn on **adjusting costs to the scope of business operations**. Activities for a **short-term improvement** of the cost efficiency are negotiated and agreed with the heads of individual divisions, whereas by means of diverse projects we also endeavour to implement the potentials for a **long-term improvement** of the Group's cost efficiency (and comparability with the competition).
- By means of successful work in the field of supply and production based on:
 - **new negotiations with suppliers,**
 - **prior favourable lease of certain strategic raw materials (e.g. sheet metal, plastics, etc.),**
 - **by optimising the usage of material in direct production,**

we have successfully **adjusted the costs of material and raw materials** with respect to the **higher volume of sales** and production and thereby generated important savings. The latter is attributable also to activities related to **optimising the supply chain**.

- **Costs of services increased by 3.1% or EUR 6.5m**, which is the result of **larger investments in marketing (+18.0%)**. The **share of marketing costs within revenue** was increased to **2.1%**, which is **0.27 p.p. more** than in 2015. Higher marketing-related investments support the higher and in terms of structure more favourable sales volume.
- Based on **optimising the logistics, developing a new logistics model** for small household appliances, purchasing of material and raw material components, and **lower transportation costs**, we have decreased the **costs of logistics by 1.5%** and **simultaneously** recorded growth in revenue by 2.7%.
- **Employee benefits expense increased by 1.7% or EUR 4.0m**. In addition to planned promotions and wage adjustments pursuant to provisions of the collective agreement, the employee benefits expense increased due to retirement benefits that were higher in the observed period if compared to the same period in 2015. The increase in employee benefits expense is also the result of expanding the catering-related activities, more employees in the production of the Core activity Home by 142 due to more orders and higher utilisation of production facilities, more employees in trading companies of the Core activity Home due to the emended model in Eastern European retail companies (employment of staff that was previously engaged via employment agencies), and higher number of employees on the markets of Eastern Europe, Benelux and Australia. However, it is essential that the increase of employee benefits expense lags behind the growth in revenue, which is higher by 2.7%.

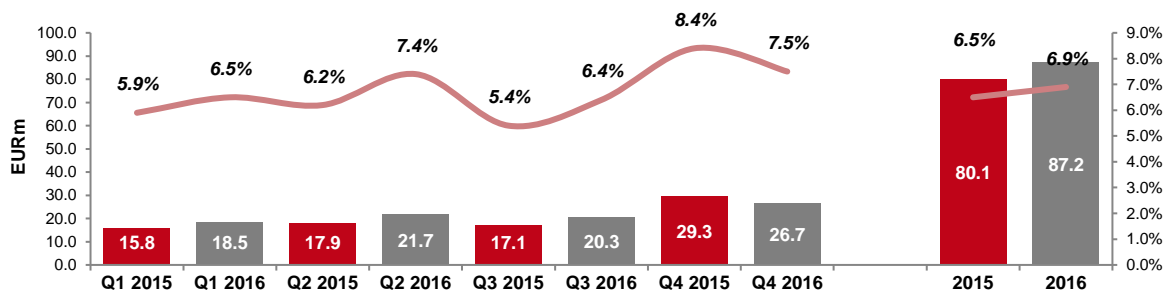
- **The Gorenje Group's average number of employees was 10,889** or an average of 272 more than in 2015. As stated in the aforesaid paragraph, most of the increase refers to the staff in the production area and in the trading companies of the Core activity Home in Eastern Europe, Benelux and Australia. Total number of staff in the Non-core activities grew by 17, primarily due to the already mentioned expansion of the catering-related activity and the concurrent reduction of staff due to the sale of companies Publicus, d.o.o. and Ekogor, d.o.o.

Average number of employees by activity



The Group recorded **earnings before interest, taxes, depreciation and amortisation (EBITDA)** of EUR 87.2m, which is EUR 7.1m or **8.9% more than in 2015**.

EBITDA and EBITDA margin



The Group's negative **result from financing activities** at EUR 27.0m **has improved over the 2015 balance by EUR 11.8m**. The negative result from financing activities was impacted by **interest expenses that declined** over the year 2015 **by EUR 16.5%**. On the Group level, we significantly improved the result arising from exchange differences if compared to 2015.

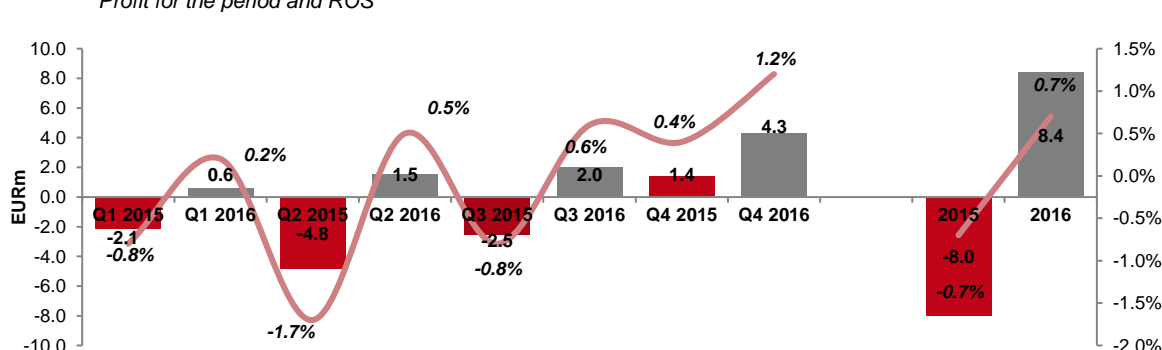
Income tax expense, disclosed at EUR 4.8m and higher by EUR 0.8m in comparison to 2015, includes current and deferred income tax. Most of the increase is attributable to the improved profitability and the related current income tax.

Current tax refers to the tax that will be paid on profit for the period per individual Group companies. Deferred tax is disclosed upon the accounting of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for tax reporting purposes. Temporary differences, which generally have through deferred tax assets and liabilities the biggest impact on deferred taxes, are tax relief amounts that are disclosed in connection with investments, investments relating to research and development, and amounts of tax losses from previous periods, which can be transferred to next financial years and most of which are accumulated in the parent company.

PROFIT FOR THE REPORTING PERIOD

Gorenje Group's profit for the period amounted to EUR 8.4m. This is the fifth consecutive quarter in which the Group records profit.

Profit for the period and ROS



FINANCIAL OPERATIONS OF THE GORENJE GROUP

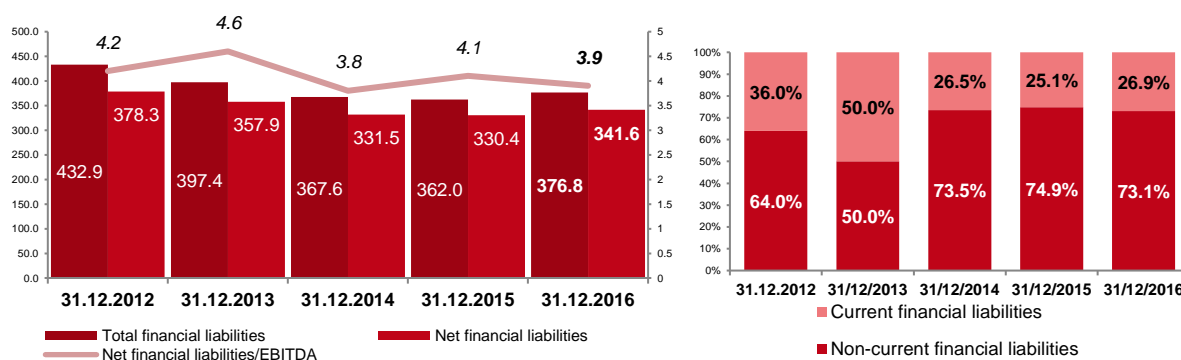
GROUP'S FINANCIAL PERFORMANCE

Ongoing repayment of due liabilities is ensured based on inflows from sales activities of the Home core and Non-core activities and the related free cash flow, and by timely provision of substitute financing. The Group endeavours for constant optimisation of the net working capital.

The Group observes the policy of replacing currently due long-term financial sources by raising new long-term financial sources and spreading to bank and non-bank sources, whereby we focus on maintaining the quality of the maturity structure. In addition, we are constantly renewing current loans or increasing them for the purpose of the liquidity reserve.

In 2016, we have repaid EUR 87.1m of currently due long-term borrowings and performed the fourth issue of commercial papers in the total par value of EUR 28.9m that were paid at the year-end of 2016. The issue of short-term commercial papers is earmarked for balancing the interim dynamics of generating cash flow, thus the respective issue was conducted also at the end of January 2017.

Movement of total and net financial liabilities in the 2012-2016 period (EURm), movement of the relative borrowing rate or the net financial debt/EBITDA ratio, and the maturity structure of financial liabilities



As at 31 December 2016, **total financial liabilities** amounted to EUR 376.8m, showing an increase of EUR 14.8m in comparison to the same period in 2015. As for the **maturity structure of financial liabilities**, 73.1%

refer to non-current sources, which is 1.8 p.p. less than at the end of 2015, whereby the remaining stake represents current sources.

As at 31 December 2016, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 341.6m and indicate an increase of EUR 11.2m over the same period in 2015.

As at 31 December 2016, the Group disclosed **a liquidity reserve** in the amount of EUR 120.4m in form of approved but undrawn current and non-current borrowings in addition to bank balances, which may also be used to bridge payments on currently due liabilities.

The achieved amount of financial debt is – by considering the relative deleveraging, maintaining the achieved quality of the maturity structure by means of substitute financing and proper spreading to bank and non-bank sources – reflected in the stable level of the required substitute deleveraging for the repayment of currently due non-current financial liabilities in 2017, which is recorded at EUR 93.6m as at 31 December 2016.

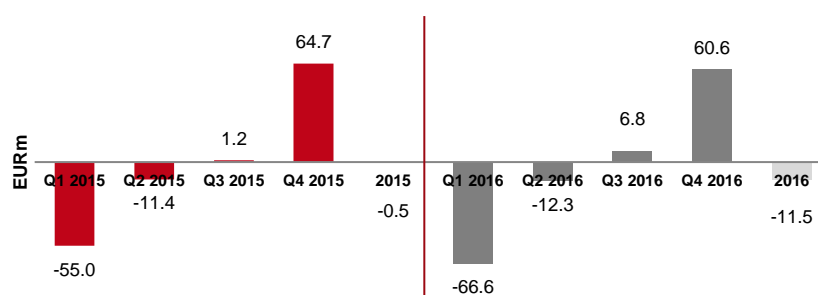
Together with existing bank and non-bank partners, the Group is engaged in activities to further servicing currently due financial liabilities and optimising the costs of financing, to an additional maintaining of the loans' maturity structure, and balancing the amount of the liquidity reserve. Based on these activities we ensure funds for servicing currently due long-term borrowings for the entire year 2017, as well as for current balancing of cash flow requirements.

Regardless the higher financial debt over the 2015 balance, the Group **relatively deleveraged** in 2016, as the financial debt ratio, which is measured as a ratio between the net financial debt and the EBITDA, declined by 0.2 or to 3.9. Costs of interest expenses were also reduced in 2016 by 16.5 %.

None of the Group's borrowings are secured. In 2016, the Group met all contractually agreed financial ratios, except for one loan contract that included non-standard financial covenants for which the bank already before the fiscal year's completion issued a related waiver. The stated contract is in the process of amendment, thus the financial covenants will be adjusted to the standard financial covenants that apply in the Group.

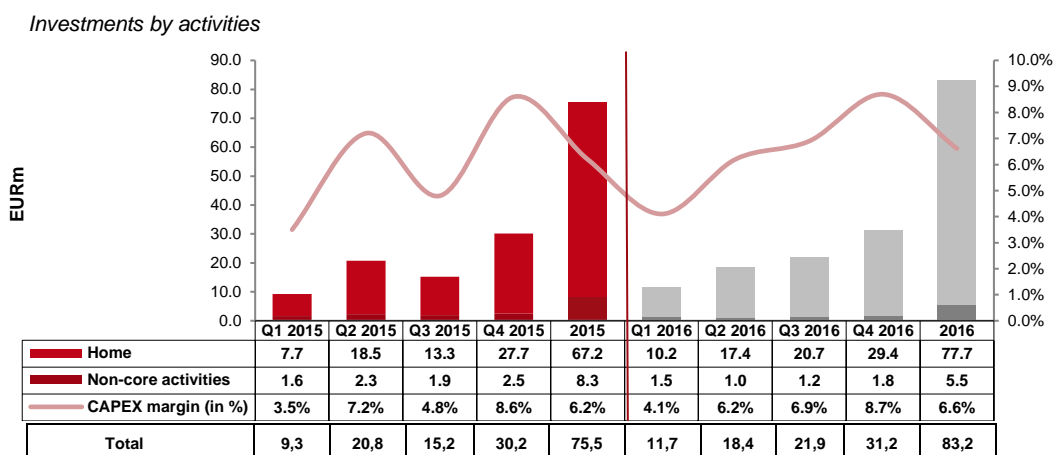
The Group incurred EUR 11.5m of negative cash flow from operating and investing activities, which shows – in terms of absolute amounts – a decline of EUR 11.0m if compared to the same period in 2015. Negative cash flows from operating and investing activities are attributable to larger investments, regardless of the much improved cash flows from operating activities, higher volume of business activities and growth in sales, which is reflected only in a slightly larger volume of tied assets in the net working capital (EUR 2.6m).

Cash flows from operating and investing activities



Investments amounted to EUR 83.2m in 2016 and indicate an increase of EUR 7.7m in comparison to 2015. Accordingly, EUR 40.0m of investments were earmarked for the development of new products, EUR 19.2m was used for non-material investments (capitalisation of expenses for developing new products), EUR 11.3m was invested in the purchase of new technological equipment and upgrade of the information support and the improvement of the technological equipment's productivity, EUR 4.6m was invested in the maintenance of technological equipment, tools and infrastructure, and EUR

2.5m was invested in sales activities. EUR 5.5m of investments were implemented within Non-core activities, whereof EUR 2.8m in the field of ecology and EUR 2.7m in the field of portfolio investments .



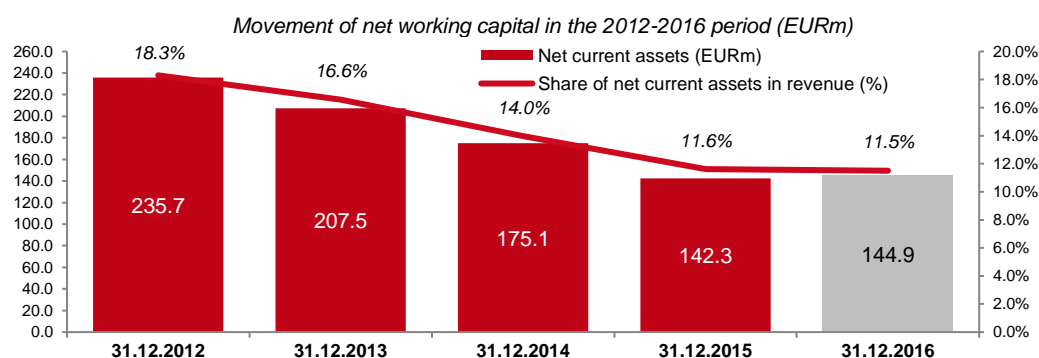
WORKING CAPITAL

As at 31 December 2016, Group's investments in the net working capital⁷ amounted to EUR 144.9m and, compared to 31 December 2015 balance, show an increase of EUR 2.6m.

Investments in net working capital

| EURm | 31 Dec 2012 | 31 Dec 2013 | 31 Dec 2014 | 31 Dec 2015 | 31 Dec 2016 |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| + Inventories | 253.7 | 236.4 | 219.8 | 225.9 | 225.9 |
| + Trade receivables | 224.1 | 208.6 | 182.6 | 161.0 | 165.8 |
| + Other current assets | 53.1 | 51.3 | 48.9 | 52.2 | 58.8 |
| - Trade payables | -216.3 | -214.0 | -202.6 | -221.0 | -223.7 |
| - Other current liabilities | -78.9 | -74.8 | -73.6 | -75.8 | -81.9 |
| = Net working capital | 235.7 | 207.5 | 175.1 | 142.3 | 144.9 |

With respect to higher sales activities and the level of utilised capacities, the share of investments in the net working capital within Group's revenue declined by 0.1. p.p. to 11.5% with respect to the year-end of 2016.



⁷ Net working capital = inventories + trade receivables + other current assets – trade payables – other current liabilities

As at 31 December 2016, **inventories** amounted to EUR 225.9m and remained on the year-end level of 2015. Inventory turnover amounted to 69 days, which is shorter by 2 days if compared to the same period in 2015.

As at 31 December 2016, **trade receivables** were recorded at EUR 165.8m and show an increase of EUR 4.8m if compared to the 31 December 2015 balance. The average turnover of receivables was 47 days, which is 3 days shorter than the average turnover of receivables in the same period in 2015.

Trade payables amounted to EUR 223.7m as at 31 December 2016 and indicate an increase of EUR 2.7m over the 31 December 2015 balance. Turnover of liabilities was 85 days or 4 days more than in the same period in 2015.

Certain financial risks have a significant impact on the Group's cash flow management

The Group pays ongoing special attention to managing **financial risks**, in particular an efficient **credit risk** management. Credit risk is balanced through regular control of credit limits approved by credit insurance companies, the appropriate collection of receivables, and regular communication with credit insurance companies and business partners. The Group has also launched the system of permanent recourse-free factoring, which is carried out when costs of such activities do not exceed the Group's average costs of financing. The balance of bad debts is reviewed and analysed on an on-going basis, and proper measures are implemented (e.g. collection, collection of guarantees, suspension of supplies to customers with weak credit ratings, etc.). We have a strict set of rules on what is deemed suitable collateral for the sale of goods, and a defined level of the maximum possible exposure to individual companies, customers, etc.

Currency risks are primarily managed by natural cash flow balancing for each currency that, mostly in the case of companies, is impossible to be fully implemented. The Group systematically applies forward exchange contracts for most of the currencies that are not part of the euro zone in order to hedge against currency risk. In addition, we are seeking additional possibilities for increasing the scope of natural hedging. In the medium term, we hedge against currency risk by adjusting sales prices on an on-going basis, by applying cost optimisation and by means of increasing natural hedging on the purchase/sale side.

The Group recorded in its income statement exchange losses in the amount of EUR 0.5m, showing an improvement of EUR 12.4m in comparison to 2015.

We are managing the **risk of short-term liquidity** by means of approved revolving credit lines per Group companies, approved bank account overdrafts, and bank balances. As at the end of 31 December 2016, the undrawn part of current and non-current credit lines amounted to EUR 85.1m and bank balances to an additional EUR 35.2m.

SUMMARY OF THE OPERATING PERFORMANCE OF GORENJE, D. D.

Operating performance of Gorenje, d. d.

| EURm | Q4 2015 | Q4 2016 | Index | 2015 | 2016 | Index |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 195.0 | 202.1 | 103.6 | 683.4 | 710.0 | 103.9 |
| Contribution margin⁸ | 64.0 | 64.1 | 100.2 | 220.2 | 229.5 | 104.2 |
| <i>Contribution margin (%)</i> | <i>32.8%</i> | <i>31.7%</i> | <i>/</i> | <i>32.2%</i> | <i>32.3%</i> | <i>/</i> |
| EBITDA | 17.1 | 6.6 | 38.3 | 39.4 | 34.0 | 86.1 |
| <i>EBITDA margin (%)</i> | <i>8.8%</i> | <i>3.3%</i> | <i>/</i> | <i>5.8%</i> | <i>4.8%</i> | <i>/</i> |
| EBIT | 11.1 | -0.3 | / | 15.5 | 8.8 | 57.1 |
| <i>EBIT margin (%)</i> | <i>5.7%</i> | <i>-0.2%</i> | <i>/</i> | <i>2.3%</i> | <i>1.2%</i> | <i>/</i> |
| Profit or loss before tax | 3.3 | -1.4 | / | -3.1 | 3.7 | / |
| Profit or loss for the period | 2.4 | -0.4 | / | -4.0 | 3.7 | / |
| <i>ROS (%)</i> | <i>1.2%</i> | <i>-0.2%</i> | <i>/</i> | <i>-0.6%</i> | <i>0.5%</i> | <i>/</i> |
| <i>ROA (%)</i> | <i>1.0%</i> | <i>-0.2%</i> | <i>/</i> | <i>-0.4%</i> | <i>0.4%</i> | <i>/</i> |
| <i>ROE (%)</i> | <i>2.6%</i> | <i>-0.5%</i> | <i>/</i> | <i>-1.1%</i> | <i>1.0%</i> | <i>/</i> |
| Employee / end of period | 4,138 | 4,410 | 106.6 | 4,138 | 4,410 | 106.6 |
| Employee / average | 4,286 | 4,507 | 105.2 | 4,163 | 4,279 | 102.8 |

Revenue generated by the parent company amounted to EUR 710.0m in 2016 and show an increase over the 2015 balance by EUR 26.6m or 3.9%.

Revenue generated through the Core activity Home within the parent company amounted to EUR 670.3m in 2016 and show an increase of 4.6% over the 2015 balance, which is primarily the result of higher sales of home appliances via dealers (by 12.2%), which includes also the supplementary and rebuy programme, the Mora programme, as well as the heater system programme, and higher sales of products manufactured in-house (by 2.1%)

Revenue generated through sales beyond the Core activity Home was recorded at EUR 34.6m and declined by 3.2% if compared to 2015, which is mostly the result of lower revenue from the sale of coal.

In comparison to 2015, the **contribution margin** (gross margin) increased by EUR 9.3m mainly as the result of higher revenue (3.9%) in view of higher direct costs of goods and material (3.7%) and successful curbing of material and raw material input prices.

Costs of services increased by EUR 2.7m or 3.4% and grew slower than revenue.

Employee benefits expense increased by 3.0% if compared to the 2015 balance, primarily due to higher number of staff in 2016 (in average 2.8% more staff than in 2015), which is in line with the production's volume.

In comparison to 2015, **amortisation and depreciation expense** grew in 2016 by 4.9% mainly due to the activated lines, equipment and tools for the production in individual programmes during 2016 (the largest share thereof is earmarked for the production of washing and dryer machines, dishwashers and ovens).

The **result from financing activities** improved by EUR 13.4m, which is almost fully attributable to the improved balance of exchange differences as the result of lower expenses arising under derivatives and valuation of unrealised derivatives used for hedging against currency risks, as well as due to lower interest expenses.

⁸ Contribution margin at the level of difference between revenue and cost of goods and material.

The improved profit for 2016 over the previous year's balance is the result of the higher contribution margin at the level of costs and material and the improved result of financing activities. The cost-related items developed in compliance with the volume of business operations.

Movement of the parent company's profitability at the level of profit or loss for the period:

| EURm | Development |
|--|-------------|
| Loss for the financial year 2015 | -4.0 |
| Contribution margin at the level of cost of goods and material | 9.0 |
| Cost of services | -2.7 |
| Employee benefits expense | -3.0 |
| Amortisation and depreciation expense | -1.2 |
| Other operating expenses | -0.7 |
| Other operating income | -8.1 |
| Financial result | 13.4 |
| Income tax expense and deferred taxes | 1.0 |
| Profit for the financial year 2016 | 3.7 |

As at 31 December 2016, **trade receivables** were recorded at EUR 130.9m and show a decrease of EUR 14.4m in comparison to 2015. The average turnover of receivables was 70 days, A bigger part of the receivables refer to related entities (63.4%).

Inventories amounted to EUR 88.6m and with respect to 31 December 2015 show a decline of EUR 3.4m. Inventory turnover amounted to 46 days, which is 4 days shorter than in 2015.

As at 31 December 2016, **trade payables** amounted to EUR 177.7m and show an increase of EUR 10.4m in comparison to 2015. Turnover of liabilities was longer by 5 days and was 108 days.

As at 31 December 2016, **total financial liabilities** amounted to EUR 407.1m, showing an increase of EUR 13.0m in comparison to 2015. As for the **maturity structure of financial liabilities**, 62.8% refer to non-current sources whereby the remaining stake represents current sources. Compared to the same period in 2015, the maturity structure worsened by 0.5 p.p.

As at 31 December 2016, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 392.4m and indicate an increase of EUR 5.8m over the 2015 balance.

EUR 7.5m of positive cash flows from operating and investing activities was recorded in 2016, showing that the result worsened by EUR 2.1m over the 2015 balance, which is primarily due to higher investments made in 2016. Most of the positive cash flow was generated in the last three months of the year, which complies with the interim dynamics, as most of positive cash flows are generated in the last quarter of the year.

Investments amounted to EUR 52.0m in 2016, showing an increase of EUR 1.9m or 3.9% if compared to 2015. Overall investments in property, plant and equipment amounted to EUR 34.5m, the largest portion thereof in the amount of EUR 30.5m refers to investments in technological equipment, mostly for developing new products. As for the total investments structure, EUR 17.5m refers to non-material investments which comprise capitalised costs of developing new products.

OWNERSHIP STRUCTURE AND THE GRVG SHARE

OWNERSHIP STRUCTURE

As at **31 December 2016**, 13,415 shareholders were entered in the share register, indicating that the number of shareholders declined by 17.4% over the year-end balance of 2015 (16,248).

Gorenje's ten major shareholders and owners

| Ten major shareholders | No. of shares (31 Dec 2016) | Share in % |
|--|--------------------------------|---------------|
| KAPITALSKA DRUŽBA, D.D. | 3,998,653 | 16.37% |
| INTERNATIONAL FINANCE CORPORATION | 2,881,896 | 11.80% |
| PANASONIC CORPORATION | 2,623,664 | 10.74% |
| KDPW – FIDUCIARY ACCOUNT | 1,892,218 | 7.75% |
| HOME PRODUCTS EUROPE B.V. | 1,221,231 | 5.00% |
| RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT | 1,125,573 | 4.61% |
| Alpen.SI, mixed flexible sub-fund | 793,208 | 3.25% |
| ZAGREBAČKA BANKA D.D. – FIDUCIARY ACCOUNT | 786,063 | 3.22% |
| BNP PARIBAS SECURITIES SERVICES S.C.A. | 690,000 | 2.83% |
| AUERBACH GRAYSON & COMPANY LLC | 647,165 | 2.65% |
| Total major shareholders | 16,659,671 | 68.21% |
| Other shareholders | 7,764,942 | 31.79% |
| Total | 24,424,613 | 100% |

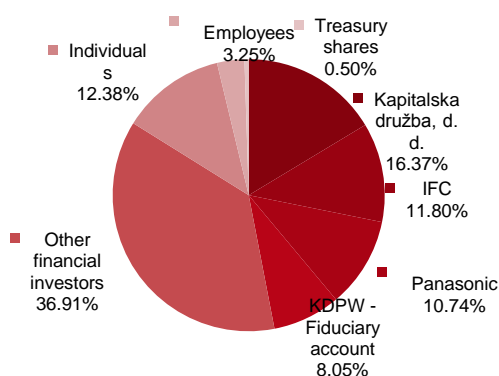
Information on significant shares in Gorenje d.d. – 20 September 2016

As at 19 September 2016, the company HOME PRODUCTS EUROPE B.V., Utrechtseweg 181, 6862 Aj Oosterbeek, the Netherlands, informed us that it acquired 13,800 of GRVG shares on 19 September 2016 issued by Gorenje, d.d. and thereby increased its share of voting rights from 4.94% (1,207,431) to 5.00% (1,221,231) of total voting rights in Gorenje, d.d.

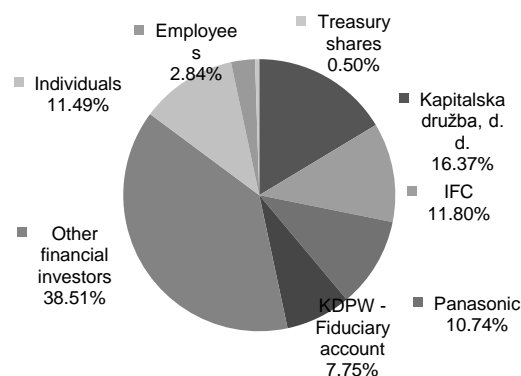
Information on significant shares in Gorenje d.d. –13 October 2016

As at 12 October 2016, Mr. Kristijan Floričič informed us that he obtained 84,000 GRVG shares on 11 October 2016 issued by Gorenje, d.d. and thus increased his share of voting rights from 4.906% (1,198,314) to 5.25% (1,282,314) of total voting rights in Gorenje, d.d.

Ownership structure as at 31 December 2015



Ownership structure as at 31 December 2016



The number of own shares or treasury shares equals the 2015 year-end balance i.e. at **121,311 treasury shares**, which accounts for **0.4967%** of total share capital.

The number of shares held by Supervisory Board and Management Board members

| Supervisory Board | 31 Dec 2015 | | 31 Dec 2016 | |
|---------------------------|--------------|----------------|--------------|----------------|
| Total: | 3,508 | 0.0144% | 3,570 | 0.0147% |
| Peter Kobal | 1,355 | 0.0055% | 1,355 | 0.0055% |
| Krešimir Martinjak | 115 | 0.0005% | 115 | 0.0005% |
| Jurij Slemenik | 2,038 | 0.0083% | 2,038 | 0.0083% |
| Miha Košak | | | 62 | 0.0003% |

| Management Board | 31 Dec 2015 | | 31 Dec 2016 | |
|----------------------|---------------|----------------|---------------|-----------------|
| Total: | 21,394 | 0.0876% | 20,944 | 0.08575% |
| Franc Bobinac | 4,096 | 0.0168% | 4,096 | 0.0168% |
| Branko Apat | 626 | 0.0026% | 626 | 0.0026% |
| Drago Bahun | 9,082 | 0.0372% | 9,082 | 0.0372% |
| Marko Mrzel | 450 | 0.0018% | | |
| Peter Groznik | 7,140 | 0.0292% | 7,140 | 0.0292% |

The number of the company's shares held by Supervisory Board and Management Board members has not changed in the period from 31 December 2016 to the date of this public announcement.

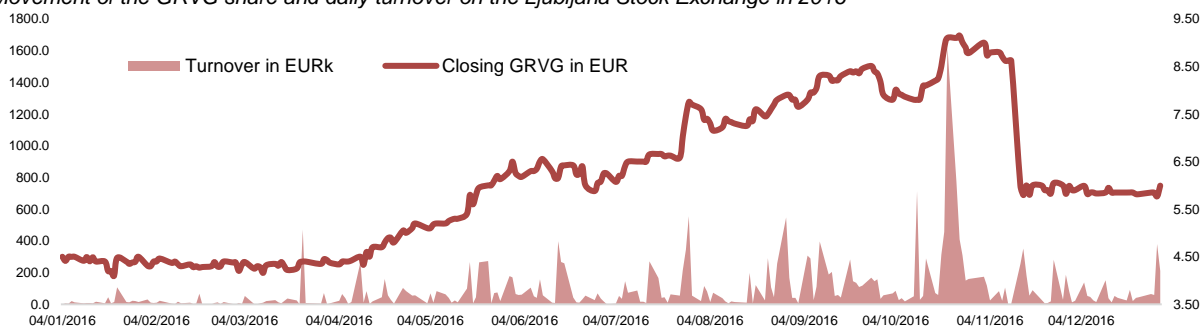
As of 31 December 2016, Supervisory Board members owned a total of 3,570 shares of Gorenje, d.d. Since 9 July 2016, Miha Košak as member of the Supervisory Board holds 62 shares, which he acquired prior to his appointment as the company's Supervisory Board member. The sum of shares owned by Supervisory Board members consequently increased by 62 shares over the year-end balance of 2015.

As of 31 December 2016, Management Board members owned a total of 20,944 shares of Gorenje, d.d. With respect to the year-end balance of 2015, the number of shares has not changed. As from 29 February 2016, Marko Mrzel no longer performs his duties as Management Board member and Chief Sales Officer, thus the total number of shares held by the Management Board declined by 450 shares.

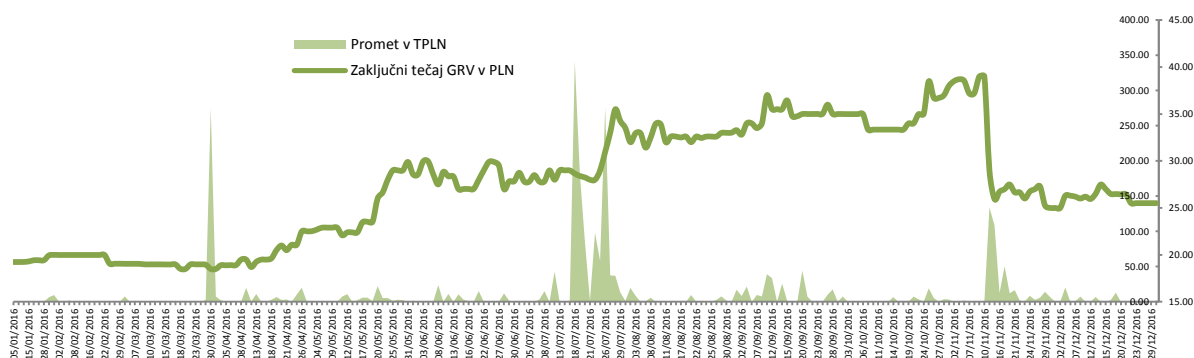
GRVG SHARE IN 2016

The closing price of the share at the Ljubljana Stock Exchange as the prime market (GRVG) amounted to EUR 6.00 on the last trading day in December 2016 and shows an increase of 30.3% over the last trading day in 2015 (EUR 4.60). The SBITOP prime market index increased in the same period by 3.1%. The closing price of the share at the Warsaw Stock Exchange increased by 32.5% (from PLN 19.25 or EUR 4.51 to PLN 25.51 or EUR 5.78) over the year-end balance of 2015. **Total turnover of Gorenje shares** at the Ljubljana and Warsaw Stock Exchange was 3,495,901 shares, indicating a growth of 41.5% over the 2015 balance (2,470,289 shares). The average daily turnover at the Ljubljana Stock Exchange was 13,553 shares, whereby at the Warsaw Stock Exchange 415 shares per day.

Movement of the GRVG share and daily turnover on the Ljubljana Stock Exchange in 2016



Movement of the GRV share and daily turnover on the Warsaw Stock Exchange in 2016



Basic and diluted earnings per share are calculated as the ratio between the profit or loss of the parent company's owners and the average number of shares issued, less the average balance of treasury shares (24,303,302 shares), amounts to EUR 0.33 (2015: EUR -0.34).

The book value of the GRVG share as at 31 December 2016 amounted to EUR 15.40 (EUR 15.14 as at 31 December 2015). It is calculated as the ratio between the book value of the Group's ordinary share capital and the number of issued shares, exclusive of the number of treasury shares as at 31 December 2016 (24,303,302 shares).

The ratio between the market value and the book value of the GRVG share is recorded at 0.39 (0.30 as at 31 December 2015).

Dividend policy: A dividend payout of EUR 0.15 gross per share was carried out for the 2011 financial year and EUR 0.06 gross per share for the fiscal year 2014. Due to the economic crisis, which has had a fundamental impact on Gorenje Group's operations since the last quarter of 2008, no dividends were paid out for the years 2008, 2009, 2010, 2012, 2013 and 2015.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Gorenje announced on 24 February 2017, that Dr. Peter Groznik is resigning from the company's Management Board on February 28, 2017. Dr. Groznik tendered his resignation by mutual agreement and consensus of the Supervisory Board. Until the appointment of a new Board Member, the activities of CFO and ETIS business will be managed by Mrs Jožica Turk, Executive Vice President Corporate Finance.

As at 31 January 2017, Gorenje, d.d. successfully completed the issue of commercial papers. The GRV05 commercial papers bear a 1.30 percent interest rate and the issue's total par value is recorded at EUR 40.0m. The issue of commercial papers aims at dispersing sources of short-term financing, the financing of the operations' seasonal nature, and optimising costs of financing.

As at 13 January 2017, Gorenje, d.d. published the Gorenje Group's Business Plan for 2017, which represents the second year of the new strategic period. Further, Gorenje, d.d. informed the public about organizational changes of the Gorenje Group, within which the Group shall reform from the classical-functional into a business-production organisation that places brands and product programmes at the forefront.

No other significant events occurred after the date of compiling the balance sheet as of 31 December 2016.

SIGNIFICANT BUSINESS EVENTS IN 2016

JANUARY

Gorenje projekt, d.o.o. aims high with a warehouse commission in Russia



By the end of April, Gorenje Projekt built and launched an automated high-bay warehouse for an investor in Tver, 150 kilometres from Moscow. The project, worth EUR 11.65m, will involve some pioneering work as it will result in the tallest self-supporting crate system in the market.

Peter Prevc, the leading ski jumper in the world



Peter Prevc rounded up a series of great performances on the 64th Four Hills Tournament in Bischofshofen on 6 January 2016 and at the end proudly held up the Golden Eagle – the trophy in this prestigious competition. At the Four Hills Tournament, Prevc brought in three victories and one third place, with overall six first places in this season. Gorenje Group being a general sponsor of the Slovenian Nordic teams for as long as 25 golden and less golden years and we are proud to be supporting Peter and his team colleagues on their way to success. We are happy that on every ski jumping competition with Peter and the team our name flies high and far.

Peter Prevc rounded up a series of great performances on the 64th Four Hills Tournament in Bischofshofen on 6 January 2016 and at the end proudly held up the Golden Eagle – the trophy in this prestigious competition. At the Four Hills Tournament, Prevc brought in three victories and one third place, with overall six first places in this

Gorenje with ambitious plans in Iran



Gorenje opened on 11 January 2016 a new showroom in Tehran, located in a prestigious and very busy location in the centre of the Iranian capital. In the 350-square-meter showroom we will be presenting our entire range of the upper middle and premium class major household appliances.

Choice magazine recommends Asko dryer

Asko dryer got the highest ranking among 22 dryers tested by the biggest Australian consumer magazine Choice.

FEBRUARY

The fourth issue of GRV04 commercial paper

As at 12 February 2016, Gorenje, d. d. successfully completed its fourth consecutive issue of commercial paper in the amount of EUR 28.9m. The commercial paper, with the start of its interest accrual period on 3 February 2016 and date of maturity on 22 December 2016, has the lowest interest rate to date i.e. 2.00% p.a. The purpose of the commercial paper's issue is to disperse sources of short-term financing, mostly to obtain funds for seasonal financing of its operations, in compliance with the interim dynamics of the cash flow movement and optimizing costs of financing.

Resignation of a Management Board member

At the 17th correspondence session, the Supervisory Board of Gorenje, d.d. was informed about the statement of resignation handed in by the Management Board member and Chief Sales Officer Marko Mrzel. During the transitional period up until the enforcing of changes within the organisation of

the Gorenje Group, the relevant sales area was managed by Suad Hadžić, who also acted as the executive director of the Eastern European region.

Atag the most successful company of the Netherlands in 2015

Gorenje Group's daughter company Atag Netherland was chosen by the National Business Success Awards Institute as the most successful company of the Netherlands in 2015.



Gorenje a symbol of quality for Slovenians in 2016

The QUDAL – Quality Medal research, performed in Slovenia in January 2016 by the Zürich based international organization Icertas, shows that in terms of quality Slovenians see Gorenje home appliances as the best. In the QUDAL – Quality Medal research Slovenians were asked which white goods and home appliance manufacturers in their opinion guarantees the absolute highest level of quality. In this category Slovenians have placed Gorenje on the top of the list. The Slovenians placed Gorenje on the first place, whereby they recognise the quality of domestic brands also in other research sub-groups.



Gorenje Create Academy brings together business and universities to develop innovative products

Gorenje Group presented diplomas to the first generation of graduates of the Gorenje Create Academy – Gorenje's academy for new product development. This is a unique international educational program, a part of the Gorenje Corporate University, designed to encourage innovation at the company and upgrade and extend knowledge and skills for new product development. The program had Gorenje Group working with renowned universities from Ljubljana, the Netherlands, and Sweden.



MARCH

Gorenje the most trusted brand in Slovenia for a decade



It has been ten years since Slovenia first took part in the Trusted Brand research - one of the most extensive European consumer researches and Gorenje won the cherished title of the most trusted home appliance brand in Slovenia for the 10th consecutive time. The research, organized all over the world by the Reader's Digest magazine, aims to establish which brands earn the most trust with the Europeans; which are the most trusted domestic and foreign brands, the most trusted brands in ecology and the most trusted public figures.

foreign brands, the most trusted brands in ecology and the most trusted public figures.

The Gorenje by Starck design line fascinated Zagreb



In the company of numerous architects, interior designers and eminent Croatians, Gorenje presented its new designer collection created in cooperation with the French design star Philippe Starck, in the gorgeous ambiance of the French Pavilion in Zagreb.

APRIL

Gorenje Group presenting its premium brand Asko for the first time at the EuroCucina fair

Gorenje Group is for the first time presenting its premium home appliance brand ASKO at the EuroCucina fair in Milan which specialises in built-in appliances for the high end kitchen. This is a promising step for the Asko brand into the high end kitchen market in Italy.



» The decision to present Gorenje Group on EuroCucina for the first time with our premium brand Asko was well thought out and considering the first enthusiastic responses of business visitors also a very justified one. Acquiring the Asko brand we gained a brand with tradition in Scandinavia, Australia and the USA, specialised for

*dishwasher and laundry appliances, which we upgraded with premium cooking appliances. Doing so we built a firm foundation for a gradual but bold global growth of Asko as a full range supplier of the highest price segment, «
Franjo Bobinac, President of the Management Board.*

MAY

EIB provides EUR 50 million to Gorenje to develop a new generation of domestic appliances



The European Investment Bank (EIB) is lending EUR 50m to Gorenje Gospodinski aparati d.d. The EIB loan has a maturity of up to 7 years and will finance the Gorenje's 4-year research, development and innovation expenditure programme aimed at strengthening its innovative capacity by developing new domestic appliances and

upgrading its existing product range.

Gorenje brand dishwasher production launched in Velenje

Gorenje launched the production of its first dishwashers under the Gorenje brand on 12 May 2016. This will considerably extend their offer of major home appliances. Innovative SmartFlex dishwashers are a result of several years of development and a EUR 8m investment that includes a new automated assembly line.

Gorenje and BTC will bring back the legendary Rog Pony bicycle

Management Board President Franjo Bobinac and BTC Management Board President Jože Mermal signed on 25 May 2016 a letter of intent by which both companies announce their cooperation in reviving the bicycle brand Rog. Thus, the legendary Pony will hit the Slovenian streets again next spring with a fresh, improved look.



Gold award for the smart and economical washing machine designed by Gorenje's innovators



The Chamber of Commerce of the Savinja and Šalek Region presented on 26 May 2016 the awards for best innovations in the region for the past year. Gorenje's innovators won awards for all three entries, namely golden award for the Panasonic AutoCare washing machine, a result of joint development with the partner Panasonic Group; silver medal for the FiltrationSupreme glass door dryer, and Style Line flat water heater. This qualifies our innovators for the national best innovation contest of the Slovenian Chamber of Commerce and Industry.

JUNE

Gorenje and HIS sign agreement on divestment of majority shareholding in Publicus

Ekoinvest, d.o.o. as a subsidiary of Gorenje, d.d. and the company HIS gradbeništvo in inženiring, d.o.o., which holds a 35% equity interest in the company Publicus, d.o.o., signed an agreement to divest their majority shareholding in the company Publicus, d.o.o., Ljubljana, including the subsidiary Ekogor, d.o.o., Jesenice.

JULY

Gorenje's products firmly anchored among the design elite

Gorenje Group products won four prestigious Red Dot design awards this year. The 41-member jury believed they represent the current pinnacle of design in the home appliance industry. Gorenje's products have been constantly among the award-winning design elite for a good decade. In 2005, we were the first Slovenian enterprise to earn the Red Dot award for the design of its products. To date, the award was won with 35 products. This

bear witness to Gorenje Group's excellence in design, innovation, and high quality of the products marketed under our brands.



Gorenje Group added four more Red Dots to its extensive collection of these awards. This year, they were won by the Gorenje compact built-in oven with a TFT display and touch control; Atag Evolve kitchen hood; Atag Matrix compact multifunction oven; and Atag steam oven in graphite black. Since

2005 when we became the first Slovenian enterprise to win this coveted award, we have thus won Red Dots for 35 of our products and proudly earned our place among the design elite of home appliance manufacturers. Year in, year out, these awards bear witness to the excellence of our design, innovation, and high quality of products under the Gorenje Group brands.

SEPTEMBER

Gorenje Group at IFA 2016

At the leading fair of consumer electronics and household appliances, IFA in Berlin, Gorenje revealed a special edition of Gorenje Retro refrigerators, inspired by the design of the legendary and still extremely popular Volkswagen camper van, which has become (and remained) iconic among many generations. The vintage Volkswagen van personifies a relaxed and free lifestyle where one takes the time for the things that really matter and that enrich our lives. That very philosophy is what Gorenje is bringing into their customers' homes with the motto Life Simplified. This time it is embodied in the new generation of innovative SmartFlex dishwashers, the result of Gorenje's own development efforts, and a range of sophisticated household appliances: awarded steam ovens, new gas hobs, built-in refrigerators and much more. At this year's fair, which took place between the 1st and 7th of September, Gorenje was showcasing its signature designer product lines by celebrity designers Philippe Starck and Ora-ïto and offering a glimpse into the future of the kitchen by introducing a range of connected appliances under its premium brand Asko.



Gorenje Tiki celebrates 10 years of successful business in Stara Pazova



The Gorenje Tiki water heater factory celebrated on 16 September 2016 its 10th anniversary of the launch of production in Serbia. Gorenje Tiki is a part of the Gorenje Group, a major home appliance manufacturer on the world scale, whose products have been present in the Serbian market for over 65 years. Gorenje Tiki is the

fourth largest water heater manufacturer in Europe. Ninety percent of its products are exported to 34 countries across the globe, primarily to Germany, Austria, Croatia, and Russia. Domestic Serbian market is the third largest and Gorenje Tiki's market share there is 40 percent. In the ten years since start-up, 3.26 million appliances have been produced at the Stara Pazova plant. Following the introduction of new EU energy standards, we updated our electric water heater program last year, and added a newly developed domestic hot water and residential heating heat pump program. According to the 2020 Strategic Plan, the HVAC division (heating, ventilation and air conditioning) is developing a new range of products to be exported to the USA. Their launch in this market is planned for 2017.

Team of Gorenje and Panasonic innovators wins CCIS Golden Award for innovation



Slovenian Chamber of Commerce and Industry (CCIS) awarded its golden award for best innovation to Panasonic AutoCare washing machine, a result of Gorenje's and Panasonic's joint development. The washing machine with a capacity of 8 or 10 kg and a number of advanced functions is the first result of cooperation between the development teams from both companies. The development project lasted two years and a half.



End of due diligence period

Further to the prior public announcement on Monday 25th July 2016 that a due diligence process is being undertaken on Gorenje by Panasonic Corporation, Gorenje confirmed that the due diligence period finished on Friday 30th September 2016

OCTOBER

Best design solution award for Gorenje Lifestyle Magazine

At this year's POMP Forum event, Gorenje Lifestyle Magazine (year 2015) was nominated for two POMP awards for special achievements in content marketing: for "Best printed magazine/newspaper" and "Best design solution in content marketing"; in the latter, it won the award.



Gorenje Austria wins the Supplier of the year award



Gorenje brand is among the top five most recognized home appliance brands, and among top five by market share. Since the founding of Gorenje Austria 41 years ago and the slogan "Bewusst robust" (Deliberately Sturdy), Gorenje has developed into a provider of an all-around range of major appliances, renowned in particular for its designer items. Long-standing tradition and excellent customer

relations at every level of business, along with technological innovation in recent years, have resulted in a new breakthrough and growth across the distribution channels, which is also witnessed by the best supplier award. Gorenje won the Zac of the Year 2016 award presented to the best supplier of the year by Euronics Austria, a part of Euronics, the largest retail group in the world. Euronics presented the award to Gorenje for good products and services, excellent business relations, quick problem resolution, participation at tradeshow and fairs, and strong growth in this year

Asko winner of the Home Style Award by iF Design



Industrie Forum Design (iF Design), an institution with over 50 years tradition in the field of industrial design, presented Gorenje Group's premium brand ASKO with a prestigious Home Style Award. Established in 2008, the Home Style Award aims to drive the development of the international household product industry and to provide a platform to present the fashion, charm and attractiveness of contemporary interior design trends. This year's jury selected 60 designs from an international pool of submissions, and one of the prestigious winners was the ASKO dishwasher D5656.

NOVEMBER

Elle Decoration award for Gorenje by Starck and ASKO Pop Up Store

Elle Decoration, the Russian top magazine for interior design and architecture, marked its 15th anniversary and during the celebrations awarded

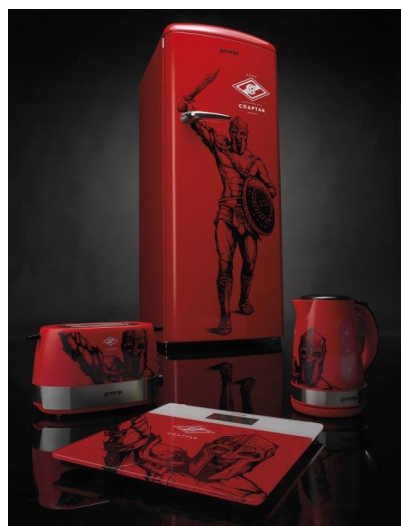
businesses related to interior design and decoration; awards were given to the best decorators, architects and designers. Our designer co-branded collection Gorenje by Starck, which was created in collaboration with the renowned designer Philippom Starck, was voted the winner in the Best Household Appliances category. In the category for Russian special design, the award went to ASKO Pop Up Store by Ekaterina Elizarova.



Completion of procedure

Panasonic Corporation, which in the period from July 2016 and September 2016 undertook a due diligence review of Gorenje, d.d. and examined the possibility of proposing to increase its equity interest in Gorenje adopted the decision that increasing its stake in the respective company is not in line with its investment strategy.

Gorenje launches a line-up of Spartak branded appliances



For several years, Russia has been one of the key markets for Gorenje Group. Through a partnership with Spartak Moscow football club, Gorenje is increasing its brand awareness throughout the whole CIS region as Spartak is the most popular football club in the territory of ex-Soviet Union. This year we have extended our partnership by launching a line-up of Spartak-branded domestic appliances.

We are represented in Russia with Gorenje and Asko brands, thus covering all price segments with our distribution network extending all across Russian Federation; from Kaliningrad to Vladivostok. In 2016, we have increased our market share

in key product groups.

Gorenje Group has the best annual report

In the best annual report contest held every year by the Finance Business Academy, Gorenje Group won in the category of large enterprises, winning the Best Annual Report Award for 2015 based on the opinion of the expert jury. We were also the best in two sub-categories: we had the best annual report in terms of communication, and with regard to risk management and corporate governance.



DECEMBER

More than 5 million Gorenje refrigerators in 10 years of successful operations



Gorenje Valjevo cold appliance factory celebrated today its 10th anniversary of successful operations in Serbia. Gorenje's factory in Valjevo, a greenfield investment, has been continuously increasing its manufacturing output for the last 10 years. The plant's output to date totals at over 5 million refrigerators sold in the markets of Serbia, Europe, and globally. Today, the factory has over 1,500

employees and works with more than 60 local suppliers.

Kick-starting the new generation of the Rog Pony bike



After several years of halted production of the legendary Pony bikes in Slovenia, we started to write a new story of the renowned and popular means of transportation that had thousands of fans. The new generation of the Pony bikes is manufactured by the company GOR Kolesa, owned by the company BTC d.d. and Gorenje d.d., which also bought the brand.

The new Pony bikes that are earmarked for the younger as well as older generations, can be acquired already in the pre-sale

via the web site www.rogbikes.com; customers can choose between 28 different versions. A special offer is in place for the first 500 bikes, which are numbered and part of a unique series with a Brooks seat. The pre-sale will last until spring when the company will open a special store in Ljubljana, where the Rog bike enthusiasts may also engage in test drives.

Gorenje Group is the best employer in Serbia



At the ceremony of annual awards of the Serbian Association of Managers (SAM), Gorenje received, among very strong competition, the prestigious Best Employer Award in the category of large companies. According to SAM members, the Gorenje Group provided in 2016 the best

conditions for business operations and development of employees in Serbia.

ACCOUNTING REPORT

Fundamental accounting policies and significant notes to the financial statements

Unaudited consolidated financial statements of the Gorenje Group for the period January-December 2016 have been prepared in compliance with provision of the Companies Act, the International Financial Reporting Standards (IFRSs) as announced by the International Accounting Standards Boards, and interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union.

Unaudited financial statements of Gorenje, d.d. for the period January-December 2016 have been prepared in accordance with provisions of the Companies Act and the International Financial Reporting Standards (IFRSs). Transition to and implementation of IFRSs was confirmed by Gorenje's Shareholders' Meeting at its 9th regular session held on 29 June 2006.

Comparable information is in a material scope harmonised with the presentation of information during the current year. Where necessary, comparable information was adjusted in such a way that it matched the presentation of information for the current year.

Changes in the Composition of Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including 31 December 2016 were as follows:

- As at 5 February 2016, the company Gorenje EKOINVEST, d.o.o., Velenje sold its investment in Gorenje Surovina Fotoreciklaža, d.o.o., Maribor.
- As at 16 February 2016, the company Kemis SRS, d.o.o., Bosnia and Herzegovina started liquidation procedures, which were concluded on 30 May 2016.
- As at 3 May 2016, the company Gorenje design studio, d.o.o., Velenje started liquidation procedures.
- As at 10 May 2016, the company GOR Kolesa, d.o.o. was established with its registered office in Velenje. Its sole owner is the company Gorenje d.d., Velenje. As at 17 October 2016, the company GOR Kolesa was joined by a new shareholder i.e. the company BTC. The equity interest of Gorenje, d.d., in the company GOR Kolesa upon the joining of the stakeholder BTC amounts 61.5385%, while the interest of BTC is 38.4615%. Both owners will unanimously decide on all matters for the period of two and a half years from the date of the signed contract on ownership (17 October 2016).
- As at 28 June 2016, the entire equity interest (51%) in the company »Euro Lumi & Surovina« SH.P.K., Kosovo was sold to this company's other owner.
- As at 29 June 2016, a contract on the sale of equity interests in PUBLICUS, d.o.o., Ljubljana was signed.
- As at 29 June 2016, the liquidation procedure for the company Gorenje OY, Finland, which was fully (100%) owned by Gorenje Group Nordic A/S from Denmark, was completed.
- As at 2 September 2016, the company Gorenje AEC limited liability company, Thailand, was established with Gorenje Beteiligungs GmbH holding a 99.0% share, Gorenje Nederland BV, the Netherlands a 0.5% interest and Gorenje Corporate GmbH holding a 0.5% interest.
- As at 12 October 2016, the company Gorenje HS, Podjetje za storitve in prodajo opreme za dom, d.o.o., Velenje was established. Gorenje d.d., Velenje holds a 65 percent equity interest in this company.

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- As at 19 October 2016, the company Gorenje aparati za domačinstvo, d.o.o., Serbia acquired the company Novi Elind, d.o.o., Serbia.
- As at 8 November 2016, the company INDOP Gorenje GmbH, Germany was established and its sole owner (100%) is the company Indop, d.o.o., Šoštanj.

In addition to the parent company Gorenje, d.d., the following companies were as at 31 December 2016 included in the consolidated financial statements of the Gorenje Group:

| Companies operating in Slovenia | | Equity interest in % | Business segment |
|--|--|-----------------------------|-------------------------|
| 1. | Gorenje I.P.C., d.o.o., Velenje | 100.00 | CAH |
| 2. | Gorenje GTI, d.o.o., Velenje | 100.00 | NCA |
| 3. | Gorenje Gostinstvo, d.o.o., Velenje | 100.00 | NCA |
| 4. | Energygor, d.o.o., Velenje | 100.00 | NCA |
| 5. | Kemis, d.o.o., Vrhnika | 100.00 | NCA |
| 6. | Gorenje Orodjarna, d.o.o., Velenje | 100.00 | NCA |
| 7. | ZEOS, d.o.o., Ljubljana | 51.00 | NCA |
| 8. | Gorenje Surovina, d.o.o., Maribor | 100.00 | NCA |
| 9. | Indop, d.o.o., Šoštanj | 100.00 | NCA |
| 10. | ERICo, d.o.o., Velenje | 51.00 | NCA |
| 11. | Gorenje GAIO, d.o.o., Šoštanj | 100.00 | NCA |
| 12. | Gorenje GSI, d.o.o., Ljubljana | 100.00 | CAH |
| 13. | Gorenje Keramika, d.o.o., Velenje | 100.00 | NCA |
| 14. | Gorenje Studio, d.o.o., Ljubljana | 100.00 | CAH |
| 15. | Gorenje EKOINVEST, d.o.o., Velenje | 100.00 | NCA |
| 16. | Gorenje HS, Podjetje za storitve in prodajo opreme za dom, d.o.o., Velenje | 65.00 | NCA |

| Foreign operations | | Equity interest in % | Business segment |
|---------------------------|---|-----------------------------|-------------------------|
| 1. | Gorenje Beteiligungs GmbH, Austria | 100.00 | CAH |
| 2. | Gorenje Austria Handels GmbH, Austria | 100.00 | CAH |
| 3. | Gorenje Vertriebs GmbH, Germany | 100.00 | CAH |
| 4. | Gorenje Körting Italia S.r.l., Italy | 100.00 | CAH |
| 5. | Gorenje France S.A.S., France | 100.00 | CAH |
| 6. | Gorenje Espana, S.L., Spain | 100.00 | CAH |
| 7. | Gorenje UK Ltd., Great Britain | 100.00 | CAH |
| 8. | Gorenje Group Nordic A/S, Denmark | 100.00 | CAH |
| 9. | Gorenje spol. s r.o., Czech Republic | 100.00 | CAH |
| 10. | Gorenje real spol. s r.o., Czech Republic | 100.00 | CAH |
| 11. | Gorenje Slovakia s.r.o., Slovakia | 100.00 | CAH |
| 12. | Gorenje Magyarország Kft., Hungary | 100.00 | CAH |
| 13. | Gorenje Polska Sp. z o.o., Poland | 100.00 | CAH |
| 14. | Gorenje Bulgaria EOOD, Bulgaria | 100.00 | CAH |
| 15. | Gorenje Zagreb, d.o.o., Croatia | 100.00 | CAH |

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| | | | |
|-----|--|--------|-----|
| 16. | Gorenje Skopje, d.o.o., Macedonia | 100.00 | CAH |
| 17. | Gorenje Commerce, d.o.o., Bosnia and Herzegovina | 100.00 | CAH |
| 18. | Gorenje, d.o.o., Serbia | 100.00 | CAH |
| 19. | Gorenje Podgorica, d.o.o., Montenegro | 99.975 | CAH |
| 20. | Gorenje Romania S.r.l., Romania | 100.00 | CAH |
| 21. | Gorenje aparati za domaćinstvo, d.o.o., Serbia | 100.00 | CAH |
| 22. | Mora Moravia s r.o., Czech Republic | 100.00 | CAH |
| 23. | Gorenje - kuchyně spol. s r.o., Czech Republic | 100.00 | CAH |
| 24. | KEMIS-Termoclean, d.o.o., Croatia | 100.00 | NCA |
| 25. | Kemis - BH, d.o.o., Bosnia and Herzegovina | 100.00 | NCA |
| 26. | Gorenje Studio, d.o.o., Serbia | 100.00 | CAH |
| 27. | Gorenje Gulf FZE, United Arab Emirates | 100.00 | CAH |
| 28. | Gorenje Tiki, d.o.o., Serbia | 100.00 | CAH |
| 29. | Gorenje Istanbul Ltd., Turkey | 100.00 | CAH |
| 30. | Gorenje TOV, Ukraine | 100.00 | CAH |
| 31. | ST Bana Nekretnine, d.o.o., Serbia | 100.00 | NCA |
| 32. | Kemis Valjevo, d.o.o, Serbia | 100.00 | NCA |
| 33. | ATAG Nederland BV, the Netherlands | 100.00 | CAH |
| 34. | ATAG België NV, Belgium | 100.00 | CAH |
| 35. | Intell Properties BV, the Netherlands | 100.00 | CAH |
| 36. | Gorenje Nederland BV, the Netherlands | 100.00 | CAH |
| 37. | Gorenje Kazakhstan, TOO, Kazakhstan | 100.00 | CAH |
| 38. | OOO Gorenje BT, Russia | 100.00 | CAH |
| 39. | Gorenje GTI, d.o.o., Beograd, Serbia | 100.00 | NCA |
| 40. | Asko Appliances AB, Sweden | 100.00 | CAH |
| 41. | Gorenje North America, Inc., USA | 100.00 | CAH |
| 42. | Asko Appliances Pty, Australia | 100.00 | CAH |
| 43. | Asko Appliances OOO, Russia | 100.00 | CAH |
| 44. | »Gorenje Albania« SHPK, Albania | 100.00 | CAH |
| 45. | Gorenje Home d.o.o., Zaječar, Serbia | 100.00 | CAH |
| 46. | Gorenje Ekologija, d.o.o., Stara Pazova, Serbia | 100.00 | NCA |
| 47. | Gorenje Corporate GmbH, Austria | 100.00 | CAH |
| 48. | Cleaning system S, d.o.o., Serbia | 100.00 | NCA |
| 49. | ZEOS eko-sistem d.o.o., Bosnia and Herzegovina | 49.45 | NCA |
| 50. | Gorenje do Brasil Ltda., Brasil | 100.00 | CAH |
| 51. | Gorenje Asia Ltd., China | 100.00 | CAH |
| 52. | Gorenje MDM d. o. o. Kragujevac, Serbia | 100.00 | NCA |
| 53. | Gorenje Chile SpA, Chile | 100.00 | CAH |
| 54. | Gorenje AEC, limited liability company, Thailand | 100.00 | CAH |
| 55. | INDOP GORENJE GmbH, Germany | 100.00 | NCA |
| 56. | Novi Elind, d.o.o., Serbia | 100.00 | CAH |

CAH – Core activity Home
NCA – Non-core activities

Associates:

- Gorenje Projekt, d.o.o., Velenje
- GGE družba za izvajanje energetske storitve, d.o.o. (GGE d.o.o.), Ljubljana
- Gorenje Projekt, d.o.o., Belgrade, Serbia
- EKON ELEKTRON Ltd. Skopje, Macedonia
- K.Tivoli, inženiring, gradnja, d.o.o., Ljubljana
- GGE EOL družba za izvajanje energetske storitve, d.o.o., Ljubljana
- GGE društvo s omejenom odgovornostjo za svetovanje i usluge, Zagreb, Croatia
- Društvo za proizvodnju i promet »GGE Montenegro« sa omejenom odgovornostju – Podgorica, Montenegro
- Društvo za izvođenje energetske usluga GGE ESCO d.o.o. Beograd-Stari Grad, Serbia
- GGE Bulgaria OOD, Sofia, Bulgaria
- GGE Netherlands B.V., the Netherlands
- GOR Kolesa, d.o.o., Velenje

Representative offices of Gorenje, d.d., abroad:

- in Kiev (Ukraine),
- in Almaty (Kazakhstan), and
- in Kishinev (Moldova).

Unaudited Consolidated Financial Statements of the Gorenje Group

Consolidated Balance Sheet of the Gorenje Group

| EURk | Balance at 31 Dec 2015 | % | Balance at 31 Dec 2016 | % |
|--|---------------------------|---------------|------------------------------|---------------|
| ASSETS | 1,101,274 | 100.0% | 1,131,829 | 100.0% |
| Non-current assets | 614,125 | 55.8% | 637,181 | 56.3% |
| Intangible assets | 196,032 | 17.8% | 208,872 | 18.4% |
| Property, plant and equipment | 366,210 | 33.3% | 375,709 | 33.2% |
| Investment property | 17,148 | 1.6% | 14,957 | 1.3% |
| Non-current investments | 2,942 | 0.3% | 6,563 | 0.6% |
| Investments in associates | 1,570 | 0.1% | 2,945 | 0.3% |
| Non-current trade receivables | 5,743 | 0.5% | 2,481 | 0.2% |
| Deferred tax assets | 24,480 | 2.2% | 25,654 | 2.3% |
| Current assets | 487,149 | 44.2% | 494,648 | 43.7% |
| Non-current assets held for sale | 309 | 0.0% | 314 | 0.0% |
| Inventories | 225,906 | 20.5% | 225,954 | 20.0% |
| Current investments | 16,370 | 1.5% | 8,791 | 0.8% |
| Trade receivables | 161,020 | 14.6% | 165,816 | 14.6% |
| Other current assets | 51,934 | 4.7% | 58,531 | 5.2% |
| Cash and cash equivalents | 31,610 | 2.9% | 35,242 | 3.1% |
| EQUITY AND LIABILITIES | 1,101,274 | 100.0% | 1,131,829 | 100.0% |
| Equity | 368,062 | 33.4% | 374,238 | 33.1% |
| Share capital | 101,922 | 9.2% | 101,922 | 9.0% |
| Share premium | 174,502 | 15.8% | 174,502 | 15.4% |
| Revenue reserves | 99,301 | 9.0% | 99,301 | 8.8% |
| Treasury shares | -3,170 | -0.3% | -3,170 | -0.3% |
| Retained earnings | 1,943 | 0.2% | 9,866 | 0.9% |
| Translation reserve | -19,049 | -1.7% | -17,071 | -1.5% |
| Fair value reserve | 9,485 | 0.9% | 6,724 | 0.6% |
| Equity of holders of the parent | 364,934 | 33.1% | 372,074 | 32.9% |
| Equity of non-controlling interests | 3,128 | 0.3% | 2,164 | 0.2% |
| Non-current liabilities | 345,298 | 31.4% | 350,687 | 31.0% |
| Provisions | 62,269 | 5.7% | 64,143 | 5.7% |
| Deferred income | 5,350 | 0.5% | 5,037 | 0.4% |
| Non-current operating liabilities | 4,178 | 0.4% | 3,672 | 0.3% |
| Deferred tax liabilities | 2,515 | 0.2% | 2,219 | 0.2% |
| Non-current financial liabilities | 270,986 | 24.6% | 275,616 | 24.4% |
| Current liabilities | 387,914 | 35.2% | 406,904 | 35.9% |
| Current financial liabilities | 91,038 | 8.2% | 101,226 | 8.9% |
| Trade payables | 221,027 | 20.1% | 223,725 | 19.8% |
| Other current liabilities | 75,849 | 6.9% | 81,953 | 7.2% |

Consolidated Income Statement of the Gorenje Group

| EURk | Q4 2015 | % | Q4 2016 | % | 2015 | % | 2016 | % |
|--|----------------|---------------|----------------|---------------|------------------|---------------|------------------|---------------|
| Revenue | 349,815 | 99.9% | 357,271 | 100.3% | 1,225,029 | 96.4% | 1,258,124 | 97.9% |
| Change in inventories of products and work in progress | -18,290 | -5.2% | -9,804 | -2.8% | 13,370 | 1.1% | 5,200 | 0.4% |
| Other operating income | 18,558 | 5.3% | 8,755 | 2.5% | 31,866 | 2.5% | 21,871 | 1.7% |
| Gross profit | 350,083 | 100.0% | 356,222 | 100.0% | 1,270,265 | 100.0% | 1,285,195 | 100.0% |
| Cost of goods, materials and services | -254,041 | -72.6% | -264,629 | -74.3% | -937,245 | -73.8% | -942,154 | -73.3% |
| Employee benefits expense | -60,155 | -17.2% | -59,517 | -16.7% | -231,362 | -18.2% | -235,325 | -18.3% |
| Amortisation and depreciation expense | -11,141 | -3.3% | -11,713 | -3.3% | -45,644 | -3.6% | -47,055 | -3.7% |
| Other operating expenses | -6,614 | -1.9% | -5,382 | -1.5% | -21,570 | -1.7% | -20,470 | -1.6% |
| Operating profit | 18,132 | 5.1% | 14,981 | 4.2% | 34,444 | 2.7% | 40,191 | 3.1% |
| Finance income | 2,691 | 0.8% | 2,491 | 0.7% | 7,396 | 0.6% | 6,157 | 0.5% |
| Finance expenses | -17,766 | -5.1% | -12,310 | -3.4% | -46,188 | -3.6% | -33,192 | -2.6% |
| Net finance expenses | -15,075 | -4.3% | -9,819 | -2.7% | -38,792 | -3.0% | -27,035 | -2.1% |
| Share in profits or losses in associates | 217 | 0.1% | 26 | 0.0% | 360 | 0.0% | 84 | 0.0% |
| Profit or loss before tax | 3,274 | 0.9% | 5,188 | 1.5% | -3,988 | -0.3% | 13,240 | 1.0% |
| Income tax expense | -1,880 | -0.5% | -902 | -0.3% | -4,000 | -0.3% | -4,810 | -0.4% |
| Profit or loss for the period | 1,394 | 0.4% | 4,286 | 1.2% | -7,988 | -0.6% | 8,430 | 0.6% |
| Attributable to non-controlling interests | 93 | 0.0% | 252 | 0.1% | 215 | 0.0% | 436 | 0.0% |
| Attributable to equity holders of the parent | 1,301 | 0.4% | 4,034 | 1.1% | -8,203 | -0.6% | 7,994 | 0.6% |
| Basic and diluted earnings per share (in EUR) | 0.05 | | 0.17 | | -0.34 | | 0.33 | |

Consolidated Statement of Other Comprehensive Income of the Gorenje Group

| EURk | 2015 | 2016 |
|--|----------------|---------------|
| Profit or loss for the period | -7,988 | 8,430 |
| Other comprehensive income | | |
| Items that will not be reclassified subsequently to profit or loss | -1,793 | -1,976 |
| Change in fair value of land | 628 | -1,533 |
| Actuarial gains or losses | -2,590 | -332 |
| Income tax on other comprehensive income | 169 | -111 |
| Items that may be reclassified subsequently to profit or loss | -1,083 | 1,193 |
| Net change in fair value of available-for-sale financial assets | 13 | -33 |
| Effective portion of changes in gains and losses on cash flow hedges | -527 | -1,531 |
| Effective portion of changes in gains and losses on cash flow hedges, reclassified to profit or loss | 867 | 594 |
| Income tax on other comprehensive income | 13 | 185 |
| Translation reserve | -1,449 | 1,978 |
| Other comprehensive income for the period | -2,876 | -783 |
| Total comprehensive income for the period | -10,864 | 7,647 |
| Attributable to equity holders of the parent | -11,079 | 7,211 |
| Attributable to non-controlling interests | 215 | 436 |

Consolidated Statement of Cash Flows of the Gorenje Group

| EURk | 2015 | 2016 |
|---|----------------|----------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit or loss for the period | -7,988 | 8,430 |
| Adjustments for: | | |
| -Depreciation of property, plant and equipment | 36,776 | 37,724 |
| -Amortisation of intangible assets | 8,868 | 9,331 |
| -Investment income | -7,396 | -6,157 |
| -Finance expenses | 46,188 | 33,192 |
| -Gain on sale of property, plant and equipment | -2,671 | -254 |
| -Income tax expense | 4,000 | 4.810 |
| Operating profit before changes in net operating current assets and provisions | 77,777 | 87.076 |
| Change in trade and other receivables | 12,493 | -14.565 |
| Change in inventories | -6,107 | -54 |
| Change in provisions | -1,776 | 1.719 |
| Change in trade and other payables | 5,588 | 11.508 |
| Cash generated from operations | 10,198 | -1.392 |
| Interest paid | -18,868 | -15.627 |
| Income tax paid | -5,137 | -5.223 |
| Net cash from operating activities | 63,970 | 64.834 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of property, plant and equipment | 10,131 | 2,510 |
| Proceeds from sale of investment property | 1,448 | 2,253 |
| Interest received | 1,877 | 913 |
| Dividends received | 52 | 136 |
| Divestment of subsidiary | 0 | 454 |
| Acquisition of property, plant and equipment | -52,375 | -59,412 |
| Acquisition of investment property | -37 | 0 |
| Acquisition of subsidiary exclusive of acquired financial assets | 0 | -710 |
| Acquisition of associate exclusive of acquired financial assets | 0 | -1,530 |
| Other investments | 1,885 | 1,747 |
| Acquisition of intangible assets | -23,084 | -23,819 |
| Net cash used in investing activities | -60,103 | -77,458 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Borrowings/Repayment of borrowings | -6,861 | 16,256 |
| Dividends paid | -1,458 | 0 |
| Net cash used in financing activities | -8,319 | 16,256 |
| Net change in cash and cash equivalents | -4,452 | 3,632 |
| Cash and cash equivalents at beginning of period | 36,062 | 31,610 |
| Cash and cash equivalents at end of period | 31,610 | 35,242 |

Consolidated Statement of Change in Equity of the Gorenje Group

| EURk | Share capital | Share premium | Revenue reserves | | | | Treasury shares | Retained earnings | | Translation reserve | Fair value reserve | Equity holders of the parent | Non-controlling interests | Total |
|--|----------------|----------------|------------------|--------------------|------------------------|------------------------|-----------------|--------------------------------------|-------------------------------|---------------------|--------------------|------------------------------|---------------------------|----------------|
| | | | Legal reserves | Statutory reserves | Treasury share reserve | Other revenue reserves | | Profit or loss from previous periods | Profit or loss for the period | | | | | |
| Opening balance at 1 Jan 2015 | 101,922 | 175,698 | 12,896 | 7,556 | 3,170 | 75,679 | -3,170 | 12,829 | -2,464 | -17,600 | 10,912 | 377,428 | 2,839 | 380,267 |
| Total comprehensive income for the period | | | | | | | | | | | | | | |
| Profit or loss for the period | | | | | | | | | -8,203 | | | -8,203 | 215 | -7,988 |
| Total other comprehensive income | | | | | | | | | | -1,449 | -1,427 | -2,876 | 0 | -2,876 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -8,203 | -1,449 | -1,427 | -11,079 | 215 | -10,864 |
| Transactions with owners (when acting as owners) recognised directly in equity | | | | | | | | | | | | | | |
| Contributions by owners and distribution to owners | | | | | | | | | | | | | | |
| Transfer of profit or loss from previous period to retained earnings or losses | | | | | | | | -2,464 | 2,464 | | | 0 | | 0 |
| Dividend payout | | | | | | | | -1,458 | | | | -1,458 | | -1,458 |
| Transfer of the fair value reserve for land to retained earnings or losses | | | | | | | | 43 | | | | 43 | | 43 |
| Coverage of loss for 2015 pursuant to Management Board's decision | | -1,196 | | | | | | -2,805 | 4,001 | | | 0 | | 0 |
| Total contributions by owners and distributions to owners | 0 | -1,196 | 0 | 0 | 0 | 0 | 0 | -6,684 | 6,465 | 0 | 0 | -1,415 | 0 | -1,415 |
| Change in equity interests in subsidiaries that do not result in a loss of control | | | | | | | | | | | | | | |
| Change in equity interests | | | | | | | | | | | | 0 | 74 | 74 |
| Total changes in equity interests in subsidiaries | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 74 | 74 |
| Total transactions with owners | 0 | -1,196 | 0 | 0 | 0 | 0 | 0 | -6,684 | 6,465 | 0 | 0 | -1,415 | 74 | -1,341 |
| Closing balance at 31 Dec 2015 | 101,922 | 174,502 | 12,896 | 7,556 | 3,170 | 75,679 | -3,170 | 6,145 | -4,202 | -19,049 | 9,485 | 364,934 | 3,128 | 368,062 |

Unaudited Consolidated Financial Statements
January-December 2016

| EURk | Share capital | Share premium | Revenue reserves | | | | Treasury shares | Retained earnings | | Translation reserve | Fair value reserve | Equity holders of the parent | Non-controlling interests | Total |
|---|----------------|----------------|------------------|--------------------|------------------------|------------------------|-----------------|--------------------------------------|-------------------------------|---------------------|--------------------|------------------------------|---------------------------|----------------|
| | | | Legal reserves | Statutory reserves | Treasury share reserve | Other revenue reserves | | Profit or loss from previous periods | Profit or loss for the period | | | | | |
| Opening balance at 1 Jan 2016 | 101,922 | 174,502 | 12,896 | 7,556 | 3,170 | 75,679 | -3,170 | 6,145 | -4,202 | -19,049 | 9,485 | 364,934 | 3,128 | 368,062 |
| Total comprehensive income for the period | | | | | | | | | | | | | | |
| Profit or loss for the period | | | | | | | | | 7,994 | | | 7,994 | 436 | 8,430 |
| Total other comprehensive income | | | | | | | | | | 1,978 | -2,761 | -783 | 0 | -783 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,994 | 1,978 | -2,761 | 7,211 | 436 | 7,647 |
| Transactions with owners (when acting as owners) recognised directly in equity | | | | | | | | | | | | | | |
| Contributions by owners and distribution to owners | | | | | | | | | | | | | | |
| Transfer of profit or loss from previous period to retained earnings or losses | | | | | | | | -4,202 | 4,202 | | | 0 | | 0 |
| Transfer of fair value reserve for retirement benefits to retained earnings or losses | | | | | | | | -71 | | | | -71 | | -71 |
| Total contributions by owners and distributions to owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -4,273 | 4,202 | 0 | 0 | -71 | 0 | -71 |
| Change in equity interests in subsidiaries that do not result in a loss of control | | | | | | | | | | | | | | |
| Change in equity interests | | | | | | | | | | | | 0 | -1,400 | -1,400 |
| Total changes in equity interests in subsidiaries | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1,400 | -1,400 |
| Total transactions with owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -4,273 | 4,202 | 0 | 0 | -71 | -1,400 | -1,471 |
| Closing balance at 31 Dec 2016 | 101,922 | 174,502 | 12,896 | 7,556 | 3,170 | 75,679 | -3,170 | 1,872 | 7,994 | -17,071 | 6,724 | 372,074 | 2,164 | 374,238 |

Unaudited Financial Statements of Gorenje, d.d.

Balance Sheet of Gorenje, d.d.

| EURk | Balance at 31 Dec 2015 | % | Balance at 31 Dec 2016 | % |
|-----------------------------------|---------------------------|---------------|---------------------------|---------------|
| ASSETS | 959,570 | 100.0% | 987,867 | 100.0% |
| Non-current assets | 520,038 | 54.2% | 596,127 | 60.3% |
| Intangible assets | 44,509 | 4.6% | 59,396 | 6.0% |
| Property, plant and equipment | 193,572 | 20.2% | 205,416 | 20.8% |
| Investment property | 15,276 | 1.6% | 12,948 | 1.3% |
| Investments in subsidiaries | 246,863 | 25.7% | 295,745 | 29.9% |
| Investments in associates | 509 | 0.1% | 2,064 | 0.2% |
| Other non-current investments | 1,690 | 0.2% | 2,029 | 0.2% |
| Deferred tax assets | 17,619 | 1.8% | 18,529 | 1.9% |
| Current assets | 439,532 | 45.8% | 391,740 | 39.7% |
| Inventories | 91,986 | 9.6% | 88,564 | 9.0% |
| Current investments | 182,911 | 19.1% | 144,432 | 14.6% |
| Trade receivables | 145,322 | 15.1% | 130,860 | 13.3% |
| Other current assets | 11,714 | 1.2% | 13,141 | 1.3% |
| Cash and cash equivalents | 7,599 | 0.8% | 14,743 | 1.5% |
| EQUITY AND LIABILITIES | 959,570 | 100.0% | 987,867 | 100.0% |
| Equity | 358,914 | 37.5% | 361,554 | 36.6% |
| Share capital | 101,922 | 10.6% | 101,922 | 10.3% |
| Share premium | 156,639 | 16.3% | 156,639 | 15.9% |
| Revenue reserves | 99,301 | 10.4% | 99,301 | 10.0% |
| Treasury shares | -3,170 | -0.3% | -3,170 | -0.3% |
| Retained earnings | 0 | 0.0% | 3,628 | 0.4% |
| Fair value reserve | 4,222 | 0.5% | 3,234 | 0.3% |
| Non-current liabilities | 271,101 | 28.2% | 276,592 | 28.0% |
| Provisions | 21,418 | 2.2% | 20,940 | 2.1% |
| Non-current financial liabilities | 249,683 | 26.0% | 255,652 | 25.9% |
| Current liabilities | 329,555 | 34.3% | 349,721 | 35.4% |
| Current financial liabilities | 144,470 | 15.1% | 151,489 | 15.3% |
| Trade payables | 167,363 | 17.4% | 177,734 | 18.0% |
| Other current liabilities | 17,722 | 1.8% | 20,498 | 2.1% |

Income Statement of Gorenje, d.d.

| EURk | Q4 2015 | % | Q4 2016 | % | 2015 | % | 2016 | % |
|--|----------------|---------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Revenue | 194,969 | 97.8% | 202,078 | 101.6% | 683,408 | 97.0% | 710,040 | 99.2% |
| Change in inventories of products and work in progress | -5,177 | -2.6% | -5,518 | -2.8% | 4,522 | 0.6% | -3,175 | -0.4% |
| Other operating income | 9,655 | 4.8% | 2,389 | 1.2% | 16,876 | 2.4% | 8,766 | 1.2% |
| Gross profit | 199,447 | 100.0% | 198,949 | 100.0% | 704,806 | 100.0% | 715,631 | 100.0% |
| Cost of goods, materials and services | -153,396 | -76.9% | -163,933 | -82.4% | -559,895 | -79.4% | -574,591 | -80.3% |
| Employee benefits expense | -27,259 | -13.7% | -27,524 | -13.8% | -99,791 | -14.2% | -102,769 | -14.4% |
| Amortisation and depreciation expense | -6,039 | -3.0% | -6,865 | -3.5% | -23,960 | -3.4% | -25,132 | -3.5% |
| Other operating expenses | -1,683 | -0.8% | -935 | -0.5% | -5,700 | -0.8% | -4,311 | -0.6% |
| Operating profit | 11,070 | 5.6% | -308 | -0.2% | 15,460 | 2.2% | 8,828 | 1.2% |
| Finance income | 4,515 | 2.3% | 3,894 | 2.0% | 14,546 | 2.1% | 13,616 | 1.9% |
| Finance expenses | -12,314 | -6.2% | -5,015 | -2.5% | -33,063 | -4.7% | -18,782 | -2.6% |
| Net finance expenses | -7,799 | -3.9% | -1,121 | -0.5% | -18,517 | -2.6% | -5,166 | -0.7% |
| Profit or loss before tax | 3,271 | 1.7% | -1,429 | -0.7% | -3,057 | -0.4% | 3,662 | 0.5% |
| Income tax expense | -903 | -0.5% | 986 | 0.5% | -944 | -0.1% | 37 | 0.0% |
| Profit or loss for the period | 2,368 | 1.2% | -443 | -0.2% | -4,001 | -0.5% | 3,699 | 0.5% |
| Basic and diluted earnings per share (in EUR) | 0,10 | | -0,02 | | -0,16 | | 0,15 | |

Statement of Other Comprehensive Income of Gorenje, d.d.

| EURk | 2015 | 2016 |
|--|---------------|--------------|
| Profit or loss for the period | -4,001 | 3,699 |
| Other comprehensive income | | |
| Items that will not be reclassified subsequently to profit or loss | -1,516 | -256 |
| Change in fair value of land | -43 | 0 |
| Actuarial gains or losses | -1,617 | -137 |
| Income tax on other comprehensive income | 144 | -119 |
| Items that may be reclassified subsequently to profit or loss | -64 | -732 |
| Net change in fair value of available-for-sale financial assets | 13 | -33 |
| Effective portion of changes in gains and losses on cash flow hedges | -958 | -1,479 |
| Effective portion of changes in gains and losses on cash flow hedges, reclassified to profit or loss | 867 | 594 |
| Income tax on other comprehensive income | 14 | 186 |
| Other comprehensive income for the period | -1,580 | -988 |
| Total comprehensive income for the period | -5,581 | 2,711 |

Statement of Cash Flows of Gorenje, d.d.

| EURk | 2015 | 2016 |
|---|----------------|----------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit or loss for the period | -4,001 | 3,699 |
| Adjustments for: | | |
| -Depreciation of property, plant and equipment | 19,488 | 20,556 |
| -Amortisation of intangible assets | 4,472 | 4,576 |
| -Investment income | -14,546 | -13,616 |
| -Finance expenses | 33,063 | 18,782 |
| -Gain on sale of property, plant and equipment | -225 | -94 |
| -Income tax expense | 944 | -37 |
| Operating profit before changes in net operating assets and provisions | 39,195 | 33,866 |
| Change in trade and other receivables | 21,448 | 12,638 |
| Change in inventories | 4,152 | 3,422 |
| Change in provisions | -511 | -478 |
| Change in trade and other payables | 1,369 | 10,578 |
| Cash generated from operations | 26,458 | 26,160 |
| Interest paid | -18,510 | -15,644 |
| Income tax paid | -1,050 | -426 |
| Net cash from operating activities | 46,093 | 43,956 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of property, plant and equipment | 1,964 | 405 |
| Proceeds from sale of investment property | 1,448 | 2,253 |
| Interest received | 6,403 | 5,358 |
| Dividends received | 4,026 | 2,704 |
| Sale of subsidiary | 0 | 9,760 |
| Acquisition of subsidiary | -8,500 | -55,258 |
| Acquisition of associate | -168 | -1,530 |
| Acquisition of property, plant and equipment | -34,324 | -32,469 |
| Acquisition of investment property | -37 | 0 |
| Other investments | -48,130 | 40,739 |
| Acquisition of intangible assets | -15,738 | -19,522 |
| Net cash used in investing activities | -93,056 | -47,560 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Borrowing / Repayment of borrowings | 45,766 | 10,748 |
| Dividends paid | -1,458 | 0 |
| Net cash used in financing activities | 44,308 | 10,748 |
| Net change in cash and cash equivalents | -2,655 | 7,144 |
| Cash and cash equivalents at beginning of period | 10,254 | 7,599 |
| Cash and cash equivalents at end of period | 7,599 | 14,743 |

Statement of Changes in Equity of Gorenje, d.d.

| EURk | Share capital | Share premium | Revenue reserves | | | | Treasury shares | Retained earnings | | Fair value reserve | Total |
|--|----------------|----------------|------------------|--------------------|------------------------|-------------------------|-----------------|--------------------------------------|-------------------------------|--------------------|----------------|
| | | | Legal reserves | Statutory reserves | Treasury share reserve | Other re-venue reserves | | Profit or loss from previous periods | Profit or loss for the period | | |
| Opening balance at 1 Jan 2015 | 101,922 | 157,835 | 12,896 | 7,556 | 3,170 | 75,679 | -3,170 | 1,369 | 2,851 | 5,802 | 365,910 |
| Total comprehensive income for the period | | | | | | | | | | | |
| Profit for the period | | | | | | | | | -4,001 | | -4,001 |
| Total other comprehensive income | | | | | | | | | | -1,580 | -1,580 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -4,001 | -1,580 | -5,581 |
| Transactions with owners (when acting as owners) recognised directly in equity | | | | | | | | | | | 0 |
| Contributions by owners and distribution to owners | | | | | | | | | | | 0 |
| Transfer of net profit or loss from previous period to retained earnings or losses | | | | | | | | 2,851 | -2,851 | | 0 |
| Dividends paid | | | | | | | | -1,458 | | | -1,458 |
| Transfer of the fair value reserve for land to retained earnings or losses | | | | | | | | 43 | | | 43 |
| Coverage of loss for 2015 pursuant to Management Board's decision | | -1,196 | | | | | | -2,805 | 4,001 | | 0 |
| Total contributions by owners and distribution to owners | 0 | -1,196 | 0 | 0 | 0 | 0 | 0 | -1,369 | 1,150 | 0 | -1,415 |
| Total transactions with owners | 0 | -1,196 | 0 | 0 | 0 | 0 | 0 | -1,369 | 1,150 | 0 | -1,415 |
| Closing balance at 31 Dec 2015 | 101,922 | 156,639 | 12,896 | 7,556 | 3,170 | 75,679 | -3,170 | 0 | 0 | 4,222 | 358,914 |

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| EURk | Share capital | Share premium | Revenue reserves | | | | Treasury share | Retained earnings | | Fair value reserve | Total |
|---|----------------|----------------|------------------|--------------------|------------------------|-------------------------|----------------|--------------------------------------|-------------------------------|--------------------|----------------|
| | | | Legal reserves | Statutory reserves | Treasury share reserve | Other re-venue reserves | | Profit or loss from previous periods | Profit or loss for the period | | |
| Opening balance at 1 Jan 2016 | 101,922 | 156,639 | 12,896 | 7,556 | 3,170 | 75,679 | -3,170 | 0 | 0 | 4,222 | 358,914 |
| Total comprehensive income for the period | | | | | | | | | | | |
| Profit for the period | | | | | | | | | 3,699 | | 3,699 |
| Total other comprehensive income | | | | | | | | | | -988 | -988 |
| Total comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,699 | -988 | 2,711 |
| Transactions with owners (when acting as owners) recognised directly in equity | | | | | | | | | | | 0 |
| Contributions by owners and distribution to owners | | | | | | | | | | | 0 |
| Transfer of net profit or loss from previous period to retained earnings or losses | | | | | | | | | | | 0 |
| Dividends paid | | | | | | | | | | | 0 |
| Transfer of the fair value reserve for retirement benefits to retained earnings or losses | | | | | | | | | -71 | | -71 |
| Total contributions by owners and distribution to owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -71 | 0 | 0 | -71 |
| Total transactions with owners | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -71 | 0 | 0 | -71 |
| Closing balance at 31 Dec 2016 | 101,922 | 156,639 | 12,896 | 7,556 | 3,170 | 75,679 | -3,170 | -71 | 3,699 | 3,234 | 361,554 |

INFORMATION REGARDING THE REPORT AND ITS PUBLIC ANNOUNCEMENT

Pursuant to provisions of the Code of Warsaw Stock Exchange, Rules and Regulations of the Ljubljana Stock Exchange and the applicable legislation, the company Gorenje, d.d., Partizanska 12, SI-3320 Velenje, hereby announces the **unaudited non-consolidated financial statements of Gorenje, d.d., and unaudited consolidated financial statements of the Gorenje Group for the period January–December 2016**. The unaudited financial statements of Gorenje, d.d., and the Gorenje Group were presented to the Supervisory Board at its **32nd regular session** held on **9 March 2017**. The financial statements are available for review at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3320 Velenje, whereas announcements shall be available in the Ljubljana Stock Exchange electronic info system, the SEOnet (www.ljse.si), the Warsaw Stock Exchange via the ESPI system (www.gpw.pl), and the company's web site at www.gorenjegroup.com, on **10 March 2017**.

Forward-looking Statements

This announcement includes forward-looking information and forecasts – i.e. statements regarding the future, rather than the past, and regarding events within the framework and in relation to the currently effective legislation on publicly traded companies and securities and pursuant to the Rules and Regulations of the Ljubljana and Warsaw Stock Exchange. These statements can be identified by the words such as "expected", "anticipated", "forecast", "intended", "planned or budgeted", "probable or likely", "strive/invest effort to", "estimated", "will", "projected", or similar expressions. These statements include, among others, financial goals and targets of the parent company Gorenje, d.d., and the Gorenje Group for the upcoming periods, planned or budgeted operations, and financial plans. These statements are based on current expectations and forecasts and are subject to risk and uncertainty, which may affect the actual results, which may in turn differ from the information stated herein for various reasons. Various factors, many of which are beyond reasonable control by Gorenje, affect the operations, performance, business strategy, and results of Gorenje. Thus actual results, performance, or achievements of Gorenje may differ materially from the expected results, performance, or achievements as stated in these forward-looking statements. These factors include but are not necessarily limited to following: consumer demand and market conditions in geographical segments or regions and in industries in which the Gorenje Group is conducting its operating activities; effects of exchange rate fluctuations; competitive downward pressure on downstream prices; major loss of business with a major account/customer; the possibility of late payment on the part of customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by Gorenje's Management Board; success of development of new products and their implementation in the market; development of manufacturer's liability for the product; progress of attainment of operative and strategic goals regarding efficiency; successful identification of opportunities for growth and mergers and acquisitions, and integration of such opportunities into the existing operations; further volatility and aggravation of circumstances in capital markets; progress in attainment of goals regarding structural reorganisation and reorganisation in purchasing. If one or more risks or uncertainties are in fact materialised or if the said assumptions are proven wrong, actual results may deviate materially from those stated as expected, hoped for, forecast, projected, planned, probable, estimated, or anticipated in this announcement. Gorenje allows any update or revision of these forecasts in light of development differing from the expected events.