gorenjegroup

Unaudited Consolidated Financial Statements

January-September 2017

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

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

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SUMMARY

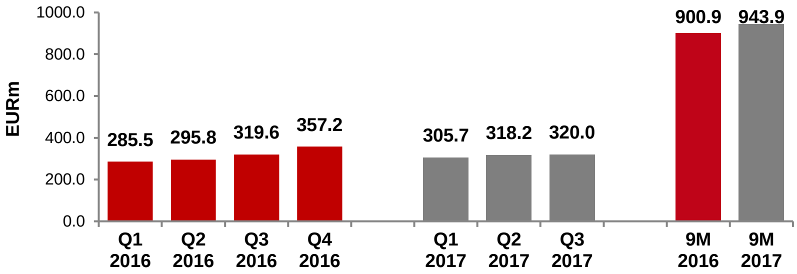
- **EUR 943.9m of revenue was generated**, which is **4.8%** more than in the first nine months in 2016. The achieved balance of revenue accounts for **71.8%** of the Group's planned annual revenue.
- Revenue generated by the **Domestic Appliances** activity was recorded at **EUR 779.8m**, which is 1.2% more than in the same period last year and accounts for **69.1%** of the annual plan.
- Growth in revenue was recorded on the markets of Eastern Europe and the markets outside of Europe, whereby certain markets in Western Europe, in particular Germany and Great Britain, record a decline in sales primarily due to the price repositioning and limitation of sales of products with inadequate yields, and sharp competition.
- In 2017, the serial production and sale of the new generation of self-standing cookers, the new generation of premium washing machines and dryers, and the new generation of premium dishwashers was launched. The new built-in cooler-freezer appliances and related appliances are in the final development stage, which is accompanied by an intensive testing and system optimizing. By the end of the year we shall begin with the supply of related appliances to partners in the Netherlands under the Atag brand; they are to be fitted in smart apartments.
- Business operations were adversely impacted in the third quarter by mostly following elements: a lower sales volume by the Domestic Appliances activity relative to the dynamically planned volume, a sharp competition on the Western European markets, the price pressures in the area of labour costs, the upward trend in prices on purchase markets, and the increased production costs relating to the serial production of the new product generation.
- **EBITDA amounted to EUR 58.8m** and shows an increase of **5.2%** over the comparable EBITDA in the last year's equivalent period. We achieved **60.5%** of the planned annual EBITDA.
- **EBIT was EUR 18.0m**, which is **12.1 percent less** than the comparable EBIT for the January-September 2016 period. We generated 45.5% of the planned EBIT for 2017. Relative to the same period in 2016, the comparable EBIT declined by EUR 2.5m, which is attributable to higher amortisation and depreciation expense in the amount of EUR 5.4m.
- Profit of the period of the first nine months of 2017 amounts to **EUR 4.6m**, which shows a **12.1 percent growth** with respect to the same period last year, and accounts for **35.6%** of the annual plan.
- As at 30 September 2017, net financial liabilities were recorded at **EUR 417.1m**, which is **3.0%** more than last year. Relative to the start of the year, the growth is mostly the result of interim requirements for financing the net working capital.
- Numerous activities and measures are carried out with the purpose to limit the impact of negative factors, particularly the lower sales volume on certain markets, and higher prices for material and labour costs than the ones planned and targeted by the Group for 2017.
- Considering the general expected interim dynamics, the last quarter is the strongest in terms of sales as well as the favourable sales structure, giving it significant impact on the year-round economics of the Group's business operations.

MANAGEMENT REPORT

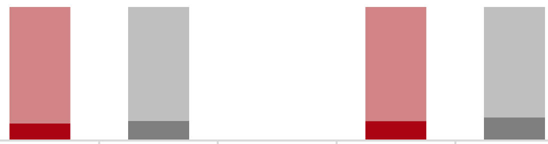
SALES AND MARKETS

The Group generated EUR 943.9m of **revenue**, indicating an increase of 4.8% over the first nine months in 2016.

Revenue of the Gorenje Group



Revenue of the Gorenje Group by activities



	Q3 2016	Q3 2017		9M 2016	9M 2017
Domestic Appliances	278.7	272.2		770.6	779.8
Other Business	40.9	47.8		130.3	164.1

Within the Domestic Appliances activity we have generated EUR 779.8m of revenue, showing a 1.2 percent growth over the January-September 2016 balance.

Within the Other Business activity, EUR 164.1m of revenue was generated, which is 26.0% more than in the last year's equivalent period. The increase in revenue is the result of more revenue generated in the field of ecology, catering, medical equipment, heating line and sale of coal.

Group's revenue structure by activities

	Q3 2016	Q3 2017		9M 2016	9M 2017
Domestic Appliances	87.2%	85.1%		85.5%	82.6%
Other Business	12.8%	14.9%		14.5%	17.4%

The achieved **revenue structure by activities** indicates that the Domestic Appliances activity generated 82.6% of the Group's total revenue (-2.9 p.p.). The share's change is attributable to the above-average growth of revenue generated by the Other Business activity.

In the period January-September 2017, the **Group achieved a 4.8 percent growth in revenue** relative to the same period in 2016. Higher sales volume was achieved in the geographical segment of Other countries and Eastern Europe. Less revenue was generated on the markets of Western Europe within the Domestic Appliances activity.

Revenue by geographical segment

EURm	9M 2016	%	9M 2017	%	Change (%)
Western Europe	344.4	38.2	327.2	34.7	-5.0%
Eastern Europe	476.8	52.9	521.6	55.2	+9.4%
Other	79.7	8.9	95.1	10.1	+19.3%
Total Group	**900.9**	**100.0**	**943.9**	**100.0**	**+4.8%**
Western Europe	328.7	42.7	310.5	39.8	-5.5%
Eastern Europe	362.4	47.0	374.3	48.0	+3.3%
Other	79.5	10.3	95.0	12.2	+19.6%
Total Domestic Appliances	**770.6**	**100.0**	**779.8**	**100.0**	**+1.2%**

- **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.

- In view of sales generated in the first nine months of 2016, the Domestic Appliances activity achieved **a 1.2 percent sales growth**.
- By using constant exchange rates, the revenue generated within the Domestic Appliances activity declined in Eastern Europe by **0.1%,** in Western Europe by **5.4%,** while Other countries recorded an increase in revenue by **18.0%**.
- Based on higher sales by Other countries**, Gorenje is reducing dependency from European markets and thereby improving the sales structure** (increasing the share of premium appliances and premium brands). As for the markets of Other countries, we have achieved **significant growth in North America, Australia, and Near East. Markets of Other countries account for a 12.2 percent share** (1.9 p.p. more than in the same period in 2016) in the revenue structure of the Domestic Appliances activity.
- In the period January-September, growth in revenue was recorded on individual markets of **Eastern Europe**: **Slovenia, Slovakia, Ukraine, Hungary, Croatia, Bulgaria, Bosnia and Herzegovina and Russia.** In the past months, however, the conditions on the Russian market worsened and adversely impacted the operations on this market.
- As for **Western Europe,** sales growth was recorded on the **markets of Benelux,** mostly in **the Netherlands,** based on sales of the **Atag** brand. Higher sales were recorded also in **Austria, Scandinavia (Asko brand) and France**. **Less revenue** was generated on markets of **Germany and Great Britain**, which is the result of price repositioning on these markets, the changed structure of sales channels, the adapting of the sales and price policy, limitation of sales of products with inadequate yields, and sharp competition.
- Higher revenue from sales of **Asko brand appliances increases the sales of the premium segment**. **Sales of Asko brand appliances** accounted within the revenue structure of the Domestic Appliances activity **a 11.2 percent share (+0.9 p.p. over the same period in 2016).** Higher sales of the Asko brand products were achieved on the markets of Australia, Scandinavia, and Asia.

- The sales of **small domestic appliances** achieved a **18.0 percent growth in revenue**. The sale of small domestic appliances accounted within the revenue structure of the Domestic Appliances activity **a 4.3 percent share (+0.6 p.p. over the same period in 2016).** Growth was recorded on markets of **Hungary, Slovenia, Croatia, Romania and Serbia.** A very high growth in sales of small domestic appliances was achieved on the markets of **Russia and Ukraine**.
- **We have increased the sales of innovative[1] appliances,** whose share within the structure of revenue generated through the sales of large household appliance by the Domestic Appliances activity grew to **20.9% (+ 1.9 p.p.).** Growth was also recorded by the sale of **premium[2] appliances,** whose share within the structure of revenue generated through the sales of large household appliance by the Domestic Appliances activity increased to **28.7% (+1.5 p.p.).**
- **EUR 20.9m was invested into marketing**, which equals a **2.2 percent share in Group's revenue** (increase of 0.2 p.p. relative to the equivalent period in 2016).
- In the third quarter of 2017, an agreement was reached between Gorenje d.d. and the Panasonic Corporation on mutual relations with regard to the termination of business cooperation in the field of washing machines, tumble dryers, and freestanding refrigerators, following a notification by Panasonic that they would not extend the said agreements. Gorenje's budgeted revenue to the Panasonic Corporation amounted to EUR 4.7m for the period January-September 2017, and to EUR 6.0m for the entire year 2017; our actual revenue to Panasonic reached EUR 6.3m in the first nine months of the year. Further cooperation between the Gorenje Group and the Panasonic Corporation continues based on the agreements that are still in effect. Moreover, discussions are in progress regarding cooperation on development of high-tech built-in cooking appliances.
- Based on activities ensuring sales growth in the last and in terms of sales also the strongest quarter (which in the sales structure accounts nearly 30% of the annual sales) and on adequate product and geographical sales structure, we shall make efforts to neutralise by the year-end to the maximum possible extent the effects of lower sales made in the third quarter.

DEVELOPMENT AND NEW PRODUCTS

- In line with the strategic goal, **3.1% of revenue generated by the Domestic Appliances segment or 2.5% of Group's revenue were invested in to product development**.
- Key development novelties:
    - new generation of self-standing cookers,
    - new generation of premium washing machines and dryers,
    - new generation of premium dishwashers,
    - new generation of gas cookers,
    - Bulli refrigerators,
    - new versions of dishwashers for OEM customers,
    - Ora Ito 2 kitchen appliances line.

  The new built-in cooler-freezer appliances and related appliances are in the final development stage, which is accompanied by an intensive testing and system optimizing. By the end of the year, we shall start with the supply of related appliances to partners in the Netherlands under the Atag brand; they are to be fitted in smart apartments.

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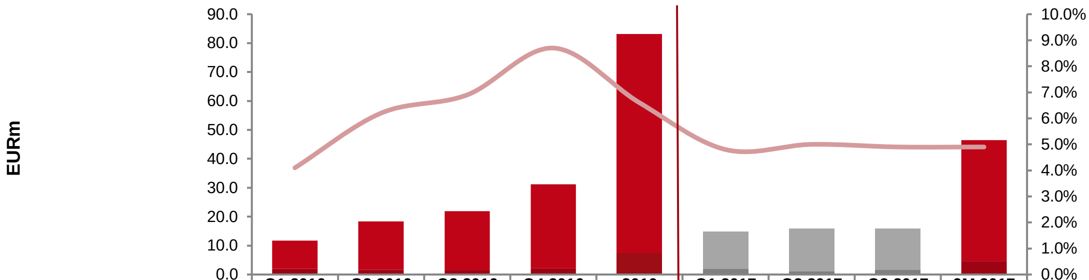
[1] Innovative appliances: appliances within individual group of products with the so-called »innovative functionalities« are more energy efficient (efficient storage, lower energy and water consumption).
[2] Premium appliances: Atag and Asko brands, appliances from the Gorenje design lines (Gorenje Simplicity, Gorenje OraIto, Gorenje Pininfarina, Gorenje Classico, Gorenje One, Gorenje Karim Rashid, Gorenje Color edition, Gorenje +, Gorenje Retro, and Gorenje by Starck).

Investments amounted to EUR 46.5m in the first nine months of 2017 and show a decline of EUR 5.5m over the last year's same period. Total investments in property, plant and equipment amounted to EUR 30.2m, whereof the largest share of EUR 24.6m was earmarked for technological equipment, mostly relating to the development of new products. The largest share of investments in the amount of EUR 41.9m was recorded within the Domestic Appliances activity. As for the structure of total investments, EUR 16.2m relates to non-material investments, where most of them (EUR 13.4m) were earmarked for the development of new products (capitalised costs for development). Given the investments within the Domestic Appliances activity, the investment in the new platform of self-standing cookers for the facility in the Czech Republic, and the two new generation of washing machines and dryers, we are completing the multiannual higher volume of investments that exceeded the annual level of amortisation. Over the years we have accordingly redesigned the platforms and appliances in most of the product groups for all brands in the Domestic Appliances activity. Investments made within the Other Business amounted to EUR 4.6m, whereof mostly refers to ecology (EUR 2.2m).

Investments by activity

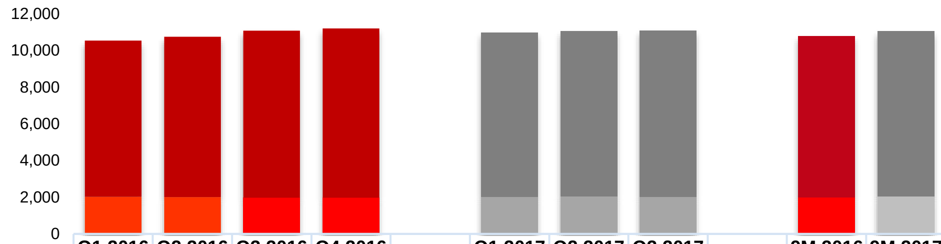


	Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017	9M 2017
Domestic Appliances	9.7	16.7	20.3	29.0	75.7	12.8	14.8	14.3	41.9
Other Business	2.0	1.7	1.6	2.2	7.5	2.0	1.1	1.5	4.6
CAPEX margin (%)	4.1%	6.2%	6.9%	8.7%	6.6%	4.8%	5.0%	4.9%	4.9%
Total	**11.7**	**18.4**	**21.9**	**31.2**	**83.2**	**14.8**	**15.9**	**15.9**	**46.5**

EMPLOYEES

In the first nine months of 2017, the **Gorenje Group's average number of employees was 11,044** or an average of 259 more than in the same period last year. The average number of staff in the production of the Domestic Appliances activity grew by 224, while in the Other Business activity by 35. The aforesaid increase in the Domestic Appliances segment is primarily attributable to the higher production volume and structure, whereas in the Other Business segment the increase refers mostly to expanding operations in the area of catering.

Average number of employees by activity



	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	9M 2016	9M 2017
Domestic Appliances	8,503	8,744	9,108	9,224	8,961	9,007	9,060	8,785	9,009
Other Business	2,027	2,000	1,975	1,977	2,017	2,058	2,030	2,000	2,035
Total :	**10,530**	**10,744**	**11,083**	**11,201**	**10,978**	**11,065**	**11,090**	**10,785**	**11,044**

Employee benefits expense increased by 4.5% or EUR 7.9m relative to the previous year's equivalent period. The relevant increase is attributable to the higher average number of employees due to a larger production volume and orders for the respective period, and due to launch of a serial production of the new generation of self-standing cookers, premium dishwashers, premium washing machines and dryers. Further, higher employee benefits expense is the result of planned promotions in line with collective agreements and the increase of the lowest wages as required under the adopted amendments to the wage systems applicable for companies in Slovenia since 1 June 2017 and agreed with social partners.

Growth in employee benefits expense lags behind the growth in revenue, which increased by 4.8% and lags also behind the comparable growth of value added, which was recorded at 4.7%.

At the start of the third quarter, we have more actively addressed the cost-cutting activities in the field of overheads on the Group level. These activities aim to reduce the employee benefits expenses of the Group's overhead departments by the end of the Q3 2018 period by 10% in comparison to the 1 June 2017 balance. At the parent company's level, the number of staff already declined by 26 by the end of this year's third quarter if compared to the 1 June 2017 balance. By the year-end, the number of employees in the Group is to be reduced by 100 (relative to the 1 June 2017). Employees in the overhead departments were actively encouraged to retire or to wait at home until retirement, whereby they are not being replaced to the largest extent possible.

GORENJE GROUP'S BUSINESS PERFORMANCE

EURm	9M 2016*	9M 2017	Index	Plan 2017	Q3 2017/ plan 2017
Revenue	**900.9**	**943.9**	**104.8**	**1,315.3**	**71.8**
Operating profit	**929.4**	**981.8**	**105.6**	**1,330.4**	**73.8**
Value added	**231.7**	**242.5**	**104.7**	**336.4**	**72.1**
VA margin (%)	*24.9%*	*24.7%*	*/*	*25.3%*	*/*
EBITDA	**55.9**	**58.8**	**105.2**	**97.1**	**60.5**
EBITDA margin (%)	*6.0%*	*6.0%*	*/*	*7.3%*	*/*
EBIT	**20.5**	**18.0**	**87.9**	**39.7**	**45.5**
EBIT margin (%)	*2.2%*	*1.8%*	*/*	*3.0%*	*/*
Profit before tax	**8.1**	**6.7**	**83.0**	**19.5**	**34.3**
Profit for the period	**4.1**	**4.6**	**112.1**	**13.1**	**35.6**
ROS (%)	*0.4%*	*0.5%*	*/*	*1.0%*	*/*

*The comparable values for 2016 are adjusted by the effect of allowances for receivables, which were in the previous year recorded among finance income and costs, while this year among operating income and expenses. Unadjusted categories for January-September 2016 period amount as follows: valued added at EUR 236.4m, EBITDA at EUR 60.6m and EBIT at EUR 25.2m.

The generated **value added in the amount of EUR 242.5m (4.7 percent growth** relative to the comparable value added in the 9M 2016 period, annual plan was achieved by **72.1%**) was in the sales segment impacted mostly by:

- higher **revenue generated by the Domestic Appliances** activity**,**
- more favourable **geographical sales structure** of the Domestic Appliances activity; the largest sales growth was recorded on the markets of Other countries **(19.6 percent growth), on the markets of Benelux (2.7 percent growth), and on the markets of Western Europe (3.3 percent growth),** where higher contribution margins are achieved**,**

- favourable **sales structure of brands**, where we have increased primarily the sale of following brands: **Asko (9.5 percent growth) and the Atag, Pelgrim and Etna brands (2.3 percent growth),**
- favourable **product sales structure;** enhancing the sales of **premium appliances (6.0 percent** growth in revenue), of **innovative appliances (8.2 percent** growth in revenue), of **dishwashers (17.6 percent** growth in revenue); of **small domestic appliances (18.0 percent** growth in revenue); the stated product groups of appliances are significant from the viewpoint of achieved contribution margins,
- **higher revenue** generated by the Other Business i.e. **ecology, sale of coal, catering, heating line and medical equipment.**

The movement of value added in the field of sales was adversely impacted by lower sales activities in Western Europe, which refers mostly to the German and British market, and is primarily reflected in the reduced sales of refrigerators, washing machines and dryers.

The share of **cost of goods sold** (generated at EUR 189.6m) in the gross profit increased by 0.9 p.p. (higher by 1.1. p.p. relative to the annual plan) compared to the same period in 2016. The relevant increase is attributable to the growth of the relative cost of goods sold in the Other Business activity.

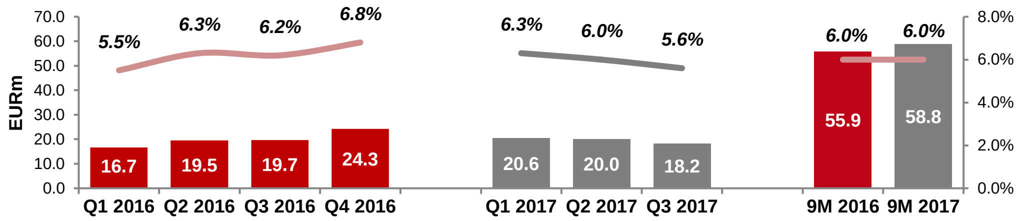
Costs of material were recorded in the amount of EUR 365.7m (**3.7 percent growth** relative to the same period in 2016, **73.5% of the planned** annual value). With respect to 2016, the share of costs of material in the gross profit **declined by 0.6 p.p.** By means of **activities related to optimising material consumption** in direct production and the **supply of components from the** best competitive countries, we **adapted the costs of material and raw materials to the sales volume** and production and partly neutralised the growth of raw material and material prices on the global markets. Activities relating to **optimising the supply chain also** contributed to the aforesaid. Nonetheless, the favourable trends on purchase markets that prevailed at the start of the year began to deteriorate rapidly, which in the third quarter already negatively impacted the business economics; the negative impact is expected also in the last quarter.

Relative to the same period in 2016, **the costs of services** were recorded at **EUR 165.0m** and show an increase of **7.0% or EUR 10.9m, at the same time they achieved 71.2% of the annual plan**. The costs of services recorded by the Other Business grew by **EUR 7.6m**. The aforesaid increase is attributable to the high growth of business activities, mostly in the segments of ecology and catering, and to the implementation of projects relating to the segments of medicine, ecology and municipal projects; concurrently, the performance of these projects resulted also in higher revenue arising from these segments.

Within the Domestic Appliances activity, costs of services increased by **EUR 3.3m**, whereof **EUR 2.2m** refers to the unification of accounting disclosure of quality-related costs, referring to the warranty repairs, where the stated costs were in previous years by certain subsidiaries recorded partly among costs of material and partly among employee benefits expense. Higher production activities within the Domestic Appliances are also accompanied by higher costs of maintenance, of temporary leased workers through agencies and other costs linked to the volume of business activities. Costs of services include also costs of the logistics and quality-related services, which are on a relatively lower level than last year, and costs of marketing services that are purposely increased in order to ensure Group's long-term ability to compete.

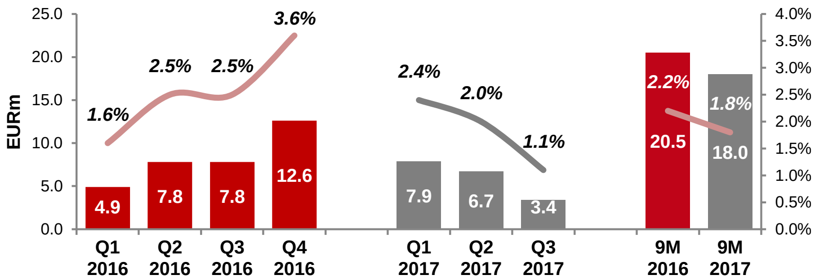
The Group recorded **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 58.8m or EUR 2.9m or 5.2% more than the comparable EBITDA in the first nine months of 2016. 60.5% of the planned annual EBITDA was achieved. In addition to effects that impacted the value added, the growth in employee benefits expense – which increased **by 4.5% or EUR 7.9m** relative to the last year's same period and achieved **76.8%** of the annual plan – also significantly influenced the movement of EBITDA.

EBITDA and EBITDA margin



Earnings before interest and tax (EBIT): the EBIT was generated in the amount of **EUR 18.0m**. With respect to the same period in 2016, the comparable achieved EBIT was lower by **EUR 2.5m** or **12.1%**, whereby **45.5%** of the planned annual value was realised. The decline in EBIT was in view of the last year's same period impacted by the **high growth** of amortisation and depreciation expense at **EUR 5.4m** due to the dynamics of capitalising costs of development and the accelerated investment cycle in previous periods.

EBIT and EBIT margin

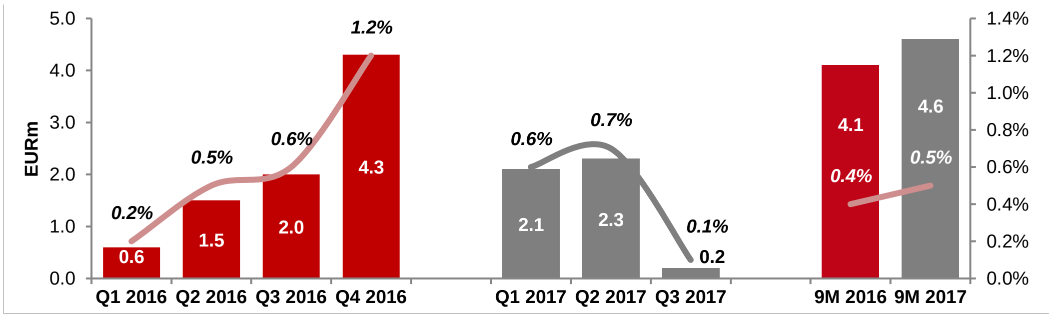


The Group's negative **result from financing activities** at EUR 10.9m shows an improvement of EUR 6.3m over the previous year's same period. The result from financing activities was favourable impacted by **interest expenses, which declined by 15.5% (EUR 1.8m)** over the same period in 2016. As already said, the significantly improved result in financial movements is also attributable to reclassifying the allowances for receivables to the operating segment which amounted to EUR 4.7m at the same period in 2016. The negative effect of exchange differences amounted in the first nine months of 2017 to EUR 0.4m (the positive net effect for the January-September 2016 period amounted to EUR 1.0m).

Income tax expense, disclosed at EUR 2.0m and lower by EUR 1.9m in comparison to the same period in 2016, includes current and deferred income tax. The largest impact on lower disclosed income tax is the result of the favourable and final decision in a tax audit of transfer prices that was conducted in one of the Western European countries (which was accounted in 2016 and consequently drawn in 2017) and a favourable impact by deferred tax assets formed due to investments, which result in tax allowances of future tax periods.

Gorenje Group's **profit for the period** amounted to EUR 4.6m or 12.1% more than in last year's equivalent period and achieves 35.6% of the annual plan**.**

Profit for the period and ROS



SIGNIFICANT BUSINESS EVENTS IN 2017

JANUARY

Admission of commercial paper GRV05 issued by Gorenje, d.d., to trading on the regulated market

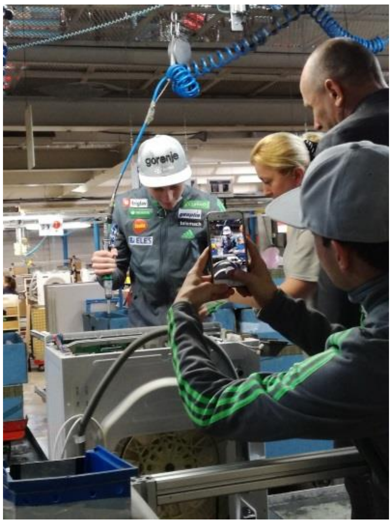
As of 31 January 2017, Gorenje, d.d. successfully completed the offering of commercial paper. The commercial paper with the identification code GRV05 has a 1.30% interest rate. The total par value of the issue amounts to EUR 40.0m. The purpose of the commercial paper issue is to diversify the short-term financing sources, financing of operations with a pronounced seasonal dynamic, and optimisation of financing costs.

FEBRUARY

Gorenje once again the best foreign brand produced in Serbia

For the twelfth year in a row, the Serbian Chamber of Commerce, and the Ministry of Commerce, Tourism, and Telecommunication, selected in the campaign titled "The Best from Serbia" the best brands and companies as rated based on their financial and market achievements. Gorenje was once again found the best foreign brand made in Serbia. The sign "The Best from Serbia" is a symbol of quality and trust from both the customers and business partners. "For Gorenje, this proves that the customers have recognized the innovation, modern technology, quality, and reliability of our appliances, as well as the comprehensive service that we provide through our after-sales services, and by which we have been building their trust for many years," stresses Gorenje Belgrade managing director Stanka Pejanović.

Gorenje a proud sponsor of the Slovenian Nordic Ski Team for 25 years



This year, Gorenje celebrates a quarter century of partnership with the Slovenian Nordic Ski Teams – ski jumpers, cross-country skiers, and the Nordic combined team. Years of general sponsorship have turned into an inspiring and honest friendship as today's sports champions grew up at their clubs with Gorenje by their side through all their ups and downs. With consistent support through all the years, we made it possible for Slovenian ski jumping and cross-country skiing to be at the very top in the world today. To commemorate 25 years of our cooperation with the Nordic Ski Team, Gorenje is preparing a travelling exhibition and many promotional activities. Moreover, we will again invite the buyers of our products to the grand finale of the ski jumping season in Planica.

MARCH

Gorenje donates a cooking hob adapted for blind and partially sighted persons

Gorenje Group's donation will allow students of the Iris Centre for Education, Rehabilitation, Inclusion and Counselling for the Blind and Partially Sighted to safely cook, which is an important step on their path to living an independent life. The cooking hob of our premium Atag brand, fitted with specially adapted silicone coating that allows safe use for the blind and visually impaired, is the first of its kind in Slovenia. Humanitarian efforts are an integral part of Gorenje Group's corporate social responsibility, and we are looking to assist those in need both in Slovenia and in other countries of our presence by donating appliances and funds, and by taking part in humanitarian projects.

ASKO holds a glamorous Pro Home Laundry launch in Stockholm

Gorenje Group's premium brand ASKO, a Scandinavian specialist in high quality kitchen and laundry appliances, announced the launch of its new laundry products, ASKO Pro Home Laundry.

Creating the new Pro Home Laundry series ASKO applied the user-centred design development process, translating and implementing it into the user interface of the new laundry products. By using key insights obtained from hours of consumer interviews and observational studies, the ASKO Pro Home Laundry range of washing machines and tumble dryers therefore deliver both: premium design and functionality. ASKO washers compared to competitors' have unique features – Steel Seal and the Quattro Construction, with addition of a premium look and feel as ASKO uses steel where competitors use plastic.

APRIL

Gorenje Group wins another 4 Red dot awards for superior design

In the competition of over 5500 entries from all over the world, four of our products under the brands Gorenje and ASKO received this year's Red dot design awards. The expert committee recognized the outstanding design of the Gorenje multifunctional ovens and new generation of gas hobs while also awarding two Red dot Best of the Best awards for ground breaking design to the ASKO washers and dryers. This marks the 18th consecutive year for Gorenje Group to be awarded with the Red Dot - the internationally sought-after seal of quality.

Gorenje Orodjarna wins the golden award at the International Industry Fair

It has become a tradition for Gorenje Orodjarna to participate in the International Industry Fair in Celje. This year they presented an extremely complex and advanced tool for the fabrication of car components and received the highest, golden award from the expert committee.

MAY

Gorenje Group a part of the prominent European TCG Retail Summit

As a leading European home appliance manufacturer, Gorenje Group took part in this year's European Technical Consumer Goods Summit, an international forum that brings together the world's key dealers and manufacturers of domestic appliances, consumer electronics, and telecommunication and IT equipment. »*Participation at the European Technical Consumer Goods Summit is a unique opportunity for establishing contacts and consolidating our cooperation with major distributors and retailers of electric appliances in the world. For us as a manufacturer it is of utmost importance to keep track of, understand, and be able to predict the trends and the general directions of development for the distribution channels in which we sell most of our products, and to be able to respond to the changes in a timely and effective manner. At the same time, we are presenting the Gorenje Group and, by taking part in the most important forum of technical consumer goods dealers, strengthening the reputation of our brands and the entire corporation,* « emphasised **Franjo Bobinac**, Gorenje's CEO.

Fire in the company Kemis, d. o. o.

In the industrial premises of the Gorenje affiliated company Kemis, d.o.o., which is also location for storage of hazardous waste, fire spread on 15 May 2017. The waste which is stored at the location and intended for further processing is categorized as hazardous waste, mainly fuels, waste oil, solvents and medicinal products. The fire, which has been extinguished during the night with great efforts of the firemen, has destroyed part of the business premises and the warehouse for storage of low hazardous solid and liquid waste. The warehouse was built in 2009 in compliance with requirements defined in most strict standards related to management of hazardous wastes. The company has all the required permits for operation. Upon studying all the factors related to this events, we will be the year-end adopt a decision on future strategic and business policies of Kemis, d. o. o.

Second issue of GV02 bonds

On 11 May 2017, Gorenje, d.d., Velenje issued 5-year corporate notes with a fixed interest rate of 2.45% p.a. and total nominal value of EUR 19.5 million. The notes were issued in dematerialized form by registration to the note holders' accounts with the KDD (Central Securities Clearing Corporation d.d., Ljubljana), in compliance with the KDD rules. In the first offering, the notes were subscribed and paid up by 63 investors.

Gorenje wins Top Serbian Brands award

Gorenje brand received the Top Serbian Brands 2016 award in Serbia, and with that the title of the most popular electronics brand among Serbian users in 2016.

Gorenje Group wins the Innovator of the Year Award at the Sarajevo Business Forum

At this year's Sarajevo Business Forum (SBF), Gorenje Group won the Sarajevo Business Bridge Innovator of the Year Award. This award is given to individuals or businesses that have shown a significant degree of innovation and/or creative thinking, operating within the SEE Region. The innovation can be seen through the development of new methodologies, approaches, products or services which have met the needs of end-users.
Gorenje Group earned the award as one of the leading European home appliance manufacturers, following its vision of becoming the most design-driven innovator in home appliance design in the world. The award was presented to the managing director of Gorenje Commerce Robert Polšak at a festive ceremony held as a part of the SBF.

Microsoft HoloLens at Gorenje: how we keep the future of design within our (virtual) reach

On 16 May 2017, representatives of Gorenje presented at the NT conference in Portorož, organised by Microsoft, the Gorenje Group's digital strategy and the use of the HoloLens technology in a more advanced and efficient product development. In cooperation with Microsoft, Gorenje set up a virtual refrigerator in front of a live audience in the hall and showed the changing of form, the working of individual functions and the wizard for food storage in connection with support services and data bases.
Gorenje Group is the first Slovenian company that demonstrated the use of the HoloLens technology in practice.

JUNE

Gorenje becomes one of the biggest partners of European handball

Gorenje, one of the leading European home appliance manufacturers is becoming part of a new sports story. By signing a three season contract for VELUX EHF Champions League and a deal for two consecutive Men`s EHF EURO tournaments we are becoming one of the biggest partners of European handball. Sports sponsorships certainly boost recognition of Gorenje brand in the international market and to date they rested on two pillars: the sponsorship of the Slovenian Nordic ski team and of handball – the sponsorship of the Gorenje Velenje Handball Club, and of the Slovenian Handball Federation. By sponsoring handball at the European level we are strengthening growth of our global brand recognition and thus support the implementation of Gorenje Group strategy of global growth.

Gorenje wins a Diggit award by designing a web promotion

At the sixth Diggit, Slovenian digital communications conference, Gorenje won the golden award for the project "Gorenje Retro Special Edition: Wrong parking". The annual conference brings together is the meeting point for the latest knowledge of the fast-moving digital world and awards best practices.
Inspired by the famous van from the 50's, the Gorenje Retro Special Edition fridge, officially licensed by Volkswagen, recently caused quite some excitement among the consumers. Its online promotional video, "Gorenje Retro Special Edition: Wrong parking", prepared in cooperation with the advertising agency AV studio impressed this year's jury, which awarded it with the Gold Award in the category Home products.
The aim of the competition is to reward original digital solutions, which take advantage of the digital world in innovative and creative ways.

Environmental research company ERICo to become part of the Eurofins Group

Eurofins Scientific, the global leader in environment testing, has signed an agreement with the shareholders of ERICo (Environmental Research & Industrial Co-operation), to acquire this leading independent laboratory for environment testing services in Slovenia.
This expected acquisition therefore represents a solid entry platform for Eurofins, and for ERICo an opportunity for further stable development and gaining of valuable expertise as a part of a leading global corporation in the field of environment, food and pharmaceuticals testing.

JULY

Corporate University of Gorenje - founded to promote innovation

Corporate University is an umbrella term for a number of training and education programs intended for development of key employees. It is an important tool for the pursuit of the company's strategic goals. It involves acquiring and pooling knowledge, transferring best practices, developing a culture of innovation, connecting different business cultures, and consolidating corporate values. These efforts are also supported by cooperation with educational institutions. *»A learning organizational culture is becoming the most important asset a company can build to steer the employees and propel corporate growth,"* emphasised **Irena Vodopivec**, director of the Corporate University of Gorenje that was **recognized by the European Commission as an example of good practice promoting corporate growth and development**, as a part of the Commission's UBC (University-Business Cooperation in Europe)**.**

AUGUST

Hansel and Gretel with Gorenje appliances

As a socially responsible company supporting creativity and innovativeness, Gorenje Group has joined forces with the Silvan Furlan Institution (USF – Ustanova Silvana Furlana), a foundation for the development of culture, which aims to support and implement projects in art, education and humanitarianism. Together we have created a short film about Hansel and Gretel who simplify their life with Gorenje appliances, and premiered it in the Karst region.

The vision of USF is primarily focused on children and adolescents, whose personal growth they want to enable through film and photography, the development of constructive creativity and flexible thinking. "We stand for equal inclusion of vulnerable groups in creative programmes and promote intergenerational and intercultural integration," emphasised the president of the USF, Miranda Brataševec.

Gorenje and Peter Prevc donate school supplies to children in need

Beginning of a new school year is something all kids should be looking forward to. However, reuniting with their school mates is not easy for many as their school bags are not full of shiny and inspiring new supplies for a successful and fun school year. At Gorenje, we have decided to work with Peter Prevc to make the return to school easier more pleasant for 1,000 children in need: our ski jumping champion will be with them every day – on the covers of their new notebooks. Hoping for lots of smiles on the first day of the school year, Gorenje and Peter Prevc presented yesterday to the Friends of the Youth Association (ZPM) Ljubljana Moste-Polje 3,000 notebooks and 1,000 sets of coloured pencils.

Gorenje is a regular donor to a variety of institutions helping people in distress. In 2016, the company worked with the Moste-Polje Friends of Youth Association to provide relief to 22 families in financial distress, and helped several societies and institutes like the Kamnik Centre of Education, Recovery, and Training, Institute for Blind and Visually Impaired Youth, and the Centre for Elderly Persons Notranje Gorice, donating a total of 34 large and 20 small domestic appliances. In August, Gorenje is also the donor of the month for the Botrstvo ("Godparents") project intended to improve the quality of life of children and youth living in financial distress and are in need of financial aid, support, and encouragement.

SEPTEMBER

Gorenje Group at the IFA 2017 fair with novelties for more connected and simplified life

The Gorenje booth at IFA 2017, one of the world’s leading consumer electronics fairs taking place in Berlin, Germany, from 1 to 6 September 2017, showcases the latest from Gorenje Group, one of the leading European household appliance manufacturers. By presenting the new smart Gorenje IQ Induction hob, built-in fridge freezers, the impressive designer collection of Gorenje by Ora ïto major and small appliances, extremely efficient Gorenje G•Force vacuum cleaners, by offering an exclusive preview of the new generation of Gorenje WaveActive washers and dryers launching in 2018, and showcasing the latest design-forward and connected novelties from its premium brand Asko, the Group once again proves that it places users' needs and desires just as high as it does design and technology that goes beyond the mere needs and expectations of the increasingly fast-paced and connected future. Gorenje is showing how the right user-friendly appliances can seamlessly integrate with our busy everyday lives, making our household chores easier, our to-do lists shorter, and our lives more pleasant and carefree, thus leaving more time to enjoy, to reconnect.

Gorenje wins The Licensing Award 2017 for Innovation

Gorenje's Retro Special Edition fridge, officially licensed by Volkswagen, won the prestigious Licensing Award 2017 for Innovation. More than 5,000 products entered the competition in their respective categories. Our fridge was selected as the most innovative licensed product of 2017 by a prominent judging panel of 140 top retail buyers, who evaluated excellence of design, innovation, originality, consumer targeting and quality of manufacture and packaging.

Gorenje's SmartFlex dishwashers win gold award for the best Slovenian innovations

Gorenje's innovators again won the gold national award of the Slovenian Chamber of Commerce and Industry for the most innovative enterprises and innovators, with their new generation of Gorenje SmartFlex dishwashers. The selection of the best Slovenian innovations took place for the fifteenth time in a row. This year, the contest included 744 innovators with 182 entries. The award ceremony took place as a part of the Innovation Day at which Gorenje Group also presented its experience and achievements in the field of circular economy.

OCTOBER

Gorenje receives the Disabled-Friendly Company certificate

At the Days of Professional and Employment Rehabilitation, or the REHA Days, 2017, Gorenje received an award for good practice of hiring disabled persons, and the Disabled-Friendly Company certificate that was presented to the company on behalf of the Ministry of Labour, Family, Social Affairs and Equal Opportunities by the Minister Anja Kopač Mrak. Gorenje's Medical Leave Team and projects like Workplace Ergonomics, Health Promotion etc. seek to raise the awareness of our employees, especially the young, about the importance of care for their health, and to encourage them to maintain a healthy lifestyle. At the same time, we also care for the awareness of our employees about accepting diversity, and encourage them to assist the disabled persons, as this allows everyone to contribute equally to the success of the entire enterprise.

Gorenje Group invites to the first International Business Hackathon

Gorenje Group organized scouting for the best and most promising talent to tackle the business and digital challenges of the future at the first Gorenje Group International Business Hackathon. The two-day competition in searching for solutions in digital services for consumers will take place from 28 to 29 October 2017, at the Tehnološki park Ljubljana.

Gorenje Group company ATAG wins the first smart kitchen contract in the Netherlands

The Gorenje Group company ATAG was chosen by the largest Dutch home investor Syntrus Achmea to fit 44 luxury smart home apartments with ATAG Connect Life smart kitchen appliances. ATAG will launch their connected appliances on the Dutch market by the end of this year, followed next year by the ASKO brand in Denmark. This marks the entry of Gorenje Group in the connected home segment as the ATAG and ASKO experience will later be used for the entire Group connectivity platform.

ATAG will fit 41 luxury apartments and 3 city houses with their new Connect Life appliances: hobs, hoods, refrigerators, ovens and later also dishwashers (in 2018). “As this is the first smart home furnishing project in the Netherlands and a growing request for smart homes is expected, it is very important for us to be in this business from the very beginning," says Jarno Wieland, marketing manager at ATAG Benelux.

OUTLOOK FOR THE REST OF 2017 AND KEY RISKS AND MEASURES

Key challenges for the last quarter of 2017:

- ensuring the planned sales volume, in particular on the very competitive Western European markets,
- providing for the planned profitability of sales activities by further focusing on distribution channels and on key markets,
- efficient serial production of the essential new generation of products,
- ensuring cost efficiency, mostly due to growing costs of key raw materials and components, as well as pressures on labour costs in Slovenia, Serbia and the Czech Republic, and
- improving the efficiency of managing the working capital in order to ensure proper deleveraging by the end of the fiscal year.

Aimed at limiting the effects of stated negative elements on the implementation of the Group's planned business results for 2017, following numerous measures are performed:

- Target-oriented activities supported by marketing services for ensuring sales growth in the last and in terms of sales strongest quarter based on the adequate product and geographical sales structure and positioning of our brands.
- Further activities for ensuring cost efficiency and productivity of our processes aimed at minimizing the negative impacts on labour costs.
- Measures for improving the turnover of working capital by accelerating the financing of the supply chain and ensuring a decline of Group's indebtedness.
- Managing inventories based on projects and activities that focus on managing the supply chain, complexity and proper production co-ordination.
- The cycle of major investments shall be completed in 2017; the levels of investments in fixed assets and amortisation will be harmonized.
- Further digital transformation activities in accordance with the adopted Group's digital business strategy.
- Focusing on the Domestic Appliances activity as the Group's core business by reviewing the option of disposing of Other Business and assets of Other Business.

With respect to the worsened business economics in the third quarter and the described challenges or negative factors that are expected also in the last quarter of 2017, we will, based on the stated activities attend to achieve, to the maximum extent possible, the key planned objectives for 2017 which, however, will not be completely fulfilled. The Budget for the year 2018 together with the estimated financial results for 2017 will be published after the Supervisory Board meeting on 11th of January, 2018.

FINANCIAL REPORT

WORKING CAPITAL MANAGEMENT

As at 30 September 2017, Group's investments in the net working capital[3] amounted to EUR 227.4m and, compared to the 31 December 2016 balance, used as the basis for calculating the development of cash flows from operating and investing activities for 2017, show an increase of EUR 82.5m. With respect to the equivalent period in 2016, they increased by EUR 5.7m, which indicates a 2.5 percent growth in view of a 4.8 percent growth in revenue. The share of net working capital within revenue decreased relative to the 30 September 2016 balance by 0.2 percentage points and achieved a rate of 17.5%. Thus, the working capital management improved primarily as a result of using the instruments of financing the supply chain.

By means of a more precise sales planning as the basis for planning production, reducing complexity and by optimizing processes in the supply chain, we plan to gradually reduce also the volume of working capital tied in inventories.

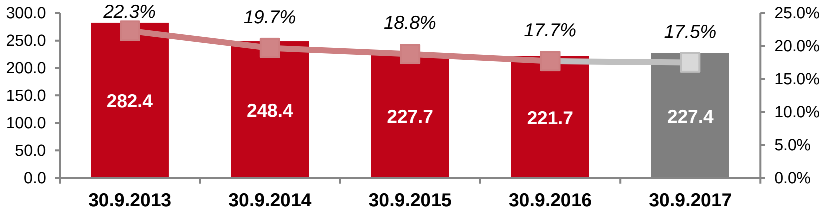
We are for some years now applying the system of permanent recourse-free factoring, which is carried out when costs of such activities do not exceed the Group's average costs of financing or when these activities are used to reduce credit and currency risks.

For the purpose of extending the turnover of trade payables, we have introduced a supplier factoring, within which the suppliers are in exchange for significantly prolonging the payment date offered access to the line that is ensured by our bank partner and within which they can promptly and under favourable terms sell their receivables due from Gorenje. The number of included suppliers, where the payment deadlines were extended and thus the related volume of supply, has materially increased in the last quarter. The impact on the net working capital is in the balance of trade payables disclosed with delay i.e. when the extended and newly agreed payment deadline starts; the material effects on the net working capital are therefore expected from the last quarter onwards.

Investments in net working capital

EURm	30 Sep 2013	30 Sep 2014	30 Sep 2015	30 Sep 2016	31 Dec 2016	30 Sep 2017	Difference 30 Sep 2017 / 30 Sep 2016
+ Inventories	250.8	249.8	249.7	249.3	225.9	258.5	9.2
+ Trade receivables	240.3	228.0	220.5	212.3	165.8	221.5	9.2
+ Other current assets	64.3	48.9	50.0	57.1	58.8	58.8	1.7
- Trade payables	-178.1	-182.8	-191.2	-191.2	-223.7	-201.1	-9.9
- Other current liabilities	-94.9	-95.5	-101.3	-105.8	-81.9	-110.3	-4.5
= Net working capital	**282.4**	**248.4**	**227.7**	**221.7**	**144.9**	**227.4**	**5.7**

Movement of net working capital in the 2013-2017 period (EURm) and its share in the net revenue for the past 12 months (in %)



[3] Net working capital = inventories + trade receivables + other current assets – trade payables – other current liabilities

As at 30 September 2017, **inventories** amounted to EUR 258.5m and show an increase over the 31 December 2016 balance by EUR 32.6m. With respect to the same period last year, inventories grew by EUR 9.2m, which is mostly attributable to higher volume of activities and higher inventories of goods, in particular small household appliances. Inventories of finished products and merchandise account for the largest share and remain on the comparable level of the same period in 2016. Inventory turnover amounted to 70 days as it applied in the equal period in 2016.

As at 30 September 2017, **trade receivables** were recorded at EUR 221.5m and show an increase over the 31 December 2016 balance by EUR 55.7m. With respect to same period in 2016, trade receivables increased by EUR 9.2m due to higher value of revenue (4.8%) relative to the same period last year and minor volume of factoring at some key markets due to limited credit lines with certain key customers. The average turnover of receivables was 55 days or 1 day shorter from the average turnover of receivables in the same period last year.

Trade payables amounted to EUR 201.1m as at 30 September 2017 and indicate a decline of EUR 22.6m over the 31 December 2016 balance. If compared to the same period in 2016, trade payables increased by EUR 9.9m. Turnover of liabilities was 68 days or 2 days less than in the same period in 2016. The positive effect of the turnover factoring on the amount of liabilities and the average turnover of liabilities is disclosed with delay i.e. when the extended and newly agreed payment deadline starts; the material effects on the net working capital are therefore expected from the last quarter of 2017 onwards.

Other current liabilities amounted as at 30 September 2017 to EUR 110.3m and increased over the 31 December 2016 balance by EUR 28.4m. With respect to the equivalent period in 2016, they indicate an increase of EUR 4.5m. The respective growth is the result of higher calculated operating expenses of business operations during the year if compared to previous periods.

FINANCIAL LIABILITIES MANAGEMENT

The core goal of the Group's financial function is reducing the relative borrowing rate and ensuring short-term and long-term financial stability with minimum possible costs and risks. Relative to the previous year's same period, interest expenses were reduced by 15.5% or by EUR 1.8m and the maturity structure of financial liabilities was improved by 6.1 p.p. to 70.4% of non-current sources.

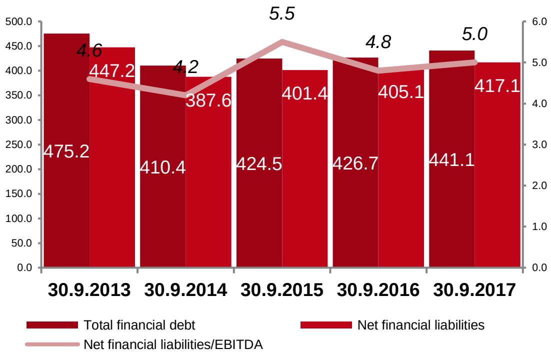
Repayment of current due liabilities is ensured based on the generated free cash flow from operating and investing activities conducted by the Domestic Appliances and Other Business segments' sales activities, as well as based on the timely provision of substitute financing. The Group thereby endeavours 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.

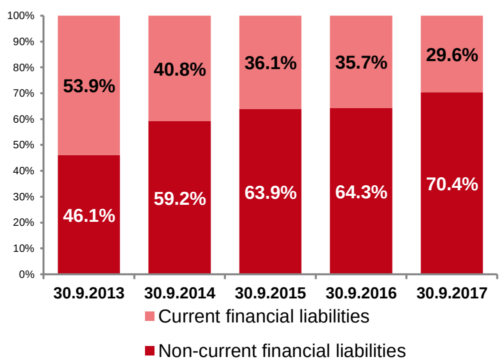
EUR 51.9m of currently due long-term financial liabilities were repaid in the first nine months of 2017, whereby EUR 82.1m of non-current sources were drawn. By changing the amortisation loan into a borrowing with one-off payment in 2020, we have lowered the liability for repaying due long-term borrowings in 2018 and 2019. Accordingly and with respect to the 30 September 2017 balance, EUR 69.4m of non-current financial liabilities mature in 2018, which is significantly less than in this entire year (EUR 95.3m). Based on the acquired long-term revolving loans in the amount of EUR 35m and a maturity of three years, we have essentially increased the liquidity reserve and additionally improved the maturity structure of Group's financial liabilities.

Together with existing bank and other partners, the Group is engaged in activities to further servicing currently maturing financial liabilities, as well as optimising the costs of financing, maintaining the maturity structure of sources of financing, and balancing the amount of the liquidity reserve and unifying financial covenants.

By actively managing the financial debt, we ensured the necessary refinancing for the entire year 2017 and in this process ensured also the adjustment of the financial covenants with the bank, with which we agreed specific financial covenants also in connection with the dividend payout to company's shareholders. The level of the financial covenant (net financial liabilities/EBITDA), which limits the dividend payout was adjusted from the twice to 4-times generated EBITDA. Thus, from the viewpoint of limiting the dividend payout, merely a borrowing of one financial partner remains in the outstanding amount of EUR 41.3m; the latter is subject to the limitation where the financial covenant's rate of net financial liabilities/EBITDA exceeds the 3.5 rate. We will try to negotiate also with this financial partner on changing the financial covenant to a standard level.

Movement of total and net financial liabilities in the 2013-2017 period (EURm), movement of the net financial liabilities/EBIDTA ratio, and movements of the maturity structure of financial liabilities[4]





As at 30 September 2017, t**otal financial liabilities** amounted to EUR 441.1m, showing an increase of EUR 14.4m relative to the same period in 2016. As for the **maturity structure of financial liabilities**, 70.4% refer to non-current sources, whereby the remaining stake represents current sources. The maturity structure thus improved by 6.1 p.p. if compared to the same period last year.

As at 30 September 2017, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 417.1m and indicate an increase by EUR 12.0m over the same period in 2016.

Movement of financial liabilities is **in accord with the interim seasonal dynamics**, where most of Group's negative cash flows from operating and investing activities is generated in the first half-year of a fiscal year, whereas a high positive cash flow in the last quarter. Thus, inventories and operating receivables were as at 30 September 2017 in total higher by EUR 18.6m relative to the equivalent period in 2016, which is mostly the reason for a higher level of financial liabilities.

As at 30 September 2017, the Group disclosed a **liquidity reserve** in the amount of EUR 118.6m 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.

In the first nine months of 2017, the Group recorded EUR 68.2m of negative cash flow from operating and investing activities, which on the level of the previous year's equal period worsened by EUR 17.1m.

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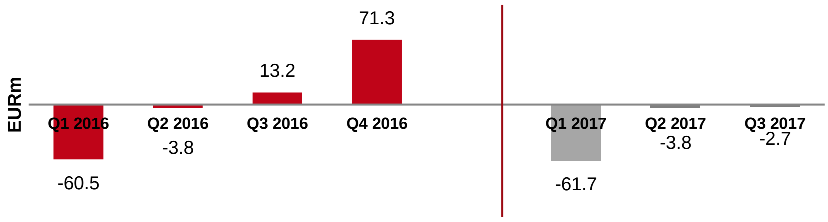
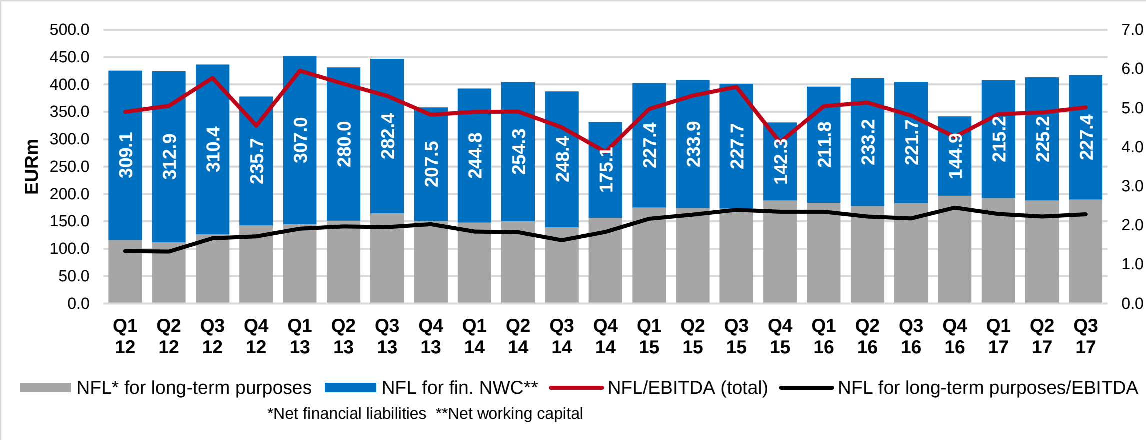
[4] The net financial liabilities/EBITDA ratio outlined in the graph is comparable for years 2017 and 2016.

Cash flow from operating and investing activities



Structure of Group's net financial liabilities[5]



Movement of Group's total and net financial liabilities during the year is primarily related to the movement of the net working capital. As at 30 September 2017, EUR 227.4m or 54.5% of net financial liabilities refers to financing of the Group's net working capital, while EUR 189.7m (45.5%) of net financial liabilities to financing of non-current assets. The interim high level of net working capital is released in the last quarter and significantly decreased, when the inventories are sold and a large portion of receivables cashed. Thus, the net working capital represents assets, which increase through higher generated revenue and have concurrently a short period of transforming into cash by means of which the level of net financial liabilities is significantly reduced in the last quarter.

The short transformation cycle is also shown in the average turnover of individual items of net working capital: inventories at 70 days, receivables at 55 days and trade payables at 68 days, which is comparable to the last year's same period. Supplier factoring was launched for the purpose of extending the turnover days for trade payables. The number of included key suppliers, whose payment deadlines were extended and thus the related supply volume, is growing on a daily basis and will thereby have in coming quarters a material impact on the amount of net working capital and the directly related amount of net financial liabilities.

The ratio between net financial liabilities – solely for financing non-current assets – and EBITDA amounted as at 30 September 2017 to only 2.3, while the ratio between total net financial liabilities and EBITDA was 5.0 as at 30 September 2017.

[5] The graph outlines the NFL/EBITDA ratio which is comparable for years 2017 and 2016.

FINANCIAL RISK MANAGEMENT

The Group pays special attention to managing financial risks, in particular an efficient **credit risk** management. They are balanced through regular control of required and approved credit limits approved by credit insurance companies, the appropriate collection of receivables, and regular communication with credit insurance companies and business partners. The share of receivables, insured with qualitative insurance instruments, is growing in the past years and by the end of September 2017 accounted for 72.6% or nearly 6.7 p.p. more than at the end of 2016. 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 or when these activities are used to reduce credit and currency risks. The balance of bad debts is reviewed and analysed on an on-going basis, and proper measures are implemented (e.g. collection, collection of insurances, adjustment of supplies to the approved credit limits and credit ratings of customers). We have a strict set of rules about credit risk management, including the defined acceptable instruments of insurance, levels of acceptable exposure to individual customers and markets. The rules of credit risk management are upgraded in a manner to ensure the highest possible stability of Group's business operations.

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.

Currency risks are to the greatest extent possible minimised through natural cash flow balancing for each currency that, mostly in case of companies is impossible to be fully implemented. The Group systematically applies short-term forward exchange contracts for most of the currencies that are not part of the euro zone in order to hedge transactions 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 actively manages **interest rate risks**, which refer to the raised funds bearing the Euribor variable interest rate, in smaller part also local variable interest rates As at 30 September 2017, the Group disclosed 40.0% of financial liabilities with a contractually agreed fixed interest rate and 60.0% of financial liabilities with a contractually agreed variable interest rate. The latter represent the risk of change of interest rate. With the purpose to hedge against interest rate risk, the Group applies derivatives by means of which it ensures long-term stability of the reference interest rate. When deciding on hedging, the Group takes into account the forecasts for interest rate fluctuations and the efficiency of the hedging instruments. Based on hedging instruments, 38.2% of Group's financial liabilities were hedged, hence the total share of financial liabilities with a fixed interest rate accounted as at 30 September 2017 for 78.2% of Group's total financial liabilities. Based on concluding EUR 290m worth of interest rate swaps (IRS) during Q3 2017 for the period from 2019 to 2022, the Group provided for a long-term stability of the interest rates' variable part.

We are qualitatively 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 September 2017, the undrawn part of current and non-current credit lines amounted to EUR 94.6m and bank balances to an additional EUR 24.0m. Special attention is drawn to the centralised balancing and controlling of Group's cash flows and liquidity so that it is at any moment capable to settle all its due liabilities.

OWNERSHIP STRUCTURE AND THE GRVG SHARE

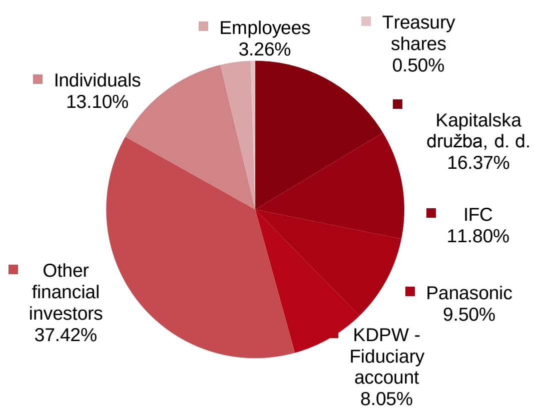
Ownership structure

As at 30 September 2017, 12,506 shareholders were entered in the share register, indicating that the number of shareholders declined by 6.8% over the year-end balance of 2016 (13,415).

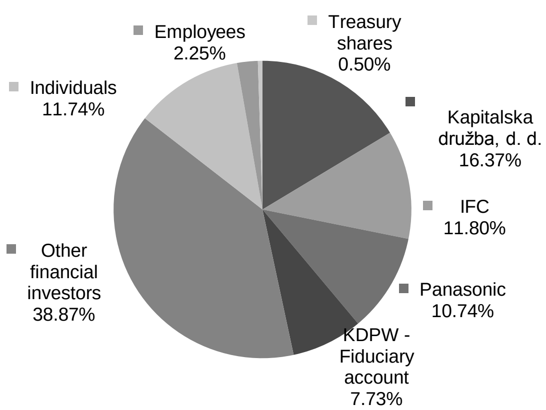
Gorenje's ten major shareholders and owners

Ten major shareholders	**No. of shares (30 Sep 2017)**	**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	1,888,632	7.73%
HOME PRODUCTS EUROPE B.V.	1,221,231	5.00%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	1,134,073	4.64%
ZAGREBAČKA BANKA D.D. – FIDUCIARY ACCOUNT	904,934	3.71%
BNP PARIBAS SECURITIES SERVICES S.C.A.	900,000	3.68%
UNICREDIT BANK AUSTRIA AG – FIDUCIARY ACCOUNT	849,426	3.48%
ADDIKO BANK D.D. – FIDUCIARY ACCOUNT	640,691	2.62%
Total major shareholders	**17,043,200**	**69.78%**
Treasury shares	121,311	0.50%
Other shareholders	7,260,102	29.72%
Total	**24,424,613**	**100%**

Ownership structure as at 30 September 2016



Ownership structure as at 30 September 2017



The number of own shares or treasury shares equals the 2016 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	30 Sep 2016		30 Sep 2017	
Total :	**3,570**	**0.0146%**	**37,136**	**0.1520%**
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%	62	0.0003%
Karlo Kardov[6]			33,566	0.1374%

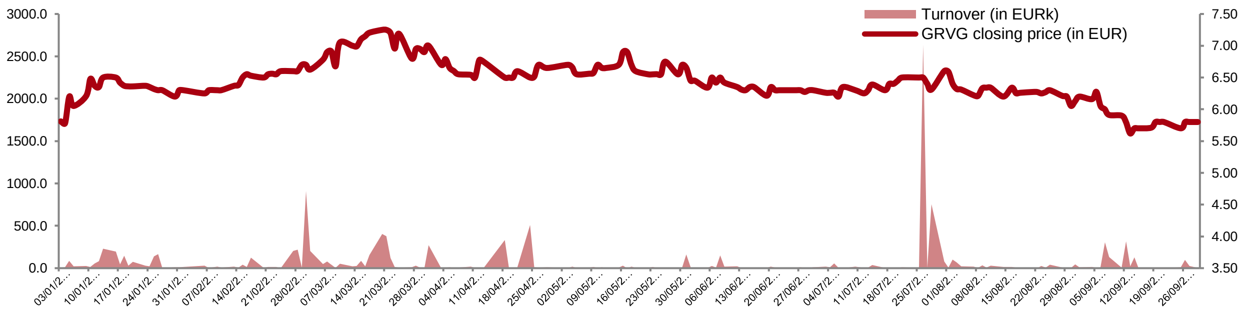
Management Board	30 Sep 2016		30 Sep 2017	
Total :	**20,944**	**0.08575%**	**22,848**	**0.0936%**
Franc Bobinac	4,096	0.0168%	4,096	0.0168%
Branko Apat	626	0.0026%	626	0.0026%
Drago Bahun	9,082	0.0372%	9,082	0.0372%
Žiga Debeljak[7]			9,044	0.0370%
Peter Groznik[8]	7,140	0.0292%		

The number of company's shares owned by members of the Supervisory Board and Management Board members has not changed in the period from 30 September 2017 to the date of this public announcement.

Gorenje's GRVG share in the period January-September 2017

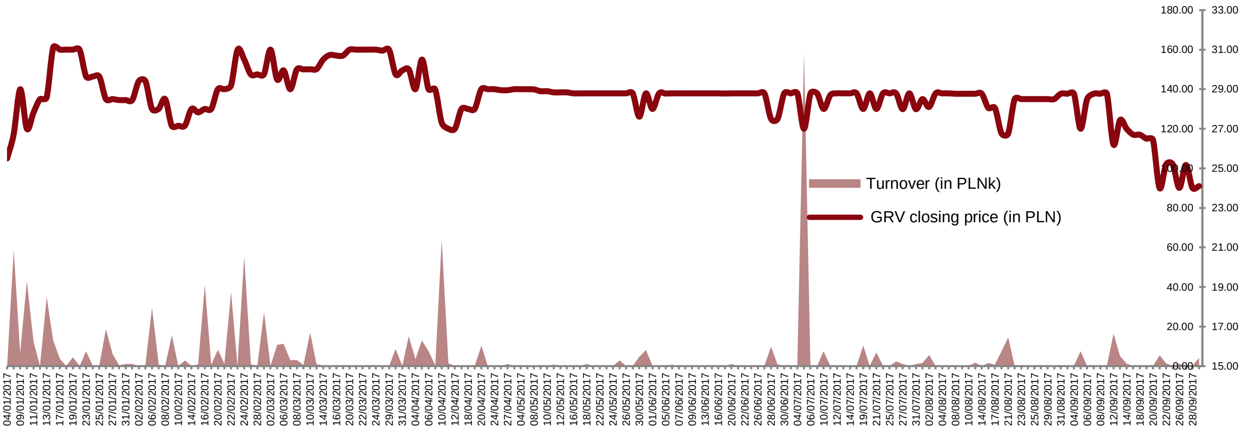
The closing price of the share at the Ljubljana Stock Exchange as the prime market (GRVG) amounted to EUR 5.80 on the last trading day in September 2017 and shows a decrease of -3.3% over the last trading day in 2016 (EUR 6.00). The SBITOP prime market index increased in the same period by 11.0%. The total turnover of shares at the Ljubljana and Warsaw Stock Exchange amounted to 1,852,585 shares, whereby the average daily turnover at the Ljubljana Stock Exchange amounted to 10,054 shares and at the Warsaw Stock Exchange to 180 shares per day. The closing price of the share at the Warsaw Stock Exchange declined by 5.5% (from PLN 25.51 or EUR 6.01 to PLN 24.10 or EUR 5.59) over the year-end balance of 2016.

Movement of the GRVG share and daily turnover on the Ljubljana Stock Exchange in the period January-September 2017



[6] Since 14 July 2017, Karlo Kardov acts as member of the Supervisory Board. The shares he owns were obtained prior to taking over the function as Supervisory Board member.
[7] Since 1 May 2017, Žiga Debeljak acts as Management Board member in charge of corporate finance, digital business operations, IT and organisational support, and of business segment ecology, trade and industrial services. The shares he owns were obtained prior to taking over the function as Management Board member.
[8] Since 28 February 2017, Peter Groznik no longer acts as Management Board member for corporate finance and the business segment of ecology, trade and industrial services.

Movement of the GRV share and daily turnover on the Warsaw Stock Exchange in the period January-September 2017



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 0.35 (2016: EUR 0.33).

The book value of the GRVG share as at 30 September 2017 amounted to EUR 15.68 (EUR 15.40 as at 31 December 2016). It is calculated as the ratio between the book value of capital of Gorenje, d. d., and the number of issued shares, exclusive of the number of treasury shares as at 30 September 2017 (24,303,302 shares).

The ratio between the market value and the book value of the GRVG share is recorded at 0.37 (0.29 as at 31 December 2016).

ACCOUNTING REPORT

ACCOUNTING REPORT AND THE GORENJE GROUP COMPOSITION

Reporting entity

Gorenje, d.d., is a company headquartered in Slovenia. The address of the registered head office is at Partizanska 12, SI-3320 Velenje.

Consolidated financial statements of Gorenje, d.d., for the period January-September that ended 30 September 2017 include the parent company and its subsidiaries (hereinafter jointly referred to as 'the Group'), equity interests in jointly controlled companies, and equity interests in associated companies. The Group's core activity is manufacturing and sale of home appliances.

Basis of preparation

(a) Statement of compliance

Consolidated interim financial statements are compiled pursuant to IAS 34 – Interim Financial Reporting, and pursuant to provisions of the Companies Act. The financial statements do not include all information required by the entire IFRSs. The selected explanatory information is included in the report in order to clarify the business events and transactions material for the understanding of the changes in the financial position and profit or loss of the Gorenje Group in the period since the compilation of the latest annual consolidated financial statements.

The Management Board of Gorenje, d.d., confirmed these interim financial statements on 25 October 2017.

(b) Use of estimates and judgements

In the course of drawing up these interim financial statements, the company management made estimates, judgements, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Material estimates of uncertainty and critical judgements or evaluations made by the management in the process of pursuing the accounting policies, which have the strongest effect on the amounts in the financial statements are similar to those used by the management when drawing up the consolidated financial statements as at 31 December 2016.

Fundamental Accounting Policies and Significant Notes to the Financial Statements

Accounting policies applied in these interim financial statements are in material aspects identical to those used in the consolidated financial statements compiled as at 31 December 2016.

Since 1 January 2017, the Gorenje Group discloses income and expenses from allowances for receivables among operating income and expenses. They were previously or by up to 2016 recorded among finance income and expenses.

Changes in the Composition of the Gorenje Group

Changes that occurred in the composition of the Gorenje Group up to and including 30 September 2017 were as follows:

- as at 1 January 2017, the company Gorenje Studio, d.o.o., Ljubljana, was merged with the company Gorenje GSI, d.o.o., Ljubljana.
- as at 1 January 2017, the company Gorenje Studio, d.o.o., Serbia, was merged with the company Gorenje, d.o.o., Serbia.
- as at 24 April 2017, the company Gorenje Surovina RECE, ravnanje z odpadki, proizvodnja, posredovanje, trgovina in druge storitve d.o.o., was established; the company Gorenje Surovina, d.o.o., Maribor is its sole owner (100%).
- as at 25 April 2017, the company Gorenje, d.d., Velenje purchased the equity interest of Avtotehna in the company ZEOS, d.o.o., Ljubljana. Accordingly, Gorenje d.d., Velenje became the owner of the 55.98% interest of the company ZEOS, d.o.o., Ljubljana. As at 17 July 2017, ZEOS, d.o.o., Ljubljana got a new shareholder, which reduced the equity interest of Gorenje d.d. to 55.4157%.
- as at 3 July 2017, the company ERICO, d.o.o., Velenje was sold.
- as at 10 July 2017, the company TERMOCLEAN S, d.o.o., Šoštanj, was established and Gorenje EKOINVEST ekološke naložbe, d.o.o., Velenje is its sole owner (100%).

In addition to the parent company Gorenje, d.d., the following companies were 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	DA
2.	Gorenje GTI, d.o.o., Velenje	100.00	OB
3.	Gorenje Gostinstvo, d.o.o., Velenje	100.00	OB
4.	Energygor, d.o.o., Velenje	100.00	OB
5.	Kemis, d.o.o., Vrhnika	100.00	OB
6.	Gorenje Orodjarna, d.o.o., Velenje	100.00	OB
7.	ZEOS, d.o.o., Ljubljana	55.42	OB
8.	Gorenje Surovina, d.o.o., Maribor	100.00	OB
9.	Indop, d.o.o., Šoštanj	100.00	OB
10.	Gorenje GAIO, d.o.o., Šoštanj	100.00	OB
11.	Gorenje GSI, d.o.o., Ljubljana	100.00	DA
12.	Gorenje Keramika, d.o.o., Velenje	100.00	OB
13.	Gorenje EKOINVEST, d.o.o., Velenje	100.00	OB
14.	Gorenje HS, d.o.o., Velenje	65.00	OB
15.	Gorenje Surovina RECE, d.o.o., Maribor	100.00	OB
16.	TERMOCLEAN S, d.o.o., Šoštanj	100.00	OB

Foreign operations		Equity interest in %	Business segment
1.	Gorenje Beteiligungs GmbH, Austria	100.00	DA
2.	Gorenje Austria Handels GmbH, Austria	100.00	DA

3.	Gorenje Vertriebs GmbH, Germany	100.00	DA
4.	Gorenje Körting Italia S.r.l., Italy	100.00	DA
5.	Gorenje France S.A.S., France	100.00	DA
6.	Gorenje Espana, S.L., Spain	100.00	DA
7.	Gorenje UK Ltd., Great Britain	100.00	DA
8.	Gorenje Group Nordic A/S, Denmark	100.00	DA
9.	Gorenje spol. s r.o., Czech Republic	100.00	DA
10.	Gorenje real spol. s r.o., Czech Republic	100.00	DA
11.	Gorenje Slovakia s.r.o., Slovakia	100.00	DA
12.	Gorenje Magyarország Kft., Hungary	100.00	DA
13.	Gorenje Polska Sp. z o.o., Poland	100.00	DA
14.	Gorenje Bulgaria EOOD, Bulgaria	100.00	DA
15.	Gorenje Zagreb, d.o.o., Croatia	100.00	DA
16.	Gorenje Skopje, d.o.o., Macedonia	100.00	DA
17.	Gorenje Commerce, d.o.o., Bosnia and Herzegovina	100.00	DA
18.	Gorenje, d.o.o., Serbia	100.00	DA
19.	Gorenje Podgorica , d.o.o., Montenegro	99.975	DA
20.	Gorenje Romania S.r.l., Romania	100.00	DA
21.	Gorenje aparati za domaćinstvo, d.o.o., Serbia	100.00	DA
22.	Mora Moravia s r.o., Czech Republic	100.00	DA
23.	Gorenje - kuchyně spol. s r.o., Czech Republic	100.00	DA
24.	KEMIS-Termoclean, d.o.o., Croatia	100.00	OB
25.	Kemis - BH, d.o.o., Bosnia and Herzegovina	100.00	OB
26.	Gorenje Gulf FZE, United Arab Emirates	100.00	DA
27.	Gorenje Tiki, d.o.o., Serbia	100.00	OB
28.	Gorenje Istanbul Ltd., Turkey	100.00	DA
29.	Gorenje TOV, Ukraine	100.00	DA
30.	ST Bana Nekretnine, d.o.o., Serbia	100.00	OB
31.	Kemis Valjevo, d.o.o, Serbia	100.00	OB
32.	ATAG Nederland BV, the Netherlands	100.00	DA
33.	ATAG België NV, Belgium	100.00	DA
34.	Intell Properties BV, the Netherlands	100.00	DA
35.	Gorenje Nederland BV, the Netherlands	100.00	DA
36.	Gorenje Kazakhstan, TOO, Kazakhstan	100.00	DA
37.	OOO Gorenje BT, Russia	100.00	DA
38.	Gorenje GTI, d.o.o., Beograd, Serbia	100.00	OB
39.	Asko Appliances AB, Sweden	100.00	DA
40.	Gorenje North America, Inc., USA	100.00	DA
41.	Asko Appliances Pty, Australia	100.00	DA
42.	Asko Appliances OOO, Russia	100.00	DA
43.	»Gorenje Albania« SHPK, Albania	100.00	DA
44.	Gorenje Home d.o.o., Zaječar, Serbia	100.00	DA

45.	Gorenje Ekologija, d.o.o., Stara Pazova, Serbia	100.00	OB
46.	Gorenje Corporate GmbH, Austria	100.00	DA
47.	ZEOS eko-sistem d.o.o., Bosnia and Herzegovina	53.64	OB
48.	Gorenje do Brasil Ltda., Brasil	100.00	DA
49.	Gorenje Asia Ltd., China	100.00	DA
50.	Gorenje MDM d.o.o. Kragujevac, Serbia	100.00	OB
51.	Gorenje Chile SpA, Chile	100.00	DA
52.	Gorenje AEC, LLC, Thailand	100.00	DA
53.	INDOP GORENJE GmbH, Germany	100.00	OB
54.	Novi Elind, d.o.o., Serbia	100.00	DA

DA – Domestic Appliances
OB – Other Business

Associates:

- Gorenje Projekt, d.o.o., Velenje
- GGE, d.o.o., Ljubljana
- Gorenje Projekt, d.o.o., Serbia
- EKON ELEKTRON, d.o.o., Macedonia
- K.Tivoli, d.o.o., Ljubljana
- GGE EOL, d.o.o., Ljubljana (inactive)
- GGE, d.o.o., Croatia
- GGE Montenegro, d.o.o., Montenegro
- GGE Bulgaria OOD, Bulgaria
- GGE Netherlands B.V., the Netherlands
- GOR Kolesa, d.o.o., Velenje
- GGE ESCO, d.o.o., Serbia
- Gorenje Projekt RU, d.o.o., Russia

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

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GORENJE GROUP

Condensed Consolidated Balance Sheet of the Gorenje Group

EURk	Balance at 30 Sep 2016	Structure (%)	Balance at 31 Dec 2016	Structure (%)	Balance at 30 Sep 2017	Structure (%)
ASSETS	**1,169,099**	**100.0%**	**1,131,829**	**100.0%**	**1,206,011**	**100.0%**
Non-current assets	**616,932**	**52.8%**	**637,181**	**56.3%**	**634,782**	**52.6%**
Intangible assets	203,687	17.4%	208,872	18.4%	217,142	18.0%
Property, plant and equipment	362,657	31.0%	375,709	33.2%	374,455	31.0%
Investment property	14,795	1.3%	14,957	1.3%	10,102	0.8%
Non-current investments	6,796	0.6%	6,563	0.6%	3,475	0.3%
Investments in associates	2,569	0.2%	2,945	0.3%	2,531	0.2%
Non-current trade receivables	2,754	0.3%	2,481	0.2%	2,342	0.2%
Deferred tax assets	23,674	2.0%	25,654	2.3%	24,735	2.1%
Current assets	**552,167**	**47.2%**	**494,648**	**43.7%**	**571,229**	**47.4%**
Non-current assets held for sale	317	0.0%	314	0.0%	314	0.0%
Inventories	249,318	21.3%	225,954	20.0%	258,494	21.4%
Current investments	11,856	1.0%	8,821	0.8%	8,447	0.7%
Trade receivables	212,328	18.2%	165,786	14.6%	221,493	18.4%
Other current assets	56,790	4.9%	58,531	5.2%	58,448	4.9%
Cash and cash equivalents	21,558	1.8%	35,242	3.1%	24,033	2.0%
EQUITY AND LIABILITIES	**1,169,099**	**100.0%**	**1,131,829**	**100.0%**	**1,206,011**	**100.0%**
Equity	**369,970**	**31.6%**	**374,238**	**33.1%**	**381,133**	**31.6%**
Share capital	101,922	8.7%	101,922	9.0%	101,922	8.5%
Share premium	174,502	14.9%	174,502	15.4%	174,502	14.5%
Revenue reserves	99,301	8.5%	46,015	4.1%	46,015	3.8%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	5,903	0.5%	63,152	5.6%	65,182	5.4%
Translation reserve	-17,246	-1.5%	-17,071	-1.5%	-11,638	-1.0%
Fair value reserve	6,954	0.6%	6,724	0.6%	6,882	0.6%
Equity of holders of the parent	**368,166**	**31.4%**	**372,074**	**32.9%**	**379,695**	**31.5%**
Equity of non-controlling interests	**1,804**	**0.2%**	**2,164**	**0.2%**	**1,438**	**0.1%**
Non-current liabilities	**349,597**	**29.9%**	**350,687**	**31.0%**	**383,080**	**31.8%**
Provisions	63,310	5.4%	64,143	5.7%	60,806	5.0%
Deferred income	5,425	0.5%	5,037	0.4%	5,354	0.5%
Non-current operating liabilities	4,053	0.3%	3,672	0.3%	3,705	0.3%
Deferred tax liabilities	2,588	0.2%	2,219	0.2%	2,609	0.2%
Non-current financial liabilities	274,221	23.5%	275,616	24.4%	310,606	25.8%
Current liabilities	**449,532**	**38.5%**	**406,904**	**35.9%**	**441,798**	**36.6%**
Current financial liabilities	152,439	13.0%	101,226	8.9%	130,482	10.8%
Trade payables	191,248	16.4%	223,725	19.8%	201,062	16.7%
Other current liabilities	105,845	9.1%	81,953	7.2%	110,254	9.1%

Condensed Consolidated Income Statement of the Gorenje Group

EURk	Jan-Sep 2016	Structure (%)	Jan-Sep 2016 comparable	Structure (%)	Jan-Sep 2017	Structure (%)
Revenue	**900,853**	**97.0%**	**900,853**	**96.9%**	**943,923**	**96.1%**
Change in inventories	15,004	1.6%	15,004	1.6%	14,191	1.4%
Other operating income	13,116	1.4%	13,500	1.5%	23,645	2.4%
Gross profit	**928,973**	**100.0%**	**929,357**	**100.0%**	**981,759**	**100.0%**
Costs of goods, materials and services	-677,525	-72.9%	-677,525	-72.9%	-720,349	-73.4%
Costs of goods sold	-170,830	-18.4%	-170,830	-18.4%	-189,563	-19.3%
Costs of materials	-352,521	-37.9%	-352,521	-37.9%	-365,762	-37.3%
Costs of services	-154,174	-16.6%	-154,174	-16.6%	-165,024	-16.8%
Other operating expenses	-15,088	-1.6%	-20,152	-2.2%	-18,872	-1.9%
Added value/AV	**236,360**	**25.4%**	**231,680**	**24.9%**	**242,538**	**24.7%**
Employee benefits expense	-175,808	-18.9%	-175,808	-18.9%	-183,758	-18.7%
EBITDA	**60,552**	**6.5%**	**55,872**	**6.0%**	**58,780**	**6.0%**
Amortisation and depreciation expense	-35,342	-3.8%	-35,342	-3.8%	-40,738	-4.1%
EBIT	**25,210**	**2.7%**	**20,530**	**2.2%**	**18,042**	**1.8%**
Result of financing activities	-17,216	-1.9%	-12,536	-1.3%	-10,947	-1.1%
Result of revaluations	1,019	0.1%	1,019	0.1%	-351	0.0%
Result of other financing movements	-18,235	-2.0%	-13,555	-1.5%	-10,596	-1.1%
Share in profits/losses of associates	58	0.0%	58	0.0%	-415	0.0%
Profit before tax	**8,052**	**0.9%**	**8,052**	**0.9%**	**6,680**	**0.7%**
Income tax expense	-3,908	-0.4%	-3,908	-0.4%	-2,035	-0.2%
Profit for the period	**4,144**	**0.4%**	**4,144**	**0.4%**	**4,645**	**0.5%**
Attributable to non-controlling interests	**184**	**0.0%**	**184**	**0.0%**	**185**	**0.0%**
Attributable to equity holders of the parent	**3,960**	**0.4%**	**3,960**	**0.4%**	**4,460**	**0.5%**
Basic and diluted earnings per share (in EUR)	0.22		0.22		0.35	

Condensed Consolidated Statement of Other Comprehensive Income of the Gorenje Group

EURk	Jan-Sep 2016	Jan-Sep 2017
Profit for the period	**4,144**	**4,645**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	**0**	**0**
Change in fair value of land		
Items that may be reclassified subsequently to profit or loss	**-728**	**5,591**
Net change in fair value of available-for-sale financial instruments	-10	5
Effective portion of changes in gains and losses from hedging instruments in cash flow hedges	-3,231	-249
Effective portion of changes in gains and losses from hedging instruments on cash flow hedges, reclassified to profit or loss	431	520
Income tax on other comprehensive income	279	-118
Translation reserve	1,803	5,433
Other comprehensive income for the period	**-728**	**5,591**
Total comprehensive income for the period	**3,416**	**10,236**
Attributable to equity holders of the parent	3,232	10,051
Attributable to non-controlling interests	184	185

Condensed Consolidated Statement of Cash Flows of the Gorenje Group

	EURk	Jan-Sep 2016	Jan-Sep 2017
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit or loss for the period	**4,144**	**4,645**
	Adjustments for:		
	-Depreciation of property, plant and equipment	28,707	32,431
	-Amortisation of intangible assets	6,635	8,307
	-Investment income	-3,724	-3,478
	-Finance expenses	20,882	14,840
	-Gain on sale of property, plant and equipment	-133	-539
	-Income tax expense	3,908	2,035
	Cash flow from operating activities before changes in net operating current assets and provisions	**60,419**	**58,241**
	Change in trade and other receivables	-55,157	-53,319
	Change in inventories	-23,418	-32,558
	Change in provisions	1,274	-2,901
	Change in trade and other payables	4,672	6,112
	Cash generated from operations	**-72,629**	**-82,666**
	Interest paid	-11,782	-10,114
	Income tax paid	-2,522	-2,148
	Net cash from operating activities	**-26,514**	**-36,687**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Proceeds from sale of property, plant and equipment	3,868	3,869
	Interest received	449	520
	Dividends received	58	-352
	Sale of subsidiary, exclusive of disposed assets	74	434
	Acquisition of property, plant and equipment	-35,498	-30,215
	Acquisition of an associated company	-1,130	0
	Other investments	-529	4,085
	Acquisition of intangible assets	-16,550	-16,254
	Net cash used in investing activities	**-49,258**	**-37,913**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Borrowings/Repayment of borrowings	65,720	65,821
	Dividend payout	0	-2,430
	Net cash used in financing activities	**65,720**	**63,391**
	Net change in cash and cash equivalents	-10,052	-11,209
	Cash and cash equivalents at beginning of period	31,610	35,242
	Cash and cash equivalents at end of period	21,558	24,033

Condensed Consolidated Statement of Change in Equity of the Gorenje Group

			Revenue reserves					Retained earnings						
EURk	Share capital	Share premium	Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves	Treasury shares	Profit or loss from previous periods	Profit or loss for the period	Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
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 for the period									3,960			**3,960**	184	**4,144**
Total other comprehensive income										1,803	-2,531	-728	0	-728
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,960**	**1,803**	**-2,531**	**3,232**	**184**	**3,416**
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
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-4,202**	**4,202**	**0**	**0**	**0**	**0**	**0**
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	-1,508	-1,508
Total changes in equity interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1,508**	**-1,508**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-4,202**	**4,202**	**0**	**0**	**0**	**-1,508**	**-1,508**
Closing balance at 30 Sep 2016	**101,922**	**174,502**	**12,896**	**7,556**	**3,170**	**75,679**	**-3,170**	**1,943**	**3,960**	**-17,246**	**6,954**	**368,166**	**1,804**	**369,970**

			Revenue reserves					Retained earnings						
EURk	**Share capital**	**Share premium**	**Legal reserves**	**Statutory reserves**	**Treasury share reserve**	**Other revenue reserves**	**Treasury shares**	**Profit or loss from previous periods**	**Profit or loss for the period**	**Translation reserve**	**Fair value reserve**	**Equity holders of the parent**	**Non-controlling interests**	**Total**
Opening balance at 1 Jan 2017	**101,922**	**174,502**	**12,896**	**7,919**	**3,170**	**22,030**	**-3,170**	**55,592**	**7,560**	**-17,071**	**6,724**	**372,074**	**2,164**	**374,238**
Total comprehensive income for the period														
Profit for the period									4,460			**4,460**	**185**	**4,645**
Total other comprehensive income										5,433	158	5,591		5,591
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,460**	**5,433**	**158**	**10,051**	**185**	**10,236**
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								7,560	-7,560			0		0
Dividend payout								-2,430				-2,430		-2,430
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5,130**	**-7,560**	**0**	**0**	**-2,430**	**0**	**-2,430**
Change in equity interests in subsidiaries that do not result in a loss of control														
Change in equity interests												0	-911	-911
Total changes in equity interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-911**	**-911**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5,130**	**-7,560**	**0**	**0**	**-2,430**	**-911**	**-3,341**
Closing balance at 30 Sep 2017	**101,922**	**174,502**	**12,896**	**7,919**	**3,170**	**22,030**	**-3,170**	**60,722**	**4,460**	**-11,638**	**6,882**	**379,695**	**1,438**	**381,133**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GORENJE GROUP

Fair Value

Fair values and book values of assets and liabilities

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2016	31 Dec 2016	30 Sep 2017	30 Sep 2017
Available-for-sale investments	2,247	2,247	1,863	1,863
Land and investment property	53,608	53,608	48,420	48,420
Non-current loans and deposits	2,403	2,403	2,405	2,405
Non-current trade receivables	2,481	2,481	2,342	2,342
Current loans and deposits	5,931	5,931	5,711	5,711
Derivatives	-2,509	-2,509	-716	-716
Trade receivables	165,786	165,786	221,493	221,493
Other current assets	47,333	47,333	47,234	47,234
Cash and cash equivalents	35,242	35,242	24,033	24,033
Non-current financial liabilities (variable interest rate)	-183,758	-183,758	-203,573	-203,573
Non-current financial liabilities (fixed interest rate)	-91,858	-81,917	-107,033	-99,752
Non-current operating liabilities	-3,672	-3,672	-3,705	-3,705
Current financial liabilities	-98,201	-98,201	-129,032	-129,032
Trade payables	-223,725	-223,725	-201,062	-201,062
Other current payables	-44,420	-44,420	-48,683	-48,683
Total	**-333,112**	**-323,171**	**-340,303**	**-333,022**

Fair value scale

31 December 2016

EURk	Level 1[9]	Level 2[10]	Level 3[11]	Total
Available-for-sale financial assets	510	79	1,658	2,247
Derivatives – assets	-	516	-	516
Derivatives – liabilities	-	-3,025	-	-3,025
Land and investment property	-	-	53,608	53,608

30 September 2017

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	488	81	1,294	1,863
Derivatives – assets	-	734	-	734
Derivatives – liabilities	-	-1,450	-	-1,450
Land and investment property	-	-	48,420	48,420

Gorenje Group companies recorded following related party transactions:

EURk	Transaction value		Balance	
	Jan-Sep 2016	Jan-Sep 2017	30 Sep 2016	30 Sep 2017
Income	216	379	489	468
Costs	218	961	75	138

[9] Level 1: stock price (unadjusted) on the active market of identical assets and liabilities,
[10] Level 2: data differing from stock price data (these are included in Level 1) monitored with the intention of direct or indirect valuation of assets and liabilities,
[11] Level 3: data on the value of assets and liabilities not based on the active market.

Business and Geographical Segments of the Gorenje Group

EURk	Domestic Appliances		Other Business		Group	
	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017
Revenue from sales to third parties	770,594	779,810	130,259	164,113	900,853	943,923
Inter-business sale	6,091	7,539	27,502	17,906	33,593	25,445
Interest income	396	406	53	114	449	520
Interest expenses	-10,990	-9,381	-361	-213	-11,351	-9,594
Amortisation and depreciation expense	-28,298	-33,361	-7,044	-7,377	-35,342	-40,738
Operating profit or loss before tax	7,032	3,351	1,020	3,329	8,052	6,680
Income tax expense	-3,330	-1,401	-578	-634	-3,908	-2,035
Profit or loss for the period	3,702	1,950	442	2,695	4,144	4,645
Total assets *	992,655	1,064,822	139,174	141,189	1,131,829	1,206,011
Total liabilities *	699,949	763,128	57,642	61,750	757,591	824,878

Notes:

- Data for total assets and total liabilities for 2016 are presented as at 31 December 2016.
- Comparable values for 2016 are adjusted by the effect of allowances for receivables, which was in previous year recorded among finance income and costs, whereas in this year among other operating income and expenses.
- Net costs of joint functions, which refer to both business segments, are in both periods allocated to the relevant business segment on the basis of the income-related share.

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017	Jan-Sep 2016	Jan-Sep 2017
Revenue from sales to third parties	344,390	327,212	476,766	521,633	79,697	95,078	900,853	943,923

Financial indicators

Following methodology is applied when calculating these ratios and indicators:

- indicators referring to individual average categories of the balance sheet are calculated on the basis of the average balances of the reporting period and previous three quarters,
- indicators referring to the income statement are categories disclosed on the annual level and taken into account the operations in the reporting period and the previous three quarters.

	Jan-Sep 2016	Jan-Sep 2017
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	0.5%	0.5%
Return on assets (ROA)	3.8%	2.8%
Net return on equity (ROE)	1.5%	2.4%
ASSET INDICATORS		
Asset turnover ratio	1.11	1.11
Inventory turnover ratio	5.22	5.21
Current trade receivables turnover ratio	6.73	6.61
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.48	0.49
Current assets to total assets	0.53	0.53
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.17	1.20
Equity to total liabilities	0.32	0.32
Long-term to total liabilities	0.62	0.63
Equity to fixed assets (carrying value)	0.65	0.64
Quick ratio (liquid assets to current liabilities)	0.07	0.07
(Liquid assets + current receivables) to current liabilities	0.67	0.71
Current ratio	1.23	1.29
Net financial liabilities to equity	1.06	1.07
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.03	1.02
Revenue per employee (EUR)	83,528	85,469
Value added per employee (EUR)	21,916	21,961

UNAUDITED CONDENSED FINANCIAL STATEMENTS OF GORENJE, D. D.

Condensed Balance Sheet of Gorenje, d. d.

EURk	Balance at 30 Sep 2016	Structure (%)	Balance at 31 Dec 2016	Structure (%)	Balance at 30 Sep 2017	Structure (%)
ASSETS	**991,429**	**100.0%**	**987,867**	**100.0%**	**1,075,680**	**100.0%**
Non-current assets	**529,829**	**53.4%**	**596,127**	**60.3%**	**720,433**	**66.9%**
Intangible assets	54,652	5.5%	59,396	6.0%	67,935	6.3%
Property, plant and equipment	197,539	19.9%	205,416	20.8%	204,350	19.0%
Investment property	12,985	1.3%	12,948	1.3%	8,676	0.8%
Investments in subsidiaries	243,843	24.6%	295,745	29.9%	295,786	27.5%
Investments in associates	1,639	0.2%	2,064	0.2%	2,064	0.2%
Other non-current investments	2,031	0.2%	2,029	0.2%	123,913	11.5%
Deferred tax assets	17,140	1.7%	18,529	1.9%	17,709	1.6%
Current assets	**461,600**	**46.6%**	**391,740**	**39.7%**	**355,247**	**33.1%**
Inventories	101,245	10.2%	88,564	9.0%	105,020	9.8%
Current investments	183,195	18.5%	144,432	14.6%	26,785	2.5%
Trade receivables	150,981	15.2%	130,860	13.3%	200,618	18.7%
Other current assets	23,302	2.4%	13,141	1.3%	19,867	1.8%
Cash and cash equivalents	2,877	0.3%	14,743	1.5%	2,957	0.3%
EQUITY AND LIABILITIES	**991,429**	**100.0%**	**987,867**	**100.0%**	**1,075,680**	**100.0%**
Equity	**361,694**	**36.5%**	**361,554**	**36.6%**	**362,497**	**33.7%**
Share capital	101,922	10.3%	101,922	10.3%	101,922	9.5%
Share premium	156,639	15.8%	156,639	15.9%	156,639	14.6%
Revenue reserves	99,301	10.0%	46,015	4.6%	46,015	4.3%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	4,142	0.4%	56,914	5.8%	57,353	5.3%
Fair value reserve	2,860	0.3%	3,234	0.3%	3,738	0.3%
Non-current liabilities	**274,462**	**27.7%**	**276,592**	**28.0%**	**306,380**	**28.5%**
Provisions	19,988	2.0%	20,940	2.1%	18,166	1.7%
Non-current financial liabilities	254,474	25.7%	255,652	25.9%	288,214	26.8%
Current liabilities	**355,273**	**35.8%**	**349,721**	**35.4%**	**406,803**	**37.8%**
Current financial liabilities	177,575	17.9%	151,489	15.3%	183,030	17.0%
Trade payables	147,029	14.8%	177,734	18.0%	188,476	17.5%
Other current liabilities	30,669	3.1%	20,498	2.1%	35,297	3.3%

Condensed Income Statement of Gorenje, d. d.

EURk	Jan-Sep 2016	Structure (%)	Jan-Sep 2016 comparable	Structure (%)	Jan-Sep 2017	Structure (%)
Revenue	**507,962**	**98.3%**	**507,962**	**98.3%**	**568,468**	**96.1%**
Change in inventories of products and work in progress	2,343	0.5%	2,343	0.5%	9,591	1.6%
Other operating income	6,377	1.2%	6,377	1.2%	13,481	2.3%
Gross profit	**516,682**	**100.0%**	**516,682**	**100.0%**	**591,540**	**100.0%**
Costs of goods, materials and services	-410,658	-79.5%	-410,658	-79.5%	-477,062	-80.6%
Costs of goods sold	*-149,646*	*-29.0%*	*-149,646*	*-29.0%*	*-198,677*	*-33.6%*
Costs of materials	*-202,506*	*-39.2%*	*-202,506*	*-39.2%*	*-214,997*	*-36.3%*
Costs of services	*-58,506*	*-11.3%*	*-58,506*	*-11.3%*	*-63,388*	*-10.7%*
Other operating expenses	-3,376	-0.7%	-3,611	-0.7%	-6,234	-1.1%
Added value / AV	**102,648**	**19.8%**	**102,413**	**19.8%**	**108,244**	**18.3%**
Employee benefits expense	-75,245	-14.5%	-75,245	-14.5%	-80,208	-13.5%
EBITDA	**27,403**	**5.3%**	**27,168**	**5.3%**	**28,036**	**4.8%**
Amortisation and depreciation expense	-18,267	-3.5%	-18,267	-3.5%	-22,451	-3.8%
EBIT	**9,136**	**1.8%**	**8,901**	**1.7%**	**5,585**	**1.0%**
Result of financing activities	**-4,045**	**-0.8%**	**-3,810**	**-0.7%**	**-1,772**	**-0.3%**
Result of revaluations	*41*	*0.0%*	*41*	*0.0%*	*-262*	*0.0%*
Result of other financing movements	*-4,086*	*-0.8%*	*-3,851*	*-0.7%*	*-1,510*	*-0.3%*
Profit before tax	**5,091**	**1.0%**	**5,091**	**1.0%**	**3,813**	**0.7%**
Income tax expense	-949	-0.2%	-949	-0.2%	-944	-0.2%
Profit for the period	**4,142**	**0.8%**	**4,142**	**0.8%**	**2,869**	**0.5%**
Basic and diluted earnings per share (in EUR)	0.17		0.17		0.12	

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

EURk	Jan-Sep 2016	Jan-Sep 2017
Profit for the period	**4,142**	**2,869**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	**0**	**0**
Change in fair value of land	0	0
Items that may be reclassified subsequently to profit or loss	**-1,362**	**504**
Net change in fair value of available-for-sale financial instruments	-10	5
Effective portion of changes in gains and losses from hedging instruments in cash flow hedges	-2,062	97
Effective portion of changes in gains and losses from hedging instruments on cash flow hedges, reclassified to profit or loss	431	520
Income tax on other comprehensive income	279	-118
Other comprehensive income for the period	**-1,362**	**504**
Total comprehensive income for the period	**2,780**	**3,373**

Condensed Statement of Cash Flows of Gorenje, d.d.

	EURk	Jan-Sep 2016	Jan-Sep 2017
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit or loss for the period	**4,142**	**2,869**
	Adjustments for:		
	-Depreciation of property, plant and equipment	15,135	17,716
	-Amortisation of intangible assets	3,132	4,735
	-Investment income	-9,722	-10,269
	-Finance expenses	13,767	12,041
	-Gain on sale of property, plant and equipment	-92	435
	-Income tax expense	949	944
	Cash flow from operating activities before changes in net operating current assets and provisions	**27,311**	**28,471**
	Change in trade and other receivables	-8,464	-73,832
	Change in inventories	-9,259	-16,456
	Change in provisions	-1,430	-2,774
	Change in trade and other payables	-10,095	27,634
	Cash generated from operations	**-29,248**	**-65,428**
	Interest paid	-10,505	-11,064
	Net cash from operating activities	**-12,442**	**-48,021**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Proceeds from sale of property, plant and equipment	2,484	478
	Interest received	2,319	3,422
	Dividends received	7	2,529
	Acquisition of a subsidiary	-2,100	-40
	Acquisition of an associated company	-1,130	0
	Acquisition of property, plant and equipment	-19,171	-17,479
	Other investments	1,493	-3,725
	Acquisition of intangible assets	-13,333	-13,273
	Net cash used in investing activities	**-29,431**	**-28,088**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Borrowing / Repayment of borrowings	37,151	66,753
	Dividend payout	0	-2,430
	Net cash used in financing activities	**37,151**	**64,323**
	Net change in cash and cash equivalents	-4,722	-11,786
	Cash and cash equivalents at beginning of period	7,599	14,743
	Cash and cash equivalents at end of period	2,877	2,957

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

			Revenue reserves					Retained earnings			
EURk	**Share capital**	**Share premium**	**Legal reserves**	**Statutory reserves**	**Treasury share reserve**	**Other revenue reserves**	**Treasury shares**	**Profit or loss from previous periods**	**Profit or loss for the period**	**Fair value reserve**	**Total**
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									4,142		4,142
Total other comprehensive income										-1,362	-1,362
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,142**	**-1,362**	**2,780**
Transactions with owners (when acting as owners) recognised directly in equity											0
Contributions by owners and distribution to owners											0
Total contributions by owners and distribution to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance at 30 Sep 2016	**101,922**	**156,639**	**12,896**	**7,556**	**3,170**	**75,679**	**-3,170**	**0**	**4,142**	**2,860**	**361,694**

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Fair value reserve	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 2017	**101,922**	**156,639**	**12,896**	**7,919**	**3,170**	**22,030**	**-3,170**	**53,648**	**3,266**	**3,234**	**361,554**
Total comprehensive income for the period											
Profit for the period									2,869		2,869
Total other comprehensive income										504	504
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,869**	**504**	**3,373**
Transactions with owners (when acting as owners) recognised directly in equity											0
Contributions by owners and distribution to owners											0
Transfer of profit from previous year to retained earnings								3,266	-3,266		0
Dividend payout								-2,430			-2,430
Total contributions by owners and distribution to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**836**	**-3,266**	**0**	**-2,430**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**836**	**-3,266**	**0**	**-2,430**
Closing balance at 30 Sep 2017	**101,922**	**156,639**	**12,896**	**7,919**	**3,170**	**22,030**	**-3,170**	**54,484**	**2,869**	**3,738**	**362,497**

Profit from previous periods amounted as at 30 September 2017 to EUR 54,484k, which cannot be distributed to owners pursuant to provisions of the Companies Act. The Company is namely obliged to observe the Slovenian legislation and thus also Article 66 of the Companies Act, which defines the category of accumulated profit. Non-current deferred costs of development were in the accumulated profit for 2016 considered as a deductible item, which as at 31 December 2016 amounted to EUR 54,484k. The accumulated profit available for distribution amounted in 2016 to EUR 2,430k. As of 14 July 2017, the Shareholders' Meeting decided on its distribution with a dividend payout amounting to EUR 0.10 gross per share. The dividends were also paid.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF GORENJE, D. D.

Fair values and book values of assets and liabilities

EURk	Book value	Fair value	Book value	Fair value
	31 Dec 2016	31 Dec 2016	30 Sep 2017	30 Sep 2017
Available-for-sale investments	1,617	1,617	1,311	1,311
Land and investment property	34,750	34,750	30,478	30,478
Non-current loans	1,357	1,357	123,241	123,241
Current loans	138,563	138,563	20,924	20,924
Derivatives	-1,853	-1,853	-901	-901
Trade receivables	130,860	130,860	200,618	200,618
Other current assets	10,726	10,726	15,201	15,201
Cash and cash equivalents	14,743	14,743	2,957	2,957
Non-current financial liabilities	-140,578	-140,578	-181,268	-181,268
Non-current financial liabilities (fixed interest rate)	-115,074	-81,849	-106,946	-99,679
Current financial liabilities	-148,399	-148,399	-181,395	-181,395
Trade payables	-177,734	-177,734	-188,476	-188,476
Other current liabilities	-13,142	-13,142	-13,880	-13,880
Total	**-264,164**	**-230,939**	**-278,136**	**-270,869**

Fair value scale

31 December 2016

EURk	Level 1[12]	Level 2[13]	Level 3[14]	Total
Available-for-sale financial assets	132	-	1,485	1,617
Derivatives - assets	-	1,237	-	1,237
Derivatives - liabilities	-	-3,090	-	-3,090
Land and investment property	-	-	34,750	34,750

30 September 2017

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	138	-	1,173	1,311
Derivatives - assets	-	734	-	734
Derivatives - liabilities	-	-1,635	-	-1,635
Land and investment property	-	-	30,478	30,478

Related party transactions

EURk	Transaction value		Balance	
	Jan-Sep 2016	Jan-Sep 2017	30 Sep 2016	30 Sep 2017
Revenue	363,053	406,732		
Trade receivables			106,071	141,611
Trade payables			27,063	61,930
Loans granted			171,096	137,566
Borrowings raised			64,800	66,559

[12] Level 1: stock price (unadjusted) on the active market of identical assets and liabilities,
[13] Level 2: data differing from stock price data (these are included in Level 1) monitored with the intention of direct or indirect valuation of assets and liabilities,
[14] Level 3: data on the value of assets and liabilities not based on the active market.

Financial indicators

Following methodology is applied when calculating these ratios and indicators:

- indicators referring to individual average categories of the balance sheet are calculated on the basis of the average balances of the previous 12 months,
- indicators referring to the income statement are categories disclosed on the annual level and taken into account the operations in the reporting period and the previous three quarters.

	Jan-Sep 2016	Jan-Sep 2017
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	0.82%	0.50%
Return on assets (ROA)	2.09%	0.51%
Net return on equity (ROE)	1.82%	0.67%
ASSET INDICATORS		
Asset turnover ratio	0.73	0.75
Inventory turnover ratio	7.32	7.70
Current trade receivables turnover ratio	4.57	4.62
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.27	0.26
Current assets to total assets	0.53	0.67
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.20	0.93
Equity to total liabilities	0.36	0.34
Long-term to total liabilities	0.64	0.62
Equity to fixed assets (carrying value)	1.36	1.33
Quick ratio (liquid assets to current liabilities)	0.52	0.07
(Liquid assets + current receivables) to current liabilities	1.01	0.62
Current ratio	1.30	0.87
Net financial liabilities to equity	0.68	1.22
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.02	1.01
Revenue per employee (EUR)	120,857	128,525
Value added per employee (EUR)	24,423	24,473

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

As at 3 October 2017, Gorenje, d. d. publicly announced the date of the interim payout of the principal amount of the GV01 amortization bond i.e. 10 October 2017. Owners of the GV01 bond, who were as at 4 October 2017 (cut-off date) entered into the KDD register are entitled to the paying of the principal amount. According to KDD business rules dated 14 December 2016 and inclusive of amendments of 23 January 2017, the interim payout of the amortization bond's principal amount represents a corporate act stipulating that KDD must ensure the owners of the GV01 bond payout, deletion and thereupon the issue of the bond with the same ISIN code but with a reduced principal amount. Based on the aforesaid, the KDD called upon the Ljubljana Stock Exchange and Gorenje, d.d. as the issuer to temporarily discontinue trading with the GV01 bond for the period from 3 October 2017 to 10 October 2017, which Gorenje, d.d. also did.

No other significant events occurred after the date of compiling the balance sheet as of 30 September 2017.

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–September 2017**. The unaudited financial statements of Gorenje, d.d., and the Gorenje Group were presented to the Supervisory Board at its **37th regular session** held on **9 November 2017**. The financial statements are available for review at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3320 Velenje, whereas announcements are 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 9 November 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.