gorenjegroup

Unaudited Consolidated Financial Statements

January-March 2018

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

Management Board of Gorenje, d.d.
Velenje, May 2018

Table of Contents

SUMMARY

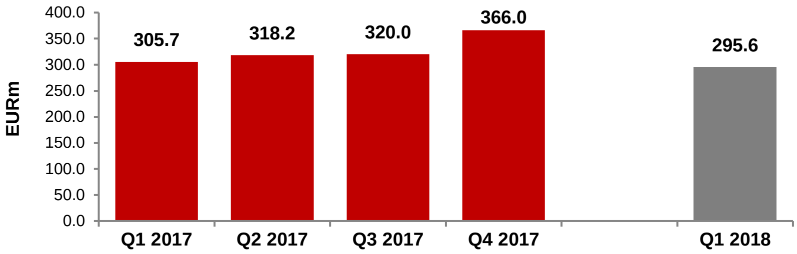
- **EUR 295.6m of revenue** were generated, showing a **3.3%** decline over the first three months in 2017. The comparable **growth** in revenue, which takes account of the shortfall of income from sale of coal due to the divestment of the said activity at the end of 2017, was established at **0.8%**. The achieved balance of revenue accounts for **22.3%** of the Group's planned annual revenue and is by 2.0% above the dynamical plan for the respective period.
- Revenue generated by the **Domestic Appliances** activity **achieved EUR 246.8m**, which **equals** the realisation of the last year's same period and concurrently represents **20.8%** of the annual plan and is on the comparable level as projected for the period hereunder.
- Revenue from **sale of household appliances of own brands** grew by **4.0%**, while OEM business recorded a decline in revenue by 34.6%.
- Growth in revenue by the Domestic Appliances activity was recorded on the markets of Eastern Europe and the markets outside of Europe, whereby certain markets in Western Europe, in particular Germany, the Netherlands, Great Britain and Italy, record a decline in sales primarily due to the price repositioning and limitation of sales of products with inadequate yields, and sharp competition. A sales decline was also recorded in Australia, which is primarily attributable to the fall of the local currency.
- The first stage of the new generation of Gorenje dryers and washing machines and the upgrade of the premium built-in oven BIO (BIO Enhancement) was launched in the first quarter of 2018.
- **EBITDA amounted to EUR 22.4m** and shows an increase of **8.7%** over the comparable EBITDA in the last year's equivalent period. We achieved **26.0%** of the planned annual EBITDA
- **EBIT was EUR 7.8m** and remained approximately on the same level of the Q1 2017 balance regardless the increase of the **amortisation and depreciation expense** by **EUR 1.9m**. We generated **30.7%** of the planned EBIT for 2018.
- Profit of the period of the first three months of 2018 amounted to **EUR 2.5m**, which shows a **23.5 percent growth** with respect to the same period last year, and accounts for **31.1%** of the annual plan.
- As at 31 March 2018, net financial liabilities were recorded at **EUR 411.5m**, which is **EUR 3.5m over the last year’s balance.**

MANAGEMENT REPORT

SALES AND MARKETS

The Group generated EUR 295.6m of **revenue**, indicating a decrease of 3.3% over the first three months in 2017, whereby in terms of comparability (based on eliminating revenue from sale of coal due to the disposal of the said activity in the end of 2017) **revenue increased** by **0.8%**.

Revenue of the Gorenje Group



Revenue of the Gorenje Group by activity

	Q1 2017	Q1 2018
Domestic Appliances	**246.9**	**246.8**
Other Business	**58.8**	**48.8**

Within the Domestic Appliances activity we have generated EUR 246.8m of revenue, which is on the level of the first quarter in 2017.

Within the Other Business activity, EUR 48.8m of revenue was generated, which is 16.9% less relative to the same period in 2017. The respective decline is attributable to the disposal of the coal activity at the year-end of 2017, the decline in revenue from sales of medical equipment after an exceptional growth last year, as well as the revenue shortfall in the field of ecology as a result of the last year's fire at Kemis.

Group's revenue structure by activities

	Q1 2017	Q1 2018
Domestic Appliances	**80.8%**	**83.5%**
Other Business	**19.2%**	**16.5%**

The achieved **revenue structure by activities** indicates that the Domestic Appliances activity generated 83.5% of the Group's total revenue (+2.7 p.p.). The share's change is attributable to the decline in revenue incurred by the Other Business activity due to disposed activity of coal sale last year and other already outlined changes in this business segment.

In the January-March 2018 period, the **Group achieved a 3.3 percent decline in revenue** relative to the same period in 2017, whereby in terms of comparability revenue **increased** by **0.8%**. Higher sales volume on the Group level was achieved by the geographical segment Other countries, while also in Eastern Europe within the Domestic Appliances activity. Less revenue was generated on the markets of Western Europe within the Domestic Appliances activity. Revenue from sale of household appliances of own brands grew by 4.0%, while OEM business recorded a decline in revenue by 34.6%.

Revenue by geographical segments

EURm	Q1 2017	%	Q1 2018	%	Change (%)
Western Europe	115.6	37.8	105.1	35.5	-9.0%
Eastern Europe	159.6	52.2	159.5	54.0	-0.1%
Other	30.5	10.0	31.0	10.5	+1.5%
Total Group	**305.7**	**100.0**	**295.6**	**100.0**	**-3.3%**
Western Europe	108.1	43.8	97.8	39.6	-9.6%
Eastern Europe	108.5	44.0	118.1	47.9	+8.9%
Other	30.3	12.2	30.9	12.5	+2.0%
Total Domestic Appliances	**246.9**	**100.0**	**246.8**	**100.0**	**-0.1%**

- **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.

- The Domestic Appliances activity **achieved the same level of sales revenue** as generated in the first quarter of 2017.
- As for **Western Europe,** sales growth was recorded on the **markets of Austria, Denmark and France. Less sales revenue** was generated on the markets of **the Netherlands, Germany and Great Britain**, which is the result of price repositioning on these markets and the changed structure of sales channels.
- In the January-March period, growth in revenue was recorded on individual markets of **Eastern Europe**: **Serbia, Montenegro, the Czech Republic, Slovakia, Poland, Hungary, Croatia, Romania, Bulgaria, Kazakhstan, Bosnia and Herzegovina, Ukraine and Kosovo.**
- 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 **Israel, Brasil and Chile. Markets of Other countries account for a 12.5 percent share** (0.3 p.p. more than in the same period in 2017) in the revenue structure of the Domestic Appliances activity.
- Based on a 8.2% growth in revenue from sales of **Asko brand appliances, the sales of the premium segment is increasing**. **Sales of Asko brand appliances** accounted within the sales revenue structure of large household appliances by the Domestic Appliances activity **a 14.5 percent share (+1.2 p.p. over the same period in 2017).** Higher sales of the Asko brand products were achieved on the markets of Scandinavia and through the sale of professional appliances, where sales revenue declined on the markets of Australia.
- Operations in Benelux under the brands ATAG, Pelgrim and ETNA were impacted by the repositioning of the Pelgrim brand and by adjusting the distribution channels, which resulted in lower revenue by 3.1% relative to the equivalent period in 2017.
- Revenue in the field of **OEM business** declined in the first quarter. Excluding the effect of the OEM business, the Domestic Appliances activity would achieve 2.9% growth in revenue if compared to the equivalent period in 2017.

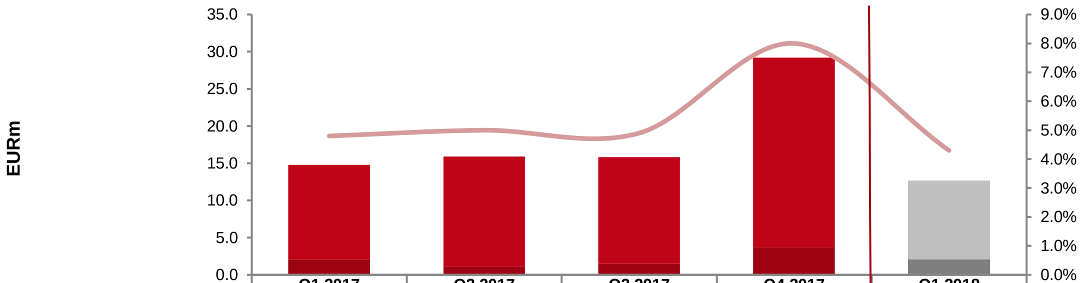
- **We have increased the sales of innovative[1] appliances,** whose share within the structure of revenue generated through the sales of large household appliance by the Domestic Appliances activity grew to **23.5% (+1.0 p.p.)** relative to the same period last year**.** The share of **premium[2] appliances (29.6%)** remained approximately on the level of the same period in 2017.
- **EUR 6.2m was invested into marketing**, which equals a **2.1 percent share in Group's revenue.** The stated share remains unchanged in view of the same period in 2017.

DEVELOPMENT AND NEW PRODUCTS

- In line with the strategic goal, **3.3% of revenue generated by the Domestic Appliances segment or 2.7% of Group's revenue were invested in the product development**. The relevant share was in both cases increased by 0.2 p.p. relative to the Q1 2017 balance.
- As for the development area, the first stage of the new generation of Gorenje dryers and washing machines and the upgrade of the premium built-in oven BIO (BIO Enhancement) was launched in the first quarter of 2018.

Investments amounted to EUR 12.7m in the first three months of 2018 and show a decline of EUR 2.0m over the last year's same period. Total investments in property, plant and equipment amounted to EUR 6.3m, whereof the largest share of EUR 4.3m was earmarked for technological equipment, mostly relating to the development of new products. The largest share of investments in the amount of EUR 10.6m was recorded within the Domestic Appliances activity. As for the structure of total investments, EUR 6.4m relates to non-material investments, where most of them (EUR 4.7m) were earmarked for the development of new products (capitalised costs for development). Given the investments within the Domestic Appliances activity, the completing investment in the new platform of self-standing cookers, the built-in cookers and the two new generations of Gorenje and ASKO brand washing machines and dryers, we are completing the multiannual higher volume of investments. 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 2.1m, whereof mostly refers to ecology (EUR 1.4m); thereof EUR 1.0m for the site restoration after the fire in Kemis.

Investments by activity



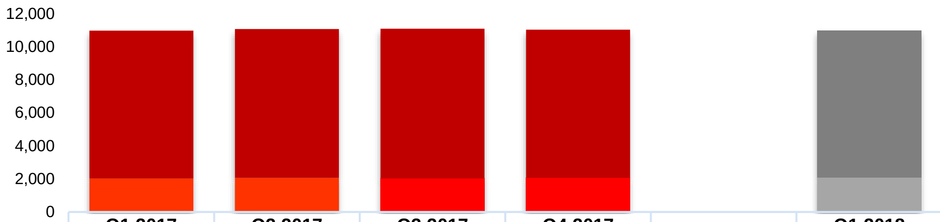
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Domestic Appliances	12.8	14.8	14.3	25.5	10.6
Other Business	2.0	1.1	1.5	3.7	2.1
CAPEX margin (%)	4.8%	5.0%	4.9%	8.0%	4.3%
Total	14,8	15,9	15,8	29,2	12,7

[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 Ora-Ïto , Gorenje Pininfarina, Gorenje Classico, Gorenje One, Gorenje Karim Rashid, Gorenje Color edition, Gorenje +, Gorenje Retro, and Gorenje by Starck).

EMPLOYEES

In the January-March 2018 period, the **Gorenje Group's average number of employees was 10,962** or an average of 16 less than in the same period last year. The average number of staff in the Domestic Appliances activity declined by 76, while in the Other Business activity it increased by 60. The aforesaid decrease in the number of staff in the Domestic Appliances activity is primarily attributable to less employees in Gorenje AD Valjevo, d.o.o. (157) as a result of higher productivity, whereby the parent company records 51 more employees relative to the equivalent period in 2017 due to growing production volume. Higher number of employees in the Other Business activity is attributable to more staff in the company Gorenje Tiki, d.o.o. as a result of larger production volume.

Average number of employees by activity



	Q1 2017	Q2 2017	Q3 2017	Q4 2017		Q1 2018
Domestic Appliances	**8,961**	**9,007**	**9,060**	**8,952**		**8,885**
Other Business	**2,017**	**2,058**	**2,030**	**2,071**		**2,077**
Total:	**10,978**	**11,065**	**11,090**	**11,023**		**10,962**

Employee benefits expense increased by 4.4% or EUR 2.6m relative to the previous year's equivalent period. The relevant increase is attributable to the higher average number of employees in production companies due to a larger production volume and orders for the respective period. 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, as well as for other production facilities of the Gorenje Group.

At the start of the third quarter last year, we have more actively addressed the cost-cutting activities in the field of overheads on the Group level. The set goal was to reduce the employee benefits expenses of the Group's overhead departments by the end of the third quarter of 2018 by 10% in comparison to the 1 June 2017 balance. At the parent company's level, the number of staff already declined by 48 by the end of this year's first quarter if compared to the 1 June 2017 balance. By the end of 2018, the number of employees in Group's field of overheads is to be reduced by another 175 or the labour costs would be reduced by a comparative percentage (relative to the 1 June 2017). Employees in the overhead departments are 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	Q1 2017	Q1 2018	Index	Plan 2018	Q1 2018/ Plan 2018
Revenue	305.7	295.6	96.7	1.328.0	22.3
Revenue (comparative)*	290.7	293.0	100.8	1.328.0	22.1
Operating profit	326.3	334.3	102.5	1.320.1	25.3
Value added	79.9	84.3	105.6	332.2	25.4
VA margin (%)	*24.5%*	*25.2%*	*I*	*25.2%*	*I*
EBITDA	20.6	22.4	108.7	86.3	26.0
EBITDA margin (%)	*6.3%*	*6.7%*	*I*	*6.5%*	*I*
EBIT	7.9	7.8	99.0	25.3	30.7
EBIT margin (%)	*2.4%*	*2.3%*	*I*	*1.9%*	*I*
Profit before tax	4.3	3.9	91.3	12.6	31.0
Profit for the period	2.1	2.5	123.5	8.1	31.1
*ROS (%)***	*0.7%*	*0.9%*	*I*	*0.6%*	*I*

* Revenue exclusive of income on the disposal of the sale of coal activity

** ROS (profit for the period/revenue)

The generated **value added in the amount of EUR 84.3m (5.6 percent growth** relative to the comparable value added in the Q1 2017 period, annual plan was achieved by **25.4%**) was impacted mostly by following positive elements:

- more favourable **geographical sales structure** of the Domestic Appliances activity; the largest sales growth was recorded on the markets of Other countries **(2.0 percent growth), on the markets of Eastern Europe (8.9 percent growth),** where higher contribution margins are achieved**,**
- favourable **sales structure of brands**, where we have enhanced primarily the sale of the **Asko** brand **(9.4 percent growth),**
- favourable **product sales structure;** enhancing the sales of **innovative appliances (5.1 percent** growth in revenue), of **dishwashers (3.5 percent** growth in revenue), of **cookers (1.6 percent growth** in revenue), and **small domestic appliances (9.9 percent** growth in revenue); the stated product groups of appliances are significant from the viewpoint of achieved contribution margins,
- efficient production due to a high volume of production activities and achieving appropriate productivity levels in the production process,
- growth of other operating income by EUR 1.2m due to revaluation of investment property in Serbia (the positive revaluation effect is established at EUR 2.2m).

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 Dutch, German and British market, and the decline in revenue generated through OEM business.

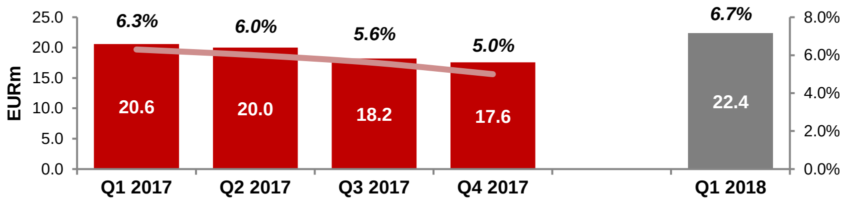
The share of **cost of goods sold** (generated at EUR 58.0m) in the gross profit decreased by 3.6 p.p. compared to the same period in 2017, which is the result of the disposal of the sale of coal activity.

Costs of material were recorded in the amount of EUR 133.4m (**11.8 percent growth** relative to the same period in 2017, **26.7% of the planned** annual amount). With respect to 2017, the share of costs of material in the gross profit **grew by 3.3 p.p.** The relevant increase is primarily attributable to the already planned price increase of basic raw materials such as sheetmetal, plastics and polyurethane foam, and the production's product structure. We tried to mitigate the stated adverse effects by means of intensive negotiations held with the suppliers, a timely lease of raw materials and by increasing the share of supply from the most competitive sources. Compared to the last year's same period, the impact of higher purchase prices in the first quarter of 2018 amounted to +2.0% (+ EUR 2.9m), whereby in view of the plan the prices declined by 0.6% (EUR 0.7m). The said area remains one of the primary challenges for the whole 2018.

Relative to the same period in 2017, **the costs of services** were recorded at **EUR 52.9m** and show a decline of **0.4%** but at the same time they achieved **23.4%** of the annual plan. Costs of services move in line with the plan.

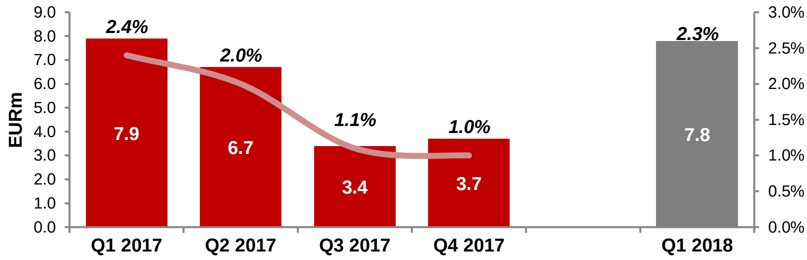
The Group recorded **earnings before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of **EUR 22.4m** or **EUR 1.8m** or **8.7% more** than the comparable EBITDA in the first quarter of 2017. **26.0%** of the planned annual EBITDA was achieved. The growth of the gross yield was in the reporting period sufficiently high which consequently compensated for the effects of higher costs. **EBITDA margin** thus **grew** from the previous year's **6.3%** to **6.7%.**

EBITDA and EBITDA margin



Earnings before interest and tax (EBIT): the EBIT was generated in the amount of **EUR 7.8m**. With respect to the same period in 2017, the achieved EBIT was lower by **1.0%**, whereby **30.7%** of the planned annual value was achieved. The movement of EBIT was in view of the last year's same period impacted by the **high growth** of amortisation and depreciation expense at **EUR 1.9m** due to the dynamics of capitalising costs of development and the accelerated investment cycle in previous periods.

EBIT and EBIT margin

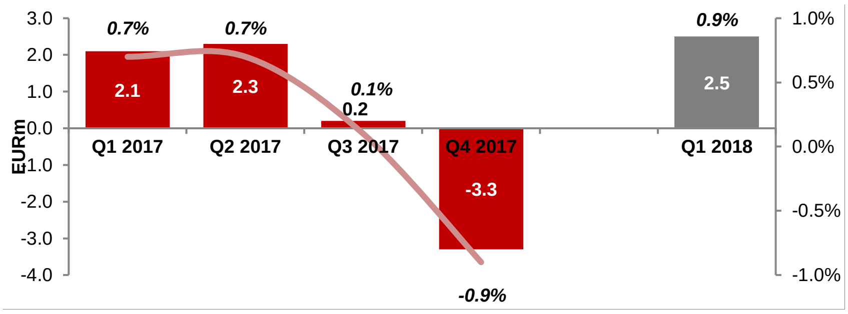


The Group's negative **result from financing activities** at EUR 3.8m shows an improvement of EUR 0.3m over the previous year's same period. The result from financing activities was favourable impacted by **interest expenses, which amounted to EUR 3.0m and show a decline of 8.5% (EUR 0.3m)** over the same period in 2017. The negative impact of exchange differences amounted in the Q1 2018 to EUR 0.2m (EUR 0.1m in the last year's same period). Other finance costs were higher by EUR 0.2m or 35.7% relative to 31 March 2017 balance.

Income tax expense, disclosed at EUR 1.4m and lower by EUR 0.9m in comparison to the same period in 2017, includes current and deferred income tax. The income tax disclosed is in accord with the projected annual dynamics.

Gorenje Group's **profit for the period** amounted to EUR 2.5m or 23.5% more than in last year's equivalent period and achieves 31.1% of the annual plan**.**

Profit for the period and ROS



KEY RISKS

Key risks for the Group's implementation of the plan in 2018:

- ensuring the planned sales volume and structure, in particular on the very competitive Western European markets,
- implementing the planned product price increases,
- providing for the planned profitability of sales activities by further focusing on distribution channels on key markets and the harsh competition, which heightens the pressure on the prices for finished products,
- significant price increase of materials and components on the world markets and their volatility even in the light on the current limitation of free trade,
- labour cost pressure, negotiations relating to the collective agreement and the lack of suitable workforce in Slovenia, Serbia and the Czech Republic,
- fluctuation of currency parity (i.e. mostly in relation to RUB and USD) due to the global economic and political situation, particularly in the light of current political crisis in Syria and limitation of free trade,
- implementation of the planned divestment of companies within the Other Business activity and of underperforming assets in line with the expected economic basis.

Aimed at limiting the effects of stated negative elements on the implementation of the Group's planned business results for 2018, following numerous measures are performed:

- target-oriented activities supported by marketing services for ensuring sales growth based on the adequate product and geographical sales structure, the positioning of our brands aimed at increasing the average achieved prices for our products on the markets,
- further activities for ensuring cost efficiency and productivity of our processes aimed at minimizing the negative impacts on labour costs, measures for reducing staff in the supporting departments, and cost efficiency on all levels of business operations,
- measures for improving the turnover of working capital by accelerating the financing activites 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,

- focusing on the Domestic Appliances activity as the Group's core business. In the light of the aforesaid, Gorenje started in 2017 with divesting Gorenje Surovina, the largest company within the Other Business activity, and by the year-end also the activity of coal sale. The 2018 plan includes the additional divestment of the company and activities within the production and sale of the heaters programme, and further divestment of underperforming assets, mostly real properties, based on which the Group's planned deleveraging is to be ensured.

SIGNIFICANT BUSINESS EVENTS IN 2018

JANUARY

Convocation of the 25th General Meeting of Shareholders

The 25th Shareholders' Meeting of Gorenje d.d. was held on 9 January 2018 in Velenje during which the proposal to replace the Gorenje Supervisory Board chairman Marko Voljč and the Supervisory Board member Uroš Slavinec was made. The shareholders did not vote in favour of the relevant proposal.

HEAD and Gorenje present a new line of appliances supporting a healthier lifestyle

At the ISPO Munich, the world’s largest international multi-segment exhibition for the sports industry, Gorenje and HEAD presented a new edition of Nutri Sport blender and connected kitchen scale to support a healthy and active lifestyle. The ISPO Munich takes place from 28 to 31 of January 2018, while the new small domestic appliances line HEAD by Gorenje will be available in spring 2018.

FEBRUARY

Harmonization of the collective agreement

As of 1 February, Gorenje's Management Board terminated the collective agreement with the purpose to speed up negotiations with the trade union and to adopt as soon as possible a new, advances collective agreement. A few days afterwards, the trade union announced a warning strike and demanded from the Management Board to denounce the intention to terminate the collective agreement. The trade Union and the Management Board reached an agreement on 9 March 2018 and cancelled the strike. The collective agreement is to be revised by the end of May.

Sixth issue of GRV06 commercial paper

In order to obtain funds for seasonal financing of its operations, Gorenje, d.d. completed its sixth consecutive issue of commercial paper in the amount of EUR 11,534,000. The commercial paper with the interest bearing starting on 1 February 2018 and the maturity date of 21 December 2018, bears in the first subscription round the interest rate at 1.90 percent p.a.

Gorenje supports pattern city

The new centre of developing solutions for the future in Velenje

In its almost 70 years since being established, Gorenje has made numerous breakthrough technological innovations in the field of domestic appliance development and received countless international and Slovenian awards and recognitions for excellence in design and innovations, and thus significantly contributed to global promotion of Slovenia and Velenje. Gorenje, which continuously supports development and innovation efforts on local as well as global level, proudly supports the Pattern City project, which will undoubtedly contribute to the promotion of know-how from Slovenia and Velenje.

MARCH

Gorenje invites three potential partners to perform the due diligence

In addition to the four previously disclosed non-binding offers, Gorenje received five non-binding offers in March 2018 by possible strategic partners from Asia and Europe. Following a thorough analysis and review of all five non-binding partnership offers, Gorenje has invited three potential partners, all based in Asia and active in the household appliances industry, into the due diligence phase of the process. All three have submitted offers to acquire a majority stake in the company i.e. at least 50% +1 share of the total equity. The deadline for submitting binding offers has been set for 8 May 2018.

Gorenje receives seven non-binding offers for Gorenje Surovina

In-line with its strategic focus on its core business, Gorenje is continuing the process of selling Gorenje Surovina and its affiliated companies. By 16 March 2018, we have received seven non-binding offers from strategic and financial investors. Following the analysis of all offers received, we have invited five potential investors into the due diligence for Gorenje Surovina and its affiliated companies. In-line with the process documentation, Gorenje expects binding offers for the purchase of Gorenje Surovina, d.o.o. and its affiliated companies to be submitted by no later than 29 May 2018.

With great pleasure Gorenje enabled holidays to 80 children from families in need

The Pure Pleasure event was held for the third time this year and as always aimed at providing holidays to as many children from socially vulnerable families as possible. The children look very much forward to these opportunities as they are often stigmatized and excluded from the company of their peers due to distress. This time, individuals and companies contributed almost 280 tons of waste material to a total value of over EUR 37,600. With the help of all participants, 80 children from families in need will go on holidays this year under the auspices of the project Sponsorship (Botrstvo) in Slovenia.

APRIL

Gorenje wins 5 Red Dot design awards Gorenje

reddot design award

Velenje based appliance manufacturer Gorenje picked up 5 awards at this year's prestigious Red Dot design awards. The jury awarded the outstanding design of their latest Gorenje brand WaveActive washer and dryer, as well as the built in cooler, freezer and integrated coffee machine by Atag brand. All products were designed by Gorenje's own design team that added 5 more awards to an already long list of accolades for the Velenje based manufacturer.

Gorenje named most energy efficient company by readers of Finance

Gorenje Group received the prestigious “Most energy efficient company of 2017” award at the annual Energy Professionals Conference. Competing against projects from all over Slovenia, readers of Finance who cast their votes online recognized the many projects Gorenje has executed in the past that improved the energy and hence business efficiency of the company.

Energy efficiency is one of the key environmental focuses of the company, that has, since its inception almost 70 years ago, thrived to reduce not only its own but also the impact of its products on the environment. The company regularly undergoes energy reviews and prepares operational plans on how to improve its energy efficiency to the highest possible level.

Gorenje also transfers its energy efficiency policy from the corporate level to its products. All of them fulfil the highest energy efficiency standards. In April the company is launching a new generation of WaveActive washing machines that, due to the advanced technologies and innovations included, obtained an energy efficiency rating of A+++, and driers with an A++ rating.

FINANCIAL REPORT

WORKING CAPITAL MANAGEMENT

As at 31 March 2018, Group’s investments in the net working capital[3],amounted to EUR 200.3m and, compared to the 31 December 2017 balance that was used as the basis for calculating the development of cash flows from operating and investing activities for 2018, show an increase of EUR 57.0m. With respect to the equivalent period in 2017, they decreased by EUR 14.9m or show a decline of 6.9%. As at 31 March 2018, the share of net working capital within revenue in the last twelve months decreased relative to the 31 March 2017 balance by 1.4 percentage points and achieved a rate of 15.4%. Thus, the working capital management improved primarily as a result of using the instruments of financing the supply chain.

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.

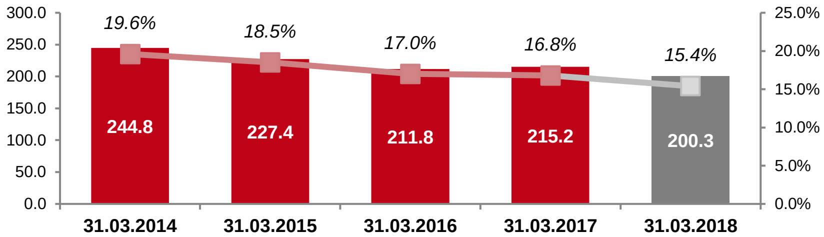
For the purpose of extending the turnover of trade payables, we have introduced a supplier factoring scheme, within which the suppliers are in exchange for significantly prolonging the payment date offered access to the factoring service that is ensured by our bank partners. Since the launch of the supplier factoring (August 2017), the average payment deadline to suppliers of material and components within the Domestic Appliances activity has extended by 20 days by the end of March 2018.

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

Investments in net working capital

EURm	31 Mar 2014	31 Mar 2015	31 Mar 2016	31 Mar 2017	31 Dec 2017	31 Mar 2018	Difference 31 Mar 2018/ 31 Mar 2017
+ Inventories	238.0	238.1	238.1	250.1	220.6	255.8	5.7
+ Trade receivables	214.3	193.4	177.6	191.3	180.5	201.3	10.0
+ Other current assets	47.7	52.0	49.0	52.1	61.0	61.0	8.9
- Trade payables	-168.3	-171.1	-169.1	-181.6	-229.4	-216.3	-34.7
- Other current liabilities	-86.9	-85.0	-83.8	-96.7	-89.4	-101.5	-4.8
= Net working capital	**244.8**	**227.4**	**211.8**	**215.2**	**143.3**	**200.3**	-14.9

Movement of net working capital in the 2014-2018 period (EURm) and its share in the net revenue for the past 12 months (in %)



As at 31 March 2018, **inventories** amounted to EUR 255.8m and show an increase over the 31 December 2017 balance by EUR 35.2m. The increase is mostly attributable to higher inventories of finished products and merchandise. With respect to the last year's equivalent period, inventories were higher by EUR 5.7m, whereof EUR 4.4m relate to the Domestic Appliances activity. Inventory turnover amounted to 70 days and is longer by one day relative to the equal period in 2017.

As at 31 March 2018, **trade receivables** were recorded at EUR 201.2m and show an increase over the 31 December 2017 balance by EUR 20.7m. With respect to same period in 2017, trade receivables increased by EUR 10.0m due to sale on markets, where the permanent factoring scheme has not been launched yet. The average turnover of receivables was 57 days or 2 day longer from the average turnover of receivables in the same period last year.

Trade payables amounted to EUR 216.3m as at 31 March 2018 and indicate a decline of EUR 13.1m over the 31 December 2017 balance. If compared to the same period in 2017, trade payables increased by EUR 34.7m. Turnover of liabilities was 71 days or 3 days more than in the same period in 2017.

Other current liabilities amounted as at 31 March 2018 to EUR 101.5m and increased over the 31 December 2017 balance by EUR 12.1m. With respect to the equivalent period in 2017, they indicate an increase of EUR 4.8m. The respective growth is the result of higher calculated operating expenses of business operations during the year if compared to previous year's same period.

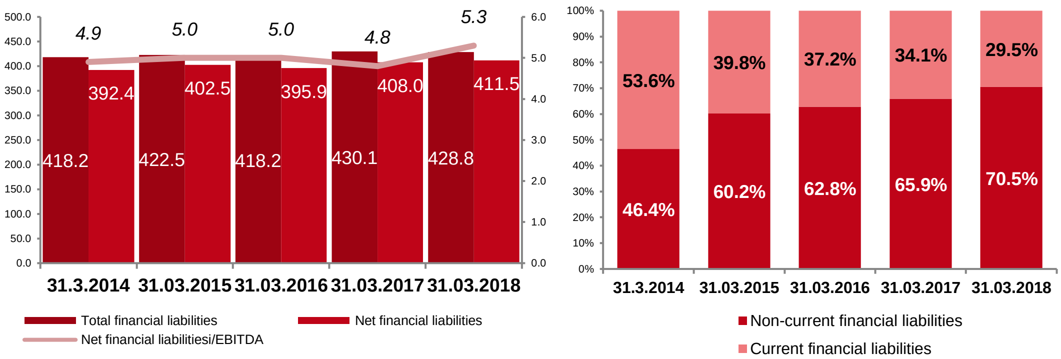
FINANCIAL LIABILITIES MANAGEMENT

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 8.5% or by EUR 0.3m and the maturity structure of financial liabilities was improved by 4.6 p.p. to 70.5% 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 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.

EUR 5.7m of currently due long-term financial liabilities were repaid in the first three months of 2018. Together with existing and new financial partners, the Group is engaged in activities to further servicing currently maturing financial liabilities, optimising the costs of financing, maintaining the maturity structure of sources of financing, and balancing the amount of the liquidity reserve.

Movement of total and net financial liabilities in the 2014-2018 period (EURm), movement of the net financial liabilities/EBIDTA ratio, and movements of the maturity structure of financial liabilities[4]



As at 31 March 2018, **total financial liabilities** amounted to EUR 428.8m, showing a decrease of EUR 1.3m relative to the same period in 2017. As for the **maturity structure of financial liabilities**, 70.5% refer to non-current sources, whereby the remaining stake represents current sources. The maturity structure thus improved by 4.6 p.p. if compared to the same period last year.

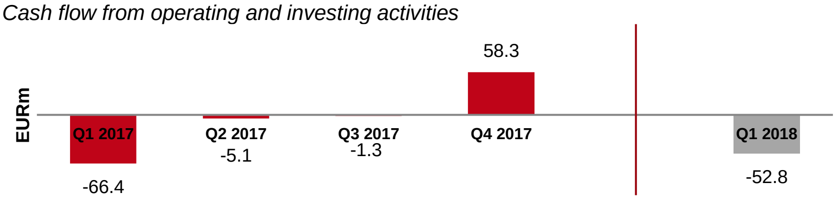
As at 31 March 2018, **net financial liabilities** (measured as the difference between total financial liabilities and cash and cash equivalents) amounted to EUR 411.5m and indicate an increase by EUR 3.5m over the same period in 2017.

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 31 March 2018 in total higher by EUR 15.7m relative to the equivalent period in 2017, which is mostly the reason for a higher level of financial liabilities.

As at 31 March 2018, the Group disclosed a **liquidity reserve** in the amount of EUR 52.0m 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.

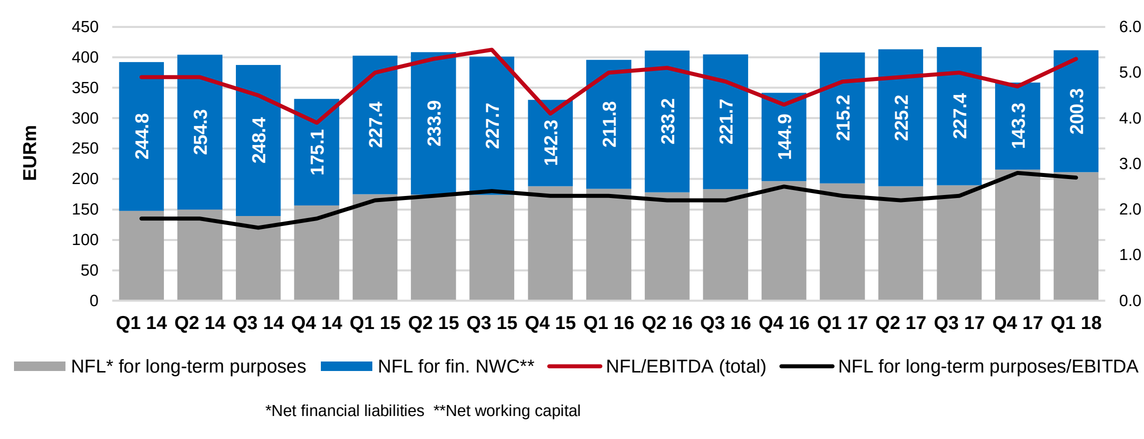
In the first three months of 2018, the Group recorded EUR 52.8m of negative cash flow from operating and investing activities, which on the level of the previous year's equal period shows an improvement by EUR 13.6m.

Cash flow from operating and investing activities



[4] The net financial liabilities/EBITDA ratio outlined in the graph is not comparable for years 2014 and 2015.

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 31 March 2018, EUR 200.3m or 48.7% of net financial liabilities refers to financing of the Group's net working capital, while EUR 211.2m 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 57 days and trade payables at 71 days, which is comparable to the last year's same period. By launching the supplier factoring scheme and the related extension of payment deadlines, we succeeded in prolonging the turnover days of trade payables by 3 days, which materially contributed to lowering the amount of net working capital.

The ratio between net financial liabilities – solely for financing non-current assets – as at 31 March 2018 and EBITDA for the last four quarters amounted to only 2.7, while the ratio between the total net financial liabilities and EBITDA in the same period was 5.3.

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 March 2018 accounted for 76.2% or 2.8 p.p. more than at the end of the same period last year. For some time, the Group applies also the permanent recourse-free factoring, which is generally 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 (primarily in Russia). 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

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[5] The net financial liabilities/EBITDA ratio outlined in the graph is not comparable for years 2014 and 2015.

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 31 March 2018, the Group disclosed 31.8% of contractually interest-bearing financial liabilities[6] with a contractually agreed fixed interest rate and 68.2% 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, 34.6% of Group's contractually interest-bearing financial liabilities were hedged, hence the total share of financial liabilities with a fixed interest rate accounted as at 31 March 2018 for 66.4% of Group's total contractually interest-bearing 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 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 March 2018, the undrawn part of current and non-current credit lines amounted to EUR 34.7m and bank balances to an additional EUR 17.3m; the total liquidity reserve accordingly amounted to EUR 52.0m as at 31 March 2018. 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 31 March 2018, 12,038 shareholders were entered in the share register, indicating that the number of shareholders declined by 1.7% over the year-end balance of 2017 (12,247).

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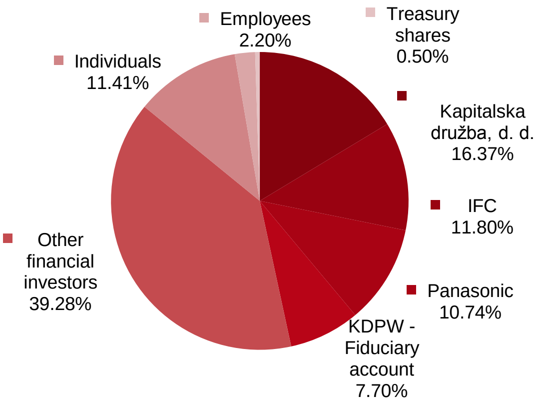
[6] Contractually interest-bearing financial liabilities are total financial liabilities less other financial liabilities and increased by the amount of deferred costs of financing.

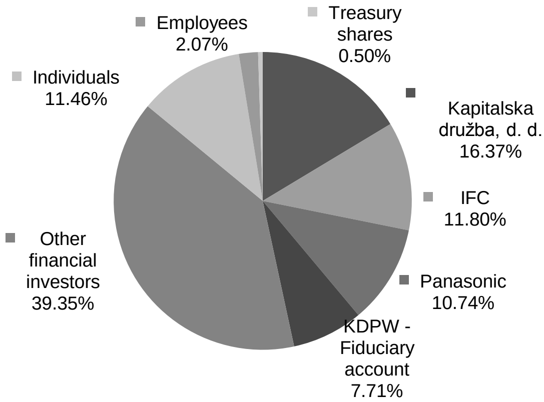
Gorenje's ten major shareholders and owners

Ten major shareholders	No. of shares (31 Mar 2018)	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	1,884,118	7.71%
HOME PRODUCTS EUROPE B.V.	1,221,231	5.00%
RAIFFEISEN BANK AUSTRIA D.D. – FIDUCIARY ACCOUNT	1,125,573	4.61%
BNP PARIBAS SECURITIES SERVICES S.C.A.	1,000,150	4.09%
ZAGREBAČKA BANKA D.D. – FIDUCIARY ACCOUNT	889,361	3.64%
UNICREDIT BANK AUSTRIA AG - FIDUCIARY ACCOUNT	856,521	3.51%
CLEARSTREAM BANKING SA – FIDUCIARY ACCOUNT	702,799	2.88%
Total major shareholders	**17,183,966**	**70.36%**
Treasury shares	121,311	0.50%
Other shareholders	7,119,336	29.15%
Total	**24,424,613**	**100%**

Ownership structure as at 31 December 2017



Ownership structure as at 31 March 2018



The number of own shares or treasury shares equals the 2017 year-end balance i.e. at 121,311 treasury shares, which accounts for 0.4967% of total share capital.

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

Supervisory Board	31 December 2017		31 March 2018	
Total:	**37,136**	**0.1520%**	**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	33,566	0.1374%	33,566	0.1374%

Management Board	31 December 2017		31 March 2018	
Total :	**22,848**	**0.0936%**	**22,848**	**0.0936%**
Franc Bobinac	4,096	0.0168%	4,096	0.0168%
Branko Apat	626	0.0026%	626	0.0026%

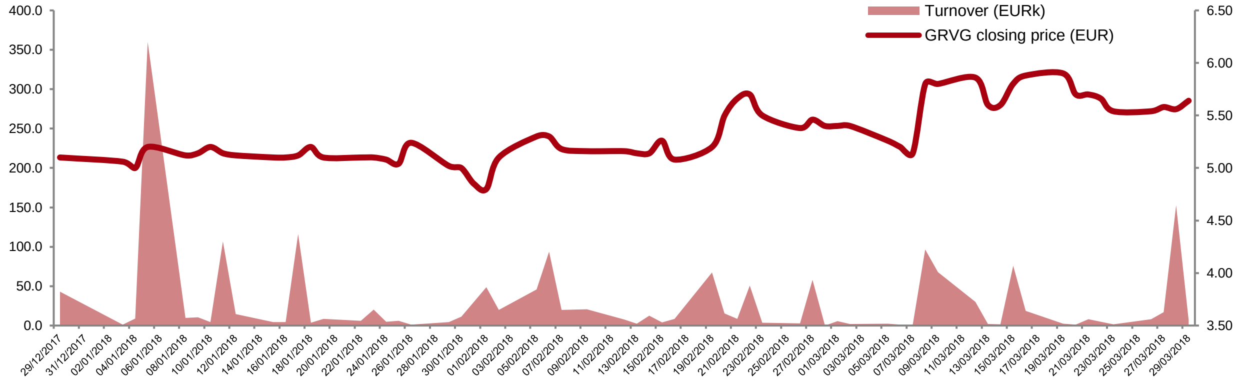
Drago Bahun	9,082	0.0372%	9,082	0.0372%
Žiga Debeljak	9,044	0.0370%	9,044	0.0370%

The number of company's shares owned by members of the Supervisory Board and Management Board members has not changed in the period from 31 March 2018 to the date of this public announcement.

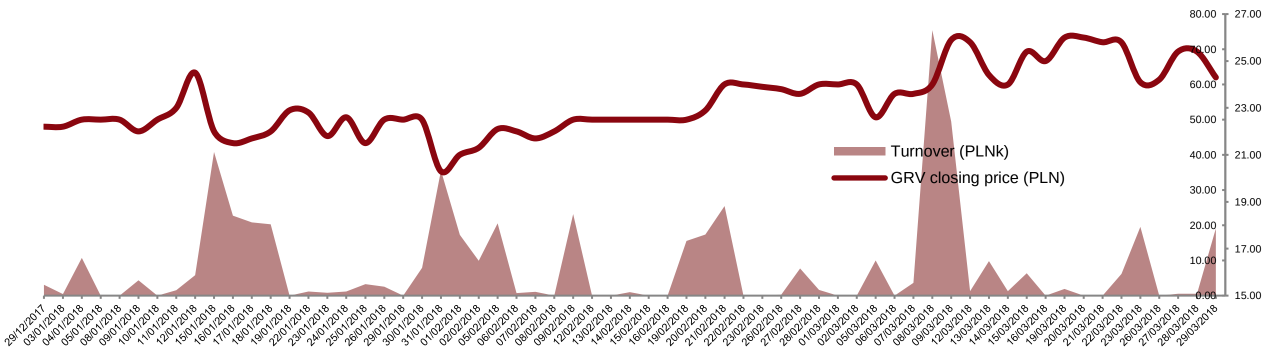
Gorenje's GRVG share in the period January-March 2018

The closing price of the share at the Ljubljana Stock Exchange as the prime market (GRVG) amounted to EUR 5.64 on the last trading day in March 2018 and shows an increase of +10.6% over the last trading day in 2017 (EUR 5.10). The SBITOP prime market index increased in the same period by 1.4%. The total turnover of shares at the Ljubljana and Warsaw Stock Exchange amounted to 349,032 shares, whereby the average daily turnover at the Ljubljana Stock Exchange amounted to 5,340 shares and at the Warsaw Stock Exchange to 376 shares per day. The closing price of the share at the Warsaw Stock Exchange increased by 9.5% (from PLN 22.20 or EUR 5.32 to PLN 24.30 or EUR 5.80) over the year-end balance of 2017.

Movement of the GRVG share and daily turnover on the Ljubljana Stock Exchange in the period Januar-March 2018



Movement of the GRV share and daily turnover on the Warsaw Stock Exchange in the period January-March 2018



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 0.10 (2017: EUR 0.04).

The book value of the GRVG share as at 31 March 2018 amounted to EUR 15.22 (EUR 15.13 as at 31 December 2017). 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 31 march 2018 (24,303,302 shares).

The ratio between the market value and the book value of the GRVG share is recorded at 0.37 (0.34 as at 31 December 2017).

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-March that ended 31 March 2018 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 16 April 2018.

(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 2017.

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 2017.

In the fiscal year 2017, the Group changed the accounting policy regarding the accounting of land and replaced the fair value model with the cost model as required under IAS 8. Accordingly, the valuation of property, plant and equipment was standardised and thus a more appropriate presentation achieved. In addition, allowances for receivables are in the fiscal year 2017 no longer disclosed within finance costs but instead under operating costs.

Changes in the Composition of the Gorenje Group

Up until the end of March 2018, no changes occurred within the composition of the Group.

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., Slovenia	100.00	DA
2.	Gorenje GTI, d.o.o., Slovenia	100.00	OB
3.	Gorenje Gostinstvo, d.o.o., Slovenia	100.00	OB
4.	Energygor, d.o.o., Slovenia	100.00	OB
5.	Kemis, d.o.o., Slovenia	100.00	OB
6.	Gorenje Orodjarna, d.o.o., Slovenia	100.00	OB
7.	ZEOS, d.o.o., Slovenia	55.42	OB
8.	Gorenje Surovina, d.o.o., Slovenia	100.00	OB
9.	Indop, d.o.o., Slovenia	100.00	OB
10.	Gorenje GAIO, d.o.o., Slovenia	100.00	OB
11.	Gorenje GSI, d.o.o., Slovenia	100.00	DA
12.	Gorenje Keramika, d.o.o., Slovenia	100.00	OB
13.	Gorenje EKOINVEST, d.o.o., Slovenia	100.00	OB
14.	Gorenje HS, d.o.o., Slovenia	65.00	OB
15.	Gorenje Surovina RECE, d.o.o., Slovenia	100.00	OB
16.	TERMOCLEAN S, d.o.o., Slovenia	100.00	OB

Foreign operations		Equity interest in %	Business segment
1.	Gorenje Beteiligungs GmbH, Austria	100.00	DA
2.	Gorenje Austria HandelsGmbH, 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., 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., Serbia	100.00	DA
45.	Gorenje Ekologija, d.o.o., 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.,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.	Gorenje Surovina RECE d.o.o., Croatia	100.00	OB

DA – Domestic Appliances
OB – Other Business

Associated entities:

- Gorenje Projekt, d.o.o., Slovenia,
- Resalta, d.o.o., Slovenia[7],
- Gorenje Projekt, d.o.o., Serbia,
- EKON ELEKTRON, d.o.o., Macedonia,
- K.Tivoli, d.o.o., Slovenia,
- Resalta EOL, d.o.o., Slovenia (inactive),
- Resalta, d.o.o., Croatia,
- Resalta Montenegro, d.o.o., Montenegro,
- Resalta Bulgaria OOD, Bulgaria,
- GGE Netherlands B.V., the Netherlands,
- GOR Kolesa, d.o.o., Slovenia,
- Resalta, 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).

[7] The management of the GGE company decided to change the company name to the GGE Group due to growing business internationalisation and increasing the recognisability in comparison to the competition. The name of the parent company GGE Netherlands B.V. was not changed as it is a holding company.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GORENJE GROUP

Condensed Consolidated Balance Sheet of the Gorenje Group

EURk	Balance at 31 Mar 2017	%	Balance at 31 Dec 2017	%	Balance at 31 Mar 2018	%
ASSETS	**1,154,543**	**100.0%**	**1,143,116**	**100.0%**	**1,187,558**	**100.0%**
Non-current assets	**628,326**	**54.4%**	**647,977**	**56.7%**	**644,067**	**54.2%**
Intangible assets	211,273	18.3%	223,575	19.6%	226,712	19.1%
Property, plant and equipment	364,597	31.6%	371,835	32.5%	364,533	30.7%
Investment property	13,803	1.2%	9,849	0.9%	11,753	1.0%
Non-current investments	6,475	0.6%	3,483	0.3%	3,550	0.3%
Investments in associates	2,844	0.2%	4,309	0.4%	4,246	0.3%
Non-current operating receivables	2,547	0.2%	7,375	0.6%	6,168	0.5%
Deferred tax assets	26,787	2.3%	27,551	2.4%	27,105	2.3%
Current assets	**526,217**	**45.6%**	**495,139**	**43.3%**	**543,491**	**45.8%**
Non-current assets held for sale	318	0.0%	305	0.0%	305	0.0%
Inventories	250,062	21.7%	220,619	19.3%	255,812	21.6%
Current investments	10,668	0.9%	8,059	0.7%	8,062	0.7%
Trade receivables	191,294	16.6%	180,517	15.8%	201,247	16.9%
Other current assets	51,791	4.5%	60,602	5.3%	60,730	5.1%
Cash and cash equivalents	22,084	1.9%	25,037	2.2%	17,335	1.5%
EQUITY AND LIABILITIES	**1,154,543**	**100.0%**	**1,143,116**	**100.0%**	**1,187,558**	**100.0%**
Equity	**371,326**	**32.2%**	**368,344**	**32.2%**	**369,774**	**31.1%**
Share capital	101,922	8.8%	101,922	8.9%	101,922	8.6%
Share premium	174,502	15.1%	174,502	15.3%	174,502	14.7%
Revenue reserves	46,015	4.0%	33,131	2.9%	33,131	2.8%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	65,130	5.7%	74,519	6.5%	76,993	6.5%
Translation reserve	-14,499	-1.2%	-13,723	-1.2%	-13,983	-1.2%
Fair value reserve	-678	-0.1%	-454	0.0%	-1,294	-0.1%
Equity of holders of the parent	**369,222**	**32.0%**	**366,727**	**32.1%**	**368,101**	**31.0%**
Equity of non-controlling interests	**2,104**	**0.2%**	**1,617**	**0.1%**	**1,673**	**0.1%**
Non-current liabilities	**358,273**	**31.0%**	**365,278**	**32.0%**	**373,339**	**31.5%**
Provisions	64,293	5.6%	59,886	5.2%	59,138	5.0%
Deferred income	5,088	0.4%	7,563	0.7%	7,571	0.6%
Non-current operating liabilities	3,443	0.3%	2,807	0.3%	2,388	0.2%
Deferred tax liabilities	1,992	0.2%	2,002	0.2%	2,047	0.2%
Non-current financial liabilities	283,457	24.5%	293,020	25.6%	302,195	25.5%
Current liabilities	**424,944**	**36.8%**	**409,494**	**35.8%**	**444,445**	**37.4%**
Current financial liabilities	146,657	12.7%	90,731	7.9%	126,652	10.7%
Trade payables	181,608	15.7%	229,402	20.1%	216,271	18.2%
Other current liabilities	96,679	8.4%	89,361	7.8%	101,522	8.5%

Condensed Consolidated Income Statement of the Gorenje Group

EURk	Jan-Mar 2017	Structure (%)	Jan-Mar 2018	Structure (%)
Revenue	**305,673**	**93.7%**	**295,575**	**88.4%**
Change in inventories	15,291	4.7%	32,181	9.6%
Other operating income	5,314	1.6%	6,524	2.0%
Gross profit	**326,278**	**100.0%**	**334,280**	**100.0%**
Costs of goods, materials and services	-240,757	-73.8%	-244,367	-73.1%
Costs of goods sold	-68,303	-20.9%	-58,024	-17.4%
Costs of materials	-119,360	-36.6%	-133,437	-39.9%
Costs of services	-53,094	-16.3%	-52,906	-15.8%
Other operating expenses	-5,653	-1.7%	-5,607	-1.7%
Added value/AV	**79,868**	**24.5%**	**84,306**	**25.2%**
Employee benefits expense	-59,243	-18.2%	-61,879	-18.5%
EBITDA	**20,625**	**6.3%**	**22,427**	**6.7%**
Amortisation and depreciation expense	-12,770	-3.9%	-14,654	-4.4%
EBIT	**7,855**	**2.4%**	**7,773**	**2.3%**
Result of financing activities	-3,481	-1.1%	-3,807	-1.1%
Result of revaluations	-56	0.0%	-211	-0.1%
Result of other financing activities	-3,425	-1.0%	-3,596	-1.1%
Share in profits/losses of associates	-101	0.0%	-63	0.0%
Profit before tax	**4,273**	**1.3%**	**3,903**	**1.2%**
Income tax expense	-2,222	-0.7%	-1,371	-0.4%
Profit for the period	**2,051**	**0.6%**	**2,532**	**0.8%**
Attributable to non-controlling interests	**73**	**0.0%**	**58**	**0.0%**
Attributable to equity holders of the parent	**1,978**	**0.6%**	**2,474**	**0.7%**
Basic and diluted earnings per share (in EUR)	0.08		0.10	

Condensed Consolidated Statement of Other Comprehensive Income of the Gorenje Group

EURk	Jan-Mar 2017	Jan-Mar 2018
Profit for the period	**2,051**	**2,532**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss	**2,867**	**-1,100**
Net change in fair value of available-for-sale financial instruments	-2	-1
Change in effective portion of gains and losses from hedging instruments in cash flow hedges	10	-1,361
Change in effective portion of gains and losses from hedging instruments on cash flow hedges, reclassified to profit or loss	100	349
Income tax on other comprehensive income	-53	173
Translation reserve	2,812	-260
Other comprehensive income for the period	**2,867**	**-1,100**
Total comprehensive income for the period	**4,918**	**1,432**
Attributable to equity holders of the parent	4,845	1,374
Attributable to non-controlling interests	73	58

Condensed Consolidated Statement of Cash Flows of the Gorenje Group

	EURk	Jan-Mar 2017	Jan-Mar 2018
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit or loss for the period	**2,051**	**2,532**
	Adjustments for:		
	-Depreciation of property, plant and equipment	10,144	11,377
	-Amortisation of intangible assets	2,626	3,277
	-Net exchange differences	56	211
	-Dividends received	52	63
	-Interest income	-167	-151
	-Interest expenses	3,251	2,976
	-gains/losses on sale of property, plant and equipment	-670	-86
	-gain/losses on revaluation of investment property	0	-2,180
	-Income tax expense	2,222	1,371
	Cash flow from operating activities before changes in net operating current assets and provisions	**19,565**	**19,390**
	Change in trade and other receivables	-18,389	-19,205
	Change in inventories	-24,108	-35,193
	Change in provisions	201	-740
	Change in trade and other payables	-26,404	-3,596
	Change in net current operating assets and provisions	**-68,700**	**-58,734**
	Interest paid	-3,251	-2,976
	Income tax paid	-1,196	-806
	Net cash from operating activities	**-53,582**	**-43,126**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Proceeds from sale of property, plant and equipment	3,446	2,990
	Interest received	167	151
	Dividends received	-52	-63
	Acquisition of property, plant and equipment	-9,911	-6,331
	Other investments	-1,658	-7
	Acquisition of intangible assets	-4,840	-6,412
	Net cash used in investing activities	**-12,848**	**-9,672**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Borrowings/Repayment of borrowings	53,272	45,096
	Net cash used in financing activities	**53,272**	**45,096**
	Net change in cash and cash equivalents	-13,158	-7,702
	Cash and cash equivalents at beginning of period	35,242	25,037
	Cash and cash equivalents at end of period	22,084	17,335

Condensed Consolidated Statement of Change in Equity of the Gorenje Group

EURk	Share capital	Share premium	Revenue reserves: Legal reserves	Revenue reserves: Statutory reserves	Revenue reserves: Treasury share reserve	Revenue reserves: Other revenue reserves	Treasury shares	Retained earnings: Profit or loss from previous periods	Retained earnings: 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**	**-17,311**	**-733**	**364,377**	**2,164**	**366,541**
Total comprehensive income for the period														
Profit for the period									1,978			**1,978**	**73**	**2,051**
Total other comprehensive income										2,812	55	2,867	0	2,867
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,978**	**2,812**	**55**	**4,845**	**73**	**4,918**
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
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**7,560**	**-7,560**	**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	-133	-133
Total changes in equity interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-133**	**-133**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**7,560**	**-7,560**	**0**	**0**	**0**	**-133**	**-133**
Closing balance at 31 Mar 2017	**101,922**	**174,502**	**12,896**	**7,919**	**3,170**	**22,030**	**-3,170**	**63,152**	**1,978**	**-14,499**	**-678**	**369,222**	**2,104**	**371,326**

EURk	Share capital	Share premium	Revenue reserves				Treasury shares	Retained earnings		Translation reserve	Fair value reserve	Equity holders of the parent	Non-controlling interests	Total
			Legal reserves	Statutory reserves	Treasury share reserve	Other revenue reserves		Profit or loss from previous periods	Profit or loss for the period					
Opening balance at 1 Jan 2018	**101,922**	**174,502**	**12,896**	**7,966**	**3,170**	**9,099**	**-3,170**	**73,597**	**922**	**-13,723**	**-454**	**366,727**	**1,617**	**368,344**
Total comprehensive income for the period														
Profit for the period									2,474			**2,474**	**58**	**2,532**
Total other comprehensive income										-260	-840	-1,100	0	-1,100
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,474**	**-260**	**-840**	**1,374**	**58**	**1,432**
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								922	-922			0		0
Total contributions by owners and distributions to owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**922**	**-922**	**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	-2	-2
Total changes in equity interests in subsidiaries	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-2**	**-2**
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**922**	**-922**	**0**	**0**	**0**	**-2**	**-2**
Closing balance at 31 Mar 2018	**101,922**	**174,502**	**12,896**	**7,966**	**3,170**	**9,099**	**-3,170**	**74,519**	**2,474**	**-13,983**	**-1,294**	**368,101**	**1,673**	**369,774**

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 31 Dec 2017	Fair value 31 Dec 2017	Book value 31 Mar 2018	Fair value 31 Mar 2018
Available-for-sale investments	1,743	1,743	1,752	1,752
Investment property	9,849	9,849	11,753	11,753
Non-current loans and deposits	2,515	2,515	2,583	2,583
Non-current trade receivables	7,375	7,375	6,168	6,168
Current loans and deposits	6,119	6,119	6,012	6,012
Derivatives	-961	-961	-1,716	-1,716
Trade receivables	180,517	180,517	201,247	201,247
Other current assets	50,009	50,009	49,666	49,666
Cash and cash equivalents	25,037	25,037	17,335	17,335
Non-current financial liabilities	-204,913	-204,913	-214,057	-214,057
Non-current financial liabilities (fixed interest rate)	-88,107	-81,979	-88,138	-82,435
Non-current operating liabilities	-2,807	-2,807	-2,388	-2,388
Current financial liabilities	-89,625	-89,625	-124,714	-124,714
Trade payables	-229,402	-229,402	-216,271	-216,271
Other current payables	-45,816	-45,816	-46,578	-46,578
Total	**-378,467**	**-372,339**	**-397,346**	**-391,643**

Fair Value Scale

31 December 2017

EURk	Level 1[8]	Level 2[9]	Level 3[10]	Total
Available-for-sale financial assets	371	83	1,289	1,743
Derivatives – assets	-	145	-	145
Derivatives – liabilities	-	-1,106	-	-1,106
Investment property	-	-	9,849	9,849

31 March 2018

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	366	82	1,304	1,752
Derivatives – assets	-	222	-	222
Derivatives – liabilities	-	-1,938	-	-1,938
Investment property	-	-	11,753	11,753

Gorenje Group companies recorded following related party transactions:

EURk	Transaction value Jan-Mar 2017	Transaction value Jan-Mar 2018	Balance 31 Mar 2017	Balance 31 Mar 2018
Income				
Gorenje Group companies	231	91	576	1,053
Costs				
Gorenje Group companies	480	366	1,173	1,122

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[8] Level 1: stock price (unadjusted) on the active market of identical assets and liabilities,
[9] 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,
[10] 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-Mar 2017	Jan-Mar 2018	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2017	Jan-Mar 2018
Revenue from sales to third parties	246,913	246,763	58,760	48,812	305,673	295,575
Inter-division sale	2,124	3,060	6,790	7,218	8,914	10,278
Interest income	111	137	56	14	167	151
Interest expenses	-3,184	-2,902	-67	-74	-3,251	-2,976
Amortisation and depreciation expense	-10,770	-12,597	-2,000	-2,057	-12,770	-14,654
Operating profit or loss before tax	1.053	1,292	3.220	2,611	4,273	3,903
Income tax expense	-1,917	-1,160	-305	-211	-2,222	-1,371
Profit or loss for the period	-864	132	2.915	2,400	2,051	2,532
Total assets *	999,362	1,046,807	143,754	140,751	1,143,116	1,187,558
Total liabilities *	712,022	755,624	62,750	62,160	774,772	817,784

*Notes:
- data for total assets and total liabilities for 2017 are presented as at 31 December 2017,
- profitability-related data for Other business are exclusive of accompanying costs of general administrative functions, which the parent company performs for the overall Group.

EURk	Western Europe		Eastern Europe		Other		Group	
	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2017	Jan-Mar 2018	Jan-Mar 2017	Jan-Mar 2018
Revenue from sales to third parties	115,548	105,120	159,605	159,470	30,520	30,985	305,673	295,575

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-Mar 2017	Jan-Mar 2018
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	0.7%	0.9%
Return on assets (ROA)	0.9%	0.2%
Net return on equity (ROE)	2.7%	0.5%
ASSET INDICATORS		
Asset turnover ratio	1.12	1.10
Inventory turnover ratio	5.27	5.20
Current trade receivables turnover ratio	6.71	6.41
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.50	0.50
Current assets to total assets	0.54	0.54
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.16	1.15
Equity to total liabilities	0.32	0.31
Long-term to total liabilities	0.63	0.63
Equity to fixed assets (carrying value)	0.64	0.63
Quick ratio (liquid assets to current liabilities)	0.08	0.06
(Liquid assets + current receivables) to current liabilities	0.65	0.65
Current ratio	1.24	1.22
Net financial liabilities to equity	1.07	1.09
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.02	1.02
Revenue per employee (EUR)	27,844	26,964
Value added per employee (EUR)	7,275	7,691

UNAUDITED CONDENSED FINANCIAL STATEMENTS OF GORENJE, D.D.

Condensed Balance Sheet of Gorenje, d.d.

EURk	Balance at 31 Mar 2017	%	Balance at 31 Dec 2017	%	Balance at 31 Mar 2018	%
ASSETS	**1,002,594**	**100.0%**	**1,015,425**	**100.0%**	**1,046,535**	**100.0%**
Non-current assets	**590,412**	**58.9%**	**730,862**	**72.0%**	**712,429**	**68.1%**
Intangible assets	61,852	6.2%	73,710	7.2%	77,094	7.4%
Property, plant and equipment	196,861	19.6%	200,576	19.7%	197,015	18.8%
Investment property	12,356	1.2%	8,685	0.9%	6,219	0.6%
Investments in subsidiaries	295,745	29.5%	294,986	29.1%	294,986	28.2%
Investments in associates	2,064	0.2%	3,186	0.3%	3,186	0.3%
Other non-current investments	2,075	0.2%	123,882	12.2%	109,608	10.5%
Non-current operating receivables	0	0.0%	5,625	0.6%	4,456	0.4%
Deferred tax assets	19,459	2.0%	20,212	2.0%	19,865	1.9%
Current assets	**412,182**	**41.1%**	**284,563**	**28.0%**	**334,106**	**31.9%**
Inventories	100,420	10.0%	85,338	8.4%	101,177	9.7%
Current investments	146,622	14.6%	24,041	2.4%	23,396	2.2%
Trade receivables	149,707	14.9%	158,631	15.6%	189,576	18.1%
Other current assets	13,864	1.4%	13,069	1.3%	16,808	1.6%
Cash and cash equivalents	1,569	0.2%	3,484	0.3%	3,149	0.3%
EQUITY AND LIABILITIES	**1,002,594**	**100.0%**	**1,015,425**	**100.0%**	**1,046,535**	**100.0%**
Equity	**358,920**	**35.8%**	**354,081**	**34.9%**	**354,759**	**33.9%**
Share capital	101,922	10.2%	101,922	10.0%	101,922	9.7%
Share premium	156,639	15.6%	156,639	15.4%	156,639	15.0%
Revenue reserves	46,015	4.6%	33,131	3.3%	33,131	3.2%
Treasury shares	-3,170	-0.3%	-3,170	-0.3%	-3,170	-0.3%
Retained earnings	60,056	6.0%	67,785	6.7%	69,205	6.6%
Fair value reserve	-2,542	-0.3%	-2,226	-0.2%	-2,968	-0.3%
Non-current liabilities	**282,512**	**28.2%**	**287,370**	**28.3%**	**299,067**	**28.6%**
Provisions	20,917	2.1%	17,508	1.7%	17,605	1.7%
Non-current financial liabilities	261,595	26.1%	269,862	26.6%	281,462	26.9%
Current liabilities	**361,162**	**36.0%**	**373,974**	**36.8%**	**392,709**	**37.5%**
Current financial liabilities	194,699	19.4%	141,036	13.9%	153,178	14.6%
Trade payables	139,215	13.9%	212,614	20.9%	212,459	20.3%
Other current liabilities	27,248	2.7%	20,324	2.0%	27,072	2.6%

Condensed Income Statement of Gorenje, d.d.

EURk	Jan-Mar 2017	Structure (%)	Jan-Mar 2018	Structure (%)
Revenue	**182,672**	**96.5%**	**207,399**	**94.5%**
Change in inventories of products and work in progress	4,460	2.4%	10,466	4.8%
Other operating income	2,120	1.1%	1,564	0.7%
Gross profit	**189,252**	**100.0%**	**219,429**	**100.0%**
Costs of goods, materials and services	-149,127	-78.8%	-182,496	-83.2%
Costs of goods sold	-57,959	-30.6%	-81,771	-37.3%
Costs of materials	-71,741	-37.9%	-79,645	-36.3%
Costs of services	-19,427	-10.3%	-21,080	-9.6%
Other operating expenses	-1,744	-0.9%	-1,785	-0.8%
Added value / AV	**38,381**	**20.3%**	**35,148**	**16.0%**
Employee benefits expense	-25,734	-13.6%	-26,410	-12.0%
EBITDA	**12,647**	**6.7%**	**8,738**	**4.0%**
Amortisation and depreciation expense	-6,787	-3.6%	-8,242	-3.8%
EBIT	**5,860**	**3.1%**	**496**	**0.2%**
Result of financing activities	**-2,203**	**-1.2%**	**1,582**	**0.7%**
Result of revaluations	51	0.0%	-229	-0.1%
Result of other financing movements	-2,254	-1.2%	1,811	0.8%
Profit before tax	**3,657**	**1.9%**	**2,078**	**0.9%**
Income tax expense	-515	-0.3%	-658	-0.3%
Profit for the period	**3,142**	**1.6%**	**1,420**	**0.6%**
Basic and diluted earnings per share (in EUR)	0.13		0.06	

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

EURk	Jan-Mar 2017	Jan-Mar 2018
Profit for the period	**3,142**	**1,420**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss	**226**	**-742**
Net change in fair value of available-for-sale financial instruments	-2	-1
Changes in effective portion of gains and losses from hedging instruments in cash flow hedges	181	-1,254
Changes in effective portion of gains and losses from hedging instruments on cash flow hedges, reclassified to profit or loss	100	340
Income tax on other comprehensive income	-53	173
Other comprehensive income for the period	**226**	**-742**
Total comprehensive income for the period	**3,368**	**678**

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

	EURk	Jan-Mar 2017	Jan-Mar 2018
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit or loss for the period	**3,142**	**1,420**
	Adjustments for:		
	-Depreciation of property, plant and equipment	5,401	6,150
	-Amortisation of intangible assets	1,386	2,092
	-Net exchange differences	-51	229
	-Dividends received	0	-4,000
	-Interest income	-1,118	-1,160
	-Interest expenses	3,315	2,977
	-Gains/losses on sale of property, plant and equipment	-9	-81
	-Income tax expense	515	658
	Cash flow from operating activities before changes in net current operating assetsassets	**12,581**	**8,285**
	Change in trade and other receivables	-19,809	-33,168
	Change in inventories	-11,856	-15,839
	Change in provisions	-23	97
	Change in trade and other payables	-31,501	6,601
	Change in net current operating assets and provisions	**-63,189**	**-42,309**
	Interest paid	-3,315	-2,977
	Income tax paid	0	-136
	Net cash from operating activities	**-53,923**	**-37,137**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Proceeds from sale of property, plant and equipment	0	15
	Proceeds from sale of investment property	345	2,493
	Interest received	1,118	1,160
	Dividends received	0	4,000
	Acquisition of property, plant and equipment	-4,251	-3,223
	Other investments	-4,559	13,543
	Acquisition of intangible assets	-3,855	-5,489
	Net cash used in investing activities	**-11,202**	**12,499**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Borrowing / Repayment of borrowings	51,951	24,303
	Net cash used in financing activities	**51,951**	**24,303**
	Net change in cash and cash equivalents	-13,174	-335
	Cash and cash equivalents at beginning of period	14,743	3,484
	Cash and cash equivalents at end of period	1,569	3,149

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

EURk	Share capital	Share premium	Revenue reserves: Legal reserves	Revenue reserves: Statutory reserves	Revenue reserves: Treasury share reserve	Revenue reserves: Other revenue reserves	Treasury shares	Retained earnings: Profit or loss from previous periods	Retained earnings: Profit or loss for the period	Fair value reserve	Total
Opening balance at 1 Jan 2017	**101,922**	**156,639**	**12,896**	**7,919**	**3,170**	**22,030**	**-3,170**	**56,914**	**0**	**-2,768**	**355,552**
Total comprehensive income for the period											
Profit for the period									3,142		3,142
Total other comprehensive income										226	226
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,142**	**226**	**3,368**
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 31 Mar 2017	**101,922**	**156,639**	**12,896**	**7,919**	**3,170**	**22,030**	**-3,170**	**56,914**	**3,142**	**-2,542**	**358,920**

EURk	Share capital	Share premium	Revenue reserves: Legal reserves	Revenue reserves: Statutory reserves	Revenue reserves: Treasury share reserve	Revenue reserves: Other revenue reserves	Treasury shares	Retained earnings: Profit or loss from previous periods	Retained earnings: Profit or loss for the period	Fair value reserve	Total
Opening balance at 1 Jan 2018	**101,922**	**156,639**	**12,896**	**7,966**	**3,170**	**9,099**	**-3,170**	**67,359**	**426**	**-2,226**	**354,081**
Total comprehensive income for the period											
Profit for the period									1,420		1,420
Total other comprehensive income										-742	-742
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,420**	**-742**	**678**
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											0
Dividend payout											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 31 Mar 2018	**101,922**	**156,639**	**12,896**	**7,966**	**3,170**	**9,099**	**-3,170**	**67,359**	**1,846**	**-2,968**	**354,759**

Profit from previous periods in the amount of EUR 67,359k and the profit for the period as of 1 January 2018 in the amount of EUR 426k is not available for distribution to owners. The company is namely obliged to observe the Slovenian legislation and thus provisions of Article 66 of the Companies Act, which defines the category of accumulated profit. Non-current deferred costs of development are in the accumulated profit for 2017 considered as a deductible item, which as at 31 December 2017 amounted to EUR 67,785k. The accumulated profit for 2017 amounts to 0.

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 2017	31 Dec 2017	31 Mar 2018	31 Mar 2018
Available-for-sale investments	1,321	1,321	1,324	1,324
Investment property	8,685	8,685	6,219	6,219
Non-current loans	123,210	123,210	108,937	108,937
Current loans	16,431	16,431	17,295	17,295
Derivatives	-944	-944	-1,836	-1,836
Trade receivables	158,631	158,631	189,576	189,576
Other current assets	9,804	9,804	12,188	12,188
Cash and cash equivalents	3,484	3,484	3,149	3,149
Non-current financial liabilities	-181,839	-181,839	-193,407	-193,407
Non-current financial liabilities (fixed interest rate)	-88,023	-81,908	-88,055	-82,364
Current financial liabilities	-139,906	-139,906	-151,143	-151,143
Trade payables	-212,614	-212,614	-212,459	-212,459
Other current liabilities	-13,653	-13,653	-13,943	-13,943
Total	**-315,413**	**-309,298**	**-322,155**	**-316,464**

Fair Value Scale

31 December 2017

EURk	Level 1[11]	Level 2[12]	Level 3[13]	Total
Available-for-sale financial assets	144	-	1,177	1,321
Derivatives - assets	-	185	-	185
Derivatives - liabilities	-	-1,129	-	-1,129
Land and investment property	-	-	8,685	8,685

31 March 2018

EURk	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	143	-	1,181	1,324
Derivatives - assets	-	199	-	199
Derivatives - liabilities	-	-2,035	-	-2,035
Land and investment property	-	-	6,219	6,219

Related party transactions

EURk	Transaction value		Balance	
	Jan-Mar 2017	Jan-Mar 2018	31 Mar 2017	31 Mar 2018
Revenue	123,165	160,050		
Trade receivables			101,512	131,680
Trade payables			27,721	71,436
Loans granted			138,187	119,337
Borrowings raised			64,162	49,746

[11] Level 1: stock price (unadjusted) on the active market of identical assets and liabilities,
[12] 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,
[13] 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-Mar 2017	Jan-Mar 2018
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	1.7%	0.7%
Return on assets (ROA)	1.1%	-0.8%
Net return on equity (ROE)	1.6%	-0.4%
ASSET INDICATORS		
Asset turnover ratio	0.73	0.79
Inventory turnover ratio	7.55	8.32
Current trade receivables turnover ratio	4.96	4.44
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.26	0.26
Current assets to total assets	0.59	0.68
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.09	0.92
Equity to total liabilities	0.36	0.34
Long-term to total liabilities	0.64	0.62
Equity to fixed assets (carrying value)	1.39	1.29
Quick ratio (liquid assets to current liabilities)	0.41	0.07
(Liquid assets + current receivables) to current liabilities	0.86	0.59
Current ratio	1.14	0.85
Net financial liabilities to equity	0.86	1.15
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.03	1.00
Revenue per employee (EUR)	41,897	47,083
Value added per employee (EUR)	8,803	7,979

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

As at 4 April 2018, Gorenje received from the company Conseq Investment Management, a.s., from Prague a notification that the investment funds, which are managed by it, increased on 28 March 2018 their total share of all voting rights in Gorenje, d. d. to 7.05% (1,721,788 GRVG shares).

Upon the proposal of the company Interseroh d.o.o., the Slovenian Competition Protection Agency started as of 10 April 2018 proceedings against Gorenje Surovina, d.o.o., Maribor due to the alleged violation of Article 6, Paragraph 1 of the Protection of Competition Act. The management of Gorenje Surovina, d.o.o. Maribor assesses that the proceedings will have no material impact on the company's business operations.

No other significant events occurred after the date of compiling the balance sheet as of 31 March 2018.

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-March 2018**. The unaudited financial statements of Gorenje, d.d., and the Gorenje Group were presented to the Supervisory Board at its **45th regular session** held on **10 May 2018**. 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 10 May 2018**.

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.