

CONCLUSION OF THE SALE AND PURCHASE AGREEMENT FOR THE SHARES OF GORENJE SUROVINA D.O.O.

Pursuant to its strategy, the Gorenje Group is focusing on its core activity of home products and services.

In accordance with the provisions of the Code of Best Practice for WSE Listed Companies, the Ljubljana Stock Exchange Rules, and applicable legislation, the company Gorenje, d.d., hereby makes the following announcement:

Velenje, Slovenia / Grodzisk Mazowiecki, Poland; July 24, 2015 - The Management Board of Gorenje, d.d., with its seat in Velenje, Slovenia (hereinafter: „**Gorenje**”) announces that today, on July 24, 2015, Gorenje concluded the negotiations and signed with Tesla Recycling Limited Liability Company S.K.A., with its seat in Grodzisk Mazowiecki, Poland (hereinafter referred to as: „**Tesla**”), a sale and purchase agreement on the sale and purchase of business share in the company Gorenje Surovina d.o.o., with its seat in Maribor, Slovenia (hereinafter: „**Gorenje Surovina**”). The share sale and purchase agreement is a result of negotiations with the company Elemental Holding S.A. with its seat in Grodzisk Mazowiecki, Poland (hereinafter: „**Elemental**”). Tesla is a Daughter Company of Elemental. Gorenje and Elemental publicly announced the start of negotiations on April 3, 2015. The subject of the agreement is the sale and purchase of business shares No. 191760 and No. 174847, with nominal value amounting to EUR 4,552,539.00 and EUR 1,039,536.03, respectively (hereinafter „**Shares**”), constituting 69.32% of the Gorenje Surovina share capital and representing 69.32% of total votes on the Gorenje Surovina shareholders’ meeting (hereinafter: „**SPA**”).

The SPA was concluded on the following conditions:

1. Determination of the subject SPA. Significant financial conditions of the SPA.

Tesla, after fulfilment of the conditions precedent set out below, shall acquire the Shares in Gorenje Surovina for a Purchase Price calculated in accordance with the following formula:

Purchase Price = (100% of the enterprise value of the company Gorenje Surovina and its Subsidiaries equal to 29,200,000.00 EUR, less Net Debt on the closing date of transaction) multiplied by 0.6932

which will be paid in cash, by cash transfer, in three instalments, of which the first shall amount to EUR 5,000,000.00 and shall be paid on the closing date of the transaction; the second shall constitute 30% of the Purchase Price +/- Purchase Price Adjustment and will be paid no later than within one year from the closing date of the transaction; and the third in the amount of 30% of the Purchase Price shall be paid no later than within two years from the closing date of the transaction.

In addition, until the payment of the Purchase Price in full, appropriate interest shall be payable to Gorenje, calculated in each case based on the outstanding Purchase Price balance, payable together with the payment of the second instalment of the Purchase Price for the period from the day following the day of the first instalment payment of the Purchase Price until the day of payment of the second instalment of the Purchase Price, and along with the payment of the third instalment of the Purchase Price for the period from the day following the day of payment of the second instalment of the Purchase Price until the day of payment of the third instalment of the Purchase Price.

The date of closing of the transaction is dependent on fulfilment of the conditions precedent and shall not take place later than on March 31, 2016.

2. Conditions precedent of the SPA agreement

For the effective purchase of the Shares, the following conditions precedent shall be fulfilled by the closing date of the transaction:

- (a) Gorenje shall redeem the shares in Gorenje Surovina, which are held by the company (treasury shares),
- (b) Gorenje and Gorenje Surovina shall have performed a reorganisation of the ownership structure in Gorenje Group so that Gorenje Surovina shall be the registered owner of 100% business share in each Daughter Company, except in "Cleaning system S" d.o.o. Šabac, Serbia, where Kemis Valjevo d.o.o. shall have 100% of the voting rights, and in no other member of Gorenje Group, (hereinafter "Daughter Companies"),
- (c) Intra-group loans under the Finance Agreements granted by Gorenje Surovina to members of the Gorenje Group other than the Daughter Companies and intra-group loans under the Finance Agreements granted by any Daughter Company to other members of Gorenje Group (except Gorenje Surovina) have been repaid or transferred in full to another entity in the course of spin-off as a part of the reorganization, and any collateral granted by Gorenje Surovina or any Daughter Company in relation to the Finance Agreement concluded by any member of Gorenje Group other than Gorenje Surovina or Daughter Companies shall be terminated as part of the reorganization,
- (d) The supervisory body of Gorenje Surovina shall cease to exist as of closing date of the transaction,
- (e) Gorenje Surovina shall obtain the consent of its creditors,
- (f) The supervisory board of Gorenje shall grant its approval to the sale of the Shares on the terms and conditions set forth in the SPA,
- (g) Kemis Vrhnika d.o.o. has entered into a license agreement, in the form and substance satisfactory to Tesla, with Gorenje Surovina and/or the Daughter Companies Kemis Valjevo d.o.o. and Kemis BH d.o.o., to allow the use of the trademark "Kemis" in Bosnia and Herzegovina and in Serbia to Kemis Valjevo d.o.o. and Kemis BH d.o.o. for a period of 12 months after the closing date of the transaction,
- (h) Gorenje Surovina has obtained a written confirmation from its lenders that after consummation of the envisaged transaction hereunder the lenders shall accept collateral on assets of Gorenje Surovina as replacement collateral for the surety of Gorenje d.d. under long-term loans. If the bank does not accept the collateral on the assets of Gorenje Surovina, Tesla shall be obliged to offer additional collateral in order for the banks to replace the surety of Gorenje d.d.,
- (i) Gorenje and Tesla shall have performed and complied in all material respects with all of their undertakings and obligations under the SPA up to and including the closing date of the transaction,
- (j) Gorenje's and Tesla's warranties shall be true and correct in all material respects at and as of the closing date of the transaction,
- (k) Competition or other relevant government authorities have issued all merger control or antitrust notifications, clearances or approvals that are required for the purpose of consummating the transactions, if any. As soon as the required merger control approvals are obtained or it is established that no merger control approvals are required, Tesla shall immediately deliver to Gorenje a notification/a copy thereof,
- (l) Elemental Holding S.A. having issued to Gorenje the irrevocable surety guaranteeing for the fulfilment of payment obligations jointly and severally with Tesla,

- (m) No judgement, order, decision etc. which shall prevent the realization of the transactions in such scope as specified in the SPA shall have been issued,,
- (n) Up until the closing date of the transaction, no events, circumstances, or actions shall occur that could have a negative impact on the financial condition (or other), interests, business, operations or assets of Gorenje Surovina (Material Adverse Effect).

3. Liability of Gorenje and indemnity.

According to the provisions of the SPA, Gorenje is responsible for the warranties and representations submitted to Tesla, only if:

- the claim against Gorenje from a single breach exceeds EUR 100,000.00; or
- claims against Gorenje from more than one breach in aggregate exceed EUR 350,000.00. In the calculation of this sum, individual claims are only taken into consideration if and to the extent they exceed EUR 50,000.

Any liability of Gorenje regarding the warranties shall be void or expire if Tesla fails to notify Gorenje in writing within 12 months from the closing date of the transaction about the occurrence of circumstances from which any such claim could arise, except for the claims related to taxes or concerning the environment or compliance, of which Tesla shall notify Gorenje within 5 years.

As collateral for the payment of the second and third instalment of the Purchase Price, Tesla will enter on the closing date of the transaction into an agreement with Gorenje, providing a first-rate pledge over the Shares to the benefit of Gorenje, including a restriction of alienation and encumbrance of the Shares. The ratio of the value of share collateral to the outstanding Purchase Price shall not be less than 1.6. Upon payment of the second instalment of the Purchase Price, Gorenje shall agree to release the share collateral on part of the Shares provided that the ratio from the preceding sentence is at all times retained. The share collateral shall remain in force until the Purchase Price is paid in full.

The remaining conditions of the SPA do not deviate from market standards used in similar agreements.

Gorenje shall inform the public about the next steps of realization of the transaction and considers the transaction significant due to its value and pursuit of its strategy. Pursuant to its strategy, Gorenje Group is focusing on the core activity of home products and services. Proceeds from this transaction will be used for further decrease of the debt of the Gorenje Group and further strengthening Gorenje's market position within its core activity of home products and services.

Elemental Holding SA is a leading Polish group active in the fields of scrap metal collection and recycling. Through its subsidiaries in Poland, Slovakia, Lithuania and Turkey it is a key player in non-ferrous metals, electronic scrap and catalytic converters. It is listed on the Warsaw Stock Exchange and has a current market capitalisation of over EUR 150 million.

Tesla Recycling is the Polish market leader in recycling of integrated circuits, printed circuit boards and electro waste. The comprehensive range of services provided by Tesla Recycling includes weighing, loading, transport and recovery, including recycling of waste electrical and electronic equipment as well as ferrous and non-ferrous metals.

Gorenje and the persons managing or supervising Gorenje are not associated in any way with Elemental Holding S.A.; and Tesla and the managing persons or the supervising persons of Tesla are not associated in any way with Elemental Holding S.A.

Disclaimer: The English text for all announcements is for information purposes only!

This announcement will be available on the official web site of the company Gorenje, d.d., Velenje, Slovenia, at www.gorenjegroup.com, for at least 5 years from the date of announcement.