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Title Sale of Skano Furniture Factory OU (wholesale and production of furniture)

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Based on the resolution of the supervisory board, Skano Group AS today sold its fully owned furniture subsidiary Skano Furniture Factory OÜ, a furniture company focusing on production and wholesale of furniture. The buyer of Skano Furniture Factory OÜ is Wood Export OÜ, a company which for many years has been a supplier to Skano Furniture Factory OÜ. The purchase price for buying 100% of the share capital of Skano Furniture Factory OU is EUR 100,000. However, after adjustments between the sale price and the liabilities of Skano Furniture Factory OU, there is no monetary payment to be made by the buyer. There are no connections between members of Skano Group's supervisory board and management board to the buyer.

Skano Group AS will after the divestiture of Skano Furniture Factory OÜ consist of the following legal subsidiaries: Skano Fibreboard OÜ (sale and production of fibreboards), Skano Property OÜ (owning the real estate located at Suur-Jõe 48, Pärnu), and Skano Furniture OÜ (an Estonian based furniture retail chain, with 3 shops). Skano Fibreboard OÜ in turn owns 100% its Finnish subsidiary Suomen Tuulileijona OY, a fibreboard marketing company in Finland. Skano Furniture OÜ in turn owns 100% its Latvian subsidiary SIA Skano and its Lithuanian subsidiary UAB Skano LT. As announced on Friday 30 August, the operations of the Latvian and Lithuanian operations will cease end of September 2019.

Skano's financial performance after the sale of its furniture business will rely on the daily performance of its business unit Skano Fibreboard, retail sale of furniture in Estonia, and rental income from its property in Suur-Jõe 48, Pärnu.

Skano Furniture Factory OÜ has during the last three financial years recorded net loss as follows: EUR 677 thousand in year 2016, EUR 284 thousand in year 2017, and EUR 532 thousand in year 2018.



Sales during three last three years declined as follows: EUR 4.2 million in 2016, EUR 3.6 million in 2017, and EUR 3.0 million in 2018.

Skano Furniture Factory OÜ Audited Annual Report Financials (thousand EUR)	2016	2017	2018
Revenue from external customers	3,228	2,678	2,270
Inter-segment revenue	1,007	900	736
Operating profit/-loss	(658)	(254)	(206)
Amortisation/ depreciation	210	197	172
Net profit/loss	(677)	(284)	(532)
Assets	4,201	3,950	2,319
Non-current assets	1,170	996	832
Liabilities	2,321	2,354	979
Additions to non-current assets	7	18	10
Interest expenses	76	80	34

Skano Furniture Factory OÜ transferred earlier this week its bank loan and overdraft facilities to Skano Group AS. It also transferred to Skano Group AS all obligations related to the company's ex-workers disability claims. After that all other liabilities in Skano Furniture Factory OU will be transferred to the buyer, except for those adjusted as part of purchase payment (as referred to as part of the share transaction).

There has not been any substantial change in Skano Furniture Factory OÜ's business so far this year. Neither has Skano Furniture Factory OÜ been involved in any legal disputes.

The sale of Skano Furniture Factory OÜ is not a transaction with connected persons and any members of Skano Group AS supervisory board and management board are not otherwise personally interested in the transaction.

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