



Wulff Group Plc Financial Statements

JANUARY-DECEMBER 2023



Wulff Group Plc's Financial Statements Release January 1 – December 31, 2023

Positive profitability development in Q4, a proposal for a growing dividend

1.10.-31.12.2023 BRIEFLY

- Net sales decreased by 17.1% and totalled EUR 22.9 million (27.7)
- EBITDA was EUR 1.6 million (1.8), and comparable EBITDA was EUR 1.6 million (1.8)
- Operating profit (EBIT) was EUR 1.1 million (1.2) being 4.8% (4.4) of net sales and comparable operating profit (EBIT) was EUR 1.2 million (1.2) being 5.1% (4.4) of net sales
- Earnings per share (EPS) was EUR 0.12 (0.16) and comparable earnings per share (EPS) was EUR 0.13 (0.16)
- Cash flow from operating activities was EUR 4.2 million (3.0)

1.1.-31.12.2023 BRIEFLY

- Net sales totalled EUR 93.8 million (102.2), decreased by 8.2%
- EBITDA was EUR 5.1 million (6.2) being 5.4% (6.1) of net sales, and comparable EBITDA was EUR 5.5 million (6.2) being 5.8% (6.1) of net sales
- Operating profit (EBIT) was EUR 3.2 million (4.0) being 3.4% (3.9) of net sales, and comparable operating profit (EBIT) was EUR 3.5 million (4.0) being 3.8% (3.9) of net sales. Comparable operating profit (EBIT) decreased by 11.5%
- Comparable operating profit increased by 2.7%
- Earnings per share (EPS) were EUR 0.31 (0.45), and comparable earnings per share were EUR 0.36 (0.45)
- Cash flow from operating activities was EUR 4.6 million (4.0)
- The equity ratio was 45.5 % (40.5)
- The Board of Directors proposes to the Annual General Meeting to be held on April 4, 2024 that a dividend of EUR 0.15 per share (0.14) will be paid
- Financial guidelines for the year 2024: Wulff estimates that net sales will increase, and that the comparable operating profit will remain at a good level in 2024

WULFF GROUP PLC'S CEO ELINA RAHKONEN

Many thanks to our customers, partners and staff. We achieved many of our goals during 2023. The integration of the operations of Staples Finland Oy, which was acquired in the spring of 2021, proceeded as planned and successfully. The operating models and systems of domestic workplace products and services were combined, and an important investment for us, a joint enterprise resource planning system, was successfully implemented at the end of the year. The integration work continues with the enhancement of assortment management and unification of material flows. The school supply store we won at the end of 2023 will bring us strategically important purchasing power and during 2024 also about EUR 4-5 million in net sales.

In 2023, we carried out an extensive customer satisfaction survey, the results of which were pleasant to read. Our personal way of serving, our sales expertise and our multi-channel approach are perceived as Wulff's competitive advantage. We agree with our customers about areas for operational development and what is needed more: responsible products, services and the carbon neutrality of operational processes are valued.

I am delighted that we can propose an increasing dividend, for the sixth time in a row. We started 2024 with news of a fast start in a new business area for us, when our new staffing company started its nationwide operations. We will

continue to grow our successful accounting and financial management business both organically and through acquisitions.

GROUP'S NET SALES AND RESULT PERFORMANCE

In January–December 2023, net sales totalled EUR 93.8 million (102.2), and EUR 22.9 million (27.7) in the last quarter. Net sales decreased by 8.2% (+13.0) during the whole financial year, and by 17.1% (+0.1) in the last quarter. In the last quarter, the Contract Customers Segment's net sales decreased both in Finland and in Scandinavia due to the weakened general market situation. The net sales of Wulff's accounting and financial management services increased in the last quarter. The sales of international exhibition services and remote meeting solutions shrank from the comparison period due to the event selections that affected sales targeting. Net sales of the Expertise Sales Segment decreased both in Finland and Scandinavia. Scandinavian Expertise Sales was sold to minority owners on September 1, 2023. The group's net sales decreased by 6.9% during the whole financial year and by 13.9% in the last quarter, excluding the effect of the sold Scandinavian Expertise Sales.

In January–December 2023, the gross margin amounted to EUR 28.7 million (31.0), 30.6% (30.3) of net sales, and EUR 7.4 million (8.5) in the last quarter being 32.4% (30.8) of net sales. The development of the relative sales margin was affected by changes in the priority areas of demand for the products sold by Wulff. The demand for products in the care products area increased, as did the consumables for properties. Sales of more traditional workplace products and services follow the general economic and employment situation, decreasing from the comparison period. Price inflation slowed down during the review period. The positive profitability development that started in the last quarter was the result of the program of measures started in the fall and successful assortment management.

In January–December 2023, employee benefit expenses amounted to EUR 16.5 million (17.4), 17.6% (17.0) of net sales, and EUR 4.0 million (4.7), 17.3% (16.9) of net sales in the last quarter. The one-time cost of EUR 0.1 million for the restructuring of personnel in the group's support functions in the last quarter has been removed from the comparable result.

Other operating expenses amounted to EUR 7.3 million (7.8) in January–December 2023, 7.8% (7.6) of net sales, and EUR 1.9 million (2.1), 8.3% (7.7) of net sales in the last quarter. On September 1, 2023, Wulff sold Wulff Belton AB and Wulff Belton AS, which were responsible for the loss-making Expertise Sales in Scandinavia, to their minority owners. The sales loss from the transaction was EUR 0.3 million and it increases other operating expenses from the comparison period. The sales loss EUR 0.3 million has been removed from the comparable result of the review period.

In January–December 2023, EBITDA amounted to EUR 5.1 million (6.2), or 5.4% (6.1) of net sales, and EUR 1.6 million (1.8) in the last quarter, or 6.9% (6.4) of net sales. In January–December 2023, comparable EBITDA amounted to EUR 5.5 million (6.2), or 5.8 % (6.1) of net sales, and in October–December, it amounted to EUR 1.6 million (1.8), or 7.2% (6.4) of net sales.

In January–December 2023, operating profit (EBIT) amounted to EUR 3.2 million (4.0), or 3.4 % (3.9) of net sales, and EUR 1.1 million (1.2), or 4.8% (4.4) of net sales in the last quarter. The comparable operating profit (EBIT) for the entire reporting period amounted to EUR 3.5 million (4.0), or 3.8% (3.9) of net sales, and EUR 1.2 million (1.2), or 5.1% (4.4) of net sales in the last quarter.

In January–December 2023, the financial income and expenses totalled (net) EUR -1.0 million (-0.7), including interest expenses of EUR -0.9 million (-0.5), and mainly currency-related other financial items (net) totalled EUR -0.1 million (-0.2). In the fourth quarter, the financial income and expenses totalled (net) EUR -0.3 million (-0.2).

In January–December 2023, the result before taxes was EUR 2.1 million (3.3), and EUR 0.8 million (1.0) in the last quarter. The financial year's comparable result before taxes was EUR 2.5 million (3.3), while the comparable result before taxes was EUR 0.9 million (1.0) in the last quarter.

Net profit in the reporting period was EUR 2.1 million (3.1) in January–December 2023, and EUR 0.8 million (1.1) in the last quarter. In January–December 2023, the comparable profit (attributable to the equity holders of the parent company) was EUR 2.4 million (3.1), and EUR 0.9 million (1.1) in the last quarter.

Earnings per share (EPS) were EUR 0.31 (0.45) in January–December 2023, and EUR 0.12 (0.16) in the last quarter. Comparable earnings per share (EPS) for the entire reporting period were EUR 0.36 (0.45), and EUR 0.13 (0.16) in the last quarter.

CONTRACT CUSTOMERS SEGMENT

Wulff's Contract Customers Segment is the customer's expert partner in the field of workplace services and products, Canon printing and data management solutions, financial management services as well as international exhibition and remote meeting services in Finland and Scandinavia. For the company it is important to improve the customer experience constantly and to develop its operations to be as efficient and sustainable as possible. The Contract Customers Segment invests in the best customer experience in the industry.

In January–December 2023, the Contract Customers Segment's net sales totalled EUR 87.4 million (95.0), and EUR 21.8 million (25.3) in the last quarter. In January–December 2023, the operating profit (EBIT) was EUR 3.8 million (4.2), and EUR 1.2 million (1.2) in the last quarter. The sales of the Contract Customers Segment decreased both in Finland and in Scandinavia due to the weakened general market situation. The impact of the decline in net sales in the last quarter on profitability was minimal due to successful pricing and management of fixed costs.

The unification of Wulff's workplace products and services business operations proceeded with a legal merger on May 31, 2023, when Wulff Oy Ab and Wulff Solutions Oy merged with Wulff Finland Oy. Along with the mergers, the receiving company assumed the name Wulff Oy Ab of the group's best-known brand. The most significant investment in 2023 was the enterprise resource planning system unification project that was started in 2022 and was completed in November 2023. With the reorganization related to the unification of business operations, a cost saving of about EUR 0.1 million was achieved in the last quarter of 2023 and a saving of about EUR 0.7 million during 2023.

Wulff Entre sold and implemented both in-person exhibitions and remote meeting services for its customers. The company's net sales decreased compared to the corresponding time of the previous year. The exhibition industry has recovered almost to its original state after the pandemic. Some of the exhibitions are still held every other year, which had an impact on the net sales for the quarter. The goal is to increase sales per exhibition and also grow through new event representation. In the post-pandemic world, face-to-face encounters are perceived as valuable and meaningful. When companies go to an exhibition, they invest in it.

Wulff's contract customers include a large number of companies and groups whose need is to manage the procurement of workplace products and services as easily and smoothly as possible. People have returned to face-to-face meetings enthusiastically at workplaces, and Wulff has once again been able to serve customers with its entire wide range of products, both at company locations and at new workspaces and workstations created by multi-location work. Sales of coffee and snack products as well as property consumables increased while sales of traditional office supplies decreased from the comparison period in January–December and in the last quarter. The share of health care and care products in sales also continued to grow in January–December and in the last quarter, after Wulff won new customers from the health and care service sector. More and more employers take care of their employees' comfort and well-being with, among other things, smoothies, high-quality coffee, tea and refreshments, energy drinks and snack bars. You can get all of these from Wulff - and in the capital region of Finland also a responsible Catering service.

In Finland, Wulff is the strongest in its field and one of the most significant operators in Scandinavia, and a significant number of the largest companies in the Nordic countries rely on its services. Among the procurement channels that save costs and time, the most popular in Finland are Wulff's MiniBar and Cabinet Service in Scandinavia, which can be found in hundreds of large companies and groups. The filling and shelving service MiniBar works like its namesake in hotels. Thanks to the automatic filling service, you can find current and traditional workplace products ready for use on the shelves. In different industries, the filling service product range and the MiniBar can look very different: in the care sector, the MiniBar contains healthcare supplies; traditional notebooks, pens and modern presentation technology, and in the IT sector, the shelves are full of the best domestic refreshing drinks.

For an expert in Nordic working life, there are opportunities for growth in the upheaval and changes in working life. The most important point of view for the development of operations and product and service selection is responsibility. Its importance in making decisions is emphasized. For Wulff, it means an emphasis on responsibility both in its own operations and in the development of the product and service selection, as well as in the development of the measurement and reporting of the effects of procurement. The share of information work in all work has been increasing for a long time. A significant part of the work is done in multiple locations, in various changing environments. That's why Wulff invests in a product and service selection that enables, among other things, an ergonomic, comfortable and inspiring way to work in addition to company premises, for example in home offices, leisure apartments, shared spaces; for example in cafes or office hotels and when moving from one place to another. For example, expertise in workstation ergonomics and the best, sustainable solutions have been Wulff's strong expertise for decades.

Wulff Entre is a brave innovator in the international exhibition and event industry and, in addition to Finland, it serves customers in Germany, Sweden, Norway and the United States, among others. The remote meeting services developed by Wulff Entre enable exhibition-like and inspiring meetings and, for example, popular webinars produced by the client

company itself, easily and virtually. Traditionally, Wulff Entre has annually exported the know-how of Finnish companies to more than 30 countries and has held more than 100 in-person events with its customers. Global exceptional conditions have drastically changed the working environment in the last few years. Wulff Entre's growth opportunities are strongly influenced by, for example, the labor availability challenges in the event industry.

Nowadays, printing is increasingly handled as a service. Canon Business Center, part of the Wulff Group, offers companies high-quality office and professional printing and document management solutions and services. Canon Business Center's business development has been more positive than the market and remained stable. Despite this, the company's profitability has weakened. Canon Business Center serves customers in Finland in the capital region, and it plays an important role in comprehensively serving the group's customers operating in the area. Canon Business Center also offers its customers advanced, responsible recycling and life cycle solutions that effectively reduce the environmental load.

Wulff seeks growth especially in new service and product areas, also through acquisitions. The group's newest services are accounting and financial management services. The annual net sales of these services are around EUR 2 million. The group's expert company in the field is Carpentum Oy, operating in the capital region, with which Wulff is a reputable, digital-capable and responsible financial management partner for its customers.

Wulff's open webshop Wulffinkulma.fi is constantly being developed. Lately, the webshop, which is geared towards small companies and self-employed people has focused on also serving consumers and small business owners operating in a consumer-like manner. The webshop, which serves a wider selection than its competitors in the workplace product and supplies sector, is constantly increasing its selection according to customers' wishes. There is always something new, up-to-date and responsible in the store. Popular products are Wulff's own and exclusively sold brands, for example Q-CONNECT and STABILO.

The Wulffinkulma.fi webshop is known for its fast and reliable deliveries. This versatile and mobile-friendly webshop's advantages are secure and accurate deliveries. Whether it is to business premises, the home, remote office or a self-employed person's desk in a co-working space, Wulffinkulma.fi webshop delivers products where and when the customer wants. The same daily products are in use in home offices as in traditional office spaces: soft tissue papers, hand towels, soap, coffee, and snacks. Wulff is appreciated for its local, sustainable, and environmentally sound range. What the customers appreciate will show in the assortment when it is developed in the future. The webshop is continuously being developed to offer even more sustainable options and information on the environmental impact of its products.

EXPERTISE SALES SEGMENT

The Expertise Sales segment makes everyday life at the workplace easier by offering the best workplace products and novelties in the market with the most professional, personal, and local service.

During the review period, a transaction took place in the segment, when Wulff sold Wulff Belttön AB and Wulff Belttön AS, which were responsible for the loss-making Scandinavian Expertise Sales, to a minority owner on September 1, 2023. The net sales of Scandinavian Expertise Sales in the financial year 2022 was EUR 3.4 million.

In January–December 2023, the Expertise Sales Segment's net sales totalled EUR 6.4 million (8.5), and EUR 1.2 million (2.6) in the last quarter. In January–December 2023, operating profit totalled EUR -0.4 million (-0.1), and EUR 0.0 million (0.1) million in the last quarter. The sales of the Expertise Sales Segment decreased in January-December and in the last quarter due to the general sluggishness of the economy. The strength of Expertise Sales is to quickly take over the sale of current products and reach local customers quickly and personally, knowing the special features of different industries. Wulff's expert is a contact who is trusted and whose professionalism is valued.

Wulff stands out from its competitors with its locality and domesticity. Expertise Sales offers its customers novelties and favorite products and a wide selection of different work well-being, ergonomics and first aid products as well as products that improve work safety. Responsibility, domesticity and environmental friendliness are important selection criteria. Ergonomics and first aid readiness are being increasingly invested in Nordic companies as the working population ages. The share of knowledge work in all work is constantly increasing, and therefore more and more is being invested in good ergonomics, also preventively. With good ergonomics, it is possible to save significant amounts in the form of a reduction in sick leave. The Expertise Sales Segment offers its customers a personal service, where the offered product concept is always built together with the customer and exactly to suit the customer's needs. Expertise Sales actively bring innovative solutions that improve the working day to customers' awareness.

Wulff is a well-known workplace for successful salespeople. More and more top managers have experience and know-how in sales, and the appreciation of sales skills in our society is constantly growing. Successful recruitments and the number of salespeople have a significant impact on Wulff's Expertise Sales. New talents and those who want to become sales professionals are welcome at Wulff! Wulff's own induction and training programs ensure that every salesperson receives comprehensive initial training and an inspiring start to their career, as well as further training that develops their own skills.

FINANCING, INVESTMENTS AND FINANCIAL POSITION

In January–December 2023, the cash flow from operating activities was EUR 4.6 million (4.0). The positive development of cash flow was influenced by changes in working capital amounts. The integration of the business operations of the Contract Customers segment implemented during 2023 made it possible to lower safety stock levels, supporting the positive development of operating cash flow. It is typical for the industry that profit, and cash flow accumulate during the last quarter.

Investments during the reporting period were EUR 1.6 million (2.5), consisting mainly of investments in information systems as part of the integration of the Wulff Solutions acquisition. The cash flow from investments was a total of EUR -2.0 million, including, in addition to fixed asset investments, additional purchase prices paid for acquisitions of subsidiary shares EUR -0.2 million and EUR -0.2 million change in cash resources due to the sale of Belton companies.

The cash flow of financing activities was EUR -3.4 million (-0.5) in January–December 2023. Long-term loans were repaid in total of EUR 2.7 million (2.2). Short-term loans were withdrawn amounting to EUR 1.0 million (-0.2). Wulff reorganized their bank loans in such a way that the loan terms were extended. As a result, a total of EUR 2.3 million were transferred from short-term loans to long-term loans.

Lease agreement payments were EUR 0.6 million (1.0). Recognition of lease agreements on the balance sheet increased group assets by EUR 0.7 million (1.2), and liabilities by EUR 0.9 million (1.3), at the end of the reporting period.

In April 2023, dividends totalling EUR 0.5 million and EUR 0.5 million in October were paid to the owners of the parent company.

The Group's cash balance changed by EUR -0.9 million (0.2) in January-December. The Group's bank and cash funds totalled EUR 1.0 million (0.8) at the beginning of the year and EUR 0.2 million (1.0) at the end of the reporting period. The group has a credit limit of EUR 5.5 million, of which EUR 4.5 million was unused at the end of the financial year.

Equity attributable to the shareholders of the parent company was EUR 3.17 per share (3.02) at the end of December 2023. Equity at the end of year was EUR 22.0 million, compared to EUR 21.3 million at the end of the previous year. The equity ratio improved to 45.5% (40.5%) as a result of the lighter balance sheet. The balance sheet total was EUR 49.6 million (54.1).

SHARES AND SHARE CAPITAL

Wulff Group Plc's share is listed on the Nasdaq Helsinki in the Small Cap segment under the Industrial Goods and Services sector. The company's trading code is WUF1V. At the end of the reporting period, the share was valued at EUR 1.95 (3.29) and the market capitalisation of the outstanding shares totalled EUR 13.3 million (22.4). In 2023, the trade volume for the stock was 1,633,934 (2,039,645), and the number of shareholders as of 31 December 2023 was 2,780 (2,736).

The Board of Directors decided to establish a short- and long-term incentive scheme for CEO Elina Rahkonen on February 22, 2021. The remuneration to be paid through the scheme excluding indirect wage costs is equal to the value of a maximum of 40,000 shares in Wulff Group Plc from financial years 2021-2023.

On February 21, 2022, the Board of Directors decided to transfer 10,000 treasury shares held by the company to CEO Elina Rahkonen, as a result of the short-term incentive plan decided on February 22, 2021. The transfer of the shares was based on the authorization given to the Board of Directors by the Annual General Meeting on April 8, 2021.

At the end of December 2023, the Group held 111,624 (111,624) treasury shares representing 1.6% (1.6) of the total number and voting rights of Wulff shares.

DECISIONS OF THE ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS

Wulff Group Plc's Annual General Meeting was held in the Wulff house in Espoo on April 5, 2023. The Annual General Meeting adopted the financial statements for the financial year 2022 and discharged the members of the Board of Directors and CEO from liability for the financial period 1.1.–31.12.2022. The Annual General Meeting decided to pay a dividend of EUR 0.14 per share for the financial year 2022. The Annual General Meeting adopted the remuneration report presented by the Board of Directors.

Kari Juutilainen, Lauri Sipponen, Jussi Vienola and Kristina Vienola were re-elected as members of the Board. The organizing meeting of Wulff Group Plc's Board of Directors, held after the Annual General Meeting, decided that the Chairman of the Board is Kari Juutilainen. It was confirmed that the members of the Board of Directors will receive a monthly fee of EUR 1,250.

BDO Oy, a company of Authorized Public Accountants, with Authorized Public Accountant Juha Selänne as the lead audit partner, was chosen as the auditor of Wulff Group Plc.

The Annual General Meeting authorised the Board of Directors to resolve on the acquisition of maximum 300,000 own shares. The authorization is effective until April 30, 2024. The Board of Directors decided to continue buying back own shares in accordance with the authorization granted by the Annual General Meeting on April 5, 2023.

The Annual General Meeting authorised the Board to decide on the issue of new shares, disposal of treasury shares and/or the issue of special rights. The authorisation entitles the Board to issue a maximum of 1,300,000 shares, representing approximately 20% of the company's currently outstanding stock, based on a single decision or several decisions. The authorisation remains in force until April 30, 2024.

PERSONNEL

In January–December 2023 the Group's personnel totalled 262 (286) employees on average. At the end of September, the Group had 234 (280) employees of which 46 (72) persons were employed in Sweden, Norway or Denmark. Of the Group's personnel 40% (41) work in sales operations and 60% (59) in sales support, logistics, and administration. 53% (52) of the personnel are women and 47% (48) are men.

RISKS AND UNCERTAINTIES IN THE NEAR FUTURE

The general economic and market development and the employment rate have a significant impact on the demand for workplace products and services. Global inflation trends have an impact on Wulff's operations. The rate of increase in prices accelerated during the comparison period and gradually broadened since then. During the review period, the development of costs related to energy commodities and logistics has moderated, as have the least processed products. The development of global and local economies is affected by rising prices and monetary policy decisions aimed at taming inflation. These also affect Wulff's operations. In addition, megatrends in the global economy, for example responsibility, digitalization, the sharing economy and the aging of the population, affect the market change. The development of a product and service selection in line with changing markets and needs involves both risks and opportunities. Usual business risks include the successful implementation of Wulff's strategy, for example the integration of operations related to a company acquisition, as well as operational risks arising from the personnel, logistics and IT environment. Tight competition in the workplace product and service industry can affect business profitability. Changes in exchange rates affect the group's net profit and balance sheet.

SUBSEQUENT EVENTS

On January 31, 2023, Wulff announced that it would begin change negotiations regarding organizational reform in the company's Finnish workplace products and services businesses. The personnel restructuring is part of the integration of the acquisition of Staples Finland Oy in spring 2021 and will support the positive development of profitability. The company estimates that the measures will have a positive effect on the result by around EUR 0.5 million annually.

On February 16, 2024, Wulff announced the acquisition of Tilitoimisto Lundström Oy and its subsidiary Sandström & Lundström Oy. The purchase price, EUR 1.4 million, was paid in cash at the time of the transaction. The annual turnover of the purchased companies is a total of EUR 1.3 million and they employ 13 people. The annual adjusted operating profit (*) is approximately EUR 0.3 million.

(*) Changes in the company's expense structure that occur as a result of the change in ownership have been taken into account as adjustments.

BOARD OF DIRECTORS' PROPOSAL FOR THE ANNUAL RESULT

The Group's parent company Wulff Group Plc's distributable funds totalled EUR 1.5 million (1.7). The Group's net result attributable to the parent company shareholders for the financial year was EUR 2.1 million (3.1), or EUR 0.31 per share (0.45). The Board of Directors proposes to the Annual General Meeting to be held on April 4, 2024, that a dividend of EUR 0.15 per share (0.14) be paid in two instalments 0.08 during the second quarter of 2024 and 0.07 during the last quarters of 2024, for the financial year 2023, totalling EUR 1.0 million, and the remaining distributable funds to be transferred in retained earnings in the shareholders' equity. The effective dividend yield of the proposed dividend is 7.7 percent (calculated at the 31.12.2023 exchange rate, which was EUR 1.95/share).

STRATEGY

On 9 December 2021, Wulff Group Plc's Board of Directors approved an updated strategy and medium-term targets for the company for 2022–2026. Profitable growth in the current business operations is at the heart of the strategy, which will be accelerated through acquisitions.

The company's goal is to be the market leader for workplace products and services, and the most recommended and responsible partner in the sector – making a better world, one workplace at a time. The foundation of the growth strategy is an expansion of the product and service portfolio, and acquisitions in the Nordic countries.

The new medium-term financial targets approved by Wulff Group Plc's Board of Directors seek to double net sales, reaching net sales of EUR 200 million by 2026:

- average net sales growth of 15–20% per year
- growth of comparable operating profit percentage and
- increasing dividend per share

MARKET SITUATION AND FUTURE OUTLOOK

Among the global megatrends, Wulff's operating environment is positively affected by the increase in the share of knowledge work in all work performed. The development of the demographic structure is currently reducing the number of people actively working, although at the same time working careers are getting longer, e.g. as the average retirement age rises. The integration of technology into products and services is an opportunity for Wulff. Digitization already brings new ways for the multi-channel company to reach and serve customers and increase the productivity of its own operations. The most significant of the megatrends in terms of Wulff's operation and future is responsible operation and the green transition: is the environment treated as a resource or is the goal to improve the state of the environment. Future success will be strongly built on these themes, and their importance will increase in the decision-making of companies and consumers. Wulff has chosen responsibility and especially positive climate actions, increasing equality and decent work and economic growth (UN Sustainable Development Goals 2030) as important elements of his strategy.

The demand for products and services is essentially influenced by the general development of the economy and the market, as well as the employment rate. The market for workplace products and services has developed steadily in the Nordic countries. Wulff estimates that the overall market for workplace products and services remains relatively stable even when rapid changes occur in work environments. The demand for hygiene, cleaning, and protective products seems to have stabilized at a higher level than before the pandemic, as they are perceived as important occupational health and safety products. Work performed in multiple locations has increased and increased the number of workstations and the demand for products needed at workstations. The demand for IT supplies, printing products and traditional office supplies continues to develop post-pandemic. This is affected by the return to jobs and the increased number of new jobs. The capacity of the international exhibition service industry has recovered from the pandemic period.

The tightening of geopolitical tensions, Russia's attack on Ukraine and the escalation of the situation in the Middle East do not directly affect Wulff's operations, as Wulff has not had operations or partnerships in countries involved in the crisis. The crisis has had an impact on global supply chains, whose changes may still indirectly affect Wulff's operations as well. The changes in the supply chains have intensified and broadened the trend of price inflation. Although the availability challenges of many product groups have subsided after the comparison period due to the reorganization of

global supply chains, it is possible that as a result of the escalation of the situation in the Middle East, new availability challenges will appear temporarily. As the inflation trend continues, measures are needed to ensure a positive development of the sales margin. The wide scope of price inflation and its effect on the costs of the services used, as well as the related uncertainty, limit predictability.

Wulff has systematically renewed its business organizations for Finnish workplace products and services. After the acquisition of Staples Finland Oy (later Wulff Solutions Oy) in the spring of 2021, the sales, administration and support functions of Wulff Oy Ab and Wulff Solutions Oy were combined in the August-September 2021 cooperation negotiations. Thanks to the consolidation of the organization, the company achieved annual personnel cost savings of approximately EUR 1.9 million. In total, the measures implemented in stages will bring at least EUR 3 million cost benefits annually, of which approximately EUR 2.5 million were achieved during the 2022 financial year. In addition to the reorganization of personnel, synergy will be achieved through, among other things, the integration of information systems, logistics and operational processes, and business premises. During 2023, Wulff has achieved a cost synergy benefit of approximately EUR 0.7 million with the above-mentioned measures.

Wulff's goal is to grow profitably, and it is constantly ready to be a more active player in business arrangements than its competitors.

FINANCIAL GUIDANCE

Wulff estimates that net sales will increase, and that the comparable operating profit will remain at a good level in 2024.

The guidance is based on an estimate of a relatively short-term recession in Finland and other Nordic countries. In particular, service businesses are expected to grow from 2023. Lower fixed costs support good profitability development. Key uncertainties affecting the outlook are the development of inflation and interest rates as well as geopolitical crises and tensions.

In Espoo on February 19, 2024

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BOARD OF DIRECTORS

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A better world - one workplace at a time. We enable better and more sustainable work environments and a perfect working day. We make the workplace where you do your work. Here you can find today's workplace products: e.g. cafe supplies, real estate and cleaning maintenance products, office and IT supplies, ergonomics, first aid, hygiene, protection and safety products, air purification, and innovative products for construction sites. Our selection also includes high-quality Canon printing and document management services as well as financial management services. Our customers also purchase international exhibition services and solutions for remote meetings from us. It is important for us to constantly develop our product range to be more and more sustainable and our customer experience to be the best in the field. Staff leasing is one of our newest service additions. In addition to Finland, Wulff Group operates in Sweden, Norway, and Denmark.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 1.1.–31.12.2023

The information presented in the report has not been audited.

CONSOLIDATED STATEMENT OF INCOME (IFRS)	IV	IV	I-IV	I-IV
EUR 1000	2023	2022	2023	2022
Net sales	22 934	27 677	93 782	102 171
Other operating income	36	62	158	359
Materials and services	-15 505	-19 166	-65 038	-71 185
Employee benefit expenses	-3 979	-4 665	-16 489	-17 361
Other operating expenses	-1 906	-2 143	-7 303	-7 772
EBITDA	1 581	1 765	5 110	6 213
Depreciation and amortization	-488	-548	-1 940	-2 224
Operating profit/loss	1 093	1 218	3 170	3 988
Financial income	-	11	68	20
Financial expenses	-291	-194	-1 106	-735
Profit/Loss before taxes	802	1 035	2 132	3 273
Income taxes	24	92	13	-129
Net profit/loss for the period	825	1 128	2 145	3 144
Attributable to:				
Equity holders of the parent company	809	1 087	2 087	3 052
Non-controlling interest	16	41	58	92
Earnings per share for profit attributable to the equity holders of the parent company:				
(diluted = non-diluted)	0.12	0.16	0.31	0.45
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)				
EUR 1000				
Net profit/loss for the period	825	1 128	2 145	3 144
Other comprehensive income which may be reclassified to profit or loss subsequently (net of tax)				
Change in translation differences	85	-44	-159	-414
Total other comprehensive income	85	-44	-159	-414
Total comprehensive income for the period	910	1 084	1 986	2 730
Total comprehensive income attributable to:				
Equity holders of the parent company	876	1 050	1 941	2 697
Non-controlling interest	34	34	45	33

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IFRS)		
EUR 1000	31.12.2023	31.12.2022
ASSETS		
Non-current assets		
Goodwill	8 824	8 821
Other intangible assets	2 475	1 663
Property, plant and equipment	9 049	10 037
Non-current financial assets		
Interest-bearing financial assets	84	-
Non-interest-bearing financial assets	350	382
Deferred tax assets	1 454	1 248
Total non-current assets	22 236	22 151
Current assets		
Inventories	12 300	14 140
Current receivables		
Interest-bearing receivables	10	13
Non-interest-bearing receivables	14 854	16 787
Cash and cash equivalents	151	1 028
Total current assets	27 314	31 968
TOTAL ASSETS	49 550	54 119
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the parent company:		
Share capital	2 650	2 650
Share premium fund	7 662	7 662
Invested unrestricted equity fund	676	676
Retained earnings	10 522	9 554
Non-controlling interest	476	774
Total equity	21 986	21 316
Non-current liabilities		
Interest-bearing liabilities	9 666	9 931
Leasing liabilities	324	674
Deferred tax liabilities	177	244
Total non-current liabilities	10 167	10 849
Current liabilities		
Interest-bearing liabilities	1 281	2 752
Leasing liabilities	527	601
Non-interest-bearing liabilities	15 589	18 601
Total current liabilities	17 397	21 954
TOTAL EQUITY AND LIABILITIES	49 550	54 119

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)	I-IV	I-IV
EUR 1000	2023	2022
<i>Cash flow from operating activities:</i>		
Cash received from sales	95 714	102 580
Cash received from other operating income	121	302
Cash paid for operating expenses	-90 116	-97 962
Cash flow from operating activities before financial items and income taxes	5 719	4 920
Interest paid	-898	-445
Interest received	41	15
Income taxes paid	-302	-501
Net cash flow from operating activities	4 560	3 990
<i>Cash flow from investing activities:</i>		
Investments in intangible and tangible assets	-1 649	-2 479
Acquisition of subsidiary company shares	-233	-595
Short-term investments in other shares	-	-251
Proceeds from sales of intangible and tangible assets	37	57
Sales of subsidiaries	-164	53
Repayments of loans receivable	3	53
Net cash flow from investing activities	-2 007	-3 215
<i>Cash flow from financing activities:</i>		
Acquisition of own shares	-	-220
Dividends paid	-1 001	-982
Dividends received	17	-
Changes in the shares of minority shareholders	-618	-1 008
Repayments of finance lease liabilities	-81	-
Withdrawals and repayments of short-term loans	1 008	-164
Withdrawals of long-term loans	-	4 000
Repayments of long-term loans	-2 744	-2 158
Net cash flow from financing activities	-3 420	-531
Change in cash and cash equivalents	-867	245
Cash and cash equivalents at the beginning of the period	1 028	797
Translation difference of cash	-11	-14
Cash and cash equivalents at the end of the period	151	1 028

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1000	Equity attributable to equity holders of the parent company							Non-controlling interest	TOTAL
	Share capital	Share premium fund	Fund for invested non-restricted equity	Own shares	Translation differences	Retained earnings	Total		
Equity on January 1, 2023	2 650	7 662	676	-332	-766	10 651	20 542	774	21 316
Net profit / loss for the period						2 087	2 087	58	2 145
Net profit / loss for the period Total						2 087	2 087	58	2 145
Other comprehensive income (net of taxes):									
Change in translation difference					-146		-146	-13	-159
Comprehensive income					-146	2 087	1 941	45	1 986
Dividends paid						-951	-951	-50	-1 001
Sale of subsidiaries					-22		-22	-212	-234
Changes in ownership								-81	-81
Equity on December 31, 2023	2 650	7 662	676	-332	-933	11 787	21 510	476	21 986
Equity on January 1, 2022	2 650	7 662	676	-343	-411	8 277	18 512	830	19 343
Net profit / loss for the period						3 052	3 052	92	3 144
Net profit / loss for the period Total						3 052	3 052	92	3 144
Other comprehensive income (net of taxes):									
Change in translation difference					-355		-355	-59	-414
Comprehensive income (net of taxes)					-355	3 052	2 697	33	2 730
Dividends paid						-892	-892	-89	-982
Acquisition of own shares				-220			-220		-220
Transfer of own shares				231		215	446		446
Equity on December 31, 2022	2 650	7 662	676	-332	-766	10 651	20 542	774	21 316

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the IAS 34 standard. The accounting principles used in the preparation of this report are consistent with those used in the 2022 financial statements and take into account the IFRS standard changes adopted as of Jan 1, 2023.

The Group complies with the Guidelines on Alternative Performance Measures (APM) issued by the European Securities and Markets Authority (ESMA) in its statutory reporting. These alternative performance measures, such as the gross margin, comparable EBITDA and comparable operating profit, are used to present the underlying business performance and to enhance comparability between financial periods. The comparable EBITDA and comparable operating profit do not include items affecting comparability. Items affecting comparability are income and expenses that are not included in normal business activities, such as results from sales and acquisitions of subsidiaries, and non-recurring costs related to their implementation, and write-downs of goodwill and significant one-time expenses. The Alternative Performance Measures should not be taken as substitutes for the standards presented in the Generally Accepted Accounting Principles for IFRS.

In the industry, it is typical that the result and cash flow are generated in the last quarter. School sales will have an impact on working capital and cash flow, especially in the second and third quarters. The seasonality of the international exhibition business and the timing of the same exhibitions arranged yearly have an impact on accumulation of the net sales and operating profit.

The annual impairment of assets test was conducted with the drafting of the annual financial statements, and no need was found for a depreciation on goodwill.

The IFRS principles require the management to make estimates and assumptions when preparing financial statements. As a result of increased inflation, operational risks in business increased. Due to the market change, the valuation of inventories and trade receivables have been monitored very closely. Although these estimates and assumptions are based on management's best knowledge of today, the outcome may differ from the estimated values presented in the financial statements. The geopolitical crisis in Europe is not estimated to have a direct impact on Wulff's business. Russia's assault on Ukraine and the sanctions imposed on Russia have impact on global supply chains, and the changes may also indirectly affect Wulff's activities. The rise in energy prices, which has affected supply chains, has partly strengthened, and widened the recent price inflation trend, both through direct effects and indirectly through the rise in logistics costs. Wulff estimates that the inflation trend will moderate and cause the need for measures to secure the development of the sales margin.

The Group has no knowledge of any significant events after the end of the reporting period that would have had a material impact on this report in any other way that has already been presented in this financial report.

All figures in the tables have been rounded to the nearest thousand euros.

The information presented in the Interim Report has not been audited.

This Report has been translated from the Finnish equivalent. In case of any differences, the Finnish Interim Report is the official one.

2. CHANGES IN GROUP STRUCTURE

Acquisitions

Wulff Group Plc and the owner of Carpentum Oy signed an agreement of sale on January 4, 2022, by which Wulff Group Plc acquired the share capital of Carpentum Oy. The transaction entered into force on the day of the agreement's signing. The purchase price was EUR 0.9 million, EUR 0.4 million of which was paid by transferring 82,448 Wulff's own shares to the owner of Carpentum Oy. The remaining EUR 0.5 million was paid in cash.

Founded in 1997, Carpentum Oy's net sales from July 1, 2020 to June 30, 2021, were approximately EUR 1.2 million and adjusted operating profit was approximately EUR 0.2 million. Carpentum Oy's balance sheet total to be transferred in the transaction is approximately EUR 250 thousand, equity EUR 120 thousand, and cash and cash equivalents EUR 108 thousand. The balance sheet does not include interest-bearing liabilities.

During Wulff's strategy update, financial management services were found to complement our service offering very well, and we've been investing in that industry by growing organically and through minor acquisitions. After the acquisition of Carpentum, 24 top professionals will be working in our financial management operations. The annual net sales of these services are around EUR 2.0 million.

Mergers

Wulff Solutions AB merged with its parent company Wulff Belton AB on February 21, 2023. Wulff Oy Ab and Wulff Solutions Oy merged to Wulff Finland Oy on May 31, 2023, the merged company took the name Wulff Oy Ab in the same connection.

Sales

Wulff Group Plc sold Wulff Belton AB and Wulff Belton AS, which were responsible for the loss-making Scandinavian Expertise Sales, to a minority owner on September 1, 2023. The sale price was EUR 0.1 million. The net sales of Scandinavian Expertise Sales in the financial year 2022 was EUR 3.4 million.

Changes in the shares of minority shareholders

In May 2023, the Group acquired 2% of the share capital of S Supplies Holding AB and owned 89% of the company's shares after the acquisition.

There were no changes in the shares of minority shareholders during the reporting period in 2022.

3. SEGMENT INFORMATION

	IV	IV	I-IV	I-IV
EUR 1000	2023	2022	2023	2022
Net sales by operating segments				
Contract Customers Segment	21 759	25 345	87 444	95 019
Expertise Sales Segment	1 219	2 610	6 441	8 512
Group Services	358	311	1 527	1 281
Intersegment eliminations	-402	-589	-1 631	-2 640
TOTAL NET SALES	22 934	27 677	93 782	102 171
Operating profit/loss by segments				
Contract Customers Segment	1 248	1 181	3 837	4 233
Direct Sales Segment	-21	89	-402	-142
Group Services and non-allocated items	-135	-51	-265	-102
TOTAL OPERATING PROFIT/LOSS	1 093	1 218	3 170	3 988

4. KEY FIGURES

	IV	IV	I-IV	I-IV
EUR 1000	2023	2022	2023	2022
Net sales	22 934	27 677	93 782	102 171
Change in net sales, %	-17.1%	0.1%	-8.2%	13.0%
Gross profit	7 429	8 511	28 744	30 986
Gross profit, %	32.4%	30.8%	30.6%	30.3%
EBITDA	1 581	1 765	5 110	6 213
EBITDA margin, %	6.9%	6.4%	5.4%	6.1%
Comparable EBITDA	1 649	1 765	5 470	6 213
Comparable EBITDA margin, %	7.2%	6.4%	5.8%	6.1%
Operating profit/loss	1 093	1 218	3 170	3 988
Operating profit/loss margin, %	4.8%	4.4%	3.4%	3.9%
Comparable operating profit/loss	1 161	1 218	3 530	3 988
Comparable operating profit/loss margin, %	5.1%	4.4%	3.8%	3.9%
Profit/Loss before taxes	802	1 035	2 132	3 273
Profit/Loss before taxes margin, %	3.5%	3.7%	2.3%	3.2%
Comparable profit/Loss before taxes	870	1 035	2 492	3 273
Comparable profit/Loss before taxes margin, %	3.8%	3.7%	2.7%	3.2%
Net profit/loss for the period attributable to equity holders of the parent company	809	1 087	2 087	3 052
Net profit/loss for the period, %	3.5%	3.9%	2.2%	3.0%
Comparable net profit/loss for the period attributable to equity holders of the parent company	877	1 087	2 446	3 052
Comparable net profit/loss for the period, %	3.8%	3.9%	2.6%	3.0%
Earnings per share, EUR (diluted = non-diluted)	0.12	0.16	0.31	0.45
Comparable earnings per share, EUR (diluted = non-diluted)	0.13	0.16	0.36	0.45
Return on equity (ROE), %	3.8%	5.5%	9.9%	15.5%
Return on investment (ROI), %	3.3%	3.6%	9.0%	11.2%
Equity-to-assets ratio at the end of period, %	45.5%	40.5%	45.5%	40.5%
Debt-to-equity ratio at the end of period	52.5%	60.6%	52.5%	60.6%
Equity per share at the end of period, EUR *	3.17	3.02	3.17	3.02
Investments in non-current assets	565	620	1 649	2 479
Investments in non-current assets, % of net sales	2.5%	2.2%	1.8%	2.4%
Treasury shares held by the Group at the end of period	111 624	111 624	111 624	111 624
Treasury shares, % of total share capital and votes	1.6%	1.6%	1.6%	1.6%
Average number of outstanding shares	6 796 004	6 828 557	6 796 004	6 852 051
Number of total issued shares at the end of period	6 907 628	6 907 628	6 907 628	6 907 628
Personnel on average during the period	241	282	262	286
Personnel at the end of period	234	280	234	280

* Equity attributable to the equity holders of the parent company / Number of shares excluding the acquired own shares

CALCULATION OF KEY FIGURES

Gross profit	Net sales – Materials and services
Gross profit-%	$(\text{Net sales} - \text{Material and services}) / \text{Net sales} \times 100$
EBITDA	Operating profit before interest, taxes, depreciation, and amortization
EBITDA-%	$\text{Operating profit before interest, taxes, depreciation, and amortization} / \text{Net sales} \times 100$
Operating margin, EBIT-%	$\text{Operating profit} / \text{Net sales} \times 100$
Return on Equity (ROE), %	$\frac{\text{Net profit/loss for the period (total including the non-controlling interest of the result)} \times 100}{\text{Shareholders' equity total on average during the period (including non-controlling interest)}}$
Return on Investment (ROI), %	$\frac{(\text{Profit/loss before taxes} + \text{Interest expenses}) \times 100}{\text{Balance sheet total} - \text{Non-interest-bearing liabilities on average during the period}}$
Equity-to-assets, %	$\frac{(\text{Shareholders' equity} + \text{Non-controlling interest at the end of the period}) \times 100}{\text{Balance sheet total} - \text{Advances received at the end of the period}}$
Net interest-bearing debt	Interest-bearing liabilities - Interest-bearing receivables - Cash and cash equivalents
Gearing, %	$\frac{\text{Net interest-bearing debt} \times 100}{\text{Shareholders' equity} + \text{Non-controlling interest at the end of the period}}$
Earnings per share (EPS), EUR	$\frac{\text{Net profit attributable to the equity holders of the parent company}}{\text{Share issue adjusted number of outstanding shares on average during the period (without own shares)}}$
Equity per share, EUR	$\frac{\text{Equity attributable to equity holders of the parent company at the end of the period}}{\text{Share issue-adjusted number of outstanding shares at the end of period (without own shares)}}$
Market capitalisation	Share issue-adjusted number of outstanding shares at the end of the reporting period (without own shares) x the closing price at the end of the reporting period