

2017

ANNUAL REPORT





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” *What makes every-day life at the workplace easy? Easy purchases, the newest information, products and services as you like. Together with Wulff you will succeed!*



WULFF TODAY

WULFF – A BETTER WORLD ONE WORKPLACE AT A TIME

Wulff enables working in environments where companies and entrepreneurs operate. At the same time, we make the world better – one workplace at a time. We will bring more and more sustainable and environmentally-friendly products to our customers. Every one of us can affect the kind of world and future we will build with our daily choices.

BETTER WORKING DAYS – WHEREVER YOU WORK

Already, people work a lot away from the office: digitalization enables a lot, mobile work creates new requirements for working environments. We work at the office, at home, on a dock, in a café, on train, on a bench at the park, when we move from one place to another, and when we meet people wherever they want to meet at any given time. With Wulff, you can ensure that the working environment and tools you use enable a better working day.

WHAT WOULD YOU LIKE?

We offer the industry's broadest range of products and services that make a workplace. What would you like? We offer our customers workplace products, catering solutions, facility management products and cleaning supplies, office and IT supplies, ergonomics, first aid, and innovative products for worksites. Customers can also acquire international exhibition services from Wulff. In addition to Finland, Wulff Group operates in Sweden, Norway and Denmark. Check out our product and services at wulff.fi.

” *A better working day – wherever you work*

Our customer Hartwall explains



OVER 10 YEARS OF COOPERATION

Wulff and Hartwall's partnership has been developed for over ten years already. Wulff takes care of Hartwall's workplace products and their availability comprehensively. In ten years' time, the world and companies' needs have changed. Nowadays companies require much more than folders and pens. In addition to products, companies want information and recommendations on cost and time-saving solutions. And solutions that increase the well-being of their personnel.

WHAT WULFF

Did you know, that by acquiring products and services from Wulff you are supporting and contributing to Finnish enterprising. With our daily choices, we all can have an effect. Wulff is a domestic company that operates strongly in all of the Nordic countries. By choosing Wulff, you are choosing to support business in your own home country.

What is the best way to get to know Wulff? Let our customers tell you about us.

Hartwall explains, why it is so easy to acquire all workplace products from Wulff. Centralized purchases make the everyday easier and with Wulff as your partner, even special and urgent needs are handled effortlessly.

”*I had no idea that business cards can be printed and delivered so quickly.*

”EASY AND CAREFREE, EFFORTLESS AND DIRECT”

NOTHING BETTER THAN A MINIBAR. Hartwall and MiniBar sound like the perfect couple. What does Hartwall’s MiniBar, supplied by Wulff, contain? And why does it make so many people happy?

Wulff’s Key Account Manager Oliver Wardi and Harwall’s Purchasing Manager Päivi Metsberg hug and greet. “Our relationship is anything but stiff and formal, everything is quite direct and easy-going. No doubt because things work well and they work well when we can speak to each other directly and in a constructive manner. And with Oliver we can”, explains Metsberg. Maarit Laitinen, responsible for office services at Hartwall, is next in line to get a warm hug from Oliver. Known as a feisty superwoman, Laitinen has worked at Hartwall for 28 years. “When you know the company, its ways and the people, you also know their needs – and you are able to ask for the right kind of service and quality”, Wardi says. “In order to supply Hartwall with just the right kind

of products and serve them well, it is necessary to know what is important for the company’s personnel. And Maarit is a living, breathing, info bank”, Wardi continues.

At Hartwall, Päivi is responsible for the contract, new product areas, and the partnership as a whole, and Maarit for the daily operations. At Wulff, Hartwall is taken care by Oliver and professional customer service and WIP teams. Hartwall’s Lahti manufacturing plant has their own local contact person.

Today, the trio is talking soft - the meeting is all about tissue paper. Wulff provides companies with facility management products and cleaning supplies as well as catering supplies for the cafeteria, the personnel’s coffee break room, or kitchen. All companies that employ people consume soft tissue paper. The more daily products can be acquired through the same logistics chain and consumption monitored from the same reports, the more efficient the company’s own operations become. “I would recommend getting to know the new product areas that Wulff offers.

”*Wulff’s Minibar keeps us operational*

And when mapping out and inviting tenders that the total cost of a product is not solely the acquisition cost. Availability, quality, consumption monitoring, the time we spent on procurement – the total cost is a sum of many things”, reminds Päivi.

OPERATIONAL CAPABILITY IS IMPORTANT

What has Hartwall been especially pleased with in the partnership with Wulff? Maarit is eager to explain: “The internal customers are quite impatient. The products have to be readily available. Luckily the MiniBar’s chosen selection is always in use and thanks to the automated refilling service we never run out of stuff out of the blue. If I order a special product in the morning, it is usually on my desk the following working day.

In these situations, Wulff’s WIP team is a bunch of wizards, I had no idea that business cards can be printed and delivered so quickly! For example, at times we have a sudden need for business cards. When people are packing their



Maarit and Oliver examine Hartwall's MiniBar. Maarit knows that if she needs to contact Oliver, Wulff's customer service or WIP team, she will get an answer quickly and competently. "We know each other so well by now so taking care of things is really straightforward."

” *Availability, quality, usage monitoring, the time we spent on procurement – the total cost is a sum of many things.*

suitcases, they notice that they only have a couple cards left. Just a while ago, I needed calculators and contacted Wulff's customer service – and the next day I was opening the package." Päivi agrees that everyday operational capability is important for Hartwall: "That is how I measure my own success at work. When things work and internal customers are happy, that's when I know I have succeeded.

Good operational capability is a way of serving your own personnel. My job is to make sure that our contract and partnership framework with Wulff are such that Maarit can go about her job smoothly. We do not buy just products, we buy know-how and time-savings; the service."

Oliver smiles, and for a good reason. "True. When our customers learn to use us, they save time, which is money. Our customer service team knows our basic product range exceptionally well, we have 4 000 different products ready-to-order in our warehouse. Our WIP team has knowledge and experience in special products and from efficient sourcing. We get questions and inquiries about products on a daily basis – and often about something that is also new to us. So our pool of knowledge and service level is constantly growing also."

HOW DOES HARTWALL AND WULFF'S COOPERATION WORK?

At Hartwall's Pitäjänmäki headquarters, there is approximately 120 employees and Wulff's products are also delivered to several hundred individuals in other locations and also to personnel's home offices. In addition to the Pitäjänmäki main office, Minibars can be found at Hartwall's Lahti manufacturing plant. Maarit coordinates the MiniBar product selection and makes adjustments according to her own observations and Oliver's recommendations.

Usage is easy to monitor and the selection easy to develop when reporting is available for the required criteria with just a couple clicks. The MiniBar works just like its hotel namesake: the agreed selection of products is always available and the crucial products never run out. Additional product orders or special products can be ordered from Wulff's customer service and WIP teams. Hartwall and Wulff's joint operational steering group meets periodically to go over the reporting and discuss product areas and development of their partnership.

” *Ordered products are often delivered the following working day*



Most often Maarit (left) and Päivi (middle) meet Oliver (right) at Hartwall's headquarters in Pitäjämäki, Helsinki. Päivi and Maarit also have the opportunity to get to know the values, business, and people of their partner company in joint events. Next, cooperation is strengthened in Wulff Business Forum where leading Finnish professor Alf Rehn will stir up new ideas in regard to business and life. The seminar is organized by Wulff for its customers.



Maarit Laitinen, 55

Has worked at Hartwall for almost 30 years. Began her career in the dispatch centre, Maarit has since worked in accounting among other things. In her current position, Maarit has been responsible for office services since 2014.

Family: husband, two adult children, two cats called Amanda and Matilda
Lives: Kuitinmäki, Espoo
Hobbies: crafts, cross-stitching and lace-making among other things

What makes her happy in life: “Family, health, and little surprises. Sleeping well – that’s when you know things are good.”



Päivi Metsberg, 43

Has worked at Hartwall for nine years. As Purchasing Manager, Päivi is responsible for all Hartwall's indirect procurements.

Family: husband and three children
Lives: Otalampi, Vihti
Hobbies: interior design, spending time at the family's summer cottage and dabbling around with the family

Life motto: “If you live a life filled with ifs and buts, it will remain un-lived.”

HARTWALL JAFFA, HARTWALL NOVELLE, LAPIN KULTA, KARJALA, HARTWALL ORIGINAL LONG DRINK

Hartwall has produced beverages loved by Finns for the everyday and festive occasions already since 1836. Millions of litres of Hartwall's waters, soft drinks, special drinks, beers, ciders, and long drinks are consumed in Finnish households and restaurants every year. The company's corporate headquarters are located in Helsinki and a modern, state-of-the-art brewery and production plant opened in 2003 in Lahti. Their spring water bottling plant is located in Karijoki. Hartwall has 700 employees and indirectly it employs over 11,000 people in Finland. The company is part of the Danish Royal Unibrew Group.

Towards 2020



CEO'S REVIEW

” *200,000 customer encounters, every year. A great number of opportunities to make working days, working environments, and the world better!*

I ended 2017 and began 2018 as the CEO of Wulff Group. The role is both familiar and new. Familiar because I have acted as the CEO before. New because in this rapidly changing world, we and our customers are developing and changing too. In 2017, we invested in renewal, competitiveness, and updating our strategy and it shows in our result. EBITDA and operating profit are down from the previous year – and the last quarter of the financial year was positive regarding our net sales, EBITDA and operating profit. This gives us a good starting point for 2018.

What does the future and Wulff 2020 strategy look like? Together with our personnel, customers and cooperation partners we have contemplated what is important in our culture and doing now and in the future. What we will keep with us, what new we will do and what do we have to give to the world and to every one of our customers. The answer is making the world a better place one workplace at a time.

I am especially delighted how our personnel, customers, and cooperation partners have received our new and updated strategy. Our goal is to bring more and more environmentally friendly and sustainable products to our customers. Better workdays are made by creating more pleasant, healthier, safer, more relaxing, more versatile, and more active workplaces; wherever people work now and in the future. We will ensure that everyday life and purchasing at the workplace run smoothly and people feel well at work.

In our culture, there is one thing that I hope will be with us forever. And that is our good working atmosphere and an energetic sales-spirit. We have succeeded in keeping them with us throughout all of the changes, year after year. I have had the opportunity to participate in various Wulff events, customer and partner meetings where the good atmosphere and feeling have been tangible, in a big way. Thank you for the pleasure of working and enjoying life with you.


Let's make 2018 a year of winning together!

Heikki Vienola

Heikki Vienola
CEO
Wulff Group Plc

Net sales
2017
56,9 meur

Operating
profit 2017
-0,0 meur

A person is sitting on a lush green lawn, wearing blue jeans and white sneakers. A small brown and white dog is sitting next to them. In the foreground, a person's hands are holding a spiral-bound notebook with handwritten text. A laptop is open on the grass to the right.

The world is changing rapidly and so is Wulff's operating environment. Wulff sees the evolving operating environment as an opportunity to offer new products to customers and serve them in new ways.

AN EVOLVING OPERATING ENVIRONMENT

Wulff has long had a strong and solid position particularly as a supplier of office products. Today, the company is known as a diverse supplier of workplace products that enable working in different environments. Information work and work done by experts will continue to account for an ever-increasing part of all labour and digitalization brings new opportunities for both working and purchasing products and services. While more and more industries have the whole world as their operating environment, companies' values and meanings are beginning to be emphasized.

In Wulff's operating environment there is competition in the production and sales of workplace products, facility management products, office and IT supplies, promotional products, ergonomics, first aid, and products that enhance well-being at work. Wulff's operating environment is broader than the traditional field since the Group also offers international exhibition services and solutions for construction and worksites.

Wulff's main operating areas are Finland, Sweden, Norway, and Denmark.

In Finland, the Group is the industry market leader and strong innovator. For the Scandinavian market leadership Wulff faces competition from international corporate giants, e.g. Staples and Lyreco.

Wulff does not manufacture products itself. Wulff is an efficient and desired distribution channel for manufacturers and suppliers because its sales channels reach businesses of all sizes effectively.

According to Wulff Group's estimates, the field's annual market size is approximately EUR 400 million in Finland, EUR 700 million in Sweden, EUR 450 million in Norway and EUR 400 million in Denmark. Scandinavian markets are similar when comparing customer numbers, purchasing behavior and product demand. In the past years, the market for office and IT supplies has decreased in all of the Nordic countries.

WULFF'S CUSTOMERS ARE BUSINESSES AND ORGANIZATIONS OF ALL SIZES

All companies and organizations use the products Wulff markets through-

” *Information work and work done by experts will continue to account for an ever-increasing part of all labour and digitalization brings new opportunities for both working and purchasing products and services.*

out the year. The demand for example ink and toners, paper, coffee, storage devices, and cleaning products is constant and not seasonal. The demand is influenced by the general economic situation. For example, when large companies recruit employees, consumption increases. Some products have a long lifetime, for example ergonomic products last a long time

in use and their purchases are made after careful consideration. For business and advertising gifts however, sales is seasonal and it tends to focus on the second and last quarter of the year. Although the seasonal impact has slightly evened out in the past few years and gifts are seen as an increasingly important part of companies' marketing communications, economic uncertainties have affected promotional gift purchases. During uncertain economic periods, companies may also minimize attending fairs.

Every new Nordic company is a potential new customer for Wulff. To serve its customers in the best way possible, Wulff is constantly developing its service channels. Different service concepts have been developed for companies of different sizes. Wulff is the only player in its field that can provide its customers with complementary service models: personal contract customer and expertise sales services, cooperation with resellers and consumer sales, comprehensive web services and a webshop as well as the opportunity to do business in a store.

” *Meaning
becomes important:
partnerships are formed
with companies that
share the same values.*



SUCCESS IN A FRAGMENTED OPERATING ENVIRONMENT

The field's market has been traditionally very fragmented. Entering the market is easy and that is why many small companies are operating in the field. Several companies enter and leave the market every year. In recent years, the industry has also seen a few takeovers.

Wulff believes that the future of the industry will be in the hands of companies like itself and bigger players. Wulff estimates that the consolidation development will be intense and company takeovers will continue in the future. One of Wulff's strengths is its size. The company is large enough to offer significant and cost-efficient solutions for its customers. At the same time, it is small enough to be agile and quick to react to the evolving operating environment. Wulff's domesticity is also pleasing factor for customers and domestic business is supported willingly. Local service and market know-how is also beneficial in developing working solutions.

Wulff's position in the Scandinavian market has significantly strengthened in the last decade. Especially the acquisition in 2009 to grow the Contract Customer division has been successful. In co-operation with Wulff Supplies (Strålfors

Supplies (now Wulff Supplies), acquired in 2009) the Group has had success in serving its Scandinavian and Pan-Nordic customers.

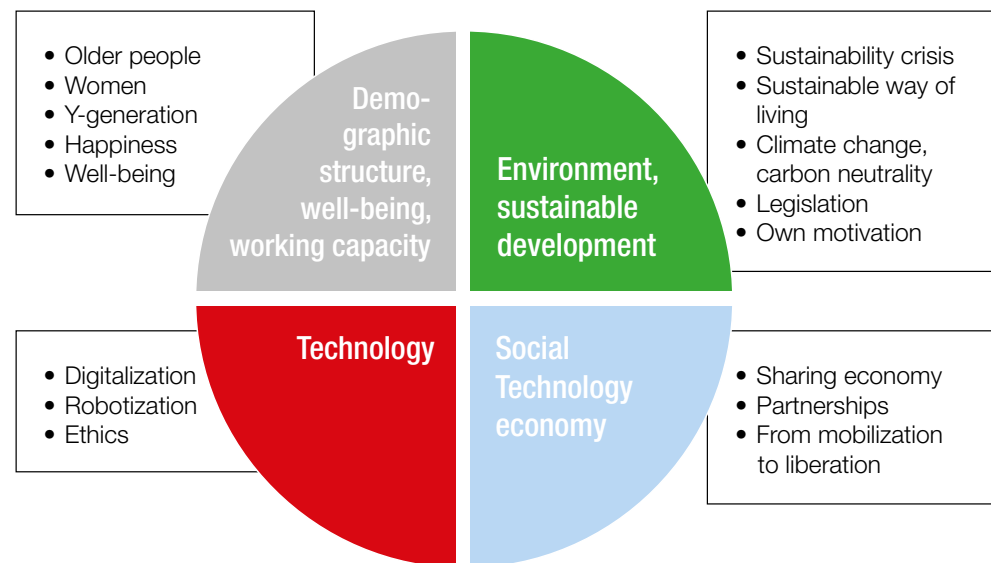
Wulff's competitors consist of unlisted small and medium-sized companies in all market sectors. The Group has approximately ten significant competitors in Finland. Wulff Oy Ab's Contract Customer concept faces competition from Staples (before Oy Lindell Ab), Lyreco (before Officeday Finland Oy), and Paperipalvelu. In the Scandinavian contract customer market, Wulff Supplies faces competition from Staples and Lyreco. Wulff's expertise sales companies compete of the market share with for example Canncolor Group and Oy Rahmqvist Ab.

The international exhibition service expert in the Group is Wulff Entre. Fair service sales are seasonal and most of the sales are generated in the first and last quarter of the year. Wulff Entre's competitors in Finland are for example Arvelin International Oy, Ständi People Oy, Tapaus Oy, and Eastway Oy.

MEANING BUILDS COMPETITIVENESS

The time for competing with just prices is over. Building meaning has an import-

Megatrends that will affect Wulff's future and operations



ant role: partnerships are formed with companies that share the same values. Products and services have to do more than solve everyday problems. Their footprint in the world, for example their

effect on the environment is an important factor when making decisions. Wulff will build tomorrow's success by constantly developing customer experience and its operations.



Our goal:
a perfect working day.
We enable better working
environments and
working days for
entrepreneurs and
companies of
all sizes.



BUSINESS AND STRATEGY

WULFF – A BETTER WORLD ONE WORKPLACE AT A TIME

Wulff's renewed strategy puts meaningfulness in an important role. With our daily choices, every one of us can have an effect on the future we will build. Together with our customers and cooperation partners, Wulff will make the world better, one workplace at a time.

What do you need for a perfect workday? An environment that is more comfortable, healthier, safer, more enjoyable, more active and more diverse. Regardless of where you work. For example, good lighting and indoor air, the opportunity to work ergonomically and without straining the body, and using the best tools and equipment like pencils and notebooks and usb sticks that are essential to information work and headphones, coffee, hand creams and copy paper that are staple products at open plan offices. A lot of new, a lot of familiar. With Wulff, you can make the everyday a bit smoother - feel and do well at work and enjoy easy purchases.

CUSTOMER EXPERIENCE AND ITS CONSTANT DEVELOPMENT IS IMPORTANT

At the heart of Wulff's operations is customer experience and its constant development. The company's goal is to offer its customers the best customer experience in the field and be the best sales organization in the Nordic countries by 2020. Strategic projects support the goals. For example, Wulff Academy includes an introduction and training program and development indicators for everyday work to ensure that the personnel has the required skills now and in the future. Better Products and Wulff Lab projects guarantee that Wulff will bring even more environmentally-friendly and sustainable products to customers. Ethics, responsibility, and impact on the environment are important selection criteria for products and services now and in the future. In addition to functional qualities, people want the products to do good.

The renewed strategy takes into account also the growth of mobile work, working in new environments, and that informa-

tion work and work done by experts will continue to account for an ever-increasing part of all labour. Information work strains the body and mind in different ways compared to physical labour. The population is ageing and people will continue to work even older and longer.

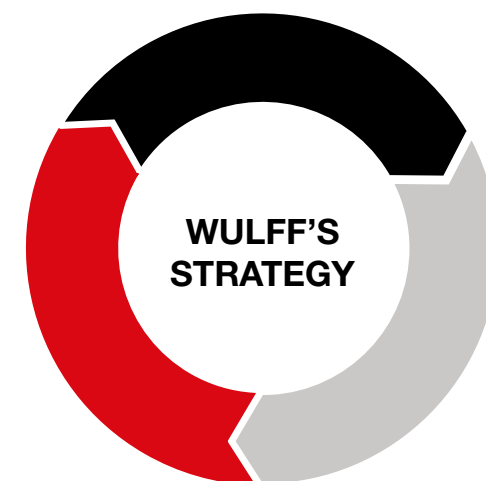
THE INDUSTRY'S BROADEST RANGE OF PRODUCTS TO CREATE WORKPLACES

We offer the industry's most comprehensive product and service range that can help you create an office wherever you want it. What would you like? We offer our customers office supplies, facility management products, catering solutions, IT supplies, ergonomics, first aid, and innovative products for worksites. Customers can also acquire international exhibition services from Wulff. In addition to Finland, Wulff Group operates in Sweden, Norway, and Denmark. Check out our products and services at wulff.fi.

DIVERSE SALES CHANNELS

Wulff brings innovative and new solutions and special products to the market and

” *100,000 customers and 200,000 customer encounters. Every year.*



● Mission

We make the world a better place, one workplace at a time.

● Customer promise

We enable better working days and working environments.

● Goal

A perfect workday.

” *Competition is tough in the traditional market and the evolving market presents a lot of new opportunities.*

is an efficient provider of basic products. Wulff’s solutions offer customers cost savings and efficiency in procurement. Wulff offers its customers the opportunity to do business in the most convenient channel for them, whether it is a customer-specific service model, personal meetings, an online webshop or a store.

Customers are attended to personally by approx. 200 business-to-business sales professionals and also at Wulff’s stores in Helsinki, Turku and Lahti. In addition to versatile customer specific services, the Group serves its customers online with the webshop wulffinkulma.fi.

COMPLEMENTARY SERVICE MODELS

The Contract Customer concept makes it easier for customers to make regular purchases, while Expertise Sales offers local and personal service to companies of all sizes. Both concepts share the idea of offering the company’s competence to customers. Comprehensive service promotes customer satisfaction and continuation of customer relationships.

One of today’s most important business locations is the internet. Contract Customers are served more widely on

the internet with customized solutions and the use of web services is constantly growing. Especially micro, small, and medium-sized companies are served online with the webshop wulffinkulma.fi that has reached new customers continuously. Possibilities brought about by digitalization are in an important role when we develop tomorrow’s operations.

EFFICIENT DISTRIBUTION CHANNEL FOR HIGH QUALITY SERVICES AND PRODUCTS

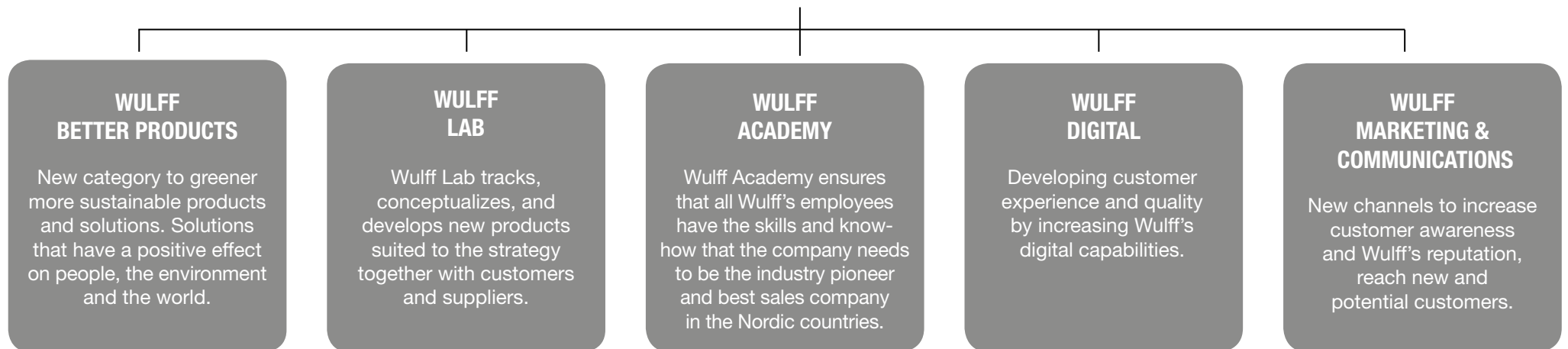
Wulff Group is a significant partner for its cooperation companies. The Group is a desired distribution channel for suppliers’ new products and solutions. Through the nationwide organizations, for example novelties can be launched to the customers quickly and personally. The growing Group is able to provide its customers with an even wider range of services and price advantages. The Group constantly

gathers feedback and information from companies, as well as from the people who use the products and services daily. In addition to being used to develop Wulff’s own operations, the feedback is used by Wulff’s suppliers: usually the best ideas for development and new products come from customers.

NETWORKING IS A PART OF BUSINESS

InterACTION is an important network for Wulff Group and the leading purchase organization in the field. All member companies are leading companies in their native countries. The members of InterACTION meet regularly to coordinate joint purchases and share knowledge and skills in sales, marketing, and logistics. For example, InterACTION companies exchange information about bestselling products in different countries. Wulff benefits directly from the market and

Wulff’s strategy projects



product information it receives. The joint purchasing organization has its own international brand called Q-Connect. The high-quality Q-Connect products are also included in Wulff Group's product range.

MARKET SITUATION AND FUTURE OUTLOOK

Wulff is the most significant Nordic player in its field. Its aim is to lead the way, renew the field and be at the forefront of change. Wulff believes that the role of values and sustainability will come to have an increasingly important part in sourcing decisions and companies' business partner selections in the future. With its new strategy, Wulff will build its competitiveness and make sure that it can offer customers what they want: solutions for making the everyday work life smoother and the world better one workplace at a time. The market traditionally understood as the office environment changes and develops rapidly. Competition is tough in the traditional market and the new market has a lot of opportunities. Wulff believes that the future is bright due to the strong, constantly developing new strategy, its active customer and partner networks, and its professional, committed personnel. The Group has an ongoing readiness to carry out new strategic acquisitions and as a listed company, Wulff is in a good position to be a more active player than its competitors.

The developing economic situation will enable Wulff's business to develop positively. Wulff will improve the profitability of its operations and estimates that the comparable operating profit for 2018 will grow. In the industry, it is typical that the result and cash flow are generated in the last quarter.

Wulff's Sales Channels – all of what Wulff offers for its customers

- **Wulff Care:** expert first aid, products and training. In addition, solutions for better indoor air with air purifiers and printer maintenance
- **Wulff Entre:** international exhibition and event services
- **Wulff Ergonomics:** comprehensive solutions and services for workplace ergonomics
- **Wulff Innovations:** innovative products for companies and new ideas to help everyday life
- **Wulff Consumer Sales and Resale:** workplace products and office supplies and novelties for centralized consumer sales and independent resellers
- **Wulff Stores (Helsinki, Turku, Lahti):** workplace products and office supplies for especially small and medium-sized companies
- **Wulff Naxor:** professional solutions for post-treatment of paper and unique products for worksites and real estates
- **Wulff Contract Customers:** workplace products and office supplies quickly and cost-effectively to companies and corporations through contract services
- **Wulff Print:** the market's leading large format printing, presentation and imaging products
- **Wulffinkulma.fi:** a webshop for workplace products and office supplies, especially geared towards micro, small, and medium-sized companies

Wulff's strategic focus areas





” *For Wulff, a responsible approach to business also means taking care of the well-being of personnel, societal responsibility and influence, responsible oversight of the company’s financials, and paying attention to important environmental matters in all business operations.*

RESPONSIBLE WULFF

WULFF – THE GREENER PARTNER

For more and more customers, environmental friendliness is an increasingly important factor when making purchase decisions. Many of those who buy from Wulff have noted that an eco-action does not have to be expensive. Wulff's Green products are environmentally and budget-friendly. Wulff's selection of green products is constantly growing. When you choose an eco-labelled product, you are making a decision for the nature and the environment!

RESPONSIBLE WULFF

Wulff promotes responsible conduct in cooperation with all its stakeholders. Environmental responsibility is taken into account in all of the Group's operations. On a national level, Wulff is the most eco-friendly player in its field in Finland. Wulff's operations have been standardized with the certification ISO 14001. Our personnel has been trained and educated by the standards of environmental management. Sustainable development operations are also encouraged through various campaigns. The Group's offices pay particular attention to recycling and sorting.

CONCRETE ACTIONS FOR PERSONNEL AND CUSTOMERS

Wulff actively reduces the emissions, consumption, and waste generated by its operations. We believe that it is also important to encourage our customers to operate in the most environmentally-friendly way possible. Wulff also constantly provides its customers with information about the products' environmental friendliness, recycling alternatives, and solutions. Recycling options for customers have been increased for example by launching recycling boxes for various uses. With the help of returnable boxes, the recycling and returning of toner color cartridges, soft drink bottles, batteries and waste from electric and electronic equipment (WEEE) is managed quickly and easily. The pick-up for the full box is ordered from Posti and the products are delivered to recycling centers. With the Wulff Eko-Bag customers can recycle office supplies made from different materials. When the boxes and the bag are full, customers can order a pickup from Posti who will deliver the items to recycling station for reuse.

Corporate Responsibility

Wulff has always been the pioneer in its field and wants to be one also in corporate responsibility matters. Customers are at the heart of Wulff's responsible business. For its customers, Wulff provides services and products that are made as responsibly as possible: according to ethical and sustainable development standards. With Wulff as their office supplies partner, it is possible for the customers to increase their responsibility and have a positive influence on the environment.

For Wulff, responsibility means taking care of the personnel's well-being, societal responsibility, responsible financial management, and consideration of important environmental issues in all its operations.

ENVIRONMENTAL RESPONSIBILITY

It is increasingly important for companies to operate in an environmentally sensitive manner because green values are

increasingly important for customers too. Wulff is one of the most environmentally friendly companies in its field. For Wulff, environmental responsibility means responsibility for the state of the environment and how we affect it with our operations and with the products and services we sell. Wulff aims to offer its customers advanced, environmentally friendly solutions and to burden the environment as little as possible. Customers are at the heart of Wulff's responsible business.

Environmental values, ecology, ethics, and operations towards sustainable development have an important part in Wulff's new strategy. Sustainable and environmentally friendly business operation is an increasingly important competitive edge for companies. Wulff aims to be the industry pioneer in environmental responsibility issues. Wulff's new Better Products and Wulff Lab projects will bring an even greater number of sustainable products to Wulff's customers!

” *Wulff’s new Better Products and Wulff Lab projects will bring an even greater number of sustainable products to Wulff’s customers!*



Does your company use the popular Wulff Eko-Bag?

Recycling office supplies is easy with Wulff’s Eko-Bag! With the Wulff Eko-Bag recycling bag, customers can recycle products made from different materials. When the bag is full, order a pick-up from Posti and the products will be delivered to a recycling station for reuse. The Wulff Eko-Bag is a free service!

LEADING BY EXAMPLE

To make our operations more environmentally friendly we put special emphasis on developing our internal processes and setting an example to all our social partners. We are constantly developing our operations to relieve environmental pressures. Active cooperation and mutual commitment ensures a good end result – a decreased carbon footprint and the reduction of environmental stress.

Wulff promotes sustainable development in all of its businesses and helps its customers to develop their operations too. The office holds a safe and controlled facility and office waste management and

recycling spot and personnel is instructed and encouraged to have a positive attitude towards the environment. Based on the current market situation, we choose products and services that have been made with environmentally friendly materials and production methods. In addition, Wulff takes into account the principles of sustainable development when selecting suppliers and cooperation partners. Customer needs, technical development, societal expectations, and legislation are taken into account in all processes. Wulff constantly provides its customers with information about the products’ environmental friendliness, its recycling alternatives, and solutions.

ENVIRONMENTALLY-FRIENDLY PRODUCTS

Special attention is paid to the environmental aspects of our products because a product made according to the principles of sustainable development places the least burden on the environment. The number of green products has been constantly increased.

For example in Wulff’s broad catalogue for workplace products, environmentally-friendly products always have information about certified environment labels as well as comprehensive environment and

recycling information. The objective of environment labels is to improve knowledge about the product’s environmental impact and to guide purchasing behavior to more sustainable choices.

ENVIRONMENTAL OBJECTIVES SHOW IN WULFF’S SERVICES AND SUPPORT ACTIVITIES

Environmental goals are set in the environment program each year. Emissions are decreased cooperatively with the customers as agreed. Wulff’s diverse service channels and their support functions are constantly developed to be even more greener. Ever growing attention is paid to the environmental friendliness of packaging materials and shipping methods. Wulff has received a lot of positive feedback on its precise environment reporting. For example environment burdening CO₂ emissions are being followed on both company and customer level. The environmental calculator calculates the carbon footprint and explains how much CO₂ should be compensated. Customer-specific CO₂ emission reports have been a part of our reporting for a long time already. All of the packaging materials used in Wulff’s deliveries are recyclable or reusable as an energy source. Cardboard boxes, packaging tape and bands, stretches

and platform hoods as well as filling paper have been chosen so that they can be disposed in an environmentally friendly way. In addition, the shipping is handled in an environmentally friendly, carbon neutral way.

In Finland carbon neutral shipping is carried out by the Posti Green service. The reduction and calculation of CO₂ emissions is handled by Posti’s environment program and the leftover emissions are compensated by financing environment projects in countries that do not have an emission ceiling. All of the environment projects funded by Posti have the Gold Standard certificate.

CO₂ EMISSIONS DECREASE ALSO IN WULFF’S OWN OPERATIONS

A large part of the carbon footprint is created by motoring. Wulff Group’s car policy requires old cars to be replaced with ones that burden the environment as little as possible. A number of the vehicles are traded each year, so the number of the more eco-friendly vehicles is increasing constantly. Wulff has reduced the emission limits of new cars every year. By taking care of the environments wellbeing we will create good operational preconditions for people and our company in the future too.

Societal Responsibility

A RESPONSIBLE PLAYER

For Wulff, it is important to have a positive impact on the environment and the communities in which it operates. Wulff feels that it can affect the employment of young people in a positive way. Wulff offers excellent premises for work-based learning. In sales work, it is beneficial to have commercial education and work experience, but not necessary. The right attitude is the most important thing: a willingness to meet customers. When the attitude is right, Wulff is ready to invest in the employees' education and coaching. Wulff has its own unique Wulff Academy training program for new sales talents. In addition, each employee's individual training requirement is assessed separately. While working at Wulff, it is also possible to graduate with a vocational examination in business administration.

Wulff's Trainee programs are popular among students. Education benefits the learning of sales work tremendously and the work is best learned by doing. Wulff has received lots of gratitude from students, student academies, trainees, and Employment and Economic Development Offices for its hands-on training program that allows the trainees to face real customer situations. Maintaining the skills and knowledge needed in working

life is also important for Wulff: the company offers rehabilitative work activities and opportunities for those who are thinking about a career change.

All the young people that participate in these trainee programs and internships learn special sales organization skills in addition to important work place basic skills. The structure of the internship is planned in a way that half of the work assignments are meant to give the person a feeling of success and achievement and the other half teaches new things and develops skills and knowhow.

FINANCIAL RESPONSIBILITY

The Group's financial success enables Wulff to develop its business operations in a responsible and sustainable way. In all of its operating countries, Wulff aims to add value for its stakeholders: customers, suppliers, and employees. For its shareholders, Wulff creates value e.g. through dividends and share value increase. Wulff's goal is to pay its shareholders dividends of 50 % of the net result. The Board of Directors has proposed to the Annual General Meeting to be held on April 5, 2018 that a dividend of 0,05 eur / share be paid. In 2017 the Group paid interests of EUR 0.2 million to financial institutions.

SOCIAL RESPONSIBILITY

For Wulff, corporate citizenship means that every employee assumes comprehensive responsibility. In addition to being responsible for one's own operations, each employee ensures that their partners and contacts operate according to Wulff's standards.

PERSONNEL HAVE A KEY ROLE

As a sales company, Wulff's key resource is its skilled and committed personnel. Growth is always created by healthy, professional, and motivated personnel. Wulff's personnel are trained actively. On average, there were 10 education and coaching days in 2017 per person.

YOUNG PEOPLE ARE THE FUTURE

What will Finland be like in the future? We here at Wulff believe that tomorrow's Finland will be more international and greener than the one today. In the future, we will have lots of knowhow that will hopefully benefit us here as well as abroad.

Tomorrow's Finland will be built by today's youth. What kind of Finland do they want to live in and what sort of

work do they want to do? We believe it is important to include the youth equally in the future's building process and that is why Wulff has invested strongly in career opportunities for the youth, and employment and Trainee programs. It is our mutual responsibility to teach the youth responsibility about themselves and about the environment. This is most efficiently achieved through cooperation.

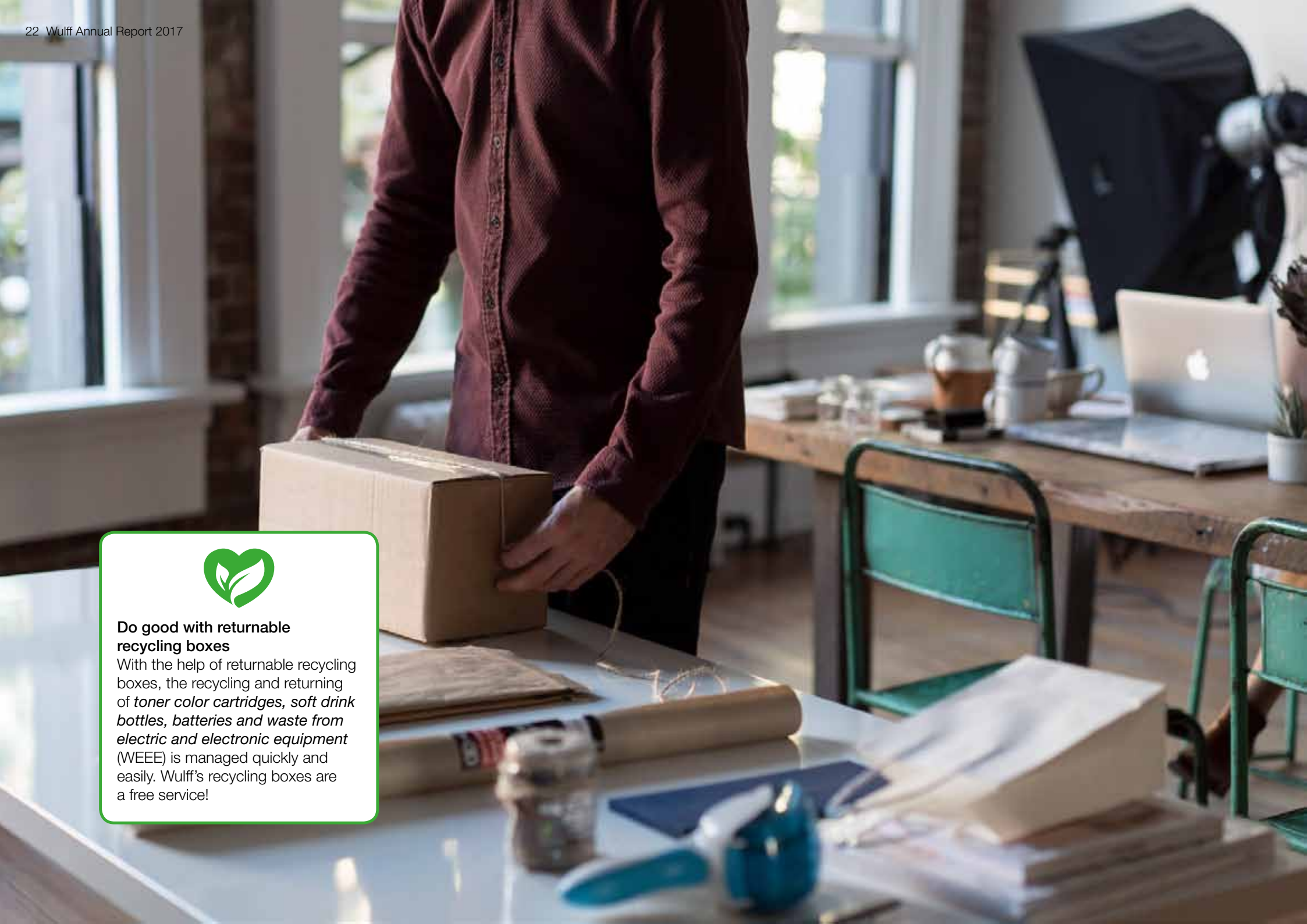
Wulff invests strongly in the training and coaching of its personnel. In addition to company values, and sales and professional knowhow, training themes for the personnel include professional care for customers and personnel alike and giving feedback actively. The most important goal for these training and education programs is to give the personnel skills that make them better prepared for each customer appointment and to improve everyone's self-management skills. Each Wulff employee's expertise and professionalism is needed to serve our customers in the best possible way.

In addition to training and education programs, the personnel's well-being is also taken care by organizing different recreational events and campaigns as well as offering various free or company sponsored exercise and cultural activities.



Do good with returnable recycling boxes

With the help of returnable recycling boxes, the recycling and returning of *toner color cartridges, soft drink bottles, batteries and waste from electric and electronic equipment (WEEE)* is managed quickly and easily. Wulff's recycling boxes are a free service!



CAREERS AT WULFF

Wulff offers its employees good opportunities to grow and develop their skills. For example, most of the subsidiaries' Managing Directors have started their careers as sales persons. As a Scandinavian company, Wulff also offers a possibility to create an international

career. Wulff is in many ways an equal employer: it employs people of all ages and with different educational and work experience backgrounds. While many companies focus their business operations in the capital city area in different countries, Wulff can offer vacancies in numerous locations around its operating countries. In order to strengthen organic

sales growth, the Group focuses on the recruitment of the sales personnel. Wulff wants to hire new expertise sales personnel in all of its operating countries.

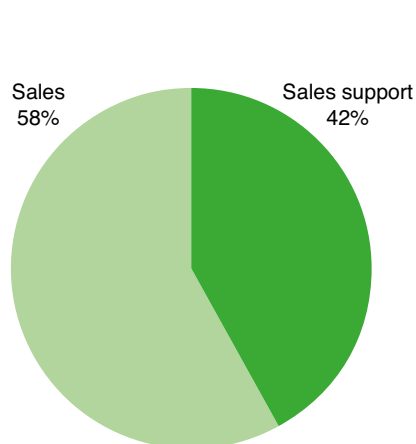
PERSONNEL STRUCTURE

In 2017, the Group employed approximately 198 (214) persons. At the end

of the financial year, 195 (203) were employed by the Group, of which 69 (74) worked in Sweden, Norway, or Denmark. The majority, 58% of the Group's personnel, work in sales operations and 42% in sales support, logistics, and administration.

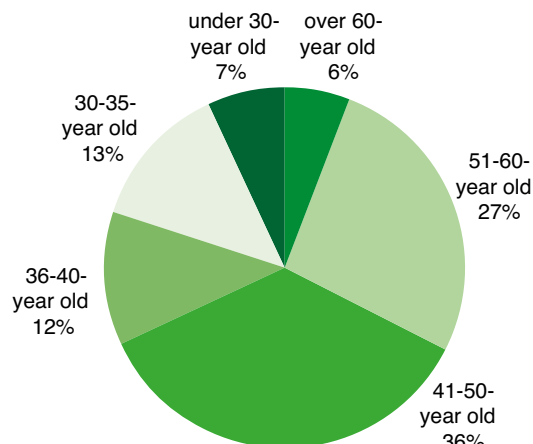
Sales/administration and logistics

In Wulff Group everyone's objective is to serve our customers in the best possible way. 58% of the personnel work in sales and 42% in sales support: administration and logistics.



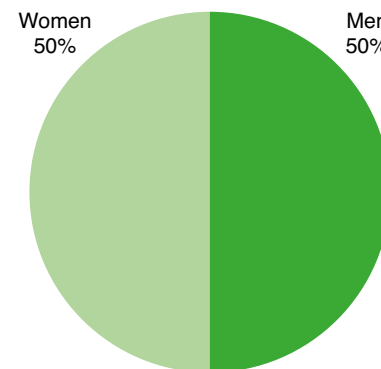
Age

The Wulff Group employs both young people who are just beginning their careers and those who already possess lots of experience. Wulff is both a traditional and a dynamic organization, and for that reason it attracts different kinds of people.



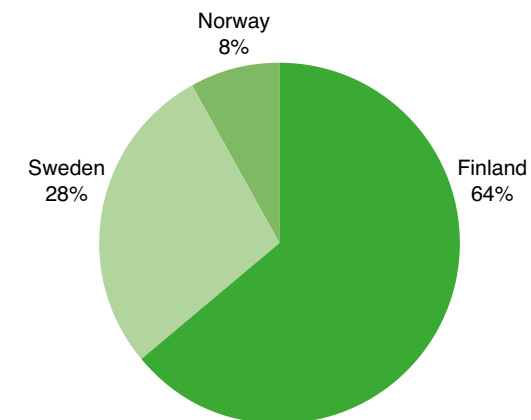
Gender

The Wulff Group is an equal employer. 50% of its personnel are men and 50% are women. People with different educational and work experience backgrounds work in sales, administration, and logistics. At Wulff, everyone receives training for their job and the most important thing is the right attitude and willingness to learn.



Personnel by countries

In 2017, over half of the Group's personnel worked in Finland, 28% in Sweden, and 8% in Norway. The Group is continuously on the lookout for new sales talent in all of its operating countries.



BOARD AND MANAGEMENT | BOARD



Ari Pikkarainen

b. 1958

Chairman of the Board

Responsibilities: Sales and sales development

Substantial education, experience and positions of trust:

- Wulff Group Plc, Board Member since 1999, and Chairman of the Board since 2017
- Alekstra Ltd, Board Member 2010-2014
- Suomen Rader Ltd, Naxor Finland Ltd, and Visual Globe Ltd, Managing Director 1994-2008
- Akro Ltd, Sales Manager 1990-1994
- Oy Eric Rahmqvist Ab, Sales Manager 1984-1989
- Wulff ownership as of December 31, 2017: Ari Pikkarainen and his related parties owned 1,171,825 Wulff shares representing 17.7 percent of the company's shares and votes.



Heikki Vienola

b. 1960

Board Member

Responsibilities: Finance, Acquisitions, Investor Relations

Substantial education, experience and positions of trust:

- Master of Science in Economics
- Wulff Group Plc, Board Member since 1999, and Chairman of the Board 2015-2017
- Wulff Group Plc, CEO 1999-2015 and 2017-
- Wulff Ltd, Managing Director 2014-2015 and 2017-
- Vinstock Ltd, Managing Director 1984-2004, Belton Ltd, Managing Director 1990-2004
- Arena Center Ltd, Board Member since 1994
- Wulff ownership as of December 31, 2017: Heikki Vienola and his related parties owned 2,532,400 Wulff shares representing 38.3 percent of the company's shares and votes.

Information about the Board members and their related parties and share ownership has been published on the Group's Investors' pages in the Board and Corporate Governance section.



Andreas Tallberg

b. 1963

Board Member

Responsibilities: Strategy, Acquisitions

Substantial education, experience and positions of trust:

- Master of Science in Economics
- Wulff Group Plc, Chairman of the Board 2012-2015, and Board Member since 2010
- Rothschild Nordic Ab, Board Member since 2017
- G.W. Sohlberg Ltd, Managing Director since 2007
- Detection Technology Ltd, Chairman of the Board since 2006
- Glaston Group, Chairman of the Board since 2007
- GWS Assets Ltd, Chairman of the Board since 2007
- StaffPoint Holding Ltd, Chairman of the Board 2008-2017
- Toolmasters Ltd, Board Member 2011-2018
- TG Granit Ltd, Chairman of the Board 2013-2017
- Wulff ownership as of December 31, 2017: 0 shares



Johanna Marin

b. 1973

Board Member

Responsibilities: Management, Human Capital Management

Substantial education, experience and positions of trust:

- Master of Administrative Sciences, Master of Arts (Education), Doctoral studies in Economics (Management and Organisation)
- Folmer Management Ltd, Founding Partner and Investment Director since 2007
- Folmer Management Ltd, Chairman of the Board since 2007
- Folmer Management II Ltd, Chairman of the Board of Directors since 2016
- Folmer Management I Ltd, Board Member since 2012
- Agentur Arne ja Mirja Holmberg Ltd, Board Member since 2016
- Finsiirto Ltd, Board Member since 2016
- Jatkopolut Ltd, Board Member since 2014
- Umacon Ltd, Board Member since 2013
- Blue Import Bim Ltd, Board Member since 2013
- Selka-line Ltd, Board Member since 2012
- Riihimäen Metallikaluste Ltd, Board Member since 2011
- Canorama Ltd, Board Member since 2011
- Mercuri Urval Ltd, Senior Consultant 2005-2007
- Nokia Group positions, e.g. Business Human Resources Development Manager, 2001-2005
- Wulff ownership as of December 31, 2017: 0 shares

BOARD AND MANAGEMENT

| GROUP EXECUTIVE BOARD



Ninni Arion

b. 1978

**Wulff Entre Ltd CEO,
Executive Board Member**

Responsibilities: International fair services and their development

Substantial education and experience and other significant positions:

- Master of Science in Economics
- Wulff Group Plc, Executive Board Member since Oct 1, 2014
- Wulff Entre Ltd, CEO since Aug 1, 2014
- Wulff Entre Ltd, Sales Director, VP 2011-2014
- Wulff Entre Marketing 2007-2011
- Easy Doing Oy / Salli Systems, Marketing Manager, North American sales 2004-2007
- Sales Expomark / KP-Media Ltd 2001-2004
- Wulff ownership as of December 31, 2017: 6,000 shares representing 0.1% of the company's shares and votes.



Tarja Törmänen

b. 1974

**Wulff Group Plc Communications
and Marketing Director, Executive
Board Member**

Responsibilities: Communications, marketing and HR as well as their development

Substantial education, experience and positions of trust:

- Specialist Qualification in Marketing Communications
- NLP Trainer, NLP Coach, CxO Certified Business Mentor
- Wulff Group Plc, Executive Board Member since 2009
- Wulff Group Plc, Communications and Marketing Director since 2009
- Wulff Group Plc, Communications Manager/Brand Manager since 2002
- Era Nova Bookshop Oy, Chairman of the Board since 2/2018
- Finnish NLP Association, Chairman of the Board since 2017
- Finnish NLP Association, Board Member 2007-2017
- Vista Communication Instruments Ltd, Office Manager 2001-2002
- Previta Ltd, Communications Manager 2000-2001
- Belton Group, Brand Manager 1999-2000
- Wulff ownership as of December 31, 2017: 1,500 Wulff shares representing 0.0% of the company's shares and votes.



Elina Hanén

b. 1982

**Wulff Group Plc CFO,
Executive Board Member,
Secretary of the Board 9/2017**

Responsibilities: Finance, IR Communications

Substantial education, experience and positions of trust:

- Master of Science in Forestry
- Wulff Group Plc, CFO and Secretary of the Board of Directors since Sep 2017
- Citycon Group, Financial Controller 01/2016-09/2017
- Verkkokauppa.com Group, Financial Manager 05/2013-01/2016
- Deloitte, Auditor 01/2008-05/2003
- KHT-Auditor exam completed in 2011
- Wulff ownership as of December 31, 2017: 0 shares



Heikki Vienola

b. 1960

**Wulff Group Plc CEO, Board
Member, Executive Board Member**

Responsibilities: Finance, Acquisitions, Investor Relations

Substantial education, experience and positions of trust:

- Master of Science in Economics
- Wulff Group Plc, Board Member since 1999, and Chairman of the Board 2015-2017
- Wulff Group Plc, CEO 1999-2015 and 2017-
- Wulff Ltd, Managing Director 2014-2015 and 2017-
- Vinstock Ltd, Managing Director 1984-2004, Belton Ltd, Managing Director 1990-2004
- Arena Center Ltd, Board Member since 1994
- Wulff ownership as of December 31, 2017: Heikki Vienola and his related parties owned 2,532,400 Wulff shares representing 38.3 percent of the company's shares and votes.



Trond Fikseunet

b. 1963

**Wulff Supplies AB's Managing
Director, Executive Board Member**

Responsibilities: Wulff Supplies AB's management, development of Scandinavia's Contract customer operations

Substantial education, experience and positions of trust:

- Wulff Group Plc, Executive Board Member since 2011
- Wulff Supplies AB, Managing Director since 2009
- Strålfors, various positions 1998-2009, Member of Management Group, and Scandinavian Director in Supplies business area 2006-2009
- Strålfors Norway, Managing Director 2002-2006
- 3M, Sales and Marketing Manager 1986-1998
- Wulff ownership as of December 31, 2017: 0 shares



Veijo Ågerfalk

b. 1959

**Wulff Belton AB's Managing
Director, Executive Board Member**

Responsibilities: Expertise Sales Scandinavia and its development

Substantial education, experience and positions of trust:

- Wulff Group Plc, Executive Board Member since 2004
- Wulff Group Plc, Head of Expertise Sales Scandinavia since 2012
- Belton Svenska AB, Managing Director since 1997
- Belton Svenska, Country Manager 1993-1998
- Liftpoolen AB, Managing Director and Partner 1990-1993
- Wulff ownership as of December 31, 2017: Veijo Ågerfalk and his related parties owned 67,000 Wulff shares representing 1.0% of the company's shares and votes.

CORPORATE GOVERNANCE STATEMENT

Wulff Group Plc is a Nordic listed company and the most significant Nordic player in office supplies. Wulff sells and markets office supplies, IT supplies and ergonomics. Its service range also includes international fair services. In addition to Finland, Wulff operates in Sweden, Norway and Denmark. The Group also serves its customers online with a webshop for office supplies at wulffinkulma.fi.

Wulff Group Plc's corporate governance is based on Finnish legislation, such as the Limited Liability Companies Act, Securities Market Act, the regulations concerning the companies in the Helsinki Stock Exchange, and regulations regarding corporate governance of public listed companies, as well as the Articles of Association. Wulff Group Plc adheres also to the Finnish Corporate Governance Code which is publicly available on the Securities Market Association's web pages (www.cgfinland.fi). The current Articles of Association are available on the Group's website www.wulff-group.com. The Corporate Governance Code is based on a Comply or Explain principle which means that a company can deviate from individual guidelines if it explains and gives reasons for the deviation. The entire document describing the Group's corporate governance principles and practices is available on the Group's investor pages (www.wulff-group.com).

This Corporate Governance Statement is presented separately from the Review of the Board of Directors which is presented on pages 33-38.

GENERAL MEETING

Wulff Group's highest decision-making power is exercised by shareholders at the Company's Annual General Meeting held at least once a year. The Annual General Meeting (AGM) is held annually on a date determined by the Board of Directors within six months of the end of the financial period either in the company's domicile, Helsinki, or in Espoo. Shareholders may exercise their rights to speak, request information and vote.

Shareholders are invited to general meetings by publishing a notice at Wulff's corporate website. The notice and instructions for participating in the meeting are also published as a stock exchange release. The Board's proposed agenda as well as the proposed Board members and auditors are announced in the notice or in a separate stock exchange release before the general meeting.

The Annual General Meeting handles the tasks pertaining to it according to the Limited Liability Companies Act and Wulff Group's Articles of Association, which include:

- adopting the income statement and balance sheet
- handling the profit or loss according to the adopted balance sheet, dividend distribution
- discharging the members of the Board of Directors and the CEO of liability
- determining the number of Board members and appointing members for one year at a time
- electing auditors
- determining the fees of Board members and auditors, as well as the criteria for reimbursement of travel expenses
- other matters mentioned in the notice of the meeting.

The Annual General Meeting is also authorised to amend the Articles of Association. An Extraordinary General Meeting is summoned, if required, by the Board of Directors.

In 2017, Wulff Group Plc's Annual General Meeting was held on April 6. The Annual General Meeting adopted the financial statements for the financial year 2016 and discharged the members of the Board of Directors and CEO from liability. The AGM decided to pay a dividend of EUR 0.10 per share and authorised the Board of Directors to decide on the repurchase of the Company's own shares. The Annual General Meeting also accepted the Board's proposal

concerning the authorisation to perform share issues.

The current Board members Ari Pikkarainen, Johanna Marin, Andreas Tallberg and Heikki Vienola were re-elected. The organising meeting of Wulff Group Plc's Board of Directors, held after the Annual General Meeting, decided that the new Chairman of the Board is Heikki Vienola. BDO Oy, with Authorized Public Accountant Juha Selänne as the lead audit partner, was chosen as the auditor of Wulff Group Plc. The Annual General Meeting decided that the reimbursements to the Auditors are paid on the basis of reasonable invoicing.

In 2018, Wulff Group Plc's Annual General Meeting will be held on April 5.

BOARD OF DIRECTORS

The Board of Directors is responsible for the administration and the proper organisation of the operations of the Company. The Board supervises and controls the operative management of the Company, appoints and dismisses the managing director, approves the strategic goals and the risk management principles for the Company and ensures the proper operation of the management system.

The Annual General Meeting elects three to six members to the Board of Directors

and at most as many deputy members. The Board's term ends at the termination of the first Annual General Meeting following the election.

In the organising meeting held after the AGM, the Board elects a Chairperson among its members. Should the Chairperson be disqualified or prevented from attending to his/her duties, a Deputy Chairperson is elected among Board Members for the duration of a meeting.

The Board of Directors supervises the management of Company operations, administration and accounting. It annually confirms a written charter for its activities, which it complies with in addition to the Articles of Association, Finnish legislation and other regulations. The charter lays out the Board's meeting procedures and tasks. According to the Board's charter, in addition to the issues specified in legislation and the Articles of Association, Wulff Group's Board of Directors:

- approves the company's long-term goals and strategy
- approves the company's action plan, budget and financing plan and supervises their implementation
- handles and adopts interim and half-year reports and the financial statements
- decides on individual big and strategically significant investments, such as company acquisitions and acquisitions and disposals of business operations
- appoints the CEO and decides on his/

her salaries and wages

- approves risk management and reporting procedures
- draws up the dividend policy
- sets up committees, if needed, to enhance Board work
- appoints the Group's management
- supervises auditing
- assesses the auditor's independence and additional auditing services.

Wulff Group's Annual General Meeting held on April 6, 2017 elected four members to the Board of Directors.

In the preparation of the proposal for the composition of the Board of Directors, the requirements placed by the Company's strategy, operations and development phase as well as the sufficient diversity of the Board of Directors are taken into account. The diversity of the Board of Directors is examined from different perspectives. Important factors for the Company are academic and professional backgrounds as well as strong, versatile and mutually complementary expertise, experience and knowledge in the different business areas important to the Company, internationality, independence of the Company, an appropriate number of members, and the age and gender distribution. The Board must have at least sufficient economic and financial knowledge, knowledge on management and marketing, and sales expertise. Each member of the Board acts as the expert of his/her field during board work.

The Company's goal is that both genders are represented on the Board of Directors. Currently, one of the members of the Board is a woman. The Company's goal concerning the representation of both genders has thus been fulfilled. In the selection and evaluation process of new Board Members, the primary criterion is the qualifications of the individual and the possibility to devote a sufficient amount of time to the work. Thus, both genders are taken into consideration equally.

In 2017, Wulff Group Plc's Board of Directors fulfilled the principles concerning the diversity of the Board of Directors, taking into consideration the scale of the Company's business operations and development phase. The members of the Board had versatile expertise and an international background. They had mutually complementary competences, experience and knowledge.

The majority of Board members must be independent of the Company. In addition, at least two of the members in this majority must be independent of the Company's major shareholders. The independence is evaluated in compliance with recommendations of the Finnish Corporate Governance Code. The majority of Board members are not independent of the Company and major shareholders because only four members have been selected. The Board members independent of the Company and of major shareholders are Andreas Tallberg and Johanna

Marin. Heikki Vienola and Ari Pikkarainen are major shareholders of the Group. Additionally Heikki Vienola was employed by the Group as the Group CEO and the Chairman of the Group Executive Board since September 25, 2017.

Due to the Group's small size, setting up Board committees or a supervisory board has not been considered necessary. The entire Board of Directors has handled all its tasks.

The Board of Directors convenes on average once a month during the financial year and more often if needed. The Chairperson of the Board is responsible for convening meetings and for meeting activities. The meeting agenda is prepared by the CEO together with the Secretary of the Board. Wulff Group Plc's Board of Directors convened 14 times in 2017 (14). The average meeting attendance of members was 98 percent (99). At its organising meeting the Board approved the charter and action plan for 2017 and evaluated the independence of its members. According to the meeting plan for 2017, the Board of Directors will convene 10 times.

The Board carries out annual assessments of its operations and working styles based on a self-evaluation form. In 2017, the assessment was carried out in writing at the end of the year. Based on the assessment, Board work was successful.

More information on Board Members and their Wulff shareholdings is presented on page 24.

CEO

The Board appoints the Chief Executive Office (CEO) of Wulff Group Plc who supervises the Company's operational management in accordance with the Limited Liability Companies Act with the instructions and guidelines provided by the Board. The CEO ensures that the accounting practices of the Group comply with the law and that the financial management of the group has been arranged in a reliable manner. The CEO ensures that the Board has sufficient information to assess the Company's operations and financial situation. The CEO is responsible for the accomplishment of the Board's decisions and reports the results to the Board.

The CEO may undertake acts which, considering the scope and nature of the operations of the Company, are unusual or extensive, only with the authorisation of the Board.

The CEO of the parent company Wulff Group Plc also acts as the Group's CEO and as the Chairman of the Group Executive Board.

The Board appointed Heikki Vienola as the CEO of Wulff Group Plc on September 25, 2017. Kimmo Laaksonen acted as the Group's CEO 9.3.-25.9.2017.

Elina Rahkonen was the Interim CEO 28.9.2016-9.3.2017. Topi Ruuska was the CEO until 28.9.2016.

GROUP EXECUTIVE BOARD

The Group Executive Board led by the Group CEO is responsible for the Group's operations in practice. The Group Executive Board convenes regularly to analyse and evaluate the financial and business performance as well as the key development initiatives of both segments. The management team has no official statutory position but, in practice, it has a significant role in the organisation of the Company management.

Based on the CEO's proposal, the Board of Directors confirms the composition and new nominations to the Group Executive Board.

The Managing Directors of subsidiaries are in charge of the business operations in each subsidiary. Significant decisions, such as significant investments, are subject to the Group CEO's approval. Each subsidiary has its own financial administration, while the Group's Chief Financial Officer has responsibility of group-wide financial administration.

The segments' financial reports and the situation of the businesses' key development projects are on the agenda of the Group Executive Board which convenes on a quarterly basis.

More information on Group Executive Board Members, their responsibilities, and their Wulff shareholdings is presented on page 25.

REMUNERATION

Board of Directors

According to the Company's Articles of Association, the Annual General Meeting determines the remuneration of the Board members on a proposal from the Board of Directors. A fixed, monthly fee of EUR 1,250 resolved by the Annual General Meeting is paid to the Chairman and those Board members who are not employed by the Group. These Board members are not rewarded by share-based remuneration plans or in any other way. The Group has not granted loans, guarantees or other contingencies to the Board Members. A summary of the remuneration of the Board of Directors is presented in Note 29 of the Consolidated Financial Statements and in the table on the next page.

The Board members that have an employment or service contract are paid a compensation according to their employment or service contract instead of a fixed, monthly fee. During the financial year 2017, Heikki Vienola had a service contract with the Company. Regarding this, the remuneration benefits have been presented in a separate section.

According to the authorization granted by the Annual General Meeting on April 6, 2017, the Board of Directors has the right to continue the repurchase of the company's own shares by acquiring at most 300,000 own shares. The authorisation is in force until the next Annual General Meeting. According to the authorization The company can acquire treasury shares to support the implementation of an incentive scheme or to be otherwise disposed of. In April-December no own shares we reacquired.

CEO

The Board prepares a proposal and determines the Group CEO's remuneration and other contractual issues.

The Group does not have any option schemes or share-based remuneration plans currently in force as a part of the CEO's bonus and incentive schemes. The Company does not apply long-term remuneration and no specific performance and vesting periods are applied in the remuneration.

A part of the Group's CEO's benefits is a statutory pension The contract does not specify a retirement age. No supplementary pension benefits were agreed or paid.

The Board appointed Heikki Vienola as the Group CEO on September 25, 2017. In 2017, the remuneration of CEO Heikki Vienola consisted of monetary wages and fringe benefits of the amount of 16 thousand euros. The Group CEO's service

contract does not include share-based incentives, bonus schemes or any other long-term remuneration plans. The period of notice is three months, during which a monthly salary and a severance payment of 100 thousand euros will be paid.

The remuneration of Kimmo Laaksonen, who acted as the Group CEO March 9 – September 25, 2017, consisted of monetary wages and fringe benefits of the amount of 116 thousand euros. The contract included a separate severance payment of 80 thousand euros that was paid at the termination of contract. The management contract included an option to negotiate a separate bonus scheme.

In 2016, remuneration of Interim CEO Elina Rahkonen, appointed on September 28, 2016, consisted of monetary wages and fringe benefits of the amount of 107 thousand euros. The period of notice was six months. No separate severance payment was specified in the contract. The management contract did not specify an option for bonus schemes.

In 2016, Group CEO Topi Ruuska was paid fixed monthly salaries and fringe benefits of the amount of 155 thousand euros (68). CEO Topi Ruuska's contract ended on September 30, 2016. The period of notice was six months and no separate severance payment was specified in the contract. The management contract included an option to negotiate a separate bonus scheme.

Group Executive Board

The Group CEO prepares and determines the contractual terms, salaries and possible other benefits and incentives of the Group's Executive Board members. In September 2017, the Board of Directors decided that, in the future, pay raises of the Executive Board members are approved by the Chairman of the Board.

Remuneration of the Group Executive Board consist of fixed monetary wages, fringe benefits, additional pensions, annually-determined performance-based bonuses and possible share-based incentives. The performance-based bonuses are determined by the company's financial performance and the person's individual goal-setting. The Group does not have any option schemes or share-based remuneration plans currently in force as a part of Group Executive Board members' remuneration plan.

The Company does not apply long-term remuneration and no specific performance and vesting periods are applied in the remuneration.

Of the Executive Board members, Tarja Törmänen's communication and marketing director service is obtained as an outsourced service and during 2017, the service costs amounted to EUR 72 thousand (79). The outsourced service is included in other operating expenses and has been presented also in the note for Related Party transactions.

REMUNERATION OF THE BOARD

EUR 1000	2017	2016
Board members' salaries and fees		
Johanna Marin	15	15
Ari Pikkariainen, Chairman of the Board 9/2017-	15	15
Andreas Tallberg	15	15
Heikki Vienola, Chairman of the Board -9/2017, Board member 9/2017-	11	14
Board members' benefits total	56	59

GROUP EXECUTIVE BOARD EMPLOYMENT BENEFITS

EUR 1000	2017	2016
Salaries and other short-term employment benefits	669	684
Fringe benefits	32	32
Bonuses	1	-
Other long-term employment benefits, additional pension benefits	52	70
Severance payment	80	-
Group Executive Board employment benefits total	834	786

In 2017, the Group Executive Board consisted of Ninni Arion, Trond Fikseau-net, Elina Hanén (since September 2017), CEO Kimmo Laaksonen (from March to September 2017), Elina Rahkonen (until August 2017), Tarja Törmänen and Veijo Ågerfalk and CEO Heikki Vienola (since September 2017).

In 2016, the Group Executive Board consisted of Ninni Arion, Trond Fikseau-net, Elina Rahkonen, Topi Ruuska (until September 2016), Tarja Törmänen and Veijo Ågerfalk.

In 2017, no bonus or share-based incentive schemes were paid to the CEO or Executive Board members. Summary of the top management's employment benefits is presented in Note 30 of the consolidated financial statements and in the table above.

The employment benefits presented in the table include the aforementioned Group CEO's benefits. In addition to this, the obtained outsourced communication and marketing director services

from Tarja Törmänen is presented in other operating expenses and in related party transactions, a total of EUR 72 thousand (79) during 2017.

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The Board of Directors is responsible for the internal control and, in turn, the Group CEO arranges the management and supervision of internal controls' effectiveness in practice.

Ultimate responsibility for accounting, accuracy of the financial statements and supervision of asset management is carried by Wulff Group's Board of Directors. Business control and supervision are carried out through a group-wide reporting system. Each business area's and subsidiary's net sales, sales margin, main expenses and operating profit with comparison data are reported to the Board each month. Additionally the Group CEO presents an overview of the current situation and future outlook based on weekly and monthly analyses.

The segments' financial reports and the situation of the businesses' key development projects are on the agenda of the Group Executive Board which convenes on a quarterly basis. The subsidiaries' own Boards of Directors and management teams discuss their own business issues which are taken also to the Group Executive Board if those issues have influence

also on other group companies. The Group CEO and CFO analyse and control each subsidiary's and business area's operations, performance and financial status regularly.

Wulff Group follows the risk management policy devised by the Board of Directors, which determines the objectives and responsibilities of risk management, as well as the reporting procedures. The Company's risk management supports the achievement of strategic objectives and ensures business continuity. The realisation of risk management policies is controlled with internal audits regularly and also external auditors supervise the adequacy and effectiveness of the risk management as a part of the audit procedures related to Group's governance.

Risk management is a part of Wulff Group's business operations management. Wulff's risk management is guided by legislation, business objectives set by shareholders as well as the expectations of customers, personnel and other important stakeholders. The Group's risk management aims to systematically and extensively identify and understand any risks that may prevent the achievement of the Group's business objectives, as well as to ensure that risks are appropriately managed when making business-related decisions. Threats to business include risks related to acquisitions, risks related to the staff and its availability, as well as factors related to

the general economic development and the Company's reputation.

Risks are classified into three categories: strategic, operational and market risks. The risk management process aims to identify and assess risks and then plan and implement practical measures to deal with each risk. Possible measures include, for example, avoiding the risk, reducing it in different ways or transferring it with insurance or agreements.

Wulff Group carries out annual risk surveys to determine the main risks in terms of their significance and probability. The business unit leaders are responsible for carrying out the surveys and risk monitoring on which they report to the Group Executive Board. Selected persons are responsible for the monitoring of specific issues within each risk category i.e. strategic, operative or market risks. The Group has not set up a separate organisation for risk management. Instead, risk management is arranged in compliance with the Company's other business operations and organisation structure.

The main risks determined in the risk survey, changes in the significance and probability of the risks, as well as the persons responsible, actions completed and results achieved are reported to the Group's Board of Directors annually. Special attention is paid to any possible new risks that are detected.

More information on risks and risk management is presented on pages 43-45 of the Annual Report 2017.

The goal of Wulff Group Plc's internal audit is to ensure that the Group's internal processes and operating methods are efficient and correct. Internal audits are carried out on the basis of an annually prepared audit plan, which the Board of Directors approves at the beginning of the year. The Group's internal auditor draws up the plan, presents it to the Board of Directors and reports on the implementation of the measures. The internal auditor reports directly to the Board of Directors.

EXTERNAL AUDIT

Based on the Articles of Association, Wulff Group Plc shall have 1-2 Auditors. If the Annual General Meeting elects only one auditor and if the auditor is not a firm of Authorised Accountants, additionally one deputy auditor shall be elected. Based on the Articles of Association, the auditors are appointed until further notice.

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 in 2017. During the period 2011-2016 Since 2011 the Group's auditor was KPMG Oy Ab, a company of Authorized Public Accountants, with Authorized Public Accountant Minna Riihimäki as the lead audit partner.

In addition to their statutory duties, the auditors report their audit findings to the Chairman of the Board when necessary, and at least once a year to the Board of Directors.

The Annual General Meeting decides on the auditors' fees and the expense compensation principles. Based on the Board's decision, auditors can be paid reasonable fees for non-recurring other service assignments. Audit fees for Wulff companies were 60 (68) thousand euros in 2017, of which 17 thousand euros (15) were expenses other than audit fees (please see Note 8 for further information). Following the corporate governance regulations, the auditors do not own shares of Wulff Group Plc or its subsidiaries.

Insider Administration

Wulff complies with applicable EU regulations, especially the Market Abuse Regulation (596/2016, "MAR"), and any regulation and guidance given by the European Securities Markets Authority ("ESMA"). Further, the company observes Finnish legislation, especially the Securities Markets Act (746/2012, as amended) and the Finnish Penal Code (39/1889, as amended), including the insider and other guidelines of Nasdaq Helsinki Ltd and the standards and guidance of the Finnish Financial Supervisory Authority ("FIN-FSA") and other authorities.

Managers, according to the definition given by MAR, include the members of

the Board of Directors and Group Executive Board members. MAR requires that each manager and his/her closely associated persons notify the company and FIN-FSA of their transactions in the financial instruments of or linked to the company conducted on his/her own account after a total of EUR 5 thousand per calendar year has been reached. The notifications shall be made promptly and no later than 3 business days after the date of transaction (T+3). Wulff will issue stock exchange releases to disclose information on transactions by managers and their closely associated persons, as specified in MAR.

Since 3 July 2016, Wulff no longer maintains a list of permanent insiders. All persons involved with insider projects will be listed as project-specific insiders. Project-specific lists will be established and maintained for each project or event constituting inside information, based on a separate decision. All persons working for Wulff, representatives of external entities, shareholders and authorities who have information concerning an insider project or have access to project-specific inside information, as well as persons who are working for the implementation of an insider project, will be entered in a project-specific insider list. Persons that belong a project-specific list are forbidden from trading with the company's financial instruments during an insider project.

Preparation of periodic disclosure (annual and half-year financial statements, interim

reports, financial statements bulletins) or regular access to unpublished financial information is not regarded as an insider project. However, due to the sensitive nature of unpublished information on the company's financial results, the persons determined by the company, based on their position or access rights, to have authorised access to unpublished financial result information are added to a list of Financial Information Recipients.

Wulff applies an absolute trading prohibition (a 'closed window' principle) during a period beginning 30 calendar days before the announcement of each of the periodic financial reports and the year-end report (the financial statements bulletin) and ending at the end of the trading day following the day of publication of such a report. At the minimum, a closed period commences at the end of the reporting period in question. The closed window principle applies to the managers (as defined by MAR) as well as the Financial Information Recipients. The person in charge of Wulff's insider register is CFO Elina Hanén.

Related party transactions

As part of the Group's key management personnel, the Group's related parties consist of the members of Board of Directors, members of the Group Executive Board, and subsidiaries of Wulff Group Plc. The company does not hold shares in affiliates or joint ventures. Wulff Group Plc monitors its related party transactions quarterly and

they are reported in the notes to the parent company's consolidated financial statements. In 2017, related party transactions consisted of normal, market-based business transactions. Related party transactions have been presented in Note 30 of the Consolidated Financial Statements. The Group's parent company and subsidiary relationships have been presented in Note 31.

COMMUNICATIONS

The Group publishes all its stock exchange releases and other matters related to listed companies' disclosure requirements on its website in Finnish and English. The Annual Report is published in electronic format so that it is equally available to all shareholders.

The Group's stock exchange releases, Corporate Governance principles and insider information is available at the Group's investor page 'Board and corporate governance' (<https://www.wulffyhtiot.fi/en/investors/board-and-corporate-governance/>).

Before the end of the year, the investors' calendar with dates for the Group's financial reporting during the next calendar year is published in a stock exchange release and on the Group's website. The Group applies an absolute trading prohibition, a 30-day 'closed window' principle, during which the company does not comment on questions regarding its outlook and development and during which insiders are prohibited from trading with the Group's financial instrument.

STOCK EXCHANGE RELEASES

February 23, 2017 Wulff Group Plc's Annual Accounts Jan 1 – Dec 31, 2016

March 9, 2017 Kimmo Laaksonen Named as the New CEO of Wulff Group Plc

March 14, 2017 Wulff Group Plc's Annual Report, Financial Statements and Corporate Governance Statement 2016 Published

March 14, 2017 Notice to Convene the Annual General Meeting of Wulff Group Plc

April 6, 2017 Decisions of Wulff Group's Annual General Meeting on April 6, 2017

April 6, 2017 Wulff Group Continues to Buy Back Its Own Shares

May 4, 2017 Wulff Group Plc's Interim Report for January 1 – March 31, 2017

May 19, 2017 Change in Wulff Group Plc's Executive Board

May 24, 2017 Wulff Group Plc: Manager Transaction

May 29, 2017 Wulff Group Plc: Manager Transaction

May 30, 2017 Wulff Group Plc: Manager Transaction

June 1, 2017 Wulff Group Plc: Manager Transaction

June 1, 2017 Wulff Group Plc: Manager Transaction

June 2, 2017 Wulff Group Plc: Manager Transaction

July 6, 2017 Wulff Group Plc's New Chief Financial Officer

August 3, 2017 Wulff Group Plc's Half-Year Financial Report for January 1 – June 30, 2017

September 20, 2017 Wulff Adjusts Its Outlook for the Rest of 2017

September 25, 2017 Wulff Group Plc CEO Kimmo Laaksonen Resigns from His Position

November 2, 2017 Wulff Group Plc's Interim Report for January 1 – September 30, 2017

December 18, 2017 Wulff Group Plc's Financial Reporting and Annual General Meeting 2018



WULFF GROUP PLC'S REVIEW OF THE BOARD OF DIRECTORS

NET SALES DECLINED AND PROFITABILITY DECREASED

WULFF GROUP: KEY POINTS JANUARY 1 – DECEMBER 31, 2017

- Net sales totalled EUR 56.9 million (59.3), decrease 4.0%
- EBITDA was EUR 0.4 million (1.0). Comparable EBITDA was EUR 0.4 million (0.8)
- Operating profit (EBIT) was EUR -0,0 million (0.6). Comparable operating profit (EBIT) was EUR -0,0 million (0.4)
- Earnings per share (EPS) were EUR -0.03 (0.05)
- Equity-to-assets ratio was 47.0% (31.12.2016: 50.5)
- Kimmo Laaksonen, M.Sc. was appointed as the CEO of Wulff Group Plc beginning on March 13, 2017.
- Heikki Vienola was appointed as the new CEO of Wulff Group Plc by the Board of Directors after the resignation of CEO Kimmo Laaksonen on September 25, 2017.
- The Board proposes to the Annual General Meeting to be held on April 5, 2018 that a dividend of EUR 0.05 per share be paid
- Wulff estimates that the comparable operating profit will grow in 2018

Net sales, million euros	10-12/2017	10-12/2016	1-12/2017	1-12/2016
Net sales	15,8	15,8	56,9	59,3
EBITDA	0,4	0,3	0,4	1,0
Comparable EBITDA	0,4	0,3	0,4	0,8
Operating profit (EBIT)	0,3	0,2	-0,0	0,6
Comparable EBIT	0,3	0,2	-0,0	0,4
EPS, euros	0,04	0,04	-0,03	0,05

Wulff Group Plc's Board of Directors

Wulff Group's Chairman of the Board of Directors:

Investing in our competitiveness and renewal shows in our result for 2017: EBITDA and operating profit are down from the previous year – and the last quarter of the financial year was positive regarding our net sales, EBITDA and operating profit. The final quarter of the year gives us a good starting point for 2018. We are especially delighted how our personnel, customers, and cooperation partners have received our new and updated strategy that we worked on last year: our mission is to make this world better one workplace at a time. We will bring more and more environmentally friendly and sustainable products to our customers. Better workdays are made by creating more pleasant, healthier, safer, more relaxing, more versatile, and more active workplaces; wherever people work now and in the future. We will ensure that everyday life and purchasing at the workplace run smoothly and people feel well at work."

GROUP'S NET SALES AND RESULT PERFORMANCE

In 2017 net sales totalled EUR 56.9 million (59.3), and EUR 15.8 (15.8) million in the final quarter. Net sales decreased by 4.0% in January-December and grew 0.1% in the final quarter. The decline in net sales was a result of lost contracts and trimming of the product range, especially in the case of those products whose demand has diminished. Wulff will continue to invest strongly in the development of a new range of products for the workplace.

In January-December 2017 the gross margin amounted to EUR 19.2 million (20.5) being 33.8% (34.6), and EUR 5.3 million (5.3) in the final quarter being 33.6% (33.5). The gross margin percent decreased due to the concentration of demand on low margin products during the first half-year period. The continuous streamlining of procurement processes is one of Wulff's most important measures to improve profitability.

In January-December 2017 employee benefit expenses amounted to EUR 12.2 million (12.6), 21.5% (21.2) of net sales

and EUR 3.2 million (3.2), 20.2% (20.1) of net sales in the fourth quarter. Other operating expenses amounted to EUR 6.8 million (7.4) in January-December 2017 being 11.9% (12.5) of net sales, and EUR 1.8 million (1.9), 11.2% (12.1), of net sales in the final quarter. Employee benefit and other operating expenses were still affected by the implemented cost-saving measures and development projects.

In January-December 2017 EBITDA was EUR 0.4 million (1.0) being 0.6% (1.7) of net sales, and EUR 0.4 million (0.3) in the final quarter. In January-December 2017 the comparable EBITDA amounted to EUR 0.4 million (0.8), and EUR 0.4 million (0.4) in the fourth quarter. 2016 EBITDA included a profit of EUR 0.2 million from the sales of car stock in January-December.

2017 EBITDA did not include items affecting comparability.

Wulff adjusted its outlook for 2017 on September 20, 2017. Originally, the comparable operating profit was estimated to increase from 2016. In January-December 2017 the operating profit (EBIT) amounted to EUR -0.0 million (0.6) being -0.1% (1.0) of net sales, and EUR 0.3 million (0.2) in the final quarter. In January-December 2017 the comparable operating profit (EBIT) amounted to EUR -0.0 million (0.4) and EUR 0.3 million (0.2) in the fourth quarter. The January-December 2016 operating profit included a profit of EUR 0.2 million from the sales of car stock that affected comparability.

In January-December 2017 the financial income and expenses totalled (net)

EUR -0.2 million (-0.2) including interest expenses of EUR -0.1 million (-0.2) and mainly currency-related other financial items (net) EUR -0.2 million (-0.0). In the final quarter, the financial income and expenses (net) totalled EUR -0.1 million (-0.0).

In January-December 2017 the result before taxes was EUR -0.2 million (0.4), and EUR 0.2 million (0.2) in the final quarter.

In January-December 2017 the net profit was EUR -0.2 million (0.3), and 0.3 million (0.2) in the final quarter. Earnings per share (EPS) were EUR -0.03 (0.05) in January-December 2017, and EUR 0.04 (0.04) in the final quarter.

CONTRACT CUSTOMERS SEGMENT

Wulff's Contract Customers segment is the customer's comprehensive partner in the field of workplace products and international fair services in Finland and Scandinavia.

In January-December 2017 the segment's net sales totalled EUR 47.7 million (49.9), and EUR 13.2 million (13.2) in the final quarter. In January-December 2017 the operating profit (EBIT) was EUR 0.5 million (0.8), and EUR 0.3 million (0.3) in the fourth quarter. It is important for Wulff to develop its services together with its customers. In a rapidly

changing world, it requires strong investments to be able to offer customers new and interesting products and services that are at the leading edge of development. Wulff's aim is to make its own and its customers' business as profitable as possible. That is why Wulff is continuously developing the cost-efficiency of its operations. Digitalisation, automation, new working environments, and mobile work provide a chance for Wulff to grow in a new market. With new strategic projects like Wulff Lab and Better Products, customers will be able to participate in innovating and developing new services, products, and business more thoroughly than before.

One of the most popular cost and time saving supply solutions in Finland is Wulff's MiniBar that can be found in hundreds of companies. The MiniBar, like its hotel namesake, is an automated refilling service that houses office and IT supplies, catering and facility management products. The TOP3 products in Wulff's MiniBar service are coffee, ink cartridges and paper. In Finland, Wulff is the industry's strongest player.

The net sales and profitability of Wulff Supplies, which serves customers in Sweden, Norway, and Denmark, declined in January-December 2017. There is some yearly turnover in customerships, and the net sales of acquired new business could not totally cover the lost sales in 2017. The company

RECONCILIATION OF COMPARABLE EBITDA AND EBIT

EUR million	10-12/2017	10-12/2016	1-12/2017	1-12/2016
EBITDA (IFRS)	0,4	0,3	0,4	1,0
Sale of car stock	-	0,0	-	-0,2
Comparable EBITDA	0,4	0,3	0,4	0,8
EBIT	0,3	0,2	-0,0	0,6
Sale of car stock	-	0,0	-0,0	-0,2
Comparable EBIT	0,3	0,2	-0,0	0,4

has invested in a new webshop which launched at the turn of the year. The webshop is believed to bring in both new customers and additional sales to existing customers. Wulff Supplies serves the Group's Scandinavian and Nordic customers and its position in the Scandinavian market is strong despite 2017. The automated refilling service of workplace products is known in Scandinavia as the Cabinet Service.

Wulff's open webshop wulffinkulma.fi, which serves especially small companies, was renewed at the beginning of 2017 to be more user-friendly and serve customers even more diversely. The webshop is known for its fast and reliable deliveries and a product range that is much more diverse than what its traditional competitors are able to offer. The webshop, its functionality, and marketing will be strongly developed in 2018.

International fair services are a part of Wulff's operations. Wulff Entre's investments in sales and its development show in the strengthening of current customer relationships and new customerships. In addition to Finland, Wulff Entre has acquired new clientele especially from Germany, Sweden, Norway, Russia, and the United States. In 2017, Wulff Entre exported Finnish know-how to over 30 countries. Wulff Entre is the market leader in Finland and there has been a solid trust in Wulff Entre's ability to find the right international venues

for over 90 years. As an international company, Wulff Entre invested in the acquisition of new clientele, developing its operations in the US, a new way of marketing, web presence, and social media in 2017.

EXPERTISE SALES SEGMENT

The Expertise Sales segment (before the Direct Sales Division) 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. In 2017 the segment's net sales totalled EUR 9.3 million (9.4), and EUR 2.6 million (2.6) in the final quarter. In January-December 2017 the operating profit was EUR 0.1 million (0.3), and EUR 0.1 million (0.0) in the final quarter. The net sales and operating profit declined mainly due to streamlining of the product range. The reporting period nor the previous year included items affecting comparability.

The Expertise Sales segment will continue improving its profitability by concentrating on profitable product and service fields, efficient cost management, and by continuously optimizing operational efficiency. During the reporting period, Expertise Sales renewed the operations of its sales channels to better correspond to the current market situation. Focusing on profitable product and service fields requires investments in

the development of the chosen product and service ranges.

Expertise Sales is a professional service that requires knowledge of the customer, the customer's business and operating environment, and it emphasises the importance of personal contact. Wulff stands out from its competitors with its locality and domesticity. The Expertise Sales segment offers customers novelties and customer favourites, and a broad range of different ergonomics and first aid products and products improving work safety. Due to the aging workforce, Nordic companies are increasingly investing in ergonomics and first aid products for the workplace. Office work will continue to account for an ever increasing part of all labour and that is why companies are also proactively investing in good workplace ergonomics. With good workplace ergonomics, it is possible to achieve significant savings due to diminution of sick leaves. The Expertise Sales segment offers personal service to its clients where the product concept is always tailored together with the customers to meet their needs. One of the most important product development areas in Expertise Sales has been bettering workplace indoor air quality. Among other products, Wulff offers its customers exclusively AeraMax air purifiers.

Wulff is known for being the workplace of successful salespeople. An increasing number of executive leaders and com-

pany managers have a background in sales, and there is growing appreciation of sales skills in our society today. Successful recruiting and the number of the sales personnel have a significant effect especially on the performance of the Expertise Sales Segment. Wulff is looking for new talents to its expertise sales. Wulff's own introduction and training programs ensure that not only does every sales person get a comprehensive training and an exciting start to their career, but also further education on how to improve one's own expertise.

FINANCING, INVESTMENTS AND FINANCIAL POSITION

In January-December 2017 the cash flow from operating activities was EUR 1.4 million (0.7). The positive development was due to enhancing operational efficiency. In the industry, it is typical that the result and cash flow are generated in the last quarter.

In January-December 2017 a dividend of EUR 0.7 (0.7) million was paid to the owners of the parent company. A dividend of EUR 0.0 (0.1) million was paid to minority shareholders of the Group.

In March 2017, the Group carried out a financial arrangement where the Group withdrew a new long-term loan of EUR 1.2 million and a loan of EUR 0.9 million was repaid. The new long-term loan

has a repayment term almost six years longer compared to the repaid loan. In January-December 2017 long-term loans were repaid in total of EUR 1.5 million (1.1) and shortterm loans EUR 0.0 million (0.3). The cash flow of financial activities was EUR -1.1 million (-2.1) in January-December 2017.

The Group paid for its fixed asset investments (net) EUR 0.4 million (0.0) in January-December 2017.

As a whole, the Group's cash balance decreased by EUR 0.2 million in January-December 2017 (-0.8). The Group's bank and cash funds totalled EUR 0.4 million at the beginning of the year and EUR 0.2 million at the end of the reporting period.

At the end of December 2017, the Group's equity-to-assets ratio was 47.0% (50.5). Equity attributable to the equity holders of the parent company was EUR 1.64 per share (1.78).

DECISIONS OF WULFF GROUP'S ANNUAL GENERAL MEETING

Wulff Group Plc's Annual General Meeting was held in Helsinki on Thursday April 6, 2017. The Annual General Meeting adopted the financial statements for the financial year 2016 and discharged the members of the Board of Directors and CEO from liability for the financial period 1.1.-31.12.2016.

The Annual General meeting decided to pay a dividend of EUR 0.10 per share for the financial year 2016, amounting to EUR 0.7 million. The record date was April 10, 2017 and the payment date was April 19, 2017.

The Annual General Meeting decided that the number of the board members is four. Johanna Marin, Ari Pikkarainen, Andreas Tallberg and Heikki Vienola were re-elected as members of the Board. The Annual General Meeting 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 reimbursements to the Auditors are paid on the basis of reasonable invoicing.

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, 2018.

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, 2018.

Held after the Annual General Meeting, the organising meeting of Wulff Group Plc's Board of Directors decided that the Chairman of the Board is Heikki Vienola.

After the resignation of CEO Kimmo Laaksonen on September 25, 2017, the Board appointed Heikki Vienola as the new Group CEO. In addition, Ari Pikkarainen was elected as the Chairman of the Board. Heikki Vienola continues as a member of the Board.

SHARES AND SHARE CAPITAL

Wulff Group Plc's share is listed on NASDAQ OMX 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 1.65 (1.37) and the market capitalization of the outstanding shares totalled EUR 10.8 million (8.9).

At the end of December 2017, the Group held 79,000 (31.12.2016: 79,000) own shares representing 1.2% (1.2) of the total number and voting rights of Wulff shares. With the authorisation granted by the Annual General Meeting held on April 6, 2017, the Board of Directors decided in its organising meeting

to continue the buy-back of shares by acquiring at most 300,000 own shares by April 30, 2018. In 2017, and by the reporting date of February 22, 2018, the Group has not acquired any own shares.

PERSONNEL

In 2017 the Group's personnel totalled 198 (214) employees on average. At the end of the year, the Group had 195 (203) employees of which 69 (74) were employed in Sweden, Norway or Denmark.

The majority, 58% (59), of the Group's personnel works in sales operations and 42% (41) of the employees work in sales support, logistics and administration. 50% (51) of the personnel are women and 50% (49) are men.

GROUP EXECUTIVE BOARD

During the financial year 2017 the Group Executive Board consisted of:

- Arion Ninni, Managing Director, Wulff Entre Oy
- Fikseanet Trond, Managing Director, Wulff Supplies AB
- Hanén Elina, CFO 9/2017-
- Laaksonen Kimmo, CEO 3-9/2017
- Rahkonen Elina, interim CEO -3/2017, CFO -8/2017
- Törmänen Tarja, Communications and Marketing Director
- Ågerfalk Veijo, Managing Director, Expertise Sales Scandinavia

- Vienola Heikki, CEO 9/2017-
- Ruuska, Topi, CEO until 9/2016

RISKS AND UNCERTAINTIES IN THE NEAR FUTURE

The demand for workplace products and office supplies is strongly affected by the general economic development and the industry's tight competition. Business operations are also affected by normal business risks such as the success of the Group's strategy and operative risks stemming from the personnel, logistics and IT environments. Approximately half of the Group's net sales come from other than euro-currency countries. Fluctuation of the currencies affects the Group's net result and balance sheet.

Part of the Group's loan agreements have covenants that stipulate that the equity-to-assets ratio must be at least 35 percent and the interest-bearing liabilities/operating margin ratio at most 3.5 at the end of each reporting period. Covenants are reported yearly. At the end of the reporting period 31.12.2017 the Group's equity-to-assets ratio was 47.0% (50.5). At the end of the reporting period the interest-bearing liabilities/operating margin covenant was 6.8 and was therefore exceeded as per the loan terms due to the negative result. The Group's management negotiated with the financier at the end of 2017 and

due to the breach of covenant the financier will collect a one-off compensation. Interest-bearing liabilities have been divided into short-term and long-term debts according to their repayment schedule that was in effect on December 31, 2017.

SUBSEQUENT EVENTS

The Group has not had any significant subsequent events after the reporting period.

BOARD OF DIRECTORS' PROPOSAL FOR THE ANNUAL RESULT

The Group's parent company Wulff Group Plc's distributable funds totalled EUR 1.5 million. The Group's net result attributable to the parent company shareholders was EUR -0.2 million (0.3), i.e. EUR -0.03 per share (EUR 0.05 per share). The Board of Directors proposes to the Annual General Meeting to be held on April 5th, 2018 that a dividend of EUR 0.05 per share, i.e. EUR 0.3 million, be paid for the financial year 2017, and the remaining distributable funds be left in retained earnings in the shareholders' equity.

MARKET SITUATION AND FUTURE OUTLOOK

Wulff is the most significant Nordic player in its field. Its aim is to lead the way, renew the field and be at the

forefront of change. Wulff believes that the role of values and sustainability will come to have an increasingly important part in sourcing decisions and companies' business partner selections in the future. With its new strategy, Wulff will build its competitiveness and make sure that it can offer customers what they want: solutions for making the everyday work life smoother and the world better one workplace at a time. The market traditionally understood as the office environment changes and develops rapidly. Competition is tough in the traditional market and the new market has a lot of opportunities. Wulff believes that the future is bright due to the strong, constantly developing new strategy, its active customer and partner networks, and its professional, committed personnel. The Group has an ongoing readiness to carry out new strategic acquisitions and as a listed company, Wulff is in a good position to be a more active player than its competitors.

The developing economic situation will enable Wulff's business to develop positively. Wulff will improve the profitability of its operations and estimates that the comparable operating profit for 2018 will grow. In the industry, it is typical that the result and cash flow are generated in the last quarter.

FIVE-YEAR KEY FIGURES

EUR 1000	2017	2016	2015	2014	2013
Net sales	56 931	59 304	68 820	74 262	83 543
Change in net sales %	-4.0%	-13.8%	-7.3%	-11.1%	-7.4%
Earnings before taxes, depreciation and amortization (EBITDA)	354	998	2 019	2 096	3
% of net sales	0.6%	1.7%	2.9%	2.8%	0.0%
Operating profit/loss	-33	583	505	1 109	-2 721
% of net sales	-0.1%	1.0%	0.7%	1.5%	-3.3%
Profit/Loss before taxes	-247	351	354	478	-3 395
% of net sales	-0.4%	0.6%	0.5%	0.6%	-4.1%
Net profit/loss for the financial year attributable for the equity holders of the parent company	-193	302	-195	696	-3 874
% of net sales	-0.3%	0.5%	-0.3%	0.9%	-4.6%
Cash flow from operations	1 389	679	1 693	-205	567
Return on equity (ROE) %	-2.0%	2.50%	-1.60%	4.40%	-25.58%
Return on investment (ROI) %	-1.1%	2.90%	2.70%	3.50%	-13.92%
Equity ratio %	47.0%	50.5%	46.4%	39.5%	38.3%
Gearing %	19.8%	19.6%	23.8%	36.9%	45.4%
Balance sheet total	24 933	25 432	28 514	34 759	35 156
Gross investments in fixed assets	426	319	161	488	778
% of net sales	0.8%	0.5%	0.2%	0.7%	0.9%
Average number of personnel during the financial year	198	214	233	268	311
Number of personnel at the end of financial year	195	203	226	240	295

SHARE-RELATED KEY FIGURES

EUR 1000	2017	2016	2015	2014	2013
Earnings per share (EPS), EUR	-0.03	0.05	-0.03	0.11	-0.59
Equity per share, EUR	1.64	1.78	1.84	1.95	1.80
Dividend per share, EUR *	0.05	0.10	0.10	0.00	0.00
Payout ratio %	-167%	200%	333%	0%	0%
Effective dividend yield %	3.0%	7.3%	7.5%	-	-
Price/Earnings (P/E)	-55.9	29.6	-44.9	9.2	-2.6
P/BV	1.01	0.77	0.73	0.50	0.87
EBITDA / share, EUR	0.05	0.15	0.31	0.32	0.00
Cash flow from operations / share, EUR	0.21	0.10	0.26	-0.03	0.09
Share prices:					
Lowest share price, EUR	1.43	1.18	1.02	0.96	1.44
Highest share price, EUR	1.79	1.75	1.66	1.60	1.98
Average share price, EUR	1.65	1.43	1.30	1.29	1.70
Closing share price, EUR	1.65	1.37	1.34	0.99	1.57
Market value as of Dec 31, MEUR	10.8	8.9	8.7	6.4	10.2
Number of outstanding shares on average during the financial year	6 528 628	6 528 628	6 528 628	6 528 628	6 526 458
Number of outstanding shares at the end of the financial year	6 528 628	6 528 628	6 528 628	6 528 628	6 528 628
Number of shares traded	565 733	578 681	414 221	315 822	186 292
% of average number of shares	8.7%	8.9%	6.3%	4.8%	2.9%
Shares traded, EUR	930 970	827 073	539 868	349 233	315 822

* The Board of Directors' dividend proposal for 2017 to the Annual General Meeting to be held on April 5, 2018.

CALCULATION PRINCIPLES OF KEY FIGURES

Return on equity (ROE), %	$\frac{\text{Net profit/loss for the period (total including the non-controlling interest of the result)}}{\text{Shareholders' equity total on average during the period (including non-controlling interest)}}$
Return on investment (ROI), %	$\frac{(\text{Profit before taxes} + \text{Interest expenses}) \times 100}{\text{Balance sheet total} - \text{Non-interest-bearing liabilities on average during the period}}$
Equity ratio, %	$\frac{(\text{Shareholders' equity} + \text{Non-controlling interest at the end of the period}) \times 100}{\text{Balance sheet total} - \text{Advances received at the end of the period}}$
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	$\frac{\text{Net profit attributable to the equity holders of the parent company}}{\text{Share issue adjusted number of outstanding shares on average during the period}}$
Equity per share, EUR	$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Share issue-adjusted number of outstanding shares at the end of period}}$
Dividend per share, EUR	$\frac{\text{Dividend for the financial period}}{\text{Share issue-adjusted number of outstanding shares at the end of period}}$
Payout ratio, %	$\frac{(\text{Dividend per share}) \times 100}{\text{Earnings per share (EPS)}}$
Effective dividend yield, %	$\frac{(\text{Dividend per share}) \times 100}{\text{Share issue-adjusted closing share price at the end of period}}$
Price / Earnings (P/E)	$\frac{\text{Share issue-adjusted closing share price at the end of period}}{\text{Earnings per share (EPS)}}$

CALCULATION PRINCIPLES OF KEY FIGURES

P/BV ratio	$\frac{\text{Share issue-adjusted closing share price at the end of period}}{\text{Equity per share}}$
Earnings before taxes, depreciation and amortization (EBITDA) per share, EUR	$\frac{\text{Earnings before taxes, depreciation and amortization (EBITDA)}}{\text{Share issue adjusted number of outstanding shares on average during the period}}$
Cash flow from operations per share	$\frac{\text{Cash flow from operations (in the cash flow statement)}}{\text{Share issue-adjusted average number of outstanding shares during the period}}$
Market value of outstanding shares	Share issue-adjusted number of outstanding shares at the end of period x Closing share price at the end of period
Net interest-bearing debt	Interest-bearing liabilities - Interest-bearing receivables - Cash and cash equivalents
EBITDA	Net sales + Other operating income - Materials and services - Employee benefit expenses - Other operating expenses
EBITDA, %	Operating profit before interest, taxes, depreciation, and amortization / Net sales x 100
Comparable EBITDA	EBITDA +/- Items affecting comparability
Operating profit (EBIT)	EBITDA - Depreciation and amortization - Impairment
Operating profit (EBIT), %	(Net sales – Material and services) / Net sales x 100
Comparable operating profit (EBIT)	Operating profit (EBIT) +/- Items affecting comparability

RISKS AND RISK MANAGEMENT

GOALS AND PRINCIPLES OF RISK MANAGEMENT

Wulff Group follows the risk management policy devised by the Board of Directors that determines the objectives and responsibilities of risk management, as well as the reporting procedures. The Company's risk management supports the achievement of strategic objectives and ensures business continuity. The realisation of risk management policies is controlled with internal audit regularly and also external auditors supervise the adequacy and effectiveness of the risk management as a part of the audit procedures related to Group's governance.

Risk management is part of Wulff Group's business operations management. Wulff's risk management is guided by legislation, business objectives set by shareholders as well as the expectations of customers, personnel and other important stakeholders. The Group's risk management aims to systematically and extensively identify and understand any risks that may prevent the achievement of the Group's business objectives, as well as to ensure that risks are appropriately managed when making business-related decisions. Threats to business include risks related to acquisitions, risks related to the staff and its availability, as well as factors related to the general economic development and the Company's reputation.

RISK SURVEY

Risks are classified into three categories: strategic, operational and market risks. The risk management process aims to identify and assess risks and then plan and implement practical measures to deal with each risk. Possible measures include, for example, avoiding the risk, reducing it in different ways or transferring it with insurance or agreements.

Wulff Group carries out annual risk surveys to determine the main risks in terms of their significance and probability. The business unit leaders are responsible for carrying out the surveys and risk monitoring on which they report to the Group Executive Board. Selected persons are responsible for the monitoring of specific issues within each risk category i.e. strategic, operative or market risks. The Group has not set up a separate organisation for risk management. Instead, risk management is arranged in compliance with the Company's other business operations and organisation structure.

The divisions' financial reports and the situation of the businesses' key development projects are on the agenda of the Group Executive Board which convenes on a quarterly basis.

The main risks determined in the risk survey, changes in the significance and probability of the risks, as well as the

persons responsible, actions completed and results achieved are reported to the Group's Board of Directors annually. Special attention is paid to any possible new risks that are detected.

STRATEGIC RISKS

The most significant strategic risks arise from the uncertainties related to business acquisitions that may expose the Group to new types of market and operating environment risks. Acquisitions involve also risks related to the integration of business, commitment of key personnel and achievement of business objectives set for the acquisition, as well as the increasing exposure to currency and interest rate risks. In accordance with the International Financial Reporting Standards (IFRS), consolidated goodwill is not amortized on a regular basis, but instead is tested for impairment at least annually or whenever there are indications of impairment.

OPERATIVE RISKS

Customer Base Management and Credit Risks

The main operational threats involve the loss of customers or sales volume and risks related to customer relationship management. The Company tackles the risk of possible customer or volume losses by developing compensating sales in other customer or product groups.

The risk of losing customers is reduced by the Company's independence of individual customers. The Group has a broad customer base and the management analyses the risks related to customer concentration.

The demand for office supplies is still affected by the organizations' personnel lay-offs and cost-saving initiatives made during the economic downturn. The general economic uncertainty may still persist, which will most likely affect the ordering behaviour of some corporate clients. During the uncertain economic periods, the corporations may also minimize attending fairs.

The uncertainties relating to the general economic development in the last few years have emphasized the importance of monitoring the credit and default risks associated with customers and other affiliates. The subsidiaries manage their customers' credit analyses and active credit control independently. Together with the subsidiaries' management, the subsidiaries' working capital management and related risks are monitored also on division and group level. The Group's trade receivables consist of an extensive customer base, and most of the annual sales volume is from well-known and solvent customers. Consequently, the Group has not considered credit guarantees or corresponding methods to be necessary.

The risk management policy of each company defines the credit risks and credit worthiness requirements, as well as the terms of delivery and payment. Credit risk monitoring is primarily the responsibility of the subsidiaries' management, while the parent company's financial management regularly monitors the realisation of risk management principles and examines the efficiency of the centralised own collection operations and the outsourced collection partner. Traditionally the Group companies' credit losses have been small in relation to their net sales. The aging analysis of the sales receivables is presented in Note 20 of the Consolidated Financial Statements.

Personnel

The main operational threats involve also factors related to the personnel and the availability of workforce. Especially the development of net sales and profitability of the Expertise Sales Segment is partly dependant on the number of sales representatives and their sales know-how.

Financial Risks

The Group's parent company finances the major subsidiaries' operations on a centralised basis and controls the financial risks arising from them. Group companies with non-controlling minority shareholders may make more independent financial decisions but always within the limits defined by the Group's Board. In addition to other risk management policies, the parent company's Board of

Directors determines the principles of financial risk management. The goal of risk management is to minimise the effects that price fluctuations in the financial markets, as well as other uncertainty factors may have on result, financial position and cash flow.

Financial risks include currency risks, interest rate risks, liquidity risks, and credit risks managed by each subsidiary.

Currency Risks

Approximately half of the Group's sales are made in euros and the other half is made in Swedish, Norwegian and Danish crowns. Fluctuation of the currencies affects the Group's net result and financial position. In terms of import, the exposure to currency risks affects especially the currency risks of the Wulff Supplies subgroup through changes between Sweden and Norway. The Group has only minor transactions in other currencies than euros and Nordic currencies. Interest-bearing liabilities by currencies are presented in Note 26 of the consolidated financial statements. The Group does not practice any speculative hedging. No separate hedging measures against currency risk are taken.

Interest Rate Risks

The Group is exposed to interest rate risk due to loans from financial institutions, pension premium loans and bank account limit facilities tied with variable interest

rates. Changes in market rates impact directly the Group's interest payments in the future. Some of the pension premium loans have a fixed interest rate. More information on the interest rates of the Group's interest-bearing liabilities is presented in Note 26 of the consolidated financial statements. The Group does not make any speculative interest rate agreements and to date, no interest rate swaps have been utilized for managing interest rate risks.

Liquidity Risks

Group companies operate with their own cash flows and if necessary, they are funded also with the Group's internal financing. In order to ensure good liquidity, the Group emphasises the subsidiaries' independence in the management of operating cash flow and working capital. Liquidity risks are managed on the group level with Group bank account arrangements in Finland and Scandinavia. Continuous supervision is used to assess and monitor the financing needed for the subsidiaries' operations. The availability and flexibility of financing is ensured with bank account credit limits. On December 31, 2017, unused credit limits totalled 4.4 (3.9) million euros in Finland. The maturity of loans is presented in Note 26.

Part of the Group's loan agreements include covenants, according to which the equity ratio shall be 35% at minimum and the interest-bearing debt/EBITDA ratio shall be 3.5 at maximum at the end of each financial year. Covenant breaches lead to

negotiations with the bank granting the guarantee and any possible consequences depend on the negotiations. At the end of the reporting period the interest-bearing liabilities/operating margin covenant was 6.8 and was therefore exceeded the limit as per the loan terms due to the negative result. The Group's management negotiated with the financier at the end of 2017 and due to the breach of covenant the financier will collect a one-off compensation. Interest-bearing liabilities have been divided into short-term and long-term debts according to their repayment schedule that was in effect on December 31, 2017.

Credit and Default Risks

The uncertainties relating to the general economic development in the last few years have emphasized the importance of monitoring the credit and default risks associated with customers and other affiliates. The subsidiaries manage their customers' credit analyses and active credit control independently. Together with the subsidiaries' management, the subsidiaries' working capital management and related risks are monitored also on segment and group level. The Group's trade receivables consist of an extensive customer base, and most of the annual sales volume is from well-known and solvent customers. Consequently, the Group has not considered credit guarantees or corresponding methods to be necessary.

The risk management policy of each company defines the credit risks and credit

worthiness requirements, as well as the terms of delivery and payment. Credit risk monitoring is primarily the responsibility of the subsidiaries' management, while the parent company's financial management monitors regularly the realisation of the risk management principles and examines the efficiency of the centralised own collection operations and the outsourced collection partner. Traditionally the group companies' credit losses have been small in relation to their net sales. Aging analysis of sales receivables is presented in Note 20 of the consolidated financial statements.

Capital Management

Wulff Group's capital structure management aims to ensure and improve the operating conditions of the group companies and to increase the Group's shareholder value in a sustainable, optimal way. The Group's capital structure is evaluated by monitoring the development in equity ratio where the long-term target is approximately 40 percent. The Group's companies operate with their own cash flows and if necessary, they are funded also with Group's internal financing. The Group emphasises the subsidiaries' independence in the management of operating cash flow and working capital. The Group Finance controls the group companies' working capital management centrally. The Group Finance takes care of the external loan financing and agrees on the loans' repayment schedules with the financiers centrally.

IT Risks

Subsidiaries are responsible for managing the risks related to their own IT systems and the most significant IT risks are evaluated also on group level. Also external auditors pay attention to IT risks and efficiency of the Group's IT processes, and the auditors report their findings and development recommendations to Group management and Board, if necessary.

Asset Risks

The Group's assets are comprehensively insured against accidents and damage. Some of the subsidiaries are also insured against interruption in operations.

Environmental Risks

The Group also takes into account environmental risks and emphasizes environmental-friendliness in its operations. The Group's subsidiary Wulff Oy Ab has been granted the ISO 14001 environmental certificate. Wulff provides customers with information about recycling solutions for office and IT supplies and sees to the recycling of its customers' used ink cartridges. In addition, the Group promotes a positive attitude towards environmental matters and their development among its personnel. Wulff Entre Oy and Wulff Oy Ab have also been granted the ISO 9001 quality certificate.

When selecting suppliers, Wulff Oy Ab favors companies committed to sustainable

development. The company chooses products that use environmentally friendly raw materials and production methods. In addition, the Wulffinkulma.fi webshop provides a wide range of green office products that are produced in an environmentally friendly way. Recycled and rapidly renewable materials are preferred in the material choices and CO₂ emissions caused by the transportation of products are minimized. All of the packaging materials used in Wulff Oy Ab's product deliveries can be recycled or used as a source of energy.

All Wulff Group companies in Finland use Posti Green deliveries that are CO₂ neutral. With improved energy efficiency and use of low emission, renewable energy, carbon dioxide emissions will be reduced. From the customers' point of view, the deliveries are completely carbon neutral because the remaining emissions are compensated by funding certified Gold Standard climate projects

Wulff Supplies, who operates in Sweden, Norway and Denmark, has developed a Supplies Control concept. The concept contains all environmental processes and future guidelines. The concept was introduced in 2009 and it has been developed in collaboration with customers, employees, and suppliers. With the help of the concept, Wulff Supplies is actively working to achieve overall cost reduction along the entire supply chain and minimizing environmental impacts.

Wulff Supplies makes certain that the products they offer have been developed and produced in compliance with ethical guidelines and applicable legislation and regulations. Wulff Supplies aims to reduce use of materials, which means more efficient utilization of materials and energy. More environmental friendly alternatives are used whenever they are available and hazardous substances are avoided. Wulff Supplies has been awarded with the ISO 9001:2008 and ISO 14001:2004 certificates in all of its operating countries.

The Finnish Packaging Recycling RINKI Ltd has awarded Wulff with a certificate showing that the company handles the recovery of the packages it supplies to the market in compliance with directives, acts and statutes.

MARKET RISKS

The main market risks include negative development in consumer preferences in important product groups, the effect of economic cycles on the demand of office supplies and services, as well as international customer contracts. Changes in consumer preferences, such as new trends in printing solutions, affect development in the sector. Wulff Group keeps a close eye on changes and develops and searches for products and services that meet the new needs. The Group's broad range of products and services reduces the risks caused by changing consumer preferences. The Company prepares for economic downturns by adjusting operations and expanding its customer base.

SHARES AND SHAREHOLDERS

SHARE CAPITAL

The parent company's share capital of EUR 2.65 million consists of 6,607,628 shares with one vote each and with no par value. There were no changes in share capital in 2016 and 2017.

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

Authorizing the Board of Directors to Decide on a Share Issue and the Special Entitlement of Shares

The Annual General Meeting on April 6, 2017 authorised the Board to decide on the issue of new shares, disposal of treasury shares and/or the issue of special rights referred to in Chapter 10, Section 1 of the Companies Act in the following way:

The authorisation entitles the Board to issue a maximum of 1,300,000 shares, representing approximately 20% of the company's current outstanding stock, based on a single decision or several decisions. This maximum number encompasses the share issue and the shares issued on the basis of special

rights. The share issue may be subject to or exempt from fees and may be carried out for the company itself as provided in the law.

The authorisation remains in force until the next Annual General Meeting. The authorisation entitles the Board to deviate from shareholders' pre-emptive rights as provided in the law (private placement). The authorisation can be used to carry out acquisitions or other business-related arrangements, to finance investments, to improve the company's capital structure, to support the implementation of the company's incentive scheme or for other purposes as decided by the Board.

The authorisation includes the right to decide on the way in which the subscription price is entered in the company's balance sheet. The subscription price can be paid in cash or as a non-cash contribution, either partly or in full, or by offsetting the subscription price with a receivable of the subscriber. The Board of Directors has the right to decide on other matters related to the share issue.

Authorizing the Board of Directors to Decide on the Repurchase of the Company's Own Shares

The Annual General Meeting on April 6, 2017 authorised the Board of Directors to resolve on the acquisition of maximum 300,000 own shares. The authorization is effective until April 30, 2018. The authorization encompasses the acquisitions of the own shares through the public trading arranged by NASDAQ OMX Helsinki Oy in pursuance of its rules or through a purchase offer made to the shareholders. The consideration paid for the acquired shares must be based on the market price. To carry out treasury share acquisitions, derivative, stock loan and other agreements may be made on the capital market in accordance with the relevant laws and regulations.

The authorization entitles the Board of Directors to deviate from the pre-emptive rights of shareholders (directed acquisition) in accordance with the law. The company can acquire treasury shares to carry out acquisitions or other business-related arrangements, to improve the company's capital struc-

ture, to support the implementation of the company's incentive scheme or to be cancelled or disposed of. The Board of Directors has the right to decide on other matters related to the acquisition of treasury shares.

TREASURY SHARES

In 2017 no own shares were reacquired. According to the Annual General Meeting's authorisation on April 6, 2017, the Board of Directors decided in its organizing meeting to continue the acquisition of its own shares, by acquiring a maximum of 300,000 own shares by April 30, 2018.

The shares are acquired through public trading on NASDAQ OMX Helsinki in a proportion other than that of current shareholder holdings. The shares are acquired at the market price quoted at the time of the repurchase in accordance with the rules regarding the acquisition of company's own shares. According to the authorisation, the treasury shares can be acquired to carry out acquisitions or other business related arrangements, to improve the company's capital structure, to support

the implementation of the company's incentive scheme or to be cancelled or disposed of.

SHARE-BASED PAYMENTS

The Group does not have any option schemes currently in force. Wulff Group has no share reward plan in force at the moment. Wulff Group Plc's Board of Directors draws up the rules for the share reward plans and approves the key persons to be included in the plan.

SHARE QUOTATION

Wulff Group Plc's stock exchange history started in October 2000 when the company's share was first listed on the Helsinki Stock Exchange's NM list. On April 22, 2003, Wulff transferred its shares to the main list, where they were listed in the Consumer Discretionary sector. Until February 2012, Wulff Group Plc's shares were listed on NASDAQ OMX Helsinki in the Small Cap segment under the Consumer Discretionary sector. In February 2012, the sector changed to the Industrial Goods and Services sector. Wulff shares' trading code is WUF1V. NASDAQ OMX Helsinki commenced trading in round lots of one share on September 25, 2006. The share series' ISIN code used for international settlement of securities is FI0009008452.

TRADING AND PRICE DEVELOPMENT OF WULFF SHARES

In 2017, a total of 565,733 (578,681) Wulff shares were traded which represents 8.7% (8.9) of the total number of shares. The trading was worth EUR 930,986 (827,073). In 2017, the highest share price was EUR 1.79 (1.75) and the lowest price was EUR 1.43 per share (1.18). At the end of 2017, the share was valued at EUR 1.65 (1.37) and the market capitalization of the outstanding shares totalled EUR 10.8 million (8.9).

DIVIDEND POLICY

Wulff Group Plc follows an active dividend policy. The goal is to distribute around 50% of the period's net profit in dividend. The Board of Directors of Wulff-Group has decided to propose to the Annual General Meeting on April 5, 2018 that dividend of EUR 0.05 per share be paid for the financial year 2017 representing EUR 0.3 million. Rest of the distributable funds shall remain in the shareholders' equity.

SHAREHOLDERS AND OWNERSHIP STRUCTURE

Wulff Group Plc's shares are registered in the book-entry securities system maintained by Euroclear Finland Ltd.

The most significant shareholders and the ownership structure are presented in the graphs attached. There were no disclosed notifications on changes in major share holdings in 2017 or 2016.

INSIDER REGULATIONS

Wulff Group Plc complies with applicable EU regulations, especially the Market Abuse Regulation (596/2016, "MAR"), and any regulation and guidance given by the European Securities Markets Authority ("ESMA"). Further, the company complies with Finnish legislation, especially the Securities Markets Act (746/2012, as amended) and the Finnish Penal Code (39/1889, as amended), including the insider and other guidelines of Nasdaq Helsinki Ltd and the standards and guidance of the Finnish Financial Supervisory Authority ("FIN-FSA") and other authorities.

Since July 3, 2016, Wulff no longer maintains a list of permanent insiders. Instead, all persons involved with insider projects will be listed as project-specific insiders. Project-specific lists will be established and maintained for each project or event constituting inside information, based on a separate decision. All persons working for Wulff, representatives of external entities, shareholders and authorities who have information concerning an insider project or have access to project-specific

inside information, as well as persons who are working for the implementation of an insider project, will be entered in a project-specific insider list.

Preparation of periodic disclosure (annual and half year financial statements, interim reports, financial statements bulletins) or regular access to unpublished financial information is not regarded as an insider project. However, due to the sensitive nature of unpublished information on the company's financial results, the persons determined by the company, based on their position or access rights, to have authorised access to unpublished financial result information are added to a list of Financial Information Recipients.

Wulff applies an absolute trading prohibition (a 'closed window' principle) during a period beginning 30 calendar days before the announcement of each of the periodic financial reports and the year-end report (the financial statements bulletin) and ending at the end of the trading day following the day of publication of such a report.

SHARES AND SHAREHOLDERS

The shareholders information is based on the shareholders' register maintained by Euroclear Finland Ltd. Shareholders are grouped according to the direct holdings of individual shareholders, individuals under their guardianship and the shares held by associations where they exercise authority and stated as aggregate amounts and specified category. The shareholdings of companies belonging to the same group are stated both as aggregate amounts and specified by category. The list of major shareholders can be found on the Group's website at www.wulff-group.com.

	Major shareholders as of December 31, 2017	Number of shares	% of shares
1	Vienola Heikki*	2 532 400	38.33%
	Vienola Heikki	2 500 000	37.84%
	Vienola Jussi	16 200	0.25%
	Vienola Kristina	16 200	0.25%
2	Pikkarainen Ari	1 171 825	17.73%
	Pikkarainen Ari	1 171 825	17.73%
3	LähiTapiola	761 100	11.52%
	Elo Mutual Pension Insurance Company	350 000	5.30%
	Tapiola General Mutual Insurance Company	283 900	4.30%
	Lähitapiola Mutual Life Assurance Company	127 200	1.93%
4	Varma Mutual Pension Insurance Company	450 000	6.81%
5	Nordea	296 128	4.48%
	Nordea Nordic Small Cap Equity Fund	296 128	4.48%
	Nordea Bank Finland Plc	33 633	0.51%
6	The Local Government Pensions Institution	120 400	1.82%
7	OP Life Assurance Company Ltd	118 065	1.79%
8	Wulff Group Plc	79 000	1.20%
9	Ågerfalk Veijo	67 000	1.01%
	Ågerfalk Veijo	65 000	0.98%
	Ågerfalk Christine	1 000	0.02%
	Ågerfalk Adam	1 000	0.02%
10	Laakkonen Mikko	64 185	0.97%
11	Luoma Marko	56 147	0.85%
12	Progift Ltd	51 162	0.77%
13	Tervonen Heikki	34 678	0.52%
14	Aalto Lasse	31 239	0.47%
15	Kautto Jouni	27 000	0.41%
	Total of 15 biggest shareholders	5 860 329	88.69%
	Total of other shareholders	747 299	11.31%
	Total number of shares	6 607 628	100.00%
	- Own shares	-79 000	
	Total number of outstanding shares	6 528 628	

SHAREHOLDERS BY GROUP AS OF DECEMBER 31, 2017

Owner groups	Number of shareholders	%	Number of shares	%
Companies	33	4.45%	227 283	3.44%
Financial and insurance institutions	6	0.81%	831 093	12.58%
Public entities	3	0.40%	920 400	13.93%
Non-profit organisations	2	0.27%	110	0.00%
Private persons	684	92.18%	4 522 726	68.45%
Foreign shareholders	8	1.08%	4 350	0.07%
Nominee-registered shareholders	6	0.81%	101 666	1.54%
Total	742	100.00%	6 607 628	100.00%

SHAREHOLDERS BY THE NUMBER OF SHARES OWNED DECEMBER 31, 2017

Number of shares	Number of shareholders	%	Number of shares	%
1-500	480	64.69%	87 064	1.32%
501-1000	108	14.56%	89 003	1.35%
1 001-10 000	124	16.71%	371 207	5.62%
10 001-100 000	21	2.83%	642 836	9.73%
100 001-	9	1.21%	5 417 518	81.99%
Total	742	100.00%	6 607 628	100.00%

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING 2018

Wulff Group Plc's Annual General Meeting will be held at Vanha Ylioppilastalo (Old Student House), Music hall, Mannerheimintie 3, 00100 Helsinki, Finland.

Shareholders are entitled to attend the meeting if they have been registered as shareholders in the Company's shareholder list maintained by Euroclear Finland Ltd no later than on Thursday March 22, 2018, and have registered as attendants to the Annual General Meeting no later than on Thursday March 29, 2018.

Registration for the Annual General Meeting can be made to the company:

- by e-mail to investors@wulff.fi
- by telephone +358 300 870 414
- with a letter to Wulff Group Plc, Annual General Meeting, Manttaalitie 12, FI-01530 Vantaa, Finland.

Each holder of nominee registered shares has the right to participate in the Annual General Meeting on the basis of those shares that would allow him/her to be registered in the shareholders' register of the Company held by

Euroclear Finland Ltd on Thursday March 22, 2018. A holder of nominee registered shares wishing to participate in the Annual General Meeting shall be temporarily registered into the shareholders' register of the company kept by Euroclear Finland Ltd at the latest on Thursday March 29, 2018 by 10.00 A.M. The shareholder who wishes to participate in the Annual General Meeting shall contact the company no later than Thursday March 29, 2018. A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the shareholders' register, the issuing of proxy documents and registration for the Annual General Meeting from his/her custodian bank. The custodian bank of an account operator must announce the holder of nominee registered shares wishing to participate in the Annual General Meeting to be temporarily registered into the shareholders' register no later than on the above-mentioned date.

Instructions for registration and additional information on the Annual General Meeting are available at the Group's website at www.wulff-group.com.

DIVIDEND FOR 2017

The Board of Directors of Wulff Group Plc proposes to the Annual General Meeting that a dividend of EUR 0.05 per share be paid for the financial year 2017. The dividend approved by the Annual General Meeting will be paid to shareholders who have been registered in the Company's shareholder list maintained by Euroclear Finland Ltd on the record date of the dividend payment, Monday April 9, 2018. The Board proposes to the Annual General Meeting that the dividend be paid on Wednesday April 18, 2018.

FINANCIAL REPORTING 2018

Wulff Group Plc will release the following financial reports in 2018:

Interim Report,
January-March 2018
Thursday May 3, 2018

Half-year Report,
January-June 2018
Thursday August 2, 2018

Interim Report,
January-September 2018
Thursday November 1, 2018

Wulff Group Plc's financial reports are published in Finnish and English and they are also available at www.wulff-group.com. To receive Wulff Group Plc's interim reports and releases by email, shareholders can join the company's email distribution list by sending a request by email to investors@wulff.fi.

CONTACT INFORMATION FOR ORDERING THE ANNUAL REPORT

Wulff Group Plc
Manttaalitie 12, FI-01530 Vantaa, Finland
tel: +358 300 870 414
email: investors@wulff.fi

The Annual Report is published as a PDF document in Finnish and English. It can be viewed at the Group's website at www.wulff-group.com.

CONTACT PERSON FOR INVESTOR RELATIONS

CEO
Heikki Vienola
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tel: +358 300 870 414
mobile: +358 50 65110
email: heikki.vienola@wulff.fi



CONSOLIDATED FINANCIAL STATEMENT, IFRS

CONSOLIDATED INCOME STATEMENT, IFRS

EUR 1000	Note	Jan 1 - Dec 31, 2017	Jan 1 - Dec 31, 2016
Net sales	2, 4	56 931	59 304
Other operating income	5	133	437
Materials and services	6	-37 692	-38 781
Employee benefit expenses	7	-12 237	-12 553
Other operating expenses	8	-6 782	-7 409
EBITDA		354	998
Depreciation and amortization	9	-387	-415
Operating profit/loss (EBIT)		-33	583
Financial income	10	33	21
Financial expenses	10	-246	-253
Profit/loss before taxes		-247	351
Income taxes	11	19	-39
Net profit/loss for the period		-228	312
Attributable to:			
Equity holders of the parent company		-193	302
Non-controlling interests		-35	11
Earnings per share for profit attributable to the equity holders of the parent company:			
Earnings per share, EUR (diluted = non-diluted)	12	-0,03	0,05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1000	Note	Jan 1 - Dec 31, 2017	Jan 1 - Dec 31, 2016
Net profit/loss for the period		-228	312
Other comprehensive income which may be reclassified to profit or loss subsequently (net of tax)			
Change in translation differences			
Total other comprehensive income	11	-83	-47
Total comprehensive income for the period		-83	-47
Tilikauden laaja tulos Total		-311	265
Total comprehensive income attributable to:			
Equity holders of the parent company		-264	265
Non-controlling interests		-47	0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1000	Note	Dec 31, 2017	Dec 31, 2016
ASSETS			
Non-current assets			
Goodwill	13, 15	6 801	6 850
Intangible assets	13	416	437
Property, plant and equipment	13	499	472
Non-current financial assets			
Long-term receivables from others	16	48	35
Available-for-sale investments	17	57	57
Deferred tax assets	11	1 277	1 243
Total non-current assets		9 099	9 093
Current assets			
Inventories	18	6 959	7 297
Short-term receivables			
Loan receivables from others	19	11	13
Trade receivables from others	20	6 921	6 908
Other receivables		518	110
Accrued income and expenses	20	1 213	1 592
Cash and cash equivalents	22	213	419
Total current assets		15 834	16 338
TOTAL ASSETS		24 933	25 432

EUR 1000	Note	Dec 31, 2017	Dec 31, 2016
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		223	223
Retained earnings		167	1 082
Equity attributable to the equity holders of the parent company		10 702	11 617
Non-controlling interests		374	485
Total equity	23, 24, 25	11 076	12 102
Non-current liabilities			
Interest-bearing liabilities	26	1 677	1 638
Deferred tax liabilities	11	73	45
Total non-current liabilities		1 750	1 683
Current liabilities			
Interest-bearing liabilities	26	736	1 196
Trade payables		5 769	5 277
Advance payments		1 360	1 447
Other liabilities	28	2 001	1 478
Accrued income and expenses	28	2 241	2 249
Total current liabilities		12 107	11 646
TOTAL EQUITY AND LIABILITIES		24 933	25 432

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1000	Note	Jan 1 - Dec 31, 2017	Jan 1 - Dec 31, 2016
Cash flow from operating activities:			
Cash received from sales		56 908	60 371
Cash received from other operating income		133	242
Cash paid for operating expenses		-55 549	-59 834
Cash flow from operating activities before financial items and income taxes		1 492	779
Interest paid		-92	-112
Interest received		33	24
Income taxes paid		-44	-12
Cash flow from operating activities		1 389	679
Cash flow from investing activities:			
Investments in intangible and tangible assets		-429	-319
Proceeds from sales of intangible and tangible assets		17	356
Sale of business		-	536
Proceeds from sales of other long-term financial assets		-	77
Repayments of loans receivable		-12	6
Cash flow from investing activities		-424	656
Cash flow from financing activities:			
Dividends paid	24	-667	-742
Dividends received	10	-	8
Cash paid for changes in non-controlling interest	3	-48	-
Payments received for changes in non-controlling interest		-	1
Repayments of financial lease liabilities		-64	-60
Withdrawals and repayments of short-term loans		-48	-278
Withdrawals of long-term loans		1 200	0
Repayments of long-term loans		-1 508	-1 074
Cash flow from financing activities		-1 136	-2 145
Change in cash and cash equivalents		-171	-810
Cash and cash equivalents at the beginning of the period		419	1 201
Translation difference of cash		-35	28
Cash and cash equivalents at the end of the period	22	213	419

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

EUR 1000	Note	Equity attributable to equity holders of the parent company								Non-controlling interest	TOTAL
		Share capital	Share-premium fund	Fund for invested non-restricted equity	Treasury shares	Translation differences	Retained earnings	Total			
Equity on Jan 1, 2017		2 650	7 662	223	-260	-436	1 781	11 619	483	12 102	
Net profit/loss for the period							-193	-193	-35	-228	
Other comprehensive income*:											
Change in translation differences						-71		-71	-12	-83	
Comprehensive income*						-71	-193	-264	-47	-311	
Transactions with the shareholders:											
Dividends paid							-653	-653	-14	-667	
Transactions with the shareholders total							-653	-653	-14	-667	
Changes in subsidiary shareholdings:											
Changes in non-controlling interests which did not lead to loss of control								-	-48	-48	
Changes in subsidiary shareholdings total:									-48	-48	
Equity on Dec 31, 2017	23	2 650	7 662	223	-260	-508	935	10 702	374	11 076	
Equity on Jan 1, 2016		2 650	7 662	223	-260	-400	2 127	12 002	577	12 579	
Net profit/loss for the period							302	302	11	312	
Other comprehensive income*:											
Change in translation differences						-36		-36	-11	-47	
Comprehensive income						-36	302	266	0	266	
Transactions with the shareholders:											
Dividends paid							-653	-653	-90	-742	
Transactions with the shareholders total							-653	-653	-90	-742	
Changes in subsidiary shareholdings:											
Changes in non-controlling interests which lead to loss of control							4	4	-4	0	
Changes in subsidiary shareholdings total							4	4	-4	0	
Equity on Dec 31, 2016	23	2 650	7 662	223	-260	-436	1 781	11 619	483	12 102	

* with tax impact included



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

GENERAL INFORMATION ABOUT THE GROUP

The Group's parent company, Wulff Group Plc is a Finnish public limited liability company, established in accordance with Finnish law. It is domiciled in Helsinki and the address of its headquarters is Manttaalitie 12, 01530 Vantaa, Finland. Copies of the consolidated financial statements are available at the above address.

The Group consists of the parent company Wulff Group Plc and its 14 subsidiaries in Finland, Sweden, Norway and Denmark. Wulff's product and service range includes office supplies, IT supplies, ergonomics and international fair services. The Group's two concepts, the Contract Customers concept and the Expertise Sales concept, enable Wulff to serve its various-sized customers in different industries professionally and comprehensively. The Contract Customers concept eases the customers' regular office supply purchases. The Expertise Sales concept serves especially small and mid-sized companies with a personal approach. The Group is managed based on the operating segments of these

different service concepts, the Contract Customers segment and the Expertise Sales segment, which have been described in more detail in Note 2 'Segment information'.

The Board of Directors of Wulff Group Plc has approved these financial statements for publication at its meeting on March 14, 2018. According to the Finnish Limited Liability Companies Act, the shareholders at the general meeting held after the publication may approve or reject the financial statements or decide on amendments to be made to the financial statements.

BASIS OF PREPARATION

These consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) including the IAS and IFRS standards as well as the SIC and IFRIC interpretations in effect on December 31, 2017. The term 'IFRS standards' refers to standards and interpretations which are approved and adopted by the European Union (regulation EY 1606/2002) and thus are in force in the Finnish legislation. The Group has not

adopted any new, revised or amended standards or interpretations that are not yet effective. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation, which supplement the IFRS regulations.

In compliance with the IFRS standards, the consolidated financial statements are based on historical cost except for available-for-sale financial assets, financial assets recognised at fair value through profit and loss as well as share-based transactions to be settled in cash and measured at fair value. Equity-settled share-based payments (share rewards) have also been measured at fair value at the grant date.

The IFRS standards require the management to make estimates and judgements when preparing the consolidated financial statements. Although these estimates and judgements are based on the management's best knowledge when preparing the financial statements, the final outcome may differ from the estimated values presented in the financial statements. Information about the assessments and judgments that the

management have made and that are most critical to the figures in the financial statements are presented under "Critical accounting estimates and key sources of estimation uncertainty".

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 comparable operating profit and comparable EBITDA, are used to present the underlying business performance and to enhance comparability between financial periods. The comparable operating profit and comparable EBITDA do not include items affecting comparability. These are items that are not included in normal business activities, such as profits from sales of car stock, profits from sales of subsidiaries, and write-downs of goodwill. The Alternative Performance Measures should not be taken as substitutes for the standards presented in the Generally Accepted Accounting Principles for IFRS.

All figures are presented as thousands of euros and have been rounded to

the nearest thousand euros. Therefore the total sums do not necessarily fully reconcile to the sum of individual figures.

ADOPTION OF NEW AND UPDATED IFRS STANDARDS

The consolidated financial statements have been prepared in accordance with the previous years' accounting standards, adopting also the following new and updated IFRS standards and interpretations that have come into effect as of 1 January 2017.

- Amendments to IAS 7 Statement of Cash Flows-Disclosure Initiative. The changes aim at improving information provided to users of financial statements about an entity's financing activities e.g. by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities (separately from changes in other assets and liabilities). The amendments had no material impact on the notes of the consolidated financial statements.
- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible

future changes in the carrying amount or expected manner of recovery of the asset. The amendments had no impact on consolidated financial statements.

- Amendments to IFRS 12, clarification to the scope of the standard. The change had no impact on the consolidated financial statements.

Other amended standards or interpretations that came into force in 2017 and are not listed here, had no impact on the consolidated financial statements.

Wulff Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

- IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018): The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard introduces also extensive new disclosure re-

quirements. The impacts of IFRS 15 on consolidated financial statements have been assessed as follows:

- o Sale of office supplies is the main operation in the Group. Based on the analysis made by the management it has been stated that IFRS 15 does not change revenue recognized on office supplies sales.
- o In addition to the main operation the Group produces fair services. The Group adopts IFRS 15 starting on January 1, 2018 and due to that the Group stops recognising revenue for fair services based on percentage of completion method. As the Group adopts IFRS 15 revenue will be recognized as the fair event occurs. The effect on profit of the change will occur at the introduction of IFRS 15 on Jan 1, 2018 and will be minor in significance. At the end of the financial year 2017, projects of partial revenue recognition will be transferred from retained earnings to the 2018 result on the date of the fairs in January and February 2018, amounting to EUR 0.1 million. Fair revenue recognition according to the new IFRS 15 will case seasonal variation among different months more than before.
- Amendments to IFRS 15 - Clarifications to IFRS 15 Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018). The impact assessment of the clarifications has been included in the

IFRS 15 impact assessment described above.

- IFRS 9 Financial Instruments* (effective for financial years beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The new standard has no significant difference on the measuring of financial instruments in comparison with IAS 39. However, as of Jan 1, 2018, expected credit losses will result in a value adjustment from the first day of receivables. The change in revenue recognition will augment expenses in the first quarter of 2018 by EUR 0.0 million.
- IFRS 16 Leases* (effective for financial years beginning on or after 1 January 2019): The new standard replaces the current IAS 17 -standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contracts in which the lease term is 12 months or less, or to low value items i.e.

assets of value USD 5 000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. The preliminary impact assessment of the standard has been started in the group. The Group shall prepare a more detailed analysis on the impacts during the financial year 2018. The will adopt the standard on Jan 1, 2019.

- Amendments to IFRS 2 Sharebased payments - Clarification and Measurement of Sharebased Payment Transactions * (effective for financial years beginning on or after 1 January 2018). The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash-settled to equity-settled. The amendments have no impact on consolidated financial statements.
- IFRIC 22 Interpretation Foreign Currency Transactions and Advance Consideration* (effective for financial years beginning on or after 1 January 2018). When foreign currency consideration is paid or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for

translating the related item. The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The change has no material impact on the consolidated financial statements.

- IFRIC 23 Interpretation Uncertainty over Income Tax Treatments (effective for financial years beginning on or after 1 January 2019). The interpretation clarifies the accounting for uncertainties in income taxes and their disclosure. The interpretation has no impact on the consolidated financial statements.
- Annual Improvements to IFRSs (2014-2016 cycle)* (effective for financial years on or after 1 January 2018 for IFRS 1 and IAS 28). The Annual Improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The changes have no material impact on the consolidated financial statements.

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the parent company Wulff Group Plc and all its subsidiaries in which it

holds, directly or indirectly, more than half of the voting rights or other governing power. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiaries are consolidated from the date the Group gains control until the Group loses control in them. The subsidiaries have the same financial period as the parent company.

Intra-Group holdings have been eliminated using the acquisition cost method, according to which the acquisition cost as well as the assets and liabilities of the subsidiary are measured at fair value at the acquisition date. If the acquisition cost, the non-controlling interests and the previously owned share in total exceed the fair value of the net assets acquired, the excess is recognized as goodwill which is not amortized but tested for impairment at least annually. If the goodwill is negative, it is recognized directly through income statement. Acquisition transaction costs are expensed when incurred and they are not included in goodwill.

The non-controlling interests i.e. the minority shares in a subsidiary acquired are measured at either fair value or at the amount corresponding to the minority shareholders' proportional share of the net assets acquired. The valuation

choice is made separately for each acquisition. When the Group acquires shares from the minority shareholders, the difference between the acquisition cost and the book value of the share of the net assets acquired is recognized directly to equity and the goodwill does not change anymore after the original acquisition of controlling majority. Also the gains and losses from the sale of shares to minority shareholders are recognized directly in equity. The losses incurred are allocated also to the minority shareholders. The Group's equity and earnings attributable to the non-controlling interests are presented separately.

All intra-Group business transactions, internal receivables and liabilities, internal margins for inventories and fixed assets, as well as internal profit distribution have been eliminated when preparing the consolidated financial statements.

The Group does not have associated companies or joint ventures.

FOREIGN CURRENCY ITEMS

Items in each group company's financial statements are measured using the currency of that company's country ("functional currency"). The consolidated financial statements are presented in euro, which is the Parent Company's functional and reporting currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency using the exchange rates prevailing at the balance sheet date. Non-monetary items denominated in foreign currency, measured at fair value, are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses from operating business transactions are recorded in the appropriate, corresponding income statement accounts included in operating profit. Also foreign exchange gains and losses arising from the translation of foreign-currency-denominated trade receivables and trade payables are recorded in the related income statement accounts included in operating profit. Foreign exchange gains and losses from the translation of foreign-currency-denominated loan receivables and liabilities as well as monetary assets are recognized in financial income and expenses. Exchange differences arising on a monetary item that forms a part of a net investment in a foreign operation are recognized in the statement of other comprehensive income and finally on the disposal of the net investment they are recognized in the income statement.

Income statements of foreign subsidiaries, whose functional and reporting currency is not euro, are translated into euro using the monthly average exchange rates. Their balance sheets are translated using the exchange rates of balance sheet date. The translation differences arising from the translation of income statements and balance sheets as well as from the elimination of internal ownership and the exchange differences incurred after the date of acquisition are recognized in the statement of other comprehensive income and the cumulative translation differences are presented in equity. On the disposal of a subsidiary functioning in foreign currency, that entity's cumulative translation difference is recognized in the income statement as part of the gain or loss on the sale.

Any goodwill arising from the acquisition of a foreign company and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign subsidiary and retranslated using the exchange rate of balance sheet date.

REVENUE RECOGNITION

Net sales comprise of consideration received less indirect sales taxes, discounts and exchange rate differences arising from sales denominated in foreign currency. The consolidated net sales do not include intra-group transactions.

Sales of goods are recognized after the significant risks and rewards of ownership of the goods have passed to the buyer and no significant uncertainties remain regarding the collection of the receivable, associated costs and possible return of goods. Revenues from services are recorded when the service has been performed.

Wulff Entre Ltd, the subsidiary offering fair and event marketing services, recognizes revenue from its services following the contract terms and the percentage-of-completion method. The percentage of completion is determined in different projects based on the hours performed of the total hours and the costs incurred of the total costs. The original estimates of the projects' income, costs and completion status are reconsidered systematically and the possible changes in estimates affect the result in the period when the management receives information about changing circumstances. The financial statements were not materially affected by the receivables and advance payments of the projects recognized based on the percentage-of-completion method.

Rental income arising from operating leases is recognized on a straight-line basis over the lease terms. Royalty income is recorded according to the contents of the agreement. Dividend income is recognized when the company is entitled to receive the dividends.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill represents the excess of the acquisition cost, the non-controlling interests and the previously owned share in total over the fair value of the Group's share of the net identifiable assets of a subsidiary acquired. Goodwill is allocated to those cash-generating units that are expected to benefit from the synergies arising from the business combination. Goodwill is not systematically amortized but it is tested annually for possible impairment. Goodwill is measured at the original value less impairment which is not cancelled later.

Intangible assets include customer relationships, copyrights, licenses, software rights and webstore project costs. An intangible asset is recognized in the balance sheet only if it is probable that the future economic benefits attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. Intangible assets are stated at cost, amortized on a straight-line basis over the expected useful lives which vary from three to seven years and adjusted for any impairment charges. Intangible assets acquired in a business combination are measured at the acquisition date's fair value. Expected useful lives of intangible assets are reviewed at each balance sheet date and depreciation periods are changed, if necessary. So

GOODWILL AND OTHER INTANGIBLE ASSETS

The expected useful lives are:

Goodwill	no depreciations; impairment testing
IT software	3-7 years; straight-line
Customer relationships	5 years; straight-line
Other intangible assets	3-5 years; straight-line
Intangible assets under construction	no depreciations; impairment testing

TANGIBLE ASSETS

The expected useful lives are:

Buildings	20 years; straight-line
Machinery and equipment	3–8 years; straight-line
Cars and vehicles	5 years; straight-line
Other tangible assets	5–10 years; straight-line
Tangible assets under construction	no depreciations

far, the Group does not have intangible assets with indefinite economic lifetime.

TANGIBLE ASSETS

Tangible assets are stated at historical cost, depreciated on a straight-line basis over the expected useful life and adjusted for any impairment charges. Tangible assets acquired in a business combination are valued at the acquisition date's fair value.

Expected useful lives of tangible assets are reviewed at each balance sheet date and, if they differ significantly from previous estimates, the depreciation times are changed accordingly. Land is not depreciated as it is deemed to have an indefinite life.

Ordinary maintenance and repair costs are expensed as incurred.

Gains and losses on sales and disposals are determined as the difference

between the proceeds received and the carrying amount. Those gains and losses are included in other operating income and expenses in the income statement. Possible group-internal margins from asset transfers are eliminated in the consolidation process.

Depreciations are discontinued when the tangible asset is classified as being held-for-sale in accordance with standard IFRS 5 'Non-Current Assets Held-for-sale and Discontinued Operations'.

IMPAIRMENT

The carrying amounts of tangible and intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If indications exist, the recoverable amount of the asset is estimated. Indications of potential need for impairment may be for example changes in market conditions and sales prices, decisions on significant

restructurings or changes in profitability. Goodwill, intangible assets with indefinite useful lives and intangible assets under construction are in all cases tested annually. For the purposes of assessing impairment, assets are grouped at the lowest cash-generating-unit level for which there are separately identifiable, mainly independent cash flows.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable value. An impairment loss is the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the asset's value-in-use determined by discounted future net cash flows expected to be generated by the asset. Discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment loss is immediately recognized in the income statement. An impairment loss attributable to a cash-generating unit is

deducted first from the goodwill allocated to the cash-generating unit, and thereafter equally from the unit's other assets. In connection with the impairment loss recognition, the asset's useful life is reassessed for the depreciations. A previously recognized impairment loss is reversed if there has been a change in the estimates determining the recoverable amount. However, the reversal of the impairment must not lead to a value higher than the carrying amount determined without any impairment loss in prior years. Goodwill impairment losses are not reversed.

BORROWING COSTS

Borrowing costs are capitalized as part of the cost of the qualifying asset acquired or constructed. So far, the Group has not capitalized borrowing costs as part of the cost of the asset because the IFRS requirements have not been met. Other borrowing costs are expensed when incurred.

LEASES

Leases of tangible assets, where the risks and rewards related to ownership are not fully transferred to the lessee, are treated as operating leases. When the Group is a lessee, these other operating lease payments are expensed in the income statement on a straight-line basis over the lease period. The consolidated income statement included rental expenses for e.g. premises and machinery. The Group's rental commitments are presented in Note 29. When the Group is a lessor, rental income is recognized as other operating income in the income statement on a straight-line basis over the lease period.

INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the FIFO (first-in, first-out) method or, alternatively, the weighted average cost where it approximates FIFO. The valuation method is chosen in each company based on the inventory type and the IT possibilities. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated, necessary selling costs.

EMPLOYEE BENEFITS

Pension Obligations

The statutory pension scheme of the Group's Finnish employees is arranged

through pension insurances, and that of the Group's employees abroad in compliance with the local legislation and social security regulations in each country. The costs incurred in these schemes are expensed in the period that they relate to. According to the IFRS standards, the insurance company Alecta's pension plan for the Group's Swedish employees is a defined benefit plan, but because Alecta is unable to provide detailed information, the plan is treated as a defined contribution plan in the consolidated financial statements.

Share-based Payments

The Group has applied IFRS 2 to the share-based incentive scheme for the Group's key personnel. The Group did not have a share based reward plan in force during 2017.

INCOME TAXES

The Group's income taxes consist of current taxes based on the group companies' profits, the taxes related to previous years and the changes in deferred taxes. Taxes related to other comprehensive income are recognized in the statement of other comprehensive income. Current tax is calculated for the taxable income with the tax rates enacted in each country. The taxes are adjusted with previous years' tax impacts, if necessary.

Deferred taxes are measured with enacted tax rates for all temporary differences between book and tax values. Temporary differences are recognized as a deferred tax asset to the extent that is probable to utilize against the future taxable profits.

Majority of the Group's deferred tax assets arise from confirmed tax losses and depreciation differences in taxation and accounting. Majority of the Group's deferred tax losses consist of depreciation differences and assets recognized at fair value upon business combinations. Contents of the Group's deferred tax assets and liabilities are presented in Note 11.

FINANCIAL ASSETS AND LIABILITIES

Financial assets are classified as financial assets measured at fair value through profit or loss, financial assets held-to-maturity, loans and other receivables as well as available-for-sale financial assets. The Group determines the classification of its financial assets upon the initial recognition and re-evaluates this designation annually. Financial assets include current and non-current assets and they can be interest-bearing or non-interest-bearing.

Financial assets recognized at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition as at fair value through profit or loss ('fair value

option'). Financial assets are classified as held-for-trading if they are acquired for the purpose of selling them in a short term. Financial assets classified as held-for-trading are measured at fair value. Unrealized and realized profits or losses due to changes in fair value are recognized in the income statement when incurred. This category also includes investments in publicly listed companies. The Group does not have derivative financial instruments.

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has a positive intention and ability to hold the instrument until maturity.

Loan receivables, trade receivables and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Their maturity determines whether they are recognized in current or non-current assets. Gains and losses are recognized in the income statement when the loans and other receivables are derecognized and impaired. Loan receivables, trade receivables and other receivables are carried at their anticipated realizable value, which is the original invoicing amount less possible credit amounts and estimated valuation allowances. A bad debt allowance is made for loan and trade receivables when there is objective evidence that the Group will not be able

to collect all amounts according to the original terms of the receivables. A bad debt allowance may be recognized due to e.g. trade receivables falling significantly overdue, unsuccessful collecting attempts or the customer's known financial difficulties with an increased probability of customer insolvency. The assessment and decision for recognizing bad debt allowances is made locally in each business unit on a case-by-case basis. Uncertain receivables are assessed as frequently as necessary. Bad debt recognition is based on objective assessment and the recognition is reversed later if it proves unnecessary. Trade receivables' impairment losses are booked in other operating expenses and loan receivables' impairment losses are booked in other finance expenses.

Other financial assets are classified as available-for-sale financial instruments. Upon the initial recognition, available-for-sale financial assets are measured at fair value by using quota market rates and market prices, discounted cash flow analyses and other appropriate valuation models. Available-for-sale financial assets include investments presented in Wulff Group's non-current assets and they consist of both publicly listed and non-listed shares. Publicly listed shares are measured at fair value. The unlisted shares for which fair values cannot be measured reliably are recognized at cost less impairment. The fair value changes of available-for-sale financial assets, net

of tax, are recognized as other comprehensive income. Changes in fair value are transferred from the statement of other comprehensive income to the income statement when the instrument is sold or its value has decreased so that an impairment loss has to be recognized. Purchases and sales of available-for-sale financial assets are recognized on the trade date.

The Group's cash and cash equivalents comprise cash in hand, bank deposits held at call and other highly liquid investments. Bank overdrafts of those bank accounts included in the Group's consolidated bank account facility are netted against those other Group companies' bank account amounts because the Group has a contractual legal right to net those financial assets with each other.

Financial liabilities include current and non-current liabilities and they can be interest-bearing or non-interest-bearing. Financial liabilities are initially recognized at the fair value of the consideration received plus directly attributable transactions costs. After the initial recognition, they are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized, impaired and through the amortization process. Contingent considerations for business combinations are classified

as non-interest-bearing financial liabilities. The Group did not have contingent consideration liabilities for business combinations as of December 31, 2017 or December 31, 2016.

PROVISIONS

Provisions are recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation or an economic loss will be evident and the amount of the obligation can be estimated reliably. If the Group expects some or all of the provision to be reimbursed by a third party, the reimbursement is recognized as a separate asset but only when the reimbursement is practically certain. Provisions are valued at the net present value of the expenses required to cover the obligation.

EQUITY AND DIVIDEND DISTRIBUTION

The contents of the Group's equity is described in Note 23.

On the acquisition date, the acquisition cost of the repurchased shares of Wulff Group Plc is recognized as a deduction in the consolidated equity in the fund 'Treasury Shares'. The acquisition, disposal and expenses related to treasury shares are presented in the Statement of

Changes in Equity. Share-based incentive schemes are described in Note 25.

The dividend proposed by the Board of Directors is deducted from the distributable equity only after approval by the Shareholders' Annual General Meeting. Dividend distribution is described in Note 24.

CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

The IFRS principles require the management to make estimates and assumptions when preparing financial statements. Although these estimates and assumptions are based on the management's best knowledge of today, the final outcome may differ from the estimated values presented in the financial statements. The changes in estimates affect the income and expenses for the financial period as well as the values of assets and liabilities in the balance sheet. Estimates and judgments are needed also for applying the Group's accounting policies.

Management's estimates and assumptions are based on historical experience and plausible future scenarios which are evaluated constantly. Possible changes in estimates and assumptions are recognized in the accounting period during which estimates and assumptions were revised, and in all subsequent accounting periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next accounting period, are related to the valuation of the Group's assets (inventories, receivables), goodwill impairment testing (future cash flow estimates, discount rates) and recognition of deferred taxes (the probability of utilizing tax losses).

OPERATING PROFIT

IFRS standards do not define the concept of operating profit. The Group has defined it as a net sum of net sales added with other operating income less purchase expenses adjusted with inventory change and deducted by employee benefits, other operating expenses as well as amortizations, depreciations and impairment. Other items of the income statement are presented below the operating profit.

STATEMENT OF CASH FLOW

Cash and cash equivalents presented in the cash flow statement comprise cash in hand, bank deposits held at call and other short-term highly liquid investments with original maturities of three months or less. Cash generated from operating activities has been reported using the direct method, as recommen-

ded by IFRS standards. All income taxes paid during the financial year are presented in net cash generated from operating activities, unless they can be particularly allocated to investing or financing cash flows.

KEY FIGURES

Based on IFRS standards, the earnings per share (EPS) is calculated by dividing the net profit attributable to the parent company shareholders by the weighted average number of shares during the period. The total average number of shares is deducted by the average number of reacquired own shares because the EPS is determined for the outstanding shares. Wulff Group does not have share options and thus the Group's undiluted EPS and diluted EPS are the same. The calculation formulas of key figures are presented along the key figures in Group notes.

GOING CONCERN

The consolidated financial statements are based on the assumption of going concern. The Group's equity ratio and financial status are good. The Group's profitability is on an adequate level for going concern. Wulff's clientele is broad and in different markets in Northern Europe which diminishes the Group's risks partly. The Group's effective risk management also ensures the Group's ability of going concern.

2. SEGMENT INFORMATION

Wulff Group consists of two strategically different operating segments: Contract Customers Segment and Expertise Sales Segment. During the final quarter of the year, the Group changed the name of the segment previously called the Direct Sales Division to Expertise Sales Segment. The name change reflects our customer needs and the job content of the segment's sales people better than before. Operating segments are based on IFRS 8 and the Group's internal reporting practice, where the different businesses are organized and led by divisions. All 15 group companies belong to these operating segments based on their different services, marketing strategies and distribution channels. Contract Customers Segment consists of 7 subsidiaries and Expertise Sales Segment consists of 5 subsidiaries as shown in Note 31. Additionally the Group's parent company Wulff Group Plc, its subsidiary with leasing operations, Wulff Leasing Oy and Wulff Liikelaskenta Oy with financial services make the Group Services segment which includes group management's general costs which cannot be allocated on a reasonable basis for Contract Customers and Expertise Sales.

The Contract Customers Segment is the customer's comprehensive partner in the field of office supplies, IT supplies

as well as international fair services. Larger companies and corporations can purchase their basic office supplies very fast and in a cost efficient way as the Group's contract customer. Being a contract customer grants the companies the possibility to time-saving and to concentrate on their core competence, when Wulff takes automatically care of its contract customers' office supply minibars' fill-in service. The smaller companies' basic office supply needs are fulfilled by the webstore Wulffinkulma.fi. Also business promotional products and international fair services are part of Contract Customers Segment.

The Expertise Sales Segment aims to improve its customers' daily operations with innovative products as well as the industry's most professional personal and local service. The product range of Expertise Sales companies consists of e.g. office supply specialties, IT products as well as ergonomics and first aid products.

The segments' performance is reviewed and the Group Executive Board's and the Board of Directors' decision-making related to resource allocation is based on the segments' operating result (IFRS). Inter-segment transactions are market-priced. Intra-segment transactions are eliminated from the segment's

income and the inter-segment eliminations are presented separately in the following reconciliation. Fixed management expenses from group services are allocated to Contract Customers

and Expertise Sales in proportion of the usage of those internal services. Impairment of goodwill arising from an acquisition of a subsidiary is allocated to the segment of that subsidiary.

NET SALES BY OPERATING SEGMENTS

EUR 1000	2017	2016
Contract Customers Segment		
Sales to external customers	47 685	49 903
Intragroup sales to other segments	43	40
Total Contract Customers Segment	47 728	49 943
Expertise Sales Segment		
Sales to external customers	9 245	9 388
Intragroup sales to other segments	12	36
Total Expertise Sales Segment	9 257	9 424
Group Services		
Sales to external customers	2	12
Intragroup sales to other segments	326	358
Total Group Services	327	370
Intragroup eliminations between segments	-381	-434
Total net sales	56 931	59 304

Revenue from any individual customer did not exceed 10 percent share of the consolidated revenue in 2017 or 2016.

2. SEGMENT INFORMATION

RESULT BY OPERATING SEGMENTS 2017

EUR 1000	Contract Customers	Expertise Sales	Group services and non-allocated items	Eliminations	Group
Net sales	47 728	9 257	327	-381	56 931
Expenses	-47 035	-9 100	-898	455	-56 577
EBITDA	693	157	-570	74	354
Depreciations	-220	-47	-213	93	-387
Operating profit (EBIT)	473	110	-783	167	-33
Financial income (non-allocated)			33		33
Financial expenses (non-allocated)			-246		-246
Profit before taxes	473	110	-997	167	-247

RESULT BY OPERATING SEGMENTS 2016

EUR 1000	Contract Customers	Expertise Sales	Group services and non-allocated items	Eliminations	Group
Net sales	49 944	9 425	370	-434	59 304
Expenses	-48 936	-9 142	-726	498	-58 306
EBITDA	1 007	283	-356	64	998
Depreciations	-255	-33	-71	-56	-415
Operating profit (EBIT)	752	250	-427	8	583
Financial income (non-allocated)			21		21
Financial expenses (non-allocated)			-253		-253
Profit before taxes	752	250	-659	8	351

2. SEGMENT INFORMATION

GEOGRAPHICAL INFORMATION:

Wulff Group companies are located in the Nordic countries. According to IFRS 8, the consolidated net sales are presented by the geographical location of both the group companies and the customers. Non-current assets of the group companies located in different countries consist of goodwill as well as other intangible and tangible assets. As required by IFRS 8, these geographical segments' assets do not include non-current financial assets and deferred tax assets

NET SALES BY GROUP COMPANIES' LOCATIONS

EUR 1000	2017		2016	
Finland	34 251	60%	34 684	58%
Norway	18 879	33%	20 443	34%
Sweden	7 775	14%	8 468	14%
Denmark	384	1%	465	1%
Net sales between countries	-4 357	-8%	-4 756	-8%
Net sales total	56 931	100%	59 304	100%

EXTERNAL NET SALES BY CUSTOMERS' LOCATIONS

EUR 1000	2017		2016	
Finland	32 103	56%	33 103	56%
Norway	8 978	16%	9 072	15%
Sweden	13 852	24%	15 825	27%
Denmark	888	2%	832	1%
Estonia	33	0%	16	0%
Other European countries	420	1%	318	1%
Other countries	656	1%	139	0%
Net sales total	56 931	100%	59 304	100%

NON-CURRENT ASSETS BY GROUP COMPANIES' LOCATIONS

EUR 1000	2017		2016	
Finland	5 844	76%	5 876	76%
Sweden	1 850	24%	1 855	24%
Norway	21	0%	27	0%
Total non-current assets	7 715	100%	7 758	100%

3. BUSINESS COMBINATIONS

Changes in shares of non-controlling interests which did not lead to change in control

In April 2017, the Group acquired 2% of share capital of S Supplies Holding AB, and now the Group owns 87% of the company's shares. The share price was EUR 48 thousand. S Supplies Holding AB's net assets were EUR 2.4 million thousand (without goodwill). As a result of the acquisition, the non-controlling interest decreased by EUR 48 thousand. During 2017 there were no changes in shares of non-controlling interests.

4. NET SALES

EUR 1000	2017	2016
Sales of products and related services	49 900	52 228
Sales of fair services (including income based on percentage-of-completion method)	7 031	7 076
Total	56 931	59 304

5. OTHER OPERATING INCOME

EUR 1000	2017	2016
Sales gains from tangible assets	0	280
Rental income	77	89
Other	56	68
Total	133	437

6. MATERIALS AND SERVICES

EUR 1000	2017	2016
Materials, supplies and products		
Purchases during the financial year	37 163	38 266
Change in inventories	338	334
External services	191	181
Total	37 692	38 781

7. EMPLOYEE BENEFITS

EUR 1000	2017	2016
Salaries and fees	9 585	9 687
Pension expenses (defined contribution plans)	1 411	1 548
Other personnel expenses	1 241	1 318
Total	12 237	12 553

Average number of employees in accounting period	198	207
Personnel at the end of period	195	203

Information about the management's employment benefits and loans is presented in Note 30 Related party information. Details about loans to related parties is presented under Shares and shareholders.

8. OTHER OPERATING EXPENSES

EUR 1000	2017	2016
Rents	1 411	1 479
Travel and car expenses	1 673	1 704
ICT expenses	547	736
External logistics expenses	1 037	1 070
Marketing, PR and entertainment expenses	385	414
Credit losses and bad debt allowances of sales receivables	47	46
Fees to auditors *	60	68
Other	1 622	1 892
Total	6 782	7 409

* Fees to auditors total in all group companies.

The Group did not have material research and development expenses in the current or previous year.

AUTHORIZED AUDIT FIRM KPMG OY AB

EUR 1000	2017	2016
Audit	37	48
Tax services	0	0
Other services	15	13
Total	52	61

OTHER AUTHORIZED AUDIT FIRMS

EUR 1000	2017	2016
Audit	5	5
Tax services	0	0
Other services	2	2
Total	7	7

9. AMORTIZATION, DEPRECIATION AND IMPAIRMENT

EUR 1000	2017	2016
Amortization and depreciation during the period:		
Amortization of intangible assets:		
Other intangible assets	215	205
Total amortization of intangible assets	215	205
Depreciation of tangible assets:		
Machinery and equipment	172	210
Total depreciation of tangible assets	172	210
Total amortization and depreciation	387	415

There was no impairment of goodwill or other long term intangible or tangible assets during 2017 or 2016.

10. FINANCIAL INCOME AND EXPENSES

EUR 1000	2017	2016
Financial income:		
Interest income	8	9
Dividend income	0	8
Foreign exchange gains and other financial income	24	4
Financial income total	33	21
Financial expenses:		
Interest expenses	92	112
Foreign exchange losses and other financial expenses	154	141
Financial expenses total	246	253

11. INCOME TAXES

INCOME TAXES IN THE INCOME STATEMENT

EUR 1000	2017	2016
Income taxes for the financial year	-2	-49
Deferred taxes:		
Change in deferred tax assets	49	19
Change in deferred tax liabilities	-28	-9
Total	19	-39

INCOME TAX RECONCILIATION

EUR 1000	2017	2016
Income taxes according to the Finnish tax rate (2016-2017: 20.0%)	49	-55
Different tax rates abroad	6	15
Non-deductible expenses and tax-free income	-7	-29
Tax impact from the current year's losses for which no deferred tax asset is recognized	-53	-43
Impact of the tax rate changes on deferred tax assets and liabilities*	3	0
Changes in deferred tax assets and liabilities from previous years	33	0
Group consolidation and eliminations	-14	73
Income taxes in the income statement	19	-39

* Tax rate change in Norway

11. INCOME TAXES

For the Group companies' previous years' confirmed taxable losses, a deferred tax asset of EUR 636 thousand (555) has been booked, of which EUR 445 thousand (166) will fall due in five years and EUR 173 thousand (263) can be utilized indefinitely. As of December 31, 2017, the Group had confirmed tax losses carried forward of EUR 2 552 thousand (2 735) for which the deferred tax asset of EUR 513 thousand (550) has not been recognized in the consolidated financial statements because the realization of the tax benefit before their expiry is uncertain. The consolidated balance sheet as of December 31, 2017 includes deferred tax assets of EUR 123 thousand (110) in group companies which made a loss in 2017. The recognition of these assets is based on profit estimates, which indicate that the realization of these deferred tax assets is probable. The Finnish companies' deferred tax assets from previous years' confirmed losses, which can be used in 10 years, can be utilized against the company's own future profits and also against group contributions granted by other Finnish group companies where the Group's ownership is 90 percentages at minimum.

CHANGES IN DEFERRED TAXES 2017

EUR 1000	Jan 1, 2017	Income statement	Other changes	Dec 31, 2017
Deferred tax assets:				
Confirmed losses and tax credits	555	81		636
Provisions	7			7
Depreciation differences	676	-32	-15	630
Other temporary differences	5			5
Deferred tax assets total	1 243	49	-15	1 277
Deferred tax liabilities:				
Other temporary differences	45	30	-3	73
Deferred tax liabilities total	45	30	-3	73
Deferred tax assets, net	1 198	19	-12	1 205

CHANGES IN DEFERRED TAXES 2016

EUR 1000	Jan 1, 2016	Income statement	Other changes	Dec 31, 2016
Deferred tax assets:				
Confirmed losses and tax credits	506	49		555
Provisions	7			7
Depreciation differences	706	-30		676
Other temporary differences	-6		11	5
Deferred tax assets total	1 214	19	11	1 243
Deferred tax liabilities:				
Other temporary differences	37	8		45
Deferred tax liabilities total	37	8	0	45
Deferred tax assets, net	1 177	11	11	1 198

12. EARNINGS PER SHARE

	2017	2016
Profit for the period attributable to the equity holders of the parent company, EUR 1000	-193	302
/ Weighted average number of shares; diluted = non-diluted (1,000 shares)	6 529	6 529
Earnings per share (EPS); Diluted = non-diluted, EUR	-0,03	0,05

13. GOODWILL AND INTANGIBLE AND TANGIBLE ASSETS

2017	Goodwill	Customer relationships	Other intangible assets	Advance payments	Intangible assets total	Machinery and equipment	Other tangible assets	Tangible assets total
Acquisition cost, Jan 1	11 240	619	2 542	104	14 505	3 673	151	3 822
Additions			195	44	239	235		235
Disposals			-58		-58	-55	-3	-55
Translation differences	-49			1	-48			-
Acquisition cost, Dec 31	11 191	619	2 679	149	14 638	3 853	148	4 002
Accumulated depreciation and impairment, Jan 1	-4 390	-619	-2 207	-	-7 215	-3 231	-119	-3 351
Disposals			10		10	33		33
Depreciation during the period			-215		-215	-172		-172
Impairment during the period					-	-13		-13
Accumulated depreciation and impairment, Dec 31	-4 390	-619	-2 412	-	-7 420	-3 383	-119	-3 504
Book value, Jan 1	6 850	0	334	104	7 289	442	32	472
Book value, Dec 31	6 801	0	267	149	7 217	470	29	499

2016	Goodwill	Customer relationships	Other intangible assets	Advance payments	Intangible assets total	Machinery and equipment	Other tangible assets	Tangible assets total
Acquisition cost, Jan 1	11 241	619	2 494	-	14 354	4 270	151	4 420
Additions			146	103	249	64		64
Disposals			-48		-48	-660		-660
Translation differences	-1		-50	1	-50	-1		-1
Acquisition cost, Dec 31	11 240	619	2 542	104	14 505	3 673	151	3 822
Accumulated depreciation and impairment, Jan 1	-4 325	-619	-2 052	-	-6 995	-3 846	-122	-3 968
Disposals						827		827
Depreciation during the period			-205		-205	-210		-210
Impairment during the period						-2		-2
Translation differences	-65		50		-15		3	3
Accumulated depreciation and impairment, Dec 31	-4 390	-619	-2 207	-	-7 215	-3 231	-119	-3 351
Book value, Jan 1	6 916	0	441	0	7 358	424	29	541
Book value, Dec 31	6 850	0	334	104	7 289	442	32	472

14. SUBSIDIARIES AND SHARES OF NON CONTROLLING INTERESTS

The table below describes the group structure as at 31 December 2017.

Field of business	Number of subsidiaries fully owned	
	2017	2016
Office supplies	2	2
Exhibition services	1	1
Group services	2	2

The specification of the group companies is presented in note 31.

SPECIFICATION OF SHARES OF SIGNIFICANT NON-CONTROLLING INTERESTS IN THE GROUP

	Domicile	Non controlling interest shareholders' share of voting right		Non controlling shareholders' share of profit/loss		Non controlling shareholders' share of equity	
		2017	2016	2017	2016	2017	2016
S Supplies Holding AB	Sweden	13%	15%	13%	15%	13%	15%
Wulff Beltton AB	Sweden	25%	25%	25%	25%	25%	25%

14. SUBSIDIARIES AND SHARES OF NON CONTROLLING INTERESTS

In April 2017, the Group acquired 2% of share capital of S Supplies Holding AB, and now the Group owns 87% of the company's shares. The share price was EUR 48 thousand. S Supplies Holding AB's net assets were EUR 2.4 million thousand (without goodwill). As a result of the acquisition, the non-controlling interest decreased by EUR 48 thousand. During 2016 there were no changes in shares of non-controlling interests.

THE SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARIES WITH NON-CONTROLLING INTEREST SHAREHOLDING

	S Supplies Holding AB		Wulff Belttton AB	
	2017	2016	2017	2016
Short term assets	0	74	1 183	1 223
Long term assets	3 563	3 656	77	62
Short term liabilities	1	0	844	788
Long term liabilities	2 029	2 094	0	0
Net sales/income	0	111	2 664	2 923
Expenses	-55	0	-2 675	-2 808
Net profit/loss	-55	111	-11	115
Profit/loss attributable to equity holders of the company	-48	94	-8	86
Profit/loss attributable to non-controlling interests	-7	17	-3	29
Total comprehensive income	-55	111	-11	115
Total comprehensive income attributable to equity holders of the company	-48	94	-8	86
Total comprehensive income attributable to non-controlling interests	-7	17	-3	29
Dividends paid to non-controlling interests	0	19	14	71

15. GOODWILL ALLOCATION AND IMPAIRMENT TEST

EUR 1000	2017	2016
Contract Customers segment:		
Office supplies / Finland (Wulff Oy Ab, Torkkelin Paperi Oy)	3 500	3 500
Office supplies / Scandinavia (Wulff Supplies AB)	1 630	1 679
Fair services / Finland (Wulff Entre Oy)	1 671	1 671
Goodwill total	6 801	6 850

Consolidated goodwill is not amortized systematically but their book values are tested for possible impairment at least annually and additionally when the management has noted signs of possible impairment, e.g. due to decreased profitability performance. Wulff Group tests its goodwill values separately for each cash-generating unit. Changes in goodwill during the financial period are presented in Note 13 where all intangible assets are presented.

In goodwill impairment tests the carrying amount is compared to the unit's discounted present value of the recoverable cash flows i.e. the value in use, where the previous profit performance level, the next year's budget as well as the sales and profit estimates for future years are considered. The testing calculations' five-year estimate period

consists of the budget year and the following four estimate years where a moderate, approximately two-percent annual growth is estimated in each business areas. After this five-year estimate period, the so-called eternity value is based on zero-growth assumption. The budgets and later years' estimates used in the testing are carefully estimated and the growth expectations are moderate considering also the impacts of economic slowdown. The assets tested include goodwill together with that cash-generating unit's other assets and working capital.

The discount factor in the impairment tests is based on weighted average cost of capital (WACC) before taxes which was 9.6 percentages (10.9). Weighted average cost of capital represents the overall expense of both equity

and external loan financing, taking into account also the different return expectations and special risks related to different assets.

Goodwill for the Finnish office supplies business was EUR 3.5 million (3.5) arising from the acquisition of Wulff Oy Ab and Torkkelin Paperi Oy. The assets tested totalled approximately EUR 5.9 million (6.9). The discounted value-in-use is approximately EUR 16.6 million (12.1). According to the management, the key factors in the testing calculations are the moderate growth and retaining the customer profitability, logistics' cost management and synergies from Nordic purchase cooperation in office supplies.

Goodwill for the Scandinavian office supplies business was EUR 1.6 million (1.7) arising from the acquisition of Wulff Supplies AB. The assets tested totalled approximately EUR 3.3 million (4.0) and the discounted value-in-use is approximately EUR 3.6 million (5.9). According to the management, the key factors in the testing calculations are the moderate growth and retaining the customer profitability, logistics' cost management and synergies from Nordic purchase cooperation in office supplies.

The goodwill arising from the acquisition of Wulff Entre Oy operating in fair

services totalled EUR 1.7 million (1.7) and the assets tested totalled approximately EUR 1.1 million (0.8). The discounted value-in-use is approximately EUR 4.0 million (5.8).

SENSITIVITY ANALYSIS IN IMPAIRMENT TESTING

The key assumptions used in determining value in use are defined by the Group Management. The most important assumptions are:

- discount rate; and
- average EBITDA margin (EBITDA/Net Sales).

Sensitivity analyses have been made on the assumption that the average EBITDA margin will decrease or that the discount rate will increase. The table below presents a change in the key assumption which (with other assumptions remaining unchanged) would cause the recoverable amount to equal the carrying amount.

15. GOODWILL ALLOCATION AND IMPAIRMENT TEST

Office Supplies, Finland	Used value	Change	Used value	Change
Discount rate	9.6%	increase of 14.3 percentage points	10.9%	increase of 8.6 percentage points
Average EBITDA, % of sales	4.1%	decrease of 2.6 percentage points	4.1%	decrease of 1.3 percentage points
Office Supplies, Scandinavia	Used value	Change	Used value	Change
Discount rate	9.6%	increase of 0.6 percentage points	10.9%	increase of 5.1 percentage points
Average EBITDA, % of sales	1.7%	decrease of 0.1 percentage points	2.3%	decrease of 0.5 percentage points
Fair services	Used value	Change	Used value	Change
Discount rate	9.6%	increase of 21.9 percentage points	10.9%	increase of 39.1 percentage points
Average EBITDA, % of sales	3.4%	decrease of 2.5 percentage points	6.7%	decrease of 3.6 percentage points

16. NON-CURRENT RECEIVABLES

LONG-TERM RECEIVABLES FROM OTHERS

EUR 1000	2017	2016
Quaranty deposits, Carrying amount	48	35

17. AVAILABLE-FOR-SALE INVESTMENTS

EUR 1000	2017	2016
Carrying amount, Jan 1	57	121
Disposals during the financial year	-	-64
Carrying amount, Dec 31	57	57

The available-for-sale investments are publicly unlisted shares. The unlisted shares which cannot be reliably valued at market value due to lack of functioning markets, are valued at the acquisition cost less possible impairment.

18. INVENTORIES

EUR 1000	2017	2016
Products	6 844	7 176
Work in process	1	12
Prepayments for inventories	113	109
Total	6 959	7 297

In 2017, an expense of 0.7 million euros (0.6) was booked from the inventories.

19. CURRENT LOAN RECEIVABLES

EUR 1000	2017	2016
Carrying amount, Jan 1.	13	20
Disposals	-2	-7
Carrying amount, Dec 31.	11	13

Current loan receivables include loan receivables falling due within 12 months.

20. SHORT-TERM NON-INTEREST-BEARING RECEIVABLES

TRADE RECEIVABLES

EUR 1000	2017	2016
Trade receivables from others	6 921	6 908
Trade receivables total	6 921	6 908

OTHER RECEIVABLES

EUR 1000	2017	2016
Valued added tax receivables	16	20
Other receivables	502	86
Other receivables total	518	106

Sales receivables are non-interest-bearing and fall due in 14-60 days. Credit losses expensed during the financial year are reported in Note 8. Sales receivables do not include significant credit risk concentrations.

AGING ANALYSIS OF SALES RECEIVABLES

EUR 1000	2017		2016	
Not due (value not impaired)	5 967	86%	5 998	87%
Due (value not impaired):				
Less than 1 month	708	10%	857	12%
More than 1 month - less than 3 months	147	2%	42	1%
More than 3 months - less than 6 months	15	0%	11	0%
More than 6 months	84	1%	0	0%
Total	6 921	100%	6 908	100%

ACCRUED INCOME AND EXPENSES

EUR 1000	2017	2016
Income tax receivable	192	176
Accruals for employee benefits (e.g. pension expense accruals)	24	150
Sales accruals of partial recognition based on percentage-of-completion method	334	396
Sales accruals of other businesses	120	129
Other accruals	543	741
Accruals total	1 213	1 592

21. FINANCIAL ASSETS RECOGNISED AT FAIR VALUE THROUGH PROFIT AND LOSS

EUR 1000	2017	2016
Carrying amount, Jan 1	57	121
Disposals during the financial year	-	-64
Carrying amount, Dec 31	57	57

Financial assets recognised at fair value through profit and loss are non-publicly listed shares held for trading and they are valued at their market prices in the end of the reporting period.

KFAIR VALUE HIERARCHY OF THE FINANCIAL ASSETS MEASURED AT FAIR VALUE

Available-for-sale investments measured at fair value are presented in Note 17 and financial assets held-for-trading recognised at fair value through profit and loss are presented in Note 20. This fair value hierarchy presents the valuation methods for different financial instruments:

FAIR VALUE HIERARCHY LEVELS

The fair values of the financial assets on the hierarchy level 1 are based on quoted market prices of similar financial instruments traded in an active market.

The fair values of the financial assets on the hierarchy level 2 are based on other price information than quoted market

prices for a significant part of the valuation. This information is supported by observable market inputs either directly (i.e. prices) or indirectly (i.e. derived from prices). Currently there are no financial assets on level 2.

The fair values of the financial assets on the hierarchy level 3 are calculated using a valuation technique based on assump-

tions that are not supported by available observable market data. For example management estimates are utilized in generally accepted valuation models of the financial instruments.

The fair value hierarchy level, into which the entire financial instrument is classified, is determined based on the lowest-hierarchy-level information being significant

for the valuation of that particular financial asset or liability. The significance of the information is estimated considering the financial instrument in its entirety.

No significant transfers between the hierarchy levels took place during the financial period.

December 31, 2017 (EUR 1000)	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets	0	0	0	57
Financial assets recognised at fair value through profit and loss (held-for-trading)	0	0	0	0
Total	0	0	0	57
December 31, 2016 (EUR 1000)	Total	Level 1	Level 2	Level 3
Available-for-sale financial assets	0	0	0	57
Financial assets recognised at fair value through profit and loss (held-for-trading)	0	0	0	0
Total	0	0	0	57

22. CASH AND CASH EQUIVALENTS

EUR 1000	2017	2016
Cash and bank	213	419
Total	213	419

23. NOTES ON EQUITY

SHARE CAPITAL

The parent company's share capital EUR 2.65 million consists of 6 607 628 shares with one vote each and with no par value. There have been no changes in share capital or in the number of shares in 2017 and 2016.

TREASURY SHARES

Authorized by the Annual General Meeting held on April 6, 2017, the Board of Directors decided in its organizing meeting to continue buying back a maximum of 300,000 own shares by the next Annual General Meeting. In April-December 2017, no own shares were reacquired. In the end of the reporting period 2017, the Group held a total of 79,000

own shares (79,000) representing 1.2 percentage (1.2) of the total number and voting rights of Wulff shares.

The shares are acquired through public trading on NASDAQ OMX Helsinki in a proportion other than that of current shareholder holdings. The shares are acquired at the market price quoted at the time of the repurchase in accordance with the rules regarding the acquisition of company's own shares. According to the authorisation, the treasury shares can be acquired to carry out acquisitions or other business related arrangements, to improve the company's capital structure, to support the implementation of the company's incentive scheme or to be cancelled or disposed of.

	Share total	Treasury shares	Outstanding shares
Dec 31, 2016	6 607 628	-79 000	6 528 628
Dec 31, 2017	6 607 628	-79 000	6 528 628

SHARE OPTIONS AND SHARE REWARDS

The Group does not have any option schemes currently in force. The share reward plans are described in Note 25.

SHARE PREMIUM FUND AND FUND FOR INVESTED NON-RESTRICTED EQUITY

Share premium fund and the fund for invested non-restricted equity consist

of the share value exceeding the par value in share issues in 1999-2008. There were no changes in the share premium fund and the fund for invested non-restricted equity during the latest or the previous financial year.

TRANSLATION DIFFERENCES

Translation differences arise from translation of foreign-currency-denominated subsidiaries.

24. DISTRIBUTABLE FUNDS AND DIVIDEND DISTRIBUTION

PARENT COMPANY'S DISTRIBUTABLE FUNDS:

EUR	Dec 31, 2017	Dec 31, 2016
Fund for invested non-restricted equity	223 051	223 051
Treasury shares	-260 070	-260 070
Retained earnings from previous years	1 995 045	2 516 654
Net result for the period	-437 473	131 254
Distributable funds total	1 520 553	2 610 889
- dividend distribution total	-326 431	-652 863
Funds left in retained earnings	1 194 121	1 958 026

EUR	Dec 31, 2017	Dec 31, 2016
Shares total	6 607 628	6 607 628
- Treasury shares held	-79 000	-79 000
Shares which are paid dividend	6 528 628	6 528 628
x Dividend per share (EUR)	0,05	0,10
Dividends total (EUR)	326 431	652 863

The Group's parent company Wulff Group Plc's distributable funds totalled EUR 1.5 million. The Board of Directors proposes to the Annual General Meeting that dividend of 0,05 euros per share will be distributed for the financial year 2017 totalling EUR 0.3 million. After the dividend the parent company's distributable funds will be EUR 1.2 million.

25. SHARE-BASED PAYMENTS

The Group does not have any option schemes currently in force nor a share reward plan.

26. LONG-TERM AND SHORT-TERM FINANCIAL LIABILITIES

PAYMENT SCHEDULE FOR THE FINANCIAL LIABILITIES

EUR 1000	Book value	Payment schedule (years):				
	Dec 31, 2017	2019	2020	2021	2022	Later
Long-term financial liabilities						
Finance lease liabilities	11	11				
Loans from financial institutions	1 531	340	340	340	298	214
Pension loans	134	134				
Total	1 677	485	340	340	298	214
Short-term financial liabilities						
Finance lease liabilities	101					
Credit facility	161					
Loans from financial institutions	340					
Pension loans	134					
Total	736					

The Group's bank loans are based on variable interest rates and their fair values correspond to their carrying amounts in the balance sheet. The bank loans' average interest rate based on short market interest rates, was approximately 1.9% at the end of 2017 (2.2%).

For the pension premium loans, an amount of EUR 0.3 million (0.4) is based on fixed interest rate of 3.5% p.a. The pension premium loans raised in summer 2009 have a repayment time of 10 years and the pension premium loan raised in 2011 has a repayment time of 5 years. All pension premium loans' repayments will be made every six months as fixed installments.

INTEREST-BEARING FINANCIAL LIABILITIES BY CURRENCIES DEC 31, 2017

EUR 1000	Total	EUR	SEK	NOK
Long-term				
Finance lease liabilities	11	11		
Loans from financial institutions	1 531	1 531		
Pension loans	134	134		
Total	1 677	1 677	0	0
Short-term				
Finance lease liabilities	101	101		
Credit facility	161	161		
Loans from financial institutions	340	340		
Pension loans	134	134		
Total	736	736	0	0

INTEREST-BEARING FINANCIAL LIABILITIES BY CURRENCIES DEC 31, 2016

EUR 1000	Total	EUR	SEK	NOK
Long-term				
Finance lease liabilities	112	112		
Loans from financial institutions	1 257	1 257		
Pension loans	269	269		
Total	1 638	1 638	0	0
Short-term				
Finance lease liabilities	64	64		
Credit facility	210	210		
Loans from financial institutions	788	788		
Pension loans	134	134		
Total	1 196	1 196	0	0

26. LONG-TERM AND SHORT-TERM FINANCIAL LIABILITIES

PAYMENT SCHEDULE FOR THE FINANCE LEASE LIABILITIES

Future minimum lease payments

EUR 1000	2017	2016
Not later than one year	101	64
Later than one and not later than five years	11	112
Total	112	176
Future financial costs	-5	-14
Present value of minimum lease payments	107	162

Present value of minimum lease payments

EUR 1000	2017	2016
Not later than one year	89	54
Later than one and not later than five years	18	107
Total	107	162

26. LONG-TERM AND SHORT-TERM FINANCIAL LIABILITIES

Fair values of the financial liabilities measured at amortised cost

This fair value hierarchy presents the valuation methods for different financial instruments:

December 31, 2017 (EUR 1000)	Total	Level 1	Level 2	Level 3
Finance lease liabilities	112			112
Credit facility	161			161
Loans from financial institutions	1 871			1 871
Pension loans	268			268
Total	2 413	0	0	2 413

December 31, 2016 (EUR 1000)	Total	Level 1	Level 2	Level 3
Finance lease liabilities	176			176
Credit facility	210			210
Loans from financial institutions	2 045			2 045
Pension loans	403			403
Total	2 834	0	0	2 834

FAIR VALUE HIERARCHY LEVELS

The fair values of the financial liabilities on the hierarchy level 1 are based on quoted market prices of similar financial instruments traded in an active market. Currently there are no financial liabilities on level 1.

The fair values of the financial liabilities on the hierarchy level 2 are based on other price information than quoted market prices for a significant part of the valuation. This information is supported by observable market inputs either directly (i.e. prices) or indirectly (i.e. derived from prices). Currently there are no financial liabilities on level 2.

The fair values of the financial liabilities on the hierarchy level 3 are calculated using a valuation technique based on assumptions that are not supported by available observable market data. For

example management estimates are utilized in generally accepted valuation models of the financial instruments on the level 3. Majority of the Group's loans are based on variable interest rates and mainly the interest is based on e.g. euribor market interests of 1-3 months and thus the loans' fair values are seen to correspond with their original book value.

The fair value hierarchy level, into which the entire financial instrument is classified, is determined based on the lowest-hierarchy-level information being significant for the valuation of that particular financial asset or liability. The significance of the information is estimated considering the financial instrument in its entirety.

No significant transfers between the hierarchy levels took place during the financial period.

27. FINANCIAL RISK AND CAPITAL MANAGEMENT

Wulff Group's internal and external financing and financial risk management are mainly handled by the parent company. Group companies with non-controlling minority shareholders may make more independent financial decisions but always within the limits defined by the Group's Board. In addition to other risk management policies, the parent company's Board of Directors determines the principles of financial risk management. The goal of risk management is to minimise the effects that price fluctuations in the financial markets, as well as other uncertainty factors may have on result, balance sheet and cash flow.

Financial risks include currency risks, interest rate risks, liquidity risks and credit risks managed in each subsidiary.

CURRENCY RISKS

Approximately half of the Group's sales are made in euros and the other half is made in Swedish, Norwegian and Danish crowns. Fluctuation of the currencies affects the Group's net result and financial position. In terms of import, the exposure to currency risks affects especially the currency risks of Wulff Supplies subgroup through changes between Sweden and Norway. The Group has only minor transactions in other currencies than euros and Nordic currencies. Interest-bearing liabilities by currencies are presented in Note 26 of the consolidated financial statements. The Group does not practice any speculative hedging. No separate hedging measures against currency risk are taken.

INTEREST RATE RISKS

The Group is exposed to interest rate risk due to loans from financial institutions, pension premium loans and bank account limit facilities tied with variable and fixed interest rates. Changes in market rates impact directly the Group's interest payments in the future. Some of the pension premium loans have a fixed interest rate. More information on the interest rates of the Group's interest-bearing liabilities is presented in Note 26 of the consolidated financial statements. The Group does not make any speculative interest rate agreements and to date, no interest rate swaps have been utilized for managing interest rate risks.

LIQUIDITY RISKS

Group companies operate with their own cash flows and if necessary, they are funded also with the Group's internal financing. In order to ensure good liquidity, the Group emphasises the subsidiaries' independence in the management of operating cash flow and working capital. Liquidity risk is managed on the group level with Group bank account arrangements in Finland and Scandinavia. Continuous supervision is used to assess and monitor the financing needed for the subsidiaries' operations. The availability and flexibility of financing is ensured with bank account credit limits. On December 31, 2017 the unused credit limits totalled EUR 4.4 million (3.9) in Finland. The maturity of loans is presented in Note 26.

A part of the Group's loan agreements include covenants, according to which the equity ratio shall be 35.0% at minimum and the interest-bearing debt/EBITDA ratio shall be 3.5 at maximum in the end of each financial year. At the end of the reporting period the interest-bearing liabilities/operating margin covenant was 6.8 and was therefore exceeded as per the loan terms due to the negative result. The Group's management negotiated with the financier at the end of 2017 and due to the breach of covenant the financier will collect a one-off compensation. Interest-bearing liabilities have been divided into short-term and long-term debts according to their repayment schedule that was in effect on December 31, 2017.

CREDIT AND DEFAULT RISKS

The uncertainties relating to the general economic development in the last few years have emphasized the importance of monitoring the credit and default risks associated with customers and other counterparties. The subsidiaries manage their customers' credit analyses and active credit control independently. Together with the local company management, the subsidiaries' working capital management and related risks are monitored also on group level. The Group's trade receivables consist of an extensive customer base, and most of the annual sales volume is from well-known and solvent customers. Consequently, the Group has not considered credit guarantees or corresponding methods to be necessary.

The risk management policy of each company defines the credit risks and credit worthiness requirements, as well as the terms of delivery and payment. Credit risk monitoring is primarily the responsibility of the subsidiaries' management, while the parent company's financial management monitors regularly the compliance with the risk management principles and examines the efficiency of the centralised own collection operations and the outsourced collection partner. Traditionally the group companies' credit losses have been small in relation to their net sales. Aging analysis of sales receivables is presented in Note 20 of the consolidated financial statements.

CAPITAL MANAGEMENT

Wulff Group's capital structure management aims to ensure and improve the operating conditions of the group companies and to increase the Group's shareholder value in a sustainable, optimal way. The Group's capital structure is evaluated by monitoring the development in equity ratio where the long-term target is approximately 40 percent. Group companies operate with their own cash flows and if necessary, they are funded also with the Group's internal financing. The Group emphasises the subsidiaries' independence in the management of operating cash flow and working capital. The Group Finance controls centrally the group companies' working capital management. The Group Finance takes centrally care of the external loan financing and agrees on the loans' repayment schedules with the financiers.

28. SHORT-TERM NON-INTEREST-BEARING LIABILITIES

OTHER CURRENT LIABILITIES

EUR 1000	2017	2016
Value added tax liabilities	1 218	455
Other current liabilities	783	1 023
Other current liabilities total	2 001	1 478

ACCRUED INCOME AND EXPENSES

EUR 1000	2017	2016
Accruals for employee benefits	1 657	1 767
Income tax liabilities	29	54
Interest accruals	1	2
Sales accruals	0	3
Other accruals	553	423
Accrued income and expenses total	2 241	2 249

29. COMMITMENTS

Subsidiary shares pledged as security for group companies' liabilities are presented here in their book value in the parent company's balance sheet and they consist of Wulff Entre Oy (2,502 thousand euros), Wulff Liikelaskenta Oy (0 thousand euros) and Wulff Oy Ab (3,500 thousand euros) and S Supplies Holding AB:sta (951 thousand euros).

Non-cancellable lease agreements for office and warehouse premises are made normally for 3-5 years and they often include an option to extend the contract after the original end date. The most significant rental commitments are for the logistics centre in Ljungby, Southern Sweden, which rental agreement signed in 2010 will end 30.6.2019 at the earliest and the rent agreement for the new brick and mortar shop in Lahti, which will end 30.6.2022 at the earliest. Parent company's non-cancellable rental agreement can be resigned with a three-month-notice from 1.1.2018 onwards. The rents expensed during the financial year are presented in Note 8.

EUR 1000	2017	2016
Mortgages and guarantees on own behalf		
Business mortgage for the Group's loan liabilities	10 850	10 850
Business mortgages, free	900	900
Subsidiary shares pledged as security for group companies' liabilities	6 953	6 953
Pledges and guarantees given for the group companies' off-balance sheet commitments	140	150
Minimum future operating lease payments, total	2 420	3 048
of which will be payable:		
in less than one year	1 344	1 168
between 1-5 years	768	1 685
after 5 years	308	195

30. RELATED PARTY INFORMATION

SUMMARY OF BOARD MEMBERS' BENEFITS TOTAL

EUR 1000	2017	2016
Board members' salaries and fees		
Johanna Marin	15	15
Ari Pikkarainen, Chairman of the Board 9/2017-	15	15
Andreas Tallberg	15	15
Heikki Vienola, Chairman of the Board -9/2017, Group CEO 9/2017-	11	14
Board members' benefits total	56	59

As part of the Group's key management personnel, the Group's related parties consist of the members of the parent company's Board of Directors and members of the Group Executive Board.

The company does not hold shares in affiliates or joint ventures.

REMUNERATION OF THE BOARD MEMBERS

According to the Company's Articles of Association, the Annual General Meeting determines the remuneration of the Board Members. The fees of the Board Members are paid in fixed amounts of cash. In 2017 and 2016 a monthly fee of EUR 1,250 was paid to the Chairman and those Board Members who are not employed by the Company.

The Group has not granted loans, guarantees or other contingencies to the Board Members.

REMUNERATION OF THE GROUP CEO

The Board determines the Group CEO's remuneration and other contractual issues. The Group CEO is entitled to statutory pension. Pension age nor ad-

ditional pension benefits have not been determined in the Group CEO contracts.

The Board appointed Heikki Vienola as the Wulff Group CEO on 25.9.2017. In 2017 the Group CEO Heikki Vienola's remuneration consisted of salaries paid in cash and fringe benefits, a total of EUR 16 thousand.

Kimmo Laaksonen acted as the Group CEO 9.3.-25.9.2017. The CEO was paid salaries in cash and fringe benefits of EUR 116 thousand. The contract included a resignation fee, which was paid EUR 80 thousand upon resignation.

On 28.9.2016 Elina Rahkonen was appointed as the interim CEO, and her remuneration consisted of salaries paid in cash and fringe benefits EUR 107 thousand.

In 2016 the Group CEO Topi Ruuska

was paid a salary and fringe benefits of EUR 155 thousand (68). Topi Ruuska's CEO contract ended on September 30, 2016. The period of notice was six months, and no resignation fee was determined.

REMUNERATION OF SENIOR MANAGEMENT

Remuneration of senior management consists of salaries paid in cash, fringe benefits, additional pensions, annually-determined performance-based bonuses and possible share-based incentives. In addition to fixed monthly salaries, a part of the payments is based on financial performance and the person's individual goal-setting. No bonuses nor share-based incentives were paid in 2017.

The Group CEO determines the contractual terms, salaries and possible other

benefits and incentives of the Executive Board Members. The remuneration of the Group Executive Board is presented in the attached table. In 2017, the Group Executive Board consisted of Ninni Arion, Trond Fikseanet, Elina Hanén (9/2017-), Kimmo Laaksonen (3-9/2017), Elina Rahkonen (-8/2017), Tarja Törmänen ja Veijo Ågerfalk. In 2016, the Group Executive Board consisted of Ninni Arion, Trond Fikseanet, Elina Rahkonen, Topi Ruuska (until September 2016), Tarja Törmänen and Veijo Ågerfalk.

Of the Executive Board members, Tarja Törmänen's communication and marketing director service is obtained as a outsourced service and during 2017, the service costs amounted to EUR 72 thousand (79). The outsourced service is included in other operating expenses and has been presented also in the note for Related Party transactions.

30. RELATED PARTY INFORMATION

BUSINESS TRANSACTIONS WITH RELATED PARTIES

EUR 1000	2017	2016
Sales to related parties	57	44
Purchases from related parties	134	88

Sales and purchases with the related parties consist of normal, market-priced transactions with the non-group companies under control of influence of the Board members or top management. The purchases from related parties include communication and marketing director service EUR 72 thousand (79).

As of December 31, 2017 the Group had no loan receivable from a company under influence of a related party.

In addition to this, the Group Companies have made payments to each other for e.g. products and services. These internal income and expenses have been eliminated within the Group Financial Statements according to the ordinary group consolidation regulations.

SUMMARY OF TOP MANAGEMENT'S EMPLOYMENT BENEFITS

EUR 1000	2017	2016
Group management board's salaries and other short term remuneration	669	684
Fringe Benefits	32	32
Bonuses	1	-
Group management board's other long term remuneration, additional pension benefits	52	70
Resignation fee	80	-
Top management's employee benefits total	834	786

31. GROUP COMPANIES

Companies by countries	Operating segment	Group's ownership and voting rights %	Parent company's ownership and voting rights %
Parent company Wulff Group Plc, Finland	Group Services		
Subsidiaries in Finland:			
Wulff Entre Oy	Contract Customers	100%	100%
Wulff Leasing Oy	Group Services	100%	0%
Wulff Liikelaskenta Oy	Group Services	100%	100%
Naxor Finland Oy	Expertise Sales	75%	0%
Naxor Holding Oy	Expertise Sales	75%	75%
Torkkelin Paperi Oy	Contract Customers	100%	0%
Wulff Oy Ab	Contract Customers	100%	100%
Subsidiaries in Sweden:			
Wulff Beltton AB	Expertise Sales	75%	75%
Office Solutions Svenska AB	Expertise Sales	75%	0%
S Supplies Holding AB	Contract Customers	87%	87%
Wulff Supplies AB	Contract Customers	87%	0%
Subsidiaries in Norway:			
Beltton AS	Expertise Sales	80%	0%
Wulff Supplies AS	Contract Customers	87%	0%
Subsidiary in Denmark:			
Wulff Supplies A/S	Contract Customers	87%	0%



PARENT COMPANY'S FINANCIAL STATEMENT, FAS

PARENT COMPANY'S INCOME STATEMENT, FAS

EUR	Note	Jan 1 - Dec 31, 2017	Jan 1 - Dec 31, 2016
Net sales	2	283 954,83	274 283,90
Other operating income	3	109 071,00	143 340,90
Personnel expenses	4	-444 493,76	-346 599,34
Other operating expenses	5	-469 603,72	-537 795,99
Depreciation and amortization according to plan	6	-154 096,10	-154 553,27
Operating profit/loss		-675 167,75	-621 323,80
Financial income	7	166 369,71	387 505,73
Financial expenses	7	-171 613,91	-221 422,47
Profit/Loss before appropriations		-680 411,95	-455 240,54
Appropriations	8	136 230,36	577 000,00
Profit/Loss before taxes		-544 181,59	121 759,46
Income taxes	9	106 708,28	9 494,90
Net profit/loss for the period		-437 473,31	131 254,36

PARENT COMPANY BALANCE SHEET

EUR	Note	Dec 31, 2017	Dec 31, 2016
ASSETS			
FIXED ASSETS			
Intangible assets			
Trademarks	10	2 100 000,00	2 250 000,00
Other intangible assets	10	0,00	637,46
Tangible assets			
Machinery and equipment	10	8 576,23	2 672,13
Other tangible assets	10		
Investments			
Shares in Group companies	11	7 132 054,34	7 083 600,52
Non-current receivables			
Non-current receivables from Group companies	12	6 260 996,72	7 048 832,25
Deferred tax receivables		121 887,38	15 179,10
TOTAL FIXED ASSETS		15 623 514,67	16 400 921,46
CURRENT ASSETS			
Current receivables			
Trade receivables		57 908,00	66 340,00
Receivables from Group companies	12	190 063,09	2 110 686,54
Prepaid expenses and accrued income	13	2 036,89	15 761,31
Current receivables total		250 007,98	2 192 787,85
Cash and cash equivalents		562,20	229 509,22
TOTAL CURRENT ASSETS		250 570,18	2 422 297,07
TOTAL ASSETS		15 874 084,85	18 823 218,53

PARENT COMPANY'S BALANCE SHEET, FAS

EUR	Note	Dec 31, 2017	Dec 31, 2016
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	14	2 650 000,00	2 650 000,00
Share premium fund	14	7 889 591,50	7 889 591,50
Treasury shares	14	-260 070,00	-260 070,00
Invested unrestricted equity fund	14	223 051,20	223 051,20
Retained earnings	14	1 995 045,28	2 516 653,72
Net profit for the financial year	14	-437 473,31	131 254,36
	14		
TOTAL SHAREHOLDERS' EQUITY	14	12 060 144,67	13 150 480,78

LIABILITIES

EUR	Note	Dec 31, 2017	Dec 31, 2016
Non-current liabilities			
Loans from credit institutions	15	1 531 250,85	1 256 583,66
Pension loans	15	17 270,00	34 554,00
Total Non-current liabilities		1 548 520,85	1 291 137,66
Current liabilities			
Loans from credit institutions	15	501 224,40	998 240,86
Pension loans	15	17 284,00	17 284,00
Trade payables		44 180,77	49 061,06
Amounts owed to group companies	16	1 679 444,24	3 254 871,77
Other liabilities		3 586,10	13 409,75
Accrued liabilities and deferred income	17	19 699,82	48 732,65
Total current liabilities		2 265 419,33	4 381 600,09
TOTAL LIABILITIES		3 813 940,18	5 672 737,75
TOTAL EQUITY AND LIABILITIES		15 874 084,85	18 823 218,53



NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

Wulff Group Plc's financial statements are prepared in accordance with the Finnish accounting legislation whereas the consolidated financial statements are prepared according to IFRS standards. The accounting principles applied in the consolidated financial statements are described in the notes of the consolidated financial statements.

Statutory pensions are taken care of in an external pension company and pensions are expensed when incurred.

Income taxes are booked based on the Finnish tax and accounting regulations.

Non-current intangible and tangible assets are valued in their acquisition prices deducted by depreciations according to plan.

THE AMORTIZATION AND DEPRECIATION TIMES ACCORDING TO PLAN ARE:

Trademarks:	20 year straight-line basis
Intangible asset:	5 years straight-line basis
IT equipment:	3 years straight-line basis
Other machines and equipment:	8 years straight-line basis
Other tangible assets:	5-10 years straight-line basis

2. NET SALES

Net sales consist of sales income deducted by value added taxes and discounts. Service income is recognized upon the delivery of the service. Parent company's net sales consist of only administrative services in Finland.

3. OTHER OPERATING INCOME

EUR 1000	2017	2016
Rental income	71	84
Other	38	59
Total	109	143

4. PERSONNEL EXPENSES

EUR 1000	2017	2016
Salaries, wages and fees	386	284
Pension expenses	58	52
Other personnel expenses	0	10
Total	444	347

Information about the management's employment benefits and loans is presented in Note 30 of the Consolidated Financial Statements. Information about loans to related parties is presented under Shares and shareholders.

5. OTHER OPERATING EXPENSES

EUR 1000	2017	2016
Rents	189	178
Travel and car expenses	15	18
ICT expenses	14	31
Marketing, PR and entertainment expenses	20	25
Fees to auditors *	6	13
Other	225	273
Total	469	538

* Fees to auditors total in all group companies.

EUR 1000	2017	2016
Audit	6	13
Tax services	0	0
Other services	7	0
Total	13	13

6. AMORTIZATION AND DEPRECIATION DURING THE FINANCIAL YEAR

EUR 1000	2017	2016
Amortization of intangible assets:		
Trademarks	150	150
Other intangible assets	1	1
Total amortization of intangible assets	151	151
Depreciation of tangible assets:		
Machinery and equipment	3	3
Total depreciation of tangible assets	3	3
Total amortization and depreciation	154	155

7. FINANCIAL INCOME AND EXPENSES

EUR 1000	2017	2016
Financial income:		
Dividends from group companies	14	181
Other interest and financial income from group companies	135	157
Other interest and financial income from others	17	23
Foreign exchange gains	0	26
Total	166	388
Financial expenses:		
Interest expenses to group companies	-9	-21
Interest expenses to others	-72	-83
Foreign exchange losses	-71	-85
Other financial expenses	-20	-33
Total	-172	-221
Financial income and expenses total	-5	166

8. APPROPRIATIONS

EUR 1000	2017	2016
Appropriations: group contributions received	136	577
Total	136	577

9. INCOME TAXES

INCOME TAXES IN THE INCOME STATEMENT

EUR 1000	2017	2016
Change in deferred tax asset	107	9
Total	107	9

INCOME TAXES IN THE BALANCE SHEET

EUR 1000	2017	2016
Deferred tax receivables	122	15

10. INTANGIBLE AND TANGIBLE ASSETS

2017	Trademarks	Other intangible assets	Intangible assets total	Machinery and equipment	Tangible assets total
Acquisition cost, Jan 1	3 000	57	3 057	166	166
Additions	-	-	-	9	9
Acquisition cost, Dec 31	3 000	57	3 057	175	175
Accumulated depreciation and impairment, Jan 1	-750	-56	-806	-162	-162
Depreciation during the period	-150	-1	-151	-3	-3
Accumulated depreciation and impairment, Dec 31	-900	-57	-957	-166	-166
Book value, Jan 1	2 250	1	2 251	3	3
Book value, Dec 31	2 100	0	2 100	9	9

2016	Trademarks	Other intangible assets	Intangible assets total	Machinery and equipment	Tangible assets total
Acquisition cost, Jan 1	3 000	57	3 057	164	164
Additions	-	-	-	2	2
Acquisition cost, Dec 31	3 000	57	3 057	166	166
Accumulated depreciation and impairment, Jan 1	-600	-55	-655	-159	-159
Depreciation during the period	-150	-1	-151	-3	-3
Accumulated depreciation and impairment, Dec 31	-750	-56	-806	-162	-162
Book value, Jan 1	2 400	2	2 402	5	5
Book value, Dec 31	2 250	1	2 251	3	3

11. SHARES IN GROUP COMPANIES

EUR 1000	2017	2016
Acquisition cost, Jan 1	11 347	11 347
Additions	48	-
Acquisition cost, Dec 31	11 396	11 347
Accumulated depreciation and impairment, Jan 1	-4 264	-4 264
Accumulated depreciation and impairment, Dec 31	-4 264	-4 264
Book value, Jan 1	7 083	7 083
Book value, Dec 31	7 132	7 083

12. RECEIVABLES FROM GROUP COMPANIES

EUR 1000	2017	2016
Non-current:		
Capital loans	3 232	3 755
Other loans	3 029	3 293
Non-current receivables total	6 261	7 048
Current:		
Trade receivables	16	51
Other receivables	37	1 483
Accrued income and expenses	136	577
Current receivables total	190	2 111
Receivables from group companies total	6 451	9 159

13. PREPAID EXPENSES AND ACCRUED INCOME

EUR 1000	2017	2016
Other accruals	2	16
Total	2	16

14. EQUITY

EUR 1000	2017	2016
Share capital as of Jan 1	2 650	2 650
Share capital as of Dec 31	2 650	2 650
Share premium fund as of Jan 1	7 889	7 889
Share premium fund as of Dec 31	7 889	7 889
Invested unrestricted equity fund as of Jan 1	223	223
Invested unrestricted equity fund as of Dec 31	223	223
Treasury shares as of Jan 1	-260	-260
Acquisitions of treasury shares	0	0
Treasury shares as of Dec 31	-260	-260
Retained earnings from previous financial years as of Jan 1	2 648	3 170
Dividend distribution	-653	-653
Retained earnings from previous financial years as of Dec 31	1 995	2 517
Net profit for the financial year	-437	131
Retained earnings total as of Dec 31	1 558	2 648
Equity total as of Dec 31	12 060	13 150
Distributable funds in euros as of Dec 31	31/12/17	31/12/16
Invested unrestricted equity fund	223 051,20	223 051,20
Treasury shares	-260 070,00	-260 070,00
Retained earnings from previous financial years	1 995 045,28	2 516 653,52
Net profit for the financial year	-437 473,31	131 254,36
Distributable funds total	1 520 553,17	2 610 889,08

15. INTEREST-BEARING LIABILITIES

PAYMENT SCHEDULE FOR THE LOANS

EUR 1000	Book value	Payment schedule (years):					
	Dec 31, 2016	2018	2019	2020	2021	2022	Later
Non-current							
Loans from financial institutions	1 531		340	340	340	298	214
Pension loans	17		17				
Total	1 549		357	340	340	298	214
Current							
Loans from financial institutions	501	501					
Pension loans	17	17					
Total	519	519					

16. AMOUNTS OWED TO GROUP COMPANIES

EUR 1000	2017	2016
Accounts payable	7	22
Other short-term liabilities	1 672	3 233
Total	1 679	3 255

17. ACCRUED LIABILITIES AND DEFERRED INCOME

EUR 1000	2017	2016
Accruals for employee benefits	10	26
Interest accruals	5	9
Other accruals	5	15
Total	20	49

18. COMMITMENTS

EUR 1000	2017	2016
Mortgages and guarantees on own behalf		
Subsidiary shares pledged as security for own liabilities	6 953	6 953
Own business mortgages given as guarantee for own liabilities	5 600	5 600
Mortgages and guarantees on behalf of subsidiaries		
Guarantees for the loans of subsidiaries	234	352
Pledges and guarantees given for the group companies' off-balance sheet commitments (rents, customs etc)	580	753
Minimum future operating lease payments, total		
of which will be payable:		
in less than one year	60	359
between 1-5 years	0	0
after 5 years	0	0

Subsidiary shares pledged as security for group's liabilities are presented as book values and they consist of Wulff Entre Oy (2 502 thousand euros), Wulff Oy Ab (3 500 thousand euros) ja S Supplies Holding AB (951 thousand euros).

Parent company's non-cancellable rental agreement can be resigned with a three-month-notice from 1.1.2018 onwards.

SIGNATURES TO THE FINANCIAL STATEMENTS

Signatures of the Board and Group CEO to the Financial Statements

Vantaa 14.3.2018

Ari Pikkarainen
Chairman of the Board

Heikki Vienola
Group CEO

Johanna Kristina Marin

Andreas Tallberg

We have today submitted the report on the conducted audit.

Vantaa 14.3.2018

BDO OY, Authorized Public Accountant Firm

Juha Selänne
Authorized Public Accountant

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF WULFF-YHTIÖT OYJ

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Wulff-Yhtiöt Oyj (business identity code 1454963-5) for the year ended 31 December, 2017. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU

- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We have not provided to the parent company and group companies other services than audit services.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Valuation of inventories

We refer to the notes 1 and 18 of the consolidated financial statements

The inventory balance in the consolidated statement of financial position amounted to EUR 7.0 million.

- Inventories are measured at the lower of cost and net realisable value in the financial statements
- The Group's business and the nature of industry in which the Group operates require maintaining a certain level of inventories and product range. Inventories may include slow-moving items. This also increases the risk that the carrying amounts of inventory items exceed their net realizable values.
- This matter is a significant risk of material misstatement referred to in EU Regulation No 537/241, point (c) of Article 10(2).

How our audit addressed the Key Audit Matter

- We tested manual and automatic controls designed to ensure the accuracy of inventory pricing.
- We compared with the audit robot inventory value of all stock products to sales price lists of all clients and also between the stocks. The data

produced by the robot and the deviations were analyzed and checked.

- We compared inventory turnover rates of stock items and analyzed the development of the items with low turnover rates.
- We reviewed possible negative margins and the reasons to the negative margins.
- We tested the adequacy of the write-downs at the financial year end, for example by comparing the development of the amount of the stock items with low turnover rates to the prior year.

IMPAIRMENT OF GOODWILL

We refer to the Basis for Preparation of the Consolidated financial statements and to the note¹⁵

- The value of goodwill in the consolidated balance sheet amounted to EUR 6.8 million.
- Goodwill is not amortized, but is tested annually for impairment. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.
- Determination of the key assumptions in future cash flow forecasts underlying the impairment tests requires management make judgements over certain key inputs, for example discount rate, growth rates and profitability levels.
- This matter is a significant risk of material misstatement referred to in

EU Regulation No 537/241, point (c) of Article 10(2).

How our audit addressed the Key Audit Matter

- We assessed the allocation basis, i.e. the allocation of goodwill to the tested cash-generating units complies with the allocations principles defined by the company.
- We evaluated the reliability of the Group's budgeting procedures and assessed the historical accuracy of forecasts by comparing the actual results for the year 2017 with the forecasts made in previous years.
- We involved our own valuation specialist when assessing the assumptions used in determining the discount rate to market and industry information.
- Furthermore, we considered the accuracy of sensitivity analysis and the appropriateness of the notes in respect of impairment testing.

VALUATION OF THE SUBSIDIARY SHARES AND LONG-TERM RECEIVABLES

We refer to the Basis for Preparation of the Consolidated financial statements and the Notes to the Parent Company financial statements 11 and 12

- The equity of the parent company is € 12,1 million as of 31 December

2017, of which the distributable equity amounts to € 1,5 million.

- A significant portion of the parent company's assets consist of investments in the subsidiaries. The subsidiary shares and long-term loan receivables amount to € 13,4 million as of 31 December 2017. The measurement of these investments has a material impact when calculating the parent company's distributable equity.
- According to the Finnish Bookkeeping Act, if the fair value of the long-term investment is evaluated to be permanently lower than the book value, the difference must be written down.
- In testing the goodwill, management prepares annually impairment tests also for the subsidiary shares and long-term receivables.
- Determination of the key assumptions in future cash flow forecasts underlying the impairment tests requires management to make judgements over certain key inputs, for example discount rate, growth rates and profitability levels.

How our audit addressed the Key Audit Matter

- We evaluated the reliability of the Group's budgeting procedures and assessed the historical accuracy of forecasts by comparing the actual results for the year 2017 with the forecasts made in previous years

- We involved our own valuation specialist when assessing the assumptions used in determining the discount rate to market and industry information.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting.

The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or

error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related dis-

closures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we

have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 4 April 2017, and our appointment represents a total period of uninterrupted engagement of 1 year.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in

the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, Finland, March 14, 2018

BDO Oy
Authorized Public Accountant Firm

Juha Selänne
Authorized Public Accountant

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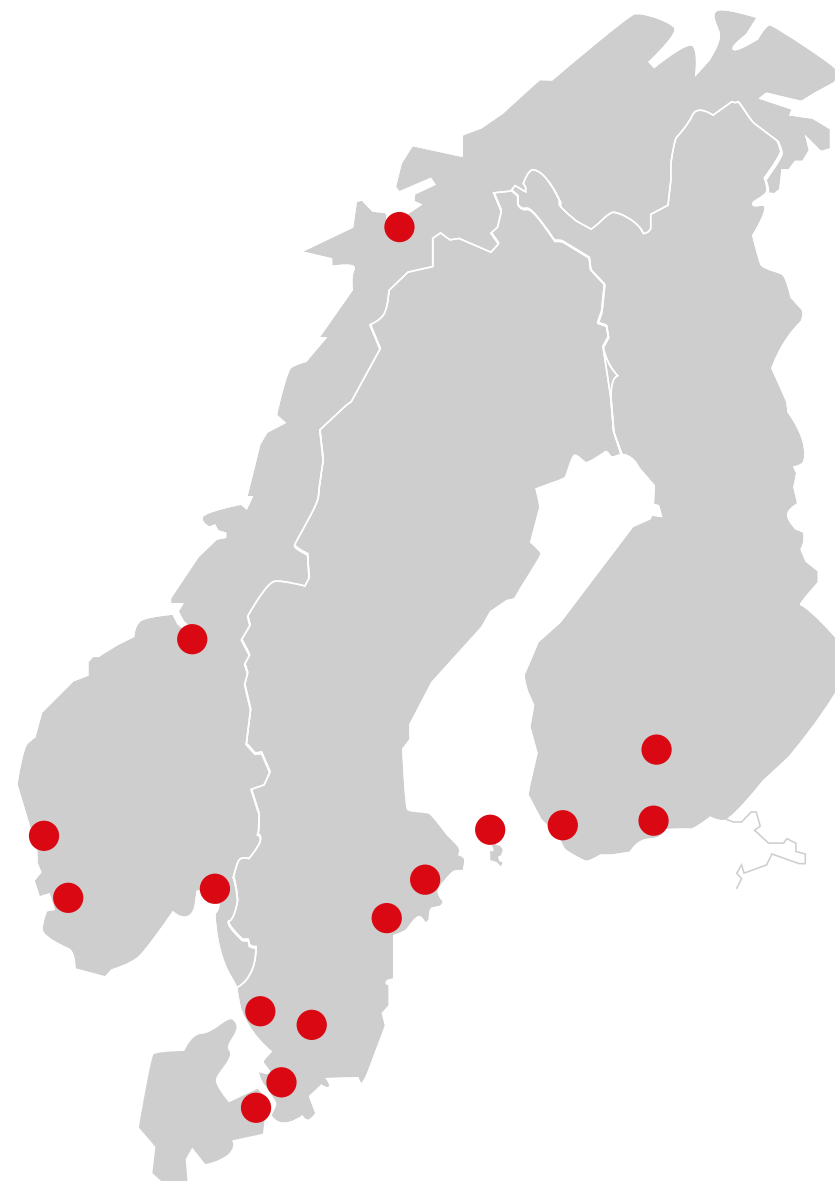
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A better world – one workplace at a time.



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