2020
ANNUAL REPORT

WULFF

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THE FUTURE IS MADE TODAY

YEAR 2020 – A TIME WHEN THE WORLD BOTH GREW AND SHRANK
The year 2020 was strange and special for the world and for Wulff. We were all brought together and separated by the Covid-19 pandemic, and its impact on the lives and operations of individuals, companies and communities. As human beings, we found more common ground in our battle to beat the life-threatening virus, and we noticed that we are citizens of the world and very local at the same time. As physical boundaries were closed, we learned to be together online, across boundaries. Simultaneously, what we had locally, grew even closer, even more familiar and important.

What did we at Wulff learn from 2020? A positive attitude towards change, the ability to learn new things, the skill to identify what needs to be preserved – the elements found in the DNA of Wulff have carried us on for 130 years, and they will also pave our way to future success.

In 2020, Wulff implemented its strategy and purpose above all by making working days safe. In 2020, ensuring companies' operations with hygiene and protective products was crucial. Our basic idea remained the same: we are working towards a better world, one workplace at a time. We are thinking about what the perfect working day is like, and what you will need for it.

As the world changes, and even amidst a crisis, we at Wulff are enabling work in an environment where companies, entrepreneurs and employees operate. The pandemic has also prompted us to look after the world and make a stronger impact on it. That is why we have updated our strategy to make it even more sustainable. With the decisions we take today, each of us can affect the world of tomorrow, as well as the world tens or hundreds of years from now. You can read more about Wulff's Sustainability Scheme on page 20.

” The ability to adjust and learn new things will carry us in life and working life.

Our client Fennia talks

Teea Syrjälä thanks Wulff for their expertise

NEW SAFE EVERYDAY AT FENNIA

Cleanliness and safety at workplaces have become a special feature from the end of year 2019. Hygiene and many other protective products have come into the ranks of workplace products. With it, Fennia's business premises manager Teea Syrjälä has delved into a completely new product world.

How to create a clean and safe work environment? The new norm of office work requires investing in hygiene, cleanliness and cleaning differently than before.

The life-changing COVID-19 epidemic in 2020 has greatly changed the daily lives and behavior of workplaces and their staff.

We spend most of the day indoors at work. Open and multi-space offices are places with a lot of common interfaces and opportunities for bacteria and viruses to spread smoothly. In the new everyday life, workplaces must invest differently in safe work than before.

During the spring 2020, Teea Syrjälä, Fennia's business premises manager responsible for procurement and services, delved into a completely new product world. She thanks Wulff's professionals, especially Juha Kovanen and Niina Satomäki, for their good support and professional help.

"I have put out quite specific questions about products. I had to think about whether the surfaces tolerate weekly disinfection, or what kind of hand disinfectant machines are available. First of all, we have received information from Wulff about what kind of products exist at all that will help in a changed everyday life."

Good conditions for everyone

It was natural for Syrjälä herself to switch to remote working, as her working time is divided into business trips, remote working and office work. Fennia has had good opportunities for remote working, connections have worked well and equipment has been good.

During spring and summer last year, people worked rarely at Fennia's offices. However, changes to cleanliness routines have been made with the idea that those who want to use office space have safe working conditions. For example, special attention was paid to surface washing, and a droplet protection plexiglass was installed at the customer service points of the branches.

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Fennia Group concists of Fennia, Henki-Fennia and Fennia-palvelu Oy.

Partner for businesses, entrepreneurs and private customers in financial security.

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Provider of insurance services for 140 years.

The average number of employees in 2019 was 1,064.

Fennia's values are quality service, an encouraging atmosphere, continuous development, effective operation and entrepreneurship.

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Teea Syrjälä
premises manager

Has worked at Fennia for 10 years, of which 5 years as a business premises manager in the development of the work environment and business premises services.

Best at work:
Every day is different and you always learn something new. The most rewarding is a satisfied customer.

"Cleaning services have switched to using disinfectant products. All contact surfaces have been washed more often than before, including textile furniture, which has usually had a sufficient level of once a year."

In open-space offices, special attention is now paid to cleaning surfaces.

Together with HR functions and sales, Syrjälä made plans about the needs for safe work. Fennia has about 40 branches nationwide, each with 2-4 customer service points. In addition, guests are met in the meeting rooms and in their own study rooms.

Hygiene products came to stay

The sudden change in situation in early spring 2020 caused a supply spike as jobs across the country faced the same situation. "For example, you couldn't get hand disinfectant products anywhere and prices went up. At some point we had daily contact with Wulff back then. In it, email and phone sang when any of our offices ran out of products. We had to constantly ask for information about delivery dates. There has usually been no such problem with Wulff," Syrjälä recalls events. "Wulff did a great job, for example, looking for replacement products. It was also great that when we were offered a product that was not familiar to me before, I dared to trust Wulff's expertise."

Many hygiene products have now come to stay in offices and customer service facilities, Syrjälä believes. "When acquiring, I had to think more far-reaching, for one thing, because we now make large purchases eurowise."

All information necessary

Fennia's head office has a Wulff MiniBar for workplace products, from which employees can pick up the office products they need. It is under consideration in Fennia whether, for example, surface disinfectants products suitable for each workstation could be added to the MiniBar, with which staff can improve the hygiene of their own workstation. While someone picks up a new pen, they can grab a bottle of detergent for their workstation.

"It's very welcome that Wulff is thinking about what all there is to be and what can be easily invested in. All lessons learned in the new everyday life are welcome from the partners."

The popular Wulff MiniBar, a distribution point for workplace products, can be automated all the way up to filling services. The MiniBar is a selection of daily use products on the customer's premises. Now MiniBars also serve with hygiene and protection products.

The year 2020 showed that Wulff and the Wulffians have good resilience.

CEO's Review

SALES, RESILIENCE, ACCOUNTABILITY

Elina Pienimäki
CEO
Wulff Group Plc

A UNIQUE YEAR

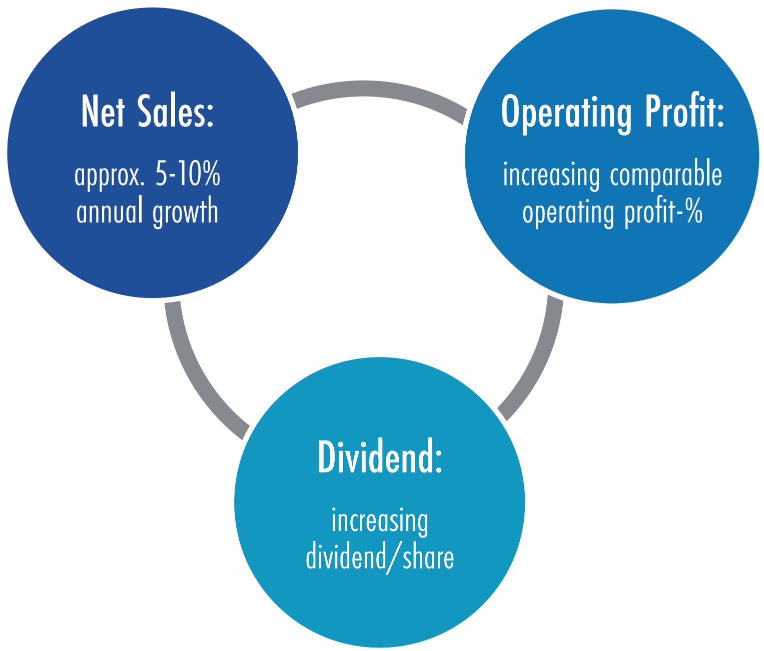
The year 2020 was one of the most special in Wulff's 130th history - and finest.We managed to grow profitably and make excellent strong operating result. The exceptional circumstances showed what it is like for a sales community and its culture built over 100 years. I am grateful and appreciating as I look at all of Wulff's personnel, our customers and our partners. The market and the operating environment changed rapidly. We adapted, anticipated, and acted as well as relied on our strategy to make the world better one workplace at a time. Our customers trusted that we are the right partner to ensure safe work environments and take care of smooth workplace product maintenance, also in exceptional circumstances.

We proved that in addition to top-class sales expertise, we have one of the most important working life skills of the future: resilience. Perseverance, resilience, adaptability and the ability to identify what is important.

THE BEST IN ITS FIELD

Both customer and staff experience quality developed positively in 2020: Wulff was rated the best in its field by Taloustutkimus research company in the 2020 study for working life decision makers. We got it for the second year in a row. In addition, we excelled above our competitors in overall awareness, customer service, reliability and delivery capacity. The fact that our staff´s satisfaction with Wulff as an employer grew in many ways challenging year which tested our intellectual resources, the year of the corona, is a great achievement.

WULFF´S OBJECTIVES



The result tells that Wulffians perceive their work as meaningful and equal in the work community.

SAFE WORKING DAYS

In 2020, Wulff implemented its strategy and purpose specifically by doing working days safe. Ensuring the operational capacity of companies with, among other things, hygiene and protection products became important role in all our countries of operation and sales channels.

Our basic idea remained: we know what is needed for the working day and we deliver products to where you work is done. Corona increased working at home and in holiday homes, for example, and, in 2020, Wulff was allowed to deliver an increasing number of workplace products to home addresses. When you look at Wulff's history, you will notice that we have always successfully sold what is needed. Few companies can say they survived the two world wars, the Great Depression and a pandemic threatening human lives. Wulff can.

THE STRATEGY IS BUILT ON RESPONSIBILITY

We have updated our strategy, according to the wishes of our customers and staff, even more responsible, and the main theme of the 2021-2025 strategy period is responsibility. The year 2021 began at Wulff with the launch of the Sustainability Scheme for staff. The Scheme was made together with Wulffians, liability service company Third Rock and climate and environmental expert Leo Stranius. Wulff wants with its own activities and the products and services offered have a particular impact on positive climate action and global equality. Even in big objectives and change in activities one can succeed when you start work right away and share it suited to challenging and inspiring pieces. The Scheme makes Wulff's operations, products and services more carbon-neutral. It also strengthens Wulff's role as an inspirer and builder of sustainable work environments.

WHY WULFF´S SUCCESS CONTINUES

"When the meaning is strong, the action around it is possible to evolve continuously. What a company does and how it works can change significantly and rapidly." I wrote the preceding sentences to this review last year. How well they hold true! Responsibility, customer orientation, entrepreneurship and productivity were evident and seemed in the daily lives of the Wulffians as well in exceptional circumstances. They helped us to help our customers.

Why do I believe we will continue to succeed? As a responsible, local and multi-channel company we are a suitable partner by both our values and services for an ever-growing number of companies.

When this is combined with the best of the Nordic countries sales expertise, active new customer acquisition and an international partner network, growth is possible even in demanding times.

Thank you for a unique year! And welcome new years and new normal - we will do it all together.

Net sales 2020
EUR 57.5 million

Operating profit 2020
EUR 3.5 million

Dividend 2020
EUR 0.12 per share

In exceptional circumstances:
Wulffin Kulma was a well-known landmark on the Helsinki Esplanade from the beginning of the 20th century to the 1960s. During the war, also Wulff was involved in exceptional circumstances.

Wulff's pen bar in 1939
(Photo: Elka, Studio Saurén)

Now and back then: the 130-year-old company has always known

HOW TO ADJUST AND REMAIN RELEVANT

It has been said that 2020 with its exceptional circumstances and the Covid-19 pandemic will be a unique generational experience that will leave its mark on everyone who lived through it. At Wulff, we know that we can survive crises – and even come out stronger than we were. Did you know that during the World Wars Wulff sold blackout curtains, among many other things? And did you know that ink was made in the property at Mannerheimintie 4 in Helsinki with an American licence when importing was not possible?

EXCEPTIONAL CIRCUMSTANCES AND AN EXCEPTIONALLY STRONG CULTURE

The business that started as a small paper shop established by Thomas Fredrik Wulff on 23 August 1890 has proved to have the makings of a survivor and winner. The exceptional circumstances and the Covid-19 pandemic of 2020 have been transformative, even frightening, for us all. Looking back now, we can see that 2020 isn't the first strange time in history. Among the Covid-19 precautions, the dancing ban might bring back memories of World War II for those who still remember the 1940s.

Now, we need similar restrictions to battle humanity's common enemy, Covid-19. Confidence in the future and understanding that a good tomorrow is largely a result of our attitude and actions today are crucial in these exceptional circumstances.

Thanks to those who have written our history, we now have stories we can turn to for that Wulff strength and power. We know that the preconditions for adapting and surviving are a key part of our culture.

Resilience, or positively adjusting to significant setbacks, has always existed at Wulff and among Wulff employees.

WORKPLACE PRODUCTS ACCORDING TO TIME AND NEED

The company established by Thomas Wulff was the Wulff family company for a long time. Over time, it was led by three commercial counsellors: Thomas, his son Einar Wulff, and Einar's son Harry Wulff. Today, Wulff is a listed company with strong values and family-like operations with a product selection of up to 40,000 items. We have always developed our selection to match modern demand, we have considered our suppliers our partners, and we have quickly seized the initiative when it has been necessary. During the exceptional circumstances of 2020, Wulff has been praised for the reliable supply of important hygiene and safety products, because availability was a significant challenge for many operators, especially at the start of the pandemic.

During the war, we sold blackout curtains, ink and pencils made of curly birch when there was a shortage of everything. Our pen repair shop worked for years after the war too, and as a sustainable solution, it could also be part of modern times.

Wulff turned 130 on 23 August 2020. Last year, the company also celebrated the anniversary of its stock exchange listing: it went public in October 2000. You can read more about our enchanting and touching history in Finnish in the Wulffin tarinoita blog by Wulff's own historian and Wulffinkulma.fi online store merchant Sari Suonpää. You can find the blog at wulff.fi.

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Wulff sees responsibility thinking as the most significant change in its operating environment and an opportunity to build competitiveness.

OPERATING ENVIRONMENT IN A STATE OF RAPID FLUX

What is the new normal – and our new operating environment? After the pandemic year of 2020, all industries are looking for an answer to that question, including those of us in the sales of workplace products and services.

THE NORDIC OPERATING ENVIRONMENT IN FIGURES

According to Wulff's estimate, the size of the workplace products and services market (EUR/year) has remained roughly the same for several years. Wulff estimates that the 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.

GENERAL ECONOMIC DEVELOPMENT AFFECTS COMPANIES' PURCHASING POWER

In the Nordic countries, the demand of the trade industry follows general economic development. Although the economic downturn in Wulff's operating countries caused by the Covid-19 pandemic has been smaller than estimated, it still weakens the preconditions for economic growth. The second wave of the pandemic may also cut investments even further and slow the recovery of the labour market. At the same time, the ageing population in the Nordic countries is changing the dependency ratio. This puts pressure on long-term preconditions for growth. However, the Finnish economy, for example, is expected to take a slow positive turn driven by private consumption, as the Bank of Finland explains in its forecast.

A STRONG PLAYER IN A FRAGMENTED MARKET

The Nordic market is very uniform in terms of the number of customers, purchasing behaviour and demand for products. Traditionally, the industry's market has been very fragmented. Entering the market is easy, which 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. Company takeovers will continue in the future, and the consolidation development is likely to remain intense. Wulff is a strong player in a fragmented market. It has been a pioneer in company takeovers, which are also expected of Wulff in the future.

TRANSFORMATION GATHERS PACE

The operating environment for workplace products and services has been in a state of flux for a long time, and the Covid-19 pandemic is accelerating this development. The megatrends that will affect Wulff's operating environment include taking into account the state of the environment and improving it instead of resource use, an ageing and diversifying population, technology blending with all operations, and the transformation of work and consumption. Multi-local information-intensive work, and remote work at the home office or holiday home increased significantly in 2020. It has been estimated that some people will continue to work mostly remotely in the future as well. Digitalisation is changing the world, and the development of information-intensive work methods is exceedingly rapid.

At Wulff, we are aware of the transformation of the operating environment. We actively observe the changes and see them above all as opportunities. For example, there will be a growing demand for tools that maintain and improve the ergonomics of workstations in the future. Great tools for working in shared offices, as well as home and other locations where people work, are investments that employers are keen to make when competing for the best and most profitable experts. In addition, many senior citizens want to do meaningful work for as long as they feel fit. Wulff can help people feel well in their work.

Wulff sees that the most significant megaC-trend affecting Wulff's operating environment and its own operations is environmental awareness: protecting the environment and improving its state. Value-based decision making will be increased, both in the procurement of individual products and when selecting partners. Wulff feels that sustainability thinking is the most significant factor contributing to competitiveness in the future.

WULFF'S COMPETITORS

Wulff's competitors consist of unlisted small and medium-sized companies in all market sectors. In Finland, Wulff Group has approximately ten significant competitors. Wulff Oy Ab's Contract Customer concept faces competition from Staples, Lyreco and RCK Finland. In the Scandinavian contract customer market, Wulff Supplies faces competition from Staples and Lyreco. Wulff's Expertise Sales companies compete for

market share with Canncolor Group and Oy Rahmqvist Ab, among others.

International exhibition services and products and services designed for construction sites broaden Wulff's operating environment from its traditional sphere. Wulff Entre is the Group's international trade show expert. Exhibitions are seasonal. Most sales are therefore generated in the second and last quarter of the year. Wulff Entre's sales and operations are influenced by trade show frequency, because many international exhibitions only occur every two or sometimes three years. Wulff Entre's competitors are international event production and marketing agencies, exhibition producers, trade show service houses and stand builders, mainly located in the Nordic countries, the Netherlands, Poland and Germany. In 2020, the exhibition industry's operating environment changed radically, because the Covid-19 pandemic meant the majority of international and Finnish trade shows and exhibitions were cancelled or postponed.

FOR COMPANIES, ENTREPRENEURS AND COMMUNITIES

The products sold by Wulff are used throughout the year. In normal circumstances, demand is continuous and not seasonal in the areas of data storing solutions, cafeteria and catering, facility management, toner cartridges, paper and cleaning products, for example. Demand is influenced by the general economic situation. For example, as large companies hire more white-collar employees, consumption increases. Some products have a very long lifecycle. For example, ergonomic products are often considered carefully before buying, and they can last for decades. Sales of promotional and gift items have traditionally been seasonal, with an emphasis on the second and fourth quarters of the year. Nowadays, gifts and promotional items are increasingly an integral part of corporate marketing communications and are significant in communicating company values. Intangible gifts are also increasing in popularity, which is why traditional business Christmas and summer gift items will no longer appear as seasonal peak sales.

The significant change in consumerism seen in the Nordic economy in recent decades also affects how Wulff sees the opportunitu- to build success and growth. It is predicted that entrepreneurship will become more widespread, and that more and more people will be self-employed in the future, selling their own expertise. The trend is already visible in the rise of "light entrepreneurship", for example. It is important for Wulff to be a flexible and agile company that responds to market changes, and that it has the courage and capacity to innovate and provide services for companies of all sizes.

RESPONSIBLE GROWTH

Wulff's most important change in the operating environment is the growing importance of sustainability thinking and value-based partner selection. The company builds its future growth and competitiveness around sustainable, ethical and environmentally friendly products and services. Wulff's goal is to develop its own operations, customer operations and the industry itself. It wants to influence the operating environment and values. For example, the world has changed more in the last 30 years than in the previous 300 years in terms of technological progress. We should expect ever bigger and faster digital leaps. Those who can take advantage of development and are leading the change will succeed in the industry.

SIGNIFICANCE BUILDS COMPETITIVENESS

Wulff estimates that the Covid-19 pandemic will affect the economic situation of companies for at least a year, and even up to two or three years. The Covid-19 pandemic has prompted us to see how our actions affect nature. During the Covid-19 pandemic, the performance and carrying capacity of the environment have recovered in a short time in some places, as pollution or emissions have been cut radically. Our actions, the better choices made by companies and individuals, matter. They are significant. The days of competing only on price are therefore over. Companies want to select partners who share the same set of values. Products and services have to do more than solve everyday problems. For example, the carbon footprint or handprint of a product or service, or the ethicalness of its production methods, are crucial decision-making criteria. At Wulff, future success is built through the continuous development of our customer experience and our own operations. In addition to sustainability, the values steering our operations include customer orientation, entrepreneurship and effectiveness, as they have been in Wulff's operations for more than 130 years.

Responsibility guides Wulff's future. We inspire our customers to make work environments sustainable and select the products and services which make work and the world better.

MORE SUSTAINABLE STRATEGY AND BUSINESS

When people know what they do at work, and how they do it, a company has a strategy. A company with a winning strategy also has an inspiring answer to the question "Why do we exist?". People commit themselves to significance. For Wulff, it's important to create a better world one workplace at a time.

A PERFECT WORKING DAY IS SUSTAINABLE

Value-based decision making is increasing in the procurement of individual products, as well as in selecting a partner. Companies and communities are not only expected to have opinions and issue statements, but to act in line with them. That is why the perfect working day Wulff aspires to is also sustainable. It means that our impact on our operations and our customers' operations, as well as on the planet we're living on, are positive. We enable better work environments and make the workplace – wherever it may be. More comfortable, healthier, safer, more pleasant, more efficient, environmentally friendly, functional, diverse? How would you like to improve your working day and environment? Wulff will have the solution for you.

WULFF'S SUSTAINABILITY SCHEME

Based on feedback and wishes from customers, stakeholders and personnel, Wulff's strategy for 2021–2025 was updated to be even more sustainable. At Wulff, 2021 kicked off with the launch of the Sustainability Scheme for the personnel in Finland, the first of the operating countries where the strategy update will be implemented. The Scheme was a collaborative effort of Wulff's people, the sustainability service company Third Rock, and climate and environmental expert Leo Stranius, and the data of the customer and personnel sustainability surveys was also utilised.

POSITIVE CLIMATE ACTION AND EQUALITY

We wanted the indicators of our Sustainability Scheme's targets, actions, and successes to support the UN Sustainable Development Goals. In particular, we chose positive climate actions and increasing equality in the world as our focus areas. They are perceived as the most crucial sustainable development goals at Wulff, and they are also issues that Wulff can significantly influence with its decisions and operations.

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

Goal
A perfect workday.

Customer promise
We help companies create better working environments and working days.

The three areas of the Scheme are happy Wulff employees, a sustainable supply chain and carbon-neutral Wulff. The related actions will make Wulff's operations, products and service more carbon-neutral. Wulff can promote increasing equality and decreasing inequality with its own HR policies and ethical guidelines, to which Wulff's suppliers commit with Code of Conduct agreements, for example.

THE MOST RECOMMENDED PARTNER, THE MOST DESIRED EMPLOYER

The actions of the Scheme play a key role in ensuring that Wulff is the most recommended partner for its customers and stakeholders, as well as the most desired employer in its field. It also strengthens Wulff's position as an inspiration and builder of sustainable work environments.

WHAT ARE WORKPLACE PRODUCTS?

In 2020, hygiene and protective products used to make working days safe were workplace products in particular. Ensuring the performance of companies with relevant products soon achieved an important role in all of our operating countries and sales channels. At Wulff, we believe that these products will remain an important part of our selection in the future as well. Once we have survived the Covid-19 pandemic, we want the products to communicate the company's values and brand as well – as product selections nowadays inevitably do. In addition to ensuring health and safety, we want to add moisturising elements to hand sanitisers, for example.

What kind of products are purchased from Wulff, and what are workplace products? Before the year of Covid-19, Wulff's most sold workplace products were coffee, toner cartridges and printing paper. The share of cafeteria and property maintenance products of all sold products has increased. At Wulff, we know that to succeed in our business we need to actively and insightfully renew our product selection, because the demand for traditional office supplies has been declining for a longer period. There are digital replacements for pens, paper and notebooks.

Wulff's product selection is extensive. You can easily order more than 40,000 different products, and we have more than 4,000 ready products available in our warehouse. Our selection features hygiene, protection and safety products, air cleansing, cafeteria and break room supplies, property maintenance and cleaning supplies, office and IT supplies, ergonomics, first aid, and innovative products for construction sites.

SERVICE BUSINESS

Wulff is actively looking for new services that complement its operations, and is willing to invest in its new service business with acquisitions and mergers in line with its strategy. International exhibition services and products and services designed for constructions sites broaden Wulff's operating environment from its traditional sphere. Service business is also provided by the Canon Business Center, which is part of Wulff Group and among the strongest sellers of data and document management and printing solutions in the Helsinki metropolitan area. In the Helsinki region, Wulff also provides its customers

WULFF´S STRATEGIC PROJECTS

Wulff Sustainability Scheme

Positive climate actions.
Equality and humanity.
Happy Wulff staff, responsible supply chain, carbon neutral products.

Wulff Lab

Experimental culture and quick success duplication. New business areas and products and their development.

Wulff Digital

Customer service and encounter digitally and in person.
Digital contacts for leads and commerce.
Digitality streamlining own work.

with high-quality, Finnish and sustainable catering services under the Wulff Catering brand.

MULTICHANNEL NORDIC OPERATOR
In addition to Finland, Wulff Group operates in Sweden, Norway and Denmark. The service models of this multichannel group complement one another.

In the Nordic countries, Wulff has approximately 100,000 customers served personally by almost 200 B2B sales professionals. The Contract Customer concept makes it easier for customers to make regular purchases. Expertise Sales offers local and personal service to companies of all sizes. They both share the idea of offering the company's competence to customers. Comprehensive service promotes customer satisfaction and the continuity of customer relationships.

Customers are also served in person at Wulff shops. Wulffinkulma.fi shops are located in the Finnish cities of Helsinki, Turku, and Lahti.

The online network has increased its significance as a customer service channel, but it also complements personal sales. Contract Customers are served more widely on the internet with customised solutions, and the use of our online service is constantly growing. Especially micro, small, and medium-sized companies are served online by the Wulffinkulma.fi online store, which has reached new customers continuously. Opportunities brought about by digitalisation play an important role in our development of the Wulff of tomorrow.

STRATEGIC PROJECTS
With the Sustainability Scheme, sustainability is becoming the most important value steering Wulff's operations and the most significant driver of competitiveness. The make the world better one workplace at a time strategy was launched in early 2018, and many of the strategy's projects remain relevant.

The Wulff Better Products project aimed to increase the number of sustainable and environmentally friendly products and services in the group's selection. We need solutions that have a positive impact on people, the environment and the world. In addition to environmental friendliness, ethical perspectives and equality were highlighted among the criteria for selecting products and services. The Better Products project grew into an entire Sustainability Scheme. The best projects can grow into strong values that are incorporated in the operations of the company and the daily life of its employees.

In addition, the Wulff Lab project has become a permanent operating model for the company, which encourages a culture of experimentation and the quick scaling of successes, as well as boldly giving up unprofitable business or business that is not in line with our values. The Lab activities include finding new and more sustainable products for our selection, as well as introducing completely new services to the Wulff selection. Coming

WULFF'S SERVICES IN FINLAND

CONTRACT CUSTOMERS

Wulff Contract Customers: workplace products as service (WulffNet, MiniBar and Cabinet Service)

Wulff Stores: workplace products for small and medium size companies and consumers (Helsinki, Turku, Lahti)

Wulffinkulma.fi: workplace products webshop for small and micro companies as well as consumers

WIP Wulff: personilized products, special products, tailored solutions and f.ex. business card service

Wulff Entre: international fair services; project management and design

Canon Business Center metropolitan area: printing, large-format printing, ICT outsourcing services and data outsourcing services

Wulff Catering: meeting and event catering, hand made Finnish tastes in metropolitan area

EXPERTISE SALES

Wulff Ergonomics: workplace ergonomics and solutions and services for workplace well-being

Wulff Innovations: innovations and novelties for easier every day life

Wulff Naxor: professional solutions for post-treatment of paper and unique products for worksites and real estates, first aid solutions, products and training up with new and more effective ways of working and development are also part of the Lab activities.

Sustainability and environmental aspects are also highlighted in the Wulff Academy and Wulff Digital projects. Wulff Academy includes an orientation and training programme, as well as indicators of daily activities and development used to ensure that our personnel have the necessary competence now and in the future. The purpose of the Wulff Digital project is to ensure the company's digital capabilities and pioneer status. The best customer experience in the industry is created with all the mentioned aspects, committed people and a strong feeling of significance, a shared objective to make the world a better place.

THE SUCCESSFUL AND STRANGE 2020

Wulff's performance in the exceptional circumstances of 2020 was excellent. Net sales grew to EUR 57.5 million (EUR 56.3 million), and operating profit to EUR 3.5 million (EUR 1.6 million). Earnings per share (EPS) grew to EUR 0.32 per share (EUR 0.15 per share). The Board has proposed a dividend of EUR 0.12 per share.

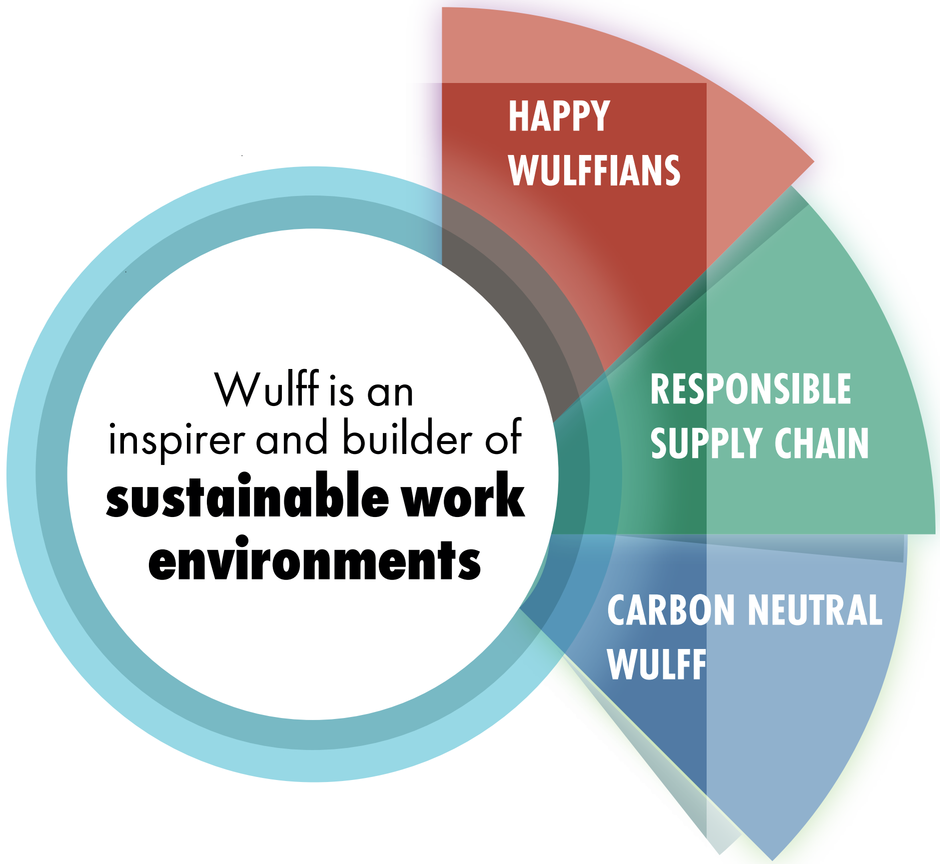
The feedback we have received makes us even happier than the excellent growth figures. Both the customer and employee experience developed in a positive direction in 2020. Wulff was judged the best in its industry in an independent external survey conducted in September–October 2020, and the Group employee satisfaction survey indicates that its employees are more satisfied with Wulff as an employer than before.

HOW DID WULFF DO?

As the market and operating environment were changing rapidly, Wulff swiftly reacted to the situation, adjusting and renewing its operations. At the same time, we relied strongly on the core of our strategy, creating a better world, one workplace at a time.
Wulff received positive feedback from its customers for its active operations in the exceptional circumstances. We actively contacted our customers and communicated the properties and availability of the sought-after hygiene and safety products. Wulff's strengths include fast and reliable logistics. Personal sales work, multichannel customer service in online interfaces, and functional logistics combined with a competent procurement organisation were a combination that customers found easy to trust. The active sales of hygiene and protective products required in 2020 in all sales channels of workplace products was the right strategic decision.

In the exceptional circumstances, the strength of Wulff Expertise Sales was to assume the sales of topical products quickly and to reach regional customers effectively to offer them suitable products. Preparing for Covid-19 and the changes it brought about in the behaviour of companies and people introduced opportuni-

Better world one workplace at a time
Wulff Sustainablity Scheme



ties for additional sales in Wulff's Expertise Sales. The demand for cleaning and hygiene products, as well as remote work equipment, increased, and clean indoor air is also perceived as important. The Expertise Sales offer service personally and locally, identifying the special characteristics of customers' operations. Personal service and strong expertise were appreciated in the exceptional circumstances. The Wulff Expertise Sales quickly adopted new ways of meeting customers and sharing information on topical solutions. Procurement and sales were agile in renewing the product selection: new products and product categories, as well as partner suppliers, were quickly set up. Known as an effective distribution channel with sales power, Wulff is a desirable partner for suppliers. In addition, the Expertise Sales won many new customers in healthcare, for example. Thanks to its sales power, the Expertise Sales segment achieved a strong net sales and result in the exceptional circumstances.

Wulff is the industry's strongest in Finland and among the most significant workplace product and services contract operators in Scandinavia, and a significant number of the largest Nordic companies trust its expertise. One of the most popular cost and time-saving supply solutions in Finland is Wulff's MiniBar, and in Scandinavia, the Cabinet Service, which can be found in hundreds of large organisations and corporations. The MiniBar and Cabinet Service work like their hotel namesakes. The shelves of the

automated refilling services offer ready-to-use office and IT supplies, catering and facility management products. The exceptional circumstances affected the contents of the MiniBar: the demand for IT, cafeteria, property maintenance products and office supplies decreased as remote work became more common. However, significant numbers of hygiene and cleaning products were needed and purchased for workplaces. The new normal means investing in cleanliness and safety in the future as well. A progressive employer is also a caring employer that also delivers the tools and products for good ergonomics and wellbeing at work for home offices.

2020 was exceptionally challenging for Wulff Entre, the company's unit specialising in international exhibition services, and the Wulff Catering business. The majority of Finnish events and almost 100% of international events of a significant size were cancelled or postponed because of the Covid-19 situation. In normal circumstances, Wulff Entre organises trade shows and exhibitions in more than 30 countries, but it has basically lost its entire market. We decided to use the time and resources to enable trade show and sales encounters in new and even more sustainable ways. The result was the Exhibition On Demand concept, which takes remote encounter to a whole new level. In the concept, the encounter path is planned using the Meeting Design method to achieve the highest possible quality, to make it informative and give the participant an experience. In early 2021, the Exhibition on Demand concept was joined by the My Remote Studio product. It is designed to make audio-visual experiences available to all companies and entrepreneurs in an affordable package that is easy to use. Organising a remote meeting, webinar, workshop, presentation or training event is easy with My Remote Studio as a self-service from your own studio.

Wulff's online store wulffinkulma.fi, open to everyone, and the Wulff shops succeeded in increasing their sales and profit in 2020. The online store services were developed to serve consumers even better. A progressive sustainability indicator was developed for the shopping

Taloustutkimus Economic Research 2020 says: Wulff is number one!
Wulff was evaluated best in its field in a Taloustutkimus research for working life decision makers. We received the best overall rating for the second year in a row. For example, we excelled our competitors in terms of overall knowledge, customer service, reliability and delivery capability.


WULFF

basket, which tells the customer about the sustainability of their shopping and encourages the making of better choices for the planet.

AN EFFECTIVE DISTRIBUTION CHANNEL OF HIGH-QUALITY SERVICES AND PRODUCTS

Wulff is a significant partner for the companies with which it collaborates. The Group companies are a desired distribution channel for suppliers' new products. For example, a nationwide organisation makes launching new products to customers in a tight timeframe possible while serving each customer personally. The growing Group can offer its customers an increasingly diverse range of services, price benefits, more sustainable services, products, and information about the impacts of their purchases. The Group actively collects feedback and information from both companies and product users regarding their needs and wishes. In addition to Wulff's own operational development, suppliers also utilise this information. The best ideas for product development and new products often come from customers.

NETWORKING IS A PART OF BUSINESS

InterACTION, the leading wholesaler association in the field, is an important network for Wulff Group. 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 product information it receives. The joint purchasing organisation has its own international brand called Q-Connect. The high-quality Q-Connect products are also included in Wulff Group's product range, and their popularity and number in Wulff's selection have grown continuously.

WHAT DOES THE FUTURE LOOK LIKE?

Wulff estimates that the net sales of 2021 will increase compared to 2020, and that the comparable operating profit will remain at a good level in 2021. Wulff's mid-term financial targets remain unchanged. In the long term, the company is striving to achieve 5–10% annual growth in net sales, an increasing operating profit margin and a dividend. Now and in the future, Wulff's most important goal is to provide the industry's best and most sustainable customer experience, products and services.

WULFF SUSTAINABILITY SCHEME

HAPPY WULFFIANS

Relevant work
- Occupational well-being survey, well-being index

Equal workplace
- Diverse profle of Wulff workers, trainees and students

Responsible actions for the benefit of society
- Amount of volunteer work in staff, number of partnerships and donations

RESPONSIBLE SUPPLY CHAIN

Code of conduct -update and implementation for suppliers by 2022
- Agreements signed

Supporting customer responsibility work - when you become aware, you become responsible
- Number of encounters

Providing responsible products
- Number of eesponsible products (%) of sales

CARBON NEUTRAL WULFF

Carbon neutral offices 2022
- Reduction of emissions and actualized emission compensation

Carbon neutral supply chain 2022
- Reduction of emissions and actual emissions compensation

Carbon neutral products 2030
- Number of carbon neutral products (%)

**Wulff's responsibility goals are happy Wulff employees, a respon-sible supply chain and a carbon-neutral Wulff.
These consist of Wulff Sustainability Scheme.**

THE SUSTAINABLE WULFF

Wulff's strategy – a better world one workplace at a time – was updated in 2020 to make it even more sustainable. In 2021–2025, the Sustainability Scheme will strongly steer Wulff's operations. For Wulff, sustainability means positive climate actions and increasing equality in the world, above all else. When the themes have a strong presence in our strategy, taking care of environmental, economic, and corporate social responsibility is a natural part of our operations.

Wulff's Sustainability Scheme, its targets, actions, and indicators were designed in collaboration with the sustainability service company Third Rock and climate and environmental expert Leo Stranius. Wulff finds it important to set meaningful targets for operational development that will be meaningful and have an impact now and in the future. The aim was to decide on targets that would be challenging but achievable with determined and persistent work. At Wulff, we are pleased to see that sustainability has become a more significant decision-making criterion for an ever-increasing group of customers and Wulff stakeholders. It makes the Sustainability Scheme an inspiring tool that benefits all.

The three areas of the Sustainability Scheme are happy Wulff employees, a sustainable supply chain and a carbon-neutral Wulff. The targets and actions of the Scheme are reviewed annually at Wulff: internal and external audits, and help from experts if necessary, are used to ensure that practices and development trends also serve Wulff's strategy as the surrounding world changes.

ENVIRONMENTAL RESPONSIBILITY AND POSITIVE CLIMATE ACTIONS

The targets of the Sustainability Scheme regarding a carbon-neutral Wulff and a sustainable supply chain are strong statements for positive climate actions and environmental responsibility. It is important to know the carbon footprint of your own actions and choices, decrease it, and compensate for any emissions. However, acknowledging and decreasing your carbon footprint is only the first step. In its own operations and the product selection it offers for its customers, Wulff aims to create climate benefits with products, services, or processes, or to turn the carbon footprint into a carbon handprint.

MORE SUSTAINABLE CHOICES FOR CUSTOMERS

We need information, indicators, guidance and inspiration for more sustainable operations. Wulff has invested in collecting information, creating indicators and communications. As a customer of Wulff, more sustainable operations are easy because you get extensive information about the impacts of your choices on the world and suggestions for making your operations and actions more sustainable.

Wulff has been praised on several occasions for its detailed environmental reporting. For example, CO2 emissions burdening the environment are monitored in Contract Customer sales, as well as company- and customer-specifically. The environmental calculator counts the operations' carbon footprint and indicates how much offset CO2 emissions are created. Customer-specific CO2 emissions reports have been part of Wulff's Contract Customer sales' standard reporting for a long time. Customers are also actively steered towards low-emission operations by optimising the number of deliveries.

The deliveries used are environmentally friendly and carbon-neutral. Deliveries with no carbon dioxide emissions are executed in Finland through the Posti Green service. Decreasing and calculating CO2 emissions is realised using Posti's environmental programme, and the remaining emissions are compensated by funding certified climate projects in countries with

"When partnering with job products procurement by Wulff, it is easy to choose responsibility.

no emission ceilings.

All packaging material used in shipping goods are recyclable or can be utilised as energy. Cardboard boxes, packaging tape, packing rims, stretch wrap and pallet hoods, as well as filler paper, have all been selected for their recyclability or environmentally friendly disposal.

Wulff actively provides different recycling options for its customers – for example, recycling containers and the Wulff Eko-Bag. The recycling of used toner cartridges, soft drink bottles, batteries, and waste electrical and electronic equipment (WEEE) is quick and easy thanks to returnable collection containers. Workplace products made of different materials can easily be sent out for sorting and reuse in the Wulff Eko-Bag. As the container or bag is starting to fill up, you order a collection from Posti, and the products will be processed further for recycling.

In Contract Customer sales, the sustainability percentage of customers' purchases is monitored and discussed with Wulff's key account manager. Customers of the wulffinkulma.fi online store that is open to everyone are encouraged to make better choices with the sustainability indicator in the shopping basket. In both personal and online encounters, Wulff steers customers towards better choices. Better choices can be environmentally friendly, ethically made, certified and domestic products. The more customers our Wulff employees meet, the more we have succeeded in increasing the amount of information on sustainable options in the world.

For the Wulff people, responsibility means positive climate action and equality in particular adding to the world.

Driving constitutes part of the Wulff carbon footprint. The job of many Wulff employees is meeting customers in different corners of the country, sometimes far away. At Wulff House in Kilo, Espoo, we have two electric car charging stations that are available for our personnel and customers to use. The car policy of Wulff Group includes renewing our fleet to include vehicles that burden the environment as little as possible. Some of the fleet is renewed every year. The number of more environmentally friendly vehicles is thus continuously increasing. The emission limits for new cars have been decreased significantly. In addition, we provide our employees with the opportunity to select an environmentally friendly gas car as their vehicle.

In the spring, office bikes appear in the yard of the Wulff head office in Espoo that Wulff employees can use to go for a green lunchbreak or to the railway station for their commute home while enjoying the greenness of nature. And a little exercise break works wonders for the mind and body! By taking care of the environment, we also create the preconditions for people and our company to succeed in the future.

The increased number of remote meetings has cut the kilometres driven, and the pandemic of 2020 accelerated this development as traditional in-person meetings were replaced by online meetings. Teams, Zoom and Google Meet meetings will also be part of Wulff employees' ecological daily life in the future.

CARBON-NEUTRAL PRODUCTS REPRESENT A SIGNIFICANT SHARE BY 2030

Many of our customers who purchase workplace products from Wulff have noticed that sustainable products are good for the environment and the budget. Wulff's selection of sustainable products is increasing continuously. When selecting suppliers, we prefer companies committed to sustainable development, improving the environment and ethical operations. In particular, we are adding products to our selection in which environmentally friendly raw materials and production have been used. We have updated our own ethical guidelines, which we will review with our annual contract partners by the end of 2022. Commitment to our ethical guidelines is verified by a signed contract. In addition to environmental impacts, the guidelines take a stand on bribery and human rights.

SUSTAINABLE SUPPLY CHAIN AND CARBON-NEUTRAL OFFICES

The Wulff supply chain has long been the most environmentally friendly in the industry, and it is well on its way to becoming progressive in its sustainability. The products' entire logistical order and supply chain, from the supplier to the customer, is

Wulff's goal is a 100% carbon-neutral order-supply chain in 2022. The supply chain includes import transportation from the supplier to Wulff's warehouses, energy used in storage, transportation of orders to customers and recycling / return.

transformed to become as low-emission as possible, and all possible remaining emissions are 100% compensated. The supply chain includes import delivery from the supplier to a Wulff warehouse, the energy used in storage, order deliveries to customers, and recycling and/or returning.

In its own operations, Wulff is actively decreasing the emissions, consumption and waste created in its operations. By 2022, company's own office will become carbon-neutral. In Finland, Wulff House already produces its own energy with the solar power station built on the roof of the building in the summer of 2019, and similar projects have been initiated in other countries of operations. The emissions remaining from our own operations are compensated. The capacity of the power station is 107 kWp, and the total production is approx. 90 MWh. Solar energy is green energy at its best, because its production is noise-free, inexhaustible, and almost pollution-free. Wulff was among the first to start using solar panels in Finland. By investing in its own solar power station producing renewable energy, Wulff as a company can improve its energy efficiency and decrease carbon dioxide emissions for its part.

Among other things, Wulff employees go to Eastern Savo to plant trees. Planting forests is one of the most effective ways of increasing carbon sinks in the world.

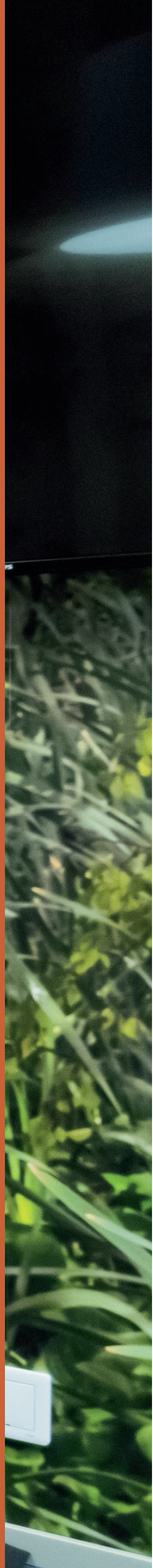
With all its stakeholders, Wulff promotes sustainable operations in all its operations, always taking into account environmental responsibility. On a national level, Wulff is already the industry's most environmentally friendly operator in Finland. Its operations have been standardised with the ISO 14001 certification.

SOCIAL RESPONSIBILITY, HAPPY WULFF EMPLOYEES, AND A MORE EQUAL WORLD

Equality is at the heart of social responsibility at Wulff. When we succeed in making the world a more equal place, and when we increase equality and decrease inequality, we create more positive experiences for people.

The objective of Wulff is to provide an opportunity for meaningful work. That is why discussions on what makes work meaningful just for you are important and encouraged. To truly share the same values, the values of the company and the people must meet at a sufficient level. An employee who feels well and healthy

Wulff's own 4H! Wulffians are encouraged to do good: every Wulff employee can spend 4 hours of their working time during the year on volunteer work they find important.



"People at Wulff feel well: staff job satisfaction developed positively. In a challenging pandemic year of 2020, it is a great achievement that speaks to values and goals that are perceived as common and important, as well as a culture where people are led personally and listened to.

is any company's most precious asset. We track the wellbeing and satisfaction at work of Wulff employees with an annual employee survey. Wulff employees actively respond to the survey. The results have been at an excellent level, and work satisfaction also increased positively during the challenging pandemic year of 2020. People at Wulff feel well.

THE DIVERSE AND VERSATILE PROFILE OF WULFF EMPLOYEES

Wulff employs many kinds of people with different educational and work experience backgrounds. Some are starting out on their career, and some have a long career behind them. Every employee's need for personal coaching is evaluated separately. Every year, Wulff employees hone their skills by attending training and coaching sessions for an average of 11 days. Sales is experienced as an equal profession where you can influence your work greatly, and opportunities of advancing in your career are great.

Wulff has received a lot of praise from students, educational institutions, interns and TE centres, because it offers opportunities to learn working life skills in practice with Wulff employees in real work and customer situations. Maintaining and developing working life skills, commanding basic skills and taking into account the growing number of incapacitated people with limited working ability is important. Wulff therefore also provides opportunities for those considering a new job, as well as those in work trials, training and rehabilitation. We provide people from different backgrounds and even in challenging life situations with an opportunity to get positive experiences of acting in a work community.

SOCIALLY ACTIVE

Wulff is an active social operator. Every year, Wulff supports charity projects it finds important that have a positive effect on the climate, increase equality or are otherwise in line with Wulff's values and strategy by increasing the appreciation of sales work or encouraging healthy lifestyle, for example. Wulff encourages its own employees to give their time to do good: in 2021, every Wulff employee can use four hours of their working hours on voluntary work they deem important or a project promoting positive climate action or equality.

A HEALTHY FINANCIAL POSITION ENSURES SUSTAINABLE OPERATIONAL DEVELOPMENT

The Group's financial success enables the operational development in line with sustainable and responsible development. Wulff's objective in all its operating countries is to create value for its stakeholders: customers, suppliers and employees. For its shareholders, Wulff produces value in the form of dividends and increases in value, for example. Wulff's objective is to share approximately 50% of the financial year's profit as dividend. The Board has proposed to the Annual General Meeting to be held on April 8, 2021 that a dividend of EUR 0.12 per share be paid for the financial year 2020. In 2020, EUR 0.2 million was paid to funders as interest.

CAREER AT WULFF

Wulff offers its employees good opportunities to grow and develop in their own work. For example, most of the subsidiaries' managing directors have started their careers in sales. As a Nordic 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 various educational and work experience backgrounds. While many companies focus their business operations in the capital city area or significant growth centres, Wulff can offer vacancies in numerous locations around its operating countries. To strengthen organic sales growth, the Group focuses strongly on the recruitment of sales personnel. Wulff wants to hire new specialist sales personnel in all its operating countries.

PERSONNEL STRUCTURE
In 2020, the Group employed approximately 189 (198) persons. At the end of the financial year, 176 (200) were employed by the Group, of whom 60 (67) worked in Sweden, Norway or Denmark.

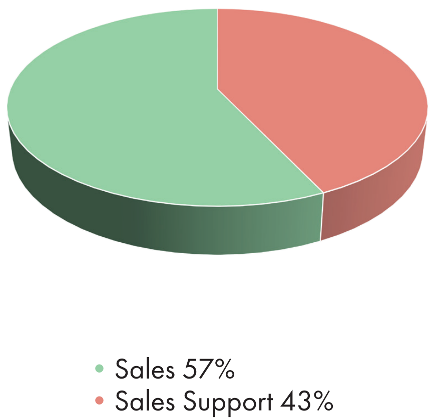
SALES/ADMINISTRATION AND LOGISTICS
At Wulff Group, everyone's objective is to serve our customers in the best possible way. The majority, approximately 57% (57), of the Group's personnel work in sales operations, and 43% (43) of the employees work in sales support, logistics and administration.

AGE
Wulff Group employs both young people who are just beginning their careers and those who already have years of experience. Wulff is both a traditional and a dynamic organisation, and it therefore attracts different kinds of people.

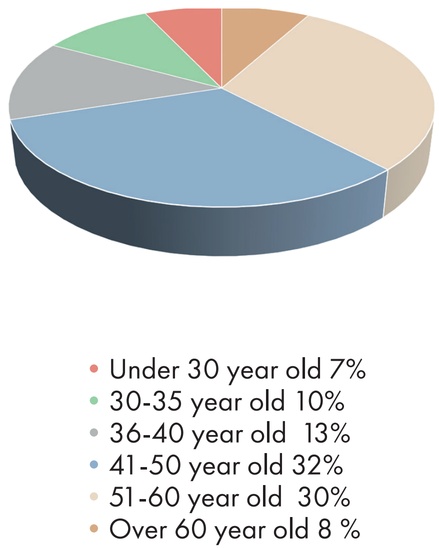
GENDER
Wulff Group is an equal employer. 48% of the personnel are women, and 52% are men. People with various educational and work experience backgrounds work in sales, administration and logistics. At Wulff, everyone receives training for their job, and the most important thing is the right attitude and willingness to learn.

PERSONNEL BY COUNTRIES
In 2020, of the Group's personnel, more than half worked in Finland, approximately 26% in Sweden, and 9% in Norway. The Group is continuously on the lookout for new sales talents in all its operating countries.

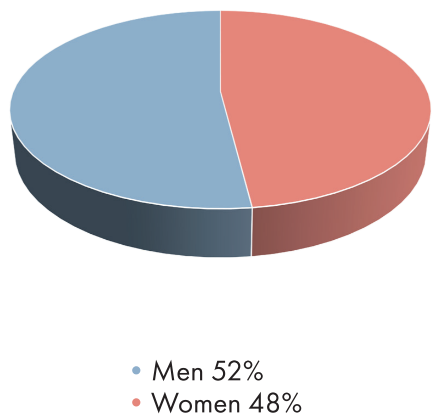
Sales/administration and logistics



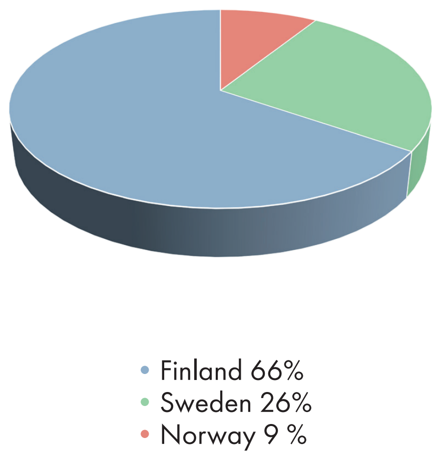
Age



Gender



Personnel by countries



BOARD AND CORPORATE GOVERNANCE | Board

Kari Juutilainen
s. 1966

Chairman of the Board

Responsibilities: Sales Development and management coaching

Substantial education, experience and positions of trust:
- Qualification in Business and Administration
- InHunt Boards, Chairman of the Board since 4/2020
- Wulff Group Plc, Chairman of the Board since 4/2019
- InHunt Law, Board Member since 8/2018
- Wulff Group Plc, Board Member since 4/2018
- InHunt World, Board Member since 8/2017
- InHunt Group, CEO since 12/2014
- InHunt Group, Partner/Headhunter since 2012
- GT Design Oy, CEO, Chairman of the Board, 10/2004–2011
- Securitas Direct Oy, Sales Director 4/ 2004–10/2004
- Leo Longlife Group Ltd, Sales Director 1991–2004
- Wulff ownership as of December 31, 2020: 10,699 Wulff shares representing 0.2% of the company's shares and votes.

Jussi Vienola
s. 1995

Board Member

Responsibilities: Finance

Substantial education, experience and positions of trust:
- Aalto University, Master of Science in Business Administration, Finance, since 2019
- Aalto University, Bachelor of Science in Business Administration, Finance, 2016–2019
- Suomen Vaihtoauto Oy, CEO, since 2020
- PwC, Trainee 10/2019–2/2020
- Wulff Group Plc, Board Member since 4/2018
- Smart Perintä Ltd, CEO since 2015
- PYN Fund Management, Trainee 6/2017–9/2017
- Wulff ownership as of December 31, 2020: 30,070 Wulff shares representing 0.4% of the company's shares and votes.

Kristina Vienola
s. 1996

Board Member

Responsibilities: Communications and Marketing

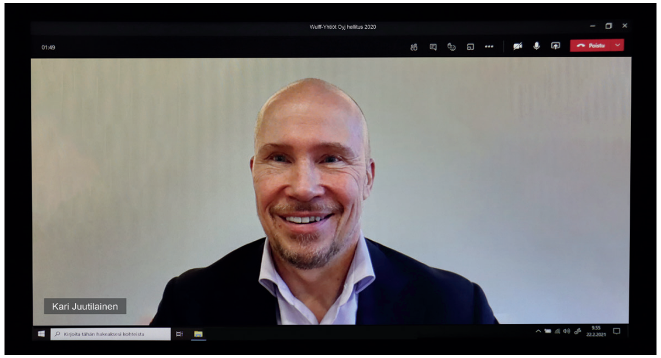
Substantial education, experience and positions of trust:
- Turku School of Economics at the University of Turku, Marketing, 2015–2021
- Leadfeeder, Business Development Specialist since 1/2021
- Azets Oy, Customer Success Trainee since 11/2019
- Parcero Oy, Project Management Trainee 1/2019–6/2019
- Wulff Group Plc, Board Member since 4/2018
- Wulff Group Plc, Accounting Assistant 5/2017–8/2017
- Marketing Agency OFRD Ltd, Sales Promoter 5/2016–5/2017
- Liq Oy, Sales Representative 6/2016–7/2016
- Wulff ownership as of December 31, 2020: 25,279 Wulff shares representing 0.4% of the company's shares and votes.

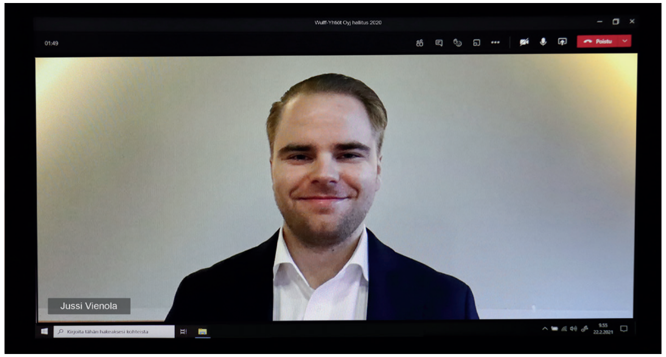
Lauri Sipponen
s. 1969

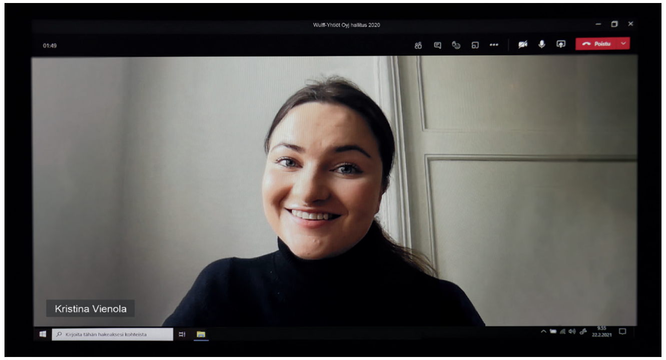
Board Member

Responsibilities: Business Development

Substantial education, experience and positions of trust:
- University of Jyväskylä, M.Sc. (Econ), Accounting and marketing, 1998
- Vaasa Business College, Merchant in foreign trade, 1993
- Wirtschaftsakademie Schleswig-Holstein, Industrie- und Außenhandelsassistent, Groß- und Außenhandelskaufmann, Kiel 1993
- CAP-Group Oy, Chairman of the Board, since 2020
- Saarioinen Oy, Board Member, since 2020
- Laitilan Wirvoitusjuomatehdas Oy, Board Member, since 2020
- Repolar Pharmaseuticals Oy, Board Member, since 2006
- Lidl Suomi Ky, CEO, 2010–2019, Administration Director 2008–2010, Regional Director 2003– 2008, Auditing Manager 2002–2003, Business Controlling Manager 2001–2002
- Kaupan Liitto, Finnish Commerce Federation, Board Member, 2015–2019
- PTY Finnish Grocery Trade Association, Board Vice Chairman, 2011–2019
- Yritys-Sampo Insurance (IF), Accounting Manager, Business Controller, Marketing Manager, 1998–2001
- Wulff ownership as of December 31, 2020: 20,000 Wulff shares respresenting 0.3% of the company's shares and votes.







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

Elina Pienimäki

s. 1979

Wulff Group Plc CEO, Chairman of the Executive Board

Responsibilities: Wulff Group Plc's CEO

Substantial education and experience and other significant positions:
- Master of Science in Economics
- Wulff Group Plc CEO since 9/2019
- Kreate Group Oyj, Board Member since 12/2020
- Aallon Group Ltd CEO 2018–2019
- Ahlsell Ltd CFO 2017–2018
- Wulff Group Plc CFO 2014–2017 and interim CEO 2016–2017
- Deloitte & Touche Ltd auditor (APA) 2011–2014
- Other financial management functions 2002–2011
- Wulff ownership as of December 31, 2020: 20,000 Wulff shares representing 0.3% of the company's shares and votes.

Elina Hanén

s. 1982

Wulff Group Plc Chief Financial Officer (CFO), Executive Board Member

Responsibilities: Finance, Investor Communications, Secretary of the Board

Substantial education and experience and other significant positions:
- Master of Science (Agriculture and Forestry)
- APA-Auditor 2011
- Wulff Group Plc, CFO and Secretary of the Board of Directors since 9/2017
- Citycon Group, Financial Controller 1/2016–9/2017
- Verkkokauppa.com Group, Financial Manager 5/2013–1/2016
- Deloitte, Auditor 1/2008–5/2013
- Wulff ownership as of December 31, 2020: 0 shares.

Trond Fikseaunet

s. 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 and experience and other significant positions:
- 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, 2020: 0 shares.

Veijo Ågerfalk

s. 1959

Wulff Beltton Managing Director, Executive Board Member

Responsibilities: Expertise Sales Scandinavia and its development

Substantial education and experience and other significant positions:
- Wulff Group Plc, Executive Board Member since 2004
- Wulff Group Plc, Head of Expertise Sales Scandinavia since 2012
- Beltton Svenska AB, Managing Director since 1997
- Beltton Svenska, Country Manager 1993–1998
- Liftpoolen AB, Managing Director and Partner 1990–1993
- Wulff ownership as of December 31, 2020: 69,018 Wulff shares representing 1.0% of the company's shares and votes.

Tomi Hilvo

s. 1969

Wulff Entre Ltd CEO, Executive Board Member

Responsibilities: CEO of Wulff Entre, Executive Board Member

Substantial education and experience and other significant positions:
- Master's Degree in Social Sciences
- Wulff Entre, CEO since 8/2020
- Dingle, CEO 2017–2020
- D11 Helsinki CEO, Partner 2015–2017
- Management Events International, Chief Sales Officer / Senior Advisor, Partner 1/2015–10/2015
- Management Events International, Chief Executive Officer, Partner 2007–2014
- Toinen Helsinki, Managing Director, Partner 2005–2007
- DDB Helsinki, Managing Director 2004–2005
- MicroMedia, Managing Director 2001–2004
- Wulff ownership as of December 31, 2020: 0 shares.

Tarja Törmänen

s. 1974

Communications and Marketing Director, Executive Board Member

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

Substantial education and experience and other significant positions:
- 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
- Beltton Group, Brand Manager 1999–2000
- Wulff ownership as of December 31, 2020: 1,600 Wulff shares representing 0.0% 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 workplace products, IT supplies and ergonomics. Its service range also includes international exhibition services. In addition to Finland, Wulff operates in Sweden, Norway and Denmark. The Group also serves its customers online with a webshop for workplace products 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 Securities Market Association's 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 wulff.fi. 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 (wulff.fi). This Corporate Governance Statement is presented separately from the Review of the Board of Directors.

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 from 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
- remuneration policy and the approval of the remuneration report
- 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 2020, Wulff Group Plc's Annual General Meeting was held on April 23. The Annual General Meeting adopted the financial statements for the financial year 2019 and discharged the members of the Board of Directors and CEO from liability. The AGM decided to pay a dividend of EUR 0.11 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. Kari Juutilainen, Jussi Vienola, and Kristina Vienola, and as a new member Lauri Sipponen, were elected as Board Members. The organising meeting of Wulff Group Plc's Board of Directors, held after the Annual General Meeting, decided that the Chairman of the Board is Kari Juutilainen. 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 2021, Wulff Group Plc's Annual General Meeting will be held on April 8.

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. If the Chairperson is 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
- preparation and presentation of the remuneration policy and report at the Annual General Meeting
- appoints the CEO and decides on his/her salaries and other remuneration
- 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 team
- supervises auditing
- assesses the auditor's independence and additional auditing services.

Wulff Group's Annual General Meeting held on April 23, 2020 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 sufficient economic and financial knowledge and management, marketing, and sales expertise.

In 2020, Wulff Group Plc's Board of Directors fulfilled the principles concerning diversity and expertise taking into consideration the company's strategy and the market and business environment as well as development projects. The focus of the strategy is customer experience, sales expertise and operating through multiple channels. Important strategic projects are taking advantage of digitalization, supporting sales with marketing communications, development of product and service portfolio especially with environmentally sustainable solutions and enhancing personnel's expertise. Especially important for the Board of Directors is developing the sales management according to the Company's growth strategy.

The Company's target 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.

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 Members of the Board of Directors own shares of the Company. The Chairman of the Board of Directors Kari Juutilainen from 4.4.2019 owned 0.2%, and Members of the Board Jussi Vienola and Kristina Vienola owned 0.4% each and Lauri Sipponen owned 0.3% of the outstanding shares on 31.12.2020. Considering the portion of the shareholding the dependence of the company is considered insignificant. During 1.1.-4.4.2019 the Chairman of the Board of Directors Ari Pikkarainen was a major shareholder owning 17.0% of the shares. The Members of the Board were not employed by the company. According to the Board's assessment, the members of the Board were independent of the company and significant shareholders in 2020 and 2019, with the exception of Ari Pikkarainen, who was not independent of the company's significant shareholders.

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 Chairman 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 18 times in 2020 (12). The average meeting attendance of the Board Members was 97 percent (94). Board Members Jussi Vienola, Lauri Sipponen, and Ari Pikkarainen attended all meetings. The Chairman of the Board Kari Juutilainen and Board Member Kristina Vienola attended 17 meetings. At its organising meeting the Board approved the charter and action plan for 2020 and evaluated the independence of its members. According to the meeting plan for 2021, the Board of Directors will convene 11 times.
The Board carries out annual assessments of its operations and working styles based on a self-evaluation form. In 2020, 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 Board and Management.

CEO

The Board appoints the Chief Executive Officer (CEO) 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 Chairman of the Group Executive Board.
Heikki Vienola was the CEO of Wulff Group Plc from September 25, 2017 until September 29, 2019. Elina Pienimäki started as the Wulff Group Plc's CEO on September 30, 2019.

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 the 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 tertial basis.

More information on Group Executive Board Members, their responsibilities, and their Wulff shareholdings is presented in the section Board of Directors and Management.

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 Board members.

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 28 of the Consolidated Financial Statements and in the table presented.

According to the authorization granted by the Annual General Meeting on April 23, 2020, 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 April 30, 2021. According to the authorization the company can acquire treasury shares to support the implementation of an incentive scheme or to be otherwise disposed of. During the second quarter of 2020, between May 25 and June 11, Wulff Group Plc repurchased 65,260 shares at the market price quoted through public trading on NASDAQ OMX Helsinki, in accordance with the rules regarding the acquisition of company's own shares. The acquired shares are intended to be used to finance acquisitions and other arrangements according to the company´s growth strategy. In January-December 2019 no own shares were reacquired.

CEO

The Board prepares a proposal and determines the Group CEO's remuneration and other contractual issues.
In 2020 or 2019, The Group did not have any option schemes or share-based remuneration plans in force as a part of the CEO's bonus and incentive schemes. On February 22, 2021 The Board of Directors decided to on a short- and long-term incentive scheme for the Group CEO. The programme aims to promote the implementation of the company's strategy and its long-term profitability. The Board of Directors decided that the CEO is entitled to a short-term incentive for 2021, depending on the development of the adjusted operating profit and share price in 2021. The maximum amount of the remuneration is 10,000 Wulff Group Plc shares. The Board of Directors decided that the CEO is entitled to a long-term incentive for the period between January 1, 2021 and December 31, 2023, depending on the development of the share price during the period in question and the CEO's shareholdings on December 31, 2023. The maximum amount of the remuneration is 30,000 Wulff Group Plc shares. The remuneration to be paid through the scheme is equal to the value of a maximum of 40,000 shares in Wulff Group Plc (excluding indirect wage costs). The fee will not be paid to the CEO if the company or the CEO resignes or terminates the CEO's emlpoyment contract berofe the payment of the fee.
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 Elina Pienimäki as the Wulff Group Plc CEO on September 17, 2019 and she started in her position on September 30, 2019. In 2020, the remuneration of CEO Elina Pienimäki consisted of monetary wages and fringe benefits of the amount of EUR 145 thousand (39). The Group CEO's service contract includes the above-mentioned share-based incentive. The Group CEO is entiled to bonus holiday pay and possibly to a bonus scheme to be determined later. The period of notice is three months from the Group CEO side and six months from the company's side. In case the company resigns the Group CEO contract unilaterally the Group CEO is entitled to a severance payment equal to three months salary.

Heikki Vienola acted as the Group CEO 25.9.2017-29.9.2019. In 2019, the remuneration of CEO Heikki Vienola consisted of monetary wages and fringe benefits of the amount of EUR 60 thousand. The Group CEO's service contract did not include share-based incentives, bonus schemes or any other long-term remuneration plans. The period of notice was three months, during which a monthly salary and a severance payment of EUR 100 thousand would have been paid.

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 2018, the Board of Directors decided that 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 2020, the service costs amounted to EUR 69 thousand (72). The outsourced service is included in other operating expenses and has been presented also in the Note for Related Party transactions.

During 2019-2020 the Group Executive Board consisted of Trond Fikseaunet, Elina Hanén, Tarja Törmänen, Veijo Ågerfalk, Tomi Hilvo from August 3, 2020, and Ninni Arion until August 3, 2020, and CEO Heikki Vienola until October 17, 2019 and CEO Elina Pienimäki from October 18, 2019 onwards.

The employment benefits presented in the table above, include the above-mentioned employee benefits received by the Group CEO.

SUMMARY OF BOARD MEMBERS' BENEFITS TOTAL

EUR 1000	2020	2019
Board members' salaries and fees		
Kari Juutilainen 4/2018- Chairman of the Board 4/2019-	15	15
Jussi Vienola 4/2018-	15	15
Kristina Vienola 4/2018-	15	15
Lauri Sipponen 4/2020-	11	-
Ari Pikkarainen, Chairman of the Board 9/2017-4/2019 and member -4/2020	5	15
Board members' benefits total	**61**	**60**

SUMMARY OF TOP MANAGEMENT'S EMPLOYMENT BENEFITS

EUR 1000	2020	2019
Group management board's salaries and other short term remuneration	731	625
Fringe Benefits	36	44
Bonuses	56	58
Group management board's other long term remuneration, additional pension benefits	36	35
Top management's employee benefits total	**859**	**762**

RISK MANAGEMENT, INTERNAL CONTROL AND INTERNAL AUDIT

The Board of Directors is responsible for the internal control and 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 out 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 changes in the market and business 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 in a separate section.

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 taking into consideration significant risks of the business operations. 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.

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. The total audit fees for all Wulff Group companies were EUR 85 (75) thousand in 2020, of which EUR 29 thousand (31) 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 Group Plc complies with applicable EU regulations, especially the Market Abuse Regulation (EU 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 three 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 and within two days of the receipt of the notification, in accordance with the rules of the Stock Exchange.

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, stakeholders 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 to 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 transactions with its related parties on a quarterly basis and on the basis of related party's own announcements. The company's financial management is responsible for supervising and reporting related party transactions to the Board as needed. A related party transaction in accordance with normal commercial terms does not require a decision by the Board of Directors to execute the related party transaction. The nature and the terms of related party transactions are assessed in relation to the company's normal operations and commercial terms. In making decisions concerning related party transactions, the company ensures that potential conflicts of interest are duly taken into account, and a potential related party does not participate in decision-making on significant related party transactions.

Related party transactions are reported as required by the Companies Act and the provisions on the preparation of financial statements in the notes to the company's financial statements and, if necessary, in the report of the Board of Directors and the interim and half-year reports. In addition, the necessary related party transactions are disclosed in accordance with the Securities Markets Act and the rules of the Exchange.

In 2020, related party transactions consisted of normal, market-based business transactions. Related party transactions have been presented in Note 28 of the Consolidated Financial Statements. The Group's parent company and subsidiary relationships have been presented in Note 29.

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 (wulff.fi/en/investors/).

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.

WULFF GROUP PLC'S REVIEW OF THE BOARD OF DIRECTORS

NET SALES AND OPERATING PROFIT GREW

WULFF GROUP PLC: FINANCIAL YEAR KEY FIGURES 1.1. –31.12.2020

- Net sales totalled EUR 57.5 million (56.3), increased by 2.1% (0.8)
- EBITDA was EUR 5.2 million (3.1), 9.0% of net sales (5.4) and comparable EBITDA was EUR 5.2 million (3.2), 9.0% of net sales (5.7)
- Operating profit (EBIT) was EUR 3.5 million (1.6) and comparable operating profit (EBIT) was EUR 3.5 million (1.7). Comparable operating profit (EBIT) grew 109.9% (11.9)
- Earnings per share (EPS) were EUR 0.32 (0.15) and comparable earnings per share were EUR 0.32 (0.17)
- Equity-to-assets ratio was 41.9 % (39.2)
- The Board proposes to the Annual General Meeting to be held on April 8, 2021 that a dividend of EUR 0.12 per share to be paid
- Wulff estimates that the net sales will grow from 2020 (EUR 57.5 million) and the comparable operating profit will remain at a good level in 2021.

WULFF GROUP BOARD OF DIRECTORS:

Wulff managed to increase its turnover and especially its operating profit in 2020. In a challenging pandemic year, it is an outstanding achievement. The results reflect the strong trust that Wulff's employees and customers have in Wulff's srategy and values. It is possible to make the world a better place, one workplace at a time, even in exceptional circumstances. In 2020, the world was made better by making workplaces safe and working possible. Wulff succeeded in this due to the strenghts of Wulff's culture. Quick response to market change, adapting operations to the circumstances, and especially active sales work, as well as a good and reliable reputation, which helped in the availability of the coveted hygiene and protective products, and a relentless and professional acquisition, were the winning combination.

With the exceptional year, responsibility becomes the most important element guiding Wulff's strategy and everyday decisions and actions. The year 2021 begins with the launch of an even more responsible strategy. Wulff's Sustainability Scheme, together with the company's sales power, is the developer of future success.

GROUP’S NET SALES AND RESULT PERFORMANCE

In January-December 2020 net sales totalled EUR 57.5 million (56.3), and EUR 15.3 (15.1) million in the final quarter. Net sales increased by 2.1% (0.8) during the whole financial year and 1.5% (1.7) in the final quarter. Due to the development of the product portfolio and the sales of hygiene, cleaning and protective products nets sales increased during the whole financial year and in the final quarter even though, due to restrictions on traveling and gathering ,international exhibitions were mostly cancelled or postponed and the sales of printing solutions decreased.

In January-December 2020 the gross margin amounted to EUR 20.7 million (19.8) being 36.1% (35.2), and EUR 5.3 million (5.5) in the final quarter being 34.9% (36.3). Sales of hygiene, cleaning, and protective products as well as IT and remote workplace products to current and new customers increased the gross margin for the whole financial year and the final quarter. The gross margin for the final quarter decreased from comparison period due to cancelled exhibitions. The gross margin for the final quarter was affected by changes in market price and demand in hygiene, cleaning, and protective products. Due to the market change, a write-down provision of EUR 0.4 million was made for slow-moving products, of which EUR 0.2 million was accounted for in the result in the last quarter of the year.

In January-December 2020 employee benefit expenses amounted to EUR 11.6 million (11.9), 20.1% (21.2) of net sales and EUR 2.8 million (3.2), 18.3% (20.9) of net sales in the fourth quarter. In the exceptional circumstances the operations were adjusted by temporarily laying off personnel in the operations, where the Coronavirus situation affected due to restriction on traveling and gathering, diminishing the demand a lot. This decreased the Group’s salary expenses by more than EUR 1.0 million during the whole financial year of which EUR 0.8 million were actualized during the second quarter. All segments focused on selling hygiene, protective and cleaning products. The Group´s Expertise Sales segment grew rapidly, which increased the salary expenses for the whole financial year. The Contract Customers segment and its back-office operations were reorganized and streamlined. There were fewer employees than in the comparison period. Due to the reorganization and continued lay offs in the exhibition services personnel costs decreased in the final quarter.

Other operating expenses were to EUR 4.6 million (5.0) in January-December 2020 being 8.0% (9.0) of net sales and respectively EUR 1.4 million (1.2) in the last quarter, being 9.3% (8.2) of net sales. Other operating expenses decreased for the whole financial year among other things, due to less travel. Because of the continued restrictions the credit loss provision was increased by EUR 0.1 million for possibly increasing bankruptcy proceedings. Wulff is constantly developing its operations to be more sustainable and cost-efficient. That is why the company has, for example, invested in energy production with its own solar system at its premises in Kilo, Espoo.

There were no items affecting the comparability in the reporting period 2020. In September 2019 Wulff moved to its own premises in Kilo, Espoo, Finland. The relocation arrangements resulted in additional other operating expenses of EUR 0.1 million and employee costs of EUR 0.1 million. The relocation arrangements have been presented as items affecting comparability in 2019, which impact has been recognised in EBITDA, operating profit (EBIT) and earnings per share (EPS).

In January-December 2020 EBITDA amounted to EUR 5.2 million (3.1), being 9.0% (5.4) of net sales, and EUR 1.5 million (1.1) in the last quarter, being 10.0% (7.6) of net sales.

The operating profit (EBIT) amounted to EUR 3.5 million (1.6), being 6.2% (2.8) of net sales and respectively EUR 1.2 million (0.8), 7.5% (5.1) in the last quarter. The comparable operating profit (EBIT) for the whole year amounted to EUR 3.5 million (1.7), being 6.2% (3.0) of net sales. Comparable operating profit (EBIT) grew 109.9% (11.9) in January-December 2020.

In January-December 2020 the financial income and expenses totalled (net) EUR -0.4 million (-0.4) including interest expenses of EUR -0.2 million (-0.2) and mainly currency-related other financial items and bank expenses (net) EUR -0.2 million (-0.2). In the final quarter, the financial income and expenses (net) totalled EUR 0.1 million (-0.1) due to valuation of financial items.

In January-December 2020 the result before taxes was EUR 3.1 million (1.2), and EUR 1.2 million (0.7) in the final quarter. The comparable result before taxes for the financial year was EUR 3.1 million (1.3).

The net profit was EUR 2.5 million (1.0) in January-December 2020 and in the final quarter EUR 1.0 million (0.6). The comparable result was EUR 2.5 million (1.2) in January-December 2020.

Earnings per share (EPS) were EUR 0.32 (0.15) in January-December 2020, and EUR 0.14 (0.09) in the final quarter. Comparable earnings per share (EPS) were EUR 0.32 (0.17) in January-December 2020.

CONTRACT CUSTOMERS SEGMENT

Wulff's Contract Customers Segment is the customer's expert partner in the field of workplace services and products, Canon printing and data management solutions as well as international exhibition services in Finland and Scandinavia. It is important for the company to better the customer experience constantly and to develop its operations as efficient and sustainable as possible. The Contract Customers Segment's theme for 2020 was the best customer experience and to integrate the service concepts and back-office operations.

In January-December 2020 the segment's net sales totalled EUR 42.5 million (47.2), and EUR 12.4 million (12.6) in the final quarter. In January-December 2020 the operating profit (EBIT) was EUR 1.5 million (1.8), and EUR 0.9 million (0.9) in the final quarter. Net sales and profitability were impacted especially by the international exhibition services: exhibitions and events were cancelled or postponed even by years due to the traveling and gathering restrictions. Wulff's Contract Customers include several large companies and corporations which purchased less traditional workplace related products, such as coffee and property maintenance products as well as office supplies, to their premises during the reporting period. Current hygiene and protective products were sold to offices and work environments. These products are believed to remain as a part of everyday business, and Wulff develops the quality, features and variety of the product range, as well as ways to deliver products to customers to where the work is done. In Finland, the Contract Customers segment was renewed to make a more coherent customer experience and more sufficient internal services. Torkkelin Paperi Ltd, a company responsible for Wulff's Contract Customers and store operations in the Lahti region, was merged into the parent company, Wulff Oy Ab. Local services continue stronger and more efficient in all sales channels in the area. Due to reorganization and continued lay offs in the exhibition services, personnel costs decreased in the final quarter. The profitability of the Contract Customer segment was also affected by the compensations of ending employment relationships.

In Finland, Wulff is the industry's strongest and in Scandinavia one of the top actors in the industry, and a remarkable number of large companies in the Nordic trust its services. One of the most popular cost and time saving supply solutions in Finland is Wulff's MiniBar, and in Scandinavia, the Cabinet Service, which can be found in hundreds of companies and groups. The MiniBar and Cabinet Service work like their hotel namesakes. The automated refilling services house on their shelves ready-to-use current and traditional products. The share of traditional office products has decreased over the years as other workplace products have been added to the assortment. The exceptional circumstances also affect the contents of the Minibar: hygiene and cleaning products have become popular together with IT, coffee, maintenance products, and office supplies. The new normal means investing in cleanliness and safety in the future as well.

The share of knowledge work, remote work and mobile work of all work done has been increasing for a long time. In the exceptional circumstances the policies and guidelines given by the government and the Finnish Institute for Health and Welfare shifted working from office to homes and for example to summerhouses. An increasing share of work is done remotely and in different changing environments in the future as well. That's why Wulff invests in a product portfolio, which enables safe, ergonomic and ambient way of working in home offices and while moving from one place to another in addition to business premises.

The Coronavirus conditions impacted the sales of international exhibition services the most in the Wulff group. Due to the traveling and gathering restrictions, most of the international exhibitions were cancelled. Some events have been postponed even by years. Wulff Entre, the company which provides exhibition services, adjusted its operations especially by temporarily laying off personnel. Wulff Entre received Government business cost support by the Finnish State Treasury EUR 0.3 million. Wulff Entre's new CEO as of August 2020, Tomi Hilvo, started the development of the Group's international exhibition services. Wulff Entre renewed the exhibition and event industry at Wulff with Hilvo's lead, who has made an extensive international career in exhibition services. Wulff Entre launched new service concepts Exhibition On Demand and My Remote Studio for new ways to encounter customers and other interest groups safely in a virtual exhibition-like or in other inspiring settings. The new concept has been well received among Wulff Entre's customers; companies have a need to meet customers even in these exceptional circumstances. In addition to Finland, Wulff Entre serves customers in e.g. Germany, Sweden, Norway, Asia and the United States. In normal circumstances Wulff Entre exports Finnish know-how to over 30 countries.

Printing services are nowadays more and more outsourced. Wulff group's Canon Business Center offers high quality solutions for office and professional printing and database handling. The printing services business was stable despite the pandemic. Canon Business

Center serves customers in the Helsinki metropolitan area. The company has been within the Wulff Group since 2018.
Wulff's open web shop Wulffinkulma.fi managed to grow its sales and visitors during the exceptional circumstances. The web shop geared towards particularly small companies and self-employed people focused on also serving consumers in 2020. The web shop with a product range that is more diverse than what its traditional competitors, expanded its assortment even more. The assortment has now got more than 4,000 products. In addition to hygiene and protective products the web shop is equipped with plentiful of healthy snacks, salty dry foods, sweet treats, and animal food products.

Wulffinkulma web shop is known for its fast and reliable deliveries. The versatile and mobile friendly web shop's advantages are safe and accurate deliveries. To the business premises, home and summerhouse office and self-employed person's desk in the social shared offices: the Wulffinkulma.fi web shop delivers products where the customer wants at the chosen time. The same daily products are in use in home offices as in traditional office spaces: soft tissue papers, hand towels, soap, coffee, and snacks. Wulff is appreciated for its local, sustainable, and environmentally sound assortment. What the customers appreciate will show in the assortment when it is developed in the future. The web shop is continuously being developed to offer even more sustainable options and information on the environmental impact of its products.

EXPERTISE SALES SEGMENT

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

In January-December 2020 the Expertise Sales Segment's net sales totalled EUR 16.0 million (9.1), and EUR 4.0 million (2.5) in the final quarter. In January-December 2020 the operating profit was EUR 2.4 million (0.2) and EUR 0.4 million (0.1) in the final quarter. In the exceptional circumstances, personal service and solid expertise were greatly appreciated. The Expertise Sales segment quickly adopted new ways to meet customers and communicate current solutions. The procurement and sales renewed its assortment agilely: new products and product areas as well as new suppliers were acquired rapidly, as Wulff, known as an efficient and sales-driven distribution channel, is a desired partner for suppliers. As the result of Wulff-like efficiency and way of doing things the net sales and operating profit for the whole reporting period as well as the final quarter grew. The Expertise Sales segment acquired plenty new customers for example in the health care sector. Thanks to excellent sales power, the Expertise Sales segment increased net sales and operating profit strongly in the exceptional circumstances.

Expertise Sales is an expert 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 the competition due to its locality and domesticity. The Expertise Sales segment offers customers novelties and favourites, and a broad range of workplace wellbeing and ergonomic products, first aid, and products improving work safety. Sustainability, locality and environmentally friendly are important grounds for choices. During the exceptional circumstances it has been vital to secure hygiene, protection and safe ways of working. Due to the aging workforce, Nordic companies are increasingly investing in ergonomics and first aid products for the workplace. Knowledge 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 and the product concept is always tailored together with the customers to meet their needs. Expertise Sales actively brings solutions that make workdays better to the awareness of customers.

During the exceptional circumstances the Expertise Sales strength was to take over the sales of current topics fast and to contact regional customers quickly offering individually suitable products to them. Wulff's sales expert is a trusted contact, whose sales expertise is highly valued. Preparing for the Coronavirus and the changes it brought in the actions of companies and people created additional sales opportunities to Wulff. The demand for cleaning and hygiene products as well as equipment used in remote work increased and indoor air conditions are seen important as well. Expertise sales serves personally and locally; identifying the specifics of customer actions.

Wulff is known for being the workplace of successful salespeople. An increasing number of executive leaders and company 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. New talents and future sales experts are welcome to Wulff! Wulff's own introduction and training programs ensure that not only does every salesperson 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 2020 the cash flow from operating activities was EUR 2.8 million (3.8). In the industry, it is typical that the result and cash flow are generated in the last quarter. At the end of the financial year prepayments from hygiene products were EUR 0.7 million higher than in the comparison period. The procurement of hygiene products increased the value of inventory in 2020 and tied up more funds compared to 2019.

Investments during the reporting period were EUR 0.7 million (7.4). During the comparison period Wulff invested in its own premises in Finland and in Sweden.

Wulff Group Plc raised a new one-million-euro loan on May 8, 2020 to cover additional financing needs during the Corona period. The loan was paid back before the end of the reporting period. During the second quarter the company agreed to transfer two instalments of long-term loans in 2020 to the loan principal of future instalments. Due to the payment arrangement, the amount of long-term loan repayments was EUR 0.4 million lower than in the previous payment plan for the whole reporting period.

Long-term loans were repaid in total of EUR 0.5 million (0.8) during the reporting period. Short-term loans were withdrawn amounting to EUR 0.3 million (1.0) during the reporting period. In the comparison period of 2019, two new long-term loans were raised, one in January in Swedish kronor of approximately EUR 2.9 million to finance the acquisition of a Swedish logistics center and the other in April EUR 2.0 million to finance the acquisition of Espoo's Kilo premises. The repayment period of both financial loans is 10 years.

The lease liabilities payments were EUR 0.8 million (0.9). Recognition of lease agreements within the balance sheet increased group assets EUR 1.2 million (1.0) and liabilities EUR 1.3 million (1.0) at the end of reporting period.

In November 2020 a dividend of EUR 0.7 million in total was paid to the owners of the parent company. In April 2019 a dividend of EUR 0.7 million in total was paid to the owners of the parent company.

The cash flow of financing activities was EUR -1.8 million (3.5) in January-December 2020.

The Group's cash balance increased by EUR 0.2 million (-0.1) in January–December. The Group's bank and cash funds totalled EUR 0.3 million (0.5) at the beginning of the year and EUR 0.5 million (0.3) at the end of the reporting period.

At the end of December 2020 equity attributable to the equity holders of the parent company was EUR 2.00 per share (1.76).

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. he parent company's share capital of EUR 2.65 million consists of 6,907,628 shares with one vote each and with no par value.
At the end of the reporting period, the share was valued at EUR 3.24 (1.77) and the market capitalization of the outstanding shares totalled EUR 21.9 million (12.1). In 2020, 3,538,157 shares (736,299) were traded and the total number of shareholders on 31 December 2020 was 1,867 (934).

During the second quarter the Board of Directors of Wulff Group Plc decided to start buy back its own shares in accordance with the authorization granted by the Annual General Meeting. The repurchases started on May 25, 2020 and ended on June 11, 2020. Wulff Group Plc repurchased 65,260 shares at the market price quoted through public trading on NASDAQ OMX Helsinki, in accordance with the rules regarding the acquisition of company's owns shares. The acquired shares are intended to be used to finance acquisitions and other arrangements according to the company´s growth strategy. In January-December 2019 no own shares were reacquired.

At the end of December 2020, the Group held 144,260 (79,000) own shares representing 2.1% (1.1) of the total number and voting rights of Wulff shares.

DECISIONS OF THE ANNUAL GENERAL MEETING AND BOARD OF DIRECTORS

Wulff Group Plc's Annual General Meeting was held in the Wulff House in Espoo on April 23, 2020. The Annual General Meeting adopted the financial statements for the financial year 2019 and discharged the members of the Board of Directors and CEO from liability for the financial period 1.1.–31.12.2019. Wulff Group Plc's Annual General Meeting decided to authorize the Board of Directors to decide according to their own consideration on a dividend distribution of a maximum of EUR 0.11 for the financial year 2019. The Board of Directors decided to use the authorization to its entirety in October 2020 and a dividend of EUR 0.11 per share was paid on November 11, 2020.

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

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

The Annual General Meeting adopted the remuneration policy proposed by the Board of Directors.

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, 2021. The Board of Directors decided to continue buying back own shares in accordance with the authorization granted by the Annual General Meeting on April 23, 2020.

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, 2021.

PERSONNEL

In January-December 2020 the Group's personnel totalled 189 (198) employees on average. At the end of December, the Group had 176 (200) employees of which 60 (67) persons were employed in Sweden, Norway or Denmark. The majority, 57% (57) of the Group's personnel works in sales operations and 43% (43) of the employees work in sales support, logistics and administration. 48% (48) of the personnel are women and 52% (52) are men.

Employees' job satisfaction is measured annually with a personnel survey conducted in cooperation with Varma. Wulff employees actively respond to the survey. Job satisfaction has been at an excellent level, and it increased in 2020 compared to the previous year. In addition to general job satisfaction, these matters also improved: the company's values were reflected in the work routine, opportunities to develop one's own skills and experience as a professional as well as leadership.

RISKS AND UNCERTAINTIES IN THE NEAR FUTURE

General economic and market developments as well as the employment rate have a significant impact on the demand for workplace products and services. The general uncertainty in the global economy also impacts Wulff's operations. The effects of the Coronavirus pandemic, its preparedness and the constraints associated with virus management have a broad impact on the needs of both the global and local economy and customers. In addition, megatrends in the global economy, such as digitalisation and responsibility, are affecting market change. There are both risks and opportunities involved in developing a range of products and services in line with changing markets and needs. Typical business risks include the successful implementation of Wulff's strategy and operational risks arising from the personnel, logistics and IT environment. Intense competition in the workplace products and services industry can affect the profitability of the business. Changes in exchange rates affect the Group's net result and balance sheet, as approximately half of the Wulff Group's net sales come from non-euro countries.

SUBSEQUENT EVENTS

The Board of Directors decided to establish a short- and long-term incentive scheme for CEO Elina Pienimäki on February 22, 2021. The programme will be established within the framework of the remuneration policy approved by the Annual General Meeting on 23 April 2020. The programme aims to promote the implementation of the company’s strategy and its long-term profitability. The Board of Directors decided that the CEO is entitled to a short-term incentive for 2021, depending on the development of the adjusted operating profit and share price in 2021. The maximum amount of the remuneration is 10,000 Wulff Group Plc shares. The Board of Directors decided that the CEO is entitled to a long-term incentive for the period between January 1, 2021 and December 31, 2023, depending on the development of the share price during the period in question and the CEO’s shareholdings on December 31, 2023. The maximum amount of the remuneration is 30,000 Wulff Group Plc shares. The remuneration to be paid through the scheme is equal to the value of a maximum of 40,000 shares in Wulff Group Plc (excluding indirect wage costs). At the same time as the Board of Directors decided to establish a short- and long-term incentive scheme for CEO Elina Pienimäki, the Board of Directors decided to issue 7,000 of the company’s own shares to CEO Pienimäki as remuneration for 2020. The transfer of the shares is based on the authorization given to the Board of Directors by the Annual General Meeting on 23 April 2020. Following the transfer, the company holds 137,260 of its own shares.

The Group has not had any other 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 1.4 million (1.6). The Group’s net result attributable to the parent company shareholders was EUR 2.2 million (1.0), i.e. EUR 0.32 per share (0.15). The Board of Directors proposes to the Annual General Meeting to be held on April 8, 2021 that a dividend of EUR 0.12 per share, i.e. EUR 0.8 million, be paid for the financial year 2020, and the remaining distributable funds be left in retained earnings in the shareholders’ equity.

MARKET SITUATION AND FUTURE OUTLOOK

Megatrends play a role in Wulff’s operations. The company's operating environment is positively affected by the growing share of information work in all work performed. On the other hand, demographic developments are actively reducing the number of people in employment at present. The integration of technology into products and services is an opportunity for Wulff. Digitalisation brings new ways for an already multi-channel company to reach and serve customers and streamline its own operations. Of the megatrends, the most significant for Wulff's operations and future is responsible operations and, in particular, consideration for the environment: whether it treats the environment as a resource or whether the goal is to improve the state of the environment. Future success is strongly built on these themes and their growing importance in business and consumer decision-making. Wulff has chosen responsibility and especially positive climate action and increasing equality as important elements of his strategy.

Demand for products is significantly affected by general economic and market developments as well as the employment rate. In recent years, the market for workplace products and services in the Nordic countries has remained stable. Teleworking has increased and increased the number of workstations and the demand for products needed in workstations. The Coronavirus pandemic increased demand for hygiene, protection, and cleaning products. Wulff estimates that the overall market for workplace products and services will remain stable in 2021: although the Coronavirus pandemic has had a negative impact on the general economy and employment, the company expects demand for hygiene, cleaning, security, and IT supplies to continue to grow slightly, as at the same time demand for office supplies is decreasing.

Consolidation of the market for workplace products and services is expected to continue, and Wulff is well placed to be a more competitive player in M&A.

Demand for Wulff Entre's services, which provides planning and project management for international exhibitions and other events, has declined due to the Coronavirus pandemic, which will weaken Wulff's net sales and operating profit in 2021.

Changes in the operating environment weaken the predictability of the whole year. Wulff estimates that the net sales will grow from 2020 (EUR 57.5 million) and the comparable operating profit will remain at a good level in 2021. Wulff's medium-term financial targets remain unchanged. Wulff targets in the medium-term an average annual growth of 5-10% of the netsales, a growing comparable operating profit percent and an increasing dividend per share.

ACCOUNTING PRINCIPLES FOR ALTERNATIVE PERFORMANCE MEASURES

The Group complies with the Guidelines on Alternative (APM) issued by the European Securities and Markets Authority (ESMA) in its statutory reporting. These alternative performance measures, such as the gross margin, comparable EBITDA and comparable operating profit, are used to present the underlying business performance and to enhance comparability between financial periods. The comparable EBITDA and comparable operating profit do not include items affecting comparability. These are income and expenses that are not included in normal business activities, such as profits from sales of subsidiaries, and write-downs of goodwill. In the third quarter of 2019 items affecting comparability included the relocation of Wulff’s Finnish premises to Kilo, Espoo. The expenses and employee costs of relocation were recognised as items affecting comparability. The Alternative Performance Measures should not be taken as substitutes for the standards presented in the Generally Accepted Accounting Principles for IFRS.

KEY FIGURES

EUR 1000	2020	2019	2018	2017	2016
Net sales	57 541	56 344	55 889	56 931	59 304
Change in net sales %	2.1%	0.8%	-1.8%	-4.0%	-13.8%
Earnings before taxes, depreciation and amortization (EBITDA)*	5 204	3 067	1 920	461	1 092
% of net sales*	9.0%	5.4%	3.4%	0.8%	1.8%
Operating profit/loss*	3 541	1 570	1 508	74	677
% of net sales*	6.2%	2.8%	2.7%	0.1%	1.1%
Profit/Loss before taxes	3 101	1 194	1 243	-247	351
% of net sales	5.4%	2.1%	2.2%	-0.4%	0.6%
Net profit/loss for the financial year attributable for the shareholders of the parent company	2 174	1 039	1 025	-193	302
% of net sales	3.8%	1.8%	1.8%	-0.3%	0.5%
Cash flow from operations	2 783	3 777	1 085	1 389	679
Return on equity (ROE) %	19.1%	8.5%	9.3%	-2.0%	2.5%
Return on investment (ROI) %	15.2%	7.9%	9.5%	-1.1%	2.9%
Equity ratio %	41.9%	39.2%	49.1%	47,0%	50.5%
Gearing, %	57.3%	66.2%	15.8%	19.8%	19.6%
Balance sheet total	35 353	33 093	26 412	24 933	25 432
Gross investments in fixed assets	719	7 359	446	426	319
% of net sales	1.2%	13.1%	0.8%	0.8%	0.5%
Average number of personnel during the financial year	189	198	191	198	214
Number of personnel at the end of financial year	176	200	191	195	203

Effect of the change of presentation:	2017	2016
Earnings before taxes, depreciation and amortization (EBITDA)*	107	94
% of net sales*	0.2%	0.1%
Operating profit/loss*	107	94
% of net sales*	0.2%	0.1%
EBITDA / share, EUR*	0.02	0.02

* The presentation of the Consolidated Statement of Income has been changed in the first quarter of 2018 in such a way that all bank expenses have been classified as financial expenses. The comparison periods 2017-2016 have been adjusted according to the new reporting principle. The effect of the change in the presentation on the comparison periods are presented in the table.

SHARE-RELATED KEY FIGURES

EUR 1000	2020	2019	2018	2017	2016
Earnings per share (EPS), EUR	0.32	0.15	0.15	-0.03	0.05
Equity per share, EUR	2.00	1.76	1.72	1.64	1.78
Dividend per share, EUR *	0.12	0.11	0.10	0.05	0.10
Payout ratio %	38%	72%	65%	-167%	200%
Effective dividend yield %	3.7%	6.2%	5.9%	3.0%	7.3%
Price/Earnings (P/E)	10.1	11.6	11.0	-55.9	29.6
P/BV	1.62	1.00	0.98	1.01	0.77
EBITDA / share, EUR**	0.77	0.45	0.28	0.07	0.17
Cash flow from operations / share, EUR	0.41	0.55	0.16	0.21	0.10
Share prices:					
Lowest share price, EUR	1.31	1.50	1.32	1.43	1.18
Highest share price, EUR	3.40	1.91	1.79	1.79	1.75
Average share price, EUR	2.01	1.67	1.54	1.65	1.43
Closing share price, EUR	3.24	1.77	1.69	1.65	1.37
Market value as of Dec 31, MEUR	21.9	12.1	11.5	10.8	8.9
Number of outstanding shares on average during the financial year	6 791 043	6 828 628	6 643 696	6 528 628	6 528 628
Number of outstanding shares at the end of the financial year	6 763 368	6 828 628	6 828 628	6 528 628	6 528 628
Number of shares traded	3 538 157	736 299	190 354	565 733	578 681
% of average number of shares	52.1%	10.8%	2.9%	8.7%	8.9%
Shares traded, EUR	7 459 624	1 232 914	293 735	930 970	827 073

* The Board of Directors' dividend proposal from year 2020 to the Annual General Meeting to be held on April 8, 2021.

** The presentation of the Consolidated Statement of Income has been changed in the first quarter of 2018 in such a way that all bank expenses have been classified as financial expenses. The comparison periods 2016-2017 have been adjusted according to the new reporting principle. The effect of the change in the presentation on the comparison periods are presented on the previous page.

The Group complies with the Guidelines on Alternative Performance Measures (APM) issued by the European Securities and Markets Authority (ESMA) in its statutory reporting. These alternative performance measures, such as the gross margin, comparable EBITDA and comparable operating profit, are used to present the underlying business performance and to enhance comparability between financial periods. The comparable EBITDA and comparable operating profit do not include items affecting comparability. These are income and expenses that are not included in normal business activities, such as profits from sales of subsidiaries, and write-downs of goodwill and significant one-time expenses, such as the relocation expenses of Wulff's Finnish premises to Kilo, Espoo in the third quarter of 2019. The Alternative Performance Measures should not be taken as substitutes for the standards presented in the Generally Accepted Accounting Principles for IFRS.

CALCULATION PRINCIPLES OF KEY FIGURES

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

CALCULATION PRINCIPLES OF KEY FIGURES

P/BV ratio	Share issue-adjusted closing share price at the end of period / Equity per share
Earnings before depreciation and amortization, financial items, and taxes per share, EUR	Earnings before depreciation and amortization, financial items, and taxes (EBITDA) / Share issue adjusted number of outstanding shares on average during the period
Cash flow from operations per share	Cash flow from operations (in the cash flow statement) / Share issue-adjusted average number of outstanding shares during the period
Net interest-bearing debt	Interest-bearing liabilities - Interest-bearing receivables - Cash and cash equivalents
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
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 tertiary 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

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 exhibitions. Intense competition in the workplace products and services indusrty can affect the profitability of the business.

There are both risks and opportunities involved in developing the product and service portfolio to be in line with changing markets and needs. The uncertainties relating to the general economic development emphasizes the importance of monitoring the credit and default risks associated with customers and other affiliates. The credit and default risks and control measures are presented under Credit and Default Risks.

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 24 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 and bank account limit facilities tied with variable interest rates. Changes in market rates impact directly the Group's interest payments in the future. More information on the interest rates of the Group's interest-bearing liabilities is presented in Note 24 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, 2020, unused credit limits totalled EUR 3.6 (3.8) million in Finland. The maturity of loans is presented in Note 24.

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. There were no covenant breaches on 31.12.2020.

Credit and Default Risks
The uncertainties relating to the general economic development 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 by the Group's finances. 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, the development of the Group's credit risk 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 favours 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 Posti Green climate projects.

Wulff Supplies, which 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 megatrends in the global economy, such as digitalisation and responsibilty, the effect of economic cycles and employment rates on the demand of workplace proudcts and services, as well as international customer contracts. The effects of the Coronavirus pandemic and restrictions associated with controlling the virus, have far-reaching affects on the global and local markets and customers' needs.

Changes in consumer preferences, such as new trends in printing solutions, affect development in the sector. International pandemic or smaller epidemics, that restrict traveling may have an impact on demand of workplace products and services as well as exhibition services.

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 preference.
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 6,907,628 shares with one vote each and with no par value. There were no changes in share capital in 2020 or 2019.

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 23, 2020 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 April 30, 2021.

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. The Company did not use the authorization in 2020 or 2019.

Authorizing the Board of Directors to decide on the Repurchase of the Company's own Shares

The Annual General Meeting on April 23, 2020 authorised the Board of Directors to resolve on the acquisition of maximum 300,000 own shares. The authorization is effective until 30.4.2021. 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 company can acquire treasury shares 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. The Board of Directors has the right to decide on other matters related to the acquisition of treasury shares. The Company used its autorization as described under header Treasury Shares in 2020.

TREASURY SHARES

According to the Annual General Meeting's authorisation on April 23, 2020, 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, 2021.

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 owns 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.

During the second quarter the Board of Directors of Wulff Group Plc decided to start buy back its own shares in accordance with the authorization granted by the Annual General Meeting. The repurchases started on May 25, 2020 and ended on June 11, 2020. Wulff Group Plc repurchased 65,260 shares at the market price quoted through public trading on NASDAQ OMX Helsinki, in accordance with the rules regarding the acquisition of company's owns shares. The acquired shares are intended to be used to finance acquisitions and other arrangements according to the company´s growth strategy.

At the end of December 2020, the Group held 144,260 (79,000) own shares representing 2.1% (1.1) of the total number and voting rights of Wulff shares.. In January-December 2019 no own shares were reacquired.

SHARE-BASED PAYMENTS

The Group does not have any option schemes currently in force. Wulff Group had no share reward plan in force in 2020 or 2019. 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. On February 22, 2021 the Board of Directors decided to establish a share-based incentive scheme for the CEO. More information is given in the Corporate Governance Statement and in Note 28 Related Party Information.

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 2020, a total of 3,538,157 (736,299) Wulff shares were traded which represents 52.1% (10.8) of the total outstanding number of shares. The trading was worth EUR 7,459,624 (1,232,914). In 2020, the highest share price was EUR 3.40 (1.91) and the lowest price was EUR 1.31 per share (1.50). At the end of 2020, the share was valued at EUR 3.24 (1.77) and the market capitalization of the outstanding shares totalled EUR 21.9 million (12.1).

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 8, 2021 that dividend of EUR 0.12 per share be paid for the financial year 2020 representing EUR 0.8 million. Rest of the distributable funds shall remain in the shareholders' retained earnings.

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. The changes in Varma Mutual Pension Insurance Company's and Ari Pikkarainen's share holdings were disclosed in a stock exchange release in May and December 2020. There were no disclosed notifications on changes in major share holdings in 2019.

INSIDER REGULATIONS

Wulff Group Plc complies with applicable EU regulations, especially the Market Abuse Regulation (EU 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.

Wulff hasn't maintained a list of permanent insiders since July 3, 2016. 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, stakeholders 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.

MAJOR SHAREHOLDERS DECEMBER 31, 2020

The shareholders information is based on the shareholders' register maintained by Euroclear Finland Ltd. Shareholders are grouped according to the known 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 wulff.fi/en/.

	Major shareholders December 31, 2020	Number of shares	% of shares
1	**Vienola Heikki**	**2 520 000**	**36.5%**
2	**Pikkarainen Ari**	**1 035 651**	**15.0%**
3	**LähiTapiola**	**761 100**	**11.0%**
	Elo Mutual Pension Insurance Company	350 000	5.1%
	LähiTapiola General Mutual Insurance Company	283 900	4.1%
	Lähitapiola Mutual Life Assurance Company	127 200	1.8%
4	**Nordea**	**329 240**	**4.8%**
	Nordea Nordic Small Cap Equity Fund	296 128	4.3%
	Nordea Bank Finland Plc	33 112	0.5%
5	**TCF-Myynti Ltd**	**170 000**	**2.5%**
6	**Wulff Group Plc**	**144 260**	**2.1%**
7	**Ågerfalk Veijo**	**69 018**	**1.0%**
8	**Varma Mutual Pension Insurance Company**	**67 984**	**1.0%**
9	**Laakkonen Mikko**	**64 185**	**0.9%**
10	**Progift Oy**	**51 162**	**0.7%**
11	**Heikki Tervonen Oy**	**45 000**	**0.7%**
12	**Vienola Jussi**	**30 070**	**0.4%**
13	**Kautto Jouni**	**27 000**	**0.4%**
14	**Vienola Kristina**	**25 279**	**0.4%**
15	**Cardia Invest Oy Ab**	**23 800**	**0.3%**
	Total of 15 biggest shareholders	**5 363 749**	**77.6%**
	Total of other shareholders	**1 543 879**	**22.4%**
	Total number of shares	**6 907 628**	**100.0%**
	- Own shares	**-144 260**	
	Total number of outstanding shares	**6 763 368**	

SHAREHOLDERS BY GROUP AS OF DECEMBER 31, 2020

Owner groups	Number of shareholders	%	Number of shares	%
Companies	51	2.7%	538 984	7.8%
Financial and insurance institutions	9	0.5%	735 028	10.6%
Public entities	2	0.1%	417 984	6.1%
Non-profit organisations	3	0.2%	11 325	0.2%
Private persons	1 786	95.7%	5 082 029	73.6%
Foreign shareholders	13	0.7%	5 350	0.1%
Nominee-registered shareholders	3	0.2%	116 928	1.7%
Total	**1 867**	**100.0%**	**6 907 628**	**100.0%**

SHAREHOLDERS BY THE NUMBER OF SHARES OWNED DECEMBER 31, 2020

Number of shares	Number of shareholders	%	Number of shares	%
1-500	1 288	69.0%	208 248	3.0%
501 - 1000	272	14.6%	220 530	3.2%
1 001 - 10 000	267	14.3%	782 395	11.3%
10 001 - 100 000	32	1.7%	769 316	11.1%
100 001 -	8	0.4%	4 927 139	71.3%
Total	**1 867**	**100.0%**	**6 907 628**	**100.0%**

INFORMATION FOR SHAREHOLDERS

ANNUAL GENERAL MEETING 2021

Wulff Group Plc's Annual General Meeting will be held on April, 8 2021 at 12.00 noon. The meeting is held by way of exception without the presence of shareholders or their representatives in the Wulff house at Kilonkartanontie 3, Espoo.

The company's shareholders and their representatives may attend the meeting and exercise their shareholder rights only by voting in advance and by submitting counter-proposals and questions in advance. The list of participants in the Annual General Meeting and the results of voting are determined solely on the basis of advance voting. Instructions for participating in the Annual General Meeting, submitting counter-proposals and submitting questions and voting in advance to shareholders have been published by invitation to the Annual General Meeting and are available on the company's website https://www.wulff.fi/en/investors/board-and-corporate-governance/annual-general-meeting/.

A shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Ltd on Thursday, March 25, 2021 has the right to participate in the Annual General Meeting by voting in advance. Advance voting will begin on March 17, 2021 at 9:00 am, when the deadline for submitting counter-proposals for voting has expired and the company has published any counter-proposals for voting on the company's website. A shareholder entered in the company's shareholder register who wishes to participate in the Annual General Meeting must vote in advance no later than Tuesday, April 6, 2021 at 10:00 am, by which time the votes must be received.

The holder of nominee-registered shares has the right to participate in the Annual General Meeting by voting in advance on the basis of the shares on the basis of which he or she would be entered in the shareholder register maintained by Euroclear Finland Ltd on the record date of the Annual General Meeting on March 25, 2021. Participation also requires that the shareholder be temporarily entered in the shareholder register maintained by Euroclear Finland Ltd on the basis of these shares no later than 1 April 2021 at 10.00.

The owner of a nominee-registered share is advised to request the necessary instructions from his / her custodian in good time regarding temporary registration in the shareholder register, issuance of proxies and registration for the Annual General Meeting. The custodian's account manager must notify the owner of the nominee-registered share to be temporarily entered in the company's shareholder register by the above-mentioned date at the latest and take care of voting on behalf of the nominee-registered shareholder.

Instructions for registration and additional information on the Annual General Meeting are available at the Group's website at www.wulff.fi/en.

DIVIDEND FOR 2020

The Board of Directors of Wulff Group Plc proposes to the Annual General Meeting that a dividend of EUR 0.12 per share be paid for the financial year 2020. 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 12, 2021. The Board proposes to the Annual General Meeting that the dividend be paid on Wednesday April 21, 2021.

FINANCIAL REPORTING 2021

Wulff Group Plc will release the following financial reports in 2021:

Interim Report, January-March 2021
Monday April 26, 2021

Half-Year Report, January-June 2021
Monday July 26, 2021

Interim Report, January-September 2021
Monday October 25, 2021

Wulff Group Plc's financial reports are published in Finnish and English and they are also available at www.wulff.fi/en. 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
Kilonkartanontie 3, FI-02610
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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.fi/en.

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CONSOLIDATED FINANCIAL STATEMENT, IFRS

CONSOLIDATED INCOME STATEMENT, IFRS

EUR 1000	Note	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Net sales	2, 4	**57 541**	**56 344**
Other operating income	5	668	237
Materials and services	6	-36 793	-36 519
Employee benefit expenses	7	-11 594	-11 949
Other operating expenses	8	-4 618	-5 047
Earnings before depreciation (EBITDA)		**5 204**	**3 067**
Depreciation and amortization	9	-1 664	-1 497
Operating profit (EBIT)		**3 541**	**1 570**
Financial income	10	72	62
Financial expenses	10	-512	-438
Profit before taxes		**3 101**	**1 194**
Income taxes	11	-558	-151
Net profit/loss for the period		**2 543**	**1 043**
Attributable to:			
Equity holders of the parent company		2 174	1 039
Non-controlling interests		369	4
Earnings per share for profit attributable to the equity holders of the parent company:			
Earnings per share, EUR (diluted = non-diluted)	12	0,32	0,15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1000	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Net profit/loss for the period	**2 543**	**1 043**
Other comprehensive income which may be reclassified to profit or loss subsequently (net of tax)		
Change in translation differences	181	-17
Total other comprehensive income	**181**	**-17**
Total comprehensive income for the period	**2 724**	**1 027**
Total comprehensive income attributable to:		
Equity holders of the parent company	2 333	1 021
Non-controlling interests	390	6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1000	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
Non-current assets			
Goodwill	13, 15	8 194	8 131
Intangible assets	13	689	501
Property, plant and equipment	13	8 051	8 025
Non-current financial assets			
Long-term receivables from others	16	48	48
Available-for-sale investments	17	57	57
Deferred tax assets	11	1 081	1 113
Total non-current assets		**18 120**	**17 874**
Current assets			
Inventories	18	8 687	6 864
Short-term receivables			
Loan receivables from others	19	17	15
Trade receivables from others	20	6 209	6 318
Other receivables	20	328	99
Accrued income and expenses	20	1 512	1 574
Cash and cash equivalents	21	480	348
Total current assets		**17 233**	**15 219**
TOTAL ASSETS		35 353	33 093

EUR 1000	Note	Dec 31, 2020	Dec 31, 2019
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the parent company:			
Share capital		2 650	2 650
Share premium fund		7 662	7 662
Invested unrestricted equity fund		676	676
Retained earnings		2 529	1 041
Equity attributable to the equity holders of the parent company		13 518	12 029
Non-controlling interests		742	350
Total equity	22, 23	**14 260**	**12 380**
Non-current liabilities			
Interest-bearing liabilities	24	4 514	4 972
Leasing liabilities	24	683	480
Non-interest-bearing liabilities	26	421	646
Deferred tax liabilities	11	181	178
Total non-current liabilities		**5 799**	**6 275**
Current liabilities			
Interest-bearing liabilities	24	2 888	2 539
Leasing liabilities	24	581	568
Trade payables	26	4 995	5 829
Advance payments	26	1 349	1 478
Other liabilities	26	1 799	1 689
Accrued income and expenses	26	3 681	2 335
Total current liabilities		**15 294**	**14 438**
TOTAL EQUITY AND LIABILITIES		35 353	33 093

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1000	Note	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Cash flow from operating activities:			
Cash received from sales		57 747	56 735
Cash received from other operating income		279	222
Cash paid for operating expenses		-54 907	-52 975
Cash flow from operating activities before financial items and income taxes		3 119	3 982
Interest paid		-181	-171
Interest received		16	52
Income taxes paid		-171	-87
Cash flow from operating activities		**2 783**	**3 777**
Cash flow from investing activities:			
Investments in intangible and tangible assets		-719	-7 359
Acquisition of subsidiary company shares		-216	-120
Proceeds from sales of intangible and tangible assets		125	15
Cash flow from investing activities		**-810**	**-7 463**
Cash flow from financing activities:			
Dividends paid	23	-744	-707
Purchase of own shares	22	-100	-
Dividends received	10	-	4
Repayments of financial lease liabilities		-833	-852
Withdrawals and repayments of short-term loans		343	996
Withdrawals of long-term loans		-	4 922
Repayments of long-term loans		-451	-815
Cash flow from financing activities		**-1 785**	**3 546**
Change in cash and cash equivalents		**188**	**-140**
Cash and cash equivalents at the beginning of the period		348	476
Translation difference of cash		-57	12
Cash and cash equivalents at the end of the period	21	480	348

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

		Equity attributable to equity holders of the parent company								
EUR 1000	Note	Share capital	Share-premium fund	Fund for invested non-restricted equity	Treasury shares	Translation differences	Retained earnings	**Total**	Non-controlling interest	**TOTAL**
Equity on Jan 1, 2020		2 650	7 662	676	-260	-601	1 902	12 029	350	12 380
Net profit/loss for the period							2 174	2 174	369	2 543
Other comprehensive income*:										
Change in translation differences						159		159	22	181
Comprehensive income *						159	2 174	2 333	390	2 724
Transactions with the shareholders:										
Dividends paid							-744	-744		-744
Purchase of own shares					-100			-100		-100
Transactions with the shareholders total					-100		-744	-844		-844
Equity on Dec 31, 2020	22	2 650	7 662	676	-360	-443	3 332	13 518	742	14 260
Equity on Jan 1, 2019		2 650	7 662	676	-260	-583	1 572	11 718	368	12 086
IAS 17 adjustment 1.1.2019 to retained earnings							-26	-26	-	-26
Adjusted equity on Jan 1, 2019		2 650	7 662	676	-260	-583	1 546	11 692	368	12 060
Net profit/loss for the period							1 039	1 039	4	1 043
Other comprehensive income*:										
Change in translation differences						-18		-18	2	-17
Comprehensive income *						-18	1 039	1 021	6	1 027
Transactions with the shareholders:										
Dividends paid							-683	-683	-24	-707
Transactions with the shareholders total							-683	-683	-24	-707
Equity on Dec 31, 2019	22	2 650	7 662	676	-260	-601	1 902	12 029	350	12 380

* 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 Kilonkartanontie 3, 02610 Espoo, 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 15 subsidiaries in Finland, Sweden, Norway and Denmark. Wulff's product and service range includes workplace products, IT supplies, ergonomics, printing services and international exhibition and event 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 10, 2021. 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, 2020. 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, like profits from sales of subsidiaries, write-downs of goodwill and in 2019, the relocation of Wulff Group Plc's premises to Espoo, Finland. 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 new and updated IFRS standards and interpretations that have come into effect as of January 1, 2020.

Wulff Group has not yet adopted the 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.

According to the management's assessment amended standards and interpretations that come into force on 1.1.2021 do not have a significant effect 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, even if this would lead to a negative share. The Group's equity and earnings attributable to the non-controlling interests are presented separately. Changes in ownership of subsidiaries, which do not lead to loss of control, are recognised as equity transactions.

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 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 resulting from translating equity 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

Wulff Group companies sell workplace products and services and international exhibition and event services. The product and service portfolio is presented in more detail in notes to the accounts number 2. Segment information. Revenue is recognised when parties have accepted customer contracts either in written or orally or in other customary manner (e.g. shopping at a brick-and-mortar store) when a distinct product and/or services has been handed over and the customer has obtained control over the products and services.

Net sales comprise of consideration received less indirect sales taxes, discounts and exchange rate differences arising from sales denominated in foreign currency. The monetary value of the revenue recognition is based on the value of the delivered products and services by the time of reporting. The net sales from customer contracts do not change retrospectively. The terms of payment are typically 14-60 days with no interest and invoicing is done normally at time of delivery of the products and services. Exhibition services invoicing is mostly done in advance to service delivery and is based on in advance paid supplier invoices born from building the exhibition premises. The customer contracts do not have any significant financing components. The consolidated net sales do not include intra-group transactions. Incremental costs of obtaining a contract are activated in intangible assets and expensed over the customer contract period.

Wulff recognises the incremental costs of obtaining a contract in other intangible assets when the company has acquired a customer contract exceeding twelve months in time and the company expects to recover the costs. Incremental costs of obtaining a contract are costs, which incure to the company in acquiring the customer contract, which would have not incured, if the customer contract was not acquired. The incremental costs of obtaining a contract are expensed over the contract period, normally over three years time. The costs of obtaining a contract, which would indured whether the contract was acquired or not, are expensed in the profit and loss statement. The costs of fulfilling the customer contracts are recognized according to the IAS 2 Inventories -standard.

The revenue of exhibition services offered by Wulff Entre Ltd are recognized at the time of exhibitions according to the IFRS 15 Revenue from Contracts with Customers -standard. Delivered exhibition services' uninvoiced sales and unpaid costs are estimated and reconsidered regularly according to the customer and supplier contracts and possible changes in estimates are recognised when the changed circumstances have come to the attention of the management.

The products Wulff sells are typically covered by the vendors' guarantee and a guarantee over manufacturing defects, which normally is one year. The guarantee does not cover maluse or anti-instruction use or damages which are born from normal use of the product or misuse of the product.

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 and adjusted for any impairment charges. Government grants related to the acquisition of an intangible asset are deducted from the acquisition cost of the asset. 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 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 are any indications 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

The IFRS 16 Lease Agreements -standard has been applied from Jan 1, 2019 onwards. The condensed consolidated financial statement include lease expenses especially from rented premises, cars, and appliances. The lessee recognises lease agreements as right-of-use assets in the balance sheet's tangible assets when it has got a right of possession in exchange for payments and correspondingly as lease agreement liabilities of the remaining lease agreement liabilities' net present value. The lease agreement expenses are presented in the income statement as straight-line based depreciations over the lease agreement period and as financial expenses according to the lease agreements discount rate. The lease agreement liability is valued at the net present value by discounting the liability using the management's estimate of the interest rate of additional external financing at the start of the lease agreement. The lease payments are presented as cash flow from financing activities in the cash flow statement. The Group applies the exemption permitted by the standard not to recognize short-term, less than 12 month, leases or leases with a low value of the underlying asset in the balance sheet. Short-term lease agreements and low value lease items are presented in the income statement as other operating

GOODWILL AND OTHER INTANGIBLE ASSETS

The expected useful lives are:

Goodwill	no depreciations; impairment testing
IT software	3–7 years; straight-line
Customer relationships	3–5 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 or 4-7% reducing-balance method
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; impairment testing

expenses over the leasing period. The right-of-use assets were not subleased. The lease agreements do not include any significant variable lease expenses that haven't been taken into consideration in the valuation of right-of-use assets. When the Group company acts as the lessor, the rental income is recognized as other operating income in the income statement on a straight-line basis over the lease period. The Group's fixed assets and changes during the financial year are presented in Notes to the accounts 13. and the maturity distribution of lease liabilities in Note 24.

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. The repurchase price is the market price of the product after the initial purchase.

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 had a share based reward plan for the CEO in force, additional information is presented in the Note 28.

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. The Group has not recognized a deferred tax liability on the retained earnings of subsidiaries, as the distribution of profits is under the Group's control and is not probable in the near future.

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. The bad-debt provision is accounted from the first date of recognising sales receivables according to the estimate of the expected credit losses. The estimate of the bad-debt provision is based on simplified approach according to the IFRS 15 on the share of expected credit losses based on the amount of sales receivables, credit losses accounted for historically and expectations of the development of the economic environment.

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 valued at fair value at the end of every reporting period and classified as non-interest-bearing financial liabilities. The changes in the fair value of contingent considerations are recognized in the profit and loss statement. The contingent consideration of business combination is discounted using the Group's interest rate of additional external financing.

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 22.

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. There were no share-based incentive schemes in the Group in 2020 or 2019. On February 22, 2021 a decision was made on an incentive scheme for the CEO, more information is presented in Note 28 Related Party Information.
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 23.

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 recommended 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, Earnings per share) 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 did not have share options in 2020 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.

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).

COVID PANDEMIC EFFECTS

Information on the effects of the pandemic on the company, operational risks, management's assessment and measures taken are presented below.

Sales and trade receivables

Due to the pandemic, operational risks in business increased rapidly. Due to gathering and traveling restrictions, the amount of remote working increased significantly. The majority of international exhibitions were canceled or postponed, and customers consumed less traditional workplace and print products. This was particularly evident in the sales of the Contract Customers segment. The company's management closely followed the development of customer needs and sales. At the same time, the pandemic brought Wulff sales opportunities. Customers' need for topical hygiene products quickly arose to prevent the spread of the pandemic. The company quickly acquired a wider range of hygiene products and totally new suppliers. Salespeople adopted new ways to meet and serve customers. Adapting to the changes caused by the pandemic and active sales work paid off when the sales of hygiene, protection and cleaning products were the focus of all sales channels. The company has many long-term customer relationships and a large customer base, which brings stability in a situation where the effects of a pandemic are of varying significance in different industries. The company managed to keep its brick-and-mortar stores open. The pandemic was not expected to affect sales revenue recognition principles or the risk of revenue security, as revenue and revenue from products and services are based on a verifiable delivery of the product and service. The risk of impairment of trade receivables was considered to have increased in line with the general economic situation and the development of customers' business operations in certain industries. The credit loss provision model is based on actual credit losses, the age distribution of trade receivables and expected credit losses on trade receivables at the reporting date. Management paid particular attention to the impact of the pandemic on various industries and to the development of individual customers and the need to record credit losses and credit loss provisions. As a result, in the financial year 2020, the loan loss provision was increased by EUR 0.2 million.

Business continuity and goodwill

The financial statements have been prepared in accordance with the going concern principle as the business continues to change in the circumstances and taking into account events known at the date of approval of the financial statements.

The pandemic had the most significant impact on the business of Wulff Entre, which organizes international exhibitions and events. According to customers and the company, the need for face-to-face meetings and presenting sales and service solutions has not disappeared. There is a demand for international exhibitions where assembly and travel restrictions allow. At the same time, the change in the operating environment provides an opportunity to act as an innovator in the industry, and in 2020 Wulff Entren spent time and resources developing new, more responsible remote exhibition and meeting services. The cash flows used in the impairment testing of Wulff Entre's goodwill (EUR 1.7 million) were based on the 2021 budget. Management expects that the international exhibitions are going to be executed in the second half of 2021. The company's new Exhibition on Demand and My Remote Studio services also have an important role in the new normal. In the Exhibition on Demand service concept, a trade event-like environment is built for the customer in their own premises. The encounter and the presentation of products and services can be handled in an experiential, high-quality and virtually safe presence. My Remote Studio enables meetings, webinars, workshops, presentations and trainings to be carried out experientially and in good quality as a self-service, from your own studio. The new services have been well received by customers.

If international exhibitions are not held in the second half of 2021, the company's management will be able to adjust operations accordingly so that there is no need for write-downs even after one loss-making year.

Wulff Entre received a total of EUR 0.3 million in state cost support for its business in 2020. Subsidies received have not been used as future cash flows in goodwill impairment testing.

Goodwill impairment testing is the most sensitive to changes in EBITDA and the determination of the discount rate.

In Wulff Entre's goodwill impairment testing calculation, the five-year forecast period includes the budget year and the following four forecast years, for which a moderate annual growth of approximately 2% is forecast. After this five-year estimate period, the so-called eternity value is based on 0.5% points growth assumption. A decrease in average EBITDA of more than 3.5 percentage points would result in an impairment charge.

The weighted cost of capital (WACC) structure, which describes the Group's total cost of equity and liabilities, taking into account their different return requirements and the specific risks associated with different assets, has been used to determine the discount rate. The discount rate is based on data provided by an external independent party to the balance sheets and financial statements of the market control group. An increase of more than 12.5 percentage points in the discount rate would result in the need to record an impairment loss.

The company's management estimates that the international exhibition business will recover and that the new developed ways of meeting remotely are a part of Wulff's future businesses.

Purchases and inventories

Imports from Asia increased and at the same time the increased need for financing from advance payments for products imported from China. Customers' payment terms remained largely unchanged, so the acquisition of products increased the commitment of capital to working capital. The purchase prices of the products changed rapidly as the market developed, which increased the risk of valuation of inventories. Management closely monitored the development of market prices and paid special attention to the valuation of inventories in accordance with the lowest value principle. Particular attention was also paid to the appreciation of slow-moving products. According to the company's management, some customer-specific and other identified products are subject to a higher risk of overvaluation due to a slower turnover, which resulted in an increase in the write-down provision for inventories. As a result, the provision for slow-moving products was increased by EUR 0.4 million in the financial year 2020.

Personnel

Personnel is essential to the company and the cost of employee benefits is a significant item in the company's cost structure. As sales of traditional workplace products declined, liquidity risk increased, which led to temporary layoffs and reorganization of operations, especially in those businesses where the effects of the pandemic were most significant. As a result, personnel expenses were more than EUR 1.0 million lower during the financial year 2020. In Finland, the Contract Customers segment was renewed to make a more coherent customer experience and more sufficient internal services. Torkkelin Paperi Ltd, a company responsible for Wulff's contract sales and store operations in the Lahti region, was merged into the parent company, Wulff Ltd. Local services continue stronger and more efficient in all sales channels in the area. After the reorganizing, there were fewer employees than in the comparison period.

Financing

Liquidity risk was estimated to have increased significantly in 2020 due to the effects on customers' and the company's operations caused by the pandemic and the restrictive measures taken. The company's management monitored the financial situation with special care. To ensure liquidity, the company implemented personnel-related adjustment measures in addition to other cost-saving measures. The acquisition of new products to the product portfolio tied up working capital due to increased prepayments. The Group secured its financial position by negotiating with the main financier to secure a financial loan and to secure liquidity Wulff Group Plc raised a loan of EUR 1 million in May 2020, to cover the need for additional financing during the Coronavirus pandemic. In addition, the company agreed to transfer two installments of long-term loans for 2020 to loan principals for future repayments during the second quarter. Due to the payment arrangement, the amount of long-term loan repayments was approximately EUR 0.4 million lower than in the previous payment plan during the financial year 2020.

Thanks to sales of current hygiene products and other products, as well as adjustment measures taken, the financial situation remained stable, which resulted in the EUR 1 million financial loan being repaid before the end of the third quarter. Thanks to a commercially strong end of 2020, the financial position has remained stable.

Distribution of profits

The Board of Directors suggest to the Annual General Meeting of April, 23 that no dividend is distributed from financial year 2019. Wulff Group Plc's Annual General Meeting held on April 23, 2020 decided to authorize the Board of Directors to decide according to their own consideration on a dividend distribution of a maximum of EUR 0.11 for the financial year 2019. The Board of Directors decided to use the authorization in October 2020 when the business and liquidity were stable.

Other expenses

The company reviewed its cost structure and implemented potential cost savings to reduce liquidity risk. Travel-related costs decreased due to fewer appointments. The company implemented the planned investments to digitize operations and increase cost efficiency.

Intangible and tangible assets and right-of-use assets

The company's tangible and right-of-use assets include properties in Finland and Sweden, as well as ordinary assets such as cars, machinery and equipment, and leased premises and equipment. Intangible assets include e.g. costs for obtaining customer contracts and licenses. The monitoring of the lease portfolio has not revealed any change in the size or duration of the portfolio due to the pandemic, so no need for revaluation of the lot has been identified in the right-of-use assets. According to the company's management, the financial utilization of intangible and tangible assets has not been significantly jeopardized by the pandemic as the company's business operations have continued in the changed circumstances, and there was no need for impairment.

Future outlook

Demand for products is significantly affected by general economic and market developments as well as the employment rate. In recent years, the market for workplace products and services in the Nordic countries has remained stable. Remote working has increased and increased the number of workstations and the demand for products needed in workstations. The Coronavirus pandemic increased demand for hygiene, protection, and cleaning products. Wulff estimates that the overall market for workplace products and services will remain stable in 2021: although the Coronavirus pandemic has had a negative impact on the general economy and employment, the company expects demand for hygiene, cleaning, security, and IT supplies to continue to grow slightly, as at the same time demand for office supplies is decreasing.

The company has a large customer base and long customer relationships. The company also has a very active new customer acquisition. Despite these, customers' needs and thus sales can differ significantly from history. The Corona pandemic is a risk affecting the near-term operating environment, the duration and impact of which on the Nordic economy is difficult to assess. These factors impair the predictability of the outlook.

2. SEGMENT INFORMATION

Wulff Group consists of two strategically different operating segments: Contract Customers Segment and Expertise Sales Segment. 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 16 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 29. Additionally the Group's parent company Wulff Group Plc, its subsidiary with leasing operations, Wulff Leasing Oy, Wulff Finances Oy with financial services and Mutual Real Estate Company Kilonkallio 1 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 current hygiene products, workplace products, IT supplies as well as international exhibition and event 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 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. Business promotional products and international exhibition and event services are also a 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. current hygiene products, 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	2020	2019
Contract Customers Segment		
Sales to external customers	41 993	47 231
Intragroup sales to other segments	544	91
Total Contract Customers Segment	**42 537**	**47 322**
Expertise Sales Segment		
Sales to external customers	15 547	9 088
Intragroup sales to other segments	478	21
Total Expertise Sales Segment	**16 024**	**9 109**
Group Services		
Sales to external customers	2	25
Intragroup sales to other segments	1 124	960
Total Group Services	**1 126**	**985**
Intragroup eliminations between segments	**-2 145**	**-1 072**
Total net sales	**57 541**	**56 344**

Revenue from any individual customer did not exceed 10 percent share of the consolidated revenue in 2020 or 2019.

2. SEGMENT INFORMATION

RESULT BY OPERATING SEGMENTS 2020

EUR 1000	Contract Customers	Expertise Sales	Group services and non-allocated items	Eliminations	**Group**
Net sales	42 537	16 024	1 126	-2 145	**57 541**
Expenses	-40 615	-13 596	-1 131	3 005	**-52 337**
Earnings before depreciation (EBITDA)	**1 922**	**2 428**	**-5**	**860**	5 204
Depreciations	-425	-48	-331	-860	**-1 664**
Operating profit (EBIT)	**1 497**	**2 380**	**-336**	**0**	3 541
Financial income (non-allocated)			72		**72**
Financial expenses (non-allocated)			-512		**-512**
Profit before taxes	**1 497**	**2 380**	**-776**	**0**	3 101

RESULT BY OPERATING SEGMENTS 2019

EUR 1000	Contract Customers	Expertise Sales	Group services and non-allocated items	Eliminations	**Group**
Net sales	47 322	9 109	985	-1 072	**56 344**
Expenses	-45 289	-8 800	-562	1 374	**-53 277**
Earnings before depreciation (EBITDA)	**2 033**	**309**	**423**	**302**	3 067
Depreciations	-319	-38	-416	-723	**-1 497**
Operating profit (EBIT)	**1 714**	**271**	**7**	**-421**	1 570
Financial income (non-allocated)			62		**62**
Financial expenses (non-allocated)			-438		**-438**
Profit before taxes	**1 714**	**271**	**-369**	**-421**	1 194

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	2020		2019	
Finland	34 850	60%	34 935	62%
Sweden	18 244	32%	17 165	30%
Norway	8 938	16%	8 436	15%
Denmark	496	1%	400	1%
Net sales between countries	-4 986	-8%	-4 592	-8%
Net sales total	**57 541**	**100%**	**56 344**	**100%**

EXTERNAL NET SALES BY CUSTOMERS' LOCATIONS

EUR 1000	2020		2019	
Finland	33 929	59%	33 284	59%
Sweden	13 178	23%	12 534	22%
Norway	9 062	16%	9 233	16%
Denmark	805	1%	734	1%
Estonia	42	0%	9	0%
Other European countries	370	1%	382	1%
Other countries	155	0%	168	0%
Net sales total	**57 541**	**100%**	**56 344**	**100%**

NON-CURRENT ASSETS BY GROUP COMPANIES' LOCATIONS

EUR 1000	2020		2019	
Finland	11 978	71%	11 756	71%
Sweden	4 951	29%	4 888	29%
Norway	5	0%	12	0%
Total non-current assets	**16 934**	**100%**	**16 656**	**100%**

3. BUSINESS COMBINATIONS AND ACQUISITIONS OF NON-CONTROLLING INTERESTS

MERGERS

Torkkelin Paperi, a subsidiary selling office supplies and services in Finland, was merged to its parent company Wulff Oy Ab 31.10.2020. The goal for the merge was to attain even more efficient deliveries to customers and savings in personnel and other administrative costs.

In Sweden, the property company Fastigheten Ljungby 13 AB merged to Wulff Supplies AB on February 28, 2020.

ACQUISITIONS

There were no business acquisitions during the reporting period in 2020 or 2019.

Wulff invested on the acquisition of the office premises in Finland with EUR 2.2 million on April 15, 2019 and acquiring logistics property in Sweden with EUR 3.4 million on January 9, 2019. The valuation and acquisition of the property company have been prepared according to the IAS 16 Tangible Assets -standard, as the acquisition of the property company does not form a business with the Group's external clients according to the IFRS 3 Business combinations -standard.

CHANGES IN SHARES OF NON-CONTROLLING INTERESTS

There were no changes in the shares of minority shareholders during the reporting period in 2020 or 2019.

4. NET SALES

EUR 1000	2020	2019
Sales of products and related services	55 969	50 638
Sales of exhibition services	1 572	5 706
Total	**57 541**	**56 344**

Due to the traveling and gathering restrictions most of the international exhibitions of 2020 were cancelled.

5. OTHER OPERATING INCOME

EUR 1000	2020	2019
Sales gains from tangible assets	30	12
Rental income	126	104
Other	512	122
Total	**668**	**237**

Wulff Entre received Government business cost support by the Finnish State Treasury approximately EUR 0.3 million, as most of the exhibitions in 2020 were canceled due to worldwide restrictions on traveling and gathering, and business operations were significantly lower than in the comparison period.

6. MATERIALS AND SERVICES

EUR 1000	2020	2019
Materials, supplies and products		
Purchases during the financial year	34 622	36 576
Change in inventories	1 823	-363
External services	348	306
Total	**36 793**	**36 519**

During the reporting period 2020 current hygiene products were procured to inventories in Finland and Sweden.

7. EMPLOYEE BENEFITS

EUR 1000	2020	2019
Salaries and fees	9 346	9 495
Pension expenses (defined contribution plans)	1 323	1 432
Other personnel expenses	925	1 021
Total	**11 594**	**11 949**

Average number of employees in accounting period	189	198
Personnel at the end of period	176	200

Information about the management's employment benefits and loans is presented in Note 28 Related party information. Details about loans to related parties is presented under Shares and shareholders.

8. OTHER OPERATING EXPENSES

EUR 1000	2020	2019
Rents	83	288
Travel and car expenses *	771	1 300
ICT expenses	497	548
External logistics expenses	1 038	1 060
Marketing, PR and entertainment expenses	432	461
Credit losses and amortization of sales receivables	50	7
Credit loss allowance of customer contracts according to IFRS 9 **	183	2
Fees to auditors***	85	75
Other	1 479	1 306
Total	**4 618**	**5 047**

* Salespeople's travel costs decreased due to traveling and gathering restrictions in place to control the spread of the pandemic.

** The credit loss provision was increased in 2020, additional information has been presented in note 20.

*** Fees to auditors total in all group companies.

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

APPROVED AUDIT FIRM BDO

EUR 1000	2020	2019
Audit	23	18
Tax services	-	-
Other services	-	3
Total	**23**	**21**

OTHER APPROVED AUDIT FIRMS

EUR 1000	2020	2019
Audit	33	27
Tax services	-	-
Other services	29	28
Total	**62**	**55**

9. AMORTIZATION, DEPRECIATION AND IMPAIRMENT

EUR 1000	2020	2019
Amortization and depreciation during the period:		
Amortization of intangible assets:		
Other intangible assets	190	103
Total amortization of intangible assets	190	103
Depreciation of tangible assets:		
Machinery and equipment	326	291
Total depreciation of tangible assets	326	291
Depreciation of buildings: *		
Buildings	229	231
Total depreciation of buildings	229	231
Depreciation of right-of-use assets:		
Buildings	560	548
Machinery and equipment	357	324
Total depreciation of right-of-use assets	917	872
Total amortization and depreciation	**1 664**	**1497**

* Wulff invested on the acquisition of the premises in Finland in April 2019 and acquiring logistics property in Sweden in January 2019.

There was no impairment of goodwill in other long term intangible or tangible assets during 2020 or 2019.

10. FINANCIAL INCOME AND EXPENSES

EUR 1000	2020	2019
Financial income:		
Interest income	13	12
Dividend income	-	4
Foreign exchange gains and other financial income	59	46
Financial income total	**72**	**62**
Financial expenses:		
Interest expenses	181	171
Interest expenses on finance leases	-39	23
Other financing expenses	285	139
Foreign exchange losses and other financial expenses	85	105
Financial expenses total	**512**	**438**

11. INCOME TAXES

INCOME TAXES IN THE INCOME STATEMENT

EUR 1000	2020	2019
Income taxes for the financial year	-465	-107
Deferred taxes:		
Change in deferred tax assets	-103	-19
Change in deferred tax liabilities	10	-25
Total	**-558**	**-151**

INCOME TAX RECONCILIATION

EUR 1000	2020	2019
Income taxes according to the Finnish tax rate (2020-2019: 20.0%)	-620	-239
Different tax rates abroad	-33	-13
Non-deductible expenses and tax-free income	-2	-32
Tax impact from the current year's losses for which no deferred tax asset is recognized	-	-21
Impact of the tax rate changes on deferred tax assets and liabilities*	0	-
Changes in deferred tax assets and liabilities from previous years	-147	202
Group consolidation and eliminations	244	-48
Income taxes in the income statement	**-558**	**-151**

* Tax rate change in Sweden 2021

11. INCOME TAXES

For the Group companies' previous years' confirmed taxable losses, a deferred tax asset of EUR 376 thousand (564) has been booked, of which EUR 152 thousand (442) will fall due in five years and EUR 97 thousand (97) can be utilized indefinitely. As of December 31, 2020, the Group had confirmed tax losses carried forward of EUR 1 756 thousand (2 060) for which the deferred tax asset of EUR 138 thousand (415) has not been fully 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, 2020 includes deferred tax assets of EUR 29 thousand (46) in group companies which made a loss in 2020. 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 2020

EUR 1000	Jan 1, 2020	Income statement	Other changes	Dec 31, 2020
Deferred tax assets:				
Confirmed losses and tax credits	564	-188		376
Provisions	7	172		179
Depreciation differences	537	-87	73	521
Other temporary differences	5			5
Deferred tax assets total	1 113	-103	73	1 081
Deferred tax liabilities:				
Other temporary differences	178	10	-7	181
Deferred tax liabilities total	178	10	-7	181
Deferred tax assets, net	**934**	**-93**	**80**	**901**

CHANGES IN DEFERRED TAXES 2019

EUR 1000	Jan 1, 2019	Income statement	Acquisitions	Other changes	Dec 31, 2019
Deferred tax assets:					
Confirmed losses and tax credits	551	13			564
Provisions	7				7
Depreciation differences	571	-32		-3	537
Other temporary differences	5				5
Deferred tax assets total	1 134	-19	-	-3	1 113
Deferred tax liabilities:					
Other temporary differences	108	26	-54	98	178
Deferred tax liabilities total	108	26	-54	98	178
Deferred tax assets, net	**1 026**	**-45**	**54**	**-101**	**934**

In 2019 premises were acquired in Ljungby in Sweden and in Espoo in Finland. More information on the acquisitions is presented on the notes to the accounts 13.

12. EARNINGS PER SHARE

	2020	2019
Profit for the period attributable to the equity holders of the parent company, EUR 1000	2 174	1 039
/ Weighted average number of shares; diluted = non-diluted (1,000 shares)	6 791	6 829
Earnings per share (EPS); Diluted = non-diluted, EUR	0.32	0.15

13. GOODWILL, INTANGIBLE AND TANGIBLE ASSETS AND A-RIGHT OF USE ASSETS

2020	Goodwill	Other intangible assets**	Advance payments	Intangible assets total	Land*	Buildings*	Machinery and equipment	Other tangible assets	Tangible assets total
Acquisition cost, Jan 1	12 521	3 141	56	15 718	907	5238	4 558	223	10 927
Additions		328	126	454		17	255	47	319
Disposals			-75	-75			-317	-38	-355
Translation differences	63			63		208	9		217
Acquisition cost, Dec 31	12 584	3 469	107	16 160	907	5 462	4 505	232	11 108
Accumulated depreciation and impairment, Jan 1	-4 390	-2 696	-	-7 086	-	-231	-3 544	-126	-3 903
Disposals							215		215
Depreciation during the period		-191		-191		-229	-314	-13	-556
Accumulated depreciation and impairment, Dec 31	-4 390	-2 887	-	-7 277	-	-461	-3 643	-139	-4 244
Book value, Jan 1	8 131	445	56	8 632	907	5 005	1 014	97	7 024
Book value, Dec 31	8 194	582	107	8 883	907	5 001	862	94	6 864

2019	Goodwill	Other intangible assets**	Advance payments	Intangible assets total	Land*	Buildings*	Machinery and equipment	Other tangible assets	Tangible assets total
Acquisition cost, Jan 1	12 550	2 847	20	15 417	-	-	4 195	157	4 354
Additions		294	36	330	907	5 238	736	66	6 947
Disposals				0			-374		-374
Translation differences	-29			-29					0
Acquisition cost, Dec 31	12 521	3 141	56	15 718	907	5 238	4 558	223	10 927
Accumulated depreciation and impairment, Jan 1	-4 390	-2 593	-	-6 982	-	-	-3 565	-124	-3 691
Disposals							310		310
Depreciation during the period		-104		-104		-231	-289	-2	-522
Accumulated depreciation and impairment, Dec 31	-4 390	-2 696	-	-7 086	-	-231	-3 544	-126	-3 903
Book value, Jan 1	8 160	254	20	8 434	-	-	630	33	663
Book value, Dec 31	8 131	445	56	8 632	907	5 005	1 014	97	7 024

13. GOODWILL, INTANGIBLE AND TANGIBLE ASSETS AND A-RIGHT OF USE ASSETS

*Wulff invested on the acquisition of the premises in Finland with EUR 2.2 million on 15, April 2019 and acquiring logistics property in Sweden with EUR 3.4 million on 9.1.2019. During the financial year the premises in Finland were also renovated. The valuation and acquisition of the property companies have been prepared according to the IAS 16 Tangible Assets -standard, as the acquisition of the property companies does not form a business with the Group's external clients according to the IFRS 3 Business combinations -standard.

**Wulff recognises incremental costs of obtaining a contract in other intangible assets when the company has aquired a customer and the costs are expensed over the contract period, normally over three years time. The amount of incremental costs of obtaining customer contracts within the other intangible asstes amounted to EUR 0.2 million (0.1) at the end of the financial year.

Right-of-use assets total

2020	Buildings	Machinery and Equipment	Right-of-use assets total
Acquisition cost, Jan 1	**1 271**	**603**	**1 874**
Additions	812	279	**1 090**
Disposals	-	-157	**-157**
Reclassification	-14	14	**0**
Acquisiton cots, Dec 31	**2 068**	**739**	**2 807**
Accumulated depreciation and impairment, Jan 1.	**-548**	**-324**	**-872**
Disposals	-	170	**170**
Depreciation during the period	-560	-357	**-917**
Reclassifiacation	-7	7	**0**
Accumulated depreciation and impairment, Dec 31	**-1 115**	**-504**	**-1 619**
Book value, Jan 1	**723**	**279**	**1 001**
Book value, Dec 31	**953**	**235**	**1 187**

The majority of lease agreements are recognized as right-of-use assets, which include buildings, and machinery and equipment, such as cars and printing devices. The IFRS 16 Lease Agreements -standard was implemented as of 1.1.2019.

Lease Agreement liabilities have been presented in the notes to the accounts no. 24.

Right-of-use assets total

2019	Buildings	Machinery and Equipment	Right-of-use assets total
Acquisition cost, Jan 1	**-**	**-**	**-**
Impact of IFRS 16 on the opening balance	1 262	554	**1 816**
Additions	9	49	**58**
Acquisition cost, Dec 31	**1 271**	**603**	**1 874**
Accumulated depreciation and impairment, Jan 1	**-**	**-**	**-**
Depreciation during the period	-548	-324	**-872**
Accumulated depreciation and impairment, Dec 31	**-548**	**-324**	**-872**
Book value, Jan 1	**-**	**-**	**-**
Book value, Dec 31	**723**	**279**	**1 001**

The expenses relating to short-term leases amounted to EUR 0.1 million (0.3). The cash-flow of all lease agreements was EUR 0.9 million (1.2). There were no income from subleasing right-of use assets. There are no material variable lease payments that are not included in the measurement of right-of-use assets. There were no leases with residual value guarantees. There was a EUR 0.4 million option for continuing leases of premises.

14. SUBSIDIARIES AND SHARES OF NON-CONTROLLING INTERESTS

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

	Number of subsidiaries fully owned	
Field of business	**2020**	**2019**
Office supplies and printing solutions	2	3
Exhibition services	1	1
Group services	3	3

The specification of the group companies is presented in note 29.

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

		Non-controlling interest shareholders' share of voting right		Non-controlling shareholders' share of profit/loss		Non-controlling shareholders' share of equity	
	Domicile	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
S Supplies Holding AB	**Sweden**	11%	11%	11%	11%	11%	11%
Wulff Beltton AB	**Sweden**	25%	25%	25%	25%	25%	25%

14. SUBSIDIARIES AND SHARES OF NON CONTROLLING INTERESTS

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

	S Supplies Holding AB		Wulff Beltton AB	
	2020	2019	2020	2019
Short term assets	0	115	1 542	1 082
Long term assets	3 480	3 343	86	85
Short term liabilities	774	622	1 210	805
Long term liabilities	1 196	1 340	-	-
Net sales/income	0	273	2 569	1 979
Expenses	-45	-63	-2 527	-2 021
Net profit/loss	-45	210	42	-42
Profit/loss attributable to equity holders of the company	-40	187	32	-32
Profit/loss attributable to non-controlling interests	-5	23	11	-11
Total comprehensive income	-45	210	42	-42
Total comprehensive income attributable to equity holders of the company	-40	187	32	-32
Total comprehensive income attributable to non-controlling interests	-5	23	11	-11
Dividends paid to non-controlling interests	-	17	-	-

Changes in the shares of subsidiaries are presented in Note 3.

S Supplies Holding AB's subsidiaries did not distribute a dividend or group contribution to their parent in 2020 due to an exceptional pandemic year.

15. GOODWILL ALLOCATION AND IMPAIRMENT TEST

EUR 1000	2020	2019
Contract Customers segment:		
Office supplies / Finland (Wulff Oy Ab, Torkkelin Paperi Oy)	3 500	3 500
Office supplies / Scandinavia (Wulff Supplies AB)	1 599	1 536
Exhibition services / Finland (Wulff Entre Oy)	1 671	1 671
Office supplies / Mavecom Palvelut Oy	1 424	1 424
Goodwill total	**8 194**	**8 131**

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 a 0.5%-point growth assumption in Finland and a 1%-point growth assumption in Scandinavia. 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. 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. The discount rate was based on reference groups' equity structure, balance sheets, and annual financial data.

Goodwill for the Finnish workplace products and services business was EUR 3.5 million (3.5) arising from the acquisition of Wulff Oy Ab on 31.12.2020. The assets tested totalled approximately EUR 8.1 million (7.0). The discounted value-in-use is approximately EUR 18.9 million. 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 workplace products and services business was EUR 1.6 million (1.5) arising from the acquisition of Wulff Supplies AB. The assets tested totalled approximately EUR 6.1 million (5.9) and the discounted value-in-use is approximately EUR 6.7 million. 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 exhibition and event services totalled EUR 1.7 million (1.7) and the assets tested totalled approximately EUR 1.1 million (1.2). The discounted value-in-use is approximately EUR 3.2 million. In addition to the above-mentioned moderate growth assumption, the management's estimate is based on the recovery of the exhibition business during and after the pandemic. The international exhibition business is expected to continue after the first half of 2021.

The goodwill arising from the Canon Business Center printing services related to the workplace products and services business, i.e. the acquisition of Mavecom Palvelut Oy, totalled EUR 1.4 million (1.4) and the assets tested totalled approximately EUR 1.6 million (1.7). The discounted value-in-use is approximately EUR 3.3 million.

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/NetSales).

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

	Dec 31, 2020		Dec 31, 2019	
Office Supplies, Finland	**Used value**	**Change**	**Used value**	**Change**
Discount rate	9.0%	increase of 12.5 percentage points	8.5%	increase of 12.2 percentage points
Average EBITDA, % of sales	6.3%	decrease of 3.5 percentage points	5.0%	decrease of 2.8 percentage points
Office Supplies, Scandinavia	**Used value**	**Change**	**Used value**	**Change**
Discount rate	8.5%	increase of 0.9 percentage points	7.5%	increase of 1.4 percentage points
Average EBITDA, % of sales	3.7%	decrease of 0.3 percentage points	3.4%	decrease of 0.4 percentage points
Exhibition services	**Used value**	**Change**	**Used value**	**Change**
Discount rate	8.7%	increase of 18.4 percentage points	8.6%	increase of 18.5 percentage points
Average EBITDA, % of sales	3.7%	decrease of 2.5 percentage points	4.3%	decrease of 2.8 percentage points
Printing solutions*	**Used value**	**Change**	**Used value**	**Change**
Discount rate	9.2%	increase of 10.5 percentage points	7.4%	increase of 11.7 percentage points
Average EBITDA, % of sales	13.1%	decrease of 6.7 percentage points	12.8%	decrease of 7.1 percentage points

*Acquired to the Group on 14.8.2018.

16. NON-CURRENT RECEIVABLES

LONG-TERM RECEIVABLES FROM OTHERS

EUR 1000	2020	2019
Quaranty deposits, Carrying amount, Jan 1	48	48
Quaranty deposits, Carrying amount, Dec 31	**48**	**48**

17. AVAILABLE-FOR-SALE INVESTMENTS

EUR 1000	2020	2019
Carrying amount, Jan 1	*57*	*57*
Carrying amount, Dec 31	**57**	**57**

The available-for-sale investments are publicly non-listed shares and are not a part of the group business operations. The publicly non-listed shares' fair value do not differ significantly from their book value.

18. INVENTORIES

EUR 1000	2020	2019
Products	7 841	6 676
Work in process	1	7
Prepayments for inventories	845	181
Total	**8 687**	**6 864**

In 2020, an expense of 0.3 million euros (0.2) was booked from the inventories. According to the management's assesment, slow-moving products are associated with a higher valuation risk due to the pandemic, due to which there is a provision of EUR 0.4 million for slow-moving products in the financial statements on Dec 31, 2020. In the financial statements for 2020 prepayments were made purchases of hygiene products

19. CURRENT LOAN RECEIVABLES

EUR 1000	2020	2019
Carrying amount, Jan 1.	15	18
Additions	2	-
Disposals	-	-3
Carrying amount, Dec 31.	**17**	**15**

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

20. SHORT-TERM NON-INTEREST-BEARING RECEIVABLES

TRADE RECEIVABLES

EUR 1000	2020	2019
Trade receivables from others	6 209	6 318
Trade receivables total	**6 209**	**6 318**

Sales receivables are non-interest-bearing and fall due in 14-60 days. During the financial year 2020 more impairment losses on trade receivables were recorded than in the comparison period based on realized credit losses and an estimate of increased credit loss risk due to the traveling and gathering restrictions in place due to the pandemic and their effects on customer's business according to the IFRS 9. The credit losses expensed during the financial year and bad debt allowance expense are reported in Note 8. Sales receivables do not include significant credit risk concentrations.

OTHER RECEIVABLES

EUR 1000	2020	2019
Valued added tax receivables	263	22
Other receivables	65	77
Other receivables total	**328**	**99**

AGING STRUCTURE OF SALES RECEIVABLES

EUR 1000	2020		2019	
Not due (value not impaired)	5 718	89%	5 016	79%
Due (value not impaired):				
Less than 1 month	382	6%	960	15%
More than 1 month - less than 3 months	114	2%	239	4%
More than 3 months - less than 6 months	45	1%	73	1%
More than 6 months	172	3%	70	1%
Total	6 431	104%	6 358	101%
Bad debt allowance according to the IFRS 9	-221	-4%	-39	-1%
Sales receivables total	**6 209**	**100%**	**6 318**	**100%**

20. SHORT-TERM NON-INTEREST-BEARING RECEIVABLES

ACCRUED INCOME AND EXPENSES

EUR 1000	2020	2019
Income tax receivable	*72*	142
Sales accruals of trade shows	*765*	652
Other accruals	*675*	780
Accruals total	**1 512**	**1 574**

Sales accruals of trade shows included purchases paid to suppliers for trade shows after the end of the financial year and uninvoiced trade receivables under customer agreements for trade shows already held and other completed projects.

21. CASH AND CASH EQUIVALENTS

EUR 1000	2020	2019
Cash and bank	480	348
Total	**480**	**348**

22. NOTES ON EQUITY

	Share total	Treasury shares	Outstanding shares
Jan 1, 2019	6 907 628	-79 000	6 828 628
Dec 31, 2019	6 907 628	-79 000	6 828 628
Purchase of own shares		-65 260	-65 260
Dec 31, 2020	6 907 628	-144 260	6 763 368

SHARE CAPITAL
The parent company's share capital EUR 2.65 million consists of 6 907 628 shares with one vote each and with no par value. There were no changes in share capital or in the number of shares in 2019. In 2020 own shares were repurchased, of which additional information is provid-ed below.

TREASURY SHARES
During the financial year 2020 the Board of Directors of Wulff Group Plc decided to start buy back its own shares in ac-cordance with the authorization granted by the Annual General Meeting. The repurchases started on May 25, 2020 and ended on June 11, 2020. Wulff Group Plc repurchased 65,260 shares at the market price quoted through public trading on NASDAQ OMX Helsinki, in accordance with the rules regarding the acquisition of company's owns shares. The acquired shares are intended to be used to finance acquisitions and other ar-rangements according to the company´s growth strategy. At the end of December 2020, the Group held 144,260 (79,000) own shares representing 2.1% (1.1) of the total number and voting rights of Wulff shares. In 2019 no own shares were reacquired.

SHARE OPTIONS AND SHARE REWARDS
The Group didn ot have any option schemes nor a share reward plan in force in 2020 or 2019. The Board of Directors decided on an incentive scheme for the CEO on February 22, 2021. Information about the scheme is presented in Note 28 Related Party Information.

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 in 2020 or 2019.

TRANSLATION DIFFERENCES
Translation differences arise from trans-lation of foreign-currency-denominated subsidiaries.

23. DISTRIBUTABLE FUNDS AND DIVIDEND DISTRIBUTION

PARENT COMPANY'S DISTRIBUTABLE FUNDS:

EUR	31.12.2020	31.12.2019
Fund for invested non-restricted equity	676 051	676 051
Treasury shares	-360 045	-260 070
Retained earnings from previous years	471 370	603 500
Net result for the period	628 808	611 841
Distributable funds total	1 416 184	1 631 322
- dividend to be distributed*	-811 604	-743 970
Funds left in retained earnings*	**604 580**	**887 351**

EUR	31.12.2020	31.12.2019
Shares total	6 907 628	6 907 628
- Treasury shares held	-144 260	-79 000
Shares which are paid dividend	6 763 368	6 828 628
x Dividend per share (EUR)	0,12	0,11
Dividends total (EUR)*	**811 604**	**743 970**

The Group's parent company Wulff Group Plc's distributable funds totalled EUR 1.4 million. The Board of Directors proposes to the Annual General Meeting that dividend of 0,12 euros per share will be distributed for the financial year 2020 totalling EUR 0.8 million. After the dividend the parent company's distributable funds will be EUR 0.6 million. More information on the change of treasury shares during the financial year 2020 has been presented in note 22.

*The dividend distribution realized in 2020 is presented in the comparison year 2019, that was lower than presented in the financial statements for 2019 due to the repurchase of own shares during 2020.

24. LONG-TERM AND SHORT-TERM FINANCIAL LIABILITIES

PAYMENT SCHEDULE FOR THE FINANCIAL LIABILITIES

	Book value	Payment schedule (years):					
EUR 1000	31.12.2020	2021	2022	2023	2024	2025	Later
Long-term financial liabilities:							
Loans from financial institutions	4 514		870	704	557	508	1 874
Lease agreement liabilities	683		310	159	151	63	-
Long-term financial liabilities total	**5 197**		**1 180**	**863**	**708**	**571**	**1 874**
Short-term financial liabilities:							
Credit facility		1 878					
Loans from financial institutions		1 010					
Lease agreement liabilities		581					
Short-term financial liabilities total		**3 469**					

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 2.0% at the end of 2020 (1.9).

Two of the loans from financial institutions were withdrawn in Swedish crowns to finance the Swedish contract sales premises acquisition. Of these EUR 0.3 million (0.3) are due within a year, EUR 1.3 million (0.9) are due within 2-4 years and EUR 1.0 million (1.5) are due after 5 years from the reporting date.

CHANGES IN INTEREST-BEARING LIABILITIES

EUR 1000	Jan 1, 2020	Cash flow	Foreign exchange difference	Fair value change	Other change	Dec 31, 2020
Long-term interest-bearing liabilities	4 972	-451	-89	-	82	4 514
Short-term interest-bearing liabilities	2 539	343	-14	-	21	2888
Total	**7 511**	**-109**	**-103**	**-**	**103**	**7 403**

CHANGES IN INTEREST-BEARING LIABILITIES

EUR 1000	Jan 1, 2019	Cash flow	Foreign exchange difference	Fair value change	Other change	Dec 31, 2019
Long-term interest-bearing liabilities	1 258	4 107	-41	-	-352	4 972
Short-term interest-bearing liabilities	1 151	996	-5	-	397	2 539
Total	**2 409**	**5 103**	**-46**	**-**	**45**	**7 511**

24. 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, 2020, EUR 1000	Total	Level 1	Level 2	Level 3
Loans from financial institutions	5 524			5 524
Credit facility	1 878			1 878
Lease agreement liabilities	1 263			1 263
Total	**8 665**	**0**	**0**	**8 665**

December 31, 2019, EUR 1000	Total	Level 1	Level 2	Level 3
Loans from financial institutions	5 828			5 828
Credit facility	1 683			1 683
Lease agreement liabilities	1 048			1 048
Total	**8 559**	**0**	**0**	**8 559**

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 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.

25. 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. 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 24 of the consolidated financial statements. The Group does not practice any speculative hedging. No separate hedging measures against currency risk are taken. Conversion of other than euro currency transactions to local bookkeeping currency euro poses currency exchange risk and the fluctuation of the currencies affect the Group's net result and financial position. A decrease of 10% Swedish and Norwegian crowns financial year's average exchange rate and financial year's ending rate would have decreased the financial year's operating profit by EUR 151 thousand (61) and net profit and therefore equity by EUR 107 thousand (23). In addition the translation risk impacts the balance sheet value. The aforementioned 10% decrease of currency rates would have increased the change in translation difference and decreased the balance sheet value by approximately EUR 290 thousand (108).

INTEREST RATE RISKS

The Group is exposed to interest rate risk due to loans from financial institutions 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. More information on the interest rates of the Group's interest-bearing liabilities is presented in Note 24 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. One percentage point increase of the interest rates in 2020 would have resulted in 55 thousand euros (42) higher interest expenses, hence 55 thousand euros (42) lower equity and a 0.1 percentage point (0.1) lower equity ratio.

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, 2020 the unused credit limits totalled EUR 3.6 million (3.8) in Finland. The maturity of loans is presented in Note 24.

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 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. During the financial year 2020, the spread of the pandemic was prevented by restrictions on traveling and gathering, which had a broad impact on customer operations. The increased credit loss risk of trade receivables due to the pandemic has been assessed in accordance with IFRS 9 at the time of reporting, based on an estimate of future credit losses on open trade receivables at the reporting date.

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.

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 financial year 2020 there were no covenant breaches.

26. LONG AND SHORT-TERM NON-INTEREST-BEARING LIABILITIES

OTHER NON-CURRENT LIABILITIES

Other non-current liabilities

EUR 1000	2020	2019
Due over a year	421	646
Other non-current liabilities total	**421**	**646**

The additional purchase price of the Mavecom Palvelut Oy acquisition on 14.8.2018 will be paid in cash based on the profitability of the company of financial years 2018-2022. The additional purchase price has been valued at the discounted fair value according to the financial years 2018-2020 profitability and the estimated profitability of financial years 2021-2022. The fair value has been discounted using the Group's external margin on additional financing loans according to the additional purchase price payment posts. The additional purchase price due one year after the reporting period is presented in the other current liabilities.

The additional purchase price is a non-interest bearing external loan of level 3 as presented in notes to the accounts 24, which fair value is based on other than publicly observable market data, for example management's estimates and their use in generally accepted valuation models.

SHORT-TERM NON-INTEREST-BEARING LIABILITIES

Trade payables and advance payments

EUR 1000	2020	2019
Trade payables	4 995	5 829
Trade show advances from customer contracts	1 349	1 478
Trade payables and advance payments total	**6 344**	**7 307**

Advances 1 349 thousand euros are advances according to the customer contracts of future trade shows after the reporting period. The trade show contracts total for shows after year-end 31.12.2020 was 1 448 thousand euros (2 753), of which 1 349 thousand euros (1 478) were invoiced and presented as advances from customer contracts. The invoiced advances received on Dec 31, 2020 include invoices for canceled 2020 trade shows, which have been postponed to 2021.

26. LONG AND SHORT-TERM NON-INTEREST-BEARING LIABILITIES

OTHER CURRENT LIABILITIES

EUR 1000	2020	2019
Value added tax liabilities	1 060	1 012
Additional purchase price	192	213
Other current liabilities	547	464
Other current liabilities total	**1 799**	**1 689**

MATURITY OF SHORT-TERM NON-INTEREST-BEARING LIABILITIES

EUR 1000	2020	2019
Due within one month	7 936	8 828
Due 1 month to 6 months	3 043	1 912
Due from 6 months to 1 year	781	577
Due from 1 year to 5 years	65	14
Total	**11 825**	**11 331**

ACCRUED INCOME AND EXPENSES

EUR 1000	2020	2019
Accruals for employee benefits	2 024	1 725
Income tax liabilities	358	26
Interest accruals	13	6
Sales accruals	45	46
Other accruals	1 242	532
Accrued income and expenses total	**3 681**	**2 335**

Other accurals included a customer return of approximately EUR 0.5 million from a 2020 canceled exhibition at the end of the financial year 2020.

27. COMMITMENTS

EUR 1000	2020	2019
Mortgages and guarantees on own behalf		
Business mortgage for the Group's loan liabilities	8 050	9 550
Business mortgages, free	3 900	2 457
Subsidiary shares pledged as security for group companies' liabilities	8 510	8 510
Pledges and guarantees given for the group companies' off-balance sheet commitments	-	138

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 Finances Oy (0), Wulff Oy Ab (3 500), S Supplies Holding AB (951) and Mutual Real Estate Company Kilonkallio1 (1 557). Guarantees will be lost if external bank loans fall due.

Rent agreements have been presented on the group balance sheet accoring to the IFRS 16 Lease agreements -standard.

Wulff Group Plc has pledged the Wulff Supplies AB's loan from Nordea to Nordea raised on 9.1.2019.

The rents expensed during the financial year are presented in Note 8.

28. RELATED PARTY INFORMATION

Group's related parties consist of parent company's Board of Directors and Group Executive Board members, which is the management of the Group. The Group's parent and subsidiary relationships have been presented in Note 29. The Group does not have any investments in associates or joint ventures.

SUMMARY OF BOARD MEMBERS' BENEFITS TOTAL

EUR 1000	2020	2019
Board members' salaries and fees		
Kari Juutilainen 4/2018- Chairman of the Board 4/2019-	15	15
Jussi Vienola 4/2018-	15	15
Kristina Vienola 4/2018-	15	15
Lauri Sipponen 4/2020-	11	-
Ari Pikkarainen, Chairman of the Board 9/2017-4/2019 and member -4/2020	5	15
Board members' benefits total	**61**	**60**

SUMMARY OF TOP MANAGEMENT'S EMPLOYMENT BENEFITS

EUR 1000	2020	2019
Group management board's salaries and other short-term remuneration	731	625
Fringe Benefits	36	44
Bonuses	56	58
Group management board's other long-term remuneration, additional pension benefits	36	35
Top management's employee benefits total	**859**	**762**

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 2020 and 2019 a monthly fee of EUR 1,250 was paid to the Chairman and Board Members.

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

The Board appointed Elina Pienimäki as the Wulff Group Plc CEO on September 17, 2019 and she started in her position on September 30, 2019. In 2020, the remuneration of CEO Elina Pienimäki consisted of monetary wages and fringe benefits of the amount of EUR 145 thousand (39). The Board of Directors decided to establish a short- and long-term incentive scheme for CEO Elina Pienimäki on February 22, 2021. The programme is established within the framework of the remuneration policy approved by the Annual General Meeting on 23 April 2020. The programme aims to promote the implementation of the company's strategy and its long-term profitability. The Board of Directors decided that the CEO is entitled to a short-term incentive for 2021, depending on the development of the adjusted operating profit and share price in 2021. The maximum amount of the remuneration is 10,000 Wulff Group Plc shares. The Board of Directors decided that the CEO is entitled to a long-term incentive for the period between January 1, 2021 and December 31, 2023, depending on the development of the share price during the period in question and the CEO's shareholdings on December 31, 2023. The maximum amount of the remuneration is 30,000 Wulff Group Plc shares. The remuneration to be paid through the scheme is equal to the value of a maximum of 40,000 shares in Wulff Group Plc (excluding indirect wage costs). The Group CEO is entitled to bonus holiday pay and to a bonus scheme to be determined later. The period of notice is three months from the Group CEO side and six months from the company's side. In case the company resigns the Group CEO contract one-sidedly the Group CEO is entitled to a severance payment equal to three months salary.

Until September 29, 2019 Heikki Vienola acted as the Group CEO and his remuneration consisted of monetary wages and fringe benefits of the amount of EUR 60 thousand. In the written Group CEO contract usual mutual resignation times and possible other fees have been 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 share-based incentives were paid in 2020 or 2019.

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 2020 and 2019, the Group Executive Board consisted of Trond Fikseaunet, Elina Hanén, Tarja Törmänen, Veijo Ågerfalk, Tomi Hilvo from August 3, 2020, and Ninni Arion until August 3, 2020, Group CEO Elina Pienimäki from October 18, 2019, and Heikki Vienola until October 17, 2019.

Of the Executive Board members, Tarja Törmänen's communication and marketing director service is obtained as a outsourced service and during 2020, the service costs amounted to EUR 69 thousand (72). The outsourced service is included in other operating expenses and has been presented also in the note for Related Party transactions.

BUSINESS TRANSACTIONS WITH RELATED PARTIES

EUR 1000	2020	2019
Sales to related parties	76	53
Purchases from related parties	146	178

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 69 thousand (72).

The Group had no loan receivable from a company under influence of a related party at year-end 2020 or 2019.

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.

29. GROUP COMPANIES

Companies by countries	Operating segment	Group's ownership and voting rights %	Parent company's ownership and voting rights %
1. Parent company Wulff Group Plc, Finland	Group Services		
Subsidiaries in Finland:			
2. Mutual Real Estate Company Kilonkallio 1	Group Services	100%	100%
3. Mavecom Palvelut Oy	Contract Customers	100%	100%
4. Naxor Finland Oy	Expertise Sales	75%	0%
5. Naxor Holding Oy	Expertise Sales	75%	75%
6. Wulff Entre Oy	Contract Customers	100%	100%
7. Wulff Finances Oy	Group Services	100%	100%
8. Wulff Leasing Oy	Group Services	100%	0%
9. Wulff Oy Ab	Contract Customers	100%	100%
Subsidiaries in Sweden:			
10. Wulff Beltton AB	Expertise Sales	75%	75%
11. Wulff Solutions AB	Expertise Sales	75%	0%
12. S Supplies Holding AB	Contract Customers	89%	89%
13. Wulff Supplies AB	Contract Customers	89%	0%
Subsidiaries in Norway:			
14. Beltton AS	Expertise Sales	80%	0%
15. Wulff Supplies AS	Contract Customers	89%	0%
Subsidiary in Denmark:			
16. Wulff Supplies A/S	Contract Customers	89%	0%

PARENT COMPANY'S FINANCIAL STATEMENT, FAS

PARENT COMPANY'S INCOME STATEMENT, FAS

EUR	Note	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
Net sales	2	**327 190.00**	**296 021.18**
Other operating income	3	171 500.76	130 806.09
Personnel expenses	4	-446 486.84	-315 029.13
Other operating expenses	5	-241 966.95	-389 118.86
Depreciation and amortization according to plan	6	-160 541.00	-156 088.67
Operating profit/loss		**-350 304.03**	**-433 409.39**
Financial income	7	328 218.66	998 988.87
Financial expenses	7	-369 263.40	-286 339.08
Profit/Loss before appropriations		**-391 348.77**	**279 240.40**
Appropriations	8	1 169 796.64	282 878.49
Profit/Loss before taxes		**778 447.87**	**562 118.89**
Income taxes	9	-149 640.03	49 722.02
Net profit/loss for the period		**628 807.84**	**611 840.91**

PARENT COMPANY BALANCE SHEET

EUR	Note	Dec 31, 2020	Dec 31, 2019
ASSETS			
FIXED ASSETS			
Intangible assets			
Trademarks	10	1 650 000.00	1 800 000.00
Tangible assets			
Machinery and equipment	10	5 944.94	8 924.93
Other tangible assets	10	58 763.04	65 543.40
Investments			
Shares in Group companies	11	10 265 264.91	10 265 264.91
Non-current receivables			
Non-current receivables from Group companies	12	5 266 892.54	5 716 990.75
Deferred tax receivables	9	9 824.79	159 464.82
TOTAL FIXED ASSETS		**17 256 690.22**	**18 016 188.81**
CURRENT ASSETS			
Current receivables			
Trade receivables		48 484.00	48 484.00
Receivables from Group companies	12	1 327 213.11	411 165.83
Prepaid expenses and accrued income	13	10 253.60	44 426.00
Current receivables total		1 385 950.71	504 075.83
Cash and cash equivalents	14	688.02	13 982.31
TOTAL CURRENT ASSETS		**1 386 638.73**	**518 058.14**
TOTAL ASSETS		**18 643 328.95**	**18 534 246.95**

PARENT COMPANY'S BALANCE SHEET, FAS

EUR	Note	Dec 31, 2020	Dec 31, 2019
EQUITY AND LIABILITIES			
SHAREHOLDERS´EQUITY			
Share capital	15	2 650 000.00	2 650 000.00
Share premium fund	15	7 889 591.50	7 889 591.50
Treasury shares	15	-360 045.29	-260 070.00
Invested unrestricted equity fund	15	676 051.20	676 051.20
Retained earnings	15	471 370.08	603 499.65
Net profit for the financial year	15	628 807.84	611 840.91
TOTAL SHAREHOLDERS´EQUITY	**15**	**11 955 775.33**	**12 170 913.26**

EUR	Note	Dec 31, 2020	Dec 31, 2019
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	16	2 184 342.94	2 551 726.93
Other non-interest bearing liabilities	17	449 257.84	673 887.00
Total Non-current liabilities		2 633 600.78	3 225 613.93
Current liabilities			
Loans from credit institutions	16	2 495 750.94	2 223 140.06
Trade payables		24 116.33	76 769.34
Amounts owed to group companies	18	1 269 742.46	557 451.54
Other liabilities	17	203 655.36	230 724.04
Accrued liabilities and deferred income	19	60 687.75	49 634.78
Total current liabilities		4 053 952.84	3 137 719.76
TOTAL LIABILITIES		**6 687 553.62**	**6 363 333.69**
TOTAL EQUITY AND LIABILITIES		**18 643 328.95**	**18 534 246.95**

PARENT COMPANY CASH FLOW STATEMENT

EUR 1000	Jan 1 - Dec 31, 2020	Jan 1 - Dec 31, 2019
CASH FLOW FROM OPERATIONS:		
Payments received from sales	362	261
Payments received from other operating income	172	131
Amounts paid for operating expenses	-1 172	-527
CASH FLOW FROM BUSINESS OPERATIONS BEFORE FINANCIAL ITEMS AND TAXES	**-638**	**-136**
Interests and other financial costs paid	-137	-142
Interest received from operations	251	153
Dividend received from operations	-	799
CASH FLOW FROM OPERATIONS	**-523**	**675**
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Investments in intangible and tangible assets	-1	-74
Acquisition of shares in subsidiaries	-216	-1 675
Loans granted	932	-2 421
Loan receivables repaid	450	970
CASH FLOW FROM INVESTMENT ACTIVITIES	**1 166**	**-3 200**
CASH FLOW FROM FINANCIAL ACTIVITIES:		
Dividend distribution paid	-744	-683
Purchase of own shares	-100	-
Dividends received	-	7
Group contributions received	283	570
Group balance accounts (net)	195	1 096
Repayments of short-term loans	-	-6
Withdrawals of long-term loans	-	2 000
Repayments of long-term loans	-289	-457
CASH FLOW FROM FINANCIAL ACTIVITIES	**-656**	**2 527**
CHANGE IN CASH AND CASH EQUIVALENTS	**-13**	**1**
CASH AND CASH EQUIVALENTS ON JANUARY 1	**14**	**13**
CASH AND CASH EQUIVALENTS ON DECEMBER 31	**1**	**14**

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.

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.

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
IT equipment:	3 years straight-line basis
Other machines and equipment:	3-8 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 administrational services in Finland.

3. OTHER OPERATING INCOME

EUR 1000	2020	2019
Rental income	126	99
Other	46	32
Total	**172**	**131**

4. PERSONNEL EXPENSES

EUR 1000	2020	2019
Salaries, wages and fees	376	270
Pension expenses	66	41
Other personnel expenses	5	5
Total	**446**	**315**
Average number of employees in accounting period	3	2
Personnel at the end of period	3	3

Information about the management's employment benefits and loans is presented in Note 28 of the Consolidated Financial Statements. Information about loans to related parties is presented under Shares and shareholders.

5. OTHER OPERATING EXPENSES

EUR 1000	2020	2019
Travel and car expenses	4	17
ICT expenses	14	9
Marketing, PR and entertainment expenses	51	50
Fees to auditors *	8	9
Bank expenses	67	62
Other	97	242
Total	**242**	**389**

* Fees to auditors:

EUR 1000	2020	2019
Audit	8	9
Tax services	-	-
Other services	-	-
Total	**8**	**9**

6. AMORTIZATION AND DEPRECIATION DURING THE FINANCIAL YEAR

EUR 1000	2020	2019
Amortization of intangible assets:		
Trademarks	150	150
Total amortization of intangible assets	150	150
Depreciation of tangible assets:		
Machinery and equipment	11	6
Total depreciation of tangible assets	11	6
Total amortization and depreciation	**161**	**156**

7. FINANCIAL INCOME AND EXPENSES

EUR 1000	2020	2019
Financial income:		
Dividends from group companies	-	799
Other interest and financial income from group companies	272	151
Other interest and financial income from others	56	49
Total	328	999
Financial expenses:		
Interest expenses to group companies	-75	-112
Interest expenses to others	-108	-110
Foreign exchange losses	-21	-24
Other financial expenses	-166	-40
Total	-369	-286
Financial income and expenses total	**-41**	**713**

8. APPROPRIATIONS

EUR 1000	2020	2019
Appropriations: group contributions received	1 170	283
Total	**1 170**	**283**

9. INCOME TAXES

INCOME TAXES IN THE INCOME STATEMENT:

EUR 1000	2020	2019
Change in deferred tax asset	-150	50
Total	**-150**	**50**

INCOME TAXES IN THE BALANCE SHEET:

EUR 1000	2020	2019
Deferred tax receivables	10	159

10. INTANGIBLE AND TANGIBLE ASSETS

2020	Trademarks	**Intangible assets total**	Other tangible assets	Machinery and equipment	**Tangible assets total**
Acquisition cost, Jan 1	3 000	**3 000**	67	183	**250**
Additions	-	**-**	-	1	**1**
Acquisition cost, Dec 31	3 000	**3 000**	67	184	**251**
Accumulated depreciation and impairment, Jan 1	-1 200	**-1 200**	-2	-175	**-176**
Depreciation during the period	-150	**-150**	-7	-4	**-11**
Accumulated depreciation and impairment, Dec 31	-1 350	**-1 350**	-8	-178	**-187**
Book value, Jan 1	**1 800**	**1 800**	**66**	**9**	**74**
Book value, Dec 31	**1 650**	**1 650**	**59**	**6**	**65**

2019	Trademarks	**Intangible assets total**	Other tangible assets	Machinery and equipment	**Tangible assets total**
Acquisition cost, Jan 1	3 000	**3 000**	-	177	**177**
Additions	-	**-**	67	6	**73**
Acquisition cost, Dec 31	3 000	**3 000**	67	183	**250**
Accumulated depreciation and impairment, Jan 1	-1 050	**-1 050**	-	-170	**-170**
Depreciation during the period	-150	**-150**	-2	-5	**-6**
Accumulated depreciation and impairment, Dec 31	-1 200	**-1 200**	-2	-175	**-176**
Book value, Jan 1	**1 950**	**1 950**	**-**	**7**	**7**
Book value, Dec 31	**1 800**	**1 800**	**66**	**9**	**74**

11. SHARES IN GROUP COMPANIES

EUR 1000	2020	2019
Acquisition cost, Jan 1	14 529	12 973
Additions	-	1 557
Acquisition cost, Dec 31	14 529	14 529
Accumulated depreciation and impairment, Jan 1	-4 264	-4 264
Accumulated depreciation and impairment, Dec 31	-4 264	-4 264
Book value, Jan 1	**10 265**	**8 709**
Book value, Dec 31	**10 265**	**10 265**

On April 15, 2019 Wulff Group Plc aqcuired Mutual Real Estate Company Kilonkallio 1. Wulff Group Plc moved to the new premises on September 16, 2019.

12. RECEIVABLES FROM GROUP COMPANIES

EUR 1000	2020	2019
Non-current:		
Capital loans	2 176	2 481
Other loans	3 091	3 236
Non-current receivables total	5 267	5 717
Current:		
Trade receivables	4	52
Other receivables	107	77
Accrued income and expenses	1 217	283
Current receivables total	1 327	411
Receivables from group companies total	**6 594**	**6 128**

On April 15, 2019 Wulff Group Plc acquired Mutual Real Estate Company Kilonkallio 1. Wulff Group Plc has got a EUR 695 million loan receivable from the Mutual Real Estate Company.

13. PREPAID EXPENSES AND ACCRUED INCOME

EUR 1000	2020	2019
Accruals for employee benefits	2	-
Other accruals	9	44
Total	**10**	**44**

14. CASH AND CASH EQUIVALENTS

EUR 1000	2020	2019
Carrying amount, Jan 1	14	13
Additions during the financial year	-13	1
Total	**1**	**14**

15. EQUITY

EUR 1000	2020	2019
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	676	676
Invested unrestricted equity fund as of Dec 31	**676**	**676**
Treasury shares as of Jan 1	-260	-260
Acquisitions of treasury shares*	-100	-
Treasury shares as of Dec 31	**-360**	**-260**
Retained earnings from previous financial years as of Jan 1	1 216	1 287
Dividend distribution	-744	-683
Retained earnings from previous financial years as of Dec 31	471	604
Net profit for the financial year	629	612
Retained earnings total as of Dec 31	**1 100**	**1 216**
Equity total as of Dec 31	**11 956**	**12 171**

Distributable funds in euros as of Dec 31	31.12.2020	31.12.2019
Invested unrestricted equity fund	676 051.20	676 051.20
Treasury shares*	-360 045.29	-260 070.00
Retained earnings from previous financial years	471 370.08	603 499.65
Net profit for the financial year	628 807.84	611 840.91
Distributable funds total	**1 416 183.83**	**1 631 321.76**

*During the financial year 2020 the Board of Directors of Wulff Group Plc decided to start buy back its own shares in accordance with the authorization granted by the Annual General Meeting. The repurchases started on May 25, 2020 and ended on June 11, 2020. Wulff Group Plc repurchased 65,260 shares at the market price quoted through public trading on NASDAQ OMX Helsinki, in accordance with the rules regarding the acquisition of company's owns shares. The acquired shares are intended to be used to finance acquisitions and other arrangements according to the company´s growth strategy. At the end of December 2020, the Group held 144,260 (79,000) own shares representing 2.1% (1.1) of the total number and voting rights of Wulff shares.

16. INTEREST-BEARING LIABILITIES

PAYMENT SCHEDULE FOR THE LOANS

	Book value	Payment schedule (years):					
EUR 1000	Dec 31, 2020	2021	2022	2023	2024	2025	Later
Non-current							
Loans from financial institutions	2 184		565	407	260	211	740
Total	**2 184**		**565**	**407**	**260**	**211**	**740**
Current							
Loans from financial institutions	2 496	2 496					
Total	**2 496**	**2 496**					

Loans from financial institutions include a short-term bank account credit limit.

17. OTHER LONG-TERM AND SHORT-TERM NON-INTEREST BEARING LIABILITIES

EUR 1000	2020	2019
Other long-term non-interest bearing liabilities	449	674
Other short-term non-interest bearing liabilities*	192	213
Total	**641**	**887**

*The short-term portion of the additional purchase price is presented in other short-term non-interest bearing liabilities.

On August 14, 2018, Wulff Group Plc acquired the entire share capital of Mavecom Palvelut Ltd that specializes in printing solutions. The preliminary purchase price for the share capital of Mavecom was approximately EUR 1.5 million. The purchase prices consisted of directed share issue and additional price to be paid in cash:

With the authorization granted by the Annual General Meeting to the Board of Directors, Wulff Group Plc carried out a directed share issue of 300,000 shares to the owners of Mavecom Palvelut Ltd. The value of the new shares was approximately EUR 0.5 million. The share subscription price corresponded to the volume weighted average price of the company's shares quoted on NASDAQ OMX Helsinki Ltd ("Helsinki Stock Exchange") between May 1, 2018 and July 31, 2018. The directed share issue increased Wulff Group Plc's invested unrestricted equity by EUR 0.5 million.

The final additional purchase price of the shares will be paid in cash based on the profitability of Mavecom Palvelut Ltd's business during 2018-2022. No limit has been set for the additional purchase price. The unpaid portion of the estimated additional purchase price is presented in non-interest-bearing long-term liabilities EUR 0.4 million and in non-interest-bearing short-term liabilities EUR 0.2 million. During financial year 2020 EUR 216 thousand (120) was paid in cash of the acquisition. The additional purchase price is paid yearly on the basis of the approved financial statements of the subsidiary.

18. AMOUNTS OWED TO GROUP COMPANIES

EUR 1000	2020	2019
Accounts payable	5	197
Other short-term liabilities	1 265	360
Total	**1 270**	**557**

19. ACCRUED LIABILITIES AND DEFERRED INCOME

EUR 1000	2020	2019
Accruals for employee benefits	52	30
Interest accruals	9	12
Other accruals	-	7
Total	**61**	**50**

20. COMMITMENTS

EUR 1000	2020	2019
Mortgages and guarantees on own behalf		
Subsidiary shares pledged as security for own liabilities	8 510	8 510
Own business mortgages given as quarantee for own liabilities	5 600	5 600
Mortgages and guarantees on behalf of subsidiaries		
Guarantees for the loans of subsidiaries	234	234
Pledges and guarantees given for the group companies' off-balance sheet commitments (rents, customs etc)	580	580

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), S Supplies Holding AB (951), Wulff Oy Ab (3 500), and Mutual Real Estate Company Kilonkallio 1 (1 557).

On September 16, 2019 Wulff Group Plc moved into its own premises.

Wulff Group Plc has pledged the Wulff Supplies AB's loan from Nordea to Nordea raised on 9.1.2019. The loan was raised to acquire the subsidiary's logistic center on 9.1.2019.

SIGNATURES TO THE FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS

Signatures of the Board and Group CEO to the Financial Statements

Espoo, March 10, 2021

Elina Pienimäki
CEO

Kari Juutilainen
Chairman of the Board

Lauri Sipponen
Member of the Board

Jussi Vienola
Member of the Board

Kristina Vienola
Member of the Board

Auditor’s note

We have today submitted the report on the conducted audit.

Helsinki, March 10, 2021

BDO Oy,
Authorized Public Accountant Firm

Juha Selänne
Authorized Public Accountant

AUDITOR'S REPORT (TRANSLATION OF THE FINNISH ORIGINAL)

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, 2020. 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.

Key audit matter in the audit of the group - Valuation of inventories
We refer to the Basis for Preparation of the consolidated financial statements and to the note 18 of the consolidated financial statements.

The inventory balance in the consolidated statement of financial position amounted to EUR 8.7 million.
- Inventories are measured at the lower of cost and net realizable value or repurchase price 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 or repurchase price.
- 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 and performed substantive procedures.
- Using data analytics, we compared the products' inventory values at the year end to product revenues received and reviewed possible negative margins and the reasons to the negative margins.
- We analyzed inventory turnover figures and the development in the slow moving stock.
- 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 and by comparing products' values to changed market values.

Key audit matter in the audit of the group - Impairment of goodwill
We refer to the Basis for Preparation of the consolidated financial statements and to the note 15.
- The value of goodwill in the consolidated balance sheet amounted to EUR 8.2 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 business plans and budgeting procedures and assessed the historical accuracy of forecasts by comparing the actual results for the year 2020 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.

Key audit matter in the audit of the parent company - 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 € 12.0 million as of 31 December 2020, of which the distributable equity amounts to € 1.4 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 € 15.5 million as of 31 December 2020. 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.
- Cash-flow based impairment tests are provided also for the subsidiary shares.
- 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 2018 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.
- We assessed the assumptions used in the valuation of the subsidiary shares and long-term receivables to market and industry information.
- We analyzed the valuation of the subsidiary shares and long-term receivables compared to subsidiaries' equities and EBIT.

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 disclosures 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 April 4, 2017, and our appointment represents a total period of uninterrupted engagement of 4 years.

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 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.

Espoo, March 10, 2021

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Authorized Public Accountant Firm

Juha Selänne
Authorized Public Accountant

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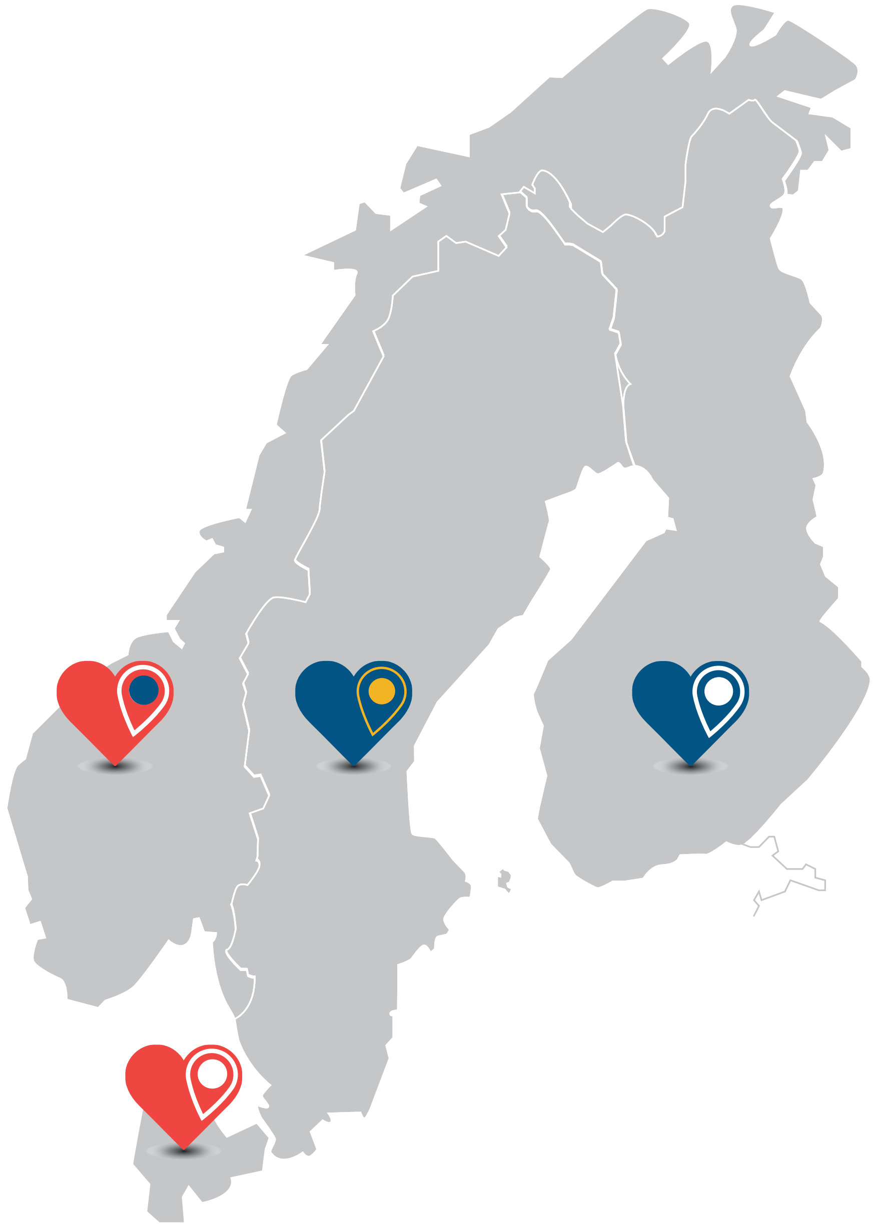

WULFF

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WULFF

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